Homes England

The Housing and Regeneration Agency

Annual Report and Financial Statements

2023/24

HC 82

Homes England

Homes England[1]
Annual Report and Financial Statements 2023/24

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[1] Homes England is the trading name of The Homes and Communities Agency, an executive, non-departmental public body and statutory corporation created by the Housing and Regeneration Act 2008 (as amended by the Localism Act 2011). Homes England is sponsored by the Ministry of Housing, Communities and Local Government (formerly the Department for Levelling Up, Housing and Communities). This Annual Report and Financial Statements presents the audited, consolidated results of the 2023/24 Financial Year for the group of entities of which Homes England is the parent.

The Homes England Group is consolidated into the 2023/24 Financial Statements of the Ministry of Housing, Communities and Local Government.

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Contents

1. Chair's foreword	6
2. Performance report	10
2.1 Performance overview	12
Chief Executive's statement	16
Organisational overview	26
Overview of performance and risk	32
Going concern	35
2.2 Performance analysis	36
Detailed performance review	38
Principal risks	64
Financial review	71
Sustainability report	80
Task Force on Climate-Related Financial Disclosures report	104
3. Accountability report	110
3.1 Corporate governance report	112
Board members' report	115
Statement of Accounting Officer's Responsibilities	135
Governance Statement	136
3.2 Remuneration and staff report	144
Remuneration and staff report	146
3.3 Parliamentary accountability and audit report	162
Parliamentary accountability disclosures	164
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	170
4. Financial Statements	176
5. Contact us	252

Front page image: York Central
Image credit: McLaren Property Group Ltd
Please note this image is illustrative only and will not be the final design.

1. Chair’s foreword

Peter Freeman CBE
Chair

We are England’s housing and regeneration agency, with an important mission to drive forward the creation of high-quality, sustainable homes and thriving places.

This year, we have helped bring to life the vision of many cities, towns and rural communities. To do this we have worked in partnership locally, regionally and nationally with hundreds of organisations to deliver more homes, more growth and better places.

During 2023/24, Homes England enabled the completion of more than 32,300 homes, facilitated the start of construction for an additional 35,600 homes, and unlocked delivery of a further 26,200 homes. The Agency exceeded its affordable housing targets with 24,282 completions and 29,067 starts.

This performance was in the context of the market, with housing supply statistics showing a 10% fall in completions in England from 2022 to 2023, and a fall of more than 15% in the number of housing starts over the same period.

During the year we expanded our focus beyond housing to include a greater emphasis on regeneration – an aim we set out in our strategic plan, published in May 2023.

Achieving lasting transformation, addressing deep-rooted social and economic challenges to create sustainable and thriving neighbourhoods is a complex and multifaceted process that takes decades of dedicated effort and investment. Often, despite best efforts, the market fails to deliver the ambitions of towns, cities and regions. This is where we step in.

We are both catalyst and collaborator, offering our support as and when needed to facilitate change, often across many years. We leverage resources, build trust, coordinate efforts, increase accountability and mobilise communities. We de-risk the business of home creation and the regeneration of places, helping to unlock and accelerate housing delivery, attracting private sector capital and skills.

We are at our most effective when we blend all of our powers, capital, capacity and capability together, convening long-lasting relationships and bringing the confidence needed to drive delivery of sustainable housing and urban regeneration across the country. By combining our tools we aim to maximise our impact.

I am pleased that Homes England’s key role was recognised in a Public Bodies Review, an independent review which all Arm’s Length Bodies must undergo periodically to assess their performance, relevance and value for money.

As well as recognising the strong move towards urban renewal and regeneration already underway, the review affirmed the Agency's key role as a national public body of scale, also noting our effective delivery and stewardship of vitally important home ownership and building safety schemes, on behalf of government.

I welcome such positive endorsement of the Agency's efficiency and governance alongside recommendations for both improvement and for developing our mandate and structure. Much of this work is already happening. Other recommendations will require changes in partnership with MHCLG and Treasury, but if progressed could be transformational in how we deliver new homes and create thriving places. While there is much to celebrate, we are steadfast in our resolve to always improve, ensuring that we are effective and efficient in driving forward the country's housing and regeneration ambitions.

Over the year, I have visited many sites and places across England and seen the positive impact of Homes England's work to drive partnerships with local leaders and the wider public, private and third sectors. I am particularly delighted to see that across the period of this report we led the creation of three Strategic Place Partnerships (SPPs) in South Yorkshire, West Yorkshire and the West Midlands.

SPPs are deeper, place-based arrangements where the Agency brings together all of its interventions to enable local visions to be realised. SPPs are an example of how the Agency works to foster and maximise partnerships to ensure lasting change in communities across England.

I have also had the opportunity this year to work alongside a team drawn from all parts of the Agency in my role as Chair of the Cambridge Delivery Group. It has given me an exceptional

Homes England Board visit to the Temple Works building in Leeds currently owned by CEG.
Image credit: Homes England

Homes England Board visit to Sheffield.
Image credit: Homes England

opportunity to attend meetings every week where I have been able to see how the range of our team's technical skills and their ability to create positive relationships with local stakeholders which dovetail with the work of MHCLG to progress projects of complexity and scale.

But of course this isn't just about numbers and places. It's about lives.

I have had the privilege of Chairing the Homes England Board now for nearly four years. I took up this important role as I care deeply about helping to ensure that everyone – no matter who they are or what background they are from – should have a place they are proud to call home. So, reflecting back on the achievements in this report I feel honoured I am part of an organisation that is doing just this.

I am hugely grateful for the commitment, passion and hard work of our staff who have worked tirelessly to ensure Homes England met - and in some areas exceeded - its annual targets across 2023/24. Thanks to them – and the huge network of organisations we work in partnership with – we advanced our mission to create more places where people can live, work and thrive.

We leverage resources, build trust, coordinate efforts, increase accountability and mobilise communities. We de-risk the market, attracting private sector capital and skills. Blending all of these elements together - along with all our many interventions including access to land and public sector funding - means we are greater than the sum of our parts.

2. Performance report

The Performance report provides a summary of Homes England and how we have performed during the year.

The report is broken down into two areas:

- Performance overview, which sets out an overview of Homes England, our purpose, strategic objectives, performance and risks.
- Performance analysis, providing detail of our delivery performance, risks impacting delivery, a financial review, and work being undertaken in relation to sustainability and climate change.

2. Performance report contents:

2.1 Performance overview 12

Chief Executive's statement 16

Organisational overview 26

Overview of performance and risk 32

Going concern 35

2.2 Performance analysis 36

Detailed performance review 38

Principal risks 64

Financial review 71

Sustainability report 80

Task Force on Climate-Related Financial Disclosures report 104

2.1 Performance overview

This section provides an overview of Homes England, our purpose, strategic objectives, performance and risks.

It also explains adoption of the going concern basis in preparation of this Annual Report and Financial Statements.

Performance highlights 2023/24

Enabled the **completion** of more than **32,300 homes**

Facilitated **the start of construction** for an additional **35,600 homes**

Unlocked land that is capable of delivering more than **26,000 further homes**

Established **three Strategic Place Partnerships (SPPs)** in **South** and **West Yorkshire** and the **West Midlands**. These join our existing SPP with Greater Manchester Combined Authority. In total these SPPs serve a population of **almost 10 million people**

Launched the **Cladding Safety Scheme** to give **more buildings access** to government funding to address life safety fire risks associated with cladding

Worked with over **20 priority places** to drive housing and regeneration – including with **Sheffield** with a **£67 million funding package** to create two new residential neighbourhoods in the city centre

87% of the completions we enabled achieved an **Energy Performance Certificate (EPC) rating** of **B** or **above**

Exceeded our targets for **affordable housing** with **24,282 completions** and **29,067 starts**

Forged **innovative funding partnerships**, including with NatWest Group to provide a **£75 million development facility** for Adlington Retirement Living to **accelerate the growth** of its integrated retirement communities across the country

Targeted our support to some of the areas most in need of regeneration across the country – including **inner Blackpool**, where we agreed a **£90 million funding package** to accelerate vital regeneration projects

Chief Executive's statement

Peter Denton
Chief Executive

In 2023/24 Homes England met and, in some cases, even exceeded its delivery targets.

This performance – which was delivered during a year of turbulent market conditions – is evidence of Homes England's work to ensure that more people have a home in a safe, sustainable, thriving community.

It is also an endorsement of the findings and recommendations of the recent Public Bodies Review of Homes England, which concluded Homes England is delivering better housing and better places.

The Review, which also gave recommendations on how we can further improve, acknowledged how, by combining our land, powers, funding and expertise – reducing risk to drive investment, harnessing the potential of private and public sector skills, capital and partnerships – the Agency is an essential catalyst for local regeneration and housing delivery.

Home creation and the regeneration of places

During the year we strengthened our partnerships with local and regional leaders to bring to life the ambitions of cities, towns and communities, combining all our interventions, skills, expertise and resources under one united offer to drive transformation.

Across the country we are supporting local leaders to drive forward their clear visions, plans and priorities for regeneration and urban renewal, from catalysing garden communities and new settlements to supporting more than 20 urban places to develop and deliver long term housing and regeneration pipelines including in:

- **Blackpool**, where working with the Council our Brownfield Infrastructure Land (BIL) Fund programme will transform local communities and catalyse vital positive change in one of the town's most deprived areas.
- **Newcastle**, where our acquisition of Forth Yards – a complex, challenging brownfield site – will finally bring to life the city's vision for the potential of 2,500 quality, sustainable new homes and the regeneration of an area that has been stalled for more than 20 years.
- **York Central**, where we've partnered with Network Rail and the council to create a masterplan that will regenerate one of the UK's largest brownfield sites, providing 2,500 homes, 1 million square feet of offices, retail and leisure space, up to 6,500 new jobs and delivering over £1.1 billion of gross value

added to the economy of York per year. This agreement – with preferred developer McLaren Property and Arlington Real Estate - is a significant milestone for a site that has failed to leverage private sector investment for nearly 30 years.

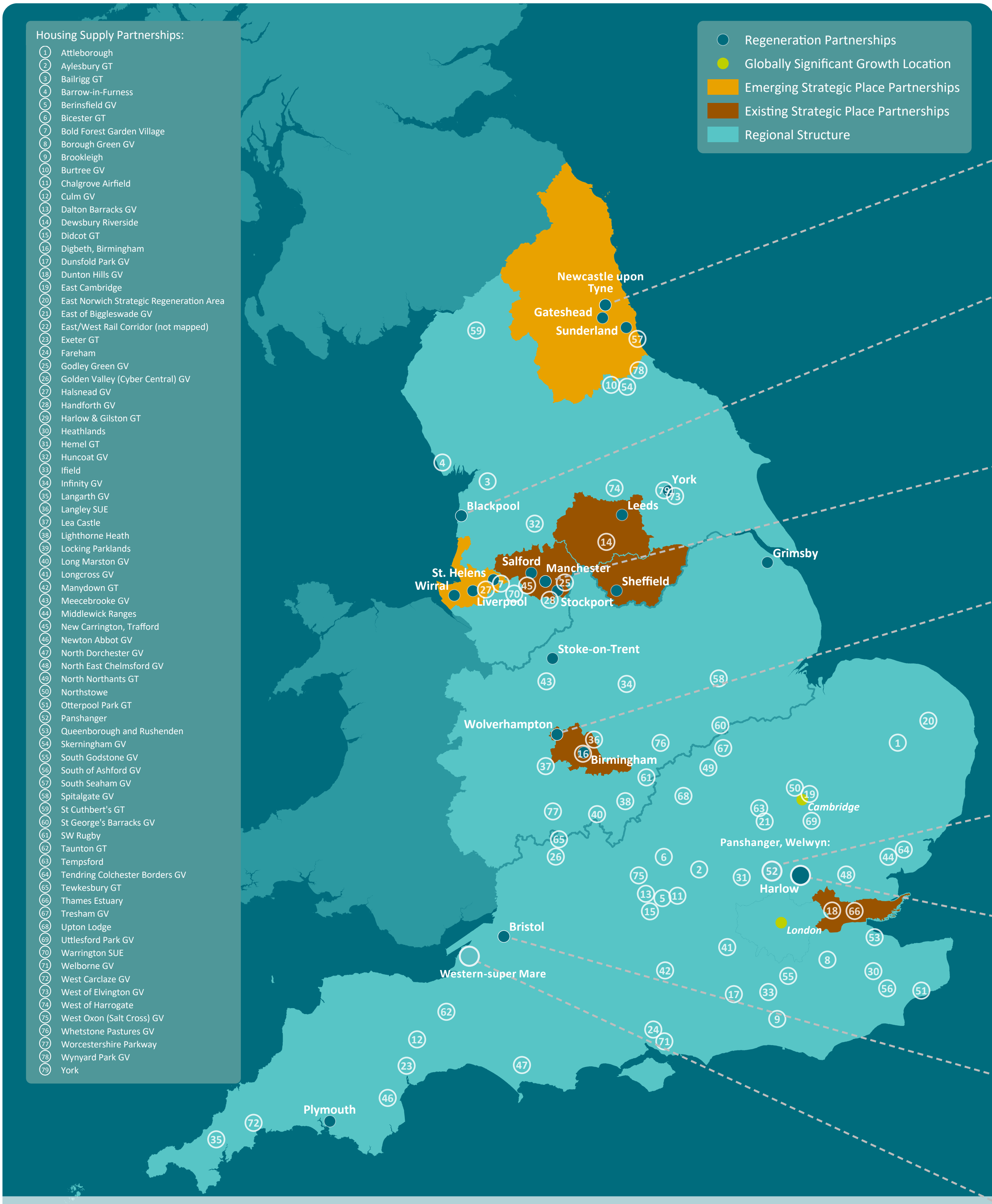
- **Sheffield**, where we have been part of the Sheffield Together partnership since 2022, and assembled nearly 50 different sites with capacity for almost 5,500 new homes and helping deliver major local plans to boost the city centre. A strategic plan has been agreed for the creation of three new neighbourhoods: Furnace Hill and Neepsend; Moorfoot; and Sheffield Station Campus. In March 2024 we provided £67 million of investment to support land assembly and enabling works across 12 acres of brownfield and underutilised land, kickstarting the transformation of these sites.
- **Birmingham**, where we are working with the City Council and West Midlands Combined Authority to bring MasterChef, studio workspaces and other creative industry uses to the heart of Digbeth in Birmingham. Here, there is potential to deliver around 900 new homes and 25,000 square metres of commercial floor space on Homes England land.
- **Bristol Temple Quarter**, where we are working with regional and government partners to support the development of up to 10,000 homes, 22,000 jobs and an estimated economic boost of £1.6 billion (Gross Value Added) with a series of new sustainable and inclusive communities on land around Bristol Temple Meads station.

To create and sustain momentum with combined authorities across England, during the year we expanded our vision for a new, deeper form of partnership: Strategic Place Partnerships (SPPs).

SPPs recognise that it takes many decades of dedicated effort and investment. Partnership and collaboration are the cornerstones in achieving this, to leverage resources, share expertise, build trust, coordinate efforts, increase accountability and mobilise communities. During 2023/24, the Agency established three SPPs in South and West Yorkshire and the West Midlands, joining an existing SPP in Greater Manchester. In total these SPPs serve a population of almost 10 million people.

Indicative visualisation of Furnace Hill neighbourhood, Sheffield.
Image credit: Arup

Homes England Priority Place Activity



Newcastle upon Tyne

Newcastle residents are part of a **once-in-a-generation transformation** of the Forth Yards area from a derelict space to vibrant neighbourhood including **1,100 sustainable new homes**, made possible by a partnership between the Agency, Newcastle City Council, the North East Combined Authority and Network Rail.

Blackpool

Young families are part of the Inner Blackpool community where a major regeneration project, including **250 new homes**, is being driven by **multiple partners**, **£90 million in funding from Homes England**, and a shared mission to tackle deprivation.

Manchester

People in Victoria North will see **5,500 new homes built** as part of a major transformation of the Red Bank area, driven by a **Strategic Place Partnership** between Greater Manchester Combined Authority and the Agency, which is providing **£51.6 million of infrastructure funding**.

Wolverhampton

Wolverhampton locals will enjoy a thriving new community at City Centre West, **a large regeneration project** that is creating around **1,000 new homes**, as part of the Agency's Strategic Place Partnership with the West Midlands Combined Authority.

Panshanger, Welwyn

Communities in Panshanger, Welwyn, will see a former World War Two decoy airfield transformed into **860 high quality new homes with play areas, open spaces and community allotments**.

Harlow and Gilston Garden Town

New and existing communities around Harlow will benefit from the growth of the Harlow Gilston Garden Town, comprising **4 new neighbourhoods and the regeneration of Harlow Town Centre**. This includes **23,000 new homes** and **23,500 new jobs** connected by sustainable transport corridors, working in partnership with district and county councils in Hertfordshire and Essex and supported by a **£171.5 million infrastructure investment**.

Bristol

Bristol residents will see land around Temple Meads station regenerated into sustainable, inclusive communities – with **up to 10,000 homes, 22,000 jobs and a potential economic boost of £1.6 billion** – thanks to partnership working with Bristol City Council, Network Rail and the West of England Combined Authority.

Weston-super-Mare

Younger generations in Weston-super-Mare will benefit from 900 additional places at the town's expanding secondary school, alongside **3000 new homes** and a **new bypass made possible by £100 million of infrastructure funding**.

Ensuring more people have a place to call home

Affordable housing remains a priority for Homes England, and we have taken proactive measures to increase the supply of affordable homes and support households in need.

We have invested and enabled affordable schemes across England in some of the most deprived parts of the country. For example, in Manchester, we began working with Salix Homes to enable the creation of 96 homes in Salford's Chapel Street where there is huge demand for affordable housing of all tenures. The nine-storey development has been built to Passivhaus Classic certified standard, which is the leading low-energy design standard, giving residents high thermal comfort and improved air quality, providing a healthier living environment and homes that are cheaper to heat and run.

During the year, we provided funding that has enabled the creation of over 500 new specialist housing units for homeless people and rough sleepers, run by local providers.

We also supported 622 households into home ownership through the Help to Buy scheme and First Homes pilot. Since it started in 2013, Help to Buy has helped more than 387,000 households into home ownership, of which almost 85% were first time buyers. The scheme has supported the purchase of 1 in 3 new homes, with the value of all homes purchased totalling over £109 billion since the scheme began. Although the Help to Buy scheme is now closed, we continue to play an important stewardship role for over 230,000 households with a Help to Buy equity loan.

> **During the year, we provided funding that has enabled the creation of** over 500 new specialist housing units for homeless people and rough sleepers, run by local providers.

Accelerating housing delivery

In 2023/24, we targeted £400 million of funding to low and medium volume builders (LMVBs) to increase sector capacity and capability, and to overcome barriers to entry in the housing market.

Through our flexible and targeted investments, innovative financing solutions, and strategic partnerships with developers and local authorities, Homes England has helped accelerate the delivery of thousands of new homes across the country. Our efforts resulted in 32,320 new homes being built and the unlocking of a further 26,273.

Our partnership with the Greater London Authority (GLA) and Berkeley across three major brownfield regeneration sites in the London boroughs of Newham and Southwark is one example of how we are accelerating the delivery of thousands of homes. Our role in the partnership includes the provision of a £125 million loan to Berkeley to undertake infrastructure works across the sites, with additional funding provided by the GLA. It covers three projects in:

- **Twelvetrees Park, Newham** where this 26-acre site will be transformed into a mixed-use neighbourhood including close to 4,000 homes, a secondary school, park, playground and 177,000 square feet of commercial space.
- **Bermondsey Place, Southwark** where nearly 1,400 homes will be created across a 5.4-acre former light industrial site, alongside a network of public parks, playgrounds, commercial spaces, footpaths and a one-acre civic square.
- **Beckton Riverside, Newham** where up to 2,800 private and affordable homes, subject to planning consents, will be created under the first phase of delivery across a larger site of 28 acres.

CGI image of the proposed Twelvetrees park development, Newham.
Image credit: Berkeley Group Ltd

Promoting innovation, driving sustainability and creating social value

Recognising the importance of innovation in addressing complex housing challenges, we continued to champion new approaches and technologies to improve the delivery, sustainability and safety of homes. From modular construction to digital design tools, we are harnessing innovation to increase efficiency, reduce costs, and enhance housing delivery.

Sustainability remains a key focus for the Agency. This year we have developed our Living Sustainably statement of intent which defines our sustainability ambitions and how we will work to reflect these goals in our projects and programmes across Homes England.

87% of the completions we've enabled in 2023/24 have achieved an Energy Performance Certificate (EPC) rating of B or above. Schemes – such as a 3,500 housing development in Burgess Hill where Homes England is a master developer – will deliver significant improvements in biodiversity once completed.

Increasing social value has underpinned our delivery which is at the heart of every stage of the Agency's end-to-end process of housing and regeneration. In 2023/24, Homes England undertook an assessment of the social value generated through its investments in 2022/23. The results showed we generated £1.98 of value per pound of investment, as referred to further within the Overview of performance and risk section of this report.

Ensuring the safety of homes and buildings

We also supported the remediation of unsafe cladding. As one of the key delivery partners for the Building Safety Fund (BSF) – set up to remediate unsafe cladding on buildings over 18 metres in height – we have helped to ensure work started on 162 of the 319 buildings in process and that remediation work was completed on 65 buildings to the end of 2023/24.

In July 2023, we also launched the Cladding Safety Scheme, to support remediation of residential buildings over 11 metres in height, (11-18 metres in London). In Greater London, the Greater London Authority will continue to operate the Building Safety Fund for buildings over 18 metres in height.

In less than a year from launch, there were 170 applications eligible for the scheme. 148 of these are in contract with a signed grant funding agreement. By the end of March 2024, over 100 were actively procuring work in the market and are engaging with us monthly, with some having submitted works packages and started on site, meaning over 35,000 leaseholders have seen progress on their building at various stages of the programme since its launch.

Our partnerships and our people: the key to delivering our mission

All that we have achieved this year shows what a difference partnership can make, even in difficult economic times, when we work together as a sector to make local visions a reality.

We work with hundreds of organisations including local government, housebuilders of all sizes, including small and medium-sized enterprises (SMEs), housing associations, infrastructure providers, landowners and institutional investors. Working as a catalyst to bring these partners together – nationally, regionally and locally – we have been able to deliver on our commitment to advance housing growth and regeneration.

Across 2023/24 we continued to invest in our people, ensuring we mobilise the passion, multi-disciplinary skills and unrivalled national network of strong relationships among our staff to deliver on our mission.

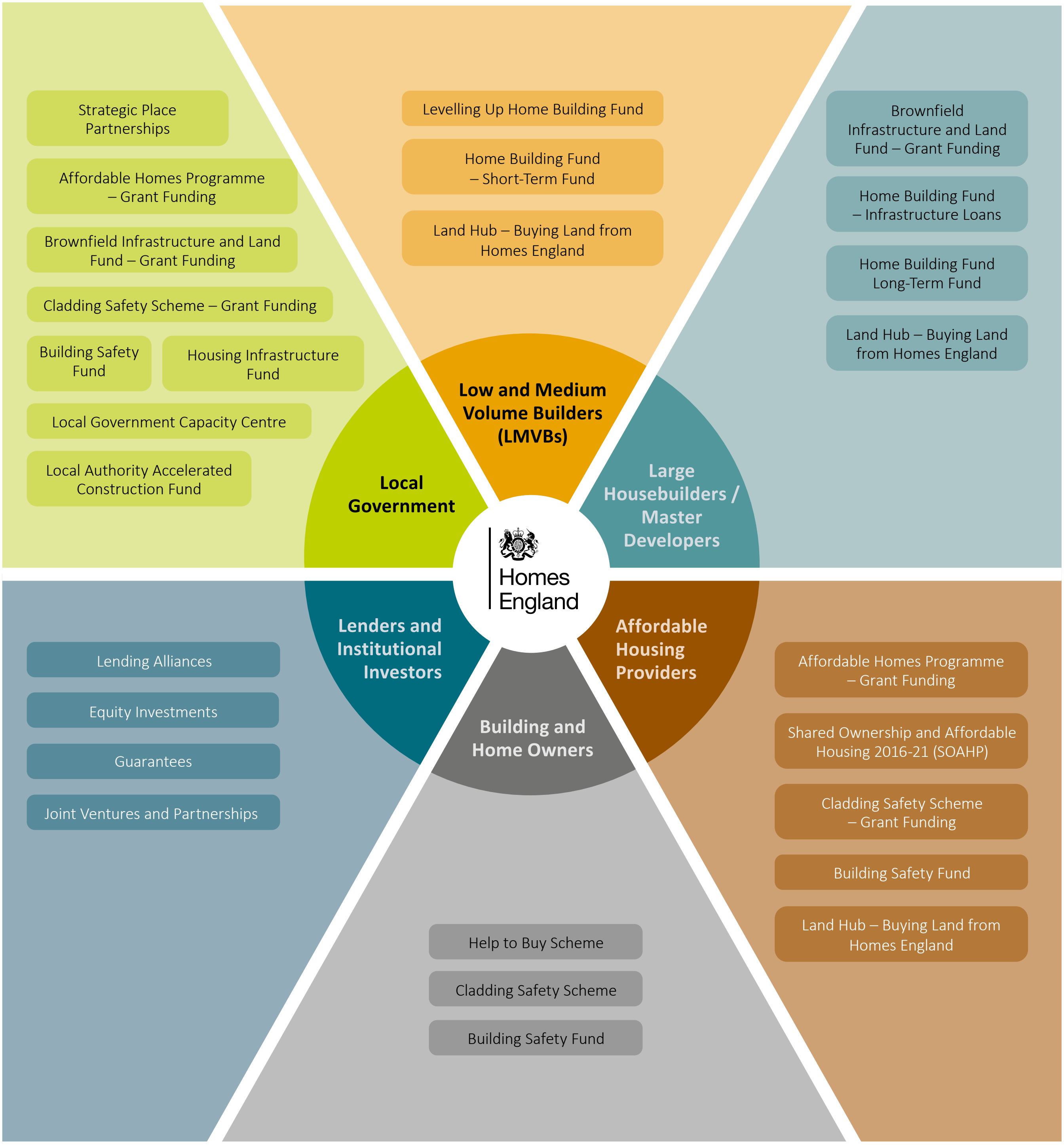
I want to ensure Homes England is a place where everyone here at the Agency can find the opportunity to succeed. We are integrating diversity and inclusion into everything we do to lead by example and to excel in fulfilling our obligations under the Public Sector Equality Duty.

During the year, we furthered our change programmes to modernise the way we work, ensure we have the right organisational design to deliver our strategy and to create the right environment for colleagues to thrive. We wrapped these change programmes up under a banner called Building a Brilliant Place to Work, telling the story of how our transformation projects enabled us to create a better, more effective and efficient work environment for our people.

University of Bristol Temple Quarter Enterprise Campus.
Image credit: FCBStudios and Secchi Smith

How we support the market through our interventions

We believe that affordable, quality homes in well-designed places are key to improving people's lives. We work to together with private, public and third sector organisations to deliver a range of interventions and support to accelerate the pace of house building and regeneration across the country. Many of our funds and interventions can be directly accessed by a broad range of organisations and individuals, as outlined in the diagram below.



Local Government

- We provided **21 local authorities** with in-depth support in 2023/24.
- **94% of the 20 reported improved capacity** to achieve their place-based ambitions following advice from the Agency.
- We signed **three new Strategic Place Partnerships (SPPs)** in 2023/24.
- The Agency's four SPPs serve a combined population of **almost 10 million people**.

Low and Medium Volume Builders (LMVBs)

- We supported **119 LMVBs to complete 3,904 homes** in 2023/2024.
- **63,000 new homes** have been built by LMVBs, supported by **£2.22 billion of Homes England funding**, since 2016.
- We're developing a new pipeline of small sites for LMVBs to increase their access to land, with regional pilots expected in 2024/25.

Large Housebuilders / Master Developers

- We disposed of 172 hectares of land to major developers in 2023/2024, which will support delivery of **up to 3,677 homes***.
- Large house builders have been supported by almost **£1.5 billion of funding**** which has **unlocked land to build 173,400 homes** since 2016.

Affordable Housing Providers

- During 2023/24, **c.300 affordable housing providers** were supported through Homes England grants.
- **More than 22,000 families** will have a home to call their own, due to the Agency's interventions in 2023/24.
- **More than 500 new specialist housing units** for homeless people and rough sleepers, run by local providers, have been supported by Homes England funding.

Building and Home Owners

- We've supported **more than 387,000 households** into home ownership since 2013.
- Over 35,000 residents and leaseholders started to see progress with their buildings by 31 March 2024 via the Cladding Safety Scheme.
- Remediation works started on 162 buildings and completed on 65, up to the end of 2023/24, through the Building Safety Fund.

Lenders and Institutional Investors

- We co-invest equity into funds, partnerships and joint ventures alongside public and private-sector partners and institutional investors, to stimulate the market and increase delivery.
- The English Cities Fund expanded in 2024 to become a £200 million equity fund matched with commercial lending. This saw an additional **£50 million equity from the Agency to boost investment** into the significant regeneration of brownfield towns and cities.

*Includes conditional and unconditional disposals.
** HBF Long-Term Fund and the Home Building Fund - Infrastructure Loan.

Organisational overview

Our purpose and structure

Since 2018, Homes England's mission has been to increase the supply of quality homes, improve affordability and help create stronger, more vibrant places and communities. We are a national Agency with experts across multiple disciplines based across the country.

Constitutionally, we are a non-departmental public body sponsored by the Ministry of Housing, Communities and Local Government (MHCLG). Our statutory objects are contained in the Housing and Regeneration Act 2008, the legislation creating the Homes and Communities Agency, which in 2018 adopted "Homes England" as its trading name to underpin its mission and purpose.

We are governed by a Board, appointed by the Secretary of State for Housing, Communities and Local Government, led by our Chair, Peter Freeman CBE. Our Chief Executive and Accounting Officer, Peter Denton, leads an executive team that includes specialists in housing, regeneration, land and development, investment, finance and risk management.

Homes England (also referred to as 'the Agency') plays a key role in delivering government housing, growth, and regeneration agendas. This often entails supporting national, local or wider market ambitions, through unlocking, de-risking and supporting, which engenders confidence and creation of investible opportunities.

Our ambition is to work in collaboration with equally ambitious partners to deliver the homes and places that our communities need, and to support the regeneration of our towns, cities and rural communities.

We have significant tools at our disposal. We own around 9,000 hectares of land and have substantial capital (loan, grant, equity and guarantees) to deploy. We also have a range of statutory powers and expertise to broker private sector investment, convene stakeholders, facilitate collaboration, improve quality across the industry and champion good practice.

Finally, we have hundreds of experts across an array of specialist areas who can deliver impactful capacity and capability to all that we do.

Whilst some of our partners might choose individual elements of the support we can provide, we often blend many of our interventions together, collaborating with the private, public and third sectors to deliver on local priorities and catalyse change.

We work in collaboration with partners from across the country who share our ambition, including local government, private developers, housing associations, lenders and infrastructure providers. Our activities are designed to respond to local needs, and make a difference where the market alone cannot do so. Robust leadership ensures we deliver best value for money in all of our interventions, including those delivered jointly with our partners.

More detail on our organisational structure and the composition of our Board and Committees can be found in section 3.1, Corporate governance report.

Our Statutory Objects

These are set out in the Housing and Regeneration Act 2008, and are:

a. to improve the supply and quality of housing in England,

b. to secure the regeneration or development of land or infrastructure in England,

c. to support in other ways the creation, regeneration or development of communities in England or their continued well-being, and

d. to contribute to the achievement of sustainable development and good design in England,

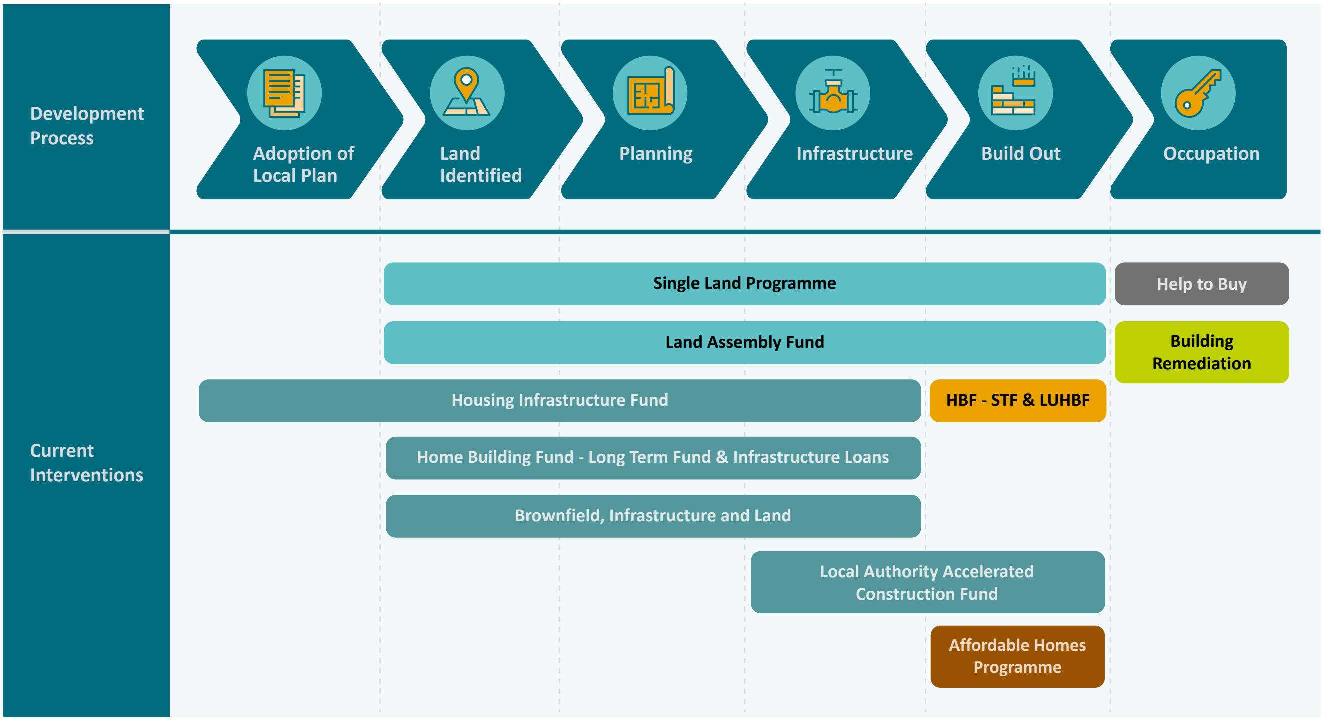
with a view to meeting the needs of people living in England.

Our interventions

We intervene in many ways to support the creation of more homes and places where people can live and thrive in England. Our interventions support the development and acceleration of new housing, regeneration and infrastructure through a range of funding schemes, investment projects and land acquisition.

We also manage and administer building remediation and safety programmes and have delegated responsibility for the due diligence and oversight of £6.5 billion of housing guarantees. We also support the housing sector to progress the critical themes of productivity, sustainability and design, together with supporting the curation of places through master development.

Our interventions span the breadth of housing development



- Land and Development
- Infrastructure and Regeneration
- Market Diversification
- Affordable Housing
- Home Ownership
- Building Safety and Remediation

HBF-STF Home Building Fund – Short Term Fund
LUHBF Levelling Up House Building Fund

The following table summarises our interventions, programmes and delivery partnerships:

Interventions	Our Services	
Partnerships	Strategic Place Partnerships	To facilitate a collective commitment to a place's housing and regeneration ambitions by promoting alignment of priorities and outcomes. Bringing together the strengths of each partner and the resources they can offer to deliver bespoke packages of support for places.
	Public-private partnerships	To facilitate partnerships between public and private sector entities to accelerate housing delivery. For example, joint ventures, development agreements, or other forms of collaboration to leverage both public and private resources and expertise.
Land and Development We acquire land or facilitate the preparation of land for development.	Single Land Programme	Investment and disposal of a portfolio of existing public sector assets.
	Land Assembly Fund	Fund used to acquire and develop land that requires complex and significant investment prior to commercial development.
Infrastructure and Regeneration We invest in infrastructure projects necessary to unlock housing development opportunities and support regeneration projects in areas facing housing market challenges.	Housing Infrastructure Fund	A capital grant programme of £3.5 billion available to local authorities nationally (outside London).
	Home Building Fund – Long Term Fund	A £1.7 billion housing infrastructure fund which provides long term loan finance to support any non-housebuilding activity needed to unlock large sites and deliver housing quickly. Activity funded can include land preparation, enabling works, transport infrastructure and the provision of community facilities.
	Home Building Fund – Infrastructure Loans	A £1.5 billion fund to provide loans to private sector partners to invest in transforming predominately brownfield land, improving public transport, building schools, and providing infrastructure to unlock and accelerate new homes.
	Brownfield, Infrastructure and Land	A £1 billion fund to tackle the market's failure to build housing and other uses on challenging sites that demonstrate difficult land assembly and other barriers which prevent the private sector from taking on alone.
	Local Authority Accelerated Construction Fund	A £137 million fund to support ambitious local authorities to develop out surplus land holdings at pace, helping to unlock public land and increase the speed of delivery on local authority housing schemes.

Interventions	Our Services	
Market Diversification We provide support and incentives for developers to participate in housing delivery and overcome barriers to entry into the housing market.	Home Building Fund – Short Term Fund	A £2.2 billion fund to provide loans to developers (where mainstream funding is not a viable option) and equity investments to leverage private sector capital into the residential market.
	Levelling Up House Building Fund	A £2 billion fund offering loans to SME housing developers to meet the development costs of building homes for sale or rent, and to unlock and accelerate housing delivery in areas of need across the country, through place-based interventions. In addition, we are able to use this fund flexibly to invest alongside lending partners to form Lending Alliances and to also provide institutional investors with access to a wide range of equity investment opportunities.
Affordable Housing We provide grants or financial incentives to developers to build affordable housing units.	Affordable Homes Programme 2021-2026	A £7.4 billion investment programme that provides grant funding to support the capital costs of developing affordable housing for shared ownership, social rent, affordable rent or sale.
	Shared Ownership and Affordable Housing 2016-21 (SOAHP)	A grant programme of £4.9 billion to support the capital costs of developing affordable housing (closed to new bids in 2021).
Home Ownership	Help to Buy	The Agency has transitioned its role in the Help to Buy scheme to one of stewardship, as the scheme closed to new applications in 2022, with completions continuing until 2023. The focus is on the effective management of the £17.4 billion equity loan portfolio.
Building Remediation	Cladding Safety Scheme	The Cladding Safety Scheme, part of the wider Building Safety Programme, is formally delegated to Homes England for delivery. The scheme is designed to meet the cost of addressing life safety fire risks associated with cladding on residential buildings over 11 metres in height (11-18 metres in London).

Interventions	Our Services	
Acting as a delivery partner for government	Building Safety and Remediation	Acting as a delivery partner through the Building Safety Fund and Private Sector Cladding Remediation Fund to provide non-recoverable grants to building owners outside London to replace unsafe cladding systems.
	Homeless and rough sleepers	Acting as a delivery partner for MHCLG through the Single Homelessness Accommodation Programme, the Rough Sleeping Accommodation Programme and Next Steps Accommodation Programme.
	Housing Guarantees	Supported by MHCLG's balance sheet, we help partners to access private finance and long-term, low cost, fixed rate loans to fund their development programmes.
Other	Land Hub Portal	We own around 9,000 hectares of land. The Land Hub Portal is our online tool which acts as a shop window for housebuilders, giving potential developers details of all land available to buy from us.
	Supporting best practice: ▪ Local Government Capacity Centre ▪ Design and sustainability ▪ Modern Methods of Construction (MMC)	The LGCC designs and curates structured, seasonal learning programmes for local authority colleagues and their partners. Across all of our interventions, we work closely with partners to embed and promote excellence in design and sustainability. Through all of our work, we encourage partners to deliver homes using forms of MMC which bring the greatest innovation, productivity or sustainability benefits.

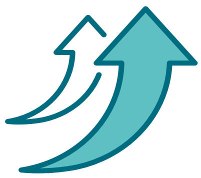
Our values

It is crucial Homes England is a place where everyone can flourish personally and professionally. The Agency is a supportive environment which provides colleagues with opportunities to develop their skills, learn from others, and have access to the tools and infrastructure they need to deliver.

Our values framework, launched in May 2023, is at the heart of our Agency, representing our core beliefs and what we stand for. A collaborative redesign of our values was undertaken in 2023 by our Shadow Leadership Board – a group made up of volunteers at all levels from across the Agency to hold our Executive Leadership Team (ELT) to account – helping to influence the direction of Homes England and contribute to positive change by giving a voice to new and different perspectives. Following this process, we renewed our values to better align with our strategic plan. We also introduced our associated behaviours framework which is embedded into our performance expectations and our day-to-day narrative.

We are...

Respectful
As the core principle, this runs through all our values and behaviours



Impactful
We combine our **commercial expertise with social purpose** to deliver value for money and maximise our positive impact

Accountable
We are **empowered to lead by example**, take responsibility for our actions and speak up for what's right

Innovative
We are **bold, creative thinkers** who embrace change, never stop learning and always look for a better way to do things

Inclusive
We **recognise and value everyone as individuals** and draw strength from our differences

Collaborative
We share information, align priorities, and use **our collective knowledge and experience to achieve great results**

We know that our colleagues are our greatest asset. We recognise that our diversity will enable us to best understand the housing and place needs of the communities we serve and in turn help us achieve our mission to drive regeneration and housing delivery to create high-quality homes and thriving places.

Overview of performance and risk

Overview of performance

In 2023, we launched our strategic plan, refreshing our mission and strategic objectives to meet housing and regeneration priorities for the sector.

While continuing to target improved housing supply, the new plan required us to place a greater emphasis on urban renewal, regeneration, sustainability, design quality and safety, and creating a sector that works for everyone.

With the shift in strategic direction, we adopted a suite of 18 Key Performance Indicators (KPIs), which reflect the breadth of our strategic mandate. The KPIs comprise a mix of housing delivery indicators and gauge the degree to which we enable our partners and the sector to deliver. They also support place-based regeneration and encompass the wider socio-economic benefits stemming from our activities. The KPIs also gauge the health of the Agency and promote further improvements in design quality and sustainability.

Performance against 11 of our 18 KPIs is currently being reported, with the remainder planned to report for 2024/25. The summary below provides an overview of our performance in 2023/24 towards delivering our strategic objectives. This high-level overview is expanded upon further in section 2.2, Performance analysis.

Strategic Objective	Priority outcomes	Key Performance Indicators reporting in 2023/24	Summary
1. Vibrant and successful places To support the creation of vibrant and successful places that people can be proud of, working with local leaders and other partners to deliver housing-led, mixed-use regeneration with a brownfield-first approach.	▪ more land reused and made available for regeneration ▪ key enabling infrastructure in place to unlock development ▪ local places supported to deliver on their regeneration ambitions ▪ mixed-use places that create value and benefit local communities	**KPI 4a** Total number of local authorities receiving in-depth support from Homes England … **KPI 4b** … of which share who report improved capacity to deliver their place-based ambitions as a result **KPI 5** Social value per pound of investment	Our place-based approach has led to a substantial rise in the number of local authorities receiving in-depth support, with the number increasing from nine to **21**. The feedback received from these authorities has been overwhelmingly positive, with **94%** acknowledging that their capacity to pursue their local ambitions has been bolstered through our support. Increasing social value underpins our delivery. We have combined commercial expertise with social purpose to deliver social value across all communities served through our interventions. Social value is considered at every stage of our housing and regeneration process. In 2023/24, we undertook an assessment of the social value generated through our investments in 2022/23. The results showed we generated **£1.98** of value per pound of investment.
2. Homes people need To facilitate the creation of the homes people need, intervening where necessary to ensure places have enough homes of the right type and tenure.	▪ more homes of the right type in the right places ▪ more land available for new homes and barriers to development removed ▪ more people enabled to own their own home	**KPI 6** Total number of housing completions directly supported **KPI 7** Total housing capacity of land unlocked by Homes England interventions **KPI 8** Total number of households supported into home ownership	Despite the economic context and a subdued market, we delivered within our housing delivery target ranges and in most cases exceeded the central target. Our efforts made a significant impact on the housing sector, facilitating the completion of **32,320** homes, unlocking a further **26,273** homes, and supporting **622** households into home ownership as the Help to Buy scheme and First Homes pilot drew to a close.

Strategic Objective	Priority outcomes	Key Performance Indicators reporting in 2023/24	Summary
3. A housing and regeneration sector that works for everyone We have a vital role to play in building a housing and regeneration sector that works for everyone; driving diversification, productivity, partnership working and innovation.	▪ a more diverse sector with greater competition ▪ a more productive housebuilding sector with more private sector investment in housing and regeneration ▪ more private sector investment in commercial property and mixed-use regeneration in urban centres	**KPI 9** Share of supported completions by low and medium volume builders (LMVBs)	The emphasis on creating a diverse and inclusive sector is evident through our ongoing collaboration with LMVBs. In 2023/24 we targeted £400 million of funding to LMVBs to increase sector capacity and capability, and to overcome barriers to entry in the housing market. **19%** of our housing completions are now being delivered by smaller builders.
4. High-quality homes in well-designed places To promote the creation of high-quality homes in well-designed places that reflect community priorities, in line with our design assessment tool "Building for a Healthy Life" (BHL) and national and local design codes.	▪ more integrated neighbourhoods with access to nature and amenities facilitated by walking, cycling and public transport ▪ distinctive places that reflect local character ▪ streets, public space, and blue and green infrastructure that are designed for people to use, easy to navigate and have a well-considered relationship between public and private spaces	**KPI 12** Share of supported schemes that meet or exceed the agreed standards for design quality (in line with BHL)	Although in the early stages of reporting, **88%** of our supported schemes meet or exceed the agreed standards for design quality.
5. Sustainable homes and places To ensure high standards of sustainability and design quality are delivered in homes and places.	▪ more energy efficient, carbon efficient and resource efficient homes and places both in-use and across their whole life ▪ places that enhance the natural environment, including air and water quality, biodiversity, and habitats	**KPI 13** Building Performance – share of supported completions that are EPC rating B or above	**87%** of the completions we've enabled in 2023/24 have achieved an Energy Performance Certificate (EPC) rating of B or above.
Achieving our plan To sustain the organisational health required to achieve our strategy by operating as a high performing organisation.	▪ an Agency that works for its partners ▪ an Agency that reflects the communities it serves ▪ an Agency that effectively manages risk	**KPI 16** Share of partners reporting overall satisfaction with Homes England **KPI 17** Average colleague rating for Homes England being a diverse and inclusive employer **KPI 18** Number of principal risks outside risk appetite	**68%** of our partners are satisfied with Homes England, with an additional **23%** neutral. Our colleagues rated Homes England **7.2** out of 10. There were **four** principal risks outside appetite at the end of 2023/24.

Risk overview

As a public sector organisation, the Agency places a significant emphasis on effective risk management. The publication of Homes England's strategic plan in May 2023 led to elevation of the Agency's approach to risk. During the third quarter of 2023/24, our profile peaked with six out of eight principal risks out of risk appetite. However, this reduced by the end of the financial year to four outside of appetite. Whilst we are pleased with the improvements, these risks remain subject to ongoing strategic mitigations.

With a significant portfolio of change across the organisation, change management risk is a key focus requiring us to remain vigilant. Sound decisions as to what, when and how we introduce change is critical, as is balancing our budgets with our strategic goals and risk appetites.

Following the year end, the Agency has enhanced its risk management capabilities by integrating Anti-Economic Crime and Compliance functions into the risk function. This move aims to improve coordination, streamline processes, and foster synergy among these areas. Additionally, there will be increased connectivity and analytical capabilities with other risk specialist areas, such as cyber security and data protection, to address emerging risks effectively. Overall, this strategic decision underscores the Agency's commitment to maturing its Risk Management Framework and ensuring resilience in today's complex environment.

Our eight principal risks are set out in the table below:

Principal Risk	Q1 2023/24	Q4 2023/24
Funding (misalignment)*		
Change Management		
Business Continuity		
Capacity and Capability		
Macro-economic		
Delivery Partners		
Cyber Security (split from Business Continuity risk during quarter 3, 2023/24)		
Value for Money		

* Appetite for Funding Misalignment has shifted from 'Open' to 'Averse', risk moved to being out of appetite (no change in risk score)

Risk Outside Appetite

Risk Inside Appetite

Further information on these risks, including the current position and risk mitigations, are detailed within Principal risks in section 2.2, Performance analysis.

Additionally, the Agency's Risk Management Framework is set out in the Governance Statement within section 3.1, Corporate governance report.

Going concern

The net asset position of Homes England takes into account liabilities falling due in future years which, to the extent that they may not be met from Homes England's other sources of income, may only be met by future grants or grant in aid from our sponsoring department, the Ministry of Housing, Communities and Local Government (MHCLG).

Grants may not be issued in advance of need. Grant in aid for the year ending 31 March 2025, taking into account the amounts required by our liabilities falling due in that year, has been approved by Parliament.

The recent Public Bodies Review in 2023 concluded that there is a clear continuing need for a public body like Homes England to deliver its statutory objectives and that the Agency is the right vehicle to deliver these. There is therefore no reason to believe that future grant in aid approvals will not be forthcoming.

Additionally, as Homes England and MHCLG have previously agreed a rolling five-year business plan and delegated authority limits for the period, the Board considers it appropriate to adopt a going concern basis for preparation of the Agency's Financial Statements.

2.2 Performance analysis

This section highlights Homes England’s performance against our strategic plan and key performance indicators. It expands on the performance overview and outlines any factors which have influenced our delivery performance within the context of the market sector and wider economy.

The section also describes the principal risks impacting delivery, provides a review of financial performance during the year, and highlights the work being undertaken by the Agency in relation to sustainability and climate change.

Detailed performance review

In 2023/24, we launched our strategic plan. At its heart, the plan strives to ensure people have access to sustainable, quality homes nestled within thriving, dynamic communities.

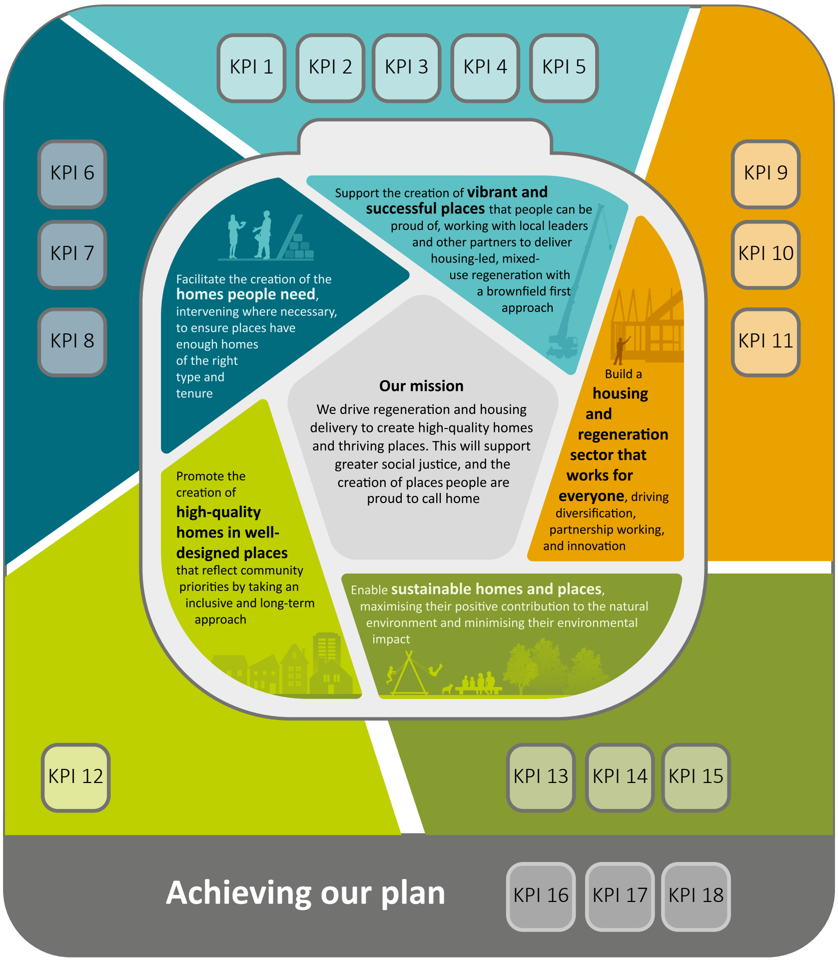
As well as driving the delivery of more homes, our plan places an emphasis on place, regeneration, sustainability, design quality, and safety, while championing a housing sector that addresses the needs of all stakeholders.

The economic environment of the past few years had a significant impact on the housing market and our partners. During 2023/24, economic growth remained sluggish, and the housing market was subdued. Despite the challenging context, we continued to support partners to increase housing supply and, in most cases, exceeded our delivery targets. We also provided support through our investment in affordable and specialist housing.

In addition to nurturing existing partnerships, we forged new alliances, reflecting our shift in focus from housing supply to a more holistic approach that encompasses place. By pooling our resources, be it powers, land, capital or expertise, we've initiated Strategic Place Partnerships (SPPs) with local leaders whose aspirations align with our strategic vision. Collectively these SPPs serve a population of almost 10 million people. The independent Public Bodies Review (PBR) endorsed our commitment to our strategic initiatives and underscored our important role as a significant national public entity.

Our Strategic Mandate

Our strategic plan is founded on a mission to create high-quality homes in thriving places. While continuing to target new housing supply, the plan also places an emphasis on regeneration, sustainability, design quality and safety, and creating a sector that works for everyone.



Underpinning these aspirations, our comprehensive performance framework helps to steer progress towards these strategic objectives. This performance framework connects strategic direction to execution by linking strategy through to business planning, performance reporting, performance reviews, and evaluation activities.

The linked processes are underpinned by a common set of key performance indicators (KPIs), which reflect the breadth of the Agency's strategic mandate. The 18 KPIs extend beyond measures of new housing supply to encompass the wider socio-economic benefits stemming from the Agency's activities. They also gauge the degree to which the Agency enables partners to deliver, our impact on the sector and the health of the Agency.

Following publication of the strategic plan, we implemented our new key performance indicators, with the first tranche of indicators reporting in 2023/24 with a baseline established against future benchmarks and targets. These are set out in the table below:

KPI	KPI description	2023/24 performance
4a	Total number of Local Authorities (LAs) receiving in-depth capacity support	**21**
4b	Total number of LAs receiving in-depth support who report improved capacity	**94%**
5	Social value per pound of investment	**£1.98**
6	Number of homes completed	**32,320**
7	Number of homes unlocked	**26,273**
8	Number of households supported into home ownership	**622**
9	Share of supported completions by LMVB builders	**19%**
12	Share of supported schemes that meet or exceed the agreed standards for design quality (in line with Building for a Healthy Life)	**88%**
13	Share of supported completions that are EPC rating B or above	**87%**
16	Share of partners who report overall satisfaction	**68%**
17	Employee rating for diversity and inclusion	**7.2 (out of 10)**
18	Number of principal risks outside appetite	**4 at the end of 2023/24**

The second tranche of indicators will begin reporting from 2024/25 with the results providing a baseline against which future benchmarks/targets can be set.

KPI	KPI description
1	Brownfield land reclaimed
2	Employment floorspace created
3	Number of jobs created
10	Share of supported completions using modern methods of construction (MMC)
11	Total value of private sector funds leveraged through Homes England's support
14	Average percentage biodiversity net gain planned on supported schemes
15	Indicator to be developed on embodied carbon of Homes England supported development

Delivering on our strategy: vibrant and successful places

One of our objectives is to support the creation of vibrant and successful places that people can be proud of, working with local leaders and other partners to deliver housing-led, mixed-use regeneration with a brownfield-first approach. Our desired outcomes are:

- more land reused and made available for regeneration
- key enabling infrastructure in place to unlock development
- local places supported to deliver on their regeneration ambitions
- mixed-use places that create value and benefit local communities

Driving locally-led housing development and regeneration

During the financial year we made a significant shift towards place-based working. At its core, place-based working is about bringing together our skills, expertise and resources into bespoke packages of support for places. We work with local leaders and the private sector in areas facing market challenges, to advance locally led housing and regeneration priorities. This involves revitalising existing neighbourhoods, repurposing under-utilised land or buildings, undertaking long-term planning, and improving housing quality and affordability in disadvantaged communities. Closely aligned to our SPP activity, and centred around shared priorities and objectives, our work in 2023/24 has included support for the following places; Blackpool, Cambridge, central Leeds, Liverpool, central London, Sheffield and Wolverhampton.

The locally led approach is demonstrated by the Sheffield Together partnership. This is a five-way partnership between Homes England, Sheffield City Council, Sheffield Property Association, South Yorkshire Housing Partnership and South Yorkshire Mayoral Combined Authority. The partnership has come together to support the city's need to build 40,000 new homes over the next 20 years. Strong progress has been made over the past two years. Delivery plans have been developed for 48 sites with the capacity for approximately 5,700 homes, along with a plan for creating three new neighbourhoods at Furnace Hill and Neepsend, Moorfoot, and Sheffield Station Campus. The first stage of the masterplan for Furnace Hill and Neepsend was produced in 2023. In March 2024, the transformation of the sites was kickstarted with £67 million of investment for land assembly and enabling works across 12 acres of brownfield and under-utilised land.

During 2023/24, we also made considerable progress in advancing other projects around England including Barrow, Bristol, Newcastle, Plymouth and York. In March 2024 we completed the York Central Development Agreement between the Agency, Network Rail and a developer partner. This agreement is a significant milestone for a site that has failed to leverage private sector investment for nearly 30 years. Once complete, the regeneration of the area is projected to deliver 2,500 homes and add £1.1 billion of gross value per year, growing the economy of York by 20%.

Over the **next 25 years our strategic partners** will provide in **York Central**:

- **2,500** homes
- **one million square foot** of commercial space
- up to **6,500 jobs**
- half the 45 hectares **as open space**

York Central
Image credit: McLaren Property Group Ltd
Please note this image is illustrative only and will not be the final design.

Building on Strategic Place Partnerships

During 2023/24, we established three SPPs with South Yorkshire Combined Authority, West Yorkshire Combined Authority (WYCA) and the West Midlands Combined Authority. These join our existing SPP with Greater Manchester Combined Authority.

Each SPP facilitates a collective commitment to a place's housing and regeneration ambitions by aligning priorities and outcomes, bringing together the strengths of each partner and pooling the resources they can offer.

Our SPP with WYCA was signed in May 2023. Over the year, the partnership made significant progress against delivery priorities in cities including Bradford, Dewsbury and Leeds. Working with Bradford Council and WYCA, we are driving the project to repurpose the former retail heart of Bradford city centre to create Bradford City Village – a green, healthy and sustainable neighbourhood. We are also supporting the comprehensive regeneration of Leeds city centre, including the delivery of 20,000 new homes and a new British Library North.

Our SPP with Greater Manchester is focused on delivering a step change in housing growth. So far it has enabled the deployment of skills and capacity to support over 30 projects across six growth locations, spanning ten local authorities. This includes supporting the regeneration of Stockport town centre, with up to 5,500 additional homes in the Red Bank neighbourhood, and delivery of new affordable housing in Salford.

Garden communities

There are other place-based projects we support across the country. These include garden communities where we take a coordinated approach to providing direct delivery support and capacity funding. Examples include St Cuthbert's Garden Village in Carlisle and the Worcestershire Parkway in the Midlands; both new settlements plan to deliver 10,000 homes. We are also providing support for the planning and delivery of a number of regional priorities, including the Thames Estuary which is home to approximately 3.6 million people and spans 19 local authorities.

Supporting local authorities to build local capacity

Through activities like those detailed above, we provided in-depth support to 21 local authorities (LAs) in 2023/24, ranging from investment, funding and advice. Of those accessing non-financial support, 94% reported improved capacity to achieve their place-based ambitions, with an increasing acknowledgment of our role as an enabler and facilitator.

KPI 4

a) Total number of local authorities receiving in-depth capacity support from Homes England....

b) ....of which share who report improved capacity to deliver their place-based ambitions as a result.

Purpose: To demonstrate our contribution and perceived effectiveness of our in-depth support to local authorities to deliver their place ambitions and local housing priorities.

21 local authorities receiving in-depth capacity support, of which

94%*

report improved capacity to achieve their place-based delivery ambitions

Sheffield City Council has been working very closely in partnership with Homes England over the past two years, since the establishment of the Sheffield Housing Growth Board in December 2021.

This partnership has resulted in a much more collaborative approach towards the delivery of new homes in the City. Joint working has seen Homes England tailor its powers, funding, expertise and technical skills, towards assisting the Council to bring forward three new neighbourhoods in Sheffield City Centre, capable of delivering 5,000 new homes.

Great support has also been received with building a wider land pipeline for future housing sites, as well as an integrated affordable homes programme. Our partnership working is very strong and is greatly welcomed by all local stakeholders.

Kate Josephs CB
Chief Executive, Sheffield City Council

* The reported number for KPI 4b of 94% relates to 20 local authorities.

Benefitting local communities by creating social value

Our interventions in place not only deliver homes and unlock housing capacity, but create employment opportunities, provide vital local facilities and generate wider social value. Increasing social value has underpinned our delivery. It is at the core of all we do at Homes England and is considered at every stage of our housing and regeneration process. We combine commercial expertise with social purpose to deliver social value across all communities served through our interventions.

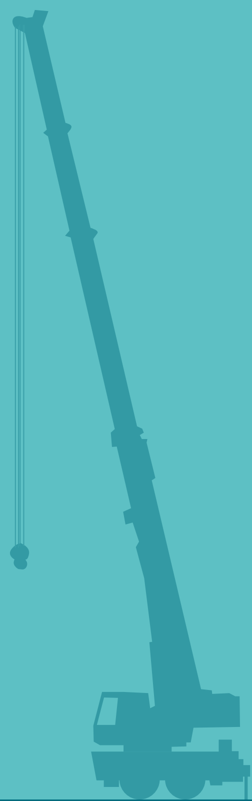
In 2023/24, we undertook an assessment of the social value generated through our investments made in 2022/23. Based on more than 1,500 project approvals in 2022/23, we forecast to deliver £4.6 billion of social value from £2.3 billion of our investment. This means we are set to generate £1.98 of value per pound of investment.

KPI 5 Social value per pound of investment.

Purpose: To quantify and value the expected impact on people's wellbeing as a result of our funding.

Measure: A forecast of expected benefits per pound of investment calculated bottom-up, project-by-project, on projects with funding approval activity in the financial year 2022/23. We use social value estimates across the lifetime of a project and add together the social value of all our projects approved during the financial year to estimate the Agency's impact. We consider social, environmental, and economic impacts (costs and benefits) that are evidenced and attributable to our actions.

For every **£1 of funding** we approved in **2022/23** we expect to generate **£1.98 in social value**



Our role in delivering the largest new town in England at Northstowe in Cambridgeshire provides a good example of where we advocate delivery of locally relevant social value through our interventions. As well as the delivery of requirements relating to affordable housing and biodiversity net gain, we work with our partners to support activities which contribute to community enlivenment. This ranges from sponsoring local events on our land, community art projects, providing access to recreational facilities, and career events.

Through our interventions in York Central we have added nearly £6 million of social and local economic value to the area, having liaised with over 1,000 members of the community. Amongst achievements, we have improved 12 local green spaces, provided local people with full-time employment opportunities, supported 25 charity fundraising activities, and diverted over 370 tonnes of waste from landfill.

Delivering on our strategy: homes people need

Our objective is to facilitate the creation of the homes people need, intervening where necessary to ensure places have enough homes of the right type and tenure. We work to:

- create more homes of the right type in the right places
- ensure more land is available for new homes and barriers to development are removed
- ensure more people can own their own home

A subdued housing market

The economic environment of recent years had a significant impact on the housing market. Despite its challenges, 2023/24 was a more stable year, although the housing market was subdued, and consumer confidence remained weak.

Economic growth was stagnant in 2023/24 with Gross Domestic Product increasing by 0.2% compared to the previous financial year. Inflation fell from a high of 8.7% at the start of 2023/24 to 3.8% at the end. The Bank of England base rate rose by a percentage point to 5.25% in the same period, while unemployment crept up from 4% to 4.4%. House prices were 1.8% higher at the end of 2023/24 than a year earlier.

After a 26% fall in 2022/23 in net reservations for new build homes, these only recovered by 3%, leaving them on average 21% lower than the previous three financial years. Mortgage rates remained volatile, with rates rising in the early part of the year. Although mortgage rates fell from the August 2023 peak, they are relatively high by the standards of the past 15 years.

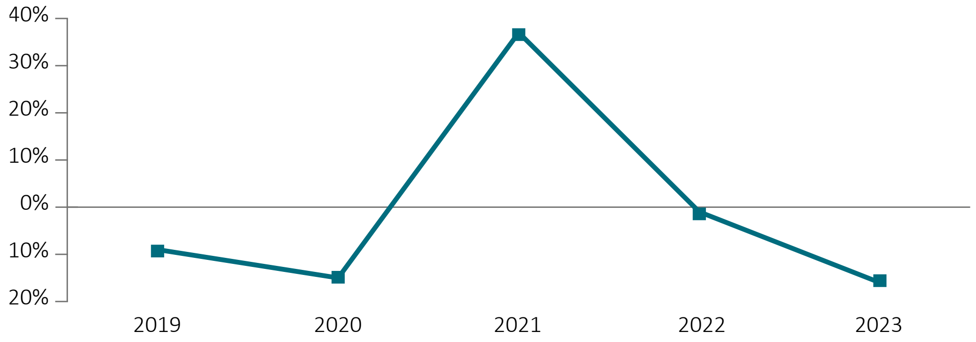
Higher interest rates constrain spending and investment which stymies economic growth. This contributed to a weakening in demand for housing with residential transactions in England declining by 19%. As a consequence, volume housebuilders slowed development activity during the year, with several warning that they would deliver fewer homes.

Overall, residential new build output in financial year 2023/24 was 5.4% lower than in financial year 2022/23 and 2.5 % below 2021/22 levels (as measured by the number of Energy Performance Certificates registered).

A slow-down in development saw a corresponding slow-down in land sales. This impacted land valuations. According to Savills, UK greenfield and urban land values fell in 2023/24 by 4.8% and 6.5%, respectively, compared to the previous year. The fall in land values, together with the challenging market conditions, made it harder to reach agreements on land disposals.

Some developers became more cautious, with volume housebuilders slowing activity during the year, extending contracting and delivery timeframes. This slowed progress on some sites and impacted the ability to convert disposals of land to housing starts. In England, provisional statistics for calendar year 2023 indicate a drop of more than 15% in the total number of housing starts between 2022 to 2023, and an 11% decline in housing completions.

Chart: Year on Year % change in housing starts in England



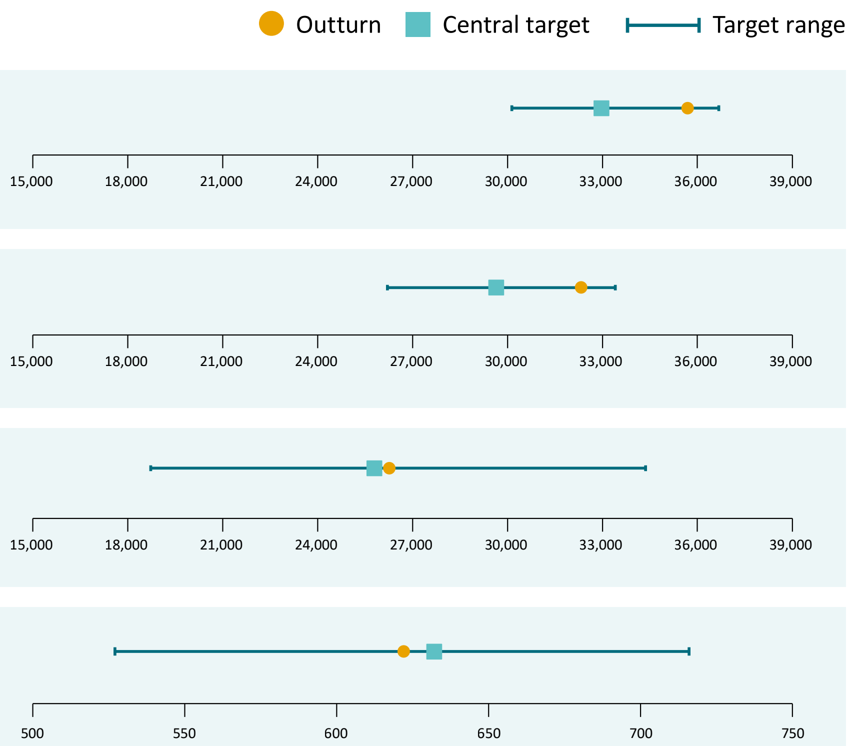
Source: Ministry of Housing, Communities and Local Government – Table 213: permanent dwellings started and completed, England.

Robust performance

During the year, the Agency delivered within our housing delivery target ranges and, most cases, exceeded the central target. Our efforts facilitated the completion of 32,320 homes, unlocking a further 26,273 homes and supporting 622 households into home ownership as the Help to Buy scheme and First Homes pilot drew to a close.

2023/24 Outturn

		Outturn	Outturn v Target
PI 3	Total number of housing starts directly supported	35,676	108%
KPI 6	Total number of housing completions directly supported	32,320	109%
KPI 7	Total housing capacity of land unlocked by Homes England interventions	26,273	102%
KPI 8	Total number of households supported into home ownership	622	98%



Providing a secure place to live

The numerical outputs only offer a glimpse into the impact that our interventions have on improving people's lives. As a result of our investment in affordable housing during 2023/24, over 22,000 families will have a home they can call their own and fewer children will risk living in temporary accommodation. We allocated all our affordable housing funding during the year, exceeding our affordable housing targets with 24,282 completions and 29,067 starts.

The Great Places housing group is one of our affordable housing strategic partnerships. They have used our funding to deliver affordable social housing by regenerating Ancoats Dispensary. This Grade II listed building in Ancoats, Manchester, which had stood derelict for more than 30 years, is now providing 39 high quality affordable homes.

Moreover, in 2023/24 we supported over 500 specialist housing units for the homeless and rough sleepers, acting as a delivery partner through the Single Homelessness Accommodation Programme, the Rough Sleeping Accommodation Programme and Next Steps Accommodation Programme. Through this suite of interventions, we have ensured fewer people are left exposed to the elements while sleeping rough through schemes such as Cowlins Mill, Cornwall and Bradbury Mansions, Southend on Sea.

The Cowlins Mill scheme uses 0.62 acres of council owned brownfield land to provide ten move-on modular homes. While the units are self-contained, the scheme provides additional communal cooking, laundry, classroom, management and break-out spaces to encourage skills-based learning programmes and facilitate high-quality client support spaces.

Bradbury Mansions in Southend on Sea was completed in March 2024. The site consists of three houses reconfigured into 23 units for rough sleepers, offering a holistic approach to temporary accommodation with varying levels of support provided dependent on need.

Bradbury Mansions
Image credit: HARP, Southend Homeless Charity

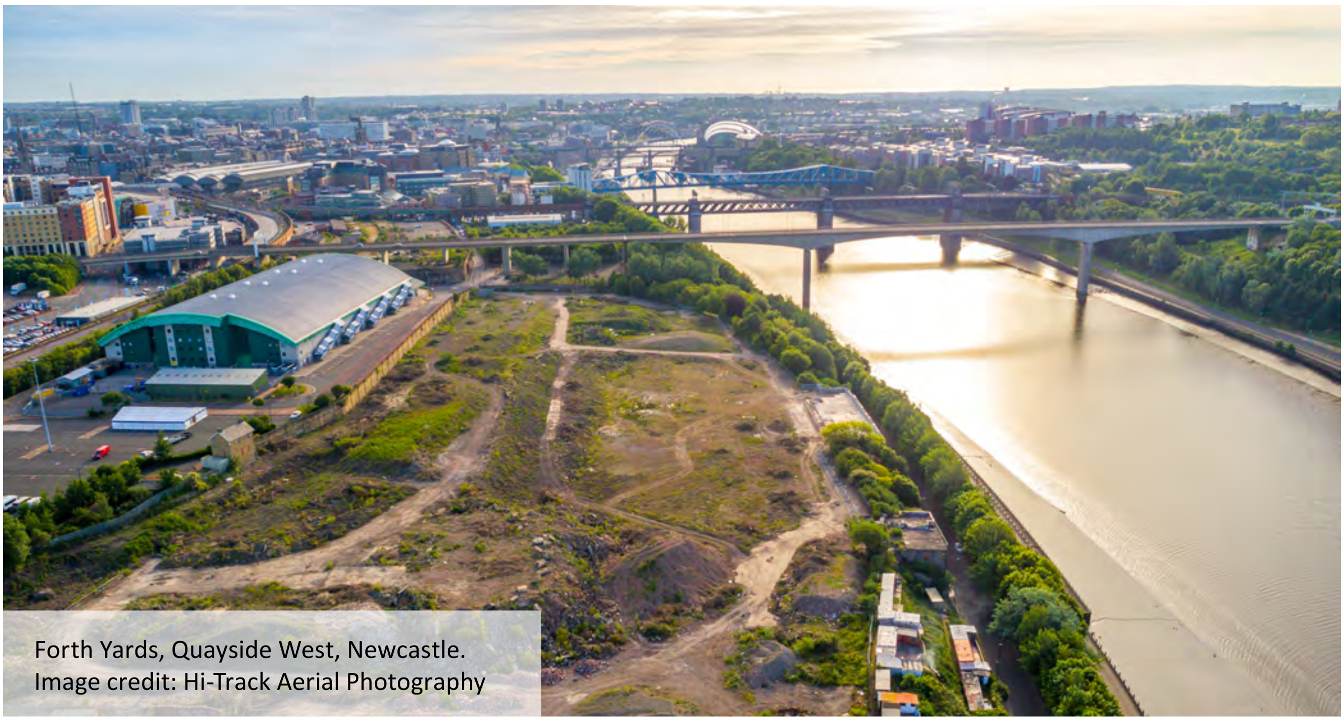
Ten new move-on modular homes for homeless individuals, Cowlins Mill, Carn Brea.
Image credit: Cornwall Council

Unlocking housing development

In addition to supporting the construction of new homes, the Agency plays a vital role in acquiring land and complex stalled developments. We invest in roads, utilities and other essential infrastructure, necessary to unlock housing development opportunities on these sites. In 2023/24, we unlocked 26,273 homes, more than double the homes we unlocked in 2022/23.

We work with partners to bring challenging sites to market and act as a catalyst for broader housing development and urban regeneration. The acquisition of Quayside West in Forth Yards, Newcastle is a prime example. This acquisition demonstrates our commitment to fostering sustainable urban development and will kickstart the creation of 1,100 high-quality homes. Notably, this intervention serves as a catalyst for revitalising an area in the city that has remained derelict for over two decades. The site faces a number of viability challenges, access constraints and infrastructure requirements, all of which stopped the private sector from bringing it forward. Bringing the site into public sector ownership allows it to reach its full potential as part of the wider transformation of Forth Yards.

The acquisition of Quayside West will help create a new neighbourhood for the people of Newcastle and the wider North East, with capacity for around 1,100 homes on Quayside West alone.



Forth Yards, Quayside West, Newcastle.
Image credit: Hi-Track Aerial Photography

Last year, the Agency also forged a groundbreaking partnership with the Greater London Authority (GLA) and the Berkeley Group. This collaboration is poised to bring about transformative change, particularly for communities in the London boroughs of Newham and Southwark. Through this partnership, we are spearheading the acceleration of several major brownfield regeneration projects, delivering over 8,000 new homes. A significant portion of these homes will be made affordable, addressing the pressing need for accessible housing in the region. The first homes should be ready in 2027 alongside commercial and leisure facilities, a secondary school, parks, and significant new transport infrastructure. All delivering fantastic social and economic outcomes for the area.

One of the three projects planned in Newham and Southwark.
Image credit: Berkeley Group Ltd

“

I'm delighted that 8,000 new homes are being delivered in Newham and Southwark, with 40% of these set to be genuinely affordable on the two sites with planning permission.

This partnership between the GLA, Berkeley and Homes England marks another important step forward in our mission to utilise brownfield land to deliver more high-quality, affordable new homes in the capital. The new public green spaces and fantastic transport links will have huge benefits for future residents and the wider community – helping to build a better, fairer, more prosperous London for all.

Tom Copley
The Deputy Mayor of London for Housing and Residential Development

Supporting home ownership

Over the last decade, we have helped over 387,000 households secure their own home using a Help to Buy Equity Loan.

Since 2013 Help to Buy has:

- provided £24.7 billion of equity loans, with over 154,000 loans repaid
- helped more than 387,000 households into home ownership, of which almost 85% were first time buyers
- supported the purchase of 1 in 3 new homes, with the value of all homes purchased totalling over £109 billion

Following the closure of the Help to Buy scheme to new applicants, we are focused on our stewardship role, ensuring value for money through our custodianship of the £17.4 billion equity loan portfolio. This has involved transitioning responsibility for administrative services to a third-party, improving the effectiveness of our customer services and supporting over 230,000 households with a Help to Buy equity loan manage their accounts.

We continue to strive for excellent customer service, as homebuyers manage the lifetime of their loans with us. In the medium term, subject to funding, we propose to introduce new digital capabilities and services to help customers manage their loans. In line with the recommendations of the PBR, this will provide greater service resilience in the face of fluctuating levels of customer demand, by reducing reliance on call-centre capacity.

As part of our data enrichment plan, we are committed to our alignment to financial services best practice in relation to identifying and supporting vulnerable customers. We continue to improve the understanding of the Help to Buy portfolio's behaviour and how we are best positioned to support our customers with their home ownership journey.

With the Help to Buy scheme closing to new applicants, we continued to support home ownership through the First Homes scheme. The scheme, aimed at first time buyers, was launched in August 2021 to reduce some of the barriers to home ownership, by offering first time buyers a discount in perpetuity. Grant funding was also made available to developers to support scheme delivery. Phase 2 delivered 1,231 homes in total across 2022/23 and 2023/24, involving 20 developers over 99 sites and 67 local authorities. The pilot successfully concluded in October 2023, having helped deliver 514 homes during the year. In addition, the first resales have materialised, increasing the number of first time buyers who will benefit from a first home.

Providing the homes people need - lifetime performance

We intervene in many ways to facilitate the delivery of the homes people need. Our interventions are supported through a range of loan finance and grant funding programmes, whose business cases have lifetime performance targets. Following the successful reset of some programme business cases in 2023/24, we are tracking to achieve the lifetime objectives for 8 of our 11 largest programmes. The major programmes due to end shortly, the Home Building Fund Short-Term Fund, and the Shared Ownership and Affordable Housing 2016-21 (SOAHP), will exceed their lifetime delivery targets.

Table: Lifetime programme performance

			Delivery			Financial		
	Investments	End	Lifetime objective	Delivery to date	Lifetime forecast	Funding allocation	Actual expenditure	Forecast outturn
Affordable Housing	SOAHP 16-21	End 23/24	132,000 starts	133,557 starts	133,557 starts	£4.9bn	£4.9bn	£4.9bn
	Affordable Homes Programme 2021-26	End 26/27	97,500 starts	48,795 starts	100,000 starts	£7.4bn	£3.7bn	£7.4bn
Market Diversification	Levelling-Up Home Building Fund (Based on no extension of the fund to commit beyond end of March 2025)	End 32/33	42,475 starts, 9,300 UHC/ MMC	4,167 starts (direct), 8,500 UHC/ MMC	42,773 starts, 9,500 UHC/ MMC	£2bn	£303m	£1.5bn
	HBF Short-Term Fund	End 28/29	43,000 homes	51,185 homes	58,851 homes	£2.2bn	£1.92bn	£2.27bn
Infrastructure	Home Building Fund - Infrastructure Loan	End 26/27	100,000-116,000 homes unlocked	15,003 homes unlocked	107,465 homes unlocked	£1.5bn	£45m	£1.5bn
	HBF Long-Term Fund	End 22/23	160,000 homes unlocked	158,435 homes unlocked	158,435 homes unlocked	£1.7bn	£1.412bn	£1.725bn
	Brownfield, Infrastructure and Land	End 28/29	40,000 homes unlocked	3,713 homes unlocked	40,000 homes unlocked	£1bn	£33m	£1.1bn
	Housing Infrastructure Fund	End 23/24	283,496 homes unlocked	282,774 homes unlocked	282,774 homes unlocked	£3.5bn	£1.3bn	£3.5bn
	LA Accelerated Construction	End 27/28	Up to 10,000 homes	5,686 starts	9,425 starts	£137m	£137m	£137m
Land	Land Assembly Fund	N/A	34,000 starts	4,994 starts	40,000 starts	Recycling fund - £657m secured at Spending Review 21		
	Single Land Programme	N/A	No targets set post Public Sector Land			Recycling fund - £817m secured at Spending Review 21		

The two principal exceptions are the Housing Infrastructure Fund (HIF) and Local Authority Accelerated Construction (LAAC) programmes. Due to cost inflation, several local authorities have withdrawn projects from HIF, with budget re-allocated to existing projects. Following the completion of the infrastructure element of projects, local authorities have, in several instances, reassessed planned housing delivery and revised downwards the number of homes that will be delivered. As a result, the LAAC lifetime forecast has been revised downwards.

Delivering on our strategy: a housing and regeneration sector that works for everyone

We have a role to play in building a housing and regeneration sector that works for everyone; driving diversification, productivity, partnership working and innovation. Our desired outcomes for this strategic objective are to facilitate:

- a more diverse sector with greater competition
- a more productive housebuilding sector with more private sector investment in housing and regeneration
- more private sector investment in commercial property and mixed-use regeneration in urban centres

A sector for all

As a result of the challenging economic climate, the sector continues to experience issues around capacity, build costs, contractor availability, and access to investment. It also faces additional challenges in addressing building safety, improving existing stock, and environmental requirements. In many areas the sector is not working efficiently and smaller developers, restricted by their scale of operation, face barriers to entry.

We play a central role in tackling the housing challenges the country faces, but we don't do it alone. We work with over 5,000 partners and organisations, including local government, housebuilders of all sizes, housing associations, infrastructure providers, landowners and institutional investors. Our ambition is for a competitive, diverse, resilient and efficient sector.

Diversifying and growing the sector

Our emphasis on creating a diverse and inclusive sector is evident through the ongoing collaboration with low and medium volume builders (LMVBs). These builders support our ambition for diversity beyond the larger volume builders who currently deliver a higher proportion of homes. LMVBs are vital in bringing forward smaller development sites and delivering additional capacity in the sector.

The market, however, is challenging for LMVBs and there has been a significant decline in their number in the sector over the past 30 years. They face a range of issues from accessing land, to attracting investment. Our £2 billion Levelling Up and Home Building Fund is designed to help LMVBs who are struggling to access finance through traditional lending routes. In December 2023 we launched a marketing campaign 'We fund it. You build it', to build momentum to unlock and accelerate housing delivery. We also established a new pricing matrix to tackle the impact of high interest rates on regeneration scheme viability.

Our innovative approach to LMVBs is increasing capacity to deliver homes. Kingswood Homes, operating in the north-west and south-west of England, received an innovative new multi-site loan facility to fund housing development, including site acquisitions. With our support, Kingswood has grown from building 36 homes per year in 2016, to over 100 homes. It is anticipated that, with continued support, they will double delivery to 200 homes per annum within the next three to four years.

In the last five years, we have supported more than 200 LMVBs to grow their business and nearly one fifth of our housing completions are now being delivered by smaller builders. In 2023/24 alone we targeted £400 million of funding to LMVBs to increase sector capacity and capability, and to overcome barriers to entry in the housing market. In February 2024, it was also announced that a pipeline of future small sites will be developed for LMVBs by parcelling suitable Homes England land. This will increase access to land for small developers, with pilots expected to begin in 2024/25 in the South East and Midlands.

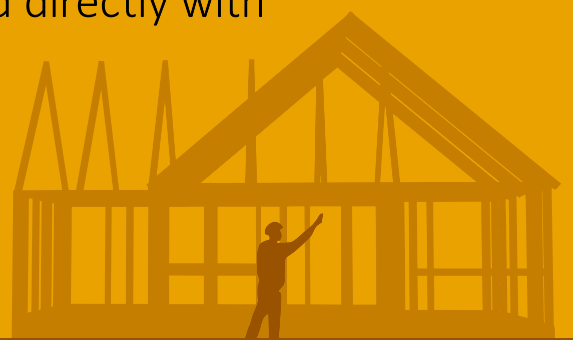
> Kingswood has proven that with appropriate financial support, small house builders can grow into medium sized businesses and play a role in helping to address the sustainable quality housing requirements set by government. Homes England has been brilliant in understanding the financial support that we needed in order to deliver that growth and enable Kingswood to potentially access corporate finance in future years.
>
> **Paul Jones**
> Managing Director of Kingswood

KPI 9	Share of supported completions by low and medium volume builders (LMVBs).

Purpose: To measure the share of homes delivered through contracted schemes in the current financial year, where we contract directly with LMVBs.

A LMVB is a developer who delivers fewer than 2,000 homes per year and is not a subsidiary of a parent company delivering more than 2,000 units per year.

19% of homes delivered in 2023/24 were delivered by LMVBs, where we contracted directly with the LMVB



Working with private sector investors

Alongside our traditional loan and grant interventions, we work in partnership with the public and private sector to provide innovative investment solutions to support housebuilding. We are involved in joint ventures, development agreements and other forms of collaboration to leverage both public and private resources and expertise. We also provide institutional investors with access to a wide range of equity investment opportunities to leverage private sector capital into the residential market.

In January 2024, we extended our investment in ECF (formerly English Cities Fund) by injecting an additional £50 million, elevating the fund to £200 million in equity. This injection of funding will be matched with additional commercial lending to fund transformative regeneration schemes in areas that need it most. Existing place-based partnerships cover Salford, Canning Town, Stockport and St Helens, Merseyside. By 2036, ECF is expected to deliver 17,000 new homes, more than 1 million square feet of commercial space, and additional social infrastructure to support education, health and wellbeing.

Our commitment to the Community Housing Fund provides confidence to new investors to enter the affordable housing sector. The fund's core aim is to accelerate the delivery of new affordable homes in high-demand and low-availability areas of England. The fund will deliver 1,300 homes. In addition, the highly successful Housing Growth Partnership (HGP), a ground-breaking collaboration with Lloyds Banking Group, continues to provide much needed equity finance to LMVBs. Our renewed commitment to the HGP supports the development of a more resilient housebuilding sector by providing LMVBs with access to debt funding to support housing delivery. Overall, HGP is expected to deliver over 8,000 homes.

Increasing productivity

We also support the market to innovate in how it delivers new homes and enhances productivity. Initiatives include greater adoption of Modern Methods of Construction (MMC). We continue to develop a growing evidence base for MMC and the opportunity it provides to create further housing delivery capacity. A factory-based offsite approach to construction also provides a permanent place of work, which enables a more

CGI image of the proposed regeneration of St Helen's town centre.
Image credit: The English Cities Fund

diverse range of people and skills to participate in housing production and delivery. Among the most frequently cited reasons for adopting MMC are speed of delivery, improved energy performance and lower embodied carbon. We encourage the delivery of these important benefits through our MMC support in our Land, Investment and Grant programmes. We are also working on a multi-year research project with Atkins, University College London and the Building Research Establishment to evidence the impact of MMC deployment within the housing sector across six pilot sites. Evidencing the benefits of MMC use should provide greater confidence to the industry, investors, insurers and customers to support its use across the sector.

Enabling regeneration at scale and pace

New housing starts during 2023/24 were impacted by elongated timescales associated with obtaining outline and full planning permissions. Ability to deliver at pace was also hampered by requirements on nutrient neutrality, biodiversity, environmental and natural habitat. As a result, we initiated activity to bring together the skills of the Agency to help support local leaders address the capacity and capability challenges faced in unlocking major developments.

We worked closely with MHCLG through the year to develop a series of interventions to enable us to further support the housing market.

We also continue to play a key role in enabling the sector to deliver new housing at scale, as one of a few organisations with the skills, expertise and resource to take on the role of master developer. The PBR affirms this key role, and highlights the opportunity to do more to lead and stimulate regeneration, embed design quality and bring in stakeholders at the right stage of the project lifecycle. This is demonstrated by our role in delivering Northstowe in Cambridgeshire. We act as master developer of Phases 2, 3A and 3B, which make up 85% of the town. In an area of high demand for housing we have planning permission for 8,500 homes, with 40-50% affordable housing and re-use of over 330 hectares of brownfield land.

Expanding our interventions

We worked closely with MHCLG through the year to develop a series of interventions to enable further support of the housing market. This included an expansion to MHCLG's Affordable Homes Guarantee Scheme, which enables housing providers to secure low-cost loans. The affordable housing sector has always had to balance the investment it makes in existing homes with the investment it makes in building new homes. Over the past year, increasing financial pressures made achieving that balance even more difficult, with housing associations pausing or slowing their developments. Funding can now be used to support the delivery of replacement homes, where they are being delivered alongside new affordable homes, and help regenerate and improve existing social housing estates. This change is something the sector has been calling for, and with it there is a real opportunity to accelerate the regeneration of social housing with a larger number of new, high-quality, energy efficient affordable homes. The existing facility has been increased by £3 billion, intended to support the building of an additional 20,000 new affordable homes.

Overall, we have delegated responsibility for the due diligence and oversight of £6.5 billion of housing guarantees which MHCLG provides to Registered Providers of social housing.

Delivering on our strategy: high-quality homes in well-designed places

We are committed to promoting the creation of high-quality homes in well-designed places that reflect community priorities. In line with our design assessment tool "Building for a Healthy Life" (BHL) and national and local design codes, we are taking an inclusive and long-term approach to enable:

- more integrated neighbourhoods with access to nature and amenities facilitated by walking, cycling and public transport
- distinctive places that reflect local character
- streets, public space, and blue and green infrastructure that are designed for people to use, easy to navigate and have a well considered relationship between public and private spaces

Design quality

We have continued to work with partners to embed design quality across housing interventions, be it through our master planning role, large scale catalytic urban regeneration or our work with LMVBs. Our key measure of design quality is based on the principles of BHL, a toolkit produced by Design for Homes in partnership with the NHS and input from Homes England and the Ministry of Housing, Communities and Local Government (now known as MHCLG). BHL assessment helps those involved in new developments to think about the qualities of successful places and how these can be best applied to the individual characteristics of a site.

Working closely with BHL principles proved successful in gaining outline planning permission for a previously stalled site at Hurst Farm, Haywards Heath. The reconsidered and improved site design was worked through with the community and local authorities to understand their aspirations for the site. It will provide up to 375 homes, a primary school, cemetery and accessible green spaces.

KPI 12 Share of supported schemes that meet or exceed the agreed standards for design quality (in line with BHL).

Purpose: To ensure that our sites deliver positive design outcomes for building and places, from acquisition through to delivery.

Measure: The percentage of schemes that have met or exceeded the pre-disposal assessment BHL score at 'reserved matters'[2].

88% of our supported schemes **meet or exceed the agreed standards** for design quality

[2] Reserved matters is when details of a development are not included in an outline planning application, but need to be approved by the local planning authority before the development can proceed.

Building safety

Ensuring people feel safe and secure in the homes they live in is fundamental to their health and well-being. Following the Grenfell disaster, commitment was made to ensuring that all buildings built using unsafe aluminium composite material (ACM) and other forms of unsafe cladding were remediated on tall residential buildings.

We act as delivery partner on the Building Safety Fund (BSF) and Private Sector Cladding Remediation Fund (PSCRF) providing non-recoverable grants to owners of buildings outside London of over 18 metres in height to replace unsafe cladding systems. The PSCRF is in its final phase and the remediation work under the BSF has since started with work completed on 65 buildings up to the end of 2023/24.

> Since Grenfell happened and we found out about the issues here, we have been living on tenterhooks. The fact that this is now in the past still feels a bit unreal. This weight that has been on us all for so long is suddenly not there anymore and it's a great feeling. Without the guys here on site, and without the Building Safety Fund and the people we don't see, this wouldn't have been possible. I think the phrase 'life changing' is overused but in this case it actually is. And not just for me and my family but for an entire block of families. It's amazing, thank you.
>
> **Leaseholder comment on the Building Safety Fund**

Building Safety Fund Lifetime Targets

Business Case	Achieved to Date	Forecast
443 BSF applications under management	319	319* (new 18 metre+ buildings will apply to the CSS)
£1 billion value of BSF approvals by April 2024	£1.16 billion	£2.2 billion (all applications under management approved)
75% of the PSCRF projects complete by April 2024	76%	78%

* The forecast has been revised down from over 400 to 319 due to withdrawn applications and 103 buildings transferred to the original developer under the Responsible Actors Scheme (RAS).

The Cladding Safety Scheme (CSS) was formally launched in July 2023 following a pilot scheme and makes up part of the wider Building Remediation Portfolio led by our sponsor department, MHCLG. The scheme has been formally delegated to Homes England for delivery and is designed to meet the cost of addressing life safety fire risks associated with cladding on residential buildings over 11 metres in height (11-18 metres in London, with the Greater London Authority continuing to operate the Building Safety Fund for buildings over 18 metres in Greater London).

During 2023/24 we built up the prospects for future year delivery, making 170 buildings eligible and progressing 148 of these to have signed grant funding agreements. We provided over 100 eligible applicants with pre-tender support payments to enable the set-up of project teams to work with the market to assemble packages of work to make buildings safe, progressing two to start on site. We continue to build up the prospects for future years and expect to see our first completion in the second quarter of 2024. By the end of March 2024, over 35,000 residents and leaseholders had started to see progress with their buildings, across the known 6,000 buildings being investigated across the various stages of the programme.

“

I am a Leaseholder who has lived under the threat of having to pay for cladding at my flat in the sum of £50,000 - £70,000 since the fire regulations changed following the Grenfell disaster. I am a pensioner, and having to pay this amount of money from my private pension, set up to pay my service charges, would have decimated my financial future. I could not be more grateful that the [Cladding Safety Scheme] Fund has approved our application and that I no longer have to face this financial burden. You might not get to meet recipients of your funding, but please let me assure you that we could not be more grateful.

Leaseholder message of thanks to our CEO

Cladding Safety Scheme Lifetime Targets			
	Business Case	**Achieved to Date**	**Forecast**
Completions	4,936	As detailed above	4,936
Expenditure	£3.9 billion	£28.25 million	£4.1 billion

Delivering on our strategy: sustainable homes and places

In recent years, housing and planning policy has evolved to increasingly emphasise the importance of mitigating climate change, addressing biodiversity decline, improving health and wellbeing and ensuring high standards of sustainability and design quality are delivered in homes and places.

Through enabling sustainable homes and places we are looking to facilitate:

- more energy efficient, carbon efficient and resource efficient homes and places, both in-use and across their whole life
- places that enhance the natural environment, including air and water quality and biodiversity

Sustainable homes

Encouraging our partners to improve on the energy efficiency of new homes will result in lower emissions and contribute to ensuring higher standards of sustainability and design quality. Energy performance is also an important factor for home occupiers as there is a direct correlation to their energy bills. In 2023/24, 87% of homes completions supported by Homes England met EPC rating B or above.

To provide confidence to developers and lenders to do more to improve environmental standards and to get ahead in building more sustainably, we are partnered with Octopus Real Estate on the Greener Homes Alliance. This gives housebuilders both the funding and the knowledge needed to build more high quality, energy efficient homes throughout England. Homes funded must achieve a minimum EPC rating of B and will benefit the housebuilder with interest rate discounts when meeting EPC ratings.

KPI 13 Building Performance – share of supported completions that are EPC rating B or above.

Purpose: To understand the estimated operational carbon efficiency of those home completions supported by Homes England.

87% of our supported completions have an **EPC rating of B or above**

The River Adur, Northern Arc, Burgess Hill.
Image credit: Homes England

In February 2024, biodiversity net gain (BNG) became a legal requirement for new planning applications made in England. BNG is an approach that requires development to have a positive impact on biodiversity. This 'net gain' is achieved when developers create new habitats or retain and enhance existing ones on the development site. This year we focused on the introduction of a 10% BNG target for all our sites. Going forward, we will consider introducing a higher BNG target on sites where it will be viable and feasible to do so.

Schemes such as Northern Arc in mid Sussex will deliver significant improvements in biodiversity. Situated north of Burgess Hill, this scheme is a 200 hectare, 3,500 home development being delivered by Homes England in our role as master developer. It is set within a mature landscape of habitats including ancient woodland, mature trees, species-rich hedgerows, semi-improved grassland, watercourses and ponds. As master developer, the Agency is responsible for the long-term stewardship of the area, and careful consideration was given to the 2 kilometre stretch of the River Adur on the site. Habitat will be protected and enhanced through new planting and river improvements, as part of our plans to achieve a biodiversity net gain on site of up to 23%.

During 2023/24, our aims on sustainability were supported by the development of our Living Sustainably statement of intent. We also worked on the development of a Sustainability and Design Passport, a Nature Positive Plan, and a carbon inventory. Further information is available in our Sustainability Report which can be found later within this Performance analysis section.

Corporate health: achieving our plan

We enable delivery of our strategic objectives through initiatives that seek to ensure we are a high performing organisation with effective and efficient processes, governance and risk management, and colleagues who feel supported in their work.

We aim to deliver an Agency that:

- works for its partners
- reflects the communities it serves
- effectively manages risk

Working with our partners to achieve our objectives

Our 2023 Partner Perception survey shows that 68% of our partners are satisfied with the support provided by Homes England, with an additional 23% neutral. Partner feedback acknowledges we add value through investment, funding, advice, support and capacity. Partners also recognise our role as an enabler and facilitator, with increasing acknowledgment of our role in regeneration and place.

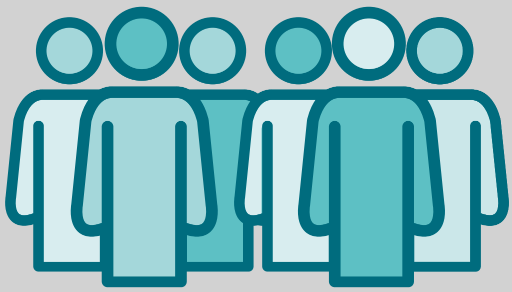
In September 2023, we launched our new Customer Relationship Management (CRM) system to capture interactions, relationships and engagement with our external partners. This tool provides a single source of partner data, facilitating coordinated engagement and data-led decision making. In its first seven months of operation, the system captured over 4,000 interactions, of which 105 related to new opportunities.

KPI 16 Share of partners reporting overall satisfaction with Homes England.

Purpose: To measure how satisfied our partners are with Homes England based on their understanding of our role and remit, and to provide an indication as to whether we are functioning effectively and enabling positive engagements with our partners.

A partner is any housing developer, local authority or other organisation who has transacted with us in the past three years.

91% of our partners reported they were either satisfied or neutral with Homes England.



68% of all our partners scored us 6 out of 10 or above in overall satisfaction.

Building a brilliant place to work

During the year we furthered our change programmes to modernise the way we work, to ensure we have the right organisational design to deliver our strategy and to create the right environment for colleagues to thrive. We wrapped these change programmes up under a banner called Building a Brilliant Place to Work, telling the story of how our transformation projects will enable us to create a better, more effective and efficient work environment for our people.

In December 2023, we launched our annual employee engagement survey. Seven out of ten colleagues responded positively to the question on whether they feel able to bring their whole self to work. This score is in line with our plans to improve employee engagement.

We are working to make Homes England a place where everyone can find the opportunity to succeed. We are integrating diversity and inclusion into everything we do to lead by example and to excel in fulfilling our obligations under the Public Sector Equality Duty. Further information on Equality, Diversity and Inclusion (EDI) is available in section 3.2, Remuneration and staff report.

KPI 17 Average colleague rating for Homes England being a diverse and inclusive employer.

Purpose: To demonstrate whether Homes England colleagues feel we are an inclusive employer and whether we foster a positive working environment and experience.

Our colleagues rated Homes England

7.2 (out of 10)

Managing risk

We employ a rigorous Risk Management Framework to address risks that may impede the achievement of our strategic objectives. These principal risks are identified and managed through top-down and bottom-up processes, with focus on proactively identifying and mitigating key vulnerabilities and operational risks that could disrupt strategic progress. At the end of 2023/24 there were four principal risks outside of risk appetite. These risks encompassed change management, capacity and capability, funding alignment, and business continuity. Further information is available in the Principal risks section later in this report.

KPI 18 Number of principal risks outside risk appetite.

Purpose: To identify and monitor all principal risks outside the appetite agreed upon and set by our Board which could materially impact the successful delivery of our strategic objectives.

There were
4 principal risks
outside appetite at the end of **2023/24**

Q1: **2** Q2: **2** Q3: **2** Q4: **4**

Principal risks

Principal risks summary

'Principal risks' are those risks that are so significant that they could materially impact the achievement of our strategic objectives.

The Executive Leadership Team (ELT) owns and is collectively responsible for the identification and management of principal risks relevant to the organisation at any given time. Homes England's Board continuously assesses the nature and extent of the principal risks that the organisation is exposed to and is willing to take, in order to achieve its objectives.

Our principal risks are set out in the table below:

Principal risk	Current position
Macroeconomic conditions - Risk that the Agency has not monitored or is insufficiently prepared and empowered to respond to changing macroeconomic conditions, which affects our ability to achieve strategic objectives, recovery expectations and to prevent customer detriment.	This risk is within appetite due to the general signs of improvement in the economic environment and the various re-sets which have taken place in our commissioned programmes thereby improving our ability to react to changes in the marketplace.
Delivery partners - Risk that our delivery partners (private sector, Local Authorities, Housing Associations, etc) do not have the capacity, capability or willingness to work with us, delaying or preventing delivery of housing and regeneration initiatives.	This risk is within appetite and is overseen and mitigated through delivery performance reporting and partner level engagement and intelligence. An important aspect of supporting the capacity and capability of our public sector partners is through Agency provision of capacity and support.
Change management - Risk that the Agency does not effectively deliver or absorb the change agenda, leading to a reduction in efficiency and effectiveness and impacting our ability to deliver.	Change management risk remains above risk appetite, but Phase 1 of the change management roadmap has been implemented leading to a reduced overall risk score. An Enterprise Project Management Office has been established to provide direction and prioritise change initiatives, including improved governance framework with clear roles and responsibilities. To bring this risk within appetite, work is ongoing to embed business change capability within change delivery and to strengthen existing controls.
Business continuity - Risk regarding capability of the Agency to continue operating and delivering services and products at acceptable predefined levels during a disruptive incident. The capability and capacity to restore operations to normalised levels within acceptable timeframes.	This risk is out of appetite, but we expect this to be mitigated by quarter 2, 2024/25. We have improved our response protocols, including the Business Impact Analyses, and prioritised critical functions to provide a solid base for improved resilience. Planned risk control improvement actions include prioritising process and system criticality and regular testing of plans to mitigate this risk.

Principal risk	Current position
Capacity and capability - As the ambition for the Agency continues to grow and evolve, there is a risk that we will not be able to deploy, grow our own or recruit people with the right skills to meet this challenge quickly enough. This challenge is exacerbated by the systemic constraints we operate within, the markets in which we compete for staff and the funding we have available.	While this risk remains above our risk appetite, significant progress has been made throughout the year to deliver improvements such as embedding strategic workforce planning and increased recruitment activity which has addressed gaps. Looking ahead, we are committed to further mitigating this risk and our focus remains on executing the delivery plan, including a comprehensive skills analysis which focuses on ensuring we have the right size teams with the right skills in the right places. We will continue to ensure strategic workforce planning remains embedded in all recruitment decisions so we can build a future-proof workforce aligned with our strategic objectives.
Funding - Risk of misalignment between the Agency's Capital, Resource and Administration budgets, and government policy objectives.	Significant progress has been made in how 2024/25 budget negotiations with MHCLG were conducted during Q4 2023/24 to drive greater alignment between different budget types and between financial inputs and delivery outputs. At 31 March 2024 a delegation letter to formally agree budgets had not been received and so the risk remained out of appetite at the end of Q4 2023/24, with the Agency operating to an indicative budget delegation for the first quarter of 2024/25. Receipt of a formal budget delegation letter from MHCLG is expected imminently and will bring this risk back into appetite.
Value for Money (VfM) - Risk that we are unable to demonstrate value for money on public resources invested by the Agency.	This risk is within appetite. VfM risk is being actively mitigated through actions including assessing programme effectiveness through programme evaluations and VfM assessments for high-value projects, utilising the robust 5-case business model framework.
Cyber resilience - Breach of security to gain access to information for the purpose of espionage, extortion or embarrassment.	This risk is within appetite. The Homes England Cyber Security team leverages a 24/7 Security Operations Centre and recently passed an ISO 27001 audit with no major non-conformities. Due to the dynamic nature of cyber threats, the risk can quickly move outside appetite. Proactive threat monitoring, effective reporting, and strong oversight are crucial for swift responses to heightened cyber threats. We continue to improve security controls and awareness to maintain a strong cyber defence position.

Market context

Impact of macroeconomic uncertainty

Homes England produces a range of economic forecasts to help manage financial risk. The forecasts are based on a combination of scenarios from the Office for Budget Responsibility (OBR) and Oxford Economics (OE), a global independent forecasting organisation.

The scenarios account for the key macroeconomic risks and uncertainty facing the Agency. The OE scenarios encompass:

- A central scenario, which assumes the economy will gradually gather momentum during the year April 2024 to March 2025, growing 1% in total. Inflation falls quickly below its 2% target allowing interest rates to be cut by a full percentage point. The labour market remains robust. Housing market transactions are forecast to increase by 15% in the year – albeit from a low base as lower mortgage rates encourage more demand. Annual house price growth for the full year is forecast at -0.6%. Housing starts are not expected to pick up in the next year given the weak economic and housing demand backdrop.
- An upside scenario, which assumes inflation continues to fall and policy rates are cut sharply as a result. Lower rates stimulate business and investor confidence, helping to drive economic growth up to 1.5%. Housing market activity improves slowly as the market adjusts to lower interest rates, but affordability remains stretched, limiting the pace of house price growth. Under this scenario, house prices are 0.4% lower than the previous year. New housing starts are also expected to take time to adjust to lower rates leaving volumes at a modest 170k.
- A downside scenario where there is a spike in oil prices. The economy remains in recession, while inflation increases and interest rates rise at the same time. Stock markets fall and confidence evaporates and the economy shrinks in 2024. Unemployment rises in the short term. This has a larger impact on housing market activity and house prices. Under this scenario, house prices fall 1.1% in the year.

These scenarios are applied by Homes England to its portfolio of assets, to assess the financial implications on the portfolio and for the delivery of Homes England’s objectives.

The valuation of the Agency’s assets may be estimated with reference to key market indicators, such as house price growth, economic growth and unemployment. This is the case for financial assets measured at fair value and land and property assets. Similarly, expected credit loss forward looking models for assets held at amortised cost are calculated with reference to these same economic metrics.

Impact on Help to Buy portfolio

The Help to Buy portfolio is particularly sensitive to market risk from changing house prices. Decreases in house price lead directly to a reduction in the market valuation of the Agency’s home equity loan portfolio. Large falls in house prices could lead to a disproportionately large reduction in the market value due to Homes England’s equity ranking behind the mortgage from the primary lender.

Regional and property type concentration exists within the home equity loan portfolio, and divergences in house price between regions are a source of additional market risk (for example, an adjustment to the prices of London flats).

A fall in house prices may also lead to a reduction in the ability for customers to remortgage or to redeem their equity loan share, either due to being constrained by loan to value requirements or the removal of products from the marketplace. This would lead to a slowing in the redemption rate on the equity loan portfolio which, in turn, would result in a higher yearly interest fee income return on the portfolio and interest fee income being generated over a longer time period.

As movements in house prices are directly related to the market value of the Agency's home equity loan, a fall in house prices may result in an increase in customers redeeming to crystallise the lower equity value. However, refinancing options in the market place are likely to be limited in this scenario, reducing customers' ability to exit.

The Agency performs a market risk analysis (note 14a) which considers how the valuation of this portfolio would change with movements in house prices and a further sensitivity analysis (note 15) which looks at the key modelling assumptions and illustrates the effect of varying them.

Impact on recoverable investment portfolio

For the recoverable investment portfolio, comprising loans, debt and equity, the main type of security held is land. Falling land values would therefore result in increasing Expected Credit Loss (ECL) estimates on loans held at amortised cost, although the effect on the ECL would not be material due to the Loss Floor of 35% being applied to the calculation at 31 March 2024. If land prices were to decrease by 10%, it is estimated that this would result in an increase in the ECL of £4.9 million (see note 15b). Falling house prices, particularly if combined with increasing developer costs, would result in loans becoming less viable, leading to an increased risk of default. This may in turn lead to a further increase in the ECL estimate for loans held at amortised cost.

Falling house prices would likely be combined with falling demand for housing, resulting in delays to delivery on the recoverable investment portfolio, and could impact project viability if sales cannot be recycled into the funding required to maintain project development.

Potential impact on asset valuations from alternative economic scenarios

To aid users of the accounts in understanding the potential risks posed by future macroeconomic uncertainty to the assets managed by the Agency, we have used the scenarios developed by the OBR and OE to estimate the impact on the Agency's key asset classes. By applying relevant metrics from these scenarios, we can model the potential impact of ongoing market uncertainty on assets disclosed in the 2023/24 Financial Statements.

Home equity loans (including Help to Buy)

For home equity loans, the principal driver influencing changes to the valuation of assets are house prices. To demonstrate the potential impact on the portfolio of house price changes, the forecast house price movements used to inform the Agency's downside economic scenario have been applied to the valuation. These forecasts predict a low point in house prices in quarter 1 of 2025/26, with the movement in house prices forecast to reduce by 1.4% from the reporting date to the lowest point. For the portfolio that exists at 31 March 2024, the estimated effect would be a reduction in the valuation of the portfolio from £17.6 billion to £17.2 billion, a reduction of £0.4 billion.

Loans

For loans measured at amortised cost, the ECL reflects a weighted average of the outcomes which might be expected under each of the three scenarios. To model the effect of each scenario individually, we have considered the outputs from each individual scenario ECL calculation.

In addition, we have considered whether the credit risk stages of assets (based on an assessment of Significant Increase in Credit Risk (SICR)) might change under each scenario.

We have modelled the impact under each scenario if all assets were moved to stage 2 (indicating a significant increase in credit risk for all assets), with the modelling for the downside scenario producing an increased ECL of £128.4 million under these assumptions.

	ECL as applied in the Financial Statements (£m)	ECL if SICR stages are adjusted to stage 2 for 100% of portfolio (£m)
Upside scenario	56.8	71.5
Central scenario	86.4	106.7
Downside scenario	99.5	128.4

For loans measured at fair value through profit or loss (FVTPL), the fundamental contractual nature of these loans and primary exposure to variation in returns is comparable with loans measured at amortised cost. As a result, the ECL percentages estimated for the loans measured at amortised cost are considered to be a suitable measure to estimate loss allowances on loans measured at FVTPL. The valuation of loans measured at FVTPL was £318.4 million at 31 March 2024.

	Estimated ECL on loans measured at FVTPL using ECL percentages applied to loans measured at amortised cost (£m)	Estimated ECL on loans measured at FVTPL using ECL percentages applied to loans measured at amortised cost, assuming all assets move to Stage 2 (£m)
Upside scenario	14.4	18.1
Central scenario	21.8	27.0
Downside scenario	25.1	32.5

Land

The carrying value of the Agency's land and property portfolio at 31 March 2024 is £1,065 million (net realisable value £1,448 million). Subjecting this value to metrics for upside, central and downside scenarios, shows the land and property portfolio at 31 March 2025 as below:

	Estimated value at 31 March 2025 (£m)	Base value at 31 March 2024 (£m)	Increase / (reduction) since 31 March 2024 (£m)
Upside scenario	1,072	1,065	7
Central scenario	1,068	1,065	3
Downside scenario	1,060	1,065	(5)

Over the next 12 months, the lowest point in each of the three scenarios occurs in quarter 3, 2024/25 in the downside scenario. In this scenario, the land and property portfolio would be valued at £1,057 million, a decrease of £8 million from the 31 March 2024 figure.

Further analysis of the sensitivity of significant valuation modelling assumptions, which include more severe scenarios, has been carried out in note 14 of the Financial Statements. Given current macroeconomic uncertainties, it is possible that key contributing economic factors could have a greater impact than the scenarios presented.

Future impact of macro-economic uncertainty

We monitor and manage the financial risk and KPIs of our delivery on a portfolio basis. The risk profile and uncertainty attached with specific projects is viewed across the portfolio, enabling us to effectively manage risk and uncertainty.

Delivery of our performance is secured through external partners, who independently manage their own risk and uncertainty. Partner delivery is a key factor that can impact our performance, and requires the Agency's proactive portfolio management.

The Agency operates early warning and watch systems for our lending facilities. These provide alerts where individual transactions are showing signs of increased pressure or deviating from our expectations. These systems also provide an overview that allows active management where the economy is showing signs of additional strain, or where there are other systemic issues that can affect delivery, cashflow or repayment.

We regularly review our processes and resources to ensure they are adequate to manage emerging risks to our investments in a downturn, should one occur. We continue to work closely with MHCLG and other stakeholders to gather and share market intelligence to understand the emerging challenges the sector faces and respond appropriately.

Countering economic crime

Homes England is committed to the effective management and application of public funds, setting high ethical standards while achieving value for money. Our Anti-Economic Crime (AEC) framework and 7 associated internal policies (including anti-money laundering, modern slavery, counter fraud, and financial and trade sanctions) are reviewed annually and updated accordingly.

Our five year counter-fraud and anti-bribery and corruption strategy continues to be delivered by our AEC team. We continuously examine our existing internal fraud control environment to improve it wherever necessary.

Cases of suspected fraud are assessed and, where the allegations have grounds for further review, they are investigated and actioned accordingly, with case progression and disposal monitored closely. Reporting of fraud continues to be a centralised electronic function managed by the AEC team. This ensures that all cases reported to AEC can be analysed, managed and, where necessary, investigated.

Additionally, and as part of our reporting function, all cases of confirmed fraud, error or loss are escalated and reported quarterly to MHCLG, the Cabinet Office and the Public Sector Fraud Authority.

Whilst we continue with our business function interactions, the emphasis between the business and the AEC team is the risk assessment and control mitigation of new programmes, through the money laundering related New Programme Risk Assessment (NPRA), incorporating the externally mandated Fraud Risk Assessment (FRA). This ensures that new (or enhanced) programmes, products or IT systems are reviewed at their inception and design state to identify, mitigate, and propose treatment strategies for AEC type risks. Our approach enables us to further understand and monitor the AEC risk landscape in relation to internal and external threats and the effectiveness and adequacy of our fraud prevention controls.

Where NPRAs and/or FRAs have been facilitated, the identified risks are incorporated into the "Automated Risk Management System (ARMS)" operational risk management system, to manage the AEC risk on an ongoing basis. This continues to enhance and inform our rolling programme of improvements, including mandatory AEC awareness training for all staff and the implementation and use of our e-learning platforms which help us measure the effectiveness of our compliance training.

As part of our commitment to achieving greater social value benefits, we seek to identify and eradicate modern slavery across all our business activities and in our supply chains. In 2023/24, we reviewed our modern slavery policies to reflect the changing environment.

We work with the Gangmasters and Labour Abuse Authority (GLAA), and are proud to hold the status of an approved partner. The Agency, together with construction industry partners, have signed the GLAA intelligence-sharing protocol and we maintain relationships with United Kingdom (UK) law enforcement bodies. We continue to work with the Office of the Independent Anti-Slavery Commissioner and the GLAA, utilising their monthly intelligence reports to benchmark our risk approach.

We have delivered external training to panel surveyor firms and procurement framework service provider partners, so we can instil the need for compliance with our policies. We require our partners to identify and report suspicious activity and welfare concerns.

We continue to prepare and deliver internal training to Homes England staff in the form of presentations and workshops in relation to identifying modern slavery risks. We have also developed our proactive reassurance plan to deliver inspection activities in conjunction with our monitoring surveyors at our high-risk sites throughout the UK.

To enhance staff knowledge and awareness of new legislation and its applicability to the Agency, we have recently purchased three courses for counter tax evasion, corporate criminal offence and the new corporate offence of failure to prevent fraud.

We continue to monitor the UK sanctions regime against our consumer and development partners. We do this by ensuring that internal and external due diligence providers meet the UK's financial sanctions regime requirements, to ensure we are not doing business with any person or organisation subject to financial sanctions.

Financial review

For the financial year 2023/24, Homes England's performance against its budgetary control totals is summarised below:

Financial Performance				2023/24
	Outturn £m	Budget (Main) £m	Budget (Supplementary) £m	Variance (Supplementary to Outturn) £m
Capital Financial Transactions [3]				
Expenditure	413.3	587.1	466.2	(52.9)
Receipts	(581.9)	(461.3)	(608.8)	26.9
Net Capital Financial Transactions	**(168.6)**	**125.8**	**(142.6)**	**(26.0)**
Capital non-Financial Transactions				
Expenditure	2,753.7	2,681.8	2,764.8	(11.1)
Receipts	(83.6)	(110.4)	(93.9)	10.3
Net Capital non-Financial Transactions	**2,670.1**	**2,571.4**	**2,670.9**	**(0.8)**
Resource [4]				
Expenditure: Administration	122.2	116.1	122.3	(0.1)
Programme Resource	95.7	116.7	99.0	(3.3)
Receipts: Administration	(232.6)	(72.0)	(72.0)	(160.6)
Programme Resource	(64.2)	(59.9)	(50.2)	(14.0)
Net Resource	**(78.9)**	**100.9**	**99.1**	**(178.0)**
Total				
Expenditure	3,384.9	3,501.7	3,452.3	(67.4)
Receipts	(962.3)	(703.6)	(824.9)	(137.4)
Net Total	**2,422.6**	**2,798.1**	**2,627.4**	**(204.8)**

Financial performance in 2023/24

The Agency agrees its annual budgets with the Ministry of Housing, Communities and Local Government (MHCLG) and HM Treasury at the start of each financial year through the Main Estimates process. Budgets are illustrated gross, showing both expenditure and receipts, but are delegated and managed on a net basis. Any subsequent refinements or changes are made through the Supplementary Estimates process mid-way through the financial year.

Budgets submitted to MHCLG are accompanied by ranges to capture delivery volatility caused by project specific issues and/or by market, or wider economic conditions. Several of the Agency's key programmes generate income as well as incur expenditure. As a result, MHCLG delegates budgets to the Agency on a net expenditure basis.

Programme budgets for 2023/24 were refreshed through the Supplementary Estimates process. MHCLG confirmed the revised budgets in the final quarter of the financial year and formally delegated the revised budgets in April 2024.

Although the Agency was able to update its spend and income budgets at the Supplementary Estimate (based on revised forecasts) it was not

[3] Material difference between Mains and Supplementary Budgets reflect reductions in budgets for Help to Buy (£90 million), Long-term Fund (£186 million) and Home Build Fund - Levelling up (£45 million). These were partially offset by an increase in the Short-Term Fund (£38 million).

[4] Resource expenditure excludes depreciation.

able to adjust the corresponding Key Performance Indicators (KPIs). As a result, performance against the KPIs is reported against the unadjusted start of year Annual Business Plan figures.

The Agency is delegated separate budgets for programmes and administrative costs. Within both programme and administrative budgets, funding is classified as either Capital (CDEL) or Resource (RDEL). Capital budgets are split into two further categories, CDEL Financial Transactions (CDEL-FT) which covers loans and equity and CDEL non-Financial Transactions (CDEL non-FT) which covers grants and investment in Land activities.

In 2023/24 there was a significant decrease in CDEL-FT budgets delegated to Homes England due to the closure of the Help to Buy scheme. However, there was an increase in CDEL non-FT budgets delegated to the Agency to support increased expenditure for Affordable Housing and Infrastructure Grants. RDEL refers to the expenditure incurred during day-to-day business activities.

Against revised supplementary estimate budgets, the Agency successfully deployed 98% (£3.4 billion) of its total delegated expenditure budget. Alongside this the Agency generated 116% (£1.0 billion) of its total income budget. A breakdown by programme is set out below:

Chart: % gross expenditure target achieved

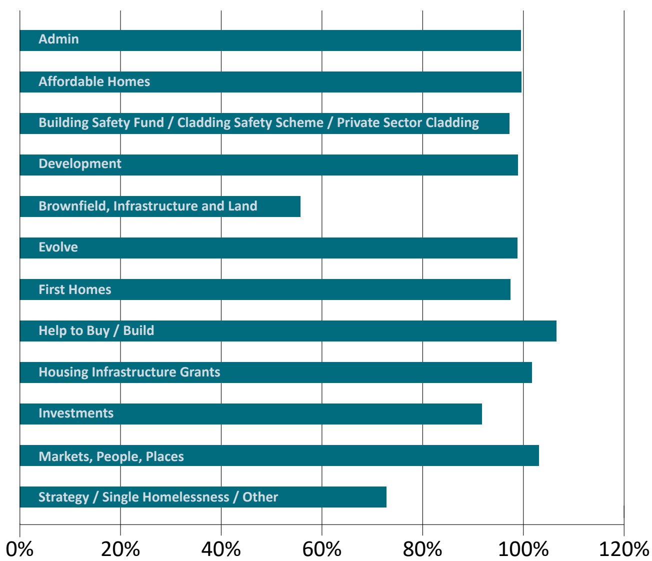
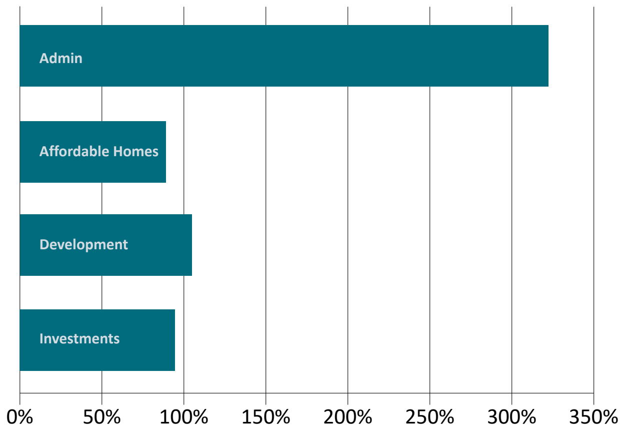


Chart: % gross income target achieved



Administration income relates to interest from Agency loans and is used to support operating costs incurred in the day-to-day running of Homes England. The Agency is only able to retain a maximum of £72 million of this income with any surplus returned to central government to support wider government expenditure. In 2023/24 the Agency generated £232.6 million in administration income, considerably more than £72 million it was allowed to retain.

Most programmes performed well against budgets with the exception of the Brownfield Land and Infrastructure Fund. This was a result of delays in securing the necessary approvals for several outside-delegation projects. These projects have moved into the 2024/25 financial year and no delivery has been lost.

Over £2 billion of Affordable Home grants were awarded in 2023/24, deploying 99.6% of the delegated budget for this programme.

The Cladding Safety Scheme (CSS) was formally launched in July 2023 following a pilot scheme, deploying 100% of its CDEL budget, supporting over 100 eligible applicants with pre-tender support.

The Development programme is managed on a net basis (gross expenditure less gross income) across all funding types including CDEL Non-FT, CDEL FT and RDEL. In 2023/24, 98% (£178.0 million) of the total expenditure budget was deployed and 104% (£185.8 million) of the income budget secured.

Significant expenditure was made via Housing Infrastructure Grants during 2023/24, with £471 million[5] deployed. Most of those grants (£456.5 million, 97%) were made through the Housing Infrastructure Fund. This programme was able to accelerate expenditure from future years to minimise Agency underspend, deploying £12.3 million more than its delegated budget.

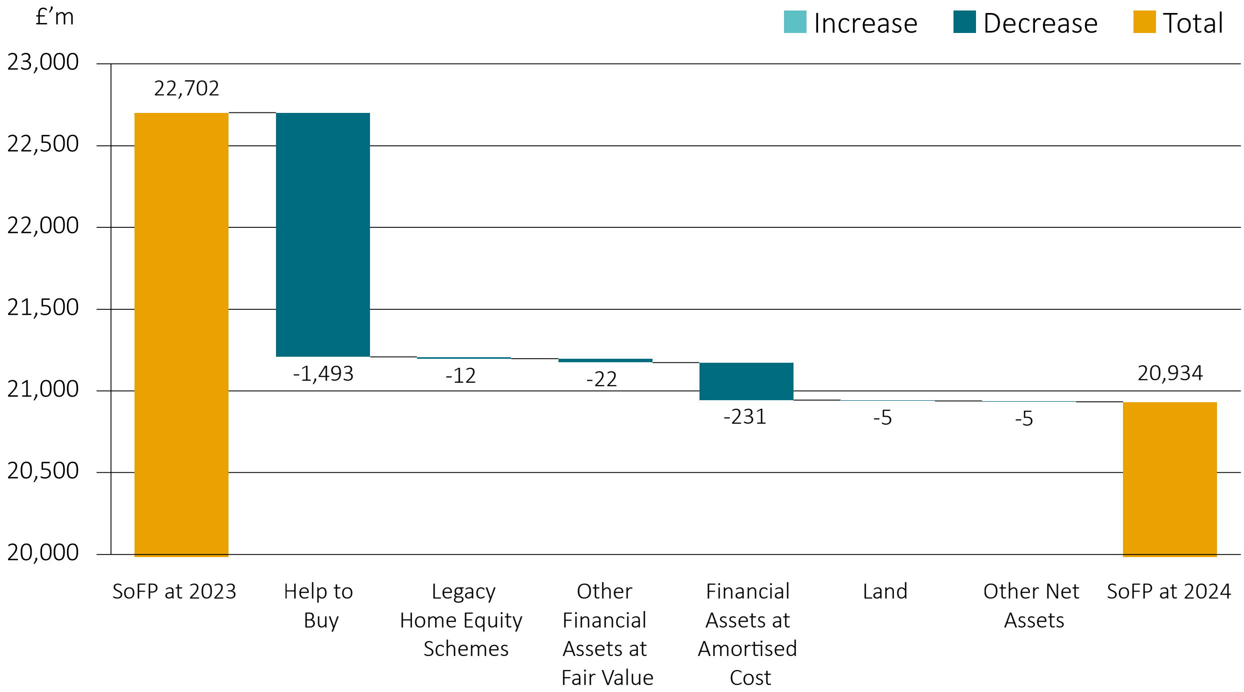
The Agency's Investments programme deployed 92% of its expenditure budget. Most of this underperformance was caused by slippage in Capital FT expenditure in the Home Building Fund - Long Term Fund, and Home Building Fund - Infrastructure Loans programme. This missed delivery has moved into 2024/25. Income activity followed a similar pattern. 95% of the £568m income budget was secured with some short-term receipts (over which the Agency has no/limited control) moving into 2024/25.

The Markets, People and Places directorate spent £15.9 million RDEL in 2023/24 on project development activity. This work supports the development of a robust future pipeline for the Agency's CDEL programmes. The investments have been focused on an agreed set of priority places to support government regeneration objectives.

Change of assets in 2023/24

In 2023/24 the Agency's balance sheet reduced by c. £1.7 billion (8%), from a peak of c. £23 billion in 2023/24 due largely to a £1.5 billion reduction in Help to Buy assets. This reduction reflects the closure of the programme and redemption of Help to Buy loans, as well as movements in fair value. There was also a reduction in Financial Assets (at amortised cost) primarily due to repayment of loans and recognition of accounting write-offs.

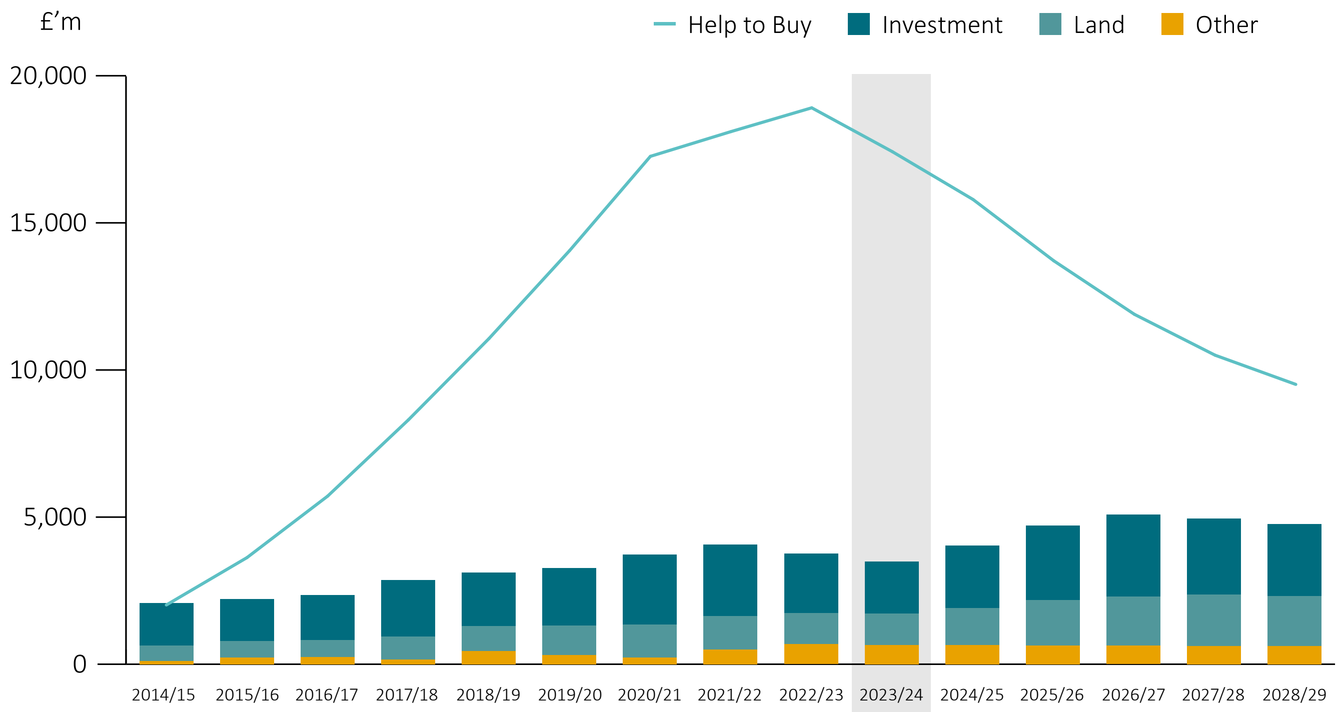
Chart: Change in net assets during 2023/24 (£m)



[5] Includes £427.7 million expensed to the Statement of Comprehensive Net Expenditure as grant expenditure, with the remainder capitalised to land and property assets or expensed to the Statement of Comprehensive Net Expenditure as programme costs, as appropriate.

Future change of net assets

Chart: Projected change in net assets over time, based on the Agency's Annual Business Plan



Over the next five years the Agency's net asset position is forecast to reduce further. This reduction reflects closure of the Help to Buy programme on 31 May 2023 and the gradual redemption of Help to Buy loans. However, excluding Help to Buy, the Agency's balance sheet is expected to grow over the next three years, stabilising in 2027/28 and reducing slightly in 2028/29. The most significant investment impacting the balance sheet over the next five years is from the Home Building Fund Infrastructure Loans programme and the Brownfield Infrastructure and Land fund.

The Agency's land assets are forecast to grow over the next three years, peaking in 2026/27 at £1.7 billion (10% of net assets) but reducing in 2027/28 and 2028/29. This reflects reduced net expenditure on the Land Assembly programme. The impact of investments on the balance sheet over the next five years is c. £2.5 billion per annum, reflecting continued investment in programmes such as the Home Building Infrastructure Loans fund, the Levelling Up Home Building fund and the Brownfield, Infrastructure and Land fund.

Changes in the level of administration costs

The Agency was delegated an administration budget of £122.3 million in 2023/24. This is £2.5 million less than was delegated in 2022/23. The 2023/24 settlement included £2.1 million to fund a non-consolidated payment for Agency staff below director level. The Agency deployed 99.6% of its administration budget settlement compared to 91% (£113.8 million) in 2022/23.

In 2023/24 the Agency continued to accelerate its programme of efficiencies with a view to reducing pressure on its administration budget. However, high inflationary pressures and the need to undertake targeted recruitment to enable the delivery of its strategic plan meant that necessary recruitment in other areas of the Agency was not undertaken. Further administration budget reductions are expected in 2024/25, which will require careful management of resources and continuing delivery of efficiencies through both systems development and organisational design to maintain delivery.

Loan portfolio performance

Since 2012, the Agency has deployed nearly £5 billion of loans to support the unlocking and acceleration of housing projects across the country. The risk profile of such projects is, by definition, higher than average market risk, and HM Treasury-approved lending programmes assume average capital loss rates of 20%. The Agency-financed development projects will generate a 107% return on this strategy, being earnings of 13% balanced with cumulative capital losses on repaid loans and impairments to date on outstanding loans of 6% (less than 0.5% per annum since 2012). This compares favourably to private sector lending returns; it is materially better than the programme recovery rates and has unlocked over 176,000 homes. Indeed, the recent Public Bodies Review recommended that the Agency be authorised to take more risk in its loan deployment in order to deliver more impact.

For investment loans which were fully repaid as at 31 March 2024, of the £2.8 billion of funding provided, £3.1 billion has been recovered. Overall, there have been losses, including interest, of £26.3 million on these loans, which represents only 0.9% of the amount of funding provided.

For investment loans which are still outstanding as at 31 March 2024, of the £2.1 billion of funding provided, £0.6 billion has been recovered cumulatively to 31 March 2024. It is expected that a further £1.5 billion will be recovered on outstanding exposures at 31 March 2024 (which excludes receipts from any future interest accruals after the reporting date).

The loan portfolio performance is illustrated in the charts overleaf.

Loan portfolio performance charts

Chart: Performance of investment loans fully repaid at the reporting date

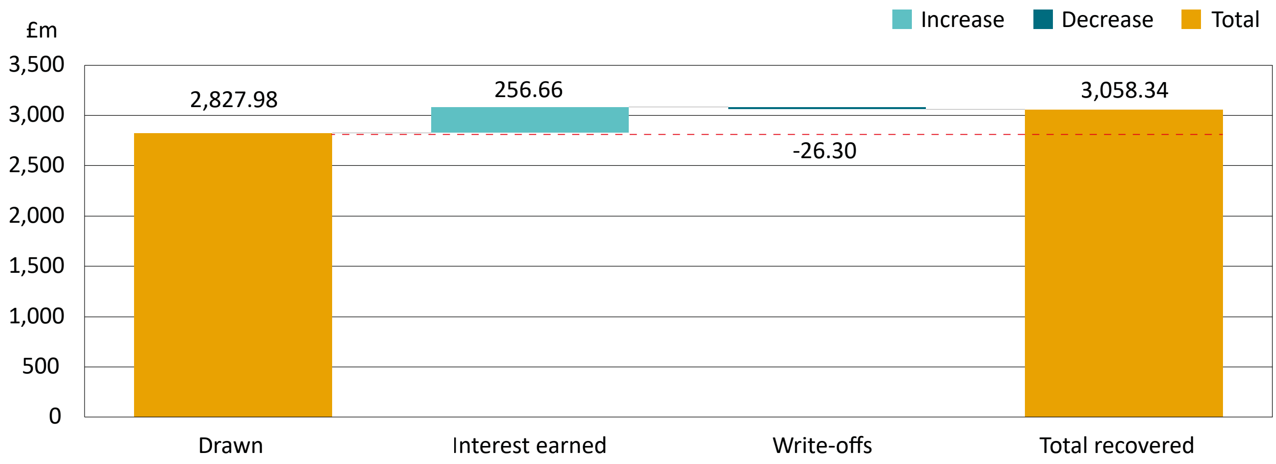


Chart: Investment loans outstanding at the reporting date

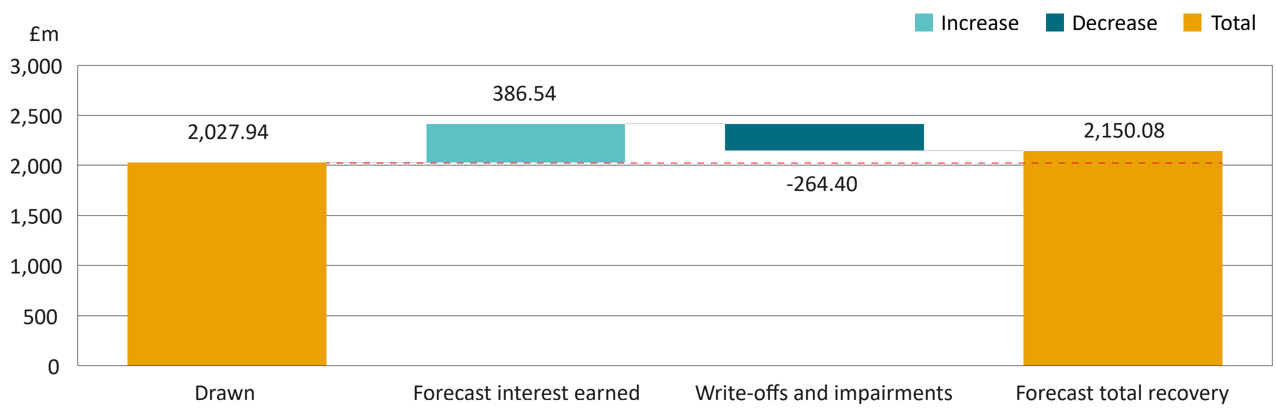
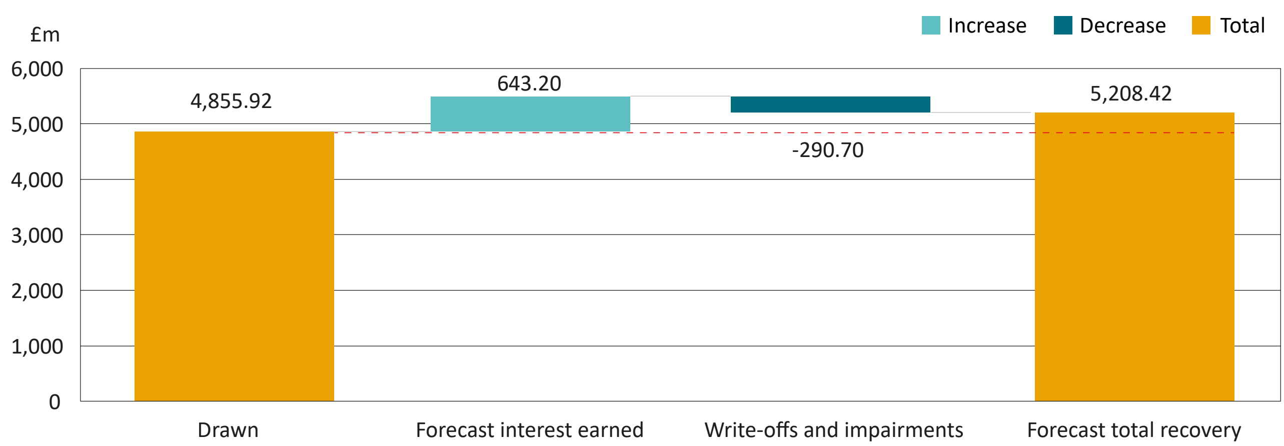


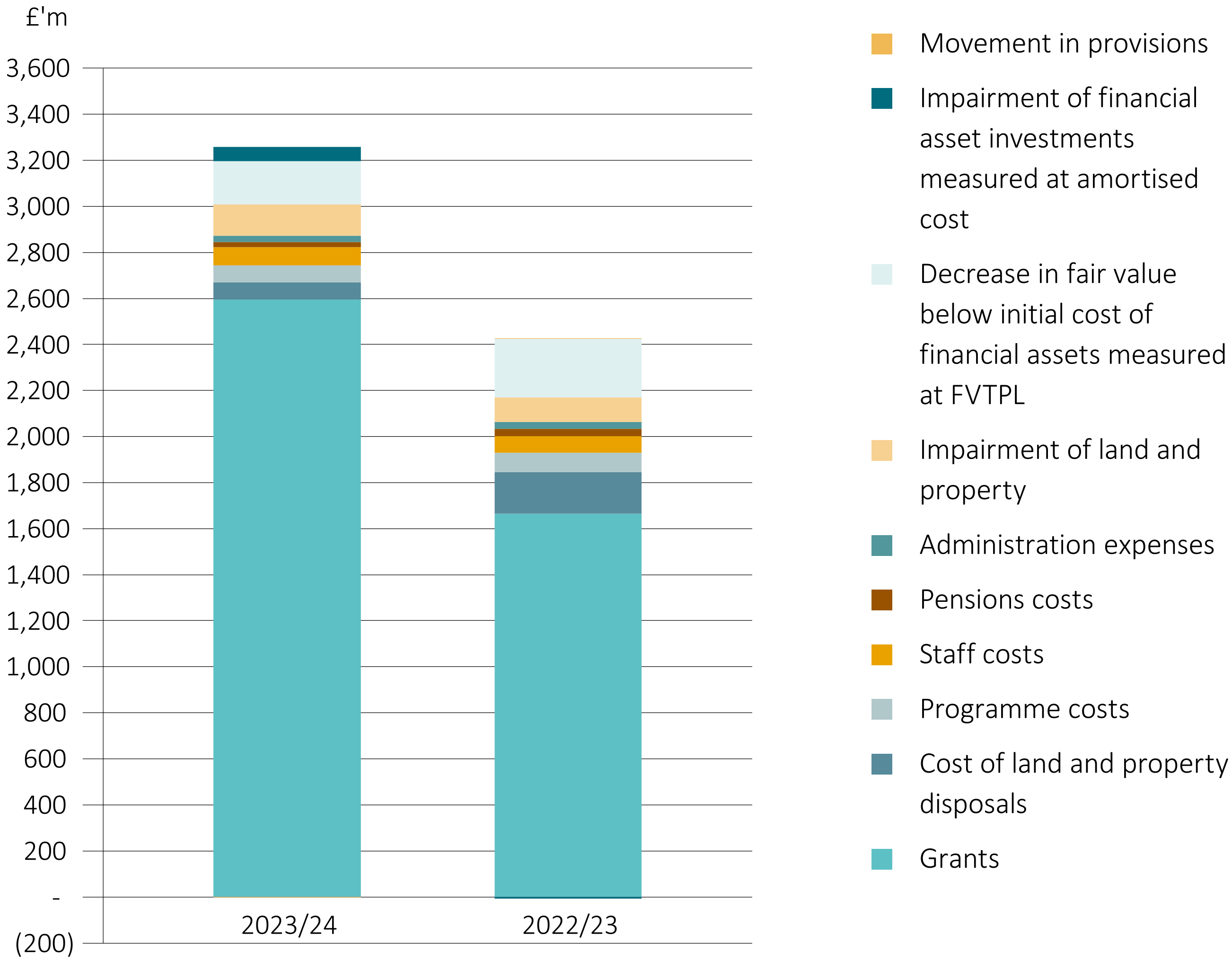
Chart: Combined position for all loans, repaid and outstanding



Operating expenditure

Operating expenditure totalled £3,256 million in 2023/24, an increase of £838 million (35%) from 2022/23. This is driven mainly by an increase in grants from £1,664 million in 2022/23 to £2,595 million in 2023/24. This increase is partially offset by a reduction in the cost of land and property disposals (£75 million in 2023/24 compared to £183 million in 2022/23). The Agency's land and property portfolio comprises many different assets with different features and values, spread across geographical locations. As a result, the type of property sold each year and the value realised, may fluctuate from one year to the next. There was also a reduction in decreases in fair value below initial cost of financial asset investments measured at fair value through profit or loss (£188 million compared to £255 million in 2022/23).

Chart: Analysis of the components of operating expenditure

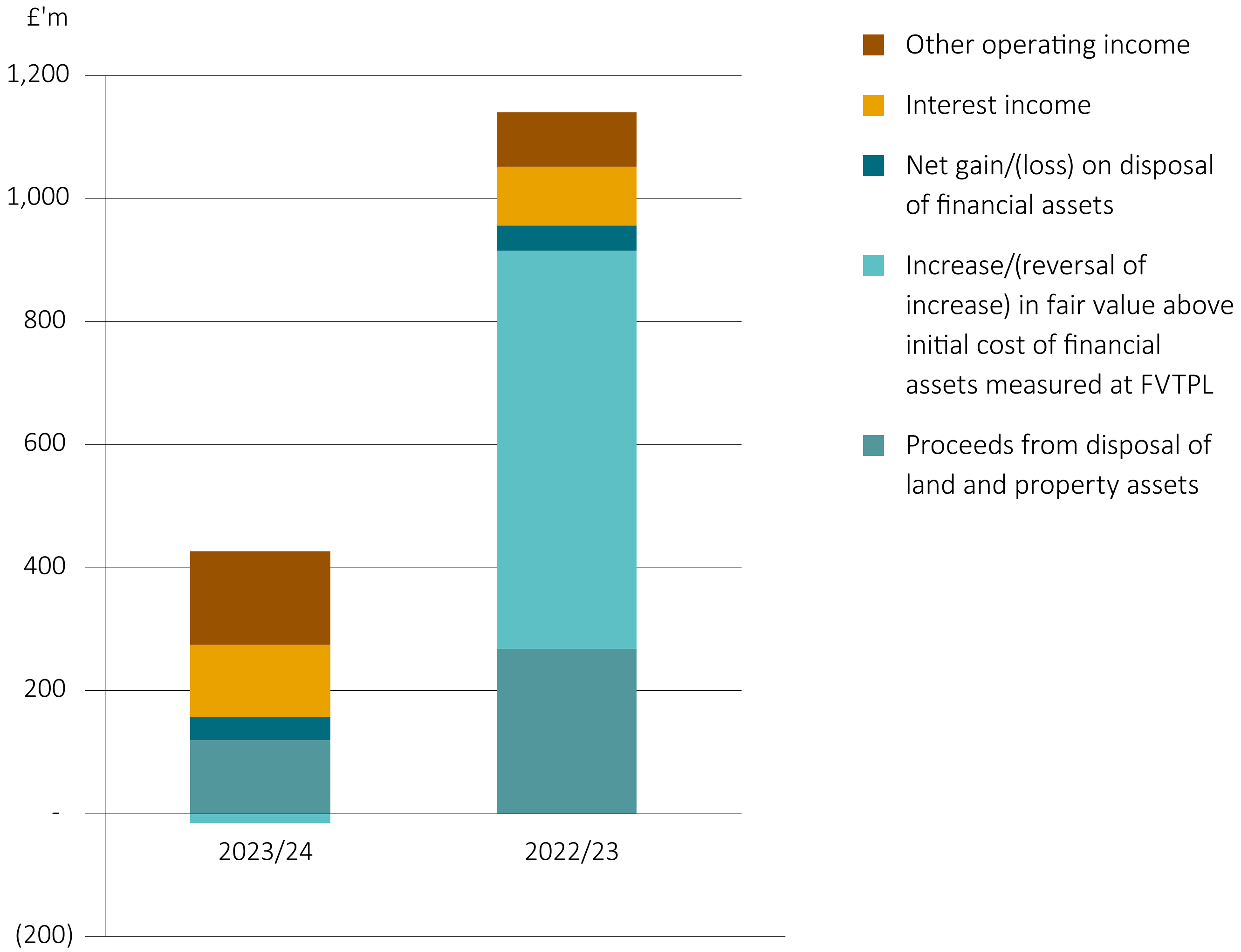


Operating income

Operating income totalled £410 million in 2023/24, a significant decrease of £730 million (64%) from £1,140 million in the previous year. This is driven by movements in fair value on financial assets held at fair value through profit or loss, predominantly home equity assets.

In 2022/23, house price growth led to the recognition of £621 million of home equity fair value increases. A fall in house prices in 2023/24 meant that there was a net reversal of previous increases in fair value above initial cost.

Chart: Analysis of the components of operating income



Help to Buy: Equity Loan repayment statistics[6]

The table below summarises the number of Help to Buy: Equity Loans issued each financial year and the cumulative repayment of those loans at the end of 2023/24:

		2023/24			2022/23		
Financial year	Number of loans issued	Number of repaid loans	Original cost of loans (£m)	Receipt from repaid loans (£m)	Number of repaid loans	Original cost of loans (£m)	Receipt from repaid loans (£m)
2023/24	**127**	**1**	**0.1**	**0.1**	**n/a**	**n/a**	**n/a**
2022/23	26,040	**112**	**6.0**	**6.1**	8	0.4	0.4
2021/22	32,696	**1,089**	**58.9**	**62.2**	316	17.0	18.3
2020/21	55,617	**5,386**	**359.9**	**359.1**	3,399	209.0	226.6
2019/20	51,470	**10,153**	**663.1**	**686.0**	6,990	434.4	465.0
2018/19	52,454	**21,694**	**1,344.6**	**1,436.3**	13,554	829.6	883.6
2017/18	47,948	**27,830**	**1,685.9**	**1,799.6**	25,194	1,509.6	1,609.2
2016/17	39,965	**26,649**	**1,484.7**	**1,585.0**	25,261	1,401.7	1,491.9
2015/16	33,755	**24,462**	**1,150.1**	**1,281.4**	23,727	1,116.1	1,238.6
2014/15	27,793	**21,553**	**941.9**	**1,081.8**	21,051	921.2	1,053.9
2013/14	19,407	**15,346**	**631.3**	**747.1**	15,046	619.6	730.7
All years	387,272	**154,275**	**8,326.5**	**9,044.7**	134,546	7,058.6	7,718.2

The repayment statistics show that between April 2013 and March 2024 a total of 387,272 households bought homes with a Help to Buy: Equity Loan. By March 2024, a total of 154,275 households (39.8%) had repaid their loan. The repayment statistics also show that Homes England received £9,044.7 million from these 154,275 households, when the original cost of the loans was £8,326.5 million. The realised gain on disposal of £718.2 million reflects the Agency's share of increases in the value of homes between the time the loan was issued and repaid.

[6] In relation to this data, and any other data within the report which refers to Help to Buy or households supported into home ownership, to achieve data currency, and in the public interest, we have used 'emerging' management information available from Homes England which will be published by MHCLG as 'final' figures as soon as possible. Published official statistics relating to Help to Buy can be found at https://www.gov.uk/government/collections/help-to-buy-equity-loan-and-newbuy-statistics.

Sustainability report

The Housing and Regeneration Act 2008, that established Homes England, sets out four statutory objects, including "to contribute to the achievement of sustainable development and good design in England". We are committed to creating well-designed and sustainable places where people want to live, and to minimising the environmental impact of our activity while doing this.

In Spring 2023, we launched our strategic plan. This included a strategic objective to 'enable sustainable homes and places, maximising their positive contribution to the natural environment and minimising their environmental impact'.

Our Strategic Objectives and the UN Sustainable Development Goals

Graphic shows primary links to UNSDGs where strategic objectives contribute to at least one target for each UNSDG.

In fact, aspects of sustainable development are reflected in all our strategic objectives, whether that be facilitating the creation of the homes people need, supporting social justice, promoting the creation of high-quality homes in well-designed places that reflect community priorities, creating vibrant and successful places or building a housing and regeneration sector that works for everyone. All these objectives are supported by Key Performance Indicators (KPIs), set out further in the detailed performance review section, and contribute in some way to creating more sustainable communities, reducing inequalities and supporting sustainable economic growth; themes reflected in the United Nations' Sustainable Development Goals (UNSDGs).

To help us build on these objectives and KPIs, and embed sustainability in our everyday thinking, in Autumn 2023 we launched our 'Living Sustainably' statement of intent to our staff. This has helped us understand what good looks like across three themes: resilient, healthy, and inclusive.

This report of our progress on sustainability over the last year is structured around our sustainability governance, the outcomes in our Living Sustainably statement of intent and its themes, the people at the heart of our sustainability activities and progress towards our Greening Government Commitments.

> This last year has been an important year for Homes England as it seeks to deliver the homes people need at the same time as responding to sustainable development challenges, such as responding to the climate and biodiversity crises. Importantly our new strategic plan helps steer us to sustainable place-making and we've been working hard throughout the year to set out our strategic priorities and to embed sustainability into our projects, programmes and partnerships.
>
> **Robert Stone**
> Director, Technical Services, Homes England

Sustainability governance

The Corporate governance section of our Annual Report shows our governance structure and documents committee performance. It also describes our senior management structure. In support of the Board, our Cross Cutting Committee focuses on sustainability and design and is tasked with:

- Promoting high quality homes in well-designed places that reflect community priorities; and
- Increasing Homes England's focus on enabling sustainable homes and places, maximising their positive contribution to the natural environment, and minimising their environmental impact.

The Cross Cutting Committee meets quarterly to share expertise from across the industry and to review and support our ongoing work to develop sustainability quality standards. They work closely with our Executive Leadership Team to develop our sustainability and design agenda and through additional workshops, the Committee's panel of experts also support us in developing our standards and policies.

Sustainability delivery

As well as this dedicated committee to consider sustainability and design, we have several mechanisms to drive change, including:

- **Dedicated in-house technical experts:** who provide advice on sustainability policy areas and keep our suite of policies, procedures and guidance up to date.
- **Sustainability and Design Implementation:** this cross-Agency group is tasked with programme management of an on-going, ambitious programme of work, with the aim of embedding and enhancing sustainability and design across all our activity.
- **Our Design Surgery process:** which scrutinises projects for their design quality.
- **Building for a Healthy Life (BHL) reviews:** Our accredited BHL assessors monitor the homes and places we facilitate for alignment with Building for a Healthy Life (a design toolkit to help improve the design of places).
- **Building with Nature assessments:** Our in-house approved assessors provide projects with advice on following the standards to create places that support wildlife, water and wellbeing.

KPIs

The work we do is monitored via a series of KPIs. The Agency Board receives and reviews monthly performance information, scored against corporate targets. Further detail is included in the detailed performance review section of the Annual Report.

Key Performance Indicators (KPIs) linked with Sustainability and Design

KPI	Description
KPI 1	Brownfield land reclaimed
KPI 5	Social value per pound of investment
KPI 10	Share of supported completions using Modern Methods of Construction (MMC)
KPI 12	Share of supported schemes that meet or exceed the agreed standards for design quality (in line with Building for a Healthy Life)
KPI 13	Building Performance – share of supported completions that are EPC rating B or above
KPI 14	Average percentage biodiversity net gain planned on supported schemes
KPI 15	Under development – embodied carbon of Homes England supported development

Our sustainability and design outcomes

Our Living Sustainably statement of intent expresses sustainability and design in terms of nine interconnected outcomes, grouped around the themes of ‘resilient’, ‘healthy’ and ‘inclusive’.

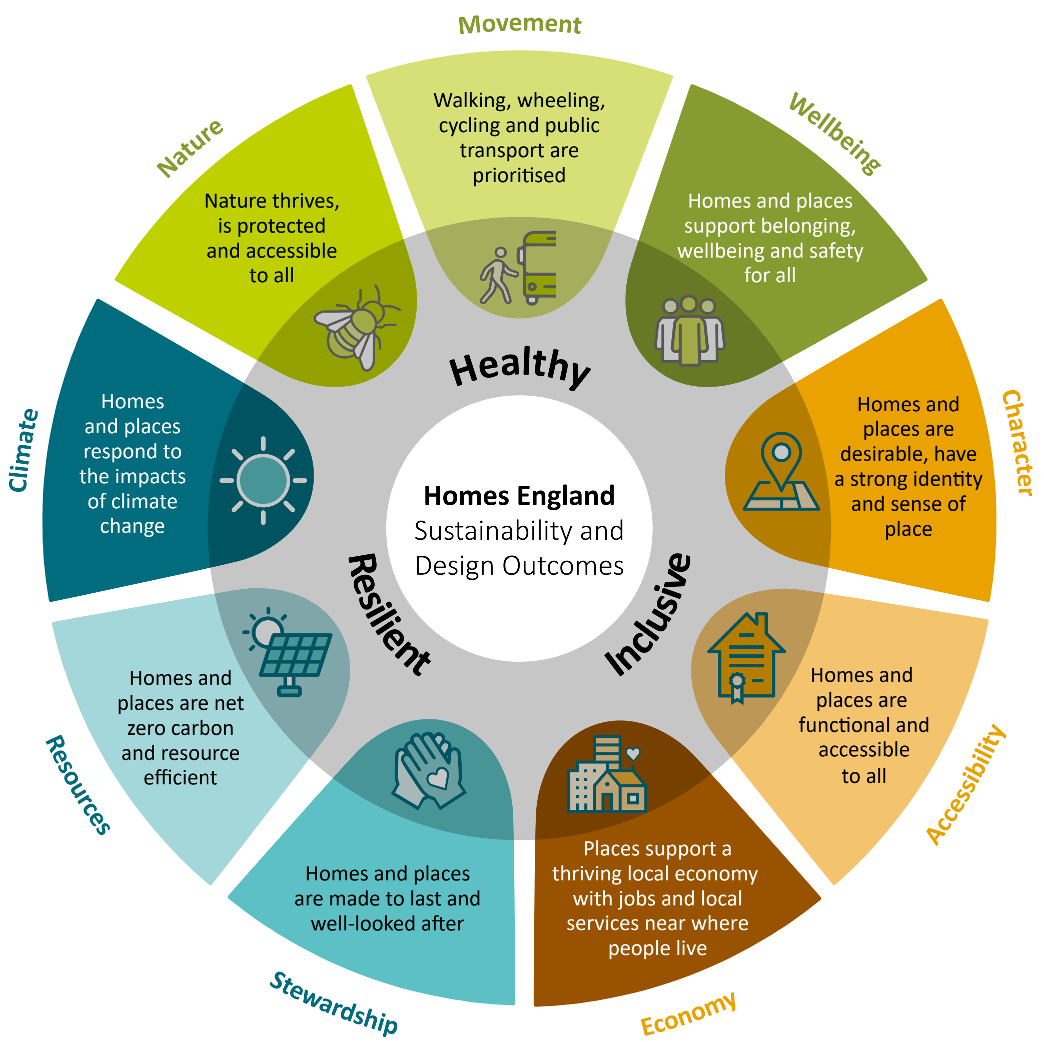
Resilient outcomes are outcomes that help ensure the places we interact with continue to deliver positive outcomes and support social justice, not just now, but in the future too.

Healthy outcomes are outcomes that build a healthier natural and human environment.

Inclusive outcomes are outcomes that help ensure that the projects we engage in bring benefits to communities that reflect local priorities.

As we seek to deliver on the strategic objectives set out in our strategic plan, we will need to focus on these holistic outcomes. Work is underway to develop a ‘sustainability and design passport’ that will accompany projects through key stages in the project lifecycle and help to deliver the outcomes.

Achieving ‘social value’ and engaging the community are important aspects of all of these outcomes. We also use Building for a Healthy Life to drive higher standards and measure the quality and impact of places we support.



These three central themes and our progress in these areas are highlighted in the table below.

	What	How it's used	Progress this year
Social Value	We currently use the definition from HM Treasury Green Book as the starting point for our approach to 'social value'. Using this, work is currently underway to establish a description that reflects broader environmental, social and economic opportunities to impact the wellbeing of communities and places.	The Agency's new KPI for Social value per £ of investment is a projected measure of the quantifiable value of changes in people's lives that impact their welfare because of Homes England funding.	This year, we established our social value KPI, carried out research aimed at strengthening the approach to economic appraisal and the measurement of social value and published two papers: ▪ Measuring the placemaking impacts of housing-led regeneration which identified the potential scale of wider benefits of a project beyond the development site itself. ▪ Brownfield Development Values, measures the social value associated with developing brownfield land. Work has also progressed on the development of our Environmental Social and Governance (ESG) framework including pathways to understand and deliver social value and social justice outcomes. This includes locally relevant social value outcomes at all stages in our project process.
Community Engagement	We define community engagement as 'actively listening and engaging with people living, working, visiting and investing in an area so as to inform and shape our ideas, support long-term transformation and empower communities'.	From the outset, we work with partners and local communities to articulate the vision and ambition for the homes and places we enable. Our internal community engagement team completes regular project reviews and helps teams to establish criteria for measuring success to demonstrate the impact of our approach.	Our Community Engagement Framework was updated for 2023-28. It establishes our broad approach to community engagement and linked social value, our strategic commitments, and our resources.
Building for a Healthy Life	Building for a Healthy Life (BHL) is a design toolkit to help improve the design of places. It was produced by Design for Homes in partnership with the NHS and input from Homes England and MHCLG.	We have a team of independent assessors that undertake BHL assessment at key stages in a project lifecycle, culminating in a post construction review. BHL scoring also forms part of review of developer bids for our investment programmes such as affordable housing and Brownfield, Infrastructure and Land Fund.	We have increased the number of internal BHL assessments to 12 sites, up from seven the previous year. We have also contributed to the latest update to the BHL standard.

The following sections of this report are grouped around the resilient, healthy and inclusive themes, and include commentary on how we are achieving the sustainability outcomes that are associated with those themes.

Resilient outcomes

As we hear more and more about the effects of climate change on our world, as well as the current cost of living crisis, there is a need to consider how housing and the built environment can prepare for a future where the challenge may be quite different from today. Under this resilient theme we have considered our progress this year under the outcomes of climate, resources, and stewardship.

Climate

The way we heat, cool, and insulate our homes, as well as the decisions we make on a day-to-day basis on how we travel from home to work, all contribute to the greenhouse gases that continue to accumulate in the atmosphere, contributing to climate change.

As an arms-length public body we report the greenhouse gas emissions from our buildings and the vehicles we use. Our emissions over the last year, as well as how we have performed in relation to other Greening Government Commitment targets, are shown in the Greening Government Commitments section of this report, below. However, we know that the land we acquire, as well as the investments we make, will also generate carbon and other greenhouse gases. We commissioned a study during 2023/24 to understand the scale of greenhouse gas emissions for each of the Agency's activities. This will help inform future work to improve our emissions data and drive reduction in emissions where we have influence.

As well as carbon, we also report the energy performance of the homes we support under KPI 13. This is reported within the detailed performance review section of this Annual Report.

We have played an active role to support the sector to transition to the building of more sustainable homes and places. For example, we are working with homebuilder Keepmoat to

Greenhaus, Salford.
Image credit: The English Cities Fund / Muse Development

demonstrate inclusion of low carbon technologies in their houses, such as air source heat pumps, solar photovoltaic cells, underfloor heating and electric vehicle charging points. Elsewhere, the Greenhaus development in Salford, supported by the English Cities Fund, was one of the first medium / high rise 'Passivhaus' certified buildings in the UK. The scheme comprises 100% affordable housing, enabled via our Affordable Homes Programme. We are also working with sector trade bodies and other forums such as the Future Homes Hub to promote best practice and prepare for the implementation of sustainability policies directly impacting upon the built environment.

Adaptation to climate change is also an important part of a resilient housing sector. Since 2021, all residential buildings that are delivered on land that we acquire and sell on to developers, or that are facilitated through our investment vehicles, have had to comply with Approved Document O of the Building Regulations which includes mitigation for overheating. However, we know that overheating is not the only risk from our changing climate. Many of the developments we support have included key features that should make them more resilient to changes to future weather.

In accordance with the Greening Government Commitments, we are required to develop a climate change adaptation strategy supported by a climate change risk assessment for our activities. Work on this strategy was initiated in 2023/24 to understand how we could develop climate change risk assessments for our development estate. We also refreshed a series of technical briefs and guidance documents setting out what should be considered. These included issuing internal briefs and guidance to set out how flood risk assessment that takes climate into account can inform decisions on future development, and how wider sustainability can be considered.

We know that resilience to climate change is a key priority for us going forward. Our Task Force on Climate-Related Financial Disclosures (TCFD) report, which follows this Sustainability report, shows our current governance on climate related matters and outlines work we will undertake in the coming year.

Resources

A key part of getting to net zero is about considering whether we make the best use of resources, for instance, by switching high carbon materials for lower carbon, more sustainable materials. During 2023/24, we commenced work on a new net zero route map which will aim to drive down our carbon footprint, including through promoting the circular economy, which aims to avoid waste.

The land we manage can be a source of waste materials, so it is important that we manage these. For example, our recently refreshed technical briefs include that demolition projects should, where feasible, reflect or go beyond Greening Government Commitment targets on waste and reduce the amount of waste going to landfill to less than 5%, and increase the proportion of recycling to at least 70% of waste. While sometimes we need to manage risks such as land contamination, which may restrict our options on recycling waste, where we commission a demolition strategy and materials management strategy, on a site-by-site basis, opportunities for our Contractors to make the best use of on-site materials are explored.

House construction, too, can generate waste and make demands on resources. In fact, the construction and demolition sectors contribute around 68% of the UK's total waste generation, of this c. 93% is recovered[7]. Approximately 55% of the waste recovered in the UK is construction waste such as bricks, stone and road surfacing materials which are converted into usable aggregates. However, this process also consumes a lot of energy, which results in high carbon emissions and economic costs[8].

[7] https://www.gov.uk/government/statistics/uk-waste-data/uk-statistics-on-waste
[8] https://www.sciencedirect.com/science/article/abs/pii/S0959652623031049

Modern Methods of Construction (MMC).
Image credit: Homes England

A key way of dealing with this is to champion Modern Methods of Construction (MMC) utilising a range of off-site and on-site construction techniques. MMC includes a prefabrication and industrialised construction process based on the off-site production and pre-assembly of components that afterwards will be transported to the site to be fully assembled. Amongst the key benefits of prefabrication are efficient materials use and waste reduction. A study by KLH Sustainability, comparing modular and traditional construction, concluded that modular construction results in over 45% reduction in material use and over 50% reduction in waste generation[9].

When we ask developers to bid for our sites, we require them to tell us how they will use MMC and score them on this aspect of their proposals. For the Affordable Housing Programme, every strategic partnership must deliver at least 25% of homes using MMC.

We commission research on MMC, and are currently carrying out a monitoring and measuring research study on the impact of MMC on the delivery of homes. The overall aim of the study is to provide impartial evidence and an objective assessment of the outcomes achieved by embracing the use of more advanced MMC technologies in respect of housing delivery. The study is reviewing the overall performance of MMC housing units by closely monitoring the different construction technologies.

We have also provided loans to MMC manufacturers to help develop the sector.

[9] https://www.burges-salmon.com/news-and-insight/legal-updates/construction-and-engineering/modern-methods-of-construction-mmc-and-net-zero

Stewardship

Stewardship means that we seek to ensure that the homes and places we are involved with are made to last and well looked after. This can involve taking the long view in relation to the community who will live or work in a place, and the nature and sense of place. Sustaining these factors can help to make a development, that we have supported, a great place to live.

For example, at Tattenhoe Park in Milton Keynes, development is taking place across several phases as the community is developed, including parkland and sports pitches. A robust masterplan and design code play an important role in achieving design quality across the developing phases. This does not mean that the site can't evolve over time, and it is clearly important that stewardship also considers that residents' priorities may change over the years. At Tattenhoe, 30% of houses are flexible, extendable homes. These are designed to facilitate their future extension or adaptation, including allowing for atelier spaces above garages, future reconfiguration of internal spaces or ground floor rear extensions.

Tattenhoe Park in Milton Keynes
Houses are being built for the long term, where future design quality is maintained.

Image credit: Homes England

Healthy outcomes

Building a healthier natural and human environment is important to the way in which we deliver sustainable homes and places. Here our focus is on three key outcomes: nature, movement, and wellbeing.

Nature

Our 'nature outcome' is defined as: 'nature thrives, is protected and accessible to all'. This can mean working across our development and investment projects to ensure biodiversity is conserved and enhanced, soil and water resources are protected, and health and wellbeing benefits to communities are maximised. It also means working with other partners, such as Natural England and Defra, for example in preparation for new regulations, such as for biodiversity net gain. We share practical experiences of how new policies are working in practice with colleagues in other parts of government, to inform policy making.

As part of our public sector biodiversity duty (Environment Act 2021) and in line with the requirements of the Greening Government Commitments (GGCs), we recognise that protecting and enhancing nature is critical. We have begun to develop a Nature Positive Plan, due to be completed in the coming financial year to set goals to influence how we consider nature across our work.

As set out in Building for a Healthy Life, we want to create places that are well integrated into the site and their wider natural and built surroundings. We want site plans to look beyond the site boundary. This includes identifying the places, facilities, and services they will need to connect to. It also includes responding to the existing movement of water and nature across sites and their wider surroundings. For example, sustainable drainage schemes (SuDS) can contribute towards an attractive and accessible network of public spaces.

Biodiversity net gain

Biodiversity net gain (BNG) ensures development has a measurably positive impact on biodiversity, compared to what was there before development. This 'net gain' is achieved when developers create new habitats or retain and enhance existing ones to benefit wildlife. This can be done on the development site, or where that's not possible, on another site nearby. Following recent changes in legislation, BNG is now mandatory in England for new schemes, which must now achieve a net gain of at least 10%. We worked with Natural England to help promote good practice and the roll out of BNG.

In line with our new strategic objectives, our project teams look to achieve higher than mandatory levels of BNG where possible. Our new KPI 14 measures the average percentage of BNG planned on supported schemes, to assess the extent to which our schemes are planning for better than mandatory levels of BNG. A priority has therefore been ensuring BNG regulations are understood and embedded in delivery processes, including providing in-house training and awareness raising.

Nutrient Neutrality

We have schemes in areas affected by nutrient neutrality, which means we must bring forward development in a way that avoids net input of nutrients to sensitive habitat sites. We share our experiences with other organisations to promote good practice and contribute to cross-government initiatives that are developing nutrient neutrality solutions, such as Natural England's Nutrient Mitigation Scheme.

Wildlife Licensing

We have also provided updated procedures and guidance for obtaining wildlife mitigation licences, including providing in-house training and awareness raising on compliance with licence requirements and best practice in managing licensable works.

The River Adur, Northern Arc, Burgess Hill.
Image credit: Homes England

Brookleigh, Burgess Hill

Green space is a key feature of our 3,500 home development at Brookleigh, which includes an extension to the Bedelands Nature Reserve and 83 hectares of open space (44% of the site). A 23% biodiversity net gain is predicted for the scheme (13% above the minimum requirement) with new areas of woodland, ponds and wildflower meadows being created and the planting of an estimated 200,000 new trees, shrubs and plants. This will help to create a varied and diverse range of habitat for native wildlife.

Movement

It is important that places are safe, pleasant, and easy to move around, and that local services and amenities are accessible. Therefore, walking, wheeling, cycling, and public transport are important considerations.

The BHL standard promotes putting the right infrastructure in place so that short trips can easily be made on foot or bicycle. It is therefore important that we work with stakeholders to get the best outcomes. A good example is Homestead View in south-west Rugby, where we held a community design event which included consideration of 'active travel'. This can help to improve public health and air quality, while also reducing local congestion and carbon emissions.

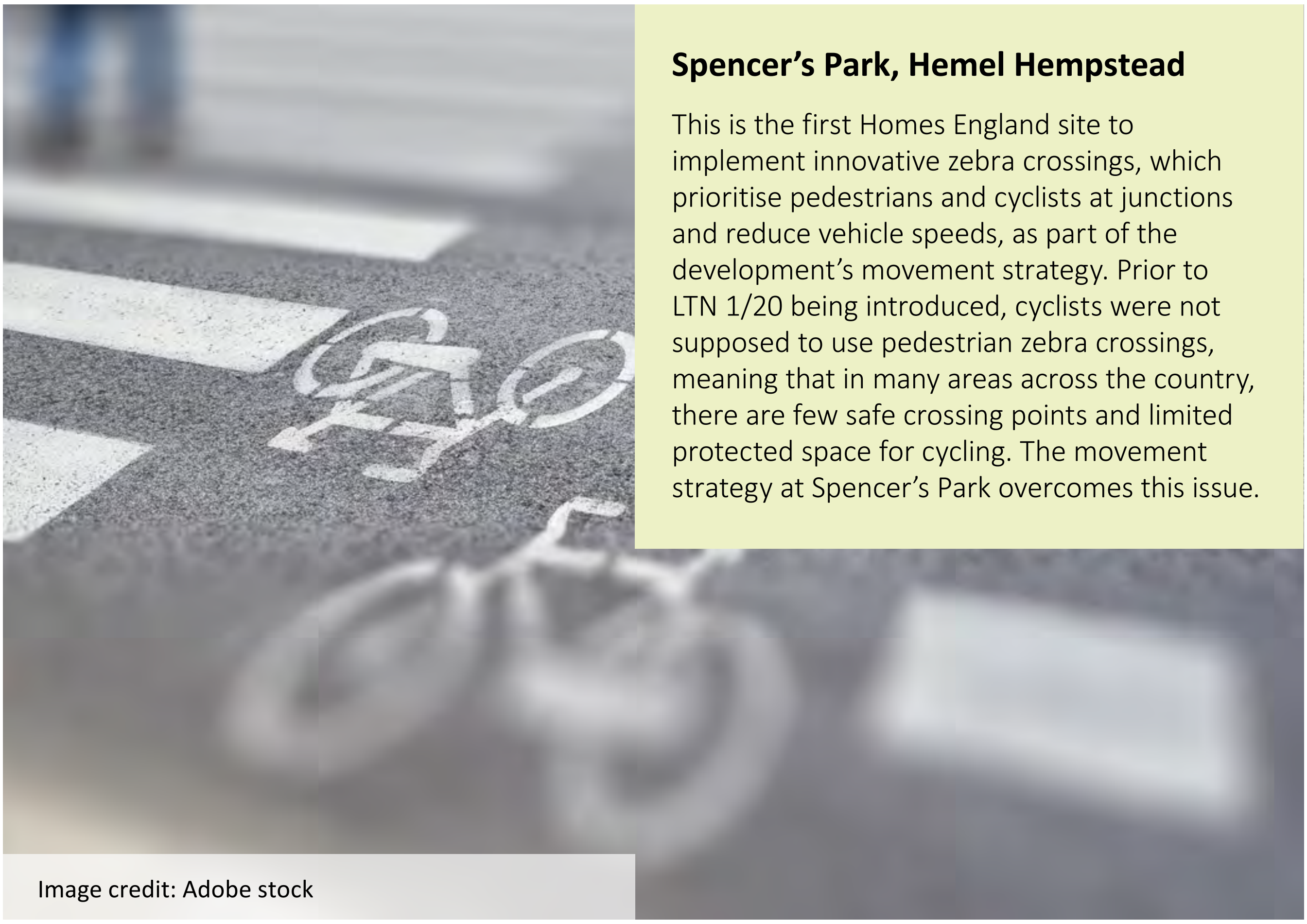


Image credit: Adobe stock

Spencer's Park, Hemel Hempstead

This is the first Homes England site to implement innovative zebra crossings, which prioritise pedestrians and cyclists at junctions and reduce vehicle speeds, as part of the development's movement strategy. Prior to LTN 1/20 being introduced, cyclists were not supposed to use pedestrian zebra crossings, meaning that in many areas across the country, there are few safe crossing points and limited protected space for cycling. The movement strategy at Spencer's Park overcomes this issue.

Our development projects are independently reviewed by the Design Network, a team of accredited independent BHL assessors, who look to ensure that the Department for Transport's LTN1/20 guidance is being adhered to. Most residential streets should be low speed and low traffic enough for everyone to feel safe while cycling.

The Vision Led Approach to Transport

We have continued our engagement with the Department for Transport to understand the interpretation and potential application of a 'Vision Led' approach to transport. This approach is founded on the inter-relationship between:

- the sustainable and active travel and transport investments for a site

- the masterplanning of a site (particularly focusing on densities and amenities that increase the range of movement options for residents)
- the digital and smart place planning of the site – to enable residents to live and work locally

All of this is underpinned by changes in:

- the way traffic modelling is used and interpreted
- viewing all modes of transport across the entire day, rather than just the peak hours

We have been engaging with our suppliers and other agencies such as Active Travel England and National Highways to explore the links between our areas of work. We are also actively engaging with a number of local projects and partners to explore the potential for a vision led approach.

Wellbeing

For the Agency, it is important that 'homes and places support belonging, wellbeing and safety for all'.

As set out in BHL, we recommend that our development partners assess what sport and leisure provision there is for people of all ages, paying particular attention to the needs of children, teenagers, and older people. We recognise that design concepts such as 'play on the way' can make car-free trips more fun for children and can encourage them to want to walk or cycle to school.

We recently contributed evidence to the MHCLG Select Committee Inquiry into children, young people, and the built environment.

Northstowe

New lakes with integrated paths, cycleways, seating and 'play-on-the-way' provision have been delivered as part of the strategic infrastructure for our development at Northstowe. They form part of the sustainable drainage strategy, but also careful landscaping has meant that they benefit the community as a recreational resource and accommodate nature as a biodiversity feature. The paths are well used by families, dog walkers, bird-spotters and joggers.

Image credit: Homes England

Inclusive outcomes

It is important that, in delivering sustainable development, we seek to deliver benefits, not just for home occupiers, but for the community as a whole. To this end, we have defined 'inclusive outcomes' to focus on three key areas: economy, character, and accessibility.

Economy

Our 'Economy Outcome' is focused on shaping places that support a thriving local economy, with jobs and local services near where people live. This can mean working across our development and investment projects to ensure we can maximise the opportunities for local people to access jobs, education, health, leisure, and recreation.
The Building for a Healthy Life standard is helping to create places that offer nearby social, leisure and recreational opportunities. We encourage our development partners to consider improving existing facilities based on evidenced local need.

We have been utilising digital tools such as 'Space Syntax', which is a science-based approach to analysing, planning and design in settlements, by looking at the way the layout of places affects behaviour. Movement patterns can play a role in, for example, the overall levels of natural surveillance, which can help reduce crime.

South West Rugby

We utilised Space Syntax for our development at South-West Rugby, to inform the site vision and test masterplan options. Using the analysis enabled us to predict where the most connected and busiest streets would be, which then informed where the new neighbourhood centre should be located. The tool was also able to recommend appropriate block sizes to create a more walkable street network.

South West Rugby also has a Building with Nature Design Award.

Image credit: LDA Design

Character

'Character' in the context of our work, means Homes and places that are desirable, have a strong identity and a sense of place. This means that we look to enhance natural, landscape, historic, or cultural features in the places we work in and set out to create places that are memorable, distinctive and understanding of the local character.

Again, through Building for a Healthy Life, we seek to influence our development partners to work with local stakeholders to agree a shared vision that understands and responds to a place to make the most of what is already there, be that by making use of the local topography or natural or cultural features on or beyond the site. This can create places that are memorable, with a locally inspired or otherwise distinctive character.

Image credit: Vistry Group

Rochester Riverside

This scheme utilises wayfinding and public art effectively to enhance the site and complement its natural environment and industrial heritage. References to Rochester's rich conservation area and Chatham's Historic Naval Dockyard are reflected in the scheme's materials, roofscapes, detailing and proportions. In partnership with the Local Authority, Homes England provided the initial investment on site assembly and engineering works. The River Walk, provided at an early stage in the development has been a huge benefit to the community.

Accessibility

Our 'Accessibility Outcome' is defined as: 'Homes and places are functional and accessible to all'. We adopt the principles of inclusive design. These involve making a development or place inclusive so everyone can use it safely, conveniently and easily, with dignity. Developments should also be welcoming, with no disabling barriers that might exclude some people. We recognise that one solution may not work for all.

Building for a Healthy Life aims to ensure that our developments provide a range of homes that meet local community needs. This includes providing a mix of housing types and tenures that suit the needs of the local community, which may include first time buyer homes, family homes, homes for those downsizing and supported living. We encourage the use of best practice in terms of maximising the opportunities offered by supported accommodation, and our guidance promotes developments that offer people access to private outdoor space, which is important for people's mental health and wellbeing.

Locally relevant place-based indicators

Through effective community engagement, a clear understanding of locally relevant needs and opportunities can be understood. This is important if we are to ensure our projects reflect community priorities.

A key tool that we have developed and are trialling on a range of projects is 'place-based indicators'.

These indicators are locally informed and used to focus future community engagement activity. They help ensure projects are aware of local needs and opportunities at an early stage in the planning, housing and regeneration process.

Image credit: Homes England

City Hospital, Birmingham

We engaged with the local community early in the planning process to collect views from residents. Key issues highlighted included fear of crime and anti-social behaviour. The feedback resulted in a proposal to make improvements to an existing bridge and adjacent open spaces just outside of the site, rather than providing a new bridge link, which had been the original intention. These decisions will increase connectivity beyond the site boundary.

People at the heart of sustainable development

Engaging our people

We strongly feel that to achieve our sustainability and design outcomes, we need the right culture, processes, and support to equip our colleagues to deliver the quality that is envisaged. An important part of that process which has changed significantly this year, is that we are using an independent Design Network who are accredited BHL assessors, as part of our site disposal process.

At the Homes England Annual Staff Conference in November 2023, the 'Illuminating Social Value' workshop attracted over 200 participants to hear examples of social value that are being progressed within projects. In addition, a workshop on sustainability and design was held to promote our Living Sustainably statement of intent.

Our Graduate Programme

Homes England has been running a successful graduate programme for several years. Some of the key aims of the programme include:

- To attract and develop diverse ideas and ways of working to disrupt the housing market.
- To develop the next generation of future leaders in the housing sector, to help us deliver more housing.
- To invest in 'growing our own' skills and capabilities needed for the future to deliver our strategic plan, and aid succession planning.
- To provide a breadth of experience and knowledge from multiple areas of the Agency.

In 2023/24 we employed 15 graduates. Many of our graduates have progressed to full time roles within the Agency.

Homes England Early Careers Network away day.
Image credit: Homes England

Completing a 6-month placement in the Sustainability and Design Team has been a great learning experience, fantastic opportunity to develop interpersonal and technical skills and, overall, a very fulfilling role. Being supported by my manager and the wider team, I've had the opportunity to get involved in several key areas of work, focusing on tasks of real importance but also real interest to myself.

With the encouragement and inspiration of working alongside such a vocal and determined team, I've been able to approach my projects with an open-minded and inquisitive demeanour. Probing and exploring new, sustainable perspectives and possibilities - which is learning I can take forward into any future role.

Freya Oldham
Graduate, Sustainability and Design, Homes England

Learning and development

To successfully deliver on our Sustainability and Design Outcomes, it's imperative that we equip staff with technical skills relevant to their business area. During this year we have been exploring and promoting potential training provision, suitable and tailored for Homes England. We promoted sustainability training modules available from a variety of providers and organisations to colleagues this year. In addition, we have partnered with the Supply Chain Sustainability School, a leading industry training provider offering a diverse array of learning opportunities, from offsite construction to biodiversity and social value. This training will be a cornerstone of our sustainability learning provision in the coming year.

Local Government Capacity Centre

We have been supporting our Local Authority partners to deliver sustainable, well-designed places through our ongoing package of learning sessions.

In July 2023 and between January and February 2024, our Local Government Capacity Centre provided 30 free webinars for attendees across all levels of local government in our Summer and Winter Learning Programmes. Topics ranged from 'active travel' to 'Sustainable Drainage Systems (SuDS)'.

Communities

As mentioned above, communities are critical to the design and development of sustainable and thriving places. We place great emphasis on engaging and listening to these communities.

The Greening Government Commitments

The Greening Government Commitments (GGCs) set out the actions to be taken by the UK Government departments and partner organisations like Homes England to reduce their impact on the environment.

The GGCs include targets under seven themes.

Our commentary on progress with our Nature Positive Plan and climate adaptation strategies are discussed in our sections on Nature and Climate above. Our performance against some key targets on greenhouse gas emissions, waste, water, procurement and information technology are discussed in this section of the report.

Scope of Greenhouse Gas Emissions under the Greening Government Commitments

- **Scope 1.** These emissions occur from sources owned or controlled by the organisation. Includes all direct emissions from leased vehicles in the Homes England fleet and direct emissions from gas used in heating our offices.
- **Scope 2.** These emissions result from energy consumed which is supplied by another party. They comprise indirect emissions from energy use (electricity, heating and cooling, including transmission losses) in our managed offices.
- **Scope 3.** These relate to official business travel directly paid for by an organisation under GGC. They comprise those from business travel by public transport (domestic flights, rail, underground, taxi, bus) or in privately owned staff vehicles.

		2017/18 (Baseline)	2019/20	2020/21	2021/22	2022/23	2023/24	Comparison to 2017/18 Baseline	Comparison to Prior Year	Target and Status
Greenhouse Gas Emissions										
Emissions (tonnes CO2e)	Total Scope 1 (direct) emissions	387	400	85	77	65	155	↓ 60% decrease	↑	25% reduction against baseline. **Target met**
	Total Scope 2 (indirect) emissions	303	216	177	62	57	141	↓	↑	
	Total Scope 3 emissions	353	477	34	111	231	355	↑	↑	
	Total emissions (Scope 1, 2 and 3)	1,043	1,093	296	250	353	652	↓ 38% decrease	↑	47% reduction against baseline. **Target not met**
Related Energy Consumption (MWh)	Gas consumption	550	842	372	214	0	248	↓	↑	
	Electricity consumption	789	702	395	218	152	518	↓	↑	
	District heat consumption	-	-	-	66	139	139	No baseline data	↔	
Financial Indicators (£000's)	Energy consumption	132	130	105	85	38	73	↓	↑	
Business Travel										
Emissions (tonnes CO2e)	Domestic flight emissions	5.06	3.32	0.00	3.04	6.07	5.81	↑ 14.8% increase	↓	30% reduction against baseline. **Target not met**
Total Number of Business Flights (number)	Domestic flight	95	246	0	60	113	92	↓	↓	
	International flights				42	26	17	No baseline	↓	
Distance Travelled (000s of km)	Domestic flights	34	21	-	24	47	36	↑	↓	
	International flights (short haul economy)	-	-	-	-	24	30	No baseline data	↑	
	International flights (long haul economy)					22	0	No baseline data	↓	
	Car travel total	2,371	2,524	247	513	835	2,848	↑	↑	
	Total business travel	6,572	8,296	314	2,078	4,997	6,166	↓	↑	
	Total distance per full time equivalent (FTE) staff	8.4	7.9	0.2	1.5	3.6	4.2	↓	↓	
Financial Indicators (£000's)	Official business travel	1,772	3,164	437	1,052	1,169	2,114	↑	↑	

		2017/18 (Baseline)	2019/20	2020/21	2021/22	2022/23	2023/24	Comparison to 2017/18 Baseline	Comparison to Prior Year	Target and Status
Waste										
Non-financial Indicators (tonnes)	Total waste generated	26.70	43.0	62.6	19.57	26.22	33.52	↑ 26% increase	↑	15% reduction. **Target not met**
	Hazardous waste: landfill	0.03	0.0	0.0	0.0	0.0	0.0	↓	↔	
	Non-hazardous waste: landfill	1.11	1.0	3.7	0.0	0.0	4.66	↑	↑	
	Non-hazardous waste: incineration with energy recovery	2.74	2.0	3.9	4.0	4.0	9.14	↑	↑	
	Non-hazardous waste: recycled	16.49	40.0	55.0	16.0	22.08	18.76	↓	↑	
	Non-hazardous waste: ICT reused / recycled	6.34	0.0	0.0	0.0	0.51	0.96	↓	↑	
Non-financial Indicators (%)	Recycling rate (%)	85	98	94	82	84	58	↓	↓	70% recycling. **Target not met**
	Landfill rate %	4	2	6	0	0	14	↑	↑	Less than 5% to landfill. **Target not met**
Financial Indicators (£'000)	Landfill/ Incineration	15	14	42	24	0.78	0.57	↓	↓	
	Recycling	9	29	19.8	19	5.72	3.85	↓	↓	
	Total ICT waste recycled, reused and recovered (externally)					3.99	6.61	New metric	↑	
Resource Use										
Non-financial Indicators (No.)	No of A4 reams consumed	5,542	8,755	234	1,384	747	865	↓ 84% decrease	↑	50% reduction against baseline. **Target met**
	No. of reams per FTE staff	7.1	9.5	0.2	1.0	0.5	0.6	↓	↑	
Financial Indicators (£'000)	Paper procurement	19	26	0.96	1	3	5	↓	↑	
Non-financial Indicators (m3)	Water use - supplied (none abstracted)	1,553	3,439	3,131	1,592	205	1,088	↓ 30% reduction	↑	8% reduction against baseline. **Target met**
	Water use per FTE staff (HE owned offices)	4.2	4.3	3.4	1.1	0.3	1.1	↓	↑	
Financial Indicators (£'000)	Water supply and sewerage costs	19	20	24	8	3.9	0.4	↓	↓	

Notes on data

- In 2023/24, there was no expenditure on the Carbon Reduction Commitment Allowances or any carbon offset schemes.
- Reported gas emissions decreased in 2022/23 as the scope of offices in that reporting period did not include any gas heated buildings. 2023/24 includes two offices heated by gas, which has led to the reported increase in gas consumption.
- Utilities and waste data are presented for the operational offices we either directly manage (Northstowe) or those where we are tenants in a building which is not a government hub (Bristol, Coventry, Liverpool, London and Newcastle). Due to the limited number of desks we lease in Guildford, Leeds and Manchester offices, the utility data at these locations is reported separately by the lead government departments in each office.
- Water supply costs relate to Northstowe only and waste costs relate to Northstowe and our 'Collect Eco' furniture recycling contract. All other offices include waste services under a combined service contract.
- Utilities and waste volumes apportioned to non-government tenants in these offices are excluded.
- Travel and paper use data is for the whole organisation.
- CO2e refers to carbon dioxide equivalent, a universal unit of measurement to indicate the global warming potential of a greenhouse gas, expressed in terms of the global warming potential of one unit of carbon dioxide.
- MWh = Megawatt Hours

Performance against some key GGC targets (2017/18 baseline year)

Greenhouse gas emissions

Total emissions target 47% reduction.

We achieved
38% reduction

Scope 1 emissions target 25% reduction.

We achieved
60%
reduction

CO_2

Waste management

Target overall 15% waste reduction.

We recorded
26%
increase

Water consumption

Target 8% reduction.

We achieved
30%
reduction

Greenhouse gas emissions

Homes England's combined greenhouse gas emissions reported under the GGCs in 2023/24 have reduced by 38% since our baseline year. As highlighted in the resilient outcomes section, we completed a greenhouse gas emissions assessment during 2023/24 to understand our broader emissions (Scope 3 emissions) beyond the scope of the GGCs, and will be developing a net zero route map and actions to reduce emissions within our scope of influence in the coming year.

We are not on track to achieve our target of a 47% reduction in total emissions as defined under the GGCs by 2025.

We have met our sub target to reduce Scope 1 emissions (those relating to fleet vehicle emissions and gas use), by 25% this year, achieving a 60% decrease on the 2017/18 baseline. This reduction in Scope 1 emissions can be attributed to our success in the broad adoption of low or zero emission vehicles in the Agency's leased fleet.

Business travel

Overall, our total distance travelled for business purposes remains below the baseline year of 2017/18, but shows a continuing increase compared to the distance travelled in the last three consecutive years. This is a reflection of both increasing staff numbers and our range of activities across the country returning to levels seen prior to the pandemic.

Flights

Our distance travelled by domestic and international flights decreased during 2023/24 compared to the prior year but increased compared to the baseline year in 2017/18. Our emissions from flights have also marginally increased compared to the baseline and, as such, we have not met the GGC sub target to reduce emissions from flights. This increase in emissions is a reflection of flights to meet strategic business needs.

Image credit: Adobe stock

Ultra-Low Emissions Vehicles (ULEV)

The Agency has made further progress this year with respect to its Car Lease Scheme and transitioning from petrol and diesel cars to ULEV. 94% of cars under our lease scheme are ULEV cars. We remain on track towards being 100% ULEV by 31 December 2027.

Travel is an area we will continue to focus on to encourage more sustainable behaviours.

Waste management

Through initiatives in our digital and facilities management teams, we have made positive progress with reuse schemes this year. We diverted 1.2 tonnes of office furniture and 0.3 tonnes of IT equipment from disposal into reuse schemes. As part of our move into a new office in Manchester, we reused a significant quantity of furniture such as chairs and monitors from items we hold in storage, to avoid purchasing new equipment.

A combination of increased staff numbers and two new offices in the scope of reporting during 2023/24 has, however, led to an overall increase in waste disposal reported across the office estate. As a result of these changes, we have not met our headline target to reduce waste by 15% from the 2017/18 baseline, or the sub-targets to divert 95% of waste from landfill and recycle at least 70% of our waste. Recognising these challenges, we recently initiated a campaign to encourage colleagues to increase our rates of recycling and reduce waste.

Resource consumption: paper and water

Against the 2017/18 baseline we have reduced paper consumption by 84% this year. This exceeds the target of a 50% reduction against the baseline. This achievement can be attributed to changing behaviours by staff to reduce printing and photocopying.

We have met the commitment to reduce overall water consumption by 8% against the 2017/18 baseline and achieved a decrease of 30%. This is an increase on consumption reported in 2022/23 as a result of increased staff numbers and additional offices being included in the scope of reporting.

The environmental impact of ICT

Information and Communication Technology (ICT), through allowing flexible working and reducing the need for paper-based reporting and data storage, can have significant environmental benefits. However, the hardware used along with the storage of data also has environmental costs. ICT such as laptops, and collaborative software applications, enable working in a dispersed way, and can save on travel miles and pollution. This is vital as we often work with partner agencies based at a distance from our offices.

To prepare for future reporting on greenhouse gases and digital services, our Digital directorate have undertaken a preliminary review of existing practices and future opportunities, including around mitigating climate change, minimising waste and sustainable procurement. Key activity includes:

- sharing facilities with other government users, via crown hosting
- use of Restore IT to manage redundant hardware
- use of refurbished headsets
- suppliers having policies in place on recycling

Sustainable procurement

We take account of government mandatory Buying Standards when procuring goods and services, and our procurement policy follows Crown Commercial Service principles. Where relevant, we are embedding procurement policy notes on social value and carbon management plans.

We are working with others in government to introduce Whole Life Carbon reporting across our activity, and this will include working with the construction and housing sector to monitor and report embodied carbon.

Environmental Social and Governance (ESG) matters are material considerations for our partnerships, and we seek to work with partners who set bold ambitious objectives, through both mandatory and voluntary ESG and sustainability reporting.

During 2023/24, we began to develop a sustainable commercial policy and strategy. This will establish sustainable principles that will apply throughout our commercial activities from procurement of site maintenance, enabling demolition and construction contracts, through to our other interventions across the housing sector.

Sustainable construction

The Agency does not build homes directly; rather it provides resources, either in the form of de-risked land or funding support to others to do this. Through our relationship with housebuilders, we are encouraging them to consider ways to improve the energy performance of the homes they build and to implement sustainable construction practices.

Where we are directly involved in the de-risking of land and the provision of infrastructure, we make use of Crown Commercial Services Construction Works framework and the principles in the Government’s Construction Playbook.

Manor Kingsway, Derby.
Image credit: Mark Hitchings

Our Delivery Partner Dynamic Purchasing System Framework is a platform through which developers can bid to acquire our land and is open to new applicants on a rolling basis. The qualification process for this framework requires prospective developers to demonstrate a commitment to environmental protection through ISO 14001 accreditation or an aligned environmental management system. Furthermore, at the tender stage for sites, sustainability is a key part of the technical scoring criteria of prospective bids.

Environmental incidents

There were no significant environmental incidents reported on Homes England operated estates during 2023/24. Five environmental incidents and three near misses were reported that included developer partner and contractor incidents relating to waste management, surface water management, minor pollution incidents and trespass.

Consumer single-use plastics

Homes England is committed to reducing the use of Consumer Single-Use Plastics (CSUP) across the office estate. This year we made further progress towards plastic free office supplies, for example, working with our supplier Banner to develop an approved list of plastic free stationery supplies for facilities staff to use when re-stocking office provisions.

Across the financial year, such initiatives have reduced CSUP purchases from 22,543 items in the first quarter to 5,438 items in the final quarter. By working collaboratively with our supply chain, we will continue to seek out more opportunities to reduce Single-Use Plastics throughout our estate.

Forward look

Following the launch of our strategic plan, a key part of our work during 2023/24 has been about re-organising our governance and levers of influence to embed sustainability and design in a way that aligns with our strategic priorities. With this strategic work nearing completion our focus turns to delivery. Likely areas of work include:

- Statement of intent promotion.
- Communications and engagement.
- Embedding tools for sustainable delivery.
- Measurement and Indicators.
- Training.

Task Force on Climate-Related Financial Disclosures report

Climate change is a key issue for housing and regeneration. The way that places are designed and built, the way that buildings are heated and cooled, and the journeys we make from our homes to places of work, study and leisure all play important roles in getting us to net zero carbon. We need to prepare for the challenges and opportunities that climate change presents.

For example, the UK Climate Change Risk Assessment has highlighted a range of risks to the built environment and related sectors that are likely to increase in the coming decades, even in more optimistic climate scenarios.

The Financial Stability Board (FSB), founded by the G20 economies, established the Task Force on Climate-Related Financial Disclosures (TCFD) in 2015 to bring greater transparency on the financial implications of climate change.

In 2023, HM Treasury published guidance on TCFD aligned disclosure for government. Government Arms-Length Bodies (ALBs) are required to follow this guidance if they have more than 500 full-time employees or a total operating income of more than £500 million. Homes England meets these criteria and therefore follows the HM Treasury guidance in this report.

The HM Treasury guidance sets out a phased approach to TCFD reporting, with three phases in total. Phase 1 reporting commenced in 2023/24 and is reflected in this report. Phase 2 and Phase 3 reporting will follow in the next two years (2024/25 and 2025/26).

Reflecting the Task Force's recommendation, the HM Treasury guidance splits out relevant disclosures into four thematic areas: governance, strategy, risk management, and metrics and targets. Within this report, Homes England presents its TCFD Compliance Statement, together with its Phase 1 TCFD disclosures on governance, metrics and targets.

Compliance Statement

TCFD Compliance Statement

Homes England has reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public sector. Homes England has complied with the TCFD recommendations and recommendations disclosures around:

- governance (all recommended disclosures)
- metrics and targets (disclosures (b))

This is in line with the central government TCFD-aligned disclosure implementation timetable. Homes England plans to make disclosures for Strategy, Risk Management and Metrics and Targets disclosures (a) and (c) in future reporting periods, where required, in line with the implementation timetable.

Governance

Good governance structures are essential for us to meet our sustainability objectives and effectively manage climate-related risks and challenges.

TCFD governance disclosure: a) Board oversight

Homes England is governed by a Board, which has the responsibility of ensuring we meet our statutory objects and strategic objectives. To aid its oversight and ensure there is appropriate focus placed on our priorities, which include sustainability, the Board receives reports from the Executive and is supported by Board Committees and Advisory Groups. The structure of our Board and Committees is set out in the Corporate governance section of this Annual Report.

Three Board Committees are particularly relevant to ensuring the Board has oversight of climate-related issues. These are the:

I. Audit, Assurance and Enterprise Risk Committee (AAERC)

II. Cross Cutting Committee

III. Investment Committee

A diagram setting out the relationship of key committees to the board is in the Corporate governance section of the Annual Report.

Audit, Assurance and Enterprise Risk Committee

This Committee supports the Board in their responsibilities for risk control, governance, audit, financial stewardship and financial and statutory reporting.

Following the Annual AAERC self-assessment, the need for additional reporting on sustainability and net zero within the Risk Management Framework was identified, as was the need for optimal integration of climate change factors into the Risk Management Framework. As the specific scope, metrics for success and alignment with business objectives are refined, the goal is to enhance the effectiveness of our risk management processes in addressing climate-related challenges.

The Risk Management Framework is described in greater detail later in this TCFD report.

Cross Cutting Committee

This time-limited Committee supports the Board in fulfilling its responsibility for a greater focus on the cross cutting 'quality' objectives, as detailed in the strategic plan. The Sustainability governance section of the Sustainability report summarises its key areas of work, including across sustainability and design.

A key area of discussion in the last year has been around the development of Homes England's Living Sustainably statement of intent[10], which includes outcomes relating to climate (homes and places respond to the impacts of climate change) and resources (homes and places are net zero carbon and resource efficient).

Investment Committee

The Investment Committee considers our largest and most significant new development and investment proposals, and reviews business cases.

The Committee's decision making is informed by business cases that apply the five-case model as recommended by HM Treasury. The assessment of value for money within these business cases follows guidance provided in the Ministry of Housing, Communities and Local Government (MHCLG) Appraisal Guide and includes an assessment of both monetised and non-monetised impacts.

The purpose of the economic dimension of the business case is to identify the proposal that delivers best public value to society, including

[10] The Living Sustainably statement of intent has been launched internally to our staff.

wider social and environmental effects. Work is currently being progressed within our Economics Team to update elements of the business case to improve the appraisal of environmental impacts within the broader economic appraisal. This will include a range of impacts, including greenhouse gas emissions related to land take, construction and occupation, as well as guidance and tools to allow users to undertake a proportionate level of analysis for their projects. This guidance draws on the Enabling a Natural Capital Approach (ENCA) guidance from the Department for Environment, Food and Rural Affairs (DEFRA), together with guidance from the Department for Energy Security and Net Zero (DESNZ). It is also consistent with the HM Treasury Green Book and MHCLG Appraisal Guide.

TCFD governance disclosure: b) Management's role in assessing and managing climate-related risks and opportunities

Homes England recognises the significant impact climate change could have on our operations and the delivery of our strategic goals. We are committed to managing these risks effectively, while continuing to support the creation of sustainable homes and places.

The Board and its Committees are supported in assessing and managing climate-related risks and opportunities by the Homes England staff, led by the Executive Leadership Team (ELT). The ELT retains responsibility for delivery and assurance to the Board of the strategic plan objectives, as well as risk, budget and performance reporting.

Integrated Risk Management Framework (RMF): Our RMF accommodates climate change risks as a key driver within existing structures, ensuring a nuanced and tailored approach. Within this framework, "Sustainability" is a secondary risk category under the primary risk of "Intervention." This allows us to go beyond generic guidance and develop a deeper understanding of sustainability related risks specific to our activities, considering factors like:

- **Preventative measures** and recovery actions for development projects.
- **Regulatory compliance** for both interventions and corporate health.
- **Wider business goals** and potential risk interdependencies.

Risk Appetite: The Board-approved Risk Appetite Statement allows for calculated risks and innovation to address challenges, including those related to sustainability. This openness enables us to adapt to changing circumstances, such as emerging climate threats, while still pursuing our mission of enabling sustainable homes and places.

Cross Cutting Risk Identification: We proactively identify and manage climate change risks as part of our broader risk assessments. This includes:

- **Project Risk Assessments (PRAs):** These assessments consider climate change as a potential driver of risk at the project level.
- **Directorate Risk Registers:** Risks identified through PRAs are escalated and aggregated within directorate risk registers, ensuring a comprehensive overview.
- **Enterprise-wide Risk Reporting:** Risk reports highlight cross cutting themes, including climate change, to raise awareness and encourage a joined-up approach across the Agency.

Data-driven Decision Making: We are establishing baselines and data recording protocols for our new sustainability metrics. This data will inform future risk appetite evaluations, allowing us to make informed decisions about the appropriate level of risk for sustainability-related activities.

By combining these elements, our approach ensures that climate change risks are considered throughout our operations, from project inception to Agency-wide strategic planning.

It is important to note that risk identification may come from both enterprise top-down principal risk evaluation and bottom-up identification of risks via project and director level risk registers. These risk registers account for the potential impact of climate change on our interventions via the secondary risk category of sustainability. This secondary risk is defined in the Agency's Risk Management Framework.

Management's role in meeting Greening Government Commitment targets

The Agency also has corporate targets under the Greening Government Commitments that seek to reduce the impact on the environment from our corporate activity. These targets include climate-related targets related to Scope 1, Scope 2 and part of Scope 3 greenhouse gas emissions (GHGs). They are reported to our sponsor department (MHCLG). Further detail on these metrics is contained within the metrics and targets disclosure, below, as well as in the Sustainability report.

Metrics and targets

A phased approach to metric and targets

A key element of the TCFD recommendations is around disclosing metrics and targets. This allows stakeholders to better assess how an organisation is progressing on climate-related issues and provides a basis for comparison with other organisations.

Under TCFD there are three recommended disclosures under metrics and targets (see the 'TCFD Next Steps' section of this report). However, HM Treasury guidance on TCFD reporting recommends a phased approach to reporting.

For this report (2023/24), which is year one of the phased approach, the requirement is to disclose Scope 1, Scope 2 and if appropriate Scope 3 GHG emissions and the related risks, consistently with the Annual Report. In order to meet this requirement, the HM Treasury Guidance clarifies that currently, the Greening Government Commitments, to which Homes England reports, include Scope 1, Scope 2 and Scope 3 (business travel only) emissions. As Sustainability Reporting Guidance (SRG) requires these same emissions scopes for annual reports, further categories of Scope 3 GHG emissions (in addition to business travel) are not required for Greening Government Commitments or SRG purposes.

We provide a definition of what is included in our Scope 1, 2 and 3 in the Greening Government Commitments section of the Sustainability report.

TCFD metrics disclosure: b) Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks

Our Scope 1, 2 and 3 GHG (business travel only) emissions are disclosed in the Greening Government Commitments section of the Sustainability report.

Our performance on reducing greenhouse gas emissions against our GGC targets is on track to meet the 47% reduction target, set by government for MHCLG, for total Scope 1, 2 and 3 emissions for the period 2021-25. We have also achieved the direct emissions (Scope 1) reduction target this year.

These targets have been achieved through moves to more energy efficient offices and increased adoption of low emission vehicles in our lease fleet. The change in our fleet is a result of our work towards achieving the sub target for increasing the proportion of ultra-low emission vehicles in our fleet to 93% this year.

We did not meet our GGC sub target to reduce emissions from domestic flights this year. Although the number of domestic flights taken by staff this year was marginally lower than the baseline year (92 flights compared to 95 in 2017) the location of staff and reasons for travel resulted in longer trips and greater emissions. The achievement of this target remains a risk to be addressed in the coming year.

Additional metrics that relate to climate-related matters are in our strategic plan. They include KPI 13 and KPI 15, described in more detail within the

Sustainability report. The status of these metrics, and reporting against them, where currently applicable, is described in the Performance analysis section of the Annual Report. We will be developing our approach to carbon management and reduction in the form of the Agency's net zero route map.

TCFD next steps

As discussed in the introduction, this first TCFD report is a high-level review of our current position on climate-related issues and how they are covered by our governance, metrics, and targets. There are two further phases of reporting, which will require us to disclose further detail on risk management, strategy and further information on metrics and targets. HM Treasury has published guidance on Phase 2 ahead of this stage of reporting.

The table below sets out the recommended TCFD disclosures by thematic area and by phase. At each phase a TCFD compliance statement must also be published.

TCFD Implementation Phasing					
Phase	**Phase 1 (2023/24)**		**Phase 2 (2024/25)**		**Phase 3 (2025/26)**
Theme	**Governance**	**Metrics and targets**	**Metrics and targets**	**Risk management**	**Strategy**
Recommendations	Disclose the organisation's governance around climate-related risks and opportunities	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material		Disclose how the organisation identifies, assesses, and manages climate-related risks	Disclose the actual and potential climate-related risks and opportunities on the organisation's business strategy and financial planning where such information is material
Recommended disclosures	a) Describe the Board's oversight of climate-related risks and opportunities		a) Disclose the metrics used by the organisations to assess climate-related risks and opportunities in line with its strategy and risk management process	a) Describe the organisation's processes for identifying and assessing climate-related risks	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term
	b) Describe management's role in assessing and managing climate-related risks and opportunities	b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 GHG emissions, and the related risks	As per Phase 1	b) Describe the organisation's processes for managing climate-related risks	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning
			c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 degrees Celsius or lower scenario

In line with this guidance, the following risk management disclosures are to be included as part of our next annual reporting cycle:

- Describe the organisation's processes for identifying and assessing climate-related risks.
- Describe the organisation's process for managing climate-related risks.
- Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.

Further work on metrics and targets will also be required. However, the HM Treasury guidance suggests that these disclosures are subject to a materiality test to determine if they are necessary.

The following disclosures on metrics and targets are to be made, where such information is material:

- Disclose the metrics used by the organisation to manage climate-related risks and opportunities in line with its strategy and risk management process.
- Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

We will also review the disclosures we have already made as part of Phase 1. We expect that this phased approach to reporting will allow us to check and challenge the robustness of our systems of governance in relation to climate-related issues.

Following completion of Phase 2 in the 2024/25 reporting year we will continue our TCFD journey into Phase 3, which focuses on strategy.

The resilience section of our Sustainability report summarises our progress on a range of work relating to net zero and climate resilience. We will continue to embed climate resilience and decarbonisation in the work that we do across the coming year.

The Performance report is signed on 23 July 2024

....

Peter Denton
Chief Executive and Accounting Officer

3. Accountability report

The Accountability report sets out how the Agency meets the key accountability requirements to Parliament.

It is broken down into three areas:

- Corporate governance report, which provides an overview of our leadership, governance structures, and risk management approach.
- Remuneration and staff report, which details remuneration and staff expenses and policies.
- Parliamentary accountability and audit report, which contains details of losses, special payments, fees and charges in the year, and the audit certificate.

3. Accountability report contents:

3.1 Corporate governance report **112**

Board members' report 115

The Statement of Accounting Officer's responsibilities 135

Governance statement 136

3.2 Remuneration and staff report **144**

3.3 Parliamentary accountability and audit report **162**

Parliamentary accountability disclosures 164

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament 170

3.1 Corporate governance report

This section provides an overview of the Agency’s leadership and governance structures and how they support achievement of the Agency’s objectives.

It also details our approach to risk management, financial crime and whistleblowing, and sets out our internal audit opinion.

Good governance is at the core of everything we do

This financial year has seen a continued focus on good governance as we continue our emphasis on maintaining excellent governance standards.

Most significantly, the Government's Public Bodies Review was completed by Tony Poulter OBE as lead reviewer and was published on 8 April 2024: Homes England Public Bodies Review 2023 - GOV.UK (www.gov.uk). Mr Poulter remarked in his foreword that "Homes England is the right vehicle for delivering housing supply, regeneration and placemaking..." The review supported the recommendations of previous reviews, undertaken in 2021.

The Agency has also carried out an internal review of governance which has given positive assurance about the general state of our governance and decision making, and has made recommendations for even greater improvement. All recommendations have been accepted, and 2024/25 will see a number of initiatives designed to deliver our ambitions for continuous improvement.

> Homes England is the right vehicle for delivering housing supply, regeneration and placemaking...
>
> **Tony Poulter OBE**
> Lead Reviewer

Board members' report

Homes England is led by a Board appointed by the Secretary of State in accordance with the Housing and Regeneration Act 2008.

The Board are responsible for the appointment of the Chief Executive Officer (with the approval of the Secretary of State) and the Staff (the Executive). The Executive is led by the Executive Leadership Team.

The Board is supported by six Committees. Details of our Board, Committees and the Executive Leadership Team are detailed below.

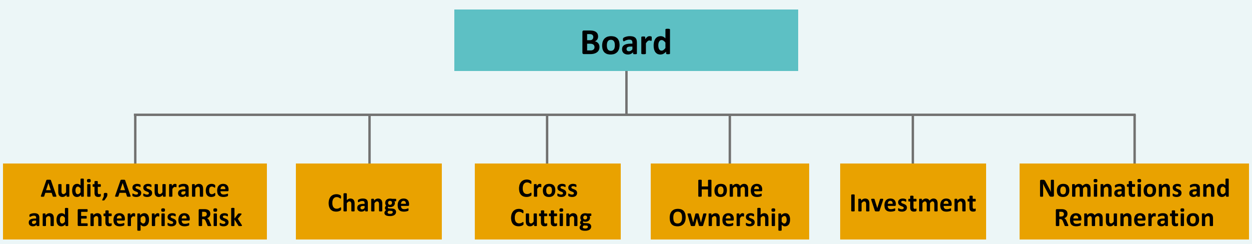
Board and Committees

The role of our Board is to provide strategic leadership and to promote the long-term, sustainable success of Homes England. Our Board has responsibility for exercising Homes England's statutory functions.

In addition to our Non-Executive Board members, the Secretary of State has appointed the Agency's Chief Executive and Accounting Officer (Peter Denton) and a Shareholder Representative (Melanie Montanari and Emma Fraser, a job-share appointment) to the Board. The Agency works closely with our sponsor department, the Ministry of Housing, Communities and Local Government (MHCLG) to ensure the delivery of our strategic objectives on behalf of the Government.

The structure of our Board and Committees is set out in the table below. Further detail on each of our Committees can be found later in this section.

Board and Committees at 31 March 2024



Meet the Board

Each Board member in office during the financial year is listed below. During the year, there was one membership change; Vanessa Murden left the Board in June 2023. In May 2024 the Secretary of State appointed 5 new Board members to replace current and planned upcoming vacancies. Abi Brown OBE, David Cutter, Ros Kerslake CBE, Sir Oliver Letwin and Peter Vernon joined the Board in May 2024, further expanding the available experience and expertise leading the Agency.

Peter Freeman CBE

Board member
Chair

After qualifying as a lawyer, Peter formed the Argent Group of property companies with his brother in 1981. Argent is particularly known for major mixed-use projects like Brindley Place in Birmingham, and King's Cross and Brent Cross Town in London.

Peter has also been a non-executive director of several other property companies and a trustee of a number of charities connected with education, combating intolerance, and public performance art.

He was shortlisted for the Wolfson Economic Prize on delivering garden cities in 2014 and was, until October 2020, Chair of Mayfield Market Towns Ltd. Peter was the principal author of the 2020 Housing Sprint Report. In July 2023 Peter was also appointed Chair of the Cambridge Delivery Group, tasked by government to support a major growth programme for Cambridge.

Peter Denton

Board member
Chief Executive Officer

Peter joined Homes England in August 2021. Prior to this, he was Chief Executive Officer of housing association The Hyde Group.

He has worked in a broad range of strategic leadership roles, amassing 30 years of global real estate experience. Before joining the housing sector, Peter spent his earlier career in investment banking and then moved to property investment management firm Starwood Capital.

During his investment career, Peter deployed over €25 billion of real estate capital and had significant exposure to investors and fundraising, working as a 'bridge' between the public, private and third sectors.

In addition, Peter has held senior EMEA real estate investment banking roles at BNP Paribas, Barclays, Deutsche Bank, Eurohypo and WestImmo. He is a non-executive Real Estate Investment Committee member at global investment company Eurazeo, a Council member and Chair of the Finance Committee at Marlborough College and a Global Trustee of the Urban Land Institute.

Lord Austin of Dudley

Board member

Lord Ian Austin has spent a large part of his career working to meet housing needs by tackling homelessness, improving the provision of housing and addressing problems of affordability. Ian spent a significant period of his career serving his local area of Dudley where he served on Dudley Council before becoming the MP for Dudley North in 2005. During this time, he served as the Minister for Housing and Planning and Minister for the West Midlands and in 2020, he was appointed to the House of Lords as Lord Austin of Dudley. Lord Austin also serves as a member of the Corporation of Dudley College.

Emma Fraser

Board member
Shareholder Representative (appointed on a Job Share Basis in October 2022)

Emma Fraser is a civil servant with extensive experience of working across a range of housing policy issues, currently co-director for Housing Markets and Strategy in a job share with Melanie Montanari. Prior to her current role, she was a finance director leading the Spending Review 2019 and business planning for the Home Office, and previously headed the transport spending team in HM Treasury. She has also worked on health and social care policy at the Department for Health and Social Care and on energy efficiency financing and policy for the Department for Energy and Climate Change. Alongside her work at MHCLG, Emma sits on the board of Centrepoint as a non-executive director.

Stephen Bell

Board member
Chair of Audit, Assurance and Enterprise Risk Committee

Stephen has substantial experience in real estate, financial services, and restructuring. He has been involved in property finance, consumer and commercial lending, and specialist banking. He has held numerous C-Suite and Board roles for a broad range of institutions going through periods of transformation and growth. Stephen is a Certified Director and a Fellow of the Institute of Directors.

Stephen is the Whistleblowing Champion on our Board.

Mark Henderson

Board member
Chair of Change Committee (from June 2023)

Mark is Chief Executive of Home Group, with 55,000 homes under management across Scotland and England and one of the largest providers of supported housing, working with 26,000 vulnerable people in nearly 500 services. Home Group is also one of the largest developers of housing in the UK with a turnover of some £430 million per annum. It was voted the UK’s Best Landlord and Best Housing Association in 2014, 2016 and 2021.

Mark is currently a non-executive Director and trustee of Whiteley Village Trust. He previously ran his own business before joining Home Group. Before that, he worked with the Regional Development Agency as Operations Director and a variety of regeneration and economic development jobs across the country in local government, most recently as Chief Executive of one of the largest County Councils in the country. He was also a former Board Member for the National Housing Federation and former Chair of Homes for the North.

Melanie Montanari

Board member
Shareholder Representative (appointed on a Job Share Basis in October 2022)

Melanie Montanari is currently co-director for Housing Markets and Strategy, in a job share with Emma Fraser. Prior to her current role, she was responsible for Homelessness and Rough Sleeping policy at MHCLG. Before joining MHCLG, Melanie spent 15 years at HM Treasury in a range of public spending and public policy roles, including as Head of Personal Tax leading major reforms to IR35, the landlord tax system and the 'non-dom' regime, responsibility for general expenditure policy leading on Spending Review preparations, and on welfare and labour market policy including introducing the national living wage and leading for the Chancellor on major reforms to the benefit system.

Melanie also worked as Speechwriter and Private Secretary to the Chancellor of the Exchequer, George Osborne. Alongside her work at MHCLG, Melanie sits on the board of the Youth Futures Foundation.

Sadie Morgan OBE

Board member
Chair of Cross Cutting Committee

Sadie is a co-founding director of dRMM. Championing design for over two decades, she holds government advisory roles including as a Commissioner for the National Infrastructure Commission. Sadie is a senior advisor for the NLA and Chair of their New London Sounding Board. She has held professorships at the University of Westminster and Cambridge University and co-founded the Quality of Life Foundation – an independent body prioritising wellbeing in the built environment.

Sadie is the Sustainability and Design Champion on our Board.

Vanessa Murden

Board member until June 2023

Vanessa has extensive senior executive expertise within the financial service industry, including Travelex, American Express, Lloyds Banking Group and most recently as Group Chief Operating Officer for M&G.

Vanessa Murden resigned from the Board with effect from 30 June 2023.

Lesley-Ann Nash

Board member
Chair of Nominations and Remuneration Committee (from June 2023)

Lesley-Ann spent two decades in investment banking, building and leading structured interbank businesses. She was a Managing Director of Morgan Stanley but left to offer her financial skills to government. She spent seven years in the Cabinet Office leading a range of commercial programmes which positively impacted both public and private sectors as well as citizens nationally.

On leaving government, Lesley-Ann has embarked on a non-executive director career. She has been appointed to the boards of St James's Place plc (FTSE 100) and Workspace Group plc (FTSE 250). She also sits on the board of the business campaigning group, Business LDN.

Lesley-Ann is a fellow of the Chartered Institute of Management Accountants and holds an MBA from CASS Business School.

Lesley-Ann is the Equality and Diversity Champion on our Board and is also non-executive Board Champion for compliance by Board members with the Gifts and Hospitality provisions of our Code of Conduct.

Mark Rennison

Board member
Senior Independent Director
Chair of Investment Committee
Chair of Home Ownership Committee

Mark is the former Finance Director for Nationwide Building Society. He also chaired the subsidiary company at Nationwide which managed the Oakfield project to build a new housing community in Swindon. Prior to joining Nationwide he worked for PwC for 25 years including spending time as an audit partner in their banking practice in London.

Pat Ritchie CBE

Board member

Pat is an experienced senior leader in economic development, housing, and property.

Pat was appointed as Chair of the Government Property Agency in January 2020. She is a member of the Advisory Board of the National Leadership Centre and a member of Newcastle University Council.

She was Chief Executive of Newcastle City Council for over eight years, where she notably secured the multi-million-pound investment deal to bring Legal & General to Newcastle's flagship 'Helix' development and led on negotiations to secure a devolution deal for the North of Tyne Mayoral Combined Authority where she was the first head of paid service. Pat led the city's response to the pandemic and oversaw the Newcastle COVID-19 Recovery Plan including an ambitious £50m plan to transform the city centre.

She is a former Chief Executive of the Homes and Communities Agency (Homes England) and former Deputy Chief Executive of the One North East Regional Development Agency.

Pat was awarded her CBE in January 2021 for services to local government and public service reform.

Duncan Sutherland

Board member

A practitioner with over 35 years' experience in property, housing, investment, regeneration and development with particular emphasis on public/private delivery partnerships involving government, local government, local communities and private investment.

He was involved in setting up and operating a £1 billion PRS fund investing in the UK and the UK's first successful PRS housing REIT.

Duncan has worked closely with the Government promoting innovative and long-term investment approaches to achieving sustainable regeneration. He served as a non-executive Director of the British Waterways Board and Scottish Canals and has recently completed a six-year term on the board of HS2 Ltd, the new high-speed railway to be built between London and the North. He also served on the Capital Investment Advisory Board in the Government's Department for International Trade (DIT). Duncan also chairs Southbank Sinfonia at St John's Smith Square.

Our Board's responsibilities

Our Board is specifically responsible for:

- overall governance, including preservation of the reputation of the Agency
- our relationships with MHCLG and other key stakeholders
- recommending to MHCLG the Agency's overall strategic direction, within the policy and resources framework agreed and set out in the Framework Document
- approving the Agency's draft Corporate Plans, including output targets, for submission to Ministers for approval
- agreeing the Agency's Annual Budget and the Agency's Business Plan, for submission to MHCLG
- agreeing the Annual Report and Accounts for submission to Parliament
- approving overall governance arrangements including setting the Agency's values and standards to ensure that the Agency's affairs are conducted with probity, and that high standards of corporate governance are observed at all times
- ensuring that the necessary financial and human resources, including key appointments, are in place to enable the Agency to safeguard its assets and meet its objectives
- approving overall arrangements for the delivery of Homes England's strategic objectives
- receiving reports from Board Committees and Advisory Groups and considering any key issues that they raise
- approving any Compulsory Purchase Orders recommended by the Investment Committee
- ensuring that the Agency's health and safety processes are effective and fulfil Homes England's obligations under health and safety legislation
- challenging and reviewing monthly performance information in regard to the corporate targets
- approving Homes England's Risk Appetite Statement and Risk Management Framework, assessing the periodic risk evaluations, and overseeing mitigation strategies on the recommendation of the Audit, Assurance and Enterprise Risk Committee
- considering property, litigation, legal and other corporate issues
- ensuring that there are appropriate legal, financial and administrative arrangements covering the provision of the Agency's pension schemes

How the Board spent its time

The role of the Board is to provide strategic leadership for Homes England and to promote the long term, sustainable success of the Agency, as well as the desired culture.

The Board oversees the performance of the full range of the Agency's activities, and determines the critical activities the Agency can progress, to make progress towards achieving its strategic goals.

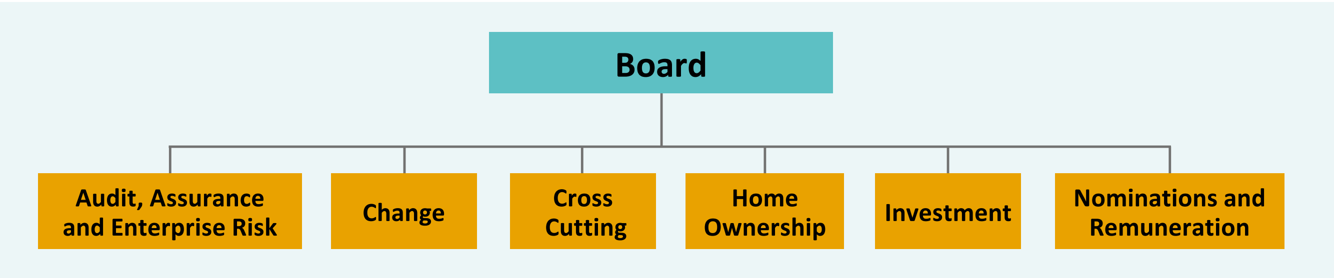
In 2023/24, the Board agreed a strategic plan for 2023 to 2028, and has considered the Agency's Annual Business Plans, which aim to put those goals into practice. The Board has also been developing the Agency's approach to placemaking, and has agreed a Living Sustainably statement of intent, setting out how Homes England can help meet the national Net Zero strategy.

In its oversight capacity, the Board receives and reviews monthly performance information, scored against corporate targets and relating to the management and performance of the Agency. This data is published on a bi-annual basis in accordance with the ONS Code of Practice for Official Statistics.

The Board and the Audit, Assurance and Enterprise Risk Committee also receive, monitor and assess emerging risks from the Agency – both internally and externally – and take a view regarding the Agency's risk appetite.

In support of its work, the Board conducts four site visits per year to areas where Homes England is working with key strategic partners to make a difference. In 2023/24, the Board visited Birmingham, Blackpool, Sheffield and Sunderland.

Committees as at 31 March 2024



Audit, Assurance and Enterprise Risk Committee (AAERC)

This Committee supports the Accounting Officer and Board in their responsibilities for risk control, governance, audit, financial stewardship and financial and statutory reporting. It reviews the comprehensiveness of assurance and reporting processes, consistent with the Accounting Officer's assurance needs.

A significant part of the Committee's work this year has been oversight of the continuing Control Environment Improvement Programme, which address the issues identified in the Audit Opinion. The four themes identified for 2023/24 were accountability and responsibility, policies, processes and systems, people and culture, and delivering objectives.

AAERC has also been overseeing the continuing activity carried out by the Agency to move forward the application of the Three Lines of Defence model, referred to within the Governance Statement later in this report, revise the Risk Management Framework, and measures to monitor and mitigate the Agency's risk position over the year.

The members of Audit, Assurance and Enterprise Risk Committee as of 31 March 2024 were Stephen Bell (Chair), Mark Rennison, Mark Henderson, and Lesley-Ann Nash.

Change Committee

The Change Committee support the Board's function by providing review and scrutiny of Executive assurances in respect of the Change Portfolio and culture initiatives.

In 2023/24 this has included the strategic overview of the implementation of the Agency's Change portfolio, including the Evolve programme, of principally digitally-led system enhancements, and the Organisational Blueprint, which is a programme reviewing the shape and structures of the Agency to enable it to meet its new mission and objectives.

The members of Change Committee as at 31 March 2024 were Mark Henderson (Chair), Emma Fraser/Melanie Montanari (Shareholder Representative), Mark Rennison, Pat Ritchie, and Duncan Sutherland.

Cross Cutting Committee

The Cross Cutting Committee supports the Board in fulfilling its responsibility for a greater focus on the cross cutting objectives detailed in its Strategic Plan: Safe, Sustainable, Well-designed and built homes including modular construction, design and sustainability.

Notable business this year included:

- internal publication of the Sustainability statement of intent
- development of a Sustainability and Design passport
- input into the Agency's net zero route map and KPIs
- oversight of the Sustainability and Design Implementation programme

The members of Cross Cutting Committee as at 31 March 2024 were Sadie Morgan (Chair), Mark Henderson and Lord Ian Austin. Peter Freeman (Board Chair), attended as an observer.

Home Ownership Committee

The Home Ownership Committee supports the Board in fulfilling its responsibility for reviewing the delivery and operational performance assurance from the Executive of the various home ownership programmes/funds and housing cladding remediation programmes.

During 2023/24 the Committee has continued to oversee the management of Help to Buy, Help to Build and other legacy affordable housing programmes such as First Homes. The major events this year were the transfer of the Mortgage Administrator function to a new provider, and the final closure of the Help to Buy scheme for new applications. The Committee also provided oversight of the Agency's administration of the Building Safety Fund, conducted on behalf of MHCLG, as well as operation of the Cladding Safety Scheme.

The members of the Home Ownership Committee as at 31 March 2024 are Mark Rennison (Chair), Mark Henderson, Ian Austin and Emma Fraser/ Melanie Montanari (Shareholder Representative).

Investment Committee (IC)

The Investment Committee considers new development and investment proposals, and reviews business cases in support of new development projects, equity investment, or programmes for inclusion within the Agency's remit. It also monitors portfolio performance and progress on major schemes and approves certain aspects of the Agency's procurement arrangements.

In 2023/24 the Investment Committee recommended or approved 13 new business cases, delivering 63,323 homes. This year's highlights included setting up a new vehicle with private sector partners to unlock new garden settlements, Barking Riverside (funding to accelerate infrastructure, delivering 16,500 homes), and Canary Wharf North Quay (an infrastructure loan to accelerate the delivery of the mixed-use North Quay scheme by five years).

The Committee's portfolio monitoring activities included reviewing the performance of Homes England's investment portfolio. It also gave specialist advice and/or portfolio reviews of key areas of investment activity, including investments in distress, equity, and MHCLG's Affordable Homes Guarantee Scheme where regular portfolio reviews include performance updates, market intelligence and details of any issues or challenges.

Looking ahead, the Committee's priorities include overseeing programme activity to withstand the impact of the changing economic and market outlook upon delivery, monitoring the effect of budget pressures and prioritising activity where needed, as well as continuous improvement and succession planning, as membership of the Committee changes and evolves.

The members of the Investment Committee as at 31 March 2024 were Mark Rennison (Chair), Peter Freeman (Homes England Chair), Peter Denton (CEO), Duncan Sutherland, Pat Ritchie, Sadie Morgan, Melanie Montanari/Emma Fraser (delegate - Diarmuid Swainson), Marcus Ralling (Interim Chief Investment Officer), and Alison Crofton (Interim Chief Property Officer).

Nominations and Remuneration Committee (NRC)

The Nominations and Remuneration Committee is responsible for advising on overall pay and rewards; the remuneration, contractual and pension arrangements of staff at Director level and above; senior succession planning; key HR policies; and setting and agreeing the annual performance objectives, remuneration terms and other terms and conditions of employment of the Chief Executive.

Notable business this year included:

- oversight of the new People and Culture strategy
- oversight of the reform of the Homes England Pension Scheme
- oversight of the 2024/25 Equality, Diversity and Inclusion Report and 2024/25 Action Plan

The members of Nominations and Remuneration Committee as at 31 March 2024 were Lesley-Ann Nash (Chair), Peter Freeman (Board Chair), Stephen Bell and Duncan Sutherland; Emma Fraser/Melanie Montanari (Shareholder Representative).

Board and Committee performance

Our Board and its Committees regularly review their own performance. During the financial year the Company Secretary led an internal project team to undertake a far-reaching review of our Tier 1 (non-executive led) and Tier 2 (the principal Executive led) governance structures. In accordance with the Public Bodies Review recommendations, we will be commissioning an external effectiveness review in 2024/25, as part of our regular review cycle. Our central Governance Team, led by the Company Secretary, supports our Board members by co-ordinating training and development and annual personal appraisal, led by the Chair. These activities help us to ensure our governance is as strong as it can be – supporting the Agency to make the best decisions.

During 2023/24, we have changed our executive approval structures to reflect the strategic plan’s increased focus on Priority Places. It is our practice to monitor every governance change we make to ensure the benefits we anticipated are being realised.

One Board member left us in 2023/24 and a recruitment process has been run to select new Board members to replace this member and others. Interviews took place toward the end of 2023 / early 2024. The new appointments were announced in May 2024, with Abi Brown OBE, David Cutter, Ros Kerslake CBE, Sir Oliver Letwin and Peter Vernon joining the Board.

The Agency asks a lot of its Board members and we value their continued leadership and support. All Board members have the opportunity to fully engage and support the Agency through main Board meetings and Committee membership.

Additional responsibilities and impact

This financial year we implemented our new strategic plan. This has seen an increased focus on regeneration activities, alongside our focus on housing and an express commitment to a number of priority places. Board members have taken on responsibility to be ambassadors for Homes England with those places.

We have a track record of successful delivery, working closely with Local Authorities, Combined Authorities, Leaders and Mayors. Building on this track record, our increased focus and senior engagement will ensure we have even greater impact on placemaking and our mission of delivering more high quality homes and thriving places.

Our Board and Committee composition

Membership of the Board and its Committees, together with membership changes throughout the year, are set out in the Board and Committee Attendance table below.

Board and Committee Attendance 2023/24

Name	Board	Audit Assurance and Enterprise Risk Committee	Change Committee	Cross Cutting Committee	Home Ownership Committee	Investment Committee	Nominations and Remuneration Committee	Notes
Ian Austin	10/10			1/4	1/3			
Stephen Bell	10/10	(Chair) 6/6					4/4	
Peter Denton (Chief Executive Officer and Accounting Officer)	10/10					7/8		
Emma Fraser/ Melanie Montanari	10/10		2/4		3/3		4/4	
Peter Freeman (Chair)	10/10					7/8	3/4	
Mark Henderson	9/10	6/6	4/4	4/4	3/3			
Sadie Morgan	7/10			(Chair) 4/4		7/8		
Vanessa Murden	1/2	1/2	(Chair) 1/1				(Chair) 1/1	Left the Board in June 2023.
Lesley-Ann Nash	8/10	5/6					(Chair) 4/4	
Mark Rennison (Senior Independent Director)	8/10	4/6	4/4		(Chair) 3/3	(Chair) 7/8		
Pat Ritchie	10/10		4/4			3/8		
Duncan Sutherland	9/10		2/4			8/8	4/4	
Meetings	**10**	**6**	**4**	**4**	**3**	**8**	**4**	

Declarations of interest

The Agency has reviewed its detailed policy and guidance on declarations of interest for all staff, which complies with the requirements of the Civil Service Management Code and includes the requirement to make an annual declaration of interests as well as record any changes. We review all recorded interest returns to ensure that they are permitted, and they are managed as part of our assurance to Board. Any sensitive interests are managed through an Ethics group, which is accountable to the Audit Assurance and Enterprise Risk Committee.

We also have a policy in place for Board members, which is contained in their Code of Conduct, and based on Cabinet Office guidelines. Members must declare interests at any meeting and withdraw from a meeting before discussion of any matter in which they have an interest.

As part of our additional assurance, we maintain a Register of all Board and officer interests centrally to allow Secretariat and project officers to review member and officer interests more readily when they are bringing reports to Committees.

Register of Board members' interests

The Register of Members' interests is a public record published on the Homes England website in which members list all direct or indirect financial interests and non-financial interests where they have a direct bearing on the business of the Agency. Our Executive Directors' Register of Interests is published alongside the Board Member declarations.

Personal data related incidents

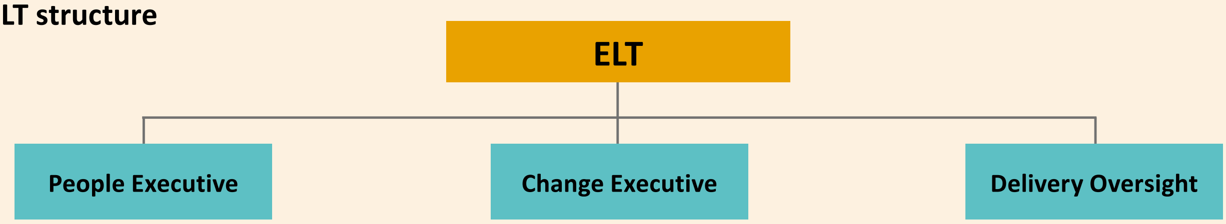
Since 25 May 2018, under the UK General Data Protection Regulation and the Data Protection Act 2018, there has been a mandatory requirement to report any personal data breach if there is a risk to the rights and freedoms of the data subjects whose data has been breached.

In the financial year 2023/24, there were no personal data breaches that met the threshold for mandatory reporting. Neither has Homes England voluntarily reported any breach to the Information Commissioner's Office.

Executive Leadership Team

The Executive Leadership Team is the Agency's principal operational decision-making group for implementing the corporate strategy, operational policies and procedures. The Executive directors work with the Chief Executive to ensure that the deployment of resources is sufficient to maintain delivery and that our corporate services provide effective service support.

ELT structure



The Executive Leadership Team (ELT) is supported by three Executive groups:

- **People Executive**, which oversees all human resource policy issues.
- **Change Portfolio Executive**, which monitors the Agency's programme of change projects.
- **Delivery Oversight**, which considers the most significant projects at concept stage and, if outside the Agency's delegation, will consider the full business case before being submitted to the Investment Committee.

These three Executive groups are mapped to the Board Committees:

- People Executive to Nominations and Remuneration Committee.
- Change Executive to Change Committee.
- Delivery Oversight provides assurance on programmes and portfolio delivery to the Investment Committee and assurance on policy matters to the Cross Cutting Committee.

In addition, ELT directors chair four Executive groups, which act in an advisory capacity to the Committees:

- Investment Project Executive, chaired by the Chief Investment Officer – supports decision making on the Agency's investment projects.
- Land and development Project Executive, chaired by the Chief Property Officer – supports decision making on the Agency's development projects.
- Place Project Executive, chaired by the Executive Director of Markets, Partners and Places – supports decision making around multi-intervention projects in our priority places and other strategic investments.
- Equity Management Executive, chaired by the Chief Finance Officer – supports decision making on Agency shareholding and equity interests.

The Executive Leadership Team retain responsibility for delivery and assurance to the Board of the strategic plan objectives, risk, budget and performance reporting. As with all the Agency's governance structures, these arrangements are reviewed regularly, to ensure they continue to meet the needs of the Agency.

Meet the Executive Leadership Team

As at 31 March 2024, the Executive Leadership Team comprised:

- Peter Denton, Chief Executive and Accounting Officer
- Adrian Tucker, Chief Information and Digital Officer
- Lynda McMullan, Chief Finance Officer
- Marcus Ralling, Interim Chief Investments Officer
- Kirsty Shaw, Chief Operating Officer
- Alison Crofton, Interim Chief Property Officer
- Ian Workman, Chief Customer Officer
- Richard Collins, Chief Risk Officer
- Mike Palin, Executive Director of Markets, Partners and Places

The following also served during the year:

- David Bridges, Interim Chief Investment Officer
- Harry Swales, Chief Investment Officer
- Barry Cummins, Interim Chief Development Officer

In attendance only:

- Mike Wiltshire, Director for Strategy, Research, Analysis and Sponsorship

Peter Denton
Chief Executive Officer

Peter joined Homes England in August 2021. Prior to this, he was Chief Executive Officer of housing association The Hyde Group. Peter is a Board Member of Homes England and his full biography appears in the Board section.

Adrian Tucker
Chief Information and Digital Officer

Adrian Tucker joined Homes England in July 2021 and joined ELT in July 2022 as the Chief Information and Digital Officer. As part of this, he also has Executive responsibility for the Agency's Evolve programme, which seeks to evolve the Homes England digital services landscape. Adrian has 25 years of technology experience in both the private and public sectors, having held senior technology roles at the Department for Education and the Ministry of Defence, as well as Arcadia and Boots in the retail market and T-Mobile (now EE) and Vodafone in the Telco market.

During his time at the Department for Education, Adrian led an ambitious transformation programme over an 18-month period, ensuring the Department and its agencies operated modern, leading-edge technology and were predominately cloud based. Adrian left the Agency at the end of June 2024, following the end of his three year contract.

Lynda McMullan
Chief Finance Officer and Executive Director, Corporate Resources

Lynda joined Homes England in July 2019. As well as being the CFO, she managed the Corporate Resources directorate which currently consists of: Finance, General Counsel's Office, Commercial and Internal Audit. Prior to this, Lynda worked for 5 years on the Metropolitan Police Service Executive Board, leading a wide range of support functions, responsible for successfully delivering significant transformational change and financial savings. Lynda's experience includes a year overseeing the service from within the GLA and two years working as an Executive lead at the National Audit Office, responsible for the Education, Health and the (then) Communities and local government departments. Lynda also served 20 years in local government, latterly in Chief Finance Officer roles. Lynda retired from Homes England in April 2024.

Marcus Ralling
Chief Investment Officer (from February 2024)

Marcus is the Interim Chief Investment Officer. He has worked in UK and European real estate for over 28 years and has extensive experience of strategic portfolio and asset management.

He joined Homes England having just completed a Masters in Housing and City Planning at UCL London, following time as Managing Director and Head of European Asset Management at Global Investment Firm KKR. Prior to that, he was Managing Director and Head of UK and European Asset Management at PGIM.

Kirsty Shaw
Chief Operations Officer

Kirsty joined Homes England in September 2022. She is Homes England's first Chief Operating Officer. She previously held the role of Chief Operating Officer at the Care Quality Commission, where she was responsible for a complex portfolio of policy, digital and organisational change, transforming the Commission into a flexible and insight-driven regulator. Kirsty has worked across a number of government departments leading complex operations and delivering organisational wide transformation programmes.

At Homes England, Kirsty's focus is on unlocking operational efficiency and effectiveness, ensuring that the Agency has the right systems, structures, people and processes to deliver our objectives.

Alison Crofton
Chief Property Officer (from October 2023)

Alison joined Homes England in 2020. Alison was appointed Interim Chief Property Officer on 27 October 2023 and currently leads the Agency's Land and Development directorate which drives forward our ambition to deliver high quality homes in thriving places. This is achieved through the acquisition and unlocking of both public and private land where the market won't, by removing constraints, securing planning permission and releasing market ready sites to get more homes built where they are needed.

Alison is a member of the Institute of Building and a Chartered Environmentalist with the Society for the Environment, bringing more than 20 years' experience in delivering major housing and mixed-use developments.

In addition to the Chief Property Officer role, Alison sits on the Board of Directors at both the English Cities Fund and New Homes Quality Board.

Ian Workman
Chief Customer Officer

Ian joined Homes England in November 2022, having worked for over 30 years in the banking industry. He spent much of his career at Barclays in both Retail and Commercial Banking and was most recently the Managing Director for SME/ Business Banking Relationships for the UK.

Since leaving Barclays, Ian has worked with Recognise Bank – a challenger bank. He joined Homes England from the Yorkshire Building Society, where he was the Interim Strategy Lead for YBS Commercial Mortgages.

Ian has a particular interest in Equality and Diversity having led on a number of initiatives and is in his final year of a Master's Degree in Equality and Diversity.

Richard Collins
Chief Risk Officer

Richard has over 25 years' experience in the Risk and Control sector, working both in the UK and across the world. He's spent the majority of his career working in the financial sectors for Barclays, Royal Bank of Scotland and UBS, with more recent years spent closer to infrastructure and development finance investments with CDC (now British International Investment) and Macquarie Group.

Mike Palin
Executive Director of Markets, Partners and Places (MPP)

Mike Palin is the Interim Executive Director of MPP. He joined Homes England in February 2021 as Interim Director of the Cities and Major Conurbations Team.

He is a successful deliverer of economic growth strategies as well as being a leading thinker on how economic growth implementation can fit with broader policy initiatives. His focus is on implementation of strategies to deliver results.

He is a former Local Authority Chief Executive and Local Enterprise Partnership Executive Director. As Chief Executive of St Helens Council, he delivered a new economic approach that saw the Borough have the second highest per capita jobs growth in the entire North of England (resulting in an unemployment rate as low as 3.2% in 2019, compared to 10.3% in 2015), the attraction of over £0.5 billion of private sector inward investment (with an increase in business rate income of over £10 million per annum), as well as securing government industrial strategy investment and a major Town Centre investment partner.

David Bridges
Chief Investment Officer (September 2023 until February 2024)

David joined Homes England in January 2023, as Director of Products, Equity and Partnerships.

Having started his career at Shell he then moved into management consultancy, including spending time as a partner for Deloitte Consulting. He has since worked in development, serving on the executive boards of Taylor Wimpey, SEGRO, Keepmoat, Wates, Linden Homes and McCarthy Stone.

Harry Swales
Chief Investment Officer (until September 2023)

Harry joined Homes England in 2015 and was the Chief Investment Officer until September 2023 over 20 years’ experience in housing and the built environment as a developer, investor and funder. He is a chartered surveyor with a background delivering strategic investment programmes across both the public and private sector.

Barry Cummins
Chief Development Officer (to October 2023)

Barry joined Homes England in 2017. He was the Interim Chief Development Officer until October 2023, having previously held the role of National Development Director. Barry has over 30 years of experience in the private sector having worked in senior director roles for a number of housebuilders including Bryant, Countryside Properties and Bovis Homes. He has detailed knowledge of land assembly and acquisition and has wide experience of all aspects of the sector, having successfully created several new regional operating companies. Barry left Homes England on 13 October 2023.

Mike Wiltshire
Director Strategy, Research, Analysis and Sponsorship

Mike joined Homes England in 2018 and leads the Strategy, Research, Analysis and Sponsorship Unit which focuses on: cross-agency strategy development; the Agency's research, economics and analysis portfolio – headed up by Homes England's Chief Economist; market engagement; and Homes England's Government Sponsorship function.

Prior to joining Homes England, Mike was a civil servant in Cabinet Office, MHCLG and the Department for Business, Energy and Industrial Strategy, where he led work to devolve power to city-regions and drive local economic growth. This included: the establishment of elected city-region mayors; the negotiation and implementation of devolution/growth/city deals across England, Scotland and Wales; and leading work to drive housing-led growth in the Oxford-Milton Keynes-Cambridge corridor.

Before joining the civil service Mike worked in local government for over ten years across London, South East England and South West England.

Shadow Leadership Board

The Shadow Leadership Board (SLB) was formed in September 2022, with 12 members from across the Agency who, as a collective, bring together a diverse range of experience, skills, and insights.

The SLB comprises Senior Specialist/Manager roles and below, to give those who are sometimes under-represented the ability to share their voice. The SLB shadows our Executive Leadership Team and shares its reflections around key challenges facing Homes England and other subjects being discussed as part of ELT agendas to diversify the perspectives that the ELT is exposed to from across the organisation.

The purpose of the SLB is to influence the direction of Homes England and contribute to positive change by giving a voice to new and different perspectives.

Delivery Boards – Policy Delivery Partnership

Through seven Delivery Boards, the Agency works with MHCLG as part of the Policy Delivery Partnership Model agreed with MHCLG. The Delivery Boards cover our key programmes – Market Diversification, Affordable Housing, Home Ownership, Building Safety, Infrastructure Funding, Land and Brownfield Infrastructure. The Delivery Boards provide oversight and assurance to the stakeholders (MHCLG and the Agency) on delivery of the programmes/funds and inform strategic and policy decision making for the Agency and relevant MHCLG Programme Boards.

The Delivery Boards also include representatives from the Infrastructure and Projects Authority and HM Treasury, to give them the opportunity to oversee performance and input into key decisions. Management Information and performance reporting and forecasts form part of the Agency performance reporting to the Executive Leadership Team and Board.

Performance Framework

The Agency has established a robust performance management framework that enables confident delivery of its strategic intent. A series of linked planning, reporting, review, and evaluation processes ensure execution aligns with the strategic direction.

The Agency's strategic priorities are clarified in the strategic plan (2023-28) which articulates the Agency's mission, strategic objectives, and KPIs. Each year, the strategic objectives are translated into the Annual Business Plan which specifies the priority activities and presents the financial budgets and performance targets for the Agency and its programmes. These are developed within the funding envelope set at government Spending Reviews and through formal budget delegations. The cascade of activities, budgets and targets to programmes, directorates, teams and ultimately individuals, occurs via more detailed planning.

Performance is reviewed monthly, with the latest performance expectations reflected in forecasts. To facilitate effective monitoring, management reports compare actual, plan and forecast performance, with variances explained and potential mitigating actions surfaced for consideration. The reports service governance arrangements spanning project, programme, and portfolio levels. Aggregation and escalation between levels enables effective decision-making.

Delivery Boards are the principal forum for overseeing programme performance. Delivery Boards are attended by Agency, Department and Treasury stakeholders, and cover all funds and programmes. The Delivery Boards monitor in-year and lifetime performance, manage emerging risks, and agree on actions to optimise performance. The supporting management information reflects requirements communicated in programme commissions and conditions in past Settlement Letters.

Each month, the Executive Leadership Team (ELT) and Board review Agency-level management information, including the KPIs. The KPIs provide insight into the progress made by the Agency against the complete set of strategic objectives. This includes not only the contributions of programmes to increasing the housing supply, but also indirect activities that support place-based regeneration and economic growth.

The internal management reviews are supplemented by a monthly Policy Sponsor meeting, where a holistic view of performance is discussed with senior Department officials. Every quarter, the Policy Sponsor meeting also examines a long-term view of performance, addressing lifetime delivery and alignment to policy objectives.

At a project level, performance monitoring is tailored to specific interventions and examines scheme-level information from project managers, third parties, site visits and/or external assurance reviews. Each month, project progress is reviewed to allow internal systems to be updated and management information produced. Large and/or complex projects are subject to additional monitoring, including the Government's Major Project Portfolio (GMPP) reporting.

This comprehensive approach to performance management is supplemented by an extensive evaluation programme and analytic activity targeted at emerging topics of interest. The evaluation programme gathers in-depth evidence of the Agency's impact on the housing market. It provides a further opportunity to learn lessons, improve programme delivery, and achieve impact and value for money.

External Auditors

The Comptroller and Auditor General is the statutorily appointed auditor under the provisions of the Housing and Regeneration Act 2008.

The cost of work performed by the auditors for 2023/24 is £575,000 (2022/23 £575,000).

As part of the annual audit of Homes England, the National Audit Office (NAO) may issue recommendations to strengthen governance and accountability. Such recommendations are considered by senior management, reviewed by the Audit, Assurance and Enterprise Risk Committee and solutions are implemented where appropriate.

Public scrutiny

Parliamentary Select Committees look into and report on the work of government and the delivery of its policy by ministers and those bodies sponsored by government departments. As an Arms Length Body of MHCLG, Homes England is subject to the scrutiny of Parliament.

In 2023/24, Homes England participated in the Levelling Up, Housing and Communities Select Committee inquiry into the 'finances and sustainability of the social housing sector', providing written evidence to the committee in May 2023 and attending a committee session alongside the Regulator for Social Housing in January 2024. The Agency also provided written evidence to the committee on their inquiry into 'children, young people and the built environment' in March 2024.

Homes England also provided evidence to the House of Lords' Built Environment Committee regarding their inquiry into Modern Methods of Construction titled 'modern methods of construction – what's gone wrong?' Written evidence was supplied to the committee in November 2023, with the Agency appearing with the Housing Minister at the committee in December 2023.

The National Audit Office (NAO) has commenced a study into the 'government's remediation portfolio', which follows its study in 2020 on 'remediating dangerous cladding on high-rise buildings'. The Agency is supporting the NAO's work, which is expected to report in Autumn 2024.

Statement of Accounting Officer’s Responsibilities

Under the Housing and Regeneration Act 2008, the Secretary of State (with the consent of HM Treasury) has directed Homes England to prepare for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Homes England and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and to:

- observe the Accounts Direction issued by the Secretary of State including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgments and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the Financial Statements
- prepare the Financial Statements on a going concern basis; and confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

The Secretary of State has delegated Accounting Officer responsibilities to the Chief Executive as Accounting Officer of Homes England. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Homes England’s assets, are set out in Managing Public Money published by HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that Homes England’s auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance Statement

Introduction

As a non-departmental public body sponsored by the Ministry of Housing, Communities and Local Government (MHCLG), our relationship with MHCLG, including how we interact, the parameters within which we operate and the obligations we comply with, are formally governed by a Framework Document which:

- recognises our functional and day-to-day operational independence
- sets out our governance and decision-making arrangements
- sets out the financial and management processes that govern our operation

The Framework Document is the key document governing the Agency's relationship with MHCLG. The Framework Document in place during this reporting period was published in March 2023. Work was undertaken during the previous reporting period to update the Framework Document, including to reflect changes in governance structures and the new strategic plan. Homes England has complied with the Government's 'Corporate Governance in central government departments: code of good practice' publication.

Risk Management

Risk Management Framework

Homes England's approach to risk management is compliant with the principles of the Orange Book - Management of Risk: Principles and Concepts, issued by HM Treasury. It is a comprehensive and holistic approach to managing risks within Homes England. The framework, which was in place during the financial year and up to the date of approval of this Annual Report and Financial Statements, was reviewed and updated by the Board in late 2023 and integrates risk management with the strategic plan and daily business activities.

The Risk Management Framework (RMF) covers risks at the organisational level, including strategic, operational, transactional, financial, and reputational risks. It is designed to ensure that risks are managed in a coordinated and integrated way considering interdependencies and their impact on the entire enterprise.

The objectives of the Risk Management Framework are to:

- integrate risk into all aspects of our operations to increase the probably of achieving strategic objectives while preserving and improving value
- offer a comprehensive framework, policy and guidance to empower colleagues to manage risk in the best way
- clearly define responsibilities and accountabilities, reinforcing corporate governance principles
- provide assurance to the Board by systematically identifying, assessing, monitoring, and mitigating significant business risks to acceptable levels
- recognise the value of risk management by promoting open communication, encouraging constructive challenge and fostering continuous improvement

The Executive Team is responsible for the Agency's RMF and processes, ensuring that they are robust, comprehensive and aligned with the overall objectives. This is overseen by the Homes England Board and specialist Audit, Assurance and Enterprise Risk Committee (AAERC).

Homes England's Risk Management Framework is supported by a suite of essential risk policies and procedures, including clear definitions of risk appetite and outlining key processes for effective risk management. The Agency's risk database documents the outcomes of the risk assessment process, detailing the identification, assessment, and control of risks. The risk reporting cycle operates on a quarterly basis, with the Executive Team receiving monthly reports on specific categories of risks and corresponding controls.

Central to the integrity of Homes England's risk management is a 'Three Lines Model' arrangement, ensuring that risks are managed at the most appropriate place and that robust assurance is achieved:

- The First Line covers everyone responsible for identifying, assessing, managing and owning the risks and controls in their business areas and support function.
- The Second Line own the Risk Management Framework and provides policy guidance to the First Line, monitors and challenges the effective implementation of risk management practices, supports key control assurance, and provides oversight and insight to the Principal Risks facing the Agency, with the Chief Risk Officer reporting objectively to ELT and Board.
- The Third Line refers to Internal Audit, who provide assurance to the Accounting Officer and Board on the whole organisation via an independent and objective evaluation of the adequacy and effectiveness of the framework of governance, risk management and control.

To gain assurance that risk management is effective and to identify when further action is necessary, the Risk Management Framework is subject to regular review.

Risk appetite

The Risk Appetite Statement, approved by Board, uses the following three levels of risk appetite:

- **Open** – Receptive to considered risk-taking when benefits outweigh risks, or if the risk is outside the ability of the Agency to meaningfully control.
- **Neutral** – Acceptable, if within programme parameters. Considered risk-taking by senior management in the pursuit of the Agency's objectives.
- **Averse** – Taking this type of risk is not required to deliver Homes England strategic objectives. Risks are unacceptable and must be avoided / fully mitigated or minimised.

Our approach to risk appetite is hierarchical, with a clear structure that ensures alignment and responsible risk management throughout the organisation.

At the top level, the Agency-wide risk appetite is firmly established at the Primary Risk Level. This overarching risk appetite framework provides a foundational understanding of the acceptable risk thresholds for our entire organisation.

To accommodate the unique aspects of our operational landscape, our transactional directorates are responsible for setting their risk appetite at the Secondary Risk Level. However, a critical requirement is that their risk appetite must always align with the Agency-wide appetite set at the Primary Risk Level.

This alignment is essential to ensure that our directorates operate within the established risk boundaries and do not deviate from the organisation's overall risk tolerance. This structured framework enables us to strike a balance between risk-taking and risk mitigation, ultimately contributing to the long-term success and sustainability of our organisation.

The Risk Appetite Statement was reviewed and updated as part of the RMF update in late 2023. One of the key changes was the change in risk appetite for Reputational Risk from 'Neutral' to 'Open'. The change in appetite highlights the need for a delicate balance between advancing delivery objectives and assuming greater reputational risk. This necessitates a thorough qualitative evaluation of the level of reputational risk inherent in our delivery methods and chosen partners, in conjunction with considerations of success probability and the scale of incremental delivery.

Arguably, our emphasis on delivery is fostering practical behaviours that align with an Open risk appetite in our day-to-day operations.

Notwithstanding our open approach to reputational risk, there is a strict limit to this appetite when it comes to directly associating with counterparties or customers with a known poor reputational standing. Explicitly, the Agency will not engage with any parties that could potentially compromise our position as a trusted public sector delivery body.

Risk categories

The Agency's seven primary risk categories are listed in the table below:

Policy Risk - Open	Homes England is open to the requirement to deliver on our strategic objectives while accepting that we operate in an environment where changes in political priorities could lead to a fundamental change in our required role and deliverables. We will work in an agile way to make place-based working central to how we operate. To the extent possible, we will escalate to the Government when the level of these risks exceeds the Agency's comfort or ability to respond to them without government direction or intervention.
Economic Risk - Open	To support local leaders to deliver their vision, Homes England operates to bring together all our assets - our relationships, unique blend of skills and expertise, statutory powers, land and a wide range of financial support (equity, grant, debt and guarantees). Regardless of economic outlook, our programmes are designed to function and deliver throughout by adapting during times of uncertainty. We operate in multiple sectors including those that may be impacted during economic downturns but seek to have controls and mitigants to limit downside.
Intervention Risk - Open	To achieve our objectives, Homes England needs to undertake a diverse range of interventions and activities normally with finite levels of resource and tight timeframes. We are receptive to considered risk-taking and accept the likelihood that some of our interventions might result in sub-optimal outcomes. We aim to mitigate this risk by terminating activity and redirecting resources to more successful interventions except when policy imperatives prevent us from doing so.

Reputation Risk - Open	Homes England will prioritise the delivery of its strategic objectives and policy requirements in the decisions it makes, even if these are likely to be unpopular with some of its counterparties, the public or the press. The Agency will not shy away from making the right decisions in pursuit of its strategic objectives and meeting policy requirements but will take appropriate steps to mitigate the impact of the risk based on due consideration of the trade-off between the cost of mitigation versus the impact of the risk.
Financial Risk - Neutral	Homes England is willing to take credit and investment decisions which have higher inherent risk and/or are complex and which would not be taken by the private sector because they do not attract sufficient financial returns but are aligned to our strategic objectives. We are only willing to accept deviations from our programmes' planned recoveries in exceptional circumstances if these are due to well understood external drivers e.g., countercyclical measures. Our approach to manage credit and investment risks is to limit these risks as much as possible, especially through risk mitigation. To this end, we rely on sufficient credit and investment risk management resources/ capabilities to limit these risks effectively and efficiently.
Operational Risk - Averse	Homes England will only tolerate a minimum level of operational failures. Our approach to manage and especially mitigate these risks is to rely on the implementation of a high degree of controls and oversight with limited devolved authority. If any weaknesses are discovered in Home England's current Operating Model which increase the Operational risk, these will be mitigated in a time bound manner.
Fiduciary, Economic Crime and Fraud Risk (Financial crime) - Averse	Homes England will comply with all regulatory requirements. The Agency will put in place appropriate levels of controls to identify scheme abuse, failures in fiduciary duty (by Homes England or third parties owing Homes England a duty), economic crime, and fraud within its various programmes. These will be proportionate and consistent with best practice across government for similar activities. Given the scale and diversity of its interventions the Agency recognises that a level of scheme abuse is unavoidable. When identified this will be proactively pursued and all legal and commercial means available to the Agency deployed to address it.

Risk culture

We are committed to fostering a risk culture which is characterised by a commitment to continuous improvement in risk management framework, practices and behaviours. Our risk culture statement has been refreshed in the updated Risk Management Framework. Our risk culture reflects our shared values and focuses on our collective behaviour. In recognising that a strong risk culture allows us to optimise risk-taking opportunities to deliver on our objectives, our in-year focus has been on embedding good risk behaviours that enables a risk culture, that avoids late surprises and informs 'eyes-wide open' risk-based decision making. We have aligned our risk behaviours to our refreshed values, with an emphasis on risk accountability and collaboration. We have undertaken leadership risk maturity assessments, identifying opportunities to continuously enhance risk ownership, process, and reporting. We are resolute in our commitment to risk sharing and learning. We have put in place firm foundations to promote regular risk communications, delivery of training, spotlighting and celebrating good risk practice and behaviours.

Fiduciary, Economic Crime and Fraud Risk (Financial crime)

The Agency manages Fiduciary, Economic Crime and Fraud Risk at an operational level and takes a holistic approach to prevent, report and/or mitigate events. Such risk management, specifically for error and loss or fraud, is managed with the anticipation that there will be events during a fiscal year, be they internal or external.

The Agency remains outside of Fiduciary Risk appetite for 2023/24, specifically due to:

- difficulties within the Help to Buy programme in progressing, assessing and reporting potential fraud, error, or loss.
- 318 potential Help to Buy cases identified whereby a sample of cases (62) were reviewed, with fraud identified in one case, errors in 16 cases, no evidence of fraud or loss in 14 cases, and insufficient information to confirm fraud or error and loss in the remaining 31 cases.

It should be noted that, for the Agency, sanctions exposure to date in relation to people or entities on the UK Sanctions List, is deemed to be low as customers (or related parties) are predominately UK-based and, to date, no customer has been identified as a UK sanction target match, requiring reporting to the Office of Financial Sanctions Implementation (OFSI).

Where an Agency's customer has a non-UK relationship, further scrutiny, during due diligence processes, considers both money laundering and financial sanctions risk, to ensure the Agency has no relationship with a customer on the UK's OFSI Consolidated List.

The Agency, therefore, takes its economic crime obligations seriously and is investigating appropriate remediation avenues, throughout the next financial year, including improving fraud intelligence and assessment through external source partnerships, thus moving the Agency closer to its risk appetite.

During the latter part of 2022/23, an immaterial internal fraud relating to procured services was identified through a detection control. A two-pronged approach applied: a) the formal fraud investigation to build a case for external reporting, and b) conducting an initial functional process review to identify 'what happened' and 'what can we learn from it', which resulted in positive outcomes.

The fraud investigation is now complete, with the Agency being successful in recovering a substantial part of the fraudulent loss and our costs through a private prosecution; the process review has reported its findings to Executive Management and, based on these findings, informative and targeted action is underway to enhance our internal controls during 2024/25.

Risk events and near misses reporting process

A key objective of our Risk Incident Reporting Procedure is to encourage open and blame-free discussion on risk incidents. Risk incident reporting gives us valuable insights to support risk identification and understand root cause, enabling risk owners to determine the most appropriate risk treatment. It provides a safe space to identify necessary improvements in our control environment and improves our collective understanding of risks which may impact adversely upon our strategic objectives.

This in turn creates greater awareness of risk and risk ownership across the Agency, as well as informing the top-down and bottom-up risk identification processes. The Agency has continued to promote the Risk Incident Reporting Policy and has engaged across the business to re-emphasise the importance of timely reporting. We have launched an enterprise-wide risk incident reporting tool, making it easier to promptly report risk incidents and this year we have seen an increase in reporting which provides greater visibility to help us assess and learnt from such incidents.

An initial uplift in numbers is viewed as a positive indication of adoption and over the year we have seen a stabilisation in the trend. During 2023/24, we have had 120 incidents and 34 near misses reported. 58 are open, 74 closed and 13 of the reported incidents are categorised as “significant”. We conduct thorough investigations of material risk incidents to identify root causes and determine necessary control environment improvements to prevent future occurrences.

Risk and control assurance/ assurance activity within risk

Over the year, we have gained from a richer evaluation of our Principal Risks and their respective paths to green. Many improvements are foundational and take time to embed and create systemic benefit, but the control environment has benefited from clearer understanding of what needs to be addressed. Further planned activities and improvements include setting a clear differentiation between risk appetite and tolerance, allowing for more targeted risk setting and efficient resource allocation.

Second line risk assurance activity during the year has continued to focus on putting in place a risk assurance and compliance operating model and the supporting infrastructure. A two-phase approach to align resource to the Three Lines Model has partially concluded with the first phase complete in quarter three of 2023/24 and the second phase, partially complete, aiming to conclude in 2024/25 in line with delivery of our Organisational Blueprint.

We recognise the need for improvements in assuring our Risk and control data. In support of this, risk controls and compliance assurance is now operating in the second line with assurance coverage over our key risks expected to expand in the year ahead.

Internal audit

Internal Audit is required to provide an annual opinion on the overall framework of governance, risk management and control to inform the Governance Statement. It delivers a plan of work agreed with the Accounting Officer, and the Board, through the Audit Assurance and Enterprise Risk Committee, to provide an overall assurance opinion.

The overall assurance provided for 2023/24 is a ‘Moderate’ opinion. This means that ‘some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control’.

The assurance level provided in 2022/23 has therefore been maintained. The Opinion is informed through Internal Audit’s formal programme of 33 reviews as well as ongoing observations, consideration of work delivered through other assurance functions and the independent validation of improvements to the control environment.

Whistleblowing

Homes England’s whistleblowing arrangements were refreshed in 2023/24 following a benchmarking exercise with the whistleblowing charity ‘Protect’. The refresh embraces industry best practice and helps to strengthen the control environment. Key improvements have included:

- A refresh and re-launch of the whistleblowing policy.
- Reporting has been made simpler and easier.
- Visibility has been increased using the intranet and a new ‘Managing Accountability Handbook’.

There were eight disclosures raised via the whistleblowing process in 2023/24. Of these, four met the classification of whistleblowing disclosures.

All disclosures are treated seriously, and the information gathered helps to drive continuous improvement.

There were no whistleblowing cases reported in the prior financial year, 2022/23.

Conclusion

I have received appropriate assurance from senior management, our governance structures and from reporting and assurance provided to me through the Three Lines of Defence. I am satisfied that the Agency has complied appropriately with all governance requirements. Corporately, we recognise the need for continuous improvement, and I remain personally committed to continuing pursuit of the Agency’s further improvement. We have strengthened and enhanced our governance and risk management capacity over the year. I, supported by Executive Leadership Team colleagues, continue to champion further improvements in the effectiveness of the Agency’s framework of governance, risk management and control environment. We must ensure they are effective and can meet the needs of a changing policy and operational environment to deliver the best outcomes for the Agency, government, and the public - whom we serve.

The Corporate governance report is signed on 23 July 2024

Peter Denton
Chief Executive and Accounting Officer

York Central
Image credit: McLaren Property Group Ltd
Please note this image is illustrative only and will not be the final design.

3.2 Remuneration and staff report

This section details remuneration and staff expenses and policies.

Remuneration and staff report

Nominations and Remuneration Committee

The Nominations and Remuneration Committee (NRC) has the following responsibilities:

- Advise the Board on the remuneration of the Executive Directors and the Chief Executive, and any related matters.
- Recommend the appointment or dismissal of the Chief Executive to the Board.
- Set and agree annual performance objectives of the Chief Executive, subject to Ministry of Housing, Communities and Local Government (MHCLG) approval.
- Consider and approve the incentive structure, including any bonus payment, for the Chief Executive and other Senior Officers on an annual basis, subject to MHCLG approval.
- Keep under review the leadership needs of the organisation, both executive and non-executive skills and knowledge. To recommend systems of succession planning to support the continued ability of the organisation to deliver the outcomes in the corporate strategy and monitor their implementation.
- To monitor the Agency's overall staffing situation against the organisational structure approved by the Board and to approve any changes having regard to the resource budget agreed by MHCLG and any headcount directions laid down by MHCLG.
- Consider and advise the Board on broader staffing issues, such as recruitment and retention, overall pay levels, grading structure, pension and performance awards, and any other staffing matters that are referred to the Committee by the Executive.
- Advise the Board in relation to the Equality, Diversity and Inclusion (EDI) strategy and oversee the implementation plan.
- Review and make recommendations to Board in respect of the People and Culture strategy.
- Review the management information (MI) on the people pillar of the MI dashboard and advise the Board of any concerns alongside management's reports.

Remuneration policy

We determine remuneration levels in order to attract and retain the talent and skills with appropriate experience to meet our objectives. The performance of Homes England's Executive Leadership Team (ELT) is measured through both financial and non-financial indicators. In line with our approach to building brilliant performance, employees agree annual performance objectives which are reviewed regularly throughout the year and provide the basis for a formal annual appraisal which is linked to the payment of performance bonuses.

ELT and employees are entitled to a contribution by Homes England to a defined benefit pension scheme.

Homes England implements an annual pay remit which is approved by the Secretary of State as part of the civil service pay remit and Senior Civil Service guidance processes.

Service contracts

The ELT have contracts of employment with either three or six-month notice periods (dependent on the job role) that do not contain any pre-determined compensation on termination of office. The exceptions to this are Barry Cummins and David Bridges who were permanent Homes England employees seconded into posts, Alison Crofton who is a permanent Homes England employee, seconded into post, Adrian Tucker who was on a fixed term contract and Marcus Ralling who is contracted through an employment Agency.

Appointment of Board members

Board members are appointed by the Secretary of State, normally for fixed terms of three years. Terms may be extended at the discretion of the Secretary of State. Board members' time commitment was 3 days per month in 2022/23 and 2023/24. Board members who have additional chair responsibilities, have additional time commitment.

Audited remuneration information

The following information provides details of the remuneration and pension interests of Board members and ELT in their capacity as employees of Homes England for the year to 31 March 2024. Sections that are subject to audit are listed as such.

Board members' emoluments (subject to audit)

	2023/24 £'000	2022/23 £'000
Chair		
Peter Freeman CBE[11]	**95**	95
Board members		
Stephen Bell[12]	**42**	42
Baroness Teresa O'Neill OBE (to 3 March 2023)	**-**	23
Duncan Sutherland	**25**	25
Vanessa Murden (to 30 June 2023)[13]	**8**	32
Sadie Morgan OBE[14]	**29**	28
Mark Rennison[15]	**42**	41
Andy Hobart (to 29 September 2022)[16]	**-**	-
Pat Ritchie CBE	**25**	25
Lesley-Ann Nash[17]	**29**	25
Mark Henderson[18]	**29**	25
Lord Austin of Dudley	**25**	25
Emma Fraser[19]	**-**	-
Melanie Montanari[19]	**-**	-

[11] Peter Freeman's term was extended in September 2023 for two years, until 22 October 2025.

[12] In addition to being a Board Member, Stephen Bell is the Chair of the Audit Assurance Risk and Enterprise Committee. He is also the Agency's representative on MHCLG's Audit, Risk and Assurance Committee. Stephen's term was extended in December 2023 for a period of eight months, commencing on 1 April 2024 and ending on 30 November 2024.

[13] Vanessa Murden resigned from the Board on 30 June 2023.

[14] In addition to being a Board Member, Sadie Morgan was in place as Chair of the Cross Cutting Committee. Full year equivalent emoluments for 2022/23 were £29,200.

[15] In addition to being a Board Member, Mark Rennison is the Chair of the Investment Committee, the Senior Independent Director and Chair of the Home Ownership Committee. Full year equivalent emoluments for 2022/23 were £42,350.

[16] Andy Hobart, a Director at MHCLG, was MHCLG's Shareholder Representative. He did not receive a salary for his duties with Homes England.

[17] In addition to being a Board Member, from May 2023 Lesley Ann Nash was in place as Chair of the Nominations and Remuneration Committee and received additional remuneration for these duties. Full year equivalent emoluments for 2023/24 were £29,200.

[18] In addition to being a Board Member, from May 2023 Mark Henderson was in place as Chair of the Change Committee and received additional remuneration for these duties. Full year equivalent emoluments for 2023/24 were £29,200.

[19] Emma Fraser and Melanie Montanari job share a role as Director at MHCLG and are MHCLG's Shareholder Representative. They do not receive a salary for their duties with Homes England.

Chief Executive's emoluments (subject to audit)

Single total figure of remuneration	Salary received in year (£'000)		Bonus payments (£'000)*		Benefits in kind (to nearest £100)		Pension benefits (£'000)**		Total (£'000)	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Peter Denton, Chief Executive Officer[20]	**295-300**	280-285	**nil**	nil	**nil**	nil	**nil**	nil	**295-300**	280-285

Executive Leadership Team emoluments (subject to audit)

Single total figure of remuneration	Salary received in year (£'000)		Bonus payments (£'000)*		Benefits in kind (to nearest £100)		Pension benefits (£'000)**		Total (£'000)	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Harry Swales, Chief Investment Officer (to 10 September 2023)[21]	**85-90**	180-185	**nil**	nil	**nil**	2,100	**nil**	39	**85-90**	220-225
David Bridges, Interim Chief Investment Officer (from 1 September 2023 to 22 February 2024)[22]	**75-80**	n/a	**nil**	n/a	**nil**	n/a	**12**	n/a	**90-95**	n/a
Marcus Ralling, Interim Chief Investment Officer (from 5 February 2024)[23]	**35-40**	n/a	**nil**	n/a	**nil**	n/a	**nil**	n/a	**35-40**	n/a
Barry Cummins, Interim Chief Development Officer (to 13 October 2023)[24]	**85-90**	155-160	**nil**	nil	**nil**	nil	**2**	30	**85-90**	185-190
Alison Crofton, Interim Chief Property Officer (from 27 October 2023)[25]	**60-65**	n/a	**nil**	n/a	**nil**	n/a	**nil**	n/a	**60-65**	n/a
Lynda McMullan, Chief Finance Officer[26]	**190-195**	185-190	**nil**	nil	**nil**	nil	**33**	40	**225-230**	225-230

Executive Leadership Team emoluments (subject to audit)

Single total figure of remuneration	Salary received in year (£'000)		Bonus payments (£'000)*		Benefits in kind (to nearest £100)		Pension benefits (£'000)**		Total (£'000)	
	2023/24	**2022/23**	**2023/24**	**2022/23**	**2023/24**	**2022/23**	**2023/24**	**2022/23**	**2023/24**	**2022/23**
Mike Palin, Executive Director of Markets, Partners and Places[27]	**195-200**	150-155	**5-10**	nil	**nil**	nil	**33**	29	**240-245**	180-185
Adrian Tucker, Chief Information and Digital Officer (from 1 July 2022)[28]	**205-210**	145-150	**nil**	nil	**nil**	nil	**35**	28	**240-245**	175-180
Kirsty Shaw, Chief Operating Officer (from 5 September 2022)[29]	**195-200**	105-110	**10-15**	nil	**nil**	nil	**35**	21	**240-245**	130-135
Ian Workman, Chief Customer Officer (from 14 November 2022)[30]	**200-205**	70-75	**5-10**	nil	**nil**	nil	**36**	14	**240-245**	85-90
Richard Collins, Chief Risk Officer (from 1 January 2024)[31]	**45-50**	n/a	**nil**	n/a	**nil**	n/a	**9**	n/a	**55-60**	n/a

*Bonuses disclosed relate to amounts paid during the year but relate to performance in 2022/23.

** The pension benefits figure is an actuarially assessed calculation. It attempts to reflect the benefits earned by the employee during the year from the scheme and is impacted by salary fluctuations and length of service.

20 Peter Denton was awarded a bonus in relation to performance in 2022/23 but waived entitlement to this bonus.

21 Remuneration received during 2023/24 includes unused holiday entitlement (£5,000-£10,000). Full year equivalent emoluments for 2023/24 were £180,000-£185,000. The value of the pension accrued during the period, net of contributions paid, is less than the value of increase due to Consumer Price Indexation.

22 Full year equivalent emoluments for 2023/24 were £160,000-£165,000.

23 Full year equivalent emoluments for 2023/24 were £215,000-£220,000. This is based on the day rate multiplied by 220 days.

24 Full year equivalent emoluments for 2023/24 were £160,000-£165,000.

25 Full year equivalent emoluments for 2023/24 were £145,000-£150,000. The value of the pension accrued during the period, net of contributions paid, is less than the value of increase due to CPI indexation.

26 Lynda McMullan left the Agency in April 2024.

27 Remuneration received during 2023/24 included an arrears payment for the period 24 June 2022 to 31 March 2023 (£15,000-£20,000). Full year equivalent emoluments for 2023/24 were £180,000-£185,000.

28 Full year equivalent emoluments for 2022/23 were £190,000-£195,000. Adrian Tucker left the Agency in June 2024.

29 Full year equivalent emoluments for 2022/23 were £190,000-£195,000.

30 Full year equivalent emoluments for 2022/23 were £190,000-£195,000. Ian Workman was appointed into the permanent position of Chief Customer Officer with effect from 1 September 2023.

31 Full year equivalent emoluments for 2023/24 were £180,000-£185,000.

Salary

Basic salaries are determined by considering the responsibilities of the role, each individual's experience and market trends. Salary includes base remuneration and, in exceptional circumstances, overtime. It may also include a London Weighting allowance, additional responsibility allowance or a market pay supplement if applicable.

The Secretary of State determines the Board members' emoluments.

Performance related pay

The Agency complies with the direction from the Secretary of State on eligibility of a performance related bonus. The ELT benefit from a performance related pay scheme. Any bonuses are determined with reference to performance against objectives agreed by the Nominations and Remuneration Committee. The Committee reviews performance against targets and approves any proposed bonus payment for ELT. The performance year runs from April to March. The bonus cannot exceed 10% of salary and is the only element of pay that is performance related.

The Chairman is not eligible for performance related payments or other taxable benefits.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs (HMRC) as a taxable emolument. No benefits in kind were received in 2023/24. The benefits in kind in 2022/23 are in respect of lease cars which terminated on 3 September 2022.

Pension benefits (subject to audit)

Chief Executive and Accounting Officer

Peter Denton was appointed as the permanent Chief Executive on 1 August 2021. He is not a member of any of the Agency's pension schemes.

Executive Leadership Team

Pension details are disclosed for those individuals who were part of the ELT during the year and who were a member of one the Agency's pension schemes.

	Accrued annual pension at 31 March 2024 (£'000)	Real increase in accrued annual pension (£'000)	Accrued lump sum at 31 March 2024 (£'000)	Real increase/ (decrease) in accrued lump sum (£'000)	CETV* 31 March 2024 (£'000)	CETV* 31 March 2023 (£'000)	Real increase/ (decrease) in CETV* (£'000)
Harry Swales[32]	15-20	(0-2.5)	55-60	(0-2.5)	322	304	(2)
David Bridges[33]	0-5	0-2.5	0	0	19	9	9
Barry Cummins[34]	5-10	0-2.5	25-30	0-2.5	233	196	24
Alison Crofton[35]	5-10	0-2.5	0	0	48	37	9
Lynda McMullan	10-15	0-2.5	30-35	5-7.5	291	197	81
Mike Palin	0-5	0-2.5	0	0	34	20	13
Adrian Tucker	0-5	0-2.5	0	0	54	25	27
Kirsty Shaw	0-5	0-2.5	0	0	38	15	22
Ian Workman	0-5	0-2.5	0	0	36	11	24
Richard Collins[36]	0-5	0-2.5	0	0	6	n/a	6

* Cash Equivalent Transfer Value

[32] Harry Swales left the Agency on 10 September 2023. Pension figures have been calculated to the date of departure.

[33] David Bridges was appointed as an ELT member on 1 September 2023. However he was an employee of Homes England prior to this date and therefore pension figures above cover all periods of employment with the Agency. David left the Agency on 22 February 2024. Pension figures have been calculated to the date of departure.

[34] Barry Cummins ceased to be an ELT member on 13 October 2023. Pension figures have been calculated this date.

[35] Alison Crofton was appointed as an ELT member on 27 October 2023. However she was an employee of Homes England prior to this date and therefore pension figures above cover all periods of employment with the Agency.

[36] Richard Collins was appointed as an ELT member on 1 January 2024. The figure shown is the value of benefits accrued since that date.

Members of ELT are eligible to participate in the Homes and Communities Agency Pension Scheme, which is a multi-employer defined benefit scheme. The Chairman is not entitled to be a member of any of the Agency's pension schemes. With the exception of Peter Denton and Marcus Ralling who are not members of the pension scheme, all other ELT members in post at 31 March 2024 are active members of the Homes and Communities Agency Pension Scheme.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2024.

Accrued pension at 31 March 2024

The accrued pension entitlement is the pension which would be paid annually on retirement, based upon pensionable service to 31 March 2024.

Cash Equivalent Transfer Value (CETV) at 31 March 2024

The transfer values are the actuarially assessed capitalised value of pension scheme benefits. It is an amount payable by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The figures shown relate to benefits that the individual has accrued as a consequence of their total membership of the pension scheme and not just the service in a senior capacity to which disclosure applies.

The real increase in CETV reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Termination payments (subject to audit)

Termination payments to ELT in 2023/24 were £nil (2022/23: £nil).

Staff costs (subject to audit)

Staff costs	2023/24 (£'000)	2022/23 (£'000)
Permanent staff employed directly by the Agency		
Salaries and wages	**79,472**	70,559
Social security costs	**8,984**	8,644
Employer pension contributions	**20,416**	19,182
Other pension costs	**761**	12,681
Sub total	**109,633**	111,066
Temporary staff	**14,265**	15,562
Seconded staff	**249**	88
Less staff costs capitalised: Land and Property	**(12,104)**	(10,709)
Less staff costs transferred to programme costs	**(11,035)**	(13,472)
Total net costs	**101,008**	102,535

There were £293,000 redundancy costs during 2023/24 (2022/23 £nil). An analysis of exit packages is shown under the heading Exit Packages, later in this report.

Staff composition (subject to audit)

The average number of staff employed by the Agency (full time equivalents) over the course of the year is as follows:

	2023/24 Number	2022/23 Number
Permanent UK staff	**1,259**	1,167
Fixed term UK staff	**89**	95
Temporary staff	**142**	142
Board members	**9**	9
Seconded staff	**3**	2
	1,502	1,415

The number of staff (full time equivalents) by salary pay band, using an average for the year, is as follows:

	2023/24 Number	2022/23 Number
£0 - £25,000	**13**	31
£25,001 - £50,000	**532**	523
£50,001 - £75,000	**643**	582
£75,001 - £100,000	**203**	180
£100,001 - £125,000	**64**	64
£125,001 - £150,000	**30**	21
£150,001 - £175,000	**8**	8
£175,001 - £200,000	**3**	5
£200,001 - £225,000	**4**	0
£225,001 - £250,000	**0**	0
£250,001 - £275,000	**1**	0
£275,001 - £300,000	**1**	1
	1,502	1,415

In 2023/24, the Agency procured temporary, interim resource to address an urgent, scarce, skills gap within the risk directorate. This resulted in a full time equivalent, average salary within the band £250,001 - £275,000.

Gender analysis

The gender of Board members, ELT and other employees can be analysed as follows:

	2023/24 Number	2022/23 Number
Board members – Male	**6**	5
Board members – Female	**3**	4
Board members	**9**	9
ELT – Male	**6**	5
ELT – Female	**2**	2
ELT	**8**	7
Other employees – Male	**729**	708
Other employees – Female	**756**	691
Other employees	**1,485**	1,399
	1,502	1,415

The HMRC definition of gender has been used for this analysis so that it is aligned with our Gender Pay Gap report. This requires us to categorise our colleagues as male and female. At Homes England, we recognise that gender identity is broader than simply male and female, and we know that some of our colleagues do not identify with either category.

Whilst we must report in this way, we value, welcome, and celebrate colleagues of all gender identities at Homes England, and are looking at ways in which the way we report on gender in the future can be improved.

We are pleased with the overall progress made since we started reporting our gender pay gap in 2017, however we were disappointed to see an increase of 0.92% (mean) and 2.76% (median) in the last published gender pay gap report which was shared in December 2023 based on March 2023 data. This reported a mean gap of 12.52% and a median pay gap of 10.50%. We recognise that to meet our own ambitions, we still have much more work to do in this area.

We also published our ethnicity pay gap for the first time in December 2023 based on March 2023 data, this reports a mean pay gap of 14.72% and a median pay gap of 18.76%.

Reporting of ethnicity pay has been conducted using the UK government employer guidance. The guidance recommends a minimum of 50 colleagues in any declared ethnic group to ensure statistical robustness and avoid possible identification of individual colleagues. Due to many of our colleagues identifying in ethnic groups of less than 50 we have chosen to report our ethnicity pay gap using only two groups, these being white and non-white ethnic minority. The ethnicity pay gap is therefore reported as the difference between white colleagues and non-white ethnic minority colleagues.

Our full gender and ethnicity pay gap report contains a more detailed analysis on the reasons that contribute to our gap. We also set out our commitments on closing the gaps further.

Fair pay disclosures (subject to audit)

The table below shows the percentage change in salary and allowances and performance pay and bonuses payable of the highest paid director and the workforce of Homes England.

2023/24	Salary and allowances % change	Performance pay and bonus % change
Highest paid director	5.3%	0%
Average pay of workforce	1.3%	12.1%

The 12.1% change in average performance pay and bonuses from £175 (2022/23) to £194 (2023/24) is as a result of the performance bonuses paid to ELT in 2023/24.

Homes England is required to disclose the relationship between the remuneration of its highest-paid director and the lower quartile, median and upper quartile remuneration of its workforce.

The table below compares the total pay and benefits for the highest paid director with that of the workforce who are paid at the 25th percentile (lower quartile), 50th percentile (median) and 75th percentile (upper quartile).

	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023/24	7.3:1	5.0:1	4.2:1
2022/23	7.1:1	4.9:1	4.0:1

The table below sets out the salary and total pay and benefits (excluding pensions) of the workforce for the three identified percentile points. This excludes the highest paid director.

	25th percentile	Median	75th percentile
Salary	£40,833	£59,544	£70,931
Total pay and benefits	£40,833	£59,694	£71,081

Total remuneration includes salary, additional responsibility allowances, market pay supplements, non-consolidated performance-related pay and other taxable benefits. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The full year equivalent banded remuneration of the highest-paid director in Homes England in the financial year 2023/24, was Peter Denton, £295,000-£300,000 (2022/23: Peter Denton, £280,000-£285,000). This was 5.0 times (2022/23: 4.9 times) the median remuneration of the workforce, which was £59,694, (2022/23: £57,158).

In 2023/24, one (2022/23: nil) member of the workforce had annualised remuneration in excess of the highest paid director. In 2023/24 the Agency procured specialist regeneration expertise on a short-term, part-time basis with a day rate which, if annualised, results in remuneration in excess of the highest paid director. However, this advisory role is not a full time, annual position at the Agency. Annualised remuneration ranged from £20,000 - £25,000 up to £310,000 - £315,000 (2022/23: £10,000 - £15,000 to £280,000 - £285,000).

As an arm's length body within scope of the civil service pay remit, for 2023/24 the Agency applied an average pay award of 4.5% with an additional 0.5% targeted to colleagues at the lower end of their pay range for our delegated grade equivalents. Although not included within the annualised total pay and benefits calculation to determine the fair pay disclosure these colleagues also received a £1,500 non-consolidated payment in 2023/24.

For senior colleagues, in roles equivalent to Senior Civil Servants (SCS), an across the board increase of 5.5% was awarded with a further 1% available for targeting pay anomalies in accordance with the SCS pay guidance.

The movement in pay ratios is reflective of the higher pay award offered to SCS than via the pay remit for delegated grades and is consistent with the application of our pay policies and approach.

Exit packages (subject to audit)

Redundancy and other departure costs have been determined in accordance with a voluntary redundancy scheme approved by MHCLG. Exit costs are accounted for in full when the departure has been approved and terms agreed.

Voluntary exit costs accounted for in the year can be analysed as follows:

	2023/24 Departures agreed Number	2022/23 Departures agreed Number
£0 - £10,000	-	-
£10,001 - £25,000	1	-
£25,001 - £50,000	3	-
£50,001 - £100,000	1	-
£100,001 - £150,000	1	-
Total number of exit packages	**6**	-
Total cost of exit packages (£'000)	**293**	-

The exit packages above relate to the closure of the Help to Buy scheme to new customers. Where possible, employees were offered other roles within the Agency.

Loans to employees

The Agency has provided travel season ticket loans, cycle scheme loans and home charge point loans to employees during the year. The total amount outstanding in respect of these at 31 March 2024 was £43,618. There were no other loans to employees.

Staff turnover percentage

Staff turnover for 2023/24 was 10.17% (2022/23: 19.19%). This can be split between voluntary staff turnover (where staff have left the Agency for a role elsewhere or have retired) and involuntary staff turnover (where staff have left the Agency due to the end of a contractual period or dismissal). Voluntary staff turnover was 7.54% (2022/23: 17.10%). Involuntary staff turnover was 2.64% (2022/23: 2.03%). The Agency collects data to understand staff turnover through exit interviews which are offered to departing staff.

Expenditure on consultancy

During the year the Agency incurred expenditure of £9,328,805 on consultancy in accordance with the definition of the Government Financial Reporting Manual (FReM) (2022/23: £6,073,880). The increase is attributable to consultancy costs in relation to Organisation and Change Management Consultancy, as shown in the table below:

Consultancy type	2023/24	2022/23
Property and Construction Consultancy	**£3,585,354**	£3,433,004
Finance Consultancy	**£2,531,544**	£2,215,956
Organisation and Change Management Consultancy	**£2,524,688**	£416,025
Information Technology/ Systems Consultancy	**£89,232**	£8,895
Specialist Contractors	**£597,987**	-
	£9,328,805	£6,073,880

The FReM definition of consultancy can be found in Annex 4 at www.gov.uk/government/publications/government-financial-reporting-manual-2023-24.

Apprenticeship levy

During the year the Agency incurred expenditure of £419,000 on contributions to the apprenticeship levy to support apprenticeship training and assessment for apprentices (2022/23: £315,000). The Agency makes use of this scheme by employing apprentices across teams, creating opportunities for apprentices to forge a career path within Homes England. Apprentices gain real 'on the job' experience and are supported through professional qualifications. During the year, the Agency claimed £386,000 (2022/23: £146,000) from the levy to support apprenticeships.

Off-payroll arrangements

In accordance with the requirements of the FReM, the Agency is required to publish details of their highly paid and senior off-payroll engagements. The Agency uses off-payroll arrangements for specialist or technical contractors and consultants to address urgent scarce skills gaps.

Temporary off-payroll worker engagements at 31 March 2024, that were paid at least £245 per day	2023/24 Number
Number of existing engagements as at 31 March 2024	**95**
of which:	
have existed for less than one year at time of reporting	**44**
have existed for between one and two years at time of reporting	**40**
have existed for between two and three years at time of reporting	**3**
have existed for between three and four years at time of reporting	**7**
have existed for four years or more at time of reporting	**1**

All temporary off-payroll workers engaged at any point during the year ended 31 March 2024, that were paid at least £245 per day	2023/24 Number
Number of off-payroll workers engaged during the year ended 31 March 2024	**255**
of which:	
not subject to off-payroll legislation	**242**
subject to off-payroll legislation and determined as in scope of IR35	**0**
subject to off-payroll legislation and determined as out-of-scope of IR35	**13**
engagements reassessed for compliance or assurance purposes during the year	**5**
engagements that saw a change to IR35 status following review	**0**

On 6 April 2017, HMRC introduced new IR35 legislation which required public sector bodies, where they engage off-payroll workers, to ensure they correctly assess their employment status and apply the correct tax treatment.

During an internal review of off-payroll engagements in 2021/22, it became evident there were a small number of cases where a status determination statement was not issued to the contractor, or the contractor had been incorrectly determined as out-of-scope of IR35. This led to a further, extensive internal review of off-payroll engagements which included retesting the contractors against HMRC’s CEST tool.

In May 2022, Homes England provided a voluntary disclosure to HMRC, including an estimated liability for missing tax, national insurance and apprenticeship levy plus interest for years 2017/18 to 2021/22 of £1.1 million. This amount was recognised in the 2021/22 financial statements. Mandatory procedures have been in place from April 2022 to prevent recurrence, alongside a programme of training and awareness.

HMRC have concluded the voluntary disclosure on status risk and are expected to recommence the review of off-payroll risk during 2024/25.

Off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024	2023/24 Number
Number of off-payroll engagements of Board members, and/or senior officials with significant financial responsibility during the financial year	**1**
Total number of individuals both on and off-payroll who have been deemed ‘Board members and/or senior officials with significant financial responsibility’, during the financial year	**22**

Marcus Ralling is off-payroll and considered to have significant financial responsibility. Marcus is employed on an interim basis whilst permanent recruitment takes place. Details of Marcus’ remuneration, start date and position held is included within the ELT emoluments table above. At 31 March 2024 Marcus’ tenure is approaching two months.

Employee matters

People and Culture Strategy

In 2023 the People and Culture Strategy was launched to provide greater alignment and structure around the aims and purpose of the Agency, with a focus on establishing Homes England as a place for talented people to come to progress their careers. The strategy articulates three areas of strategic focus aligned with our purpose of: **Providing people services that facilitate a brilliant place to work**. These three areas are:

- Talent Attraction and Growth
- Total Reward and Insight
- Excellence Everyday

Underpinning these is our foundation of everything being built and delivered in the spirit of enhancing **Colleague Inclusion, Trust, Pride and Purpose**.

These themes have been used to inform the development of a detailed People and Culture delivery plan for the period 2023 to 2026. This plan has been endorsed by the ELT and the Nomination and Remunerations Committee to ensure that it delivers against critical demands for the business.

Equality and diversity in employment and occupation

In July 2020 we published our EDI objectives which set out our commitment to create an inclusive organisation and sector that reflects the communities we serve. This outlined a four-year plan to cover the reach of impact with each objective sponsored by an executive director to promote, advocate, and shape the work. The five key objectives were purposefully ambitious for the Agency to collectively achieve by 2024, to deliver systematic organisational and cultural change as well as positively impact the industry and our communities.

We have made positive progress in many areas but also recognise that we have much more to do to fulfil our own ambitions. We articulate these ambitions afresh in 2024 as part of our People and Culture Strategy with a renewed one-year reporting cycle articulating progress and setting focused objectives for the forthcoming year.

Key achievements include:

- We have measured and shared our ethnic pay gap (EPG) for the first time in 2023.
- In collaboration with our networks, we have launched a new workplace adjustment passport for disabled colleagues.
- We have developed new domestic abuse guidance to support colleagues who may be experiencing or supporting those experiencing domestic abuse.
- We have developed and launched our new values and associated behaviour framework to further embed inclusion.
- We included a distinct EDI key performance indicator in our strategic objectives, further supported by a number of stretching EDI KPIs in our People and Culture strategy.
- As part of our new delivery partner dynamic purchasing system, we have introduced more robust criteria which our supply chain must meet.
- We increased our graduate programme diversity to 60% female, 20% ethnic minority, 7% colleagues with disability and 53% from lower socio-economic backgrounds.
- We ensured our 2023 staff conference was accessible to all colleagues including physical accessibility options, quiet rooms and online live streaming.

Homes England Early Careers Network away day. Equality, Diversity and Inclusion session with Ian Workman, Chief Customer Officer, Homes England. Image credit: Homes England

We have developed our EDI data as part of the Strategic Workforce Planning framework. The data enables us to benchmark, measure and report progress to further improve transparency and accountability.

A range of development courses were delivered to increase awareness of EDI.

Staff policy regarding disabled persons

We remain committed to ensuring equality of opportunity for all disabled people who work or apply to work for us. We're proud to ensure that our disability confident scheme provides avenues where individuals with disabilities are able, where they meet the minimum criteria for the role, to secure a guaranteed interview. This is an integral part of enabling the Agency to secure a more diverse pool of candidates. On all applications we ask if any adjustments are needed to enable any interview or selection process, and monitor applicants who indicate they have a disability to ensure they are aware of the disability confident scheme and support we can offer.

Where we are made aware of colleagues with disabilities or long-term health conditions, we have a variety of tools and support available. We work with colleagues, line managers, Human Resources and Occupational Health to identify reasonable adjustments to the workplace and working arrangements specific to the individual's need to support disabled colleagues in the workplace. In addition to this, we have numerous colleague-led networks that provide feedback, help monitor the effectiveness of our support and help us with our thinking as we develop policy, process and our strategies.

Sickness absence

During the year 2.10% (2022/23: 1.80%) of working days were lost to sickness absence. According to the Office of National Statistics, in the UK labour market for calendar year 2022, 2.6% of days were lost due to sickness absence, split 2.3% private sector and 3.6% public sector. Statistics for 2023 have not yet been released.

Health and safety

Homes England's health and safety (H&S) performance has remained strong through 2023/24 and its key achievements are set out below.

For the sixth year running, our Accident Incident Rate (AIR) for reportable injuries under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) was zero per 100,000 employees. The accident frequency rate (AFR) for all types of accidents involving employees was calculated at 0.18 per 100,000 hours worked which is below the national Labour Force Survey (LFS) AFR reported for 2022/23.

Homes England sets annual corporate health and safety targets for a range of activities including training, risk assessments and audits. The Board and ELT are regularly updated on the Agency's H&S performance, and its progress towards meeting targets. In 2023/24, 13 targets were agreed, and all have been met or exceeded.

During the year we introduced a new online H&S management system, which has streamlined how we report accidents and incidents across our business. We also implemented a 12-point H&S culture action plan to support the Agency develop a more positive H&S culture. In September, we held our first H&S week, dedicated to raising awareness across the Agency, which included a range of activities in our offices for colleagues to participate in, including talks by external speakers on key H&S topics. We also established the H&S Group which is attended by senior leaders from all parts of business to help shape and develop H&S initiatives.

Employee engagement

In December 2023 we conducted our second full #Let's Talk 2023 main survey. The survey consists of 48 questions covering the 7 categories shown above with a further 8 demographic questions.

Seven categories of engagement covered in the #Let's Talk 2023 main survey

The response rate was 77% which is within the ideal category.

The results show a significant improvement in colleague engagement with an increase from the 2022 main baseline survey across all key measures.

Pension reform

In September 2022, Homes England commenced a formal consultation process with a view to reforming the final salary tier of the Homes and Communities Pension Scheme (HCAPS), impacting c. 630 colleagues. The consultation was supported by a significant communication and engagement programme, providing affected colleagues with detailed proposals, personal impact statements and access to modelling tools, as well as a dedicated website. In addition to explanatory sessions, both on-line and in person, supported by pension experts and Homes England senior leaders, affected colleagues were given access to a helpline operated by Hymans Robertson, one of the UK's leading pension consultancies.

Questions and issues raised were gathered and discussed in detail with trade union and scheme representatives including consideration of counter proposals that went on to form the final business cases to Secretary of State and HM Treasury.

Both consultation and the subsequent business cases were successful, and the reforms will be enacted from 1 April 2024.

Grow our own

In 2023/24 we have continued our commitment to grow our internal talent and capability to help deliver our ambitious strategy. As a government agency we are keen to provide development options for all colleagues to grow.

We have continued to grow the number of apprentices and increased our utilisation of the apprenticeship levy in 2023/24. Apprenticeships are aligned to areas of skills shortage and future capability needs. We have introduced a new Data Academy to drive innovation and enhance analytical capabilities within the Agency. 51 colleagues are currently participating in the academy with a further cohort due to start next year. 45% of our data academy apprentices are female or identify as female, a figure that more than doubles the national average for women in data roles across the UK.

Through our refreshed Graduate Programme, we are investing in 'growing our own' skills and capabilities, focusing on identified skills shortage areas such as environmental sustainability, cyber security and software development. The programme attracted over 2,000 applications.

Trade Union relationships

Homes England formally recognises three trade unions – Unite, PCS and Unison – with whom the organisation consult over pay, policies and procedures, working conditions and related issues. Regular meetings take place between management and elected union representatives, called Joint Negotiation and Consultation Committee meetings, on a cycle of approximately six weeks.

As a public sector body with more than 49 FTE employees, Homes England is required to make a number of disclosures regarding Trade Union Facility Time. This information is set out in the following tables:

Relevant union officials	2023/24
Number of employees who were relevant union officials during the relevant period	**10**

Percentage of time spent on facility time	2023/24 Number
0%	**0**
1 - 50%	**10**
51% - 99%	**0**
100%	**0**

Percentage of pay bill spent on facility time	2023/24
Total cost of facility time (£'000)	**70**
Total pay bill (£'000)	**79,472**
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	**0.09%**

Paid trade union activities	2023/24
Percentage of paid facility time spent on paid trade union activities: (time spent on paid trade union activities ÷ total paid facility time) x 100	**0%**

3.3 Parliamentary accountability and audit report

This section provides details of losses, special payments, fees and charges in the year, and the audit certificate.

Parliamentary accountability disclosures

Losses and special payments (subject to audit)

In accordance with the provisions of the Accounts Direction, the Agency has summarised all losses and special payments requiring disclosure, recognised during the course of the financial year, as follows:

	2023/24		2022/23	
	Cases	£'000	Cases	£'000
Total of all losses and special payments	**156**	**120,723**	97	149,592
Cases over £300,000:				
Loans and Receivables written off or movement in fair value below initial cost, modification losses and special payments	**15**	**119,640**	7	148,727

Under International Financial Reporting Standard 9: Financial Instruments (IFRS 9), the Agency is required to consider whether a financial asset investment meets the definitions of a basic lending arrangement in order to establish whether the investment should be measured at amortised cost or at fair value.

For assets which are measured at amortised cost, a write-off amount is recognised in the financial statements when it is considered that there is no realistic prospect of full recovery. There are also a number of loan investments which are managed operationally in line with the Agency's loan management processes, however, from an accounting point of view are measured at fair value through profit or loss (FVTPL). Where it has been assessed that there is no realistic prospect of full recovery for such loan investments, these have also been disclosed in this note. This is aligned with the FReM requirement to disclose losses in this note for the attention of Parliament at the earliest point at which a loss is expected.

For assets measured at amortised cost, the Agency is required to consider the effect of discounting future cash flows (to reflect the present value of the anticipated recovery) in order to determine the required write-off allowance for accounting purposes. The losses recognised here include an element of this discounting effect, which will subsequently be unwound in future years as interest income on the impaired balance.

During 2023/24 there were nine cases of loan losses recognised where the amount written-off or movement in fair value below initial cost for accounting purposes was in excess of £300k; seven write-offs of loans measured at amortised cost, and two movements in fair value below initial cost of loans measured at FVTPL. There were also two write-offs of receivables measured at FVTPL. The table below details these losses. There was one special payment:

£'000	Comments
Loans measured at amortised cost	
20,507	Funding was provided under the Short-Term Home Building Fund for the development of a 90-home scheme. There has been a number of issues including cost overruns and delays due to the demolition of a listed building resulting in revised planning permission being required. Viability is not established and an accounting impairment of £20.5 million has been recognised to reflect the potential loss on the full outstanding amount. **As at 31 March 2024, total losses recognised were £20.5 million.**
17,870	The Agency provided funding under the Home Building Fund to support the regeneration and delivery of a site in Cheshunt, Hertfordshire. The site is stalled, and the borrower has appointed Administrators, creating material uncertainty around the Agency's recovery. Site valuation has dropped significantly, and a full accounting impairment of £17.9 million has been recognised to reflect the potential loss on the full outstanding amount. **As at 31 March 2024, total losses recognised were £17.9 million.**
13,122	Market Abuse Regulations preclude further commentary. An accounting impairment of £13.1 million has been recognised in 2023/24. **As at 31 March 2024, total losses recognised were £13.1 million.**
4,150	Funding was provided under the Short-Term Home Building Fund to support the delivery of 31 residential units. Since contracting, delivery costs have increased, and milestones and the repayment date have had to be extended. A landslide on site was a major contributing factor. The contractor filed for liquidation and the site is on hold while a revised development plan is established. In the absence of a route to recovery a full accounting impairment of £4.2 million has been recognised in 2023/24 to reflect the potential loss of the full outstanding amount. **As at 31 March 2024, total losses recognised were £4.2 million.**
1,330	The Agency provided funding under the Short-Term Home Building Fund for a 17-home development. Slow build progress and increased costs have led to several amendments to the loan facility. Sales have been slow due the site's rural location and lack of local amenities. There is uncertainty around the viability of the project as sales income is required to fund the remaining houses. An accounting impairment of £1.3 million has been recognised to reflect the potential remaining loss. **As at 31 March 2024, total losses recognised were £1.3 million.**
927	Funding was provided under the Short-Term Home Building Fund for the development of 19 apartments. There have been challenges on the scheme due to material shortages, delays in getting planning conditions discharged with the Local Authority and inadequate fire safety provisions. Some recovery is expected through the sale of units either through open market sale or a bulk sale to an investor, however, there is uncertainty around the amount the Agency will recover and therefore an accounting impairment of £927,000 has been recognised to reflect the estimated potential remaining loss. **As at 31 March 2024, total losses recognised were £927,000.**

£'000	Comments
494	The Agency provided an infrastructure loan under the Long-Term Home Building Fund to support development of 3,000 homes. A series of delays prior to work commencing on site impacted timelines for delivery, and contracted equity investment did not materialise to meet future funding requirements. A review was commissioned by the Agency which suggested the scheme was no longer viable, and the borrower has subsequently gone into liquidation. A loss of £15.5 million was recognised in 2019/20, £0.7 million in 2020/21, £1.3 million in 2021/22 and a further £1.8 million in 2022/23. Forecast recovery is based on the value of security held. A higher discount rate and accrued interest during 2023/24 has resulted in an additional accounting write-off of £0.5 million in 2023/24. **As at 31 March 2024, total losses recognised were £19.8 million.**
Loans measured at FVTPL	
39,110*	Market Abuse Regulations preclude further commentary. A movement in fair value below cost of £33.7 million has been recognised in 2023/24. The equivalent total movements in fair value below cost expected against contractual amount due (principal and interest) were £41.7 million at 31 March 2024. **As at 31 March 2024, total accounting movements in fair value below initial cost recognised were £33.7 million.**
15,000	Market Abuse Regulations preclude further commentary. A movement in fair value below cost of £15.0 million has been recognised in 2023/24. The equivalent total movements in fair value below cost expected against contractual amount due (principal and interest) were £16.2 million at 31 March 2024. **As at 31 March 2024, total accounting movements in fair value below initial cost recognised were £15.0 million.**
Receivables measured at FVTPL	
3,039	In June 2023, the Agency moved to a new mortgage administrator. The mortgage administrator acts as agent to deliver a service to customers of the Agency's Home Equity products. Under the new contractual arrangement, the Agency entered a concession model and as part of that have relinquished rights to Help to Buy Management Fees collected by the mortgage administrator. As a consequence, the receivable at migration is no longer collectable by the Agency.
534	During a previous financial year, amounts due from customers on redemption were incorrectly calculated due to incorrect interpretation of a policy to calculate redemption repayments on the higher of a RICS valuation or actual sales price achieved. This resulted in a lower amount being collected than was contractually due on redemption, for c. 2,300 accounts. The Agency does not consider the amount economically beneficial to pursue, given the large number of individually low value balances, and has therefore written off the amount in full.

* Includes reversal of previous fair value uplifts

£'000	Comments
Special Payments	
848	The Agency disposed of a land and property asset in 2017/18 by way of lease. Following disposal, the purchaser discovered a material issue with the site which required significant expenditure to rectify. The issue was not identified by the Agency or any of the bidders during the procurement process. Whilst there was no explicit clause in the lease agreement obligating the Agency to repay any of the purchase price, the Agency agreed to repay £848,000. This followed a prolonged period of negotiation between Homes England and the purchaser, and was subject to detailed analysis by the Agency. Both the Agency and MHCLG consider that this is an 'extra contractual payment'. Retrospective approval will be sought from HM Treasury.
Modification losses	
2,709	During 2023/24, interest margins were reduced on 26 investments following an improvement in credit risk. Under IFRS 9, where an interest margin is modified, we are required to continue accruing interest at the original interest margin, and immediately recognise any loss (reduction to carrying value of the loan) which has occurred as a result of the modification to the interest margin. The losses disclosed reflect the difference between the discounted revised (reduced) future cash flows, using the original interest margin when compared to the carrying value of the loan prior to the modification. Of the 26 investments, three are individually greater than £300,000, totalling £2.7 million. The remaining 23 are all individually below £300,000 and total £0.5 million.
119,640	**Total write-offs and movements in fair value below initial cost, and modification losses recognised on Loans and Receivables and special payments which exceed £300,000.**

Included in the 2023/24 accounts are further write-offs of loans measured at amortised cost totalling £415k and further movements in fair value below initial cost of loans measured at FVTPL of £11k and write-offs of receivables of £70k, which individually are below the reporting threshold and therefore have not been included in the table above.

In addition to this, the 2023/24 accounts reflect the reversal of previously recognised accounting write-offs or reversals of previously recognised movements in fair value below initial cost totalling £9.2 million during the period. The reversals include £8.1 million on a loan which has been recovered in full following a sale of property.

The contractual amount due on loan investments for which amounts have been written off or impaired, and which are still subject to enforcement activity, was £373.1 million at 31 March 2024 (£230.0 million at 31 March 2023).

Regularity (subject to audit)

Other than disclosed above, during 2023/24, the Agency complied with the requirements of regularity as set out in Managing Public Money and HM Treasury (HMT) approval was obtained for all novel, contentious or repercussive transactions relating to 2023/24.

Fees and charges income (subject to audit)

Regulator of Social Housing

Homes England and the Regulator of Social Housing (RSH) are party to a Service Level Agreement (SLA) under which Homes England provides services to RSH. Services provided may include, but are not limited to, the provision of accommodation of facilities, the provision of staff time and expertise and the provision of technical resources. Service income charged to RSH during the year was £985,000.

Other fees

Additionally, Homes England may, from time to time, charge a fee for services provided to other entities. Where applicable, services are charged at full cost and therefore result in no attributable surplus or deficit. During the year, Homes England provided legal and professional services to other parties totalling £306,000. This is included in other operating income.

Other fees include £100,000 charged to the Homes and Communities Agency Pension Scheme for the annual provision of accommodation, staff and professional services and £50,000 charged to the Department for Business, Enterprise, Innovation and Skills (as it was at the time of the transactions) for the provision of professional services in connection with the administration of three science parks.

Remote contingent liabilities (subject to audit)

Homes England is required to disclose each of its material remote contingent liabilities, and where practical, estimate the financial effect. Homes England does not have any material contingent liabilities other than those disclosed in the Financial Statements.

Functional Standards

Homes England is committed to embedding the Functionals Standards in all relevant activity across the Agency. Continuous assessment and improvement activity is ongoing and continues to build on the progress made last year.

The Accountability report is signed on 23 July 2024

Peter Denton
Chief Executive and Accounting Officer

Greenhaus, Salford.
Image credit: The English Cities Fund / Muse Development

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Homes and Communities Agency (Homes England) and its Group for the year ended 31 March 2024 under the Housing and Regeneration Act 2008.

The financial statements comprise Homes England and its Group's

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of Homes England and its Group's affairs as at 31 March 2024 and its income, expenditure and cash flows for the year then ended; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of Homes England and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Homes England and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Homes England and its Group'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.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for Homes England and its Group is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Housing and Regeneration Act 2008.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Housing and Regeneration Act 2008 and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of Homes England Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by Homes England and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or

- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within Homes England and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the Housing and Regeneration Act 2008;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the Housing and Regeneration Act 2008; and
- assessing Homes England and its Group'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 Accounting Officer anticipates that the services provided by Homes England and its Group will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report per legislation on the financial statements in accordance with the Housing and Regeneration Act 2008.

My 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 a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

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

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of Homes England and its Group's accounting policies.
- inquired of management, Homes England's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Homes England and its Group's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including Homes England and its Group's controls relating to Homes England's compliance with the Housing and Regeneration Act 2008 and Managing Public Money.
- inquired of management, Homes England's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team including significant component audit teams and the relevant internal and external specialists, including in relation to the valuation of land and property asset, and financial instruments, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within Homes England and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates, payment of grants on the basis of self-certification that grant conditions have been met, and loans to and investments in ineligible recipients. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of Homes England and its Group's framework of authority and other legal and regulatory frameworks in which Homes England and its Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Homes England and its Group. The key laws and regulations I considered in this context included the Housing Regeneration Act 2008 and Managing Public Money, employment, pensions and taxation legislation.

I considered specific risk assessment procedures relating to fraud, non-compliance with laws and regulations and regularity including: risk-based review of journals to identify those presenting a higher risk of fraud, informed by planning risk assessment; review of estimates presented within the accounts; analysis of individual income streams to address the potential risk of fraud in revenue recognition; and review of the control framework in place for significant grant streams.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

- I enquired of management, the Audit Assurance and Enterprise Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance, the Board and the Board committees, and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments, assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I reviewed estimates in the accounts and challenged underlying assumptions and methodologies, and substantively tested grant expenditure streams, investments, loans and property transactions to address the risk of material irregularity.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

25 July 2024

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

4. Financial Statements

Group Statement of Comprehensive Net Expenditure – Year ended 31 March 2024

	Note	2023/24 £'000	2022/23 £'000
Expenditure			
Grants	4	**2,594,518**	1,663,912
Cost of land and property disposals	5	**75,082**	182,609
Programme costs	6	**74,137**	83,376
Staff costs	7a	**79,831**	70,672
Pension costs	7a	**21,177**	31,863
Administration expenses	8	**28,293**	30,190
Impairment of land and property	16	**134,242**	106,924
Decrease in fair value below initial cost of financial assets measured at fair value through profit or loss	12f	**187,902**	254,790
Impairment/(impairment reversal) of financial assets measured at amortised cost	12f	**63,645**	(7,309)
(Decrease)/increase in provisions		**(2,569)**	854
		3,256,258	2,417,881
Income			
Proceeds from disposal of land and property assets	5	**119,632**	267,742
(Reversal of increase)/increase in fair value above initial cost of financial assets measured at fair value through profit or loss	12f	**(15,594)**	646,815
Gain on disposal of financial assets	12f	**36,735**	41,191
Interest income	12f	**118,132**	96,248
Other operating income	9	**151,489**	87,904
		410,394	1,139,900
Net operating expenditure		**2,845,864**	1,277,981
Interest payable		**428**	440
Share of losses/(profits) of associates and joint ventures	10	**5,317**	(3,309)
Pension fund finance costs	18d	**(11,315)**	(4,886)
Net expenditure before tax		**2,840,294**	1,270,226
Income tax credit		**(14,962)**	(8,766)
Net expenditure for the year		**2,825,332**	1,261,460
Other comprehensive expenditure			
Actuarial gain from pension fund	18e	**(77,037)**	(63,767)
Income tax charge on items in other comprehensive expenditure		**19,259**	15,942
		(57,778)	(47,825)
Total comprehensive expenditure for the year		**2,767,554**	1,213,635

All activities above derive from continuing operations. Net expenditure is financed by Grant in Aid as explained in accounting policy Note 1e, with the exception of non-cash expenditure, for example depreciation, amortisation, provisions and impairments.

Group Statement of Financial Position – Year ended 31 March 2024

	Note	2023/24 £'000	2022/23 £'000
Non-current assets			
Intangible assets		**21,502**	9,282
Property, plant and equipment		**9,234**	11,000
Investments in associates and joint ventures	11b	**59,303**	61,932
Pension assets	18a	**318,460**	233,226
Trade and other receivables	12b	**140,774**	176,780
Financial assets held at amortised cost	12c	**832,731**	846,979
Financial assets held at fair value through profit or loss	12c	**18,097,486**	19,622,677
		19,479,490	20,961,876
Current assets			
Land and property assets	16	**1,064,633**	1,069,359
Trade and other receivables	12b	**286,289**	368,300
Financial assets held at amortised cost	12c	**354,343**	570,566
Financial assets held at fair value through profit or loss	12c	**107,502**	109,670
Cash and cash equivalents	12a	**166,687**	217,485
		1,979,454	2,335,380
Total assets		**21,458,944**	23,297,256
Current liabilities			
Trade and other payables	17	**(495,425)**	(555,453)
Provisions		**(301)**	(3,889)
		(495,726)	(559,342)
Non-current assets plus net current assets		**20,963,218**	22,737,914
Non-current liabilities			
Trade and other payables	17	**(20,195)**	(25,324)
Provisions		**(5,443)**	(4,821)
Pension liabilities	18a	**(3,223)**	(5,858)
		(28,861)	(36,003)
Assets less liabilities		**20,934,357**	22,701,911
Reserves			
Income and Expenditure Reserve		**20,934,357**	22,701,911
Taxpayers' equity		**20,934,357**	22,701,911

The accompanying Notes are an integral part of these Financial Statements. Approved by the Board on 23 July 2024 and signed on their behalf by:

Peter Denton
Chief Executive and Accounting Officer

Agency Statement of Financial Position – Year ended 31 March 2024

	Note	2023/24 £'000	2022/23 £'000
Non-current assets			
Intangible assets		**21,502**	9,282
Property, plant and equipment		**9,234**	11,000
Investments in subsidiaries	11a	**100,000**	50,000
Investments in associates and joint ventures	11b	**14,184**	20,615
Pension assets	18a	**318,460**	233,226
Trade and other receivables	12b	**140,774**	176,780
Financial assets held at amortised cost	12c	**832,731**	846,979
Financial assets held at fair value through profit or loss	12c	**18,097,486**	19,622,677
		19,534,371	20,970,559
Current assets			
Land and property assets	16	**1,064,633**	1,069,359
Trade and other receivables	12b	**286,289**	368,300
Financial assets held at amortised cost	12c	**354,343**	570,566
Financial assets held at fair value through profit or loss	12c	**107,502**	109,670
Cash and cash equivalents	12a	**166,687**	217,485
		1,979,454	2,335,380
Total assets		**21,513,825**	23,305,939
Current liabilities			
Trade and other payables	17	**(551,748)**	(571,170)
Provisions		**(301)**	(3,889)
		(552,049)	(575,059)
Non-current assets plus net current assets		**20,961,776**	22,730,880
Non-current liabilities			
Trade and other payables	17	**(20,195)**	(25,324)
Provisions		**(5,443)**	(4,821)
Pension liabilities	18a	**(3,223)**	(5,858)
		(28,861)	(36,003)
Assets less liabilities		**20,932,915**	22,694,877
Reserves			
Income and Expenditure Reserve		**20,932,915**	22,694,877
Taxpayers' equity		**20,932,915**	22,694,877

The accompanying Notes are an integral part of these Financial Statements. Approved by the Board on 23 July 2024 and signed on their behalf by:

Peter Denton
Chief Executive and Accounting Officer

Statement of Cash Flows – Year ended 31 March 2024

Group and Agency	Note	2023/24 £'000	2022/23 £'000
Net cash outflow from operating activities	(a)	**(1,032,546)**	(1,532,265)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,489)**	(384)
Purchase of intangible assets		**(14,075)**	(4,690)
Investment made in group companies	11b	**(2,688)**	(3,500)
Net cash outflow from investing activities		**(18,252)**	(8,574)
Cash flows from financing activities			
Grant in Aid from sponsor department	SoCTE*	**1,000,000**	1,562,548
Net cash inflow from financing activities		**1,000,000**	1,562,548
(Decrease)/Increase) in cash and cash equivalents in the period		**(50,798)**	21,709
Cash and cash equivalents at 1 April	12a	**217,485**	195,776
Cash and cash equivalents at 31 March	12a	**166,687**	217,485

a) Reconciliation of net operating expenditure to net cash flow from operating activities

Group and Agency	Note	2023/24 £'000	2022/23 £'000
Net operating expenditure	**SoCNE****	**(2,845,864)**	(1,277,981)
Financial assets:			
Financial asset investments made by the Agency	12d, 12e	**(312,195)**	(2,672,858)
Proceeds from disposal of financial asset investments	12d, 12e, 12f	**1,927,638**	2,822,375
Gain on disposal of financial assets	12f	**(36,735)**	(41,191)
Reversal of valuation gains/(valuation gains) above cost on financial assets held at fair value through profit and loss	12f	**15,594**	(646,815)
Valuation losses below cost on financial assets held at fair value through profit and loss	12f	**187,902**	254,790
Increase/(decrease) in impairment of financial assets measured at amortised cost	12f	**63,645**	(7,309)
Interest added to financial assets held at amortised cost	12e, 12f	**(88,310)**	(76,671)
Land and property:			
Additions to land and property assets	16	**(202,273)**	(182,429)
Cost of land and property assets disposed		**72,757**	177,253
Increase in impairment of land and property	16	**134,242**	106,924
Other:			
Depreciation and amortisation	8	**5,111**	5,123
Pension costs	18d, 18f	**483**	12,422
Payments of income tax		**(10,263)**	(9,750)
		(1,088,268)	(1,536,117)
Decrease/(Increase) in receivables		**118,310**	(48,123)
(Decrease)/increase in payables		**(59,622)**	58,981
Decrease in provisions		**(2,966)**	(7,006)
Net cash outflow from operating activities		**(1,032,546)**	(1,532,265)

* SoCTE: Statement of Changes in Taxpayers' Equity
** SoCNE: Statement of Comprehensive Net Expenditure

Group Statement of Changes in Taxpayers' Equity – Year ended 31 March 2024

	Note	2023/24 £'000	2022/23 £'000
Balance at 1 April		**22,701,911**	22,354,370
Change in accounting policy on 1 April 2022		**-**	(1,372)
Net expenditure for the year		**(2,825,332)**	(1,261,460)
Actuarial gain from pension fund	18e	**77,037**	63,767
Income tax on items in other comprehensive expenditure		**(19,259)**	(15,942)
Total comprehensive expenditure for the year		**(2,767,554)**	(1,215,007)
Grant in Aid from sponsor department	1e	**1,000,000**	1,562,548
Balance at 31 March		**20,934,357**	22,701,911

Agency Statement of Changes in Taxpayers' Equity – Year ended 31 March 2024

	Note	2023/24 £'000	2022/23 £'000
Balance at 1 April		**22,694,877**	22,349,534
Change in accounting policy on 1 April 2022		**-**	(1,372)
Net expenditure for the year		**(2,819,740)**	(1,263,658)
Actuarial gain from pension fund	18e	**77,037**	63,767
Income tax on items in other comprehensive expenditure		**(19,259)**	(15,942)
Total comprehensive expenditure for the year		**(2,761,962)**	(1,217,205)
Grant in Aid from sponsor department	1e	**1,000,000**	1,562,548
Balance at 31 March		**20,932,915**	22,694,877

Notes to the Financial Statements year ended 31 March 2024.

1. Statement of accounting policies

a) Statutory basis

The Homes and Communities Agency, trading as Homes England (hereafter, the Agency), is an executive non-departmental public body and statutory corporation created by the Housing and Regeneration Act 2008 (as amended by the Localism Act 2011). Homes England is sponsored by the Ministry of Housing, Communities and Local Government (MHCLG).

The Financial Statements of Homes England are governed under the provisions of the Housing and Regeneration Act 2008 and by the Accounts Direction given by the Secretary of State, with approval of HM Treasury under the Act. The Direction issued on 8 December 2014 reflects government policy that the Financial Statements should, insofar as appropriate, conform to the accounting and disclosure requirements contained in Managing Public Money, Government Financial Reporting Manual (FReM) and in HM Treasury's Fees and Charges Guide. The Financial Statements have been prepared in accordance with the 2023/24 FReM issued by HM Treasury.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected. The policies adopted by the Agency are described below. They have been applied consistently in dealing with items that are considered material to the Agency's accounts.

b) Accounting convention

The Financial Statements are prepared under the historical cost convention modified by the revaluation of financial assets held at fair value through profit or loss (FVTPL) and property, plant and equipment.

c) Basis of preparation and consolidation

The Group Financial Statements incorporate those of the Agency and the investees controlled by the Agency. No Statement of Comprehensive Net Expenditure is presented for the Agency as this is not materially different to that presented for the Group.

No significant judgements or assumptions have been made relating to the determination of investee status, joint control, or significant influence.

The Group's associated undertakings are all undertakings in which the Group has a participating interest and over whose operating and financial policy it exercises significant influence. The Group's joint ventures are all undertakings in which the Group exercises joint control. In the Group Financial Statements, investments in associates and joint ventures are accounted for using the equity method, wherein an investment is initially recorded at cost and subsequently adjusted to reflect the investor's share of the net assets of the associate. The consolidated Statement of Comprehensive Net Expenditure includes the Group's share of profits and losses of associates and joint ventures, while its share of net assets of associates and joint ventures is shown in the Group Statement of Financial Position.

The share of net assets and profit information is based on unaudited financial statements or management information to 31 March 2024 for most associates. Where this information is not available, financial statements with a different reporting date have been used, where this reporting date is within three months of that of the Agency and where this does not produce significantly different results. Adjustments have been made on consolidation for significant transactions following the reporting date of the information used.

English Cities Fund Limited Partnership prepares its annual financial statements up to 31 December, the same reporting date as its investee partner.

Countryside Maritime Limited prepares its annual financial statements up to 30 September, which is the reporting date of the joint venture partner.

Tilia Community Living LLP prepares its annual financial statements up to 30 June, which is the reporting date of the joint venture partner.

Newton Development Partners LLP prepares its annual financial statements up to 31 March. The partnership was incorporated in the previous reporting period and will produce its first set of audited accounts for the year ended 31 March 2024.

d) Investments in subsidiaries, associates, and joint ventures

Investments in subsidiaries, associates, and joint ventures, as recorded in the Agency's own Statement of Financial Position, are accounted for at cost (subject to annual assessment for impairment).

e) Funding

The Agency's activities are funded in part by income generated from operations and in part by Grant in Aid provided by the Ministry of Housing, Communities and Local Government for specified types of expenditure.

Grant in Aid received to finance activities and expenditure which support the statutory and other objectives of the Agency is treated as financing and credited to the income and expenditure reserve in full, because it is regarded as a contribution from a controlling party. The net expenditure for the period is transferred to this reserve.

f) Critical accounting judgements and key sources of estimation uncertainty

The Agency's critical accounting judgements are impacted by the macro-economic uncertainty in the current markets and alternative economic scenarios are considered in the Performance Report, within the Impact of Macro-economic uncertainty section.

Financial assets measured at fair value

Where assets are to be measured at fair value, this is performed with reference to the requirements of International Financial Reporting Standard 13 Fair Value Measurement (IFRS 13), applying considerations which follow the three hierarchies set out under the standard for determining fair value.

The majority of financial assets measured at fair value are investments in homes, such as those under the Help to Buy scheme, as analysed in Note 12d. These assets are valued with reference to regional house price indices, supplemented by experience adjustments, which are calculated by comparing the Agency's actual disposals occurring in the three months leading up to the year end, to the comparable expected disposal values computed with reference to regional house price indices alone. Together, these provide a reasonable estimate of the fair value of these assets because house price indices alone cannot accurately predict the value of individual homes; and disposal proceeds to date, although a good indicator of market performance, may not occur at the same level in the future. As the Agency's security over the Help to Buy investment is via a second charge over the property with the main mortgage provider holding the first charge, if the amount needed to settle the homeowner's main mortgage does not leave sufficient sale proceeds available to settle our original percentage share, then the Agency will not receive its full percentage share of the proceeds. Instead, it will receive the available remaining cash after the first charge has been settled. In an economic scenario where there was a significant decrease in house prices, there is a risk that the Agency may not recover the full amount of its equity loan balance due to this first charge effect.

The valuation of investments in homes (through equity-loan programmes such as Help to Buy) is highly sensitive to changes in assumptions about market prices. Investments in homes are also the Agency's most significant asset category so the judgement exercised by management, both in the application of indexation to the home equity portfolio and in the experience adjustments applied, is a source of material estimation uncertainty in the Agency's financial statements.

Analysis showing the sensitivity of the valuation of these assets to changes in market prices, and therefore to management's judgement in estimating this valuation, is shown in Note 14a. In addition, Note 15a outlines the Agency's analysis of the sensitivity of the valuation of the Help to Buy portfolio to key modelling assumptions.

Other financial assets measured at fair value are generally valued with reference to cash flow forecasts, which are by their nature based on estimates. Exceptions to this are the Agency's investment in the PRS REIT plc, which is valued with reference to quoted unit prices on the London Stock Exchange.

More information on the Agency's application of IFRS 13 to support fair value measurement is set out in Note 12c and Note 13.

Expected credit losses

The Agency is required to calculate an expected credit loss allowance for financial assets measured at amortised cost. The majority of the assets the Agency measures at amortised cost relate to funding the Agency has provided as loans, and a small number of non-current trade receivables. The Agency also calculates a simplified expected credit loss allowance for current trade receivables as permitted under International Financial Reporting Standard 9 Financial Instruments (IFRS 9).

The expected credit loss allowance at 31 March 2024 is analysed in Note 12h. There are various key assumptions applied to the expected credit loss model to which the calculation is highly sensitive, therefore the assumptions applied are a key judgement of management.

The key assumptions applied are as follows:

- Probability of default: Probability of default values are determined with reference to current economic conditions, notably with reference to the ongoing conflict in Ukraine. The probability of default values are applied to each investment in relation to their individual credit risk rating (CRR).
- Economic scenarios and relative weightings: IFRS 9 requires the Agency to consider alternative economic scenarios in the calculation of the expected credit loss allowance. These scenarios consist of an upside, downside, and base case and are detailed in the Performance report within the Impact of Macro-economic uncertainty section. For each identified scenario, variations are made to the probability of default values applied based on an individual investment's CRR. The amount of change applied is dependent on the scenario. Weightings are applied to the expected credit loss calculations for each scenario, determined in relation to the Agency's view of the probability of each scenario occurring, with reference to current market and credit risk expectations.
- Loss given default (LGD) floor: The Agency has determined that available historic default data is insufficient to provide an evidence base for anticipated losses on default. As a result, a minimum percentage value has been applied to the LGD calculation with reference to individual investments. This floor has been derived on the basis of management judgement and interpretation of Prudential Regulation Authority guidance. At 1 April 2023 and 31 March 2024, the LGD floor applied was 35%.
- Moderated security values (MSVs): To reflect the expected value which might reasonably be realised from the sale of security in the event of default, MSV percentages are applied to gross security values to determine a measure of LGD (when compared against the estimated exposure on default). The MSVs are varied depending on the type of security held. A lower

MSV percentage results in a higher discount applied to the determined security values.

Changes to the above assumptions can have a significant impact on the expected credit loss allowance calculation. A sensitivity analysis has been performed in relation to the above assumptions in Note 15b.

Note 12h provides an analysis of the movements in the expected credit loss allowance between 1 April 2023 and 31 March 2024, including the impact of changes in credit risk assumptions over the period.

Land and property assets

Determination of the value of land and property assets involves a significant amount of judgement and estimation uncertainty, particularly given the complexity of some of the Agency's properties and the range of anticipated routes to disposal. Valuations are performed by independent qualified valuation experts. Most land and property assets, by value, are assessed by these independent valuation specialists. However, as the assets are held under the historic cost convention, the judgement and estimation uncertainty involved in property valuations only affects carrying value where an impairment is identified.

Defined benefit pensions

The value of the Agency's defined benefit pension assets and liabilities have been assessed by qualified independent actuaries. In making these assessments, it is necessary for actuarial assumptions to be used which include future rates of inflation, salary growth, discount rates and mortality rates. Differences between those estimates used and the actual outcomes will be reflected in taxpayers' equity in future years.

As the assets managed under the Agency's pension scheme are predominantly quoted investments there is significantly less uncertainty surrounding their valuation than unquoted assets held elsewhere on the Agency's Statement of Financial Position. There are some investments in property that may be subject to valuation uncertainty, but these represent a small proportion of scheme assets, 6.36% (7.06% in 2022/23). Similarly, the discount rates used for scheme liabilities are derived from bond markets and so determined with reference to published figures at the Statement of Financial Position date.

Overall there is no material uncertainty over the valuation of scheme assets within the defined benefit pension scheme.

g) Grants

Payments of capital and revenue grants to registered providers of social housing (RPs) and other bodies are accounted for on an accruals basis.

Payments of Affordable Housing grants may be paid in one, two or three instalments depending on scheme and provider eligibility: an acquisition tranche, a start on site tranche and a completion tranche. In the two years disclosed, the tranches for schemes were as follows:

- 40% on acquisition (where eligible), 35% on start on site (where eligible; this tranche may increase to 75% if the scheme is not eligible for an acquisition payment), 25% on completion;
- For those RPs who have been selected for continuous market engagement, payment flexibility of up to 95% against eligible expenditure can be claimed at acquisition and/or start on site;
- Affordable Housing grant under Strategic Housing Partnerships are paid quarterly in arrears, in line with total eligible development expenditure; and
- Housing Infrastructure Fund grants are paid in line with development costs incurred in the financial year.

h) Grant recoveries

Recoveries of Affordable Housing grants from RPs are accounted for when the amount due for repayment has been agreed with the RP and invoiced. RPs may retain grant recoverable from sales within their own accounts for recycling, with the funds becoming due back to the Agency if unused within three years. Recoveries of other grants are accounted for when the repayment becomes contractually due. While judgement is involved in the calculation of the recoverable amount, this is not deemed to be material to the Financial Statements.

i) Revenue recognition

Homes England recognises revenue from its contracts with customers in line with International Financial Reporting Standard 15 Revenue from Contracts with Customers (IFRS 15).

Income from the disposal of land and property assets is recognised when there is a legally binding sale agreement, which has become unconditional and irrevocable by the end of the reporting period. The transaction price is the amount of the consideration to which the Agency expects to be entitled in exchange for transferring the risks and rewards of ownership of the asset. Payment terms for such transactions may vary depending on the nature of the agreement. Where payment is on deferred terms the associated receivable is discounted to reflect the net present value of the receipt.

Income from rent and other property income is recognised over the period to which it relates and is invoiced in line with the terms of the lease. Invoices are payable upon issue.

Income from homeowner fees is recognised in the period to which it relates and is paid monthly in arrears. The fee accrues daily after the financial instrument reaches a defined maturity and the income is recognised to the extent that it has accrued at the reporting date.

Income from projects where the Agency acts as developer, where external contractors manage build and sales on behalf of the Agency, is recognised when a performance obligation in the contract is met. This is normally at legal completion and measured at the fair value of the consideration received or receivable for the property. Where income is based on a contract and recognised over time, it is recognised by reference to the stage of completion of the contract activity at the Statement of Financial Position date. This is normally measured by compliance inspector reports of work performed to date. A contract asset is recognised when the Agency has completed a proportion of the contract activity prior to payment being received. A contract liability is recognised where cash has been received in advance of the contract activity being completed.

All of the income reflected in the Statement of Comprehensive Net Expenditure, with the exception of increases in fair value above initial cost of financial assets measured at fair value through profit or loss, arises from contracts with customers.

j) Income tax

The income tax charge represents the sum of current tax and deferred tax. Both current and deferred tax are recognised in the Statement of Comprehensive Net Expenditure except to the extent that they relate to items recognised directly in taxpayers' equity, in which case they are recognised in taxpayers' equity.

Current tax is the expected tax payable on the taxable surplus for the year, based on tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is calculated at the tax rates expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable surpluses will be available against which the temporary differences can be utilised.

k) Land and property assets

Valuation

Land and property assets are shown in the Statement of Financial Position at the lower of cost and net realisable value (NRV). Cost comprises direct costs that have been incurred in bringing the land and property to their present location and condition, including the capitalisation of staff time where appropriate. NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, including marketing, legal and panel solicitor fees. NRV is an entity specific valuation methodology which reflects Homes England's circumstances, the purpose for which the asset is held and the future disposal strategy for the asset. This is different from fair value methodology which is a market-based measurement, and which establishes a value based on a price that would be received to sell an asset in an orderly transaction between market participants.

A NRV at each reporting period will be obtained for land and property assets if there is evidence of a change in NRV, brought about by certain trigger events and in all cases, where the NRV of the asset was more than or equal to £5m in the preceding year. Such trigger events include the receipt of planning permission, significant capital expenditure or a change in expected disposal strategy. If no trigger event occurs and the NRV of the asset was less than £5m in the preceding year, the asset will retain the NRV from the last assessment.

However, for this year, in light of the current economic environment in the period leading to the valuation date (increases in base rates, below average buyer demand for new build homes, inflationary pressures), the decision was made to revalue all assets, even where no trigger events have occurred ('whole portfolio revaluation'). This replicates the approach in recent years, although in those years the uncertainty mostly related to the COVID-19 pandemic and inflationary pressures.

Whilst a whole portfolio revaluation has taken place, new de-minimis rules were introduced this year. This means that any asset with a prior year valuation of less than £500,000 can be rolled forward for up to 5 years where there has been no significant change in the status of the asset, such as receipt of planning permission or a change in disposal strategy. The new rules increased the de-minimis threshold from £150,000 and the roll forward from 3 years.

An estimate of the NRV at the reporting period is obtained in accordance with the current edition of RICS Valuation – Global Standards, effective from 31 January 2022 and the RICS Valuation – Global Standards 2017 UK national supplement, (collectively known as "The Red Book"), as amended, extended or updated from time to time. In establishing a NRV for each asset, the following will be taken into account: there is a willing buyer and seller; the transaction is at arm's length; each party has acted knowledgeably, prudently and without compulsion; the reasons for Homes England holding the asset and future disposal plans for the asset.

Following the determination of NRV at the reporting period, each asset is individually assessed to calculate an impairment/reversal of impairment. A reversal of an impairment charge for previously impaired assets may occur where the NRV increases. Increases are limited to an amount which results in assets being carried at their historic cost. Any movements in the valuation of land and property assets are shown in the Statement of Comprehensive Net Expenditure as an impairment charge/credit.

Options purchased in respect of land are capitalised initially at cost. Options are reviewed annually for impairment as part of the valuation of the whole portfolio.

The valuation of land on which the Agency acts as developer, where external contractors manage build and sales on behalf of the Agency, is based on the value of the contract and progress to date. The contract value is adjusted to reflect any costs expended and any sales achieved in year.

Disposal of land and property assets

Where proceeds are receivable over a period of more than 12 months after the end of the reporting period, the proceeds are discounted at a rate prescribed by HM Treasury to reflect the net present value of the receipt. The rate applied during the year was 2.05% (2022/23: 1.9%), in accordance with HM Treasury's PES (Public Expenditure System) (2023) 10, Discount Rates for General Provisions, post-employment benefits, financial instruments and leases (under IFRS 16); Announcement of rates. This paper was issued by HM Treasury on 4 December 2023.

Where a land sale agreement includes an overage clause, IFRS 9 requires that any associated receivable is measured (discounted to reflect the net present value of the receipt as described above) and disclosed as a financial asset at FVTPL. Over time, the initial discount unwinds through the Statement of Comprehensive Net Expenditure as a valuation gain. The associated overage clause is measured and disclosed separately as a financial asset at FVTPL (level 3 hierarchy).

Where no overage clause exists, the receivable is measured and disclosed as a financial asset at amortised cost. Accounting policy m) financial assets, under sub-heading Impairment, sets out the factors to be considered when measuring financial assets at amortised cost. Over time, the initial discount unwinds through the Statement of Comprehensive Net Expenditure as interest income.

l) Provisions

Provisions are made for environmental liabilities where the Agency is under a statutory, contractual, or constructive obligation to remediate land to relevant standards. The amounts provided are the best estimate of the expenditure required to settle the obligation, based on circumstances existing at the reporting date. Expenditure expected to be incurred in future years is discounted in accordance with HM Treasury's PES (Public Expenditure System) (2023) 10, Discount Rates for General Provisions, post-employment benefits, financial instruments and leases (under IFRS 16); announcement of rates. This paper was issued by HM Treasury on 4 December 2023. The rates applied during the year for short, medium and long term provisions were 4.26%, 4.03% and 4.72% respectively (2022/23: 3.27%, 3.20% and 3.51%).

Provisions are recognised for other liabilities as appropriate and discounted in line with the HM Treasury's guidance if applicable.

m) Financial assets

Recognition and derecognition

Financial assets are recognised in the Statement of Financial Position when the Agency becomes a party to the contractual provisions of the instrument (this is usually when cash is initially advanced to the counterparty, but for home equity assets this is at the point of legal completion of the underlying property purchase) and are measured at fair value on recognition.

Where differences between the fair value at initial recognition, as calculated using the methods described in Note 12c and Note 13, and the price paid by the Agency to acquire the instrument are significant, they are either:

- recognised as grant expenditure where fair value is estimated to be below cost, in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance; or
- deferred and released over the expected life of the instrument, in accordance with IFRS 9.

The Agency fully derecognises a financial asset only when the contractual rights to the cash flows for the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership to another entity. Partial derecognition occurs where parts of the contractual cash flows are received – for example where a homeowner chooses to partially redeem their equity loan. Here, the element of the asset which relates to the repayment is derecognised.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents comprise amounts in bank accounts where there is an insignificant risk of changes in value, with less than three months' notice from inception. Third party cash comprises cash held by solicitors at year-end in relation to deals which were in progress and cash received by the Agency's mortgage administrator for home equity redemptions.

Trade and other receivables

Trade and other receivables may be measured at fair value or amortised cost depending on the nature of the individual balance. Where the balance is measured at amortised cost, the carrying value is subject to an expected credit loss calculation. Land sale agreements that contain clauses for the recovery of overage, are measured at FVTPL.

Financial asset investments

The Agency follows IFRS 9 for all investments, subject to interpretations and adaptations for the public sector context as defined in the FReM.

Classification and measurement of financial assets

Two criteria are used to determine how financial assets should be classified and measured under IFRS 9:

- the business model for managing the asset; and
- the contractual cash flow characteristics of the financial asset.

The measurement categories reflect the nature of the cash flow and the way they are managed. The three categories are:

- financial assets measured at amortised cost (AC);
- financial assets measured at fair value through other comprehensive income (FVTOCI); and
- financial assets measured at fair value through profit or loss (FVTPL).

The contractual cash flow characteristics are either:

- financial assets held to collect cash flows only; or
- the assets are held to collect cash flows and to sell.

Financial assets are measured at AC if they are held within a business model whose objective is to hold financial assets to collect contractual cash flows and their contractual cash flows represent solely payments of principal and interest.

Financial assets are measured at FVTOCI if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principal and interest. Currently, the Agency has no assets which meet the requirements to be recognised under this classification.

Other financial assets are measured at FVTPL. There is an option to make an irrevocable election for non-traded equity investments to be measured at FVTOCI, in which case dividends are recognised in profit or loss, but gains or losses are not reclassified to profit or loss upon derecognition, and impairment is not recognised in the income statement. The Agency has not chosen to make this election for any financial assets.

Consequently, all financial assets which do not meet the criteria for classification to be recognised and measured at AC are recognised and measured at FVTPL. Business models are determined on initial application. The Agency assesses the business model at a portfolio level. Information that is considered in determining the business model includes:

- policies and objectives for the relevant portfolio; and
- how the performance and risks of the portfolio are managed, evaluated, and reported to management.

Financial assets managed on a fair value basis are held at FVTPL with no elections made to classify as FVTOCI.

In assessing whether contractual cash flows are solely payments of principal and interest, terms that could change the contractual cash flows so that it would not meet the condition for solely payments of principal and interest are considered, including:

- contingent and leverage features;
- non-recourse arrangements; and
- features that could modify the time value of money.

Assets measured at fair value

Most of the Agency's financial assets are measured at fair value. Under IFRS 9 the Agency is required to value assets in accordance with IFRS 13. The practical application of this standard is explained with reference to the Agency's asset portfolios in Notes 12c and 13, with detail regarding the key assumptions which support the Agency's most significant fair value estimate set out in Note 15a.

When determining the fair value hierarchy level under which a financial asset should be disclosed under the requirements of IFRS 13, the Agency considers the observable inputs used within the valuation of the asset.

The Agency considers the following factors in determining whether there have been any transfers between levels of the fair value hierarchy:

- for financial assets previously valued using unobservable inputs and therefore disclosed under Level 3 of the fair value hierarchy, if it has been determined that observable inputs are now available to measure the fair value of the asset, the Agency would consider whether the asset should be disclosed within Level 1 or Level 2 of the fair value hierarchy; and
- for financial assets previously valued using observable inputs and therefore disclosed within Level 1 or Level 2 of the fair value hierarchy, if it has been determined only unobservable inputs are now available or observable inputs must be adjusted using unobservable inputs, the Agency would consider whether the asset should be disclosed within a lower level of the fair value hierarchy.

The above factors are considered at least annually for particular asset groups or where there has been a contractual change for an individual asset.

Assets measured at amortised cost

Assets are valued by applying effective interest rates, calculated to recognise interest in accordance with IFRS 9 requirements to capitalise transaction costs and recognise fee income as finance income, spread over the life of the investment. Valuation of assets is subject to the impairment requirements of IFRS 9 for recognising write-off adjustments, modification adjustments and expected credit loss allowances.

Impairment

IFRS 9 requires the Agency to recognise expected credit losses anticipated within the next 12 months based on unbiased forward-looking information. Where a significant increase in credit risk is identified, the Agency is required to recognise total lifetime expected credit losses.

The measurement of expected credit loss involves increased complexity and judgement including estimation of probabilities of default, loss given default, a range of future economic scenarios, estimation of expected lives and estimation of exposures at default and assessing significant increases in credit risk.

Key concepts and management judgements

The impairment requirements are complex and require management judgements, estimates and assumptions. Key concepts and management judgements include:

Determining a significant increase in credit risk since initial recognition

As aforementioned, IFRS 9 requires the recognition of 12 month expected credit losses (the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date) if credit risk has not significantly increased since initial recognition (stage 1), and lifetime expected credit losses for financial instruments for which the credit risk has increased significantly since initial recognition (stage 2) or which are credit impaired (stage 3).

The Agency assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments for individual investments.

Default

Default is deemed to have occurred when a borrower has materially defaulted on their obligations and / or there is evidence that a counterparty is experiencing financial difficulty and their ability to repay is impaired. Homes England rebuts the presumption that exposures where payments past due exceed 90 days results in default. This is rebutted on the basis Homes England primarily advances development loans where interest is accrued and capitalised and repayment primarily comes from the sale of developed collateral (dwellings or land) and a delay in a sale or repayment is not always reflective of a significant increase in credit risk (SICR) or default.

In determining whether a counterparty and resultantly a financial asset is classified as being in default, Homes England assesses a range of factors including, but not limited to:

- whether a significant breach of lending terms and obligations has occurred i.e. a breach in financial covenants, legalisation or litigation has occurred;
- the availability of “Cure”, “Remedy” or “Standstill” periods and whether these have lapsed. These provisions, where agreed with the borrower at the outset, provide an opportunity (during a restricted time period) for the borrower to rectify a default before enforcement action is taken. These provisions are commonly used by lending institutions;
- whether there is a realistic prospect for any distress to be remedied by the counterparty or beneficial owners without significant lender intervention and contract modification; and
- where relevant, if another lender to the counterparty has recognised a default resulting in a SICR regardless of whether this triggers cross default provisions.

As Homes England’s loans and advances which meet the requirements to be measured at amortised cost are broadly consistent in nature, all being commercial loans and advances to companies involved in housing investment and development, a consistent approach to default is taken across the organisation.

Counterparties and associated financial assets which are deemed to be in default are only considered to have cured and returned to Stage 2 or Stage 1 following completion of a restructure which has resulted in the counterparty’s ability to repay their obligations no longer being impaired. Any restructure which consequently results in Homes England absorbing a loss will result in the financial asset being classified as in default.

Homes England does not utilise probation periods when assessing the staging of a financial asset and therefore assets can move upwards through the stages without restriction. The approach reflects the nature of Homes England’s activities which are heavily concentrated in development finance and whereby distress and default is ordinarily only reversed through significant intervention or modification or a fundamental change in economic conditions. In the absence of these factors our expectation is that defaulted assets will remain in default until exited.

Forward-looking information

Credit losses are cash shortfalls from what is contractually due over the life of the financial instrument. Expected credit losses are a measure of unbiased probability-weighted credit losses which might reasonably be expected, determined by evaluating a range of possible outcomes and considering future economic conditions. When there is a non-linear relationship between forward-looking economic scenarios and their associated credit losses, a range of forward-looking economic scenarios, currently expected to be a minimum of three, will be considered. This is to ensure a sufficient unbiased representative sample of the complete distribution is included in determining the expected loss.

Homes England assigns CRR to all counterparties with whom the organisation has provided financial assets that are measured at amortised cost. The CRR utilises a combination of qualitative and quantitative information including previous financial performance and strength, projected cashflows and leverage alongside more qualitative factors such as management experience. This assessment culminates in a single CRR figure and associated probability of default being applied based on the overall credit assessment of the given counterparty. This rating takes into consideration past financial performance (where evident), expected performance of a given counterparty and, critically, the underlying project.

The probability of default values associated with each CRR under the most likely central scenario have been determined by Homes England by adjusting the average probability of default values, which have been established using methodology applied in previous years by the MHCLG, to allow for current economic projections by considering historical movements in the various economic indexes. This methodology is then combined with an overall expert subjective opinion to produce estimates of the final adjusted probability of default rates.

To ensure compliance with IFRS 9, Homes England has adopted an additional probability weighted assessment of expected credit losses, utilising two plausible alternative economic scenarios. As Homes England operates in a single sector (housing) the loans and advances made are greatly concentrated, and as a result, defaults may be more greatly correlated in comparison to a loan portfolio which benefits from sector diversification.

The alternative economic scenarios adopted during 2023/24 are derived from the macro-economic forecast scenarios provided by the Office for Budget Responsibility. Sensitivity analysis regarding this judgement is provided in Note 15b.

The decision on how to weight these scenarios against the central scenario is primarily derived from expert judgement within Homes England. Alternative scenarios and weightings are reviewed on a minimum of a six-monthly basis and are scrutinised through the Agency's forums and committees.

Expected life

Lifetime expected credit losses must be measured over the expected life of individual agreements. For modelling purposes, this is restricted to the maximum contractual life of investments. Potential future modifications of contracts are not considered when determining the expected life or exposure at default until they occur.

Discounting

Expected credit losses are discounted at the effective interest rate at initial recognition, or an approximation thereof, and consistent with income recognition. For loan commitments, the effective interest rate is that rate that is expected to apply when the loan is drawn down and a financial asset is recognised. For variable / floating rate financial assets, the spot rate at the reporting date is used and projections of changes in the variable rate over the expected life are not made to estimate future interest cash flows or for discounting.

Modelling techniques

Expected credit losses are calculated at the individual financial instrument level by multiplying three main components, being the probability of default, loss given default and the exposure at default, discounted at the original effective interest rate. The methodology and key assumptions are outlined in detail in Note 15b.

Write-offs

Homes England manages distressed financial assets through a specialist team with experience in restructuring and insolvency.

Most of Homes England's loans and advances have the benefit of security. Write-offs take place once all such security has been realised or there is no realistic prospect of recovery and the amount of the loss has been determined.

Events that typically result in a write-off ahead of security being fully realised include, but are not limited to:

- the financial asset is subject to insolvency proceedings and the only funds that will be received are the amounts estimated by the Insolvency Practitioner;
- security (typically property) is disposed of and a decision is made that no further funds will be received;
- independent professional advice (typically third-party valuations or assessments) shows a significant shortfall with limited evidence that any shortfall will be recouped.

Any further recoveries of amounts previously written off are generally considered fortuitous gains and reduce the amount of impairment losses recorded in the Statement of Consolidated Net Expenditure.

n) Financial liabilities

Financial liabilities are recognised in the Statement of Financial Position when the Agency becomes a party to the contractual provisions of the instrument.

All non-derivative financial liabilities are initially measured at fair value and subsequently measured at amortised cost.

Financial liabilities consist of trade and other payables and certain provisions. Financial liabilities are classified as current liabilities unless the Agency has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The Agency derecognises a financial liability only when the Agency's obligations are discharged, cancelled or they expire.

o) Pension costs

The Agency accounts for pension costs in accordance with International Accounting Standard 19 Employee Benefits (IAS 19). During the year the Agency's employees were able to participate in one of the following contributory pension schemes: The Homes and Communities Agency Pension Scheme, The City of Westminster Pension Fund or the West Sussex County Council Fund. All three schemes are multi-employer defined benefit schemes as described in paragraph 8 of IAS 19.

Plan assets are measured at fair value. Liabilities are measured on an actuarial basis and discounted to present value. The net asset or obligation is recognised within pension assets or liabilities, respectively, in the Statement of Financial Position. The operating and financing costs of the schemes are recognised separately in the Statement of Comprehensive Net Expenditure. Service costs are spread over the working lives of employees and financing costs are recognised in the period in which they arise. Actuarial gains and losses are recognised in full in taxpayers' equity.

p) Financial commitments

The Agency recognises a financial commitment when it is legally or constructively committed to pay another body in relation to a specific matter. It is legally committed when it is subject to statute or is contractually bound. It is constructively committed when it has created a valid expectation in others, via its policies, conduct or established pattern of practice, for example, that it will be bound by certain obligations. The value of the financial commitment is determined by the amount which is still to be paid at the reporting date and profiled with reference to cash flow forecasts.

q) Impact of standards and interpretations in issue but not yet effective

International Financial Reporting Standard 17: Insurance Contracts (IFRS 17)

IFRS 17: Insurance Contracts replaces IFRS 4 Insurance Contracts. The new standard will apply more standardised and rigorous requirements on accounting for insurance contracts, setting out clearer expectations on the recognition, classification and measurement of assets and liabilities in relation to insurance contracts. The implementation is not planned until 2025 and it may require further adaptation for the public sector. We anticipate that the standard will not be significant to the Agency's Financial Statements.

2. Operating segments

a) Operating segment analysis

The Agency's operational performance is managed by reference to financial and non-financial targets, within the constraints of programme and operational expenditure limits set by MHCLG. These programmes are managed with Directorates which therefore form the basis of the Agency's operating segments as defined by IFRS 8 Operating Segments.

All of the Agency's activities, and therefore its income, expenditure, assets and liabilities, occur within the UK. An analysis of the various types of income which the Agency receives is shown in the Statement of Comprehensive Net Expenditure.

As many of the Agency's programmes do not generate their own revenue, and are financed by Grant in Aid, the financial measure used by the Board to assess the Agency's operating performance and manage its resources is programme and administrative expenditure and receipts against Departmental Expenditure Limits (DEL). The programme and administrative expenditure and receipts information below is presented on the basis of the information presented to the Board.

	2023/24			2022/23		
Programme	**Expenditure £m**	**Receipts £m**	**Total £m**	**Expenditure £m**	**Receipts £m**	**Total £m**
Help to Buy	**20.6**	**(83.1)**	**(62.5)**	2,237.2	(53.3)	2,183.9
Investment	**420.3**	**(684.3)**	**(264.0)**	533.4	(627.9)	(94.5)
Housing Infrastructure Grants	**470.3**	**(0.1)**	**470.2**	299.0	-	299.0
Development	**180.1**	**(188.1)**	**(8.0)**	211.0	(364.1)	(153.1)
Markets, Places and People**	**15.9**	**-**	**15.9**	13.5	-	13.5
Affordable Housing***	**2,011.3**	**(6.6)**	**2,004.7**	1,300.1	(10.6)	1,289.5
First Homes***	**40.7**	**-**	**40.7**	56.2	-	56.2
Building Safety and Remediation**	**41.4**	**-**	**41.4**	11.7	-	11.7
Evolve	**25.6**	**-**	**25.6**	20.9	-	20.9
Brownfield, Infrastructure and Land	**32.9**	**-**	**32.9**	-	-	-
Programme Administration**	**2.0**	**-**	**2.0**	0.9	-	0.9
Total programme expenditure and receipts	**3,261.1**	**(962.2)**	**2,298.9**	4,683.9	(1,055.9)	3,628.0
Administration	**128.8**	**-**	**128.8**	119.1	(2.5)	116.6
Total expenditure and receipts reported to Board	**3,389.9**	**(962.2)**	**2,427.7**	4,803.0	(1,058.4)	3,744.6
DEL not reported to the Board in respect of Expected Credit Loss charges, write-off charges and DEL impairments*	**66.8**	**-**	**66.8**	(7.1)		(7.1)
Total Net DEL	**3,456.7**	**(962.2)**	**2,494.5**	4,795.9	(1,058.4)	3,737.5

* Whilst ECL, write-off charges and DEL impairments are not reported to board as part of the monthly performance management information, they are sighted through reporting through various committees.

** In the 2022/23 Annual Report and Financial Statements, the £26.1m of expenditure shown against the Programme Administration line included £11.7m of expenditure in relation to the Agency's building safety and remediation programmes (including Cladding Safety Scheme) and £13.5m of Markets, Places and People programme expenditure. For 2023/24, it was deemed more appropriate to present building safety and remediation expenditure, and Markets, Places and People expenditure, on separate and appropriately named lines. To allow comparison against the prior year, both the £11.7m and £13.5m expenditures for 2022/23 have been re-presented on the new lines. This has consequently reduced the 2022/23 Programme Administration expenditure presented from £26.1m to £0.9m.

*** In the 2022/23 Annual Report and Financial Statements, the £1,356.3m of expenditure shown against the Affordable Housing line included £56.2m of expenditure in relation to the First Homes programme. For 2023/24, it was deemed more appropriate to present First Homes expenditure on its own line. To allow comparison against the prior year, the £56.2m of First Homes expenditure for 2022/23 has been re-presented on the new line. This has consequently reduced the 2022/23 Affordable Housing expenditure presented from £1,356.3m to £1,300.1m.

The administration income referred to in the Financial Review section of this Annual Report is recorded in the above Operating Segments disclosure against the relevant programmes through which the income originates from.

b) Reconciliations to net expenditure

Net DEL expenditure, the financial measure used to report the Agency's performance to the Board, excludes certain items which are disclosed separately in the Statement of Comprehensive Net Expenditure such as provisions for impairment, movements in other provisions, depreciation and income tax. It also includes items of expenditure which, for statutory reporting purposes, are capitalised in the Statement of Financial Position. Such items include additions to and disposals of non-current assets, loans and land and property assets. In addition, there are instances where there are timing differences between income and expenditure recognised for statutory reporting purposes and for DEL reporting, such as a restriction on recognising income on certain disposals until cash is received. For statutory reporting purposes income is recognised when the Agency is contractually entitled to receive the income. These rules are prescribed by HM Treasury.

A reconciliation of total DEL expenditure to net expenditure before tax as shown in the Statement of Comprehensive Net Expenditure is as follows:

	Note	2023/24 £m	2022/23 £m
Total net DEL expenditure above		**2,494.5**	3,737.5
Reconciling items:			
Increase in impairment of land assets		**130.6**	106.9
Decrease/(reversal of decrease) in fair value below cost of assets measured at fair value passing through the SOCNE		**181.2**	254.6
Reversal of increase/(increase) in fair value above initial cost of financial assets measured at fair value passing through the SOCNE		**48.9**	(614.7)
(Decrease)/Increase in provisions		**(2.6)**	0.9
Utilisation of provisions		**(0.4)**	(7.9)
Share of losses/(profits) of associates and joint ventures	11b	**5.3**	(3.3)
Investment in joint venture	11b	**(2.7)**	(3.5)
Pension movements		**(10.8)**	7.5
Book value of land and property assets disposed		**72.8**	177.3
Book value of assets measured at fair value disposed	12d, 12f	**1,396.3**	2,332.5
Help to Buy and FirstBuy receipts not included within net DEL expenditure*	12f	**(1,358.6)**	(2,259.2)
Loan repayments (for loans measured at amortised cost and at fair value)	12d, 12e	**494.5**	448.7
Capital items recorded as programme expenditure:			
Additions to assets measured at fair value	12d, 12e	**(74.1)**	(2,301.9)
Additions to land and property assets	16	**(202.3)**	(182.4)
Loans advanced, including interest added to loans measured at amortised cost	12e	**(326.1)**	(447.3)
Additions to PPE and Intangible assets		**(15.6)**	(5.1)
Recovery of long term receivables recorded as programme income		**9.4**	29.6
Net expenditure before tax as stated in the Statement of Comprehensive Net Expenditure		**2,840.3**	1,270.2

* Help to Buy and FirstBuy receipts are not reported to the Agency's Board as they are outside the scope of budgets delegated to the Agency to be managed. Cash received is transferred as Consolidated Fund Excess Receipts via the Ministry of Housing, Communities and Local Government to HM Treasury.

All of the income reflected in the Statement of Comprehensive Net Expenditure, with the exception of increases in fair value of financial assets measured at fair value through profit or loss, arises from contracts with customers and is accounted for in line with International Financial Reporting Standard 15 Revenue from Contracts with Customers (IFRS 15). Programme receipts reported to the Board materially comprises the proceeds from the disposal of land and property assets, interest income and the bulk of other operating income, which are income streams arising from contracts with customers and accounted for under IFRS 15, together with certain capital receipts, such as loan repayments, which are not reflected in the Statement of Comprehensive Net Expenditure and are not within the scope of IFRS 15. The vast majority of gains on the disposal of financial assets (which is an income stream arising from contracts with customers, accounted for under IFRS 15 and reflected in the Statement of Comprehensive Net Expenditure) arise on the disposal of Help to Buy equity loans. These disposal receipts are not included in the Board reporting as they are outside of the scope of budgets delegated to the Agency to be managed.

A reconciliation of programme receipts as shown above to income as stated in the Statement of Comprehensive Net Expenditure is as follows:

	Note	2023/24 £m	2022/23 £m
Total receipts reported to the Board		**962.2**	1,058.4
Reconciling items:			
Clawback of grants recorded as income but shown net within expenditure in Board reporting		**49.5**	18.7
Other income shown net within expenditure in Board reporting		**1.6**	1.1
Expenditure shown net within income in Board reporting		**-**	7.8
Disposal of Non-Current Assets held for sale		**-**	(2.5)
Valuation gains on financial assets held at FVTPL not reported to Board		**(48.9)**	614.7
Recovery of long term receivables recorded as programme income		**(6.5)**	(6.1)
Receipts from disposal of capital items recorded as programme income:			
Proceeds from the disposal of financial asset investments measured at Fair Value	12d, 12f	**(1,396.3)**	(2,332.3)
Loan repayments (for loans measured at amortised cost)		**(497.2)**	(472.2)
Joint venture disposal proceeds	11b	**(12.6)**	(6.9)
Help to Buy and FirstBuy receipts not included within DEL receipts*		**1,358.6**	2,259.2
Income as stated in the Statement of Comprehensive Net Expenditure		**410.4**	1,139.9

* Help to Buy and FirstBuy receipts are not reported to the Agency's Board as they are outside the scope of budgets delegated to the Agency to be managed. Cash received is transferred as Consolidated Fund Excess Receipts via the Ministry of Housing, Communities and Local Government to HM Treasury.

c) Impairment charges / (reversals) by operating segment

The impairment charges / (reversals) reflected in the Statement of Comprehensive Net Expenditure are attributed to the Agency's operating segments as follows:

	2023/24			2022/23		
Programme	**Impairment of land and property £m**	**Impairment of financial assets measured at amortised cost £m**	**Total £m**	**Impairment of land and property £m**	**Impairment of financial assets measured at amortised cost £m**	**Total £m**
Investment	**-**	**63.1**	**63.1**	-	(8.0)	(8.0)
Development	**134.2**	**0.5**	**134.7**	106.9	0.7	107.6
Total	**134.2**	**63.6**	**197.8**	106.9	(7.3)	99.6

d) Major customers

During the year, income from individual customers did not exceed 10% of total income (2022/23: nil).

3. Principal/agent relationships

Homes England is party to a number of significant arrangements where it acts as an Agent for another entity. In these arrangements, Homes England uses its skills and expertise to help bring forward programmes and initiatives. These programmes and initiatives are in addition to the core business of the Agency. It therefore would not be appropriate to show income or expenditure in respect of these transactions or to report on assets and liabilities. The below sets out these arrangements.

Managing programmes for MHCLG

The Agency has agreements with the MHCLG for the management and delivery of their Cladding Fund, Building Safety Fund, Next Steps Accommodation and Rough Sleepers Accommodation programmes:

Private Sector Cladding Remediation Fund: the fund was set up to replace aluminium composite material (ACM) cladding panels on large-scale residential social housing and this has been extended to the private sector. During the year, grants totalling £17.7m (2022/23 £24.0m) were paid out by the Agency and reimbursed by MHCLG.

Building Safety Fund: This fund is focused on unsafe non-ACM cladding systems – high pressure laminates, other metal composite materials etc. – on both social and private sector buildings over 18m in height. The Fund opened to new applications in July 2022 for eligible buildings. During the year, grants of £350.0m (2022/23: £254.4m) were paid out by the Agency and reimbursed by MHCLG.

Next Steps Accommodation: Homes England is supporting MHCLG, leading housing associations and local authorities to deliver the ambitious plans which will fast-track thousands of long-term homes for rough sleepers. During the year, grants of £6.6m (2022/23: £6.6m) were paid out by the Agency and reimbursed by MHCLG.

Rough Sleepers Accommodation: Homes England is supporting MHCLG, leading housing associations and local authorities to deliver the ambitious plans which will fast-track thousands of long-term homes for rough sleepers. During the year, grants of £17.6m (2022/23: £41.8m) were paid out by the Agency and reimbursed by MHCLG.

Single Homelessness Accommodation: Homes England is supporting MHCLG, providing supported housing, Housing First and housing-led accommodation for two target groups: adults experiencing multiple disadvantage who may have a history of rough sleeping and require high levels of support, and young people at risk of or experiencing homelessness or rough sleeping. During the year, grants of £21.9m (2022/23: £nil) were paid out by the Agency and reimbursed by MHCLG.

Managing assets for third parties

The Agency manages home equity portfolios on behalf of the Greater London Authority (GLA), Ministry of Defence (MoD) and multiple housing developers via our Mortgage Administrator. At the year end the Agency managed 5,204 (2022/23: 5,547) assets on behalf of these parties. During the year the Agency also collected 343 (2022/23: 690) disposal receipts with total proceeds of £9.2m (2022/23: £20.1m). The Mortgage Administrator collects and distributes disposal receipts to the GLA and housing developers on behalf of the Agency. The Agency receives disposal receipts on behalf of the MoD and subsequently transfers the receipts to the MoD. At the year end the Agency held £0.2m (2022/23 £5.6m) which is due to be paid to the MoD.

The Agency manages one science park on behalf of the Department for Science, Innovation and Technology (DSIT). During the year the Agency incurred expenditure of £0.4m (2022/23: £0.6m) and collected income of £2.0m (2022/23: £6.9m) as a result of day-to-day management of the sites. The net receipt of £1.6m is due to DSIT from the Agency.

MHCLG Guarantee Programme

Homes England acts as Licence or Concession Manager on behalf of MHCLG for a number of Guarantee programmes:

Affordable Housing Guarantee Scheme 2013 - a £3.5bn programme to support the delivery of additional new-build affordable homes by enabling registered providers to borrow on a long-term fixed rate basis. The loans carry a government guarantee and the benefit of the guarantee is passed through to borrowers in the form of a lower cost of borrowing. This scheme is closed to new applications.

Private Rented Sector Guarantee Scheme - a £3.5bn programme to support the building of new homes for the private rented sector by enabling developers or investors to raise low cost debt to refinance development funding on a long-term basis. The scheme is closed to new applications, but applications submitted before the December 2018 deadline continue to be progressed.

Affordable Homes Guarantee Scheme 2020 - this is a £6bn successor programme to the 2013 scheme and also provides low cost long-term loans to registered providers of homes for affordable social rent, affordable rent and shared ownership. If funds new homes and quality and energy efficiency improvements to existing homes.

Provision of shared services

In addition to the above, the Agency continues to have a close working relationship with the Regulator of Social Housing (RSH). A service level agreement sets out the services provided by Homes England to RSH. Services provided may include, but are not limited to, the provision of accommodation or facilities, the provision of staff time and expertise and the provision of technical resources. During the year, Homes England has charged RSH a fee of £1.0m (2022/23: £0.6m) for these services, credited to other operating income. Invoices are raised and paid monthly. In addition, due to this close working relationship, the systems and processes of Homes England are an important part of the control environment of RSH, and as such, the annual statutory audit of RSH covers a review of the systems and processes. Further disclosure regarding this relationship is provided in the Fees and Charges section of the Annual Report.

4. Grants

Payments were made to Registered Providers of Social Housing, local authorities and other public and private sector partners under the following programmes:

	2023/24 £'000	2022/23 £'000
Affordable Housing:		
Strategic Partnerships	**1,529,396**	799,331
Affordable Housing	**528,518**	517,833
Housing Infrastructure Fund	**427,737**	264,609
First Homes	**41,248**	56,194
Cladding Safety Scheme	**28,247**	-
Other	**21,127**	10,096
City Growth Deals	**13,172**	4,403
Brownfield, Infrastructure and Land	**5,000**	-
Local Authority Accelerated Construction	**73**	11,446
	2,594,518	1,663,912

The Agency's largest grant programme is the Affordable Housing Grant programme. This aims to increase the supply of new affordable and shared ownership homes in England. Strategic Partnerships is part of the Affordable Housing Grant Programme, these partnerships provide additional support to Registered Providers for the construction of affordable homes.

The Housing Infrastructure Fund aims to unlock house building by funding local authorities to build vital physical infrastructure projects, including the construction of roads, bridges, energy networks and other utilities.

The First Homes scheme offers discounts to first time buyers, which means they may be able to buy a home for 30% less than the market value. The home can be a new home built by a developer, or a home you buy from someone else who originally bought it as part of the scheme. This is subject to eligibility criteria. The First Homes scheme closed in September 2023.

The Cladding Safety Scheme allows eligible building owners or their representative to come forward and apply for grant to help them pay for the costs associated with making a building safe in relation to fire risk. The scheme will focus its effort on making over 5,000 buildings safe from risk caused by unsafe cladding – providing funding for remediation of buildings over 11 metres (11-18 metres in London) with unsafe cladding.

Other includes Markets, Partners and Places revenue grants to Local Authorities and land grants.

Brownfield, Infrastructure and Land (BIL) is a new £1 billion programme which will span Homes England's land, grant and equity activities so it can better support the needs of places, partners and their projects. The primary objective of BIL is to bring forward strategic sites and housing-led opportunities which support economic growth and long-term housing supply, with at least 60% of activity focused on brownfield land (land that has been previously used and is now vacant, derelict and sometimes contaminated).

The Local Authority Accelerated Construction programme closed in 2022/2023. The small amount of spend in 2023/24 relates to some legacy schemes that delivered spend/outputs in 2023/24.

Affordable Housing grant

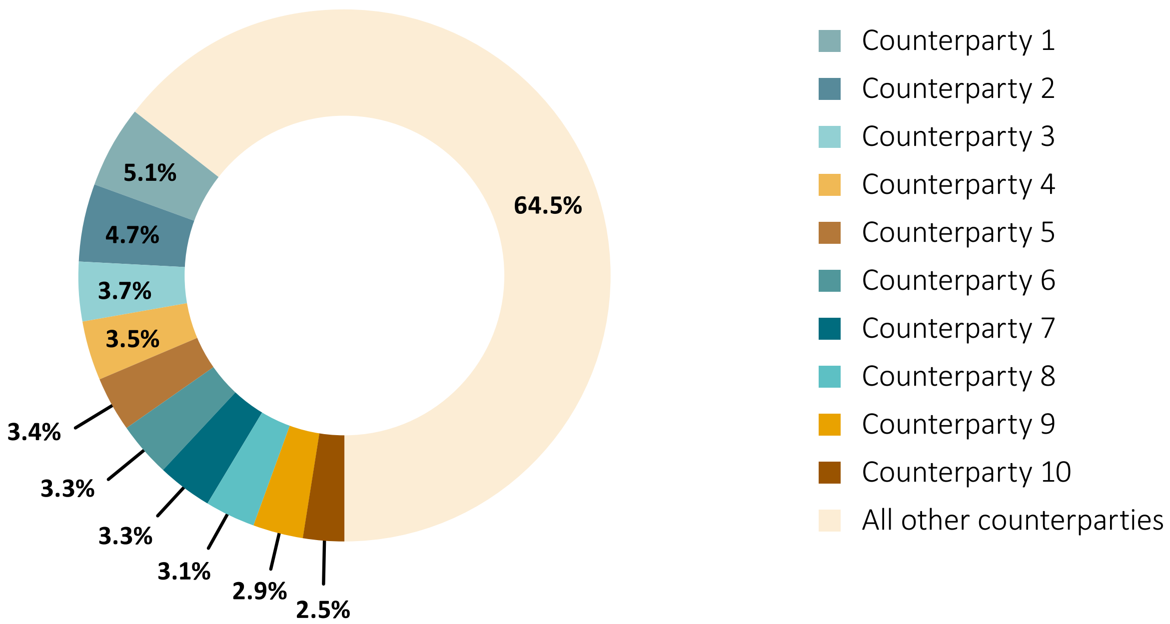
Within the Affordable Homes Programme there are two routes to access funding. Providers can apply for funding on a scheme-by-scheme basis bidding through continuous market assessment, or providers can become a strategic partner and access grant for a longer-term development program through a multi-year agreement. Both types are paid to partners across England. The table below shows the geographical split.

	2023/24		2022/23	
Region	**Total Grant £'000**	**%**	**Total Grant £'000**	**%**
East and South East	**395,601**	**19%**	304,149	23%
South West	**353,430**	**17%**	191,904	15%
Midlands	**423,128**	**21%**	244,018	18%
North East and Yorkshire	**488,446**	**24%**	273,387	21%
North West	**397,309**	**19%**	303,706	23%
	2,057,914	**100%**	1,317,164	100%

Top 10 Recipients of funding to 31 March 2024

Analysis of top 10 recipients of funding by Counterparty to 31 March 2024	Payments £'000	Percentage of total grant payments
Counterparty 1	**133,487**	5.1%
Counterparty 2	**122,782**	4.7%
Counterparty 3	**95,421**	3.7%
Counterparty 4	**90,376**	3.5%
Counterparty 5	**87,996**	3.4%
Counterparty 6	**86,515**	3.3%
Counterparty 7	**84,946**	3.3%
Counterparty 8	**79,564**	3.1%
Counterparty 9	**74,156**	2.9%
Counterparty 10	**65,616**	2.5%
Total Top 10 Counterparties at 31 March 2024	**920,859**	**35.5%**
Remaining grant payments at 31 March 2024	**1,673,659**	**64.5%**
Total grant payments to 31 March 2024	**2,594,518**	**100.0%**

Percentage of top 10 recipients of funding



5. Disposal of land and property assets

	Note	2023/24 £'000	2022/23 £'000
Proceeds from disposals		**119,632**	267,742
Cost of disposals:			
Book value of disposals	16	**72,757**	174,803
Direct costs of sale		**2,325**	7,806
		75,082	182,609
Gain on disposal		**44,550**	85,133

The proceeds from disposals above can be further analysed as follows:

	2023/24 £'000	2022/23 £'000
Disposals of land (freehold disposal/building lease)	**106,225**	199,733
Direct Commissioning (market sales)	**11,332**	46,070
Direct Commissioning (affordable contracts)	**2,075**	21,939
Proceeds from disposals	**119,632**	267,742

Income from the disposals of land (freehold disposal/building lease) is recognised when there is a legally binding sale agreement, which has become unconditional and irrevocable by the end of the reporting period. The income is recognised at the unconditional date and measured at the fair value of the consideration received or receivable for the disposal of land. Income is from contracts with customers.

Income in relation to Direct Commissioning (market sales) is recognised at legal completion and measured at the fair value of the consideration received or receivable for the property.

Income in relation to Direct Commissioning (affordable contracts) is recognised over time by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by compliance inspector reports of work performed to date. A contract asset is recognised when the Agency has completed a proportion of the contract activity prior to payment being received. A contract liability is recognised where cash has been received in advance of the contract activity being completed.

6. Programme costs

	2023/24 £'000	2022/23 £'000
Land	**20,551**	20,983
Evolve	**10,145**	15,729
Markets, Partners and Places	**8,728**	8,898
Cladding Safety Scheme	**8,350**	7,511
Financial Investment Programmes	**7,950**	7,997
Help to Buy	**7,386**	12,900
Managing programmes on behalf of MHCLG	**5,679**	4,511
Housing Infrastructure Fund	**2,276**	2,805
Affordable Homes	**1,918**	1,185
Strategy Research Analysis Sponsorship	**1,154**	857
	74,137	83,376

Programme costs are the operational costs incurred by Homes England to run the various programmes. They are typically professional fees to cover activities such as due diligence, legal advice, financial investigation, administration of payments, and property servicing.

Evolve is a specific programme funded by MHCLG to support the Agency in meeting its mission and objectives by creating new, more efficient services, teams, infrastructure and ways of working. In the current year there has also been £14.1m (2022/23: £4.7m) of capital expenditure incurred in relation to Evolve.

Note 3 details the programmes that Homes England manages for MHCLG and other government departments, the costs included within programme costs above are the staff costs and professional fees associated with these programmes.

7. Staff costs

The costs of salaried staff for the year, excluding Board members, were as follows:

a) Total staff costs

	2023/24 £'000	2022/23 £'000
Staff costs charged to net expenditure comprise:		
Staff costs	**79,831**	70,672
Pension costs	**21,177**	31,863
Total staff costs	**101,008**	102,535

The costs above can be further analysed as follows:

	2023/24 £'000	2022/23 £'000
Salaries and wages	**79,472**	70,559
Social security costs	**8,984**	8,644
Pension costs - current service cost*	**18,595**	29,716
Pension costs - past service cost and losses on curtailments and settlements	**7**	-
Pension costs - expenses	**2,575**	2,147
	109,633	111,066
Temporary staff	**14,265**	15,562
Seconded staff	**249**	88
	124,147	126,716
Less staff costs capitalised: Land and Property	**(12,104)**	(10,709)
Less staff costs transferred to programme costs	**(11,035)**	(13,472)
	101,008	102,535
Non-Executive Board member expenses	**-**	-

* The current service pension cost does not include costs relating to early retirements, which are included within Administration expenditure, Note 8.

During the year, £12.1m of staff costs were capitalised (2022/23: £10.7m) against Land and Property assets. The costs relate to direct labour involved in the enhancement of land and property assets. During the year, £nil of staff costs were capitalised (2022/23: £nil) against intangible fixed assets.

In addition, £11.0m (2022/23: £13.5m) of staff costs, in relation to the Homes England Evolve Programme, the Cladding Safety Scheme, the Building Safety Fund and the Next Step Accommodation Programme, were reclassified to programme costs. These programmes are partly funded by the Agency's programme budget. The Homes England Evolve Programme covers ongoing work involved in transforming the services, processes and infrastructure of Homes England, and is described more fully in Note 6.

b) Staff bonuses

Staff members who are direct employees of the Agency benefit from a Performance Related Pay scheme whereby any bonuses are determined with reference to performance against agreed objectives during the year. Performance Related Pay accrued but not yet paid during the year totalled £0.3m (2022/23: £0.4m).

During the year, directors received bonuses of £32k (2022/23: £nil). The bonuses received during the year relate to 2022/23 performance. The Accountability section of the Annual Report includes further details of bonuses, the average number of staff employed by the Agency, staff numbers by pay band and exit packages.

c) Staff composition

The average number of staff employed by the Agency (full time equivalents) over the course of the year is as follows:

	2023/24 Number	2022/23 Number
Permanent UK staff	**1,259**	1167
Fixed term UK staff	**89**	95
Temporary staff	**142**	142
Board members	**9**	9
Seconded staff	**3**	2
	1,502	1,415

d) Loans to employees

The Agency has provided travel season ticket loans, cycle scheme loans and electric vehicle charge point loans to employees during the year. The total amount outstanding in respect of these at 31 March 2024 was £44k (2022/23: £19k). There were no other loans to employees.

8. Administration expenditure

	2023/24 £'000	2022/23 £'000
Accommodation and office running costs	**9,999**	9,423
Professional fees	**3,508**	5,425
Depreciation and Amortisation	**5,111**	5,123
Travel and subsistence	**3,876**	3,291
Taxation not recoverable	**2,676**	3,280
Staff welfare, learning and development	**1,917**	2,184
Other	**631**	889
Auditor's remuneration (Statutory Audit)	**575**	575
	28,293	30,190

Included within Other is £305k (2022/23: £nil) relating to restructuring costs (PILON, Enhancements, Redundancy). The Accountability section of the Annual Report includes further details of exit packages.

9. Other operating income

	Note	2023/24 £'000	2022/23 £'000
Homeowner fees	**12f**	**87,579**	57,621
Grant clawback		**51,442**	19,836
Other		**7,698**	5,611
Rent and property income		**4,770**	4,836
		151,489	87,904

Homeowner fees represent income due from homeowners who have acquired a home via the Help to Buy loan equity scheme or other historic equity loan schemes. In relation to the Help to Buy equity scheme, from the fifth anniversary of ownership, interest is due, calculated as 1.75% of the loan outstanding (applied monthly), the interest rate increases each year by RPI +1%.

Grant clawback mostly comprises grant recovered from Registered Providers of Social Housing via the Affordable Homes Programme. Clawback may arise where the recipient of grant funding does not meet the conditions set out in the grant agreement resulting in recovery.

Other includes income from investments, income charged to the Regulator of Social Housing in respect of services provided, planning windfall income (where a developer buys land which subsequently receives planning permission increasing its value and the Agency shares in this uplift in value) and other windfall income (where the legal restriction on land sold is varied resulting in income to the Agency).

10. Share of profits of associates and joint ventures

The aggregated amounts of the Group's share of results of associates and joint ventures (JVs) included in the Statement of Comprehensive Net Expenditure is as follows:

	2023/24 £'000	2022/23 £'000
Share of results of associates	**(4,089)**	2,393
Share of results of joint ventures	**(1,228)**	916
Share of (losses) / profits of associates and joint ventures	**(5,317)**	3,309

The aggregate share of results is the net profit or loss from continuing operations. There was no profit or loss from discontinued operations and no other comprehensive income was recognised in the year.

11. Investments in subsidiaries, associates and joint ventures

a) Subsidiary undertakings - Agency

Cost	2023/24 £'000	2022/23 £'000
At 1 April	**50,000**	50,000
Investments in the year	**50,000**	-
Redemptions	**-**	-
At 31 March	**100,000**	50,000

The Agency invested an additional £50m in its wholly owned subsidiary, English Partnerships (LP) Ltd, in January 2024.

During the year, the Agency held interests in the following subsidiaries, each of which are registered in England and Wales and are wholly-owned by the Agency:

Name of undertaking	Share capital	Nature of business
English Partnerships (LP) Ltd	£100,000,000	Investment holding company
The Estuary Management Company Ltd	£1	Property management company
Norwepp (NWDA subsidiary) Ltd	£500	Investment holding company
AWM (Subsidiary) Ltd	£1	Investment holding company
ONE NorthEast General Partner Ltd	£100	Investment holding company
Blandford Brewery Estate Management Company Limited	£0	Property management company

The property management company is held as a non-profit making entity to manage shared costs. Other than English Partnerships (LP) Ltd, all of the remaining investment holding companies are dormant.

Homes England's subsidiary undertakings as listed above are exempt from the requirements of the Companies Act 2006 relating to audit of individual financial statements by virtue of Section 479A of the Act.

b) Associated undertakings and joint ventures - Group and Agency

The aggregated movements in the Group's share of net assets of associates and joint ventures are as follows:

Cost or valuation	Note	Group 2023/24 £'000	Group 2022/23 £'000	Agency 2023/24 £'000	Agency 2022/23 £'000
At 1 April		**61,932**	55,123	**20,615**	20,615
Investments in the year		**15,325**	10,405	**19**	-
Redemptions		**(12,637)**	(6,905)	**(6,450)**	-
Share of (losses)/profits of associates and joint ventures	**10**	**(5,317)**	3,309	**-**	-
At 31 March		**59,303**	61,932	**14,184**	20,615

In 2023/24, £9.7m (2022/23: £2.7m) was received in dividends from group companies and treated as redemptions under the equity method per IAS 28.

In January 2024, the Agency committed an additional £50m of funding to English Cities Fund, via the subsidiary English Partnerships (LP) Ltd. This included an additional capital payment of £5,000. The agency is committed to the English Cities Fund up to December 2036.

In 2023/24, £15.3m (2022/23: £10.4m) of committed funding was invested by English Partnerships (LP) Ltd, our wholly owned subsidiary, into English Cities Fund. This comprises new funding of £15.3m (2022/23: £10.4m) and £nil (2022/23: £nil) of amounts previously repaid to the Group. There have been £2.9m (2022/23: £4.2m) of repayments of funding made during the year.

The aggregated amounts of the Group's share of net assets and liabilities of associates and JVs are as follows:

	2023/24 £'000	2022/23 £'000
Group share of net assets of associates	**40,786**	35,756
Group share of net assets of joint ventures	**18,517**	26,176
Group share of net assets of associates and joint ventures	**59,303**	61,932

During the year, the Group had interests in the following associated undertakings and joint ventures, all of which are registered or resident in England and Wales:

Name of undertaking	Group/Agency	Interest	Nature of business
English Cities Fund Limited Partnership	Group	48%	Property development
Countryside Maritime Limited ^	Agency	50%	Development of land
Tilia Community Living LLP ^	Agency	26%	Property development
Temple Quay Management Limited	Agency	24%	Property management company
Kings Waterfront (Estates) Limited	Agency	50%	Property management company
Pride in Camp Hill	Agency	33%	Regeneration of Camp Hill area of Nuneaton
Newton Development Partners LLP ^	Agency	25%	Property development
Bristol Temple Quarter LLP ^*	Agency	33%	Regeneration of Bristol Temple Quarter

^ Joint venture

* During the year, the Agency entered into a partnership agreement to invest equity funding in a joint venture, Bristol Temple Quarter LLP. At the year end the joint venture had been established but no funds had been invested by the agency.

The Agency's interest in English Cities Fund Limited Partnership represents the partner profit share arrangements. Previously these entitled the Agency to a 45.78% share of the net profits or losses of the Partnership. As part of the additional commitment and investment in January 2024, the owners' shares were revised and the Agency is now entitled to a 47.94% share. The Agency's Chief Investments Officer represents the Agency's interest on the Board of ECF.

c) Commitments for associated undertakings and joint ventures - Group and Agency

The Agency has made a £5.0m (2022/23: £5.0m) working capital facility available to Countryside Maritime Limited, of which £nil (2022/23: £3.7m) was drawn at 31 March 2024.

In 2023/24, the group committed to invest a further £50m into English Cities Fund. During 2023/24, £15.3m (2022/23: £10.4m) has been drawn down from the total commitment. As a result of the net drawdowns and repayments at 31 March 2024, there is a balance of £38.1m available to be drawn.

In 2022/23, the agency committed £50m of funding to Newton Development Partners LLP. At 31 March 2024 £19k (2022/23: £nil) had been drawn.

12. Financial assets

		2023/24			2022/23		
	Note	Fair value £'000	Amortised cost £'000	Total £'000	Fair value £'000	Amortised cost £'000	Total £'000
Cash and cash equivalents	a)	**-**	**166,687**	**166,687**	-	217,485	217,485
Trade & other receivables	b)	**254,906**	**172,157**	**427,063**	281,970	263,110	545,080
Financial asset investments	c)	**18,204,988**	**1,187,074**	**19,392,062**	19,732,347	1,417,545	21,149,892
		18,459,894	**1,525,918**	**19,985,812**	20,014,317	1,898,140	21,912,457

a) Cash and cash equivalents - Group and Agency

	2023/24 £'000	2022/23 £'000
Cash held with Government Banking Service	**74,388**	149,595
Cash held with commercial banks	**93**	5,317
Cash held with third parties	**92,206**	62,573
	166,687	217,485

The Agency draws Grant in Aid from MHCLG on a monthly basis which is received on the 8th working day. At 31 March, the Agency therefore held cash balances as shown above to enable it to meet its short-term cash requirements until receipt of the next instalment of Grant in Aid.

The cash figure takes account of BACS payments initiated by 31 March 2024 to settle short-term liabilities, but not cleared by 31 March 2024. These payments totalled £87.9m (2022/23: £45.5m) and cleared the bank in early April 2024. There were no cash equivalents at any of the reporting dates shown.

Cash held with third parties covers amounts retained by external legal firms and the Agency's mortgage administrator for home equity investments. Cash is held to Homes England's order.

b) Trade & other receivables - Group and Agency

			2023/24			2022/23
Gross balances	**Fair value £'000**	**Amortised cost £'000**	**Total £'000**	**Fair value £'000**	**Amortised cost £'000**	**Total £'000**
Land sale receivables	**241,356**	**4,787**	**246,143**	269,791	7,336	277,127
Direct Commissioning	**-**	**59,585**	**59,585**	-	155,788	155,788
Taxes and social security	**-**	**2,624**	**2,624**	-	-	-
Other receivables and prepayments	**13,550**	**105,616**	**119,166**	12,179	100,407	112,586
	254,906	**172,612**	**427,518**	281,970	263,531	545,501
Expected credit loss allowances	**-**	**(455)**	**(455)**	-	(421)	(421)
Net balances	**254,906**	**172,157**	**427,063**	281,970	263,110	545,080
Of which:						
Non-current assets	**132,405**	**8,369**	**140,774**	160,515	16,265	176,780
Current assets	**122,501**	**163,788**	**286,289**	121,455	246,845	368,300
	254,906	**172,157**	**427,063**	281,970	263,110	545,080
Of which:						
Balances with private sector counterparties	**254,513**	**106,383**	**360,896**	281,577	206,036	487,613
Balances with public sector counterparties	**393**	**65,774**	**66,167**	393	57,074	57,467
	254,906	**172,157**	**427,063**	281,970	263,110	545,080

Land sale receivables

Land sale receivables are measured with reference to the underlying agreement, in the majority of cases the inclusion of an overage clause within the land sale agreement requires the receivable to be measured at fair value through profit or loss (FVTPL). Where the contractual terms give rise to cash flows that are solely payments of the principal amount these are measured at amortised cost.

Direct Commissioning

Direct Commissioning receivables represent amounts due from unit sales and accrued income due under contracts to develop multi-unit properties from projects managed under the Direct Commissioning programme. They are measured at amortised cost.

Other receivables and prepayments

Other receivables held at FVTPL relate to home equity management fees and interest. The remainder of other receivables are held at amortised cost and include amounts due from MHCLG for programmes delivered on their behalf, utility prepayments, trade receivables and other smaller balances.

Credit risk of receivables classified to FVTPL

The Agency is exposed to credit risk in relation to receivables measured at FVTPL. The credit risk exposure at the year end is £267.8m (2022/23: £297.4m).

c) Financial asset investments - Group and Agency

		2023/24			2022/23		
	Fair value hierarchy (where relevant)	Fair value £'000	Amortised cost £'000	Total £'000	Fair value £'000	Amortised cost £'000	Total £'000
PRS REIT	Level 1	**23,754**	**-**	**23,754**	24,172	-	24,172
Help to Buy equity loans	Level 2	**17,441,103**	**-**	**17,441,103**	18,934,182	-	18,934,182
Other legacy equity loans	Level 2	**183,804**	**-**	**183,804**	195,791	-	195,791
Infrastructure loans	Level 3	**269,234**	**664,196**	**933,430**	289,341	845,630	1,134,971
Development loans	Level 3	**41,184**	**402,081**	**443,265**	46,373	477,354	523,727
Other loans	Level 3	**7,984**	**120,797**	**128,781**	9,073	94,561	103,634
Development and infrastructure equity	Level 3	**123,012**	**-**	**123,012**	119,351	-	119,351
Managed funds	Level 3	**77,450**	**-**	**77,450**	66,140	-	66,140
City Growth Deals	Level 3	**30,029**	**-**	**30,029**	29,536	-	29,536
Other equity	Level 3	**2,436**	**-**	**2,436**	10,151	-	10,151
Overage	Level 3	**4,998**	**-**	**4,998**	8,237	-	8,237
		18,204,988	**1,187,074**	**19,392,062**	19,732,347	1,417,545	21,149,892
Of which:							
Non-current assets		**18,097,486**	**832,731**	**18,930,217**	19,622,677	846,979	20,469,656
Current assets		**107,502**	**354,343**	**461,845**	109,670	570,566	680,236
		18,204,988	**1,187,074**	**19,392,062**	19,732,347	1,417,545	21,149,892
Of which:							
Balances with private sector counterparties		**18,139,052**	**1,181,338**	**19,320,390**	19,657,286	1,411,897	21,069,183
Balances with public sector counterparties		**65,936**	**5,736**	**71,672**	75,061	5,648	80,709
		18,204,988	**1,187,074**	**19,392,062**	19,732,347	1,417,545	21,149,892

Investments measured at fair value

Financial assets measured at fair value through profit or loss are stated at fair value in accordance with International Financial Reporting Standard 13 Fair Value Measurement (IFRS 13) and relate to the following:

- PRS REIT: An investment in shares issued by the PRS REIT plc, supporting the launch of the first quoted Real Estate Investment Trust to focus purely on the private rented sector;
- Help to Buy and other legacy equity loans: The Agency’s entitlement to future income arising from financial assistance provided to homebuyers to enable them to buy homes, the majority of which arises from the Help to Buy scheme. Other Legacy Equity Loans consist of amounts due from homebuyers in relation to the following legacy equity schemes - First Buy: £41.7m (2022/23: £45.0m), Home Buy Direct and Kickstart Home Buy Direct: £81.1m (2022/23: £86.3m), FTBI: £58.2m (2022/23: £61.8m) and amounts due in relation to deferred land charges of £2.8m (2021/22: £2.7m);

- Infrastructure, development, and other loans: There are a number of loans which are measured on a fair value basis under the level 3 hierarchy as they do not clearly meet the requirements under International Financial Reporting Standard 9 Financial Instruments (IFRS 9) to be described as basic lending arrangements. Development loans have been made to private sector developers in order to bring forward the development of housing under the Home Building Fund. Infrastructure loans have been made to private sector developers and local authorities in order to fund infrastructure on stalled sites, or to unlock potential development sites under the Home Building Fund. Other loans mainly relate to commercial non-site specific loans, such as corporate type facilities;
- Development and infrastructure equity, City Growth Deals and other equity: Investments in development and infrastructure projects under which the Agency benefits from variable returns based on income generated by the project funding, including projects with both the private sector and local authorities, some of which have arisen under City Growth Deals. The Agency has also invested capital into funds and has invested as a minority shareholder, and will receive returns from these investments based on the performance of the underlying investments or vehicle;
- Managed funds: Investments in Housing Growth Partnership, operated by Lloyds Banking Group;
- Overage: Future receipts due from the disposal of land to third parties, where the Agency includes contractual provisions in line with Managing Public Money to protect the public interest by requiring additional overage payments to be made where developments are more profitable than envisaged when the initial disposal consideration was agreed.

Assets measured at fair value through profit or loss are carried at fair value, using the valuation methods described in Note 13. Following initial recognition, all movements in the fair value of these assets are recognised in net expenditure. On disposal of the related assets, the net difference between proceeds and the carrying value of the asset is recognised in net expenditure.

Investments measured at amortised cost

These assets are measured at amortised cost where they meet the criteria of solely payments of principal and interest (SPPI) and therefore meet the requirement to be described as a basic lending arrangement under IFRS 9.

Development loans have been made to private sector developers in order to bring forward the development of housing under the Agency's programmes, including the Home Building Fund and the Levelling Up Home Building Fund. These loans are repayable during periods ranging up to 2033. Infrastructure loans have been made to private sector developers and local authorities in order to fund infrastructure on stalled sites, or to unlock potential development sites. These loans are repayable during periods ranging up to 2032. Other loans include £23.9m of loans made to utility companies (2022/23: £24.7m) in respect of water infrastructure for new town developments (due for redemption by 2053), £4.3m loans made to local authorities (2022/23: £4.3m) which are repayable during periods ranging up to 2036. Other loans also include amounts due to the Agency in relation to loans provided under the Home Building Fund and the Levelling Up Home Building Fund totalling £94.4m (2022/23: £64.4m) and mainly relate to commercial non-site specific loans, such as corporate type facilities. These loans are due over periods up to 2033.

d) Movements in financial asset investments measured at fair value - Group and Agency

	Level 1	Level 2		Level 3		
	Shares held in The PRS REIT plc £'000	Help to Buy equity loans £'000	Other legacy equity loans £'000	Loans at FVTPL* £'000	Other investments £'000	Total £'000
Balances as at 1 April 2022	**32,120**	**18,428,202**	**211,871**	**467,786**	**232,806**	**19,372,785**
Additions	-	2,224,473	-	51,069	28,954	2,304,496
Disposals	-	(2,211,609)	(21,554)	(58,647)	(40,691)	(2,332,501)
Increase/(reversal of increase) in fair value above initial cost	(2,119)	615,229	5,452	10,945	12,472	641,979
(Decrease)/reversal of decrease in fair value below initial cost	(5,829)	(122,113)	22	(126,366)	(126)	(254,412)
Balances as at 31 March 2023	**24,172**	**18,934,182**	**195,791**	**344,787**	**233,415**	**19,732,347**
Additions	-	9,731	-	41,088	23,256	74,075
Disposals	-	(1,318,848)	(10,956)	(36,154)	(30,434)	(1,396,392)
Increase/(reversal of increase) in fair value above initial cost	-	(51,628)	(1,039)	17,661	14,769	(20,237)
(Decrease)/reversal of decrease in fair value below initial cost	(418)	(132,334)	8	(48,980)	(3,083)	(184,807)
Balances as at 31 March 2024	**23,754**	**17,441,103**	**183,804**	**318,402**	**237,923**	**18,204,986**

* Loans measured at FVTPL because the contractual terms of the loan do not give rise to cash flows on specified dates which are solely payments of principal and interest on the principal amount outstanding. This category includes Development, Infrastructure and Other Loans, the nature of which is described in Note 12c.

Other Investments include Development and Infrastructure Equity, Overage and Other Equity, the nature of which is defined within Note 12c.

Movements in fair value on Help to Buy equity loans are mainly a result of the fall in house prices observed since March 2023. For more recent asset additions, the fall in house prices has resulted in assets being valued less than at inception. This has driven the £132.3m movement in fair value below cost. For more longstanding assets, while the cumulative impact of prior increases in house prices means that they are they are still valued higher than at inception, the recent fall in house prices has resulted in £51.6m of previously recognised fair value increases being reversed.

Sensitivity of the valuation of assets held at fair value under the Level 2 and Level 3 hierarchy

The valuation of the Agency's equity-loan mortgage portfolio is highly sensitive to changes in assumptions, in particular market prices. Analysis showing the sensitivity of the portfolio valuation of these assets to market prices is shown in Note 15a. The sensitivity of the Help to Buy valuation to the Agency's modelling assumptions is analysed in Note 15a. As described in Note 12c, the investments categorised under the level 3 fair value hierarchy are not homogeneous in nature, therefore the underlying inputs used within the calculation of fair value vary depending on the nature of the asset. This category of assets is therefore sensitive to a range of underlying inputs which are not necessarily common across the Level 3 portfolio. A sensitivity analysis has been performed in Note 14a to demonstrate the impact of an increase or decrease in development returns.

Using economic scenarios produced by the Agency which account for the key economic risks and macro-economic uncertainty facing the Agency, further analysis has been undertaken in the Performance Report section of the Annual Report in relation to the impact of these scenarios on the valuation of the Agency's assets which are held at fair value under the Level 2 and Level 3 hierarchy.

Credit risk of loans classified to FVTPL

The Agency is exposed to credit risk in relation to loans classified to FVTPL. The credit-risk exposure at 31 March 2024 in relation to these investments is £574.8m (2022/23: £522.2m).

e) Movements in financial asset investments measured at amortised cost - Group and Agency

	Development loans £'000	Infrastructure loans £'000	Other loans £'000	Total £'000
Gross balances as at 1 April 2022*	**522,473**	**848,011**	**78,306**	**1,448,790**
Additions	249,511	74,292	44,559	368,362
Repayments	(298,607)	(122,584)	(27,492)	(448,683)
Interest added to loans	28,706	45,669	1,909	76,284
Amounts (written-off)/written back, including modification gains and losses	(1,838)	38,199	-	36,361
Gross balances as at 31 March 2023*	**500,245**	**883,587**	**97,282**	**1,481,114**
Interest accrued but not yet added to loans at 31 March 2022**	1,312	3,732	389	5,433
Expected credit loss allowances	(24,203)	(41,689)	(3,110)	(69,002)
Net balances as at 31 March 2023	**477,354**	**845,630**	**94,561**	**1,417,545**

	Development loans £'000	Infrastructure loans £'000	Other loans £'000	Total £'000
Gross balances as at 1 April 2023*	**500,245**	**883,587**	**97,282**	**1,481,114**
Additions	170,711	36,463	30,946	238,120
Repayments	(240,613)	(246,871)	(7,027)	(494,511)
Interest added to loans	40,605	44,318	3,054	87,977
Amounts (written-off)/written back, including modification gains and losses	(40,801)	(10,501)	(1,589)	(52,891)
Gross balances as at 31 March 2024*	**430,147**	**706,996**	**122,666**	**1,259,809**
Interest accrued but not yet added to loans at 31 March 2023**	1,596	4,087	415	6,098
Expected credit loss allowances	(29,662)	(46,887)	(2,284)	(78,833)
Net balances as at 31 March 2024*	**402,081**	**664,196**	**120,797**	**1,187,074**

* Gross balances exclude expected credit loss allowances and interest accrued but not yet added to loans, but include the effect of amounts which have been considered to have been written-off as irrecoverable or which have been recognised as modification gains or losses where an agreement has been varied. Net balances include the effect of applying expected credit loss allowances.

** Interest accrued but not yet capitalised of £nil was written off during 2023/24 (2022/23: £nil).

It is a requirement of IFRS 7 that for each class of financial instruments the fair value of these assets is disclosed. For assets held at amortised cost, it is considered that the amortised cost carrying value after adding back the expected credit loss allowance is an appropriate proxy for fair value. This value was £1,266m at 31 March 2024 (£1,486m at 31 March 2023).

Sensitivity of expected credit losses to modelling assumptions

IFRS 9 requires an expected credit loss allowance calculation to be performed with reference to the level of credit risk and performance of each investment. The determination of the risk associated with each asset is a key judgement by management as the result determines whether a 12-month loss allowance or a lifetime loss allowance is calculated for that asset.

The expected credit losses are calculated by comparing the estimated balance at the time of default against moderated security values (calculated by applying Modified security value percentages (MSVs) to gross security values to estimate the likely value which might be realised from a sale of security in distressed circumstances). A minimum loss on default value of 35% is applied (see accounting policies - loss given default (LGD) floor). This is then multiplied against an associated probability of default percentage value (PD) for the relevant loss calculation period. The PD value applied is determined based on the credit risk rating of the associated asset using industry metrics for default.

In addition to calculating either 12-month or lifetime loss allowances, IFRS 9 also requires consideration of how the calculation would vary under alternative economic scenarios. The Agency achieves this by varying the application of PD assumptions to the same base loan data. In addition, the Agency varies the MSVs applied to the ECL allowance calculation performed under each economic scenario, to reflect the relative expected discount on gross security values in a distressed situation for each economic scenario. The results calculated for each scenario are then used to calculate an unbiased, weighted-average loss allowance. This is done by using the relative likelihood of each scenario, based on the Agency's view of their relative probability.

The expected credit loss model is highly sensitive to the modelling assumptions noted above, which are therefore considered to be a key judgement of management. To analyse the impact of the key assumptions applied at 31 March 2024, a sensitivity analysis has been performed in Note 15b, which also provides an overview of the key modelling assumptions and how they are applied.

f) Summary of movements recognised in consolidated net expenditure in relation to financial assets

	Note	2023/24 £'000	2022/23 £'000
Movements in net expenditure in relation to assets held at fair value			
Increase/(reversal of increase) in fair value above initial cost on financial asset investments held at FVTPL	12d	**(20,237)**	641,979
Increase in fair value above initial cost on receivables held at FVTPL		**4,643**	4,836
Decrease in fair value below initial cost on financial asset investments held at FVTPL	12d	**(184,807)**	(254,412)
Decrease in fair value below initial cost on receivables held at FVTPL		**(3,095)**	(378)
Gain on disposal against fair value		**36,735**	41,191
Monthly Fees recognised on Help to Buy equity loans		**81,778**	53,333
Monthly Fees recognised on other legacy equity loans		**5,801**	4,288
Movements in net expenditure in relation to assets held at amortised cost			
Interest on loans		**117,799**	95,861
Interest on receivables		**333**	387
Credit impairment loss (charges)/reversals, including modification (losses)/gains		**(63,645)**	7,309
Net income/(expenditure) recognised in consolidated net expenditure		**(24,695)**	594,394

There have been reversals of previous valuation uplifts and movements in fair value below cost for financial assets measured at FVTPL.

The movements in fair value below cost of financial assets held at FVTPL is primarily caused by movements in fair value below cost on the Help to Buy portfolio which have been impacted by a reduction in house prices in 2023/24, as well as cases where it has been determined that there is no realistic prospect of full recovery of the contractual amounts due on loans measured at FVTPL.

Gain/(loss) on disposal of financial asset investments

2023/24	Help to Buy equity loans £'000	Other legacy equity loans £'000	Loans at FVTPL £'000	Other investments £'000	Total £'000
Proceeds from disposals	1,355,373	11,166	36,154	30,434	1,433,127
Fair value of assets disposed	1,318,848	10,956	36,154	30,434	1,396,392
Gain/(loss) on disposal against fair value	**36,525**	**210**	**-**	**-**	**36,735**

2022/23	Help to Buy equity loans £'000	Other legacy equity loans £'000	Loans at FVTPL £'000	Other investments £'000	Total £'000
Proceeds from disposals	2,253,035	21,319	58,647	40,691	2,373,692
Fair value of assets disposed	2,211,609	21,554	58,647	40,691	2,332,501
Gain/(loss) on disposal against fair value	**41,426**	**(235)**	**-**	**-**	**41,191**

Credit impairment loss charges to net expenditure in relation to assets held at amortised cost

	2023/24 £'000	2022/23 £'000
Net movements in expected credit loss allowances	**9,865**	28,925
Amounts written-off/(written-back) loan balances	**49,663**	(36,354)
Modification losses/(gains)	**3,228**	(7)
Amounts written-off on receivable balances	**889**	127
Total credit impairment loss charges/(credits)	**63,645**	(7,309)

g) Write-offs at the reporting date

Movement in write-off allowances during 2023/24

	Allowances at 1 April 2023 £'000	Recognised £'000	Written-back £'000	Utilised £'000	Allowances at 31 March 2024 £'000
Financial asset investments at amortised cost	37,485	58,814	(9,151)	(2,071)	**85,077**
Trade & other receivables	668	889	-	(70)	**1,487**
	38,153	**59,703**	**(9,151)**	**(2,141)**	**86,564**

Further details of how the Agency identifies assets for which a write-off is required are disclosed in the Parliamentary Accountability section of the Annual Report. This also includes details of loan balances over £300k which have been considered to be irrecoverable and which are written-off in accordance with IFRS 9, or where the Agency has received authorisation from HM Treasury during the current year to cease pursuing the debt.

Movement in write-off allowances during 2022/23

	Allowances at 1 April 2022 £'000	Recognised £'000	Written-back £'000	Utilised £'000	Allowances at 31 March 2023 £'000
Financial asset investments at amortised cost	73,908	3,638	(39,992)	(69)	**37,485**
Trade & other receivables	561	135	(8)	(20)	**668**
	74,469	**3,773**	**(40,000)**	**(89)**	**38,153**

h) Movement in ECL allowances during the reporting period

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Simplified approach £'000	Total £'000
Position as at 1 April 2022	**36,598**	**2,928**	**812**	**160**	**40,498**
New credit-risk exposures in the reporting period	5,637	1,595	-	-	7,232
Movements from Stage 1 to Stage 2***	(10,572)	20,158	-	-	9,586
Movements from Stage 1 to Stage 3***	(544)	-	544	-	-
Movements from Stage 2 to Stage 1***	71	(71)		-	-
Movements from Stage 2 to Stage 3	-	(21)	21	-	-
Movements from Stage 3 to Stage 1	-	-	-	-	-
Movements from Stage 3 to Stage 2	-	-	-	-	-
ECL utilised when written-off*	-	(276)	-	-	(276)
Movements as a result of modifications*	-	-	-	-	-
Released on repayment	(2,778)	(1,139)	-	-	(3,917)
Changes in risk parameters and risk models**	5,804	(5,603)	16,034	65	16,300
Net movements in expected credit loss allowances	**(2,382)**	**14,643**	**16,599**	**65**	**28,925**
Expected credit loss allowance as at 31 March 2023	**34,216**	**17,571**	**17,411**	**225**	**69,423**

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Simplified approach £'000	Total £'000
Position as at 1 April 2023	**34,216**	**17,571**	**17,411**	**225**	**69,423**
New credit-risk exposures in the reporting period	6,501	274	-	-	6,775
Movements from Stage 1 to Stage 2***	(5,621)	8,306	-	-	2,685
Movements from Stage 1 to Stage 3***	(490)	-	757	-	267
Movements from Stage 2 to Stage 1***	-	-	-	-	-
Movements from Stage 2 to Stage 3	-	-	-	-	-
Movements from Stage 3 to Stage 1	-	-	-	-	-
Movements from Stage 3 to Stage 2	-	-	-	-	-
ECL utilised when written-off*	(1,591)	(2,215)	(16,524)	-	(20,330)
Movements as a result of modifications*	-	(2)	-	-	(2)
Released on repayment	(1,820)	(9,996)	-	-	(11,816)
Changes in risk parameters and risk models**	(13,571)	44,602	1,030	225	32,286
Net movements in expected credit loss allowances	**(16,592)**	**40,969**	**(14,737)**	**225**	**9,865**
Expected credit loss allowance as at 31 March 2024	**17,624**	**58,540**	**2,674**	**450**	**79,288**

* Where amounts are considered to be irrecoverable, they are written-off (or expensed as modification losses where this arises as the result of changes to contractual terms) and the associated ECL is released. As a result, the charge to net expenditure at this time is limited to the difference between the actual amount written-off and the ECL allowance carried at the point of write-off.

** For reasons of practicality and efficiency, all movements in the ECL allowance for short-term receivables (which are calculated by applying a simplified approach based on historic losses observed in the population, as allowed under IFRS 9) are disclosed in a single line. For all other investments, the following input and assumption changes are reflected within this line: credit risk rating (CRR) inputs; changes in loss given default assumptions (including movements in existing asset security balances and exposures); and changes in modelling assumptions including probability of defaults (PDs), economic scenario weightings, moderated security value (MSV) rates and the profile of forecast expenditure and receipts across each year.

*** The movements in the ECL between stages are determined firstly by removing the prior year ECL from the column associated with the prior year allocated stage. The opening ECL position is then recalculated using the stage allocated in the closing position. This is then added to the column associated with the new stage. The differences noted in the total column are therefore the difference between these two positions.

Expected credit loss allowance analysed for disclosure against loan categories

2023/24	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Simplified approach £'000	Total £'000
Development loans	8,393	18,595	2,674	-	29,662
Infrastructure loans	6,942	39,945	-	-	46,887
Other loans	2,284	-	-	-	2,284
Trade & other receivables	5	-	-	450	455
Total ECL allowances at 31 March 2024	**17,624**	**58,540**	**2,674**	**450**	**79,288**

2022/23	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Simplified approach £'000	Total £'000
Development loans	15,965	7,351	887	-	24,203
Infrastructure loans	14,945	10,220	16,524	-	41,689
Other loans	3,110	-	-	-	3,110
Trade & other receivables	196	-	-	225	421
Total ECL allowances at 31 March 2023	**34,216**	**17,571**	**17,411**	**225**	**69,423**

During 2023/24, the economic scenarios, weightings and probability of default values applied in the Agency's expected credit loss model were revised with reference to current market conditions and future expectations. The change in assumptions, including probability of default values, economic scenario weightings, MSVs, and cash flow profiles has resulted in a decrease in the expected credit loss allowance of £19.31m during the year (2022/23: increase of £14.31m). Details of the assumptions adopted are set out in the Performance Report section of the Annual Report.

13. Financial assets and financial liabilities: fair value and amortised cost

The fair values of financial assets are assessed at least annually to meet the reporting requirements of IFRS 9 and are determined as follows:

Level 1	The fair value of the Agency's shareholding in the PRS REIT plc is calculated with reference to prices quoted on the London Stock Exchange and is therefore categorised as level 1 in the fair value hierarchy as defined by IFRS 13.
Level 2	The fair values of assets held at fair value through profit or loss relating to the Agency's equity-loan mortgage portfolio are calculated with reference to movements in the Office for National Statistics (ONS) house price index (HPI) at a regional level, being the most relevant available observable market data. This is supplemented by adjustments for experience of actual disposals which have occurred in the final three months of 2023/24 which consider geography, age and property type. These experience adjustments are observable as they are developed using publicly available market and transaction data. Therefore, these fair values are categorised as level 2 in the fair value hierarchy as defined by IFRS 13.
Level 3	The fair values of assets held at fair value through profit or loss relating to managed funds, equity investments in development / infrastructure projects and overage follow the income approach under IFRS 13. The fair value of level 3 assets are calculated using project-level cash flow forecasts, discounted at rates set by HM Treasury, or the effective interest rate of the underlying loan agreement for loans at FVTPL if higher. This approach is as prescribed by the Government Financial Reporting Manual, issued by HM Treasury. This reflects the valuation methodology which would be employed by market participants when pricing the assets and, since the inputs which inform the calculation of fair value are unobservable to users of the accounts, the assets are categorised as level 3 in the fair value hierarchy as defined by IFRS 13. The nature of the investments disclosed within this category vary in nature, as the Agency tailors the type of support or funding available to the individual situation. The nature of investments categorised within the level 3 category is summarised in Note 12c. In addition, the mechanism by which the Agency obtains returns on these investments are specific to the asset. For example, the Agency may be due a share of returns from a development project, or the Agency may be due a share of profit which is determined based on the underlying performance of an investment. As a result of this, the inputs used to determine the fair value of each individual asset vary in nature. Input data can include project-level cash flows which are either provided by counterparties and moderated by the Agency's project managers or are obtained via independent valuation or monitoring reports from professional advisers (for individually significant assets).
	The fair value of other financial instruments (including liabilities, where significant and long-term) are similar in nature to other level 3 assets and are calculated by discounting their future cash flows using discount rates set by HM Treasury, or the rate intrinsic to the financial instrument if higher. For financial assets, this results in classification as level 3 in the fair value hierarchy as defined by IFRS 13.

No financial assets have moved between categories during 2023/24 (2022/23: None).

Measuring fair value on recognition

Where differences between the fair value at initial recognition, as calculated using the methods described above, and the price paid by the Agency to acquire the instrument are considered to be significant they are either:

- recognised as grant expenditure where fair value is considered to be below cost, in accordance with IAS 20 Government Grants; or
- deferred and released over the expected life of the instrument in accordance with IFRS 9.

Changes in aggregate gains yet to be recognised in net expenditure are as follows:

	2023/24 £'000	2022/23 £'000
At 1 April	**-**	1,961
Gain recognised on recognition	**-**	-
Released	**-**	(1,961)
At 31 March	**-**	-

Comparison of cost and carrying value (Group and Agency)

The original cost and carrying values of the Agency's financial assets, by classification, are as follows:

		2023/24	2023/24	2022/23	2022/23
	Note	Original cost £'000	Carrying value £'000	Original cost £'000	Carrying value £'000
Assets measured at amortised cost					
Cash and cash equivalents	12a	**166,687**	**166,687**	217,485	217,485
Trade and other receivables		**157,886**	**155,944**	248,818	247,729
Financial asset investments	12c	**1,350,984**	**1,187,074**	1,524,032	1,417,545
Assets measured at fair value					
Trade and other receivables		**258,683**	**254,906**	294,125	281,970
Financial asset investments	12c	**17,257,636**	**18,204,988**	18,423,343	19,732,347
Total financial assets		**19,191,876**	**19,969,599**	20,707,803	21,897,076

Prepayments, tax and social security balances are excluded from the table above as these are non-financial assets.

There are no differences between the carrying values and fair values of the Agency's financial liabilities, which are as follows:

	Note	2023/24 £'000	2022/23 £'000
Other financial liabilities			
Trade and other payables	17	**506,809**	559,581
Total financial liabilities		**506,809**	559,581

Deferred income, tax, social security and certain provisions are excluded from the table above as these are non-financial liabilities.

14. Financial risk management

The Group and Agency's financial assets and liabilities are detailed in Notes 12 and 17. The statements in this note apply to both the Agency itself and the Group, except where indicated.

The exposure to financial risk arising from financial assets is a key focus for management. In order to mitigate this risk, the Agency adopts the following approach to transactions with developers:

- potential exposure to credit risk is subject to a level of analysis which would be seen in UK financial institutions, which includes the consideration of aggregated exposures where applicable;
- for existing recoverable investments, cash flows are managed monthly based on client's agreed cash flows for drawdowns;
- when selling property the Agency is normally secured by use of a building lease giving the right to retake possession of the disposed property in the event of a default by the buyer;
- loan and equity agreements are generally backed by a charge on land, parent company guarantees or other available security as appropriate to the individual circumstances. These are subject to individual review and structuring.

a) Market price risk

The Agency's results and equity are dependent upon the prevailing conditions of the UK economy, especially UK house prices, which significantly affect the valuation of the Agency's assets.

In particular, the Agency is exposed to significant market price risk in its equity-loan mortgage portfolio and land portfolio. Any market price movements are reflected in net expenditure for the period.

The Agency accepts market price risk as an inherent feature of its operation of Help to Buy and other home equity schemes. It therefore does not attempt to directly mitigate this risk, for example via hedging, but monitors the exposure at a strategic level using a range of scenario analysis techniques such as that described below.

The Agency has performed a sensitivity analysis that measures the change in fair value of the financial assets held for hypothetical changes in market prices. The sensitivity analysis is based on a proportional change to all prices applied to the relevant financial instrument balances existing at the year end. Stress-testing is performed which looks at exposure to adverse scenarios to ensure that the financial risks are understood.

Home equity portfolio

The table below shows the effect on net expenditure arising from movements in the fair value of these portfolios at 31 March 2024, before the effects of tax, if UK house prices had varied by the amounts shown and all other variables were held constant. This illustrates the impact of the mortgage providers' first charge, which disproportionately affects the estimated fair value when house prices reduce.

Modelled change in house prices (%)	Estimated portfolio value (£m)	Incremental change in fair value recognised in net expenditure (£m)	% Incremental change in fair value (recognised in net expenditure)
20.0%	21,164.9	3,539.9	20.1%
10.0%	19,398.0	1,773.0	10.1%
0%	17,625.0	-	0.0%
-5%	16,716.7	(908.3)	-5.2%
-10.0%	15,742.7	(1,882.3)	-10.7%
-20.0%	13,435.8	(4,189.2)	-23.8%
-30.0%	10,311.8	(7,313.2)	-41.5%

Private sector developments, overage and infrastructure

At 31 March 2024, if development returns had been 10% higher/lower and all other variables were held constant, the effect on the Agency's net expenditure arising from movements in investments in private sector developments and infrastructure projects, before the effects of tax, would have been an increase/decrease of £26.2m from that stated.

Land portfolio

The table below shows the effect on net expenditure at 31 March 2024, before the effects of tax, if at 31 March 2024 average land and property prices had varied by the amounts shown and all other variables were held constant. This illustrates the lower of cost and NRV principle whereby impairments will only be recognised when an asset falls below its cost base and impairment reversals will only be recognised to the extent the asset has previously been impaired.

Modelled change in land and property values (%)	Estimated portfolio value (£m)	Incremental change in land and property impairments recognised in net expenditure (£m)	% Incremental change in land and property value (recognised in net expenditure)
20.0%	1,179.9	(115.3)	10.8%
10.0%	1,125.8	(61.2)	5.7%
0%	1,064.6	-	0.0%
-5%	1,031.6	33.0	-3.1%
-10.0%	993.9	70.7	-6.6%
-20.0%	903.7	160.9	-15.1%
-30.0%	807.4	257.2	-24.2%

b) Interest rate risk

The Agency's income is exposed to interest rate risk on its financial assets classified as loans and receivables, where these pay interest at a variable rate. For the majority of the Agency's loan portfolio, the variable element is the EC Reference Rate, which was 5.65% as at 31 March 2024 (3.52% as at 31 March 2023).

The going concern of the Agency is not affected by a reduction in interest income in the event of a reduction in variable interest rates. The Agency does not undertake any specific measures to mitigate against the risk of changes in variable interest rates.

If interest rates on the Agency's variable rate loans had been 1% higher/lower throughout the year ended 31 March 2024, the Agency's net expenditure for the year, before the effect of tax, would have been £12.7m higher/lower.

c) Liquidity risk

Liquidity risk is the risk that the Agency will be unable to meet its liabilities as they fall due.

To the extent that the Agency's liabilities cannot be met from its own sources of income, they may be met by future grants or grant in aid from the Agency's sponsoring department, MHCLG. Such grants are paid on a monthly basis to fund net liabilities as they are expected to fall due. Short term liquidity is managed through the investment of any cash surpluses with the Government Banking Service.

The Agency does not allow the use of more complex financial instruments, which could result in increased financial liabilities, such as derivatives.

Substantially all of the Agency's financial liabilities (as described in Note 17) are contractually due within one year of the reporting date.

d) Currency risk

The Agency's dealings are almost entirely sterling denominated, and therefore the Agency has no material exposure to currency risk.

e) Credit risk

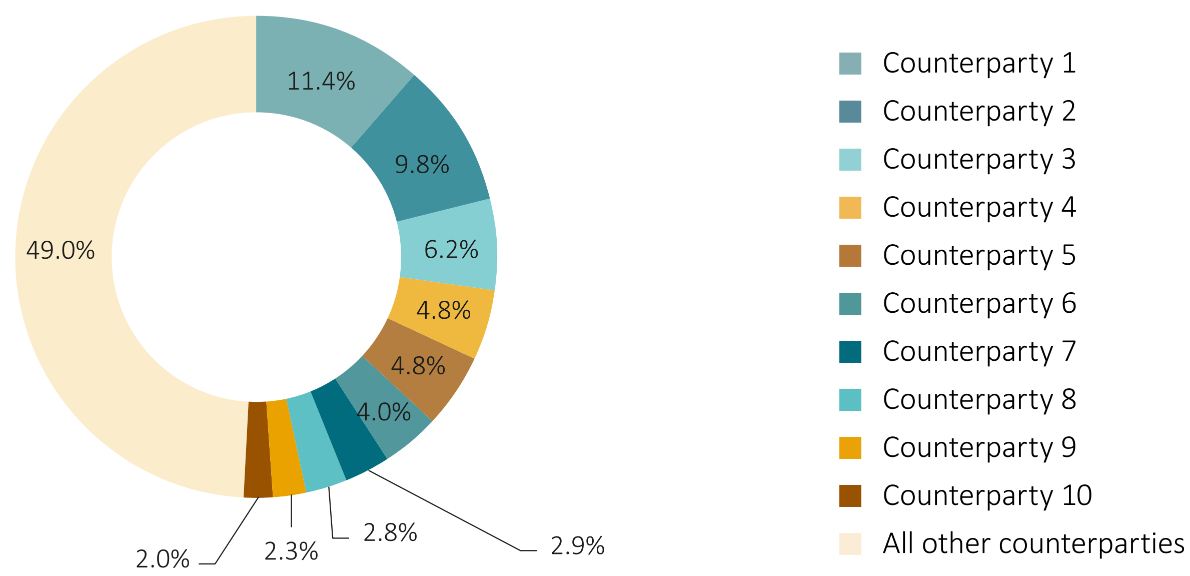
Credit risk is the risk of financial loss where counterparties are not able to meet their obligations. The Agency’s maximum exposure to credit risk, without taking into account any security held, is the same as the carrying amount of financial assets recorded in the Financial Statements, as disclosed in Note 12.

The nature and concentration of the credit risk arising from the Agency's most significant financial assets is demonstrated in the tables below.

Financial asset investments measured at fair value relate mainly to amounts receivable individually from proceeds generated when the equity-loan mortgage portfolio properties are sold or staircased, or amounts receivable from various private sector developers, resulting in a broad spread of credit risk for these assets. Amounts receivable from the owners of homes are secured by a second charge over their property.

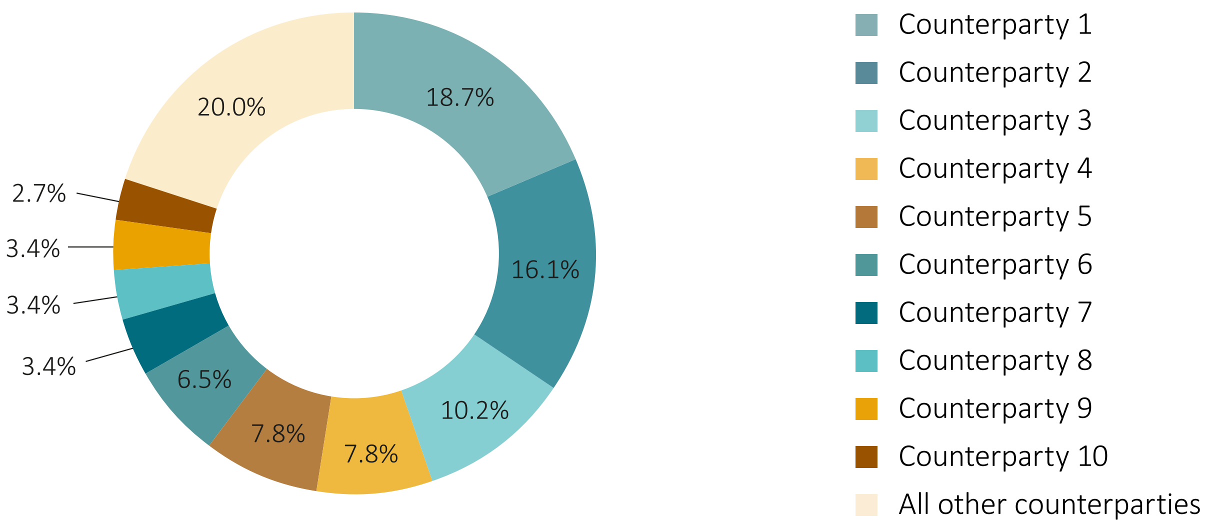
Analysis of total loan exposure by counterparty at 31 March 2024	Exposure £'000	Percentage of total loans
Counterparty 1	210,513	11.4%
Counterparty 2	181,700	9.8%
Counterparty 3	115,314	6.2%
Counterparty 4	88,363	4.8%
Counterparty 5	88,363	4.8%
Counterparty 6	73,507	4.0%
Counterparty 7	53,253	2.9%
Counterparty 8	52,031	2.8%
Counterparty 9	41,896	2.3%
Counterparty 10	37,881	2.0%
Total exposure of top 10 counterparties at 31 March 2024	**942,821**	**51.0%**
Total loans balance at 31 March 2024*	**1,848,107**	

Percentage of total loans



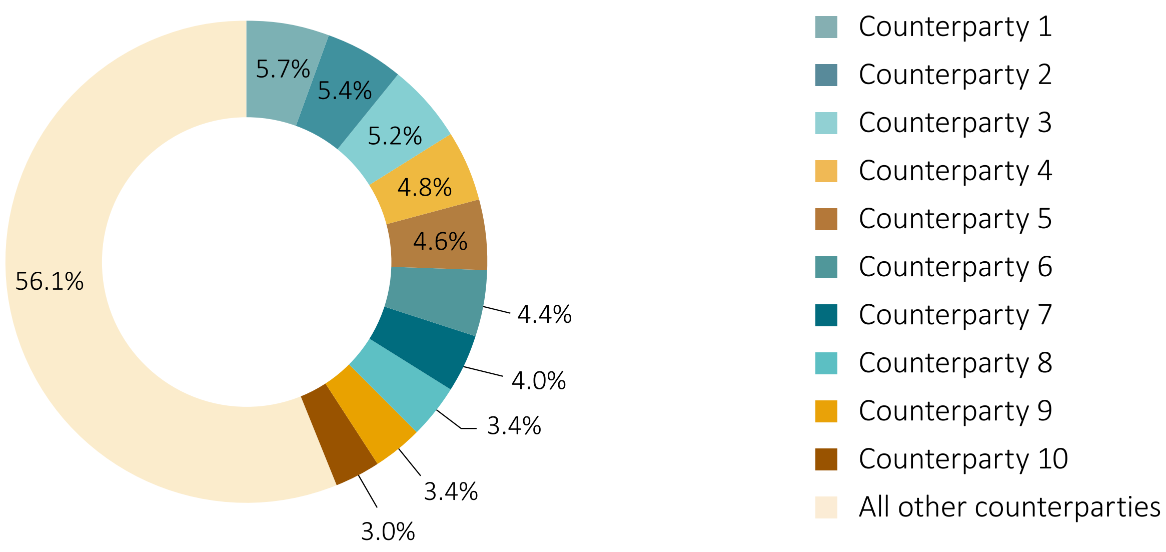
Analysis of infrastructure loan exposure by counterparty at 31 March 2024	Exposure £'000	Percentage of total infrastructure loans
Counterparty 1	210,513	18.7%
Counterparty 2	181,700	16.1%
Counterparty 3	115,314	10.2%
Counterparty 4	88,363	7.8%
Counterparty 5	88,363	7.8%
Counterparty 6	73,507	6.5%
Counterparty 7	37,881	3.4%
Counterparty 8	37,881	3.4%
Counterparty 9	37,881	3.4%
Counterparty 10	30,807	2.7%
Total exposure of top 10 counterparties at 31 March 2024	**902,210**	**80.0%**
Total infrastructure loans balance at 31 March 2024*	**1,127,249**	

Percentage of total infrastructure loans



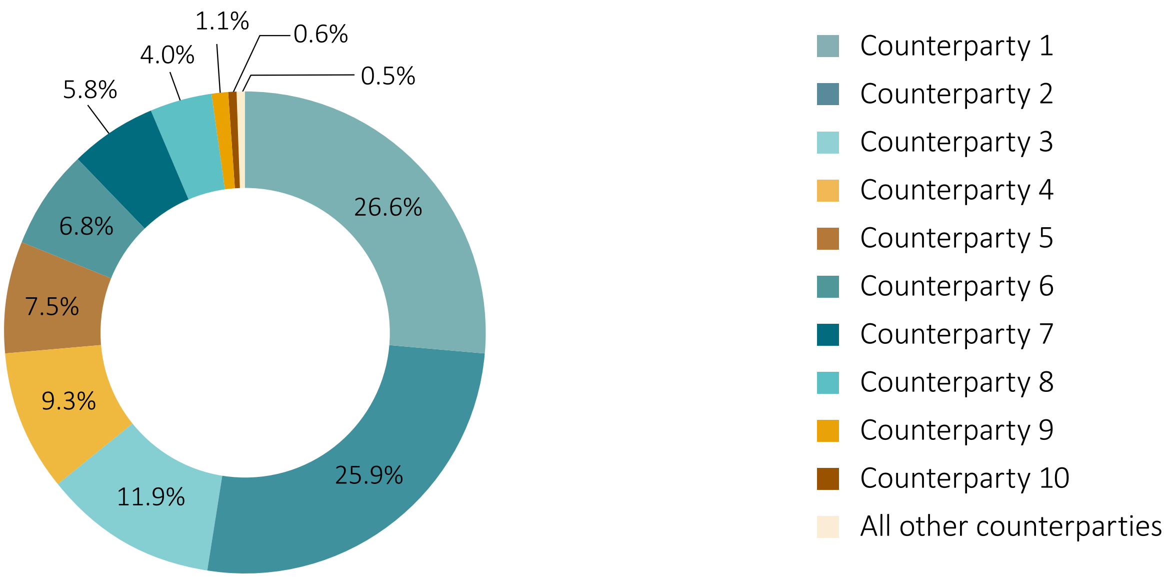
Analysis of development loan exposure by counterparty at 31 March 2024	Exposure £'000	Percentage of total development loans
Counterparty 1	29,747	5.7%
Counterparty 2	28,122	5.4%
Counterparty 3	26,896	5.2%
Counterparty 4	25,011	4.8%
Counterparty 5	24,183	4.6%
Counterparty 6	22,925	4.4%
Counterparty 7	20,868	4.0%
Counterparty 8	17,583	3.4%
Counterparty 9	17,583	3.4%
Counterparty 10	15,579	3.0%
Total exposure of top 10 counterparties at 31 March 2024	**228,497**	**43.9%**
Total development loans balance at 31 March 2024*	**520,301**	

Percentage of total development loans



Analysis of other loan exposure by counterparty at 31 March 2024	Exposure £'000	Percentage of total other loans
Counterparty 1	53,253	26.6%
Counterparty 2	52,031	25.9%
Counterparty 3	23,872	11.9%
Counterparty 4	18,726	9.3%
Counterparty 5	15,000	7.5%
Counterparty 6	13,696	6.8%
Counterparty 7	11,634	5.8%
Counterparty 8	7,984	4.0%
Counterparty 9	2,205	1.1%
Counterparty 10	1,288	0.6%
Total exposure of top 10 counterparties at 31 March 2024	**199,689**	**99.5%**
Total other loans balance at 31 March 2024*	**200,556**	

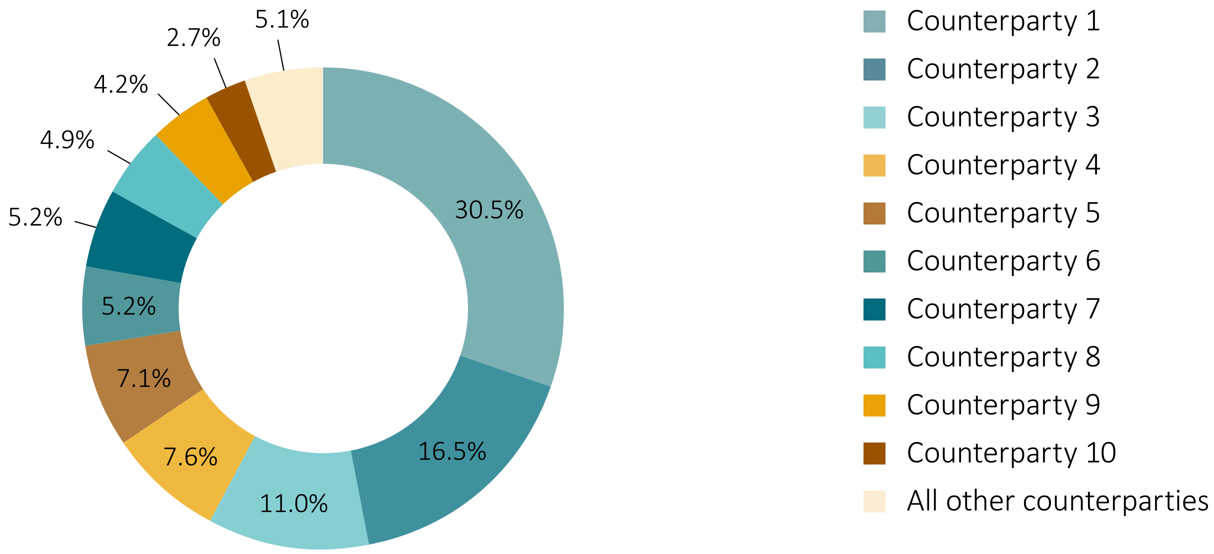
Percentage of total other loans



* The balances analysed above for development loans, infrastructure loans and other loans include both loans measured at amortised cost and loans measured on a fair value basis. The exposures are before the application of the expected credit loss allowance. The balances do not include capitalised fees and the effects of unwinding deferred income in relation to fees recharged to developers, with a net effect of £15.6m (2022/23: £16.0m).

Analysis of receivables due from disposal of land and property exposure by counterparty at 31 March 2024	Exposure £'000	Percentage of total land and property receivables
Counterparty 1	73,735	30.5%
Counterparty 2	39,894	16.5%
Counterparty 3	26,547	11.0%
Counterparty 4	18,503	7.6%
Counterparty 5	17,124	7.1%
Counterparty 6	12,607	5.2%
Counterparty 7	12,533	5.2%
Counterparty 8	11,748	4.9%
Counterparty 9	10,191	4.2%
Counterparty 10	6,631	2.7%
Total exposure of top 10 counterparties at 31 March 2024	**229,513**	**94.9%**
Total receivables due from disposal of land and property balance at 31 March 2024	**241,913**	

Percentage of total land and property receivables



The Agency’s cash is generally held with the Government Banking Service, except where commercial reasons necessitate otherwise, for example when cash is held by solicitors around completion of property sales or purchases or by the Agency's mortgage administrator pending allocation to accounts.

There are no significant concentrations of credit risk in the Agency’s other financial instruments.

For all financial assets excluding cash, the maximum exposure to a single counterparty at 31 March 2024 was £210.5m (2022/23: £197.3m), and the five largest counterparties accounted for 3.5% of the total financial assets balance of £19,803m (2022/23: 3.2% of £21,680m).

Credit policies

Credit policies are developed which set the context of the appetite for risk, requirements for risk assessment (both at the outset and through the cycle of facilities provided) and the operational aspects of managing the overall risk profile. Details are provided in the Agency's accounting policies (Note 1).

Assessment of significant increases in credit risk

Individual loans are actively managed by dedicated project managers and are subject to ongoing review, enabling the Agency to react to early warning signs and to continually assess the relevant IFRS 9 stage for ECL allowances. This enables the Agency to consider the need for more intensive management to protect the exposure or if needed undertake a structure review to consider whether a write-off allowance is required. Forbearance is considered as part of any assessment and review of the customer risk rating during the term of facilities. This ensures that data which informs the ECL allowance calculation appropriately reflects current credit risk characteristics of the portfolio of investments.

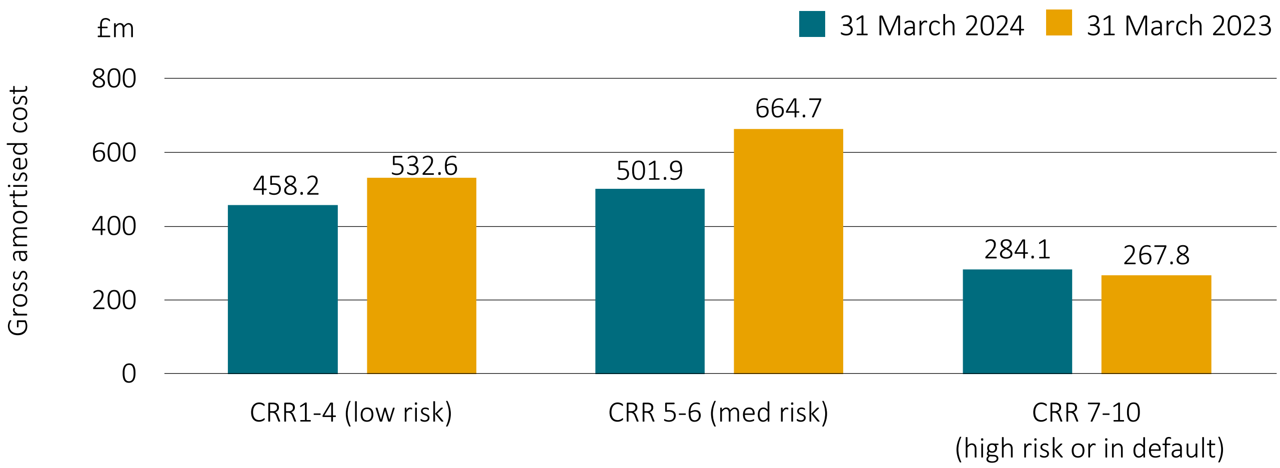
All assessments and approvals are operated within a structured approval delegation matrix from HM Treasury and MHCLG.

Where term loans are issued, it is often sensible to apply an assumption that any missed monthly repayments which are not remedied within a 30-day timeframe are indicative of a significant increase in credit risk. However, because the Agency does not issue term loans with monthly repayment terms and loans are usually repayable either on development milestones or in full at a contractual long-stop date, the 30-day measure is not considered to be helpful as an indicator of significant increases in credit risk for the Agency's loan portfolio.

Credit profile of investments

Of the total gross amortised loans cost exposures of £1,244m in 2023/24 (2022/23: £1,465m) excluding capitalised fees and the effects of unwinding deferred income, with the net effect of £15.6m (2022/23: £16.0m), £458m (2022/23: £533m) were categorised with a credit risk rating (CRR) between 1 to 4 (low risk), with £502m (2022/23: £664m) of exposures being categorised as CRR 5 to CRR 6 (medium risk). £284m (2022/23: £268m) of loan exposures were categorised as CRR 7 or above (high risk or in default).

Chart: Credit profile of investments



Collateral held as security for financial asset investments

Collateral is usually obtained as security against default. The primary sources of collateral are often land which is being developed with the aid of the investment finance, but they can be other land assets within the control of our counterparties or their parent group. Parent company guarantees are also employed. For the expected credit loss calculation, only land and property security values have an MSV value, with an average base MSV adjustment of 55% for land and property applied to reflect reduced values which might reasonably be expected in a distressed sale. Because security values often relate to land under development, security values are modelled based on up-to-date information to take account of factors such as site expenditure and realised sales.

The Agency held gross collateral values against loans totalling £4,575m in 2023/24 (2022/23: £7,900m), the majority of which related to security over land and property assets held by third parties of £4,352m (2022/23: £7,529m). The modified value of this security value after applying MSV adjustments under the central economic scenario was £2,441m in 2023/24 (2022/23: £3,608m).

Of the total exposures relating to loans measured at amortised cost (excluding accounting write-offs) of £1,329m (2022/23: £1,503m), £1,088m (2022/23: £1,231m), 79.4% of agreements (2022/23: 79.9%), were fully covered by gross land and property security values held in relation to those investments. There were 27 exposures (2022/23: 33 exposures), 20.6% of agreements (2022/23: 20.1%), totalling £242m (2022/23: £272m) where gross security values held were less than the unimpaired exposure at that date.

The total gross security values held for these investments was £101m (2022/23: £136m). This is £51m after applying MSV adjustments under the central economic scenario (2022/23: £59m). Of these 27 investments, there were 12 investments (2022/23: 21 investments), 9.2% of agreements (2022/23: 12.8%), with a gross exposure value of £105m (2022/23: £105m) where no security is held.

The total gross value (after adding back accounting write-offs) of loans measured at amortised cost which were credit impaired was £110.8m (2022/23: £43.3m). The Agency held gross land and property security values of £100.0m (2022/23: £86.9m) against these 14 assets at 31 March 2024 (2022/23: 11 assets). This is £55.3m (2022/23: £43.2m) of net security values after applying MSV adjustments under the central economic scenario. Of the 12 investments where no security is held, 4 of these are credit impaired investments (2022/23: 6 assets) with a gross pre-write-off exposure value of £4.5m (2022/23: £6.7m).

The Agency held total gross land and property security values of £673.4m (2022/23: £763.0m) against loan assets measured at fair value at 31 March 2024. This is £398.3m (2022/23: £412.4m) of net security values after applying MSV under the central economic scenario.

15. Sensitivity of significant valuation modelling assumptions

a) Help to Buy

Homes England models the fair value of Help to Buy on the basis of the estimated proceeds that would be achieved were all homeowners to redeem their equity loans on the reporting date. Homes England considers these estimated proceeds to be a significant accounting estimate, because the fair value of the portfolio is highly sensitive to market price risk as set out in Note 14. In addition, the estimate is sensitive to significant assumptions that Homes England makes within the valuation model. We have disclosed below the individual impact of the assumptions that currently have a material impact on the estimates. Other assumptions within the valuation model, including estimated rates of first charge mortgage arrears and discount to sales on repossession, do not have a material impact at present, but could do if there was a significant decrease in house prices.

Assumptions of market adjustments

Office for National Statistics House Price Indices – which are used by Homes England to estimate the effect of house price inflation over time – are based on all market activity. Help to Buy is only available on new-build properties purchased with a mortgage, and redemptions can occur via staircasing as well as by sale. This means that the market price of the property on redemption may differ from that estimated by HPI alone. Homes England therefore makes regional market adjustments using its accumulated experience of gains and losses on disposals across different redemption transaction types to allow for these differences. These assumptions have a significant effect on the fair value because they modify the expected market price of properties from which Homes England’s percentage share is calculated.

The table considers how the portfolio valuation would vary with 1% changes in the adjustments applied

	Fair value (£m)	Movement from base assumption (£m / %	
2% increase in market adjustment (decrease in house prices)	17,062.2	(378.9)	-2.2%
1% increase in market adjustment (decrease in house prices)	17,252.0	(189.1)	-1.1%
Base assumption	17,441.1	-	0.0%
1% decrease in market adjustment (increase in house prices)	17,629.8	188.7	1.1%
2% decrease in market adjustment (increase in house prices)	17,817.5	376.4	2.2%

Assumptions of expected proportions of transaction types

Help to Buy is redeemed at the earlier of the sale of the property, or when the homeowner staircases the equity loan with a payment equivalent to Homes England's share of the current estimated value of the property (as determined by a Chartered Surveyor). Homes England applies regional assumptions based on its accumulated experience to estimate the proportion of its portfolio that will be redeemed by each of these two redemption types. These assumptions have a significant effect on the estimated fair value because the proceeds recovered via a sale may be reduced by the balance due to the first charge mortgage lender and because different transaction types are observed to generate differing returns (as reflected in the regional market adjustments applied).

The table considers how the portfolio valuation would vary with changes in the expected proportions of transaction types

	Fair value (£m)	Movement from base assumption (£m / %	
All redemptions are staircasing transactions	17,207.9	(233.2)	-1.3%
10% increase in the rate of staircasing	17,400.6	(40.5)	-0.2%
Base assumption (a blend of sales and staircasing)	17,441.1	-	0.0%
10% increase in the rate of sales	17,481.6	40.5	0.2%
All redemptions are sales	17,612.7	171.6	1.0%

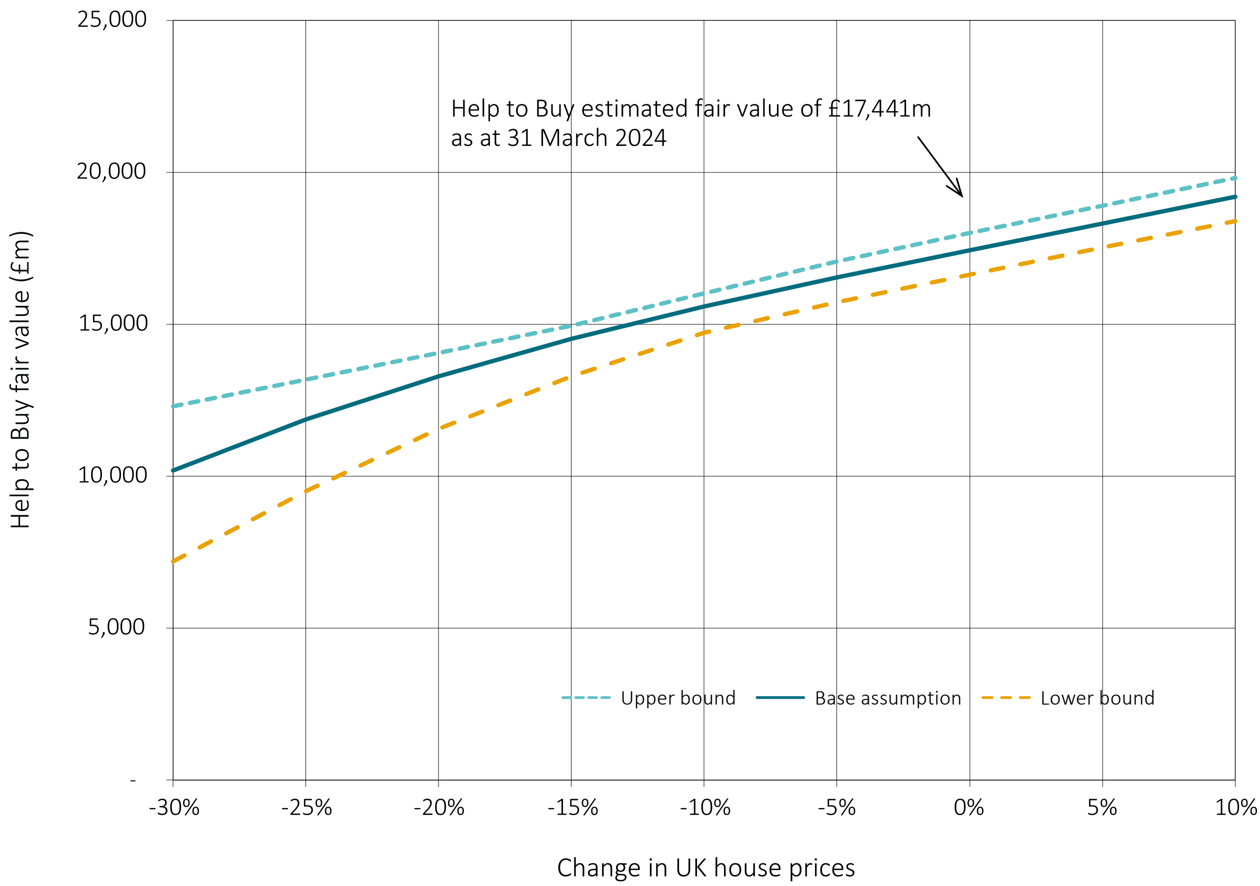
Combined impact of assumptions

The below graph illustrates a potential spread of fair value from the combined impact of assumptions at different market prices. The upper and lower bounds correspond to assumptions within the following ranges:

- market adjustments between 2% lower and 2% higher than the base assumptions
- proportion of transaction types between 100% sales and 100% staircasing
- mortgage arrears rates ranging from no arrears to a 7.5% increase on the base assumption
- discounts on repossession between 15% lower and 15% higher than the base assumption

For example, the lower bound corresponds with a 2% increase in market adjustment, a 7.5% increase in accounts in arrears, and 15% increase in discount on repossession. Each bound has been calculated by selecting the value which is furthest from the base assumption for each of the 100% sales and 100% staircasing scenarios.

The combined impact of assumptions generates a spread in estimated fair value of £1.4bn at current market prices. This spread would increase in a falling market, reaching approximately £5.1bn should market prices fall by 30%. The combined impact of assumptions is therefore more sensitive in a falling market. This is primarily due to the impact of the mortgage providers' first charge, which disproportionately affects the estimated fair value when house prices reduce.



b) Expected credit loss allowance

Following the requirements of IFRS 9, the Agency is required to calculate an expected credit loss allowance for financial assets measured at amortised cost. A summary of the calculation is provided in Note 12e. Due to the complex nature of the expected credit loss methodology, the calculation is highly sensitive to some key judgements and assumptions.

The impact of the assumptions applied in the expected credit loss calculation has been considered and the different assumptions have a varying impact on the results of the calculation.

There are two assumptions which have a trivial impact on the expected credit loss allowance which are summarised as follows:

- **Timing of default events:** The calculation of the expected loss allowance at 31 March 2024 assumes that default events would occur at a mid-point of the year for each future calculation date, to build in an unbiased assumption that a default could happen at any point during a future year. This creates variation in the estimate because of the effect of discounting, which will be greater for losses modelled at a later point in the year. If a default event were assumed to occur at the beginning or end of a year, this would increase or decrease the loss allowance by £3.5m (4.5%) / £3.4m (4.3%) respectively.
- **Profile of forecast expenditure and receipts within years:** Forecast loan balances must be calculated into the future to determine the LGD of each asset (calculated as exposure at default less modified security values). Expenditure and receipts data is available at an annual level for future years within the Agency's systems, whereas future balances are calculated at quarterly intervals. As a result, an assumption has been applied within the model to apportion spend and receipts over all future quarters using historic data on actual expenditure and receipt profiles. If it had been assumed expenditure and receipts were to be profiled equally over the year, this would have increased the loss allowance by £278k (0.4%) at 31 March 2024.

Estimates of the impact of key assumptions on the expected credit loss allowance calculation at 31 March 2024 are provided below.

Economic scenarios and scenario weighting assumptions

IFRS 9 requires the Agency to consider alternative economic scenarios in the calculation of the expected credit loss allowance. For each identified economic scenario, variations are made to the probability of default values applied based on an individual investment's credit risk rating. Weightings are applied to the expected credit loss calculation for each scenario, determined in relation to the probability of each scenario occurring, with reference to current market and credit risk expectations. At 31 March 2024, the Agency applied three economic scenarios: a base case central scenario, a downside scenario and an upside scenario. Further details in relation to these scenarios are summarised in Note 1. At 31 March 2024, a 60% weighting was applied to the base case scenario, a weighting of 10% to the downside scenario and a 30% weighting to the upside scenario calculation. The impact of varying these weightings is analysed below:

The table considers how the expected credit loss allowance would vary with alternative scenario weightings applied:

	Expected credit loss £'000	Movement from base assumption £'000 / %	
Weighting of 55% : 5% : 40% applied	75,227	(3,611)	-4.6%
Weighting of 60% : 5% : 35% applied	76,706	(2,132)	-2.7%
Base assumption of 60% : 10% : 30% applied	78,838	-	0.0%
Weighting of 60% : 20% : 20% applied	83,101	4,263	5.4%
Weighting of 65% : 25% : 10% applied	86,712	7,874	10.0%

Probability of default (PD) assumptions

PD values are determined with reference to current economic conditions; however for alternative scenarios the PD values are migrated to adjust the PD % values against each credit risk rating. The PD values are applied to each asset in relation to their CRR. The PD values applied to alternative scenarios have a significant impact on the calculation of the expected credit loss allowance. To illustrate the sensitivity of the estimate to this data, the impact of a one level downgrade / upgrade in PD values assigned to each credit risk rating value across each of the scenarios is analysed below:

The table considers how the expected credit loss allowance would vary with a change to the probability of default assumptions

	Expected credit loss £'000	Movement from base assumption £'000 / %	
PD values downgraded one level	112,661	33,823	42.9%
Base assumption	78,838	-	0.0%
PD values upgraded one level	27,054	(51,784)	-65.7%

Moderated security value (MSV) assumption

To reflect the expected value which might reasonably be realised from the sale of security in the event of default, MSV percentages are applied to gross security values to determine a measure of loss given default (when compared against the estimated exposure on default). The MSVs are varied depending on the type of security held. A lower MSV percentage results in a higher discount applied to the determined security values. The analysis below illustrates the sensitivity of the estimate to a decrease / increase in MSV values determined for each economic scenario by 10%. At present, this only has a limited impact on the ECL due to the effect of the loss floor assumption applied in the Agency's modelling methodology (see below).

The table considers how expected credit loss allowance would vary with changes to the MSV values

	Expected credit loss £'000	Movement from base assumption £'000 / %	
MSV percentages decreased by 10%	83,726	4,888	6.2%
Base assumption	78,838	-	0.0%
MSV percentages increased by 10%	75,728	(3,110)	-3.9%

Loss floor

A minimum percentage value has been applied to the LGD calculation with reference to individual investments (see accounting policies - loss given default (LGD) floor). At 31 March 2023 and 31 March 2024 the LGD floor applied was 35%.
In order to demonstrate the sensitivity of the calculation of expected credit loss allowances to the LGD floor assumption, alternative floors of 0%, 50% and 75% have been applied to the calculations with results summarised below.

The table considers how the expected credit loss allowance would vary with a change in the loss floor

	Expected credit loss £'000	Movement from base assumption £'000 / %	
Increase in loss floor to 75%	154,594	75,756	96.1%
Increase in loss floor to 50%	104,446	25,608	32.5%
Base assumption of 35%	78,838	-	0.0%
Reduction in loss floor to 0%	27,502	(51,336)	-65.1%

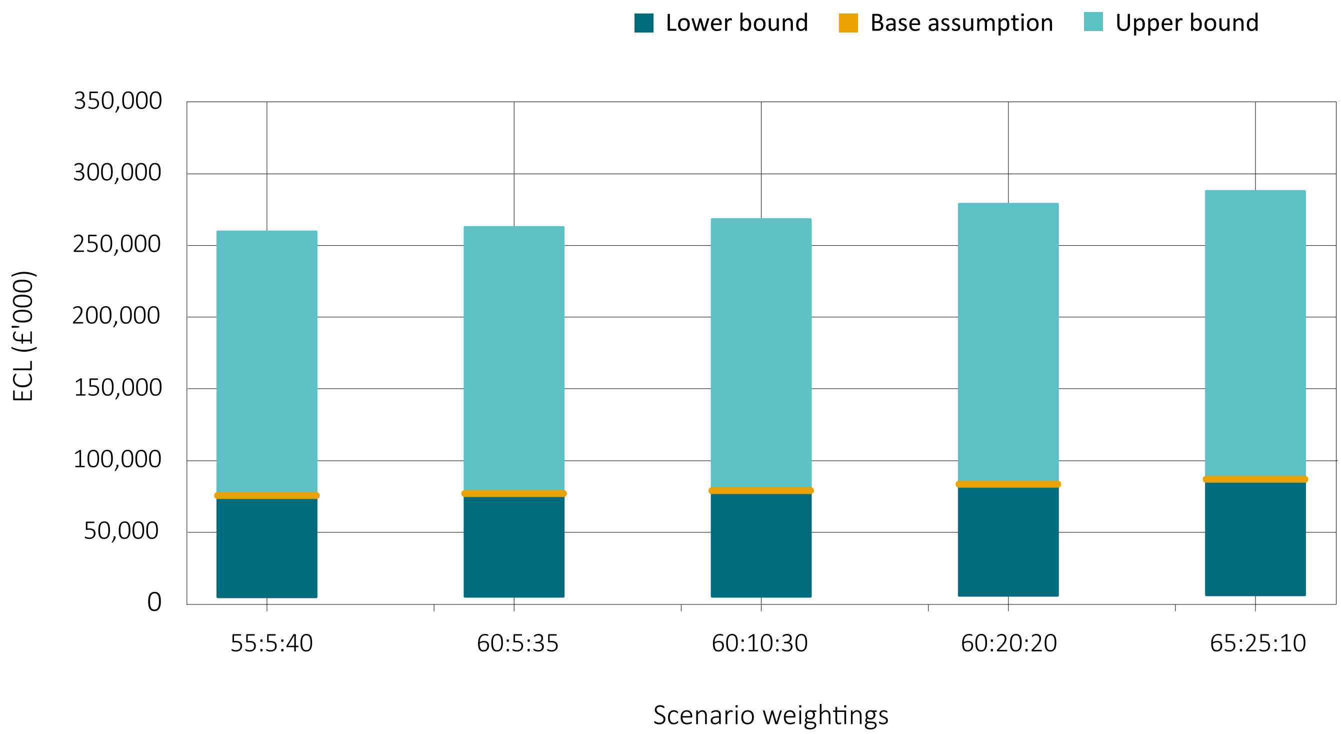
Combined impact of assumptions

The sensitivity analysis performed above has focused on changing one assumption in turn, with all other metrics remaining in line with the assumptions applied in determining the expected credit loss allowance as at 31 March 2024.

However to consider the impact of several assumptions changing, an analysis has been performed to establish the impact if the key assumptions above (excluding scenario weightings) were changed within reasonable limits to consider the highest and lowest possible expected credit loss allowance. The upper and lower bounds correspond to assumptions within the following ranges:

- PDs downgraded by one level (upper bound) and upgraded by one level (lower bound).
- MSVs decreased by 10% (upper bound) and increased by 10% (lower bound) across all three scenarios.
- Increase in loss floor to 75% (upper bound) and decrease in loss floor to 0% (lower bound).
- Assuming default events occur at the beginning of the year (upper bound) and at the end of the year (lower bound).
- Assuming all spend occurs at the beginning of the year and all receipts at the end of the year (upper bound) and assuming all spend occurs at the end of the year and all receipts at the beginning of the year (lower bound).

A variation has then been applied to the scenario weightings against the highest and lowest expected credit loss positions in order to consider the impact of these variations in combination with all other assumptions changing.



16. Land and property assets - Group and Agency

	Note	2023/24 £'000	2022/23 £'000
Net book value at 1 April		**1,069,359**	1,168,657
Additions		**202,273**	182,429
Disposals	5	**(72,757)**	(174,803)
Impairments		**(134,242)**	(106,924)
Net book value at 31 March		**1,064,633**	1,069,359

The above includes land and property assets with a net book value of £2.3m (2022/23: £7.7m), managed under the Direct Commissioning programme where the Agency acts as a developer. Under this arrangement, external contractors manage build and sales on behalf of the Agency.

The net book value at 31 March includes land and property assets expected to be realised in more than one year of £859.6m (2022/23: £829.5m).

Impairment of land and property assets

Impairments include charges of £161m (2022/23: £136m) and reversals of £27m (2022/23: £29m).

Homes England's land and property portfolio is complex and comprises many different assets with different features and challenges. Assets may have specific challenges in terms of access, topography and profile, remediation of polluted land or the rectification of the negative impact of prior uses. The Agency may therefore need to incur expenditure in relation to the construction of roads, bridges or other significant infrastructure and this may extend to regeneration of the land asset area. During the year, the Agency spent £55m (2022/23: £21m) in relation to assets in need of significant regenerative capital expenditure, as described above, and recognised £47m (2022/23: £22m) of impairment charges in relation to these assets. Whilst impairment charges arise for a variety of different reasons, common themes relevant to the net impairment charge include: increases in build and infrastructure costs combined with relatively flat sales expectations, increases in the scope of development costs and in the cost of finance, and other regulatory impacts such as continuing implementation of the Future Homes Standard and the mandated minimum requirements for biodiversity net gain.

Following the determination of net realisable value at the reporting period, each asset is individually assessed in order to calculate an impairment/ reversal of impairment. The valuation applied reflects the specific intentions Homes England has for the site and its particular disposal strategy as at the reporting date. As the portfolio includes many assets which may be deemed unviable without the intervention of Homes England, it is not unusual for assets to be impaired. Some assets may require significant investment which may not readily translate to increased value, at least in the short-term. Valuations are highly sensitive to changes in input assumptions - especially the larger schemes to be delivered over long timescales - some of which are subjective in nature and small changes can therefore lead to impairments or reversals. Impairments may be temporary in nature and values may increase in following years, resulting in impairment reversals.

Valuation

Land and property assets had a combined net realisable value of £1,448m (2022/23: £1,382m).

As described in Note 1k, the estimated valuation at the reporting period of the portfolio of land and property assets is obtained in accordance with the current edition of RICS Valuation - Professional Standards published by the Royal Institution of Chartered Surveyors. The information provided to the valuers, and the assumptions and valuation models used by the valuers are reviewed internally in accordance with the Agency's ALVVE (Annual Land Validation and Valuation Exercise) guidance.

The valuation models used by the external valuers will vary depending on the Agency's objectives and conditions for each asset. However, they will typically include a mixture of the following:

- Residual method - the residual method is based on the concept that the value of land or property with development potential is derived from the value of the land or property after development minus the cost of undertaking that development, including a profit for the developer.
- Market approach - the market approach uses comparable evidence of similar assets, normally in a similar type of location or geographical area.
- Where disposal processes are well advanced e.g. bids received, preferred bidder identified or conditional agreements entered into, the valuer would be expected to have regard to these. The valuer will make a judgement as to the appropriate weight to apply on a case-by-case basis depending on how advanced the process is and the considered likelihood of the transaction completing as currently structured.

In all cases further allowances for risk will be applied as appropriate, for example planning risk.

The net realisable value of each asset includes a deduction for expected disposal costs, such as estimated marketing and legal costs. The net book value is the lower of cost and net realisable value.

Sensitivity of the valuation of land and property assets

As described in Note 1k, the land and property asset portfolio is not homogeneous in nature as the valuation methodology reflects the Agency’s objectives and conditions for each individual asset. Therefore, the underlying inputs used within the calculation for the net realisable value of each asset will vary depending on the nature of the asset, the Agency’s objectives in respect of the asset and the conditions of the asset. This category is therefore sensitive to a range of underlying inputs which are not necessarily common across the land and property assets portfolio. A sensitivity analysis has been performed in Note 14a to provide an indication of the potential effect of a range of variations in land and property prices on the financial statements.

Market uncertainty

During the year, there have been inflationary pressures (but easing substantially from prior years) and increases in base rates. These impact on both developers, via build and finance costs, and homeowners/buyers, via higher mortgage rates and increased cost of living. Together, these factors have contributed to flat sales values and lower than average demand for new build homes and has led to developers being more cautious in terms of build out rates and new land purchases. This market context has contributed to a downward pressure on the values of some assets which has in turn contributed to this year's impairment charge.

17. Trade and other payables - Group and Agency

	Group 2023/24 £'000	Group 2022/23 £'000	Agency 2023/24 £'000	Agency 2022/23 £'000
Trade payables	**424,268**	380,410	**424,268**	380,410
Direct Commissioning	**54,738**	144,545	**54,738**	144,545
Deferred income	**8,811**	10,206	**8,811**	10,206
Taxes and social security	**-**	10,990	**-**	10,990
Due to subsidiary	**-**	-	**56,323**	15,717
Other	**27,803**	34,626	**27,803**	34,626
Balance at 31 March	**515,620**	580,777	**571,943**	596,494
Of which:				
Current liabilities	**495,425**	555,453	**551,748**	571,170
Non-current liabilities	**20,195**	25,324	**20,195**	25,324
Balance at 31 March	**515,620**	580,777	**571,943**	596,494

18. Pension arrangements and liabilities - Group and Agency

During the year the Agency's employees were able to participate in one of the following contributory pension schemes:

- The Homes and Communities Agency Pension Scheme
- The City of Westminster Pension Fund
- The West Sussex County Council Pension Fund

All three schemes are multi-employer defined benefit schemes as described in paragraph 7 of IAS 19 Employee Benefits. The Homes and Communities Agency Pension Scheme is the only scheme open to new employees. The Scheme was originally established as a final salary scheme, however it will change to career average for benefits accruing from 1 April 2024. From 1 September 2019, new members accrue benefits on a career average basis. The other schemes are Local Government schemes which changed from a final salary to career average basis for benefits accruing from 1 April 2014. Further information on the funding arrangements for the schemes is contained within Note (k) below.

Valuations of the Agency's assets and liabilities in each scheme as at 31 March 2024 have been prepared in accordance with IAS 19 and the results are disclosed in Note (a) below. Note (b) below shows the weighted average of the key assumptions used by each of the scheme actuaries in preparing the valuations, weighted according to each scheme's liabilities. Other information below is shown on a consolidated basis for all three schemes.

a) Pension assets/(liabilities)

	HCA Pension Scheme £'000	Westminster £'000	West Sussex £'000	Total £'000
2023/24				
Fair value of employer assets	400,139	448,881	85,710	934,730
Present value of funded liabilities	(364,356)	(205,941)	(45,973)	(616,270)
Net funded scheme assets / (liabilities)	**35,783**	**242,940**	**39,737**	**318,460**
Present value of unfunded liabilities	(876)	-	(2,347)	(3,223)
Adjusted net scheme assets/(liabilities)	**34,907**	**242,940**	**37,390**	**315,237**
Total of net pension assets				**318,460**
Total of net pension liabilities				**(3,223)**
2022/23				
Fair value of employer assets	377,734	404,767	82,581	865,082
Present value of funded liabilities	(380,287)	(206,858)	(47,264)	(634,409)
Net funded scheme assets / (liabilities)	**(2,553)**	**197,909**	**35,317**	**230,673**
Present value of unfunded liabilities	(850)	-	(2,455)	(3,305)
Adjusted net scheme assets/(liabilities)	**(3,403)**	**197,909**	**32,862**	**227,368**
Total of net pension assets				**233,226**
Total of net pension liabilities				**(5,858)**

Funded schemes with net assets as shown above are disclosed within non-current assets in the Statement of Financial Position. Unfunded schemes with net liabilities as shown above are disclosed within non-current liabilities in the Statement of Financial Position.

As principal employer of the HCA Pension Scheme, the Agency continues to monitor the scheme and has a good working relationship with the Trustees. The Trustees review the Scheme's investment portfolio on a regular basis. At present, 30% (2022/23: 35%) of the Scheme's investments are held within liability driven investments which aim to better match the Scheme's liabilities and partially hedge the Scheme against rises in inflation and interest rates. A further 20% (2022/23: 20%) of assets are held in Corporate Bonds. The liability hedging is managed through Insight Investment (one of the HCA Pension Scheme's investment managers) bespoke pooled fund, established as a Qualifying Investor Alternative Investment Fund (QIAIF), which allows Insight to invest in gilts, index linked gilts, gilt repurchase agreements, reverse gilt repurchase agreements, guilt and index linked gilt Total Return Swaps, interest rate and inflation swaps and various cash instruments. As at 31 March 2024, the Scheme had an interest rate hedge ratio of 65% (2022/23: 59%) and an inflation hedge ratio of 64% (2022/23: 59%) relative to the gilts-flat liabilities.

b) Actuarial assumptions

The weighted average of the key assumptions used by the actuaries of the pension schemes are as follows:

i) Financial assumptions

	2023/24	2022/23
Inflation and pension increases rate (CPI)	**2.8%**	2.9%
Salary increases	**3.5%**	3.7%
Discount rate	**4.9%**	4.8%

ii) Mortality assumptions

Based on actuarial mortality tables, the average future life expectancies at age 65 are summarised below:

	2023/24 Year	2022/23 Year
Male - current pensioners	**22.1**	22.6
Male - future pensioners	**23.2**	24.0
Female - current pensioners	**24.0**	24.5
Female - future pensioners	**25.6**	25.9

c) Fair value of employer assets

	2023/24 £'000	2022/23 £'000
Equities - quoted	**405,404**	411,215
Equities - unquoted	**2,595**	2,386
Bonds - quoted	**230,662**	232,705
Bonds - unquoted	**-**	-
Property	**59,447**	61,082
Other assets - quoted (incl cash)	**147,892**	106,717
Other assets - unquoted	**88,730**	50,977
Total	**934,730**	865,082
Actual return/(loss) on employer assets	**70,810**	(144,770)

Some of the funds in which the Agency's pension assets are invested permit the use of derivatives for the purposes of achieving their investment aims. In all cases, funds are managed by professional investment managers.

d) Charge to net expenditure

	2023/24 £'000	2022/23 £'000
Amounts charged to Net Operating Expenditure		
Current service costs	**18,563**	29,424
Past service costs and losses on curtailments and settlements	**7**	-
Expenses	**2,575**	2,147
	21,145	31,571
Amounts charged to finance costs		
Interest charged on liabilities	**29,944**	22,881
Expected return on assets	**(41,259)**	(27,767)
Interest on asset ceiling	**-**	-
	(11,315)	(4,886)
Total recognised in Statement of Comprehensive Net Expenditure	**9,830**	26,685

The total expected employer contributions to these schemes in the year ending 31 March 2025 are £11.2m.

e) Amounts recognised in Income and Expenditure Reserve

	2023/24 £'000	2022/23 £'000
Actuarial gains	**77,037**	63,767

f) Reconciliation of fair value of employer assets

	2023/24 £'000	2022/23 £'000
Opening fair value of employer assets	**865,082**	1,018,110
Expected return on assets	**41,259**	27,767
Contributions by members	**4,689**	4,255
Contributions by the employer	**20,430**	18,932
Contributions in respect of unfunded benefits	**232**	217
Actuarial (losses)/gains	**29,551**	(172,537)
Expenses	**(2,717)**	(2,469)
Unfunded benefits paid	**(232)**	(217)
Benefits paid	**(23,564)**	(28,976)
Closing fair value of employer assets	**934,730**	865,082

g) Reconciliation of defined benefit obligation

	2023/24 £'000	2022/23 £'000
Opening defined benefit obligation	**637,714**	846,973
Current service cost	**18,563**	29,424
Past Service costs and losses on curtailments and settlements	**7**	-
Interest cost	**29,944**	22,881
Contributions by members	**4,689**	4,255
Actuarial (gains)/losses - demographic	**(27,055)**	(5,556)
Actuarial (gains)/losses - financial	**(13,489)**	(283,441)
Actuarial (gains)/losses - other	**(6,942)**	52,693
Expenses	**(142)**	(322)
Unfunded benefits paid	**(232)**	(217)
Benefits paid	**(23,564)**	(28,976)
Closing defined benefit obligation	**619,493**	637,714

h) Five-year history

	2023/24 £'000	2022/23 £'000	2021/22 £'000	2020/21 £'000	2019/20 £'000
Present value of defined benefit obligations	**(619,493)**	(637,714)	(846,973)	(869,669)	(725,868)
Fair value of employer assets	**934,730**	865,082	1,018,110	988,679	812,828
Impact of asset ceiling	**-**	-	-	-	-
Surplus in the schemes	**315,237**	227,368	171,137	119,010	86,960
Experience gains/(losses) on scheme liabilities	**6,942**	(52,693)	1,108	(6,390)	14,145
Experience gains/(losses) on employer assets	**29,551**	(172,537)	5,216	147,691	(50,939)

i) Sensitivity analysis

The primary assumptions used in calculating the defined benefit obligation are: discount rate, salary increases, inflation and pension increases and mortality expectations. The assumptions used are specified in Note 18(b). The assumptions are determined by independent professional actuaries whose work is compliant with Technical Accounting Standard 100: Principles for Technical Actuarial Work as issued by the Financial Reporting Council.

IAS 19 sets out the principal underlying the setting of assumptions, that they should be based on the best estimate of future experience, and also gives a clear direction on the basis for calculating the discount rate. Assumptions should also reflect market conditions at the reporting date, including demographic assumptions and the mix of membership of Homes England's Schemes.

The key assumptions are considered to be the discount rate and the rate of future inflation. The discount rate is important in determining the value of liabilities and is based on high quality corporate bonds at the year end. The rate is in line with the AA corporate bond yield curve at the year end. Inflation expectations inform the rate at which current and future pensioner's benefits accrue. It is based on CPI at the year end with an inbuilt allowance for an insurance risk premium. Demographic assumptions, including mortality expectations can also have a bearing on the valuation of liabilities, as can the specific membership mix of our schemes.

To assess the defined benefit obligation, assumptions are used in a forward looking financial and demographic model to present a single scenario, using financial assumptions that comply with IAS19. The valuation of the obligation at 31 March 2024 is a snapshot in time; actual experience over time may differ and the total cost of a scheme will depend on a number of factors including the amount of benefits paid, the number of people who benefits are paid to, scheme expenses and the amount earned on assets. These factors aren't known for certain at the valuation date. The calculation of liabilities is sensitive to movements in assumptions and even small changes to individual assumptions can have significant impacts. If they were to change, the impact would be as follows:

Adjustment to discount rate

	+0.25% £'000	Current £'000	-0.25% £'000
Present value of total obligation	597,604	619,493	642,290
Movement	(21,889)	-	22,797

Adjustment to inflation

	+0.25% £'000	Current £'000	-0.25% £'000
Present value of total obligation	641,212	619,493	598,426
Movement	21,719	-	(21,067)

Adjustment to life expectancy

	+0.25% £'000	Current £'000	-0.25% £'000
Present value of total obligation	638,125	619,493	600,861
Movement	18,632	-	(18,632)

j) Maturity profile of the defined benefit obligation

The weighted average duration of the defined benefit obligation of the pension schemes is 16 years.

Pension benefits, including insurance premiums, are expected to be paid over time as follows:

	£'000
Within 5 years	128,767
5-10 years	146,686
After 10 years	344,040
Total defined benefit obligation	**619,493**

k) Funding arrangements

Contribution rates for each of the three schemes are reviewed at least every three years following a full actuarial valuation. The funding strategy in each case is set to target a fully funded position, except for those liabilities which are intentionally unfunded within each of the schemes. Any underfunding is restored to a fully funded position via additional contributions over an appropriate period of time. The estimate of contributions to 31 March 2025 is £11.2m.

The HCA scheme is a multi-employer scheme that does not operate on a segregated basis. Therefore the assets and liabilities are not separately identified for individual participating employers. Benefit obligations are estimated using the Projected Unit Credit Method.

Both Homes England and the Regulator of Social Housing (RSH) are members of the HCA Pension Scheme although Homes England is the only significant contributing employer and accounts for the vast majority of the HCA scheme's liabilities. Based on actuarial data at 31 March 2024, the share of the HCA scheme's assets and liabilities attributed to RSH is approximately 5% (2022/23: 5%) with the remainder attributed to Homes England. All assets are pooled and a single employer contribution rate is determined as part of the actuarial valuation for the whole scheme. This contribution rate applies for the principal employer, Homes England, along with any other participating employers, including RSH.

Homes England and RSH record the cost of employer contributions in their own Financial Statements and account for their proportionate share of the Scheme’s asset and liabilities separately. The assets and liabilities disclosed in Homes England's Financial Statements relates only to its share of the Scheme's assets and liabilities and not to the assets and liabilities of the entire Scheme.

There are no formal arrangements in place for the allocation of a deficit or surplus on the wind-up of the HCA Pension Scheme or the Agency's withdrawal from the scheme. Under both scenarios, exit debts would become payable under Section 75 of the Pensions Act 1995.

The Westminster and West Sussex schemes are members of the Local Government Pension Scheme (LGPS). Assets and liabilities for all employers in LGPS funds are identifiable on an individual employer basis. There are no minimum funding requirements or winding up provisions in the LGPS. Any deficit on withdrawal is required to be paid by the withdrawing employer and any surplus is retained by the fund.

l) McCloud judgement

In December 2018, the Court of Appeal ruled against the government in two cases: Sargeant and others v London Fire and Emergency Planning Authority [2018] UKEAT/0116/17/LA and McCloud and others v Ministry of Justice [2018] UKEAT/0071/17/LA. The cases related to the Firefighters' Pension Scheme (Sargeant) and to the Judicial Pensions Scheme (McCloud). For the purposes of the LGPS, these cases are known together as 'McCloud'. The court held that transitional protections, afforded to older members when the reformed schemes were introduced in 2015, constituted unlawful age discrimination. On 27 June 2019 the Supreme Court denied the Government's request for an appeal, and on 15 July 2019 the Government released a statement to confirm that it expects to have to amend all public service schemes, including the LGPS. The additional liabilities created are estimated to be from c0.1% of total liabilities based on the 2022 scheme valuation. It is not yet clear how this judgement may affect LGPS members' past or future service benefits.

19. Contingent assets and liabilities

Contingent assets

The Agency has in certain instances disposed of land or made grant payments with certain conditions attached, which if no longer fulfilled will result in a payment to the Agency. Examples include where there is a subsequent change in use of land sold which materially increases the return to the purchaser, or if the conditions of a grant payment are no longer met. The normal term during which this arrangement remains in force is 21 years. For affordable housing and other community related schemes the term is more usually 35 years. By its nature this income is variable and the timing of receipt is uncertain, therefore it is not possible to quantify the likely income which may ultimately be received by the Agency.

Contingent liabilities

a) The West Sussex County Council Pension Fund

At 31 March 2024, the Agency had 11 employees (31 March 2023: 11 employees) who were active members of the West Sussex County Council Pension Fund. When the Agency's last active member leaves the scheme, the obligation to pay an exit debt will be crystallised. The timing and value of any exit debt due in the future is not yet known.

b) Other contingent liabilities

The Agency is potentially liable for miscellaneous claims by developers, suppliers, contractors and individuals in respect of costs and claims not allowed for in development agreements, construction contracts, grants and claims such as Compulsory Purchase Orders. Payment, if any, against these claims may depend on lengthy and complex litigation and potential final settlements cannot be determined with any certainty at this time. As claims reach a more advanced stage they are considered in detail and specific provisions are made in respect of those liabilities to the extent that payment is considered probable.

20. Financial commitments

	2023/24 £'m	2022/23 £'m
Not later than one year	**3,619**	3,523
Later than one year and not later than five years	**2,733**	4,792
Later than five years	**62**	76
Total commitments at 31 March	**6,414**	8,391

The Agency has made financial commitments in relation to programmes for investments in loan and equity assets, and infrastructure grants, which had become unconditional at the reporting date, but which had yet to be drawn down by that date. The value of these commitments, excluding those disclosed in Note 11(c), was £2,885m at 31 March 2024 (31 March 2023: £3,608m). The profiling of the commitments reflects the Agency's best estimate of when cashflows will arise, however the actual timing may vary based on factors not wholly within the Agency's control.

The Agency has entered into financial commitments in relation to affordable housing grant programmes totalling £3,391m at 31 March 2024 (31 March 2023: £4,557m). One of these grants is individually material. An amount of £211m is payable before 31 March 2026 to a strategic partner under the Affordable Homes Programme 2021-26.

The Help to Buy scheme ended in the year. As a result there is no commitment included in the year in relation to conditional approvals (31 March 2023: £20m).

In addition to the above, the Agency has entered into financial commitments in relation to land development and building leases totalling £136m and £2m respectively at 31 March 2024 (31 March 2023: £205m and £1m).

21. Related party transactions

The Agency is a non-departmental public body sponsored by MHCLG. Therefore any other bodies sponsored by MHCLG are considered to be related parties. During the year, the Agency has had a significant number of material transactions with MHCLG.

The Agency has had a number of transactions with other government departments and other government bodies, including various local authorities, the Department of Health & Social Care, the Ministry of Justice and the departmental body formerly known as the Department for Business, Energy & Industrial Strategy. The Agency has also had a number of transactions with its associated undertakings, joint ventures and other related parties as follows:

2023/24	Capital invested in/ (redeemed from) entity £'000	Grants and other payments £'000	Loans/ equity advanced/ (repaid) £'000	Loan interest / dividends received £'000
Payments out				
English Cities Fund Limited Partnership	15,306	-	-	-
Home Group Limited	-	594	-	-
Hyde Housing Association	-	26,500	-	-
Midland Heart Housing Limited	-	7,313	-	-
Newton Development Partners LLP	19	-	-	-
Receipts in				
English Cities Fund Limited Partnership	(2,913)	-	-	(3,274)
Tilia Community Living	-	-	(8,432)	-
Countryside Maritime Limited	-	-	(3,725)	(6,450)
Home Group Limited	-	(8,770)	-	-

2022/23	Capital invested in/ (redeemed from) entity £'000	Grants and other payments £'000	Loans/ equity advanced/ (repaid) £'000	Loan interest / dividends received £'000
Payments out				
English Cities Fund Limited Partnership	10,405	-	-	-
Sigma PRS Property Investments	-	-	6,041	-
Home Group Limited	-	2,273	-	-
Hyde Housing Association	-	22,027	-	-
Countryside Maritime Limited	-	-	2,500	-
Receipts in				
English Cities Fund Limited Partnership	(4,162)	-	-	(2,744)
Tilia Community Living	-	-	(2,501)	-

In addition to the above, the Agency holds £56.3m (2022/23: £15.7m) on behalf of English Partnerships (LP) Ltd, the Agency's wholly owned subsidiary.

The transactions with joint ventures Tilia Community Living, Countryside Maritime Limited and Newton Development Partners LLP relate to loan funding provided under the Short Term Fund, Single Land Programme and Levelling Up Housing Building fund. The balance of the loan to Tilia Community Living at 31 March 2024 was £10.7m (2022/23: £19.1m). This will be settled in cash and is secured by a debenture and a second charge over land and property assets of the company. Countryside Maritime Limited repaid its loan in the year and so had a balance of £nil at 31 March 2024 (2022/23: £3.7m). Newton Development Partners LLP started to drawdown funding in the year, and had a balance owed of £19k at 31 March 2024.

The related party relationship with Home Group Limited is due to one member of the Agency's Board also being a Director of the entity. The transactions in the year relate to grants and other payments provided by the Agency.

The related party relationship with Hyde Housing Association (HHA) is due to a close relationship between a member of the senior leadership team at the Agency and a member of the senior leadership team at HHA. The transactions relate to grant funding provided by the Agency. The Agency senior leadership team member left in the year, and the payments shown in the table represent payments until their leave date.

One of the Agency's Board members served as a member of the board of Midland Heart Housing Limited in the year. Transactions with Midland Heart Housing Limited during this period are grant payments and are disclosed in the table above.

One of the Agency's Board members became a non-executive director of NatWest plc in the year. The Agency uses NatWest for some of its banking services. These relationships pre-date the Board member joining the NatWest plc board, and are on arm's length terms.

In the prior year the Agency had a related party relationship with Sigma PRS Property Investments as a member of the Agency's Board was a Director of Sigma Capital Group PLC, the parent company of Sigma PRS Property Investments. The Board member resigned from this role before the start of the financial year and so transactions with the Sigma Capital Group PLC are no longer considered related party transactions.

The Agency’s internal approval procedures are established so that members of staff nominated to act as Directors or Officers of associated undertakings and joint ventures do not have delegated authority with regard to the relevant undertaking.

There were no other material transactions in which related parties had a direct or indirect financial interest other than those disclosed above.

None of the senior managers or related parties has undertaken any material transactions with the Agency during the year.

For details of compensation paid to management please see section 3.2, Remuneration and staff report.

22. Events after the reporting period

The Agency’s sponsor department was renamed on 9 July 2024, from the Department for Levelling Up, Housing and Communities to the Ministry of Housing, Communities and Local Government.

The Agency’s Financial Statements are laid before the Houses of Parliament by the Secretary of State for Housing, Communities and Local Government. IAS 10 Events After the Reporting Period requires the Agency to disclose the date on which the accounts are authorised for issue. The certified accounts were authorised for issue by the Chairman and the Chief Executive and Accounting Officer on the same date as the Certificate and Report of the Comptroller and Auditor General.

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