

# 2023 Financial Review

## Summary

The National Housing Federation's (NHF) Financial Review is designed to explain in a straightforward way how the NHF is performing in financial terms, what are its financial drivers and objectives, and whether they're being met.

This review is intended to be read alongside the NHF's full audited Financial Statements, which is available [on the finances section of our website](#). The Financial Statements include a Chair's Statement, Chief Executive's Review and comprehensive Strategic Review. The latter includes an assessment of the risks and uncertainties faced by the NHF and its members.

Our website also provides a wide range of information on how the NHF [provides added value for its members](#).

We would like to answer any questions you have, hear your views on whether you find our Financial Review helpful, and how you think it might be improved and developed. You can do this through your regular NHF contacts or by contacting:

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## Message from our Chair

I write this as my first Chair's Statement for the NHF. My goal, as the NHF's new chair, is to support housing associations to make a difference. Over the last year, our country has plunged into the worst cost of living crisis since the 1950s. Housing associations' mission – that everyone should be able to live in a good quality home that they can afford – is evermore relevant and essential. I am proud to have joined a sector with such a strong sense of social purpose, and one that makes such a big impact on people's lives.

Although I started partway through this financial year, I am already very impressed by what the NHF has achieved. This year marked the start of a new business strategy for the organisation. Between 2022 and 2025, the NHF's work will be focused on three themes:

- Supporting our members to deliver their social purpose.
- Building the conditions and culture for housing associations to deliver.
- Being the best trade body we can be.

These themes have become increasingly relevant over the year, through a particularly tumultuous time in politics and tragic events that heightened the growing need for more investment in social housing and the importance of the Better Social Housing Review.

Our Chief Executive, Kate Henderson, goes into more detail in her statement in the full audited Financial Statements, on how the NHF is supporting its members to deliver their social purpose, and building the strongest conditions and culture possible for the sector, during these challenging times.

This work couldn't happen unless the NHF was striving to be an effective and efficient trade body. Following the pandemic, this year the NHF has had a particularly strong financial outturn, showing that our strategy to budget for income on a prudent basis and aim to achieve steady sustainable growth is working.

Our commercial events are performing brilliantly, and this year we saw the return of the National Housing Summit to Birmingham, cementing its role as the most important event in housing's conference calendar. Our business development income has also proven to be robust in the face of the wider financial challenges facing our country, and this year the non-operational parts of the NHF's offices, Lion Court, returned to 100% occupancy, let as either serviced offices or on commercial

leases contributing to a small operation surplus which has been added to reserves in accordance with our reserves policy.

All of this hard work ensures that the NHF can continue to influence, campaign, and engage on behalf of the social housing sector, and be resilient to future challenges.

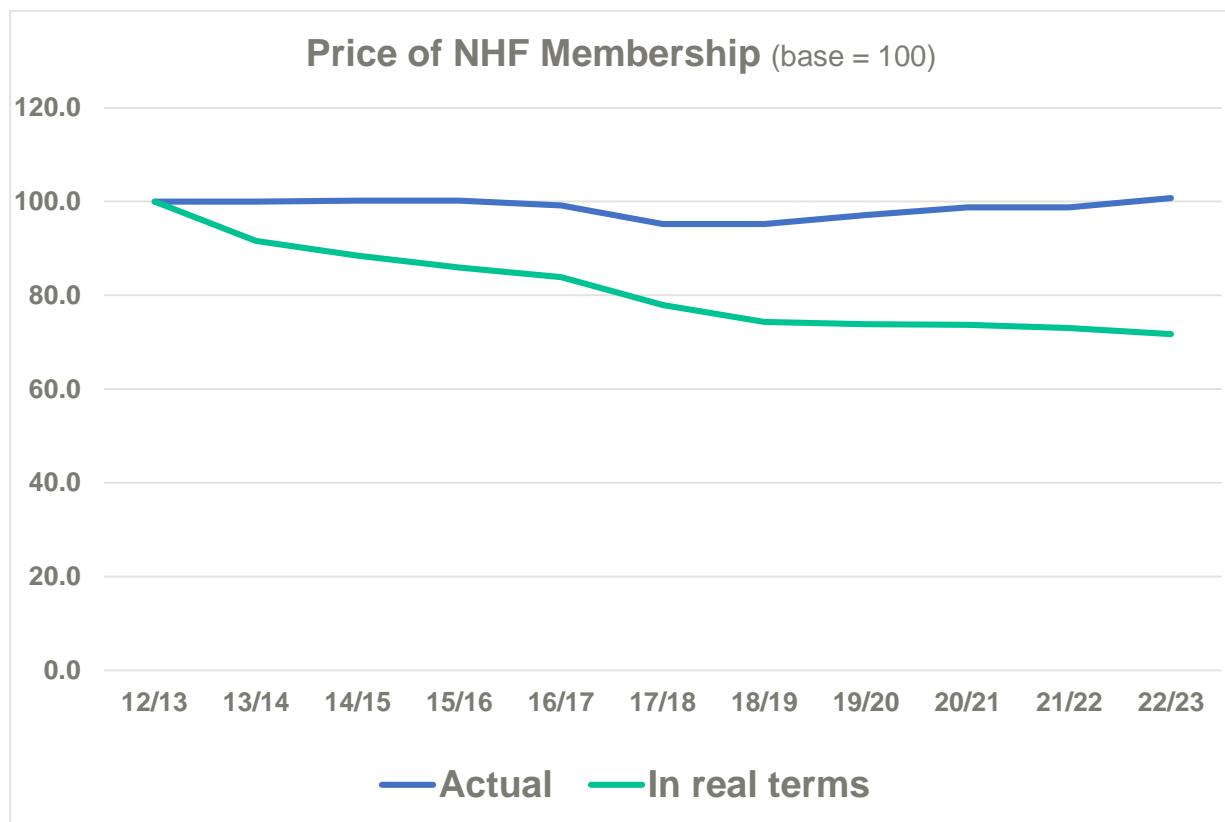
This work will be more important than ever as the country battles with a stark cost of living crisis and intensifying housing shortages. Our current system isn't working – it is time for our country to have a national, long-term, outcomes-based strategy to meet housing need. That's something we'll be actively championing for over the next year and beyond.



**Maggie Galliers CBE, Chair of the NHF**

## Highlights

- Underlying surplus in 2022/23 of £1,265k excluding joint venture results, one off venue credits and changes to the pension deficit valuation.
- Income budgets are set very prudently because of the uncertainty in being able to hold in person events, the effect of cost of living crisis and strike action. Costs are contained within this reduced income envelope to ensure that a deficit will not arise.
- Price of membership for 2023/24 increase by below inflation 4.5%. This is also below the 7% rent cap.
- All floors at Lion Court (our main office in London) now fully let on a mix of short and long term leases.
- Cumulative 24% real terms price reduction in affiliation fees over ten years, equivalent to a total saving for members of £14m.



## Key figures

	2022/23 £k	2021/22 £k	2020/21 £k	2019/20 £k	2018/19 £k
Turnover	<b>12,727</b>	11,648	12,668	13,318	13,448
change %	<b>7.4%</b>	-6.5%	-4.9%	-1.0%	1.2%
Underlying surplus	<b>1,266</b>	1,991	893	(53)	288
Underlying surplus (excluding joint venture results)	<b>1,263</b>	1,414	857	(61)	274
Comprehensive income/(loss)	<b>727</b>	7,026	(5,969)	8,121	(9,509)
Net assets	<b>12,160</b>	11,433	4,407	10,376	2,255
Net cash at year end	<b>3,361</b>	4,221	2,768	1,996	1,629

In accordance with its financial objectives and reserves policy, the NHF sets affiliation fees with the aim that members pay each year for the level of services they receive and budgets for an underlying break-even position. We aim by operating efficiently to in practice make an underlying surplus (profit after tax). Unless specifically decided otherwise by the Board, annual surpluses are taken to reserves. Income budgets are set very prudently because of the uncertainty in being able to hold in person events, the effects of strike action and the continuing inflationary pressures. Costs are contained within this reduced income envelope to ensure that a deficit will not arise.

Turnover increased by 7.4%. Conference income increased, despite the challenges of train strikes and the current economic conditions, but are still lower than pre-pandemic levels. Rental income increased and all floors at Lion Court are now let. Gross income from affiliation fees was 1.7% higher than the previous year, reflecting the 2% price increase and the impact of mergers amongst members. The price of membership for the upcoming year (2023/24) has been increased by a below inflation rate of 4.5%.

The valuation of the pension deficit this year was a loss of £1.57m partly reversing the previous year gain (£3.1m). On a day-to-day basis, this has little impact on the

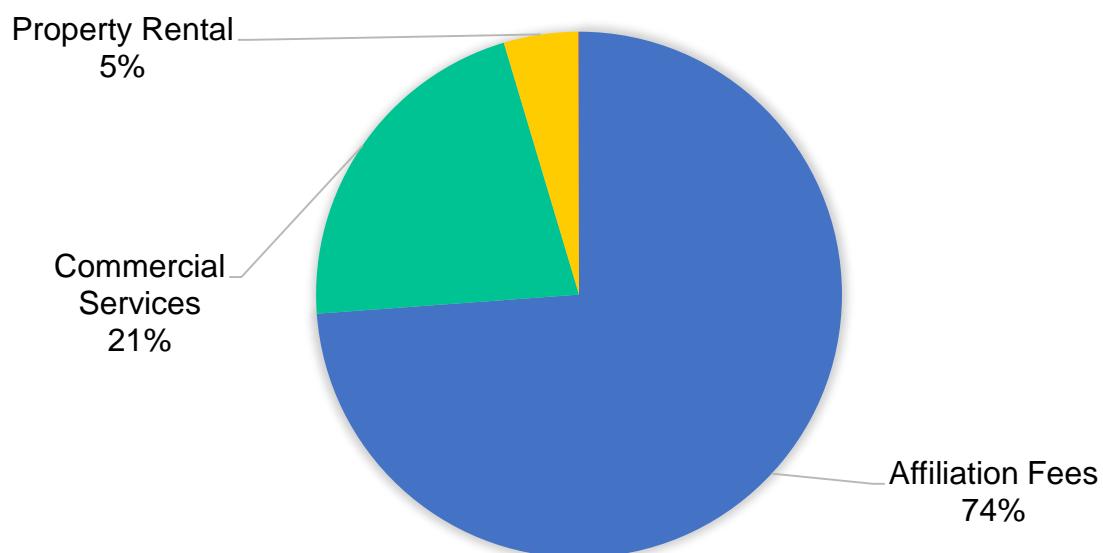
NHF's finances as the debt will not be realised in the near future. The only direct consequence are the agreed pension deficit payments of £1.46m, which are accounted for within normal trading of the business and reflected in the underlying results. These payments are made from commercial income rather than member's fees

The reserves policy states that at least three months operating expenditure is covered by cash or cash equivalents. A £3m revolving credit facility was agreed with Lloyds Bank Plc to ensure compliance with the policy.

Further details are provided in [our Financial Statements](#), which include a reconciliation of the surplus reported in the Financial Statements (headline surplus) and the underlying surplus, the measure used in relation to our financial objectives and reserves policy.

## Income

**NHF net income 2022/23**



Note, net income consists of all income less direct costs of commercial income.

Over two thirds of the NHF's income is derived from the annual affiliation fees paid by our members which were increased by 2% in 2022/23 totalling £8.5m.

The annual changes in affiliation fee income result from changes in the makeup of NHF membership and the level of fees charged. Virtually all English housing

associations of any size are NHF members and there has been no significant change in this.

In return for their affiliation fees, members receive support from the NHF and a range of core services. We influence, campaign and engage on behalf of our members across the country. More information on [our services and impact is available on our website](#).

Income from commercial services is used to support the services we provide for members in return for their affiliation fees. Most commercial services are paid for at the point of delivery, by both members and non-members, with members receiving a discounted rate.

Net income from commercial services contributed £2.46m which although higher than 2021/22 (£2.20m) is still lower than pre-pandemic levels.

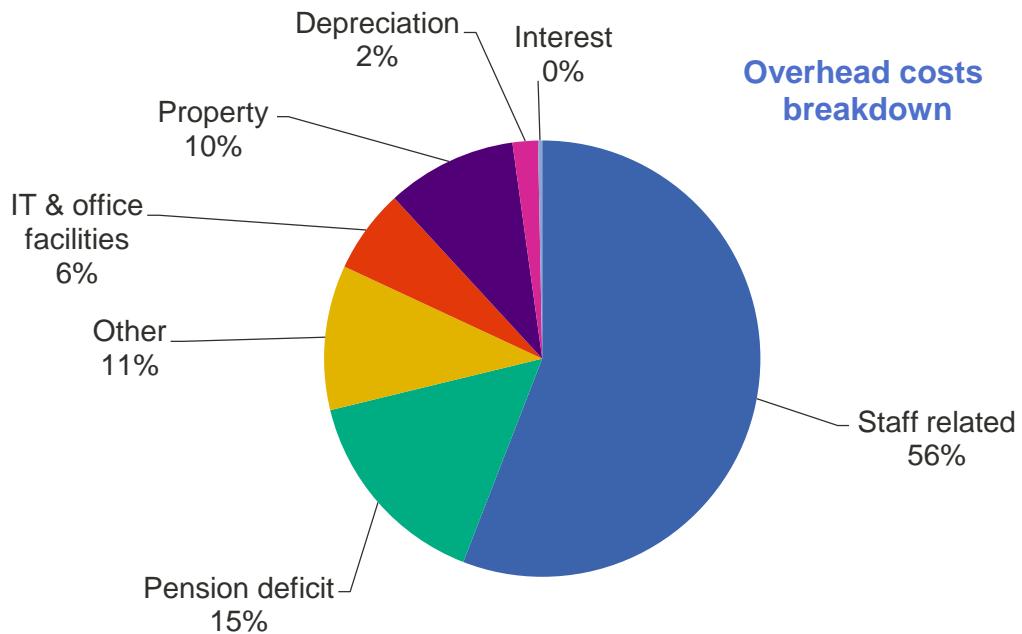
Property rental income was £0.87m (2022 £0.54m), derived from letting out the floors in Lion Court not used by NHF staff for operational purposes. All floors not used for operational purposes are now fully let on a mix of short term serviced offices or medium to long term commercial leases. The property valuation reduced by £0.3m due to the current economic climate.

£0.3m was received in income from our 50% joint venture investment in HouseMark, which provides benchmarking, procurement and consultancy services to the sector.

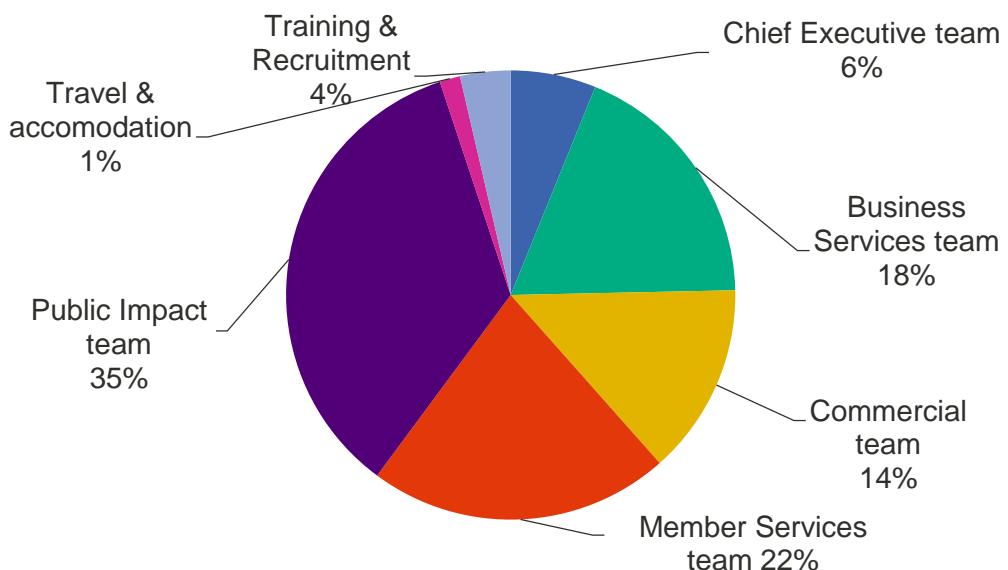
The NHF received sundry income amounting to £0.5m in 2022/23. Sundry income includes VAT recovery, service charge and grant income. Service charge income relates to the management of the floors let out in Lion Court.

## Expenditure

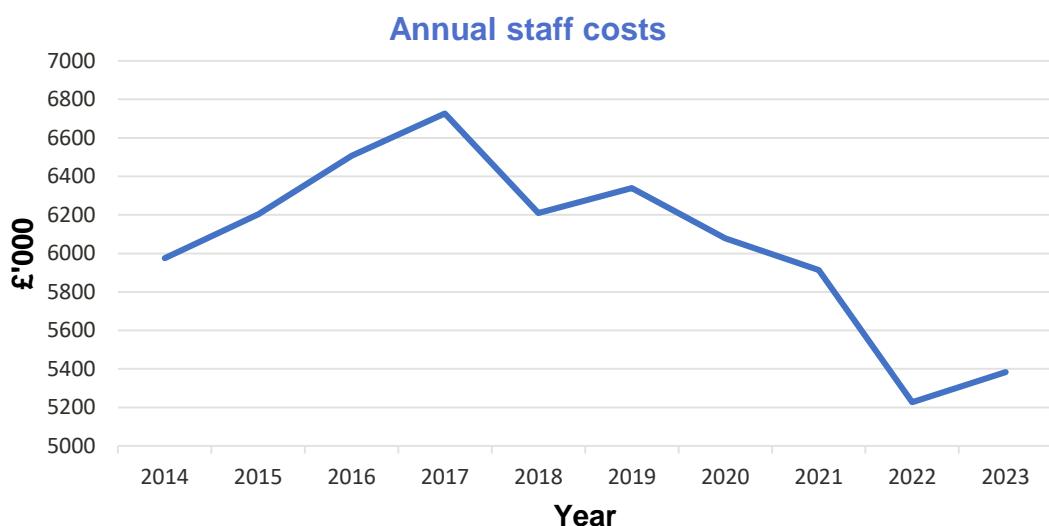
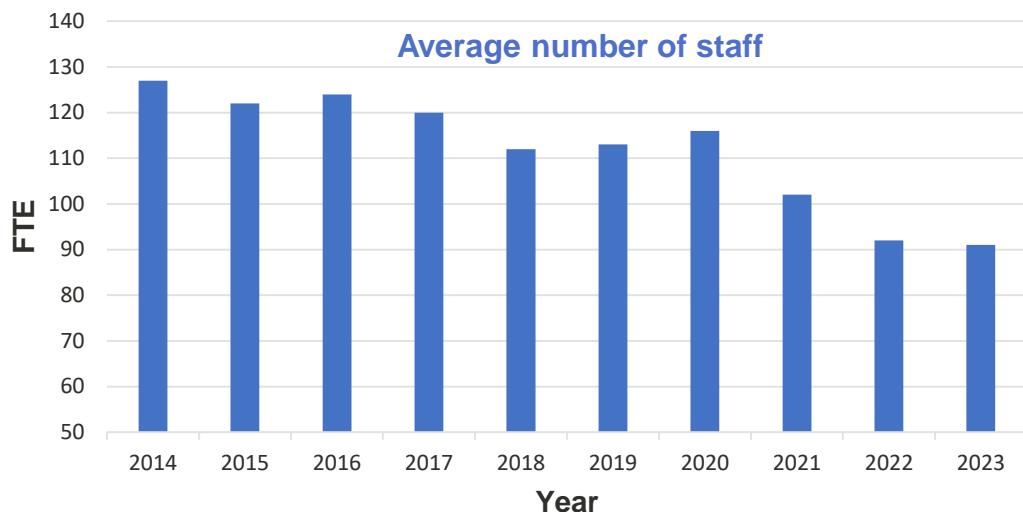
Administrative expenses were £1.3m higher (16%) than the previous year reflecting increased costs in most areas but particularly utility costs resulting from increased inflation.



Staff related costs are further split as follows:



The largest proportion of our overhead costs relate to staff, which averaged 91 during 2022/23. Over the last 10 years the number of (FTE) staff has reduced by 28%.



## Balance sheet reserves

Reserves at 31 March 2023 were £12.1m an increase of £0.7m. Movements in net assets are affected by the volatility of the pension deficit valuation which this year increased by £1.5m and changes in the building valuation.

At 31 March 2023 our main office, Lion Court in Holborn, London was independently valued at £20.62m (2021 £21m).

The reserves policy states that we should have at least three months operating expenditure covered by cash or cash equivalents, which would support continued operations in the event reserves have to be realised, both in the short or longer term. A £3m rolling credit facility is held to support the reserves policy.

In addition, the Board has concluded that given their size and nature, reserves are adequate but are adversely affected by the pension deficit movements. Therefore, the addition to reserves of small annual surpluses is appropriate.

