

# 2024 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 its financial drivers and objectives are, and whether they're being met.

This review is intended to be read alongside the NHF's full audited Financial Statements, which are available on the [finance pages 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. You can do this through your regular NHF contacts or by contacting:

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## Message from our Chair

It has been a busy second year for me as Chair of the NHF.

Over the last 12 months, I have visited housing association members from every region of the country to see the impressive work of our sector.

Although these visits have varied greatly, from small homeless shelters in London to retrofitted homes in Stanley, there has been a clear common thread – the positive impact made on people’s lives.

Decent homes that people can afford are the foundation for a good life and a strong economy. That’s why our sector provides more than just homes and we must continue campaigning to ensure we can keep on transforming lives.

Our Chief Executive, Kate Henderson, goes into more detail in the Financial Statements about the political environment and the NHF campaign for social housing in the run-up to the 2024 general election.

But it is worth mentioning that the new government has already announced its commitment to publish a long-term plan for housing and we will be working hard in the coming months to ensure the sector has the future financial stability it needs.

None of this would have been possible without a united sector. And it is my privilege to lead the trade body that unites all housing associations in England. I am committed to ensuring the NHF meets its business strategy goals and delivers positive change for housing associations, so that every member feels the benefit of a highly effective trade body.

Over the last year we’ve spoken with one voice to shape national policy on consumer regulation, reform proposed changes to the planning system that delivers almost 50% of all new affordable housing, and secured over £1bn for decarbonising social homes. And we’ve shared our expert insight and analysis to guide members through significant regulatory changes.

This work can’t happen unless the NHF is striving to be the best trade body it can be.

By working effectively and efficiently, we're achieving the financial goals that ensure member fee increases stay well below inflation while ensuring our impact is significant.

This year our commercial events continued to perform brilliantly as we saw the full return of in-person conferences. It was a personal highlight of mine to meet so many members at our first in-person Board Excellence Conference since 2020. Our business development income also remains strong and the NHF's offices, let as either serviced offices or on commercial leases, saw a significant growth in income.

This year we also took steps to further future-proof commercial income by establishing a first-of-its-kind collaboration with the Chartered Institute of Housing (CIH) to host a new flagship event in September 2024: The Housing Community Summit. This event will boost the NHF's event portfolio and create a key moment for the whole housing community to be under one roof.

Establishing a successful first Summit will be a big part of the NHF's work over the next year, alongside our recent general election campaign and leading the sector through continued regulatory change.

I have been working closely with staff to steer the NHF's 2022-25 business strategy and we will soon be asking members to help us shape our new five-year strategy.

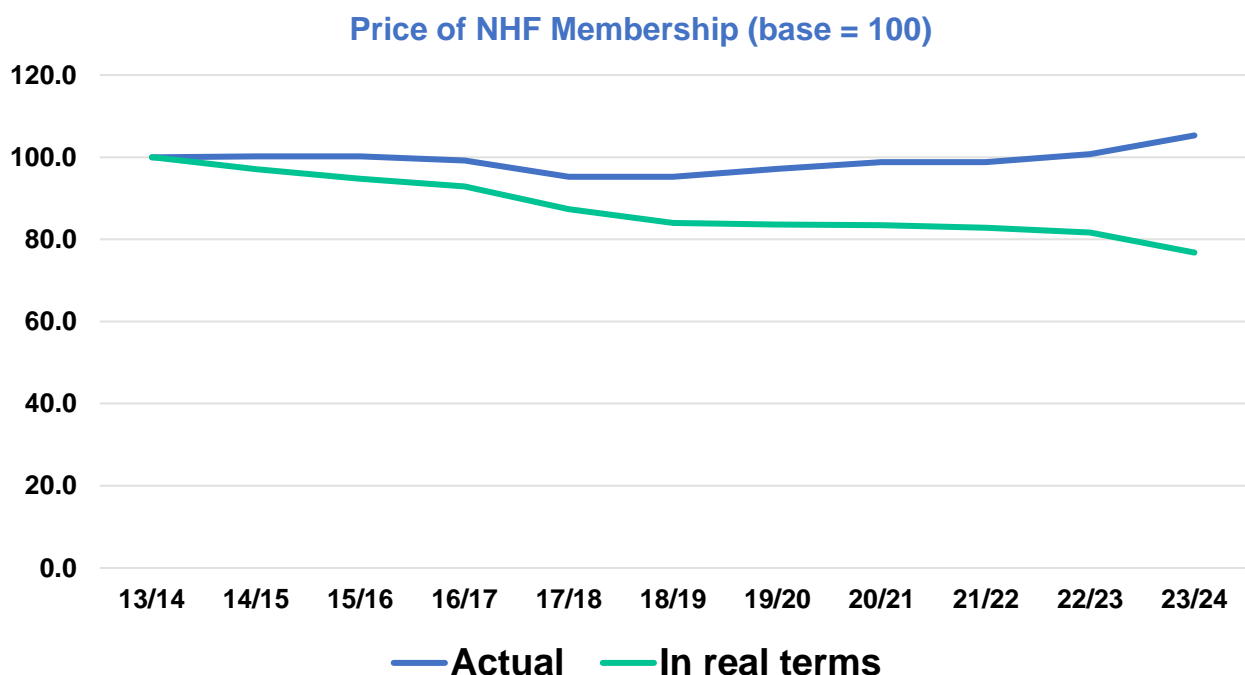
So much of what we've achieved this year has put us in an excellent position for the year ahead. We are stronger together and we stand united, ready for whatever comes next.



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

## Highlights

- **Underlying surplus in 2023/24 of £956k** excluding joint venture results, changes to the pension deficit and building valuation.
- **Prudent income budgets set** because although some uncertainties following the pandemic have eased, there are still numerous others to navigate including the current cost of living crisis and financial pressures on our members. Costs are contained within this reduced income envelope to ensure that a deficit will not arise.
- **Membership prices for 2024/25, which are set the previous September,** increase by a below inflation 6%.
- All floors at Lion Court **fully let** on a mix of short and long-term leases. However, the value of the building fell by £4.3m.
- **Cumulative 24% real terms price reduction** in affiliation fees over ten years, equivalent to a **total saving for members of £12.5m.**



## Key figures

	2023/24	2022/23	2021/22	2020/21	2019/20
	£k	£k	£k	£k	£k
Turnover	<b>13,066</b>	12,727	11,648	12,668	13,318
Change %	<b>2.7%</b>	7.4%	-6.5%	-4.9%	-1.0%
Underlying surplus	<b>1,047</b>	1,266	1,991	893	(53)
Underlying surplus (excluding joint venture results)	<b>956</b>	1,263	1,414	857	(61)
Comprehensive income/(loss)	<b>(2,712)</b>	727	7,026	(5,969)	8,121
Net assets	<b>9,448</b>	12,160	11,433	4,407	10,376
Net cash at year end	<b>6,694</b>	3,361	4,221	2,768	1,996

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 prudently. Although the uncertainty around holding events following the pandemic has eased, there are still numerous uncertainties to navigate including continued cost pressures and increasing demands on our members. Costs are contained within this reduced income envelope to ensure that a deficit will not arise.

Turnover increased by 2.7%. Conference income increased, despite the challenges 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 0.1% higher than the previous year, reflecting the 4.5% price increase and the impact of mergers amongst members. The price of membership is set in the preceding September. For the upcoming year (2024/25) fees have been increased by 6%, below the rate of inflation in September of 6.7%.

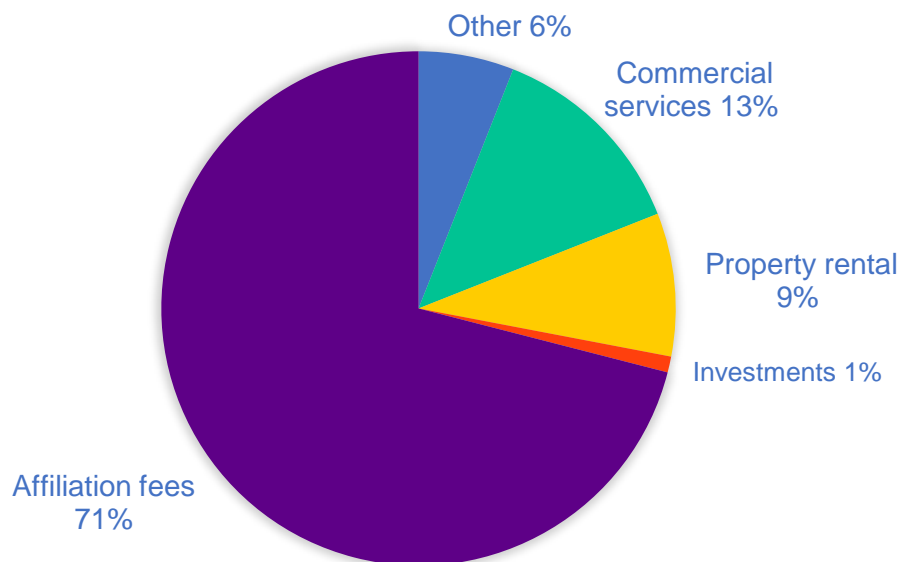
The valuation of the pension deficit this year was a loss of £1.6m (2023 loss - £1.5m). On a day-to-day basis, this has little impact on the NHF's finances as the debt will not be realised in the near future. The only direct consequence are the agreed pension deficit payments of £1.7m, which are accounted for within normal trading of the business and reflected in the underlying results. These payments are made from commercial income rather than members' fees.

The reserves policy states that at least three months' operating expenditure is covered by cash or cash equivalents. A revolving credit facility held to ensure compliance with the policy is currently being renewed.

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 2023/24



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 4.5% in 2023/24, totalling £8.6m.

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 NHF staff across the country and a range of core services. We influence, campaign and engage on behalf of all our members. More information about our services and the impact we made in 2023 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 £2.75m which, although higher than 2022/23 (£2.56m), is still lower than pre-pandemic levels.

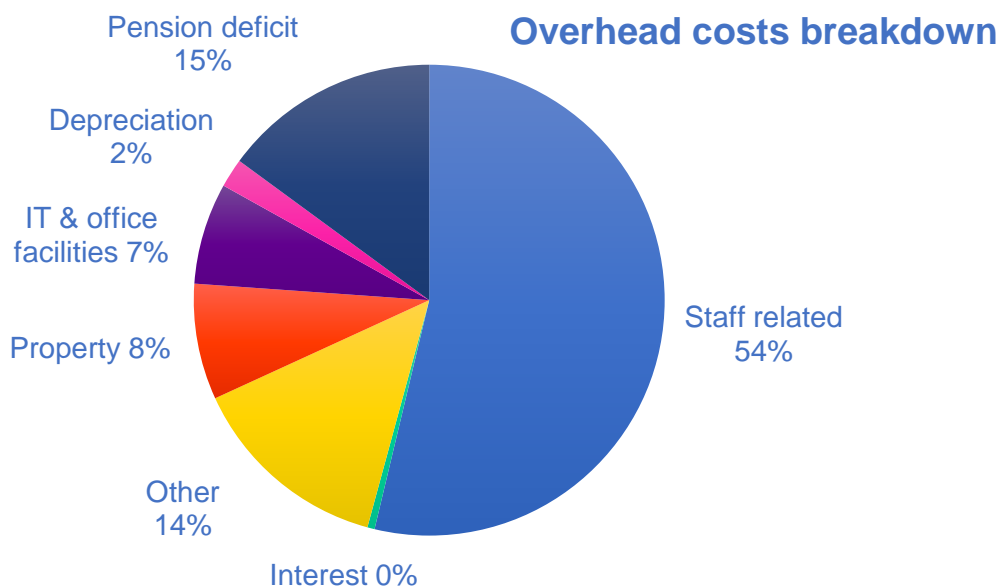
Property rental income was £1.2m (2023 £0.87m), derived from letting out the floors in Lion Court not used by NHF staff for operational purposes. These floors are now fully let on a mix of short-term serviced offices or medium to long-term commercial leases. The property valuation reduced by £4.3m due 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.

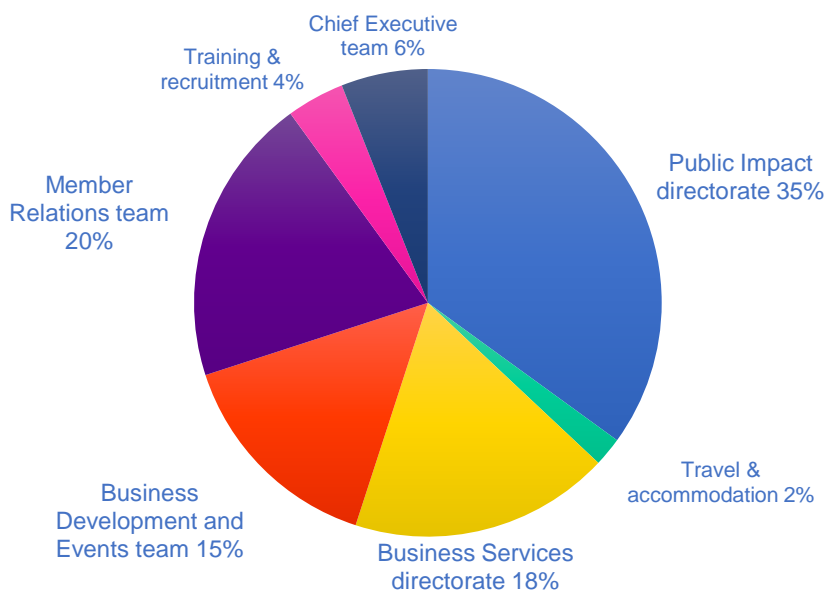
The NHF received sundry income amounting to £0.7m in 2023/24, which includes VAT recovery, service charge and grant income. Service charge income relates to the management of the floors let out in Lion Court.

## Expenditure

Administrative expenses were 6% higher than the previous year, reflecting increased costs in most areas but particularly utility costs resulting from increased inflation.



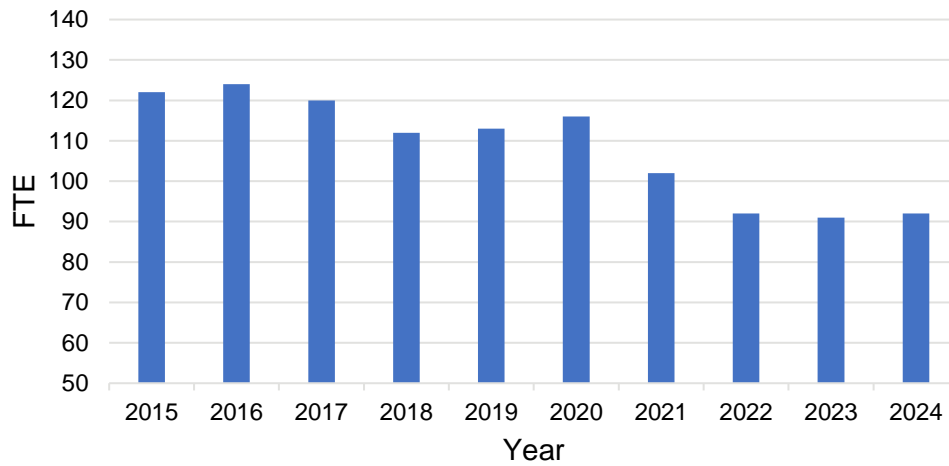
Staff related costs are further split as follows:



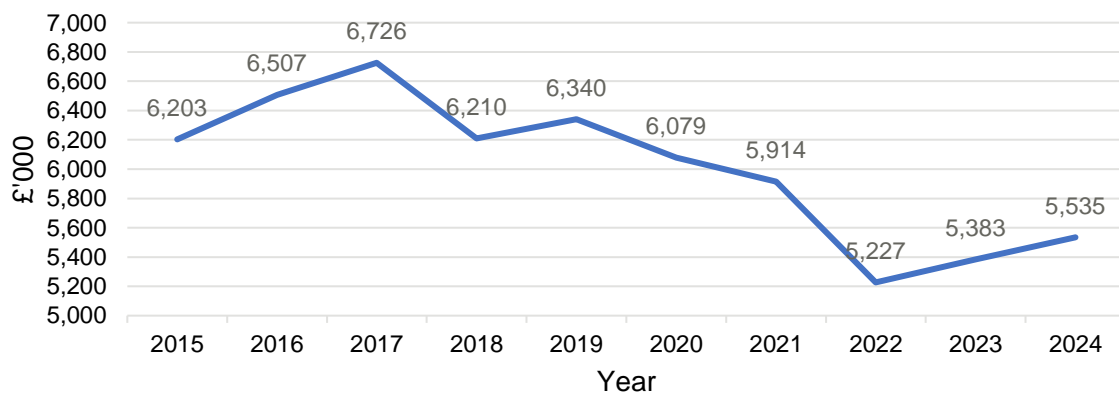


The largest proportion of our overhead costs relate to staff, which averaged 92 people during 2023/24. Over the last 10 years, the number of full-time equivalent (FTE) staff has reduced by 25%.

### Average number of staff



### Annual staff costs



After staff costs, the largest cost element outside the NHF’s direct control is its pension deficit recovery costs. These relate to the NHF’s membership of the Social Housing Pension Schemes (SHPS) and pension liabilities built up in the past.

## Balance sheet reserves

Reserves on 31 March 2024 were £9.4m, a decrease of £2.7m. Movements in net assets are affected by the volatility of the pension deficit valuation, which this year increased by £1.6m, and changes in the building valuation.

On 31 March 2024 our main office, Lion Court in Holborn, London, was independently valued at £16.28m (2023 £20.62m) – a decrease of £4.34m.

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 rolling credit facility held to support the reserves policy in the lower part of the cash cycle is currently being renewed.

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.

