Housing Solutions

Annual Report & Accounts

For the year ended 31 March 2020

Co-operative and Community
Benefit Societies No. 27876R

The Housing Solutions Group

Housing Solutions is a registered housing provider with charitable status dedicated to providing affordable and supported homes.

We own, manage and maintain 7,306 properties in the South East of England. We offer affordable homes to rent, shared ownership schemes, key worker housing and specialist accommodation for older people and people who need support and care to live within the community. All our homes are supported by a range of housing services, including our own professional team of maintenance staff who provide a comprehensive repair and maintenance service.

There are three subsidiaries and one joint venture within the Group. They are:

Housing Solutions Capital PLC

Set up to facilitate capital market funding for the Group.

HSG Property Services Limited

Provides photo voltaic panels on residents' roofs and other energy saving solutions in order to save utility costs for those residents and at the same time produce revenue for the Group through the Feed in Tariff programme.

Housing Solutions Development Limited

Set up to facilitate the tax efficient design and building of properties for the Group.

Glassford LLP

A joint venture with The Royal County of Berkshire Pension Fund which owns and manages 40 market rent properties.

Core Purpose

Our core purpose is to meet local affordable housing needs by creating homes and places where residents are safe and proud of where they live.

Our Values

Ownership Innovation Teamwork Inclusion

Contents

Members, Executives and Advisors

BOARD OF MANAGEMENT

CHAIRMAN	Elizabeth Padmore (Independent)
Vice Chairman	Hayley Peters (Independent)
Chair of Audit & Risk Committee	Nick Whitaker (Independent)
Chair of Funding Committee	Valerie Kendall (Independent)
Chair of Remuneration Committee	James Measures (Independent)
Chair of Nominations Committee	Elizabeth Padmore (Independent)
BOARD MEMBERS	Ross McWilliams (RBWM nominee) Val Bagnall (Independent) Angus McCallum (Independent) Orla Gallagher (Chief Executive)
COMPANY SECRETARY	Carol Lovell – Resigned 29 July 2020 Shazia Nazir – Appointed 29 July 2020

EXECUTIVE TEAM

CHIEF EXECUTIVE	Orla Gallagher
DIRECTOR OF FINANCE	David Joyce – Appointed 10 February 2020
DIRECTOR of DEVELOPMENT	Jill Caress
DIRECTOR OF HOUSING & ASSET MANAGEMENT	Steven Brookfield – Appointed 18 November 2019
DIRECTOR OF CORPORATE SERVICES	Carol Lovell

The Executive Team hold no interest in the Association's shares and act within the authority delegated by the Board.

AUDITORS

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

RSM Risk Assurance Services LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
MK9 1BP

SOLICITORS

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3 Bunhill Row
London
EC1Y 8YZ

Penningtons Manches LLP
Da Vinci House
Basing View
Basingstoke
Hampshire
RG21 4EQ

FUNDERS

Barclays Bank PLC
1 Churchill Place
Canary Wharf
London
E14 5HP

Lloyds TSB PLC
25 Gresham Street
London
EC2V 7HN

M & G Limited
Laurence Pountney Hill
London
EC4R 0HH

Legal & General Investment Management Ltd
One Coleman Street
London
EC2R 5AA

Santander UK Plc
17 Ulster Terrance
Regents Park
London
NW1 4PJ

TREASURY ADVISORS

Chatham Financial Europe Limited
12 St James's Square,
London
SW1Y 4LB

VALUERS

Jones Lang LaSalle Limited
22 Hanover Square
London
W1S 1JA

Registered with Homes England Reg No. L4073 and Registered as a Mutual Benefit Society under the Co-Operative and Community Benefit Act 2014 Reg No. 27876R
Registered Office, Crown House, Crown Square, Waldeck Road, Maidenhead, Berkshire SL6 8BY

Members, Executives and Advisors

CHAIRMAN'S STATEMENT

This has been a year like no other. The Covid-19 pandemic undoubtedly has had a profound impact on all our lives with far reaching implications, and I am proud of how well Housing Solutions has responded to the challenges it presented and continues to present. It struck in the last quarter of our financial year, and in this report, we also celebrate all we achieved before the global crisis took hold. Our response to the pandemic was founded on some of Housing Solutions' key strengths: our close relationship with our residents, our ability to build local partnerships, and our committed staff. We're truly rooted in the communities we serve. This, along with the dedication of everyone at Housing Solutions, enabled us to provide essential services for all our residents, and in particular more than 800 of the most vulnerable.

I'd like to thank all our staff for their ongoing commitment and selfless determination in overcoming the challenges presented by this unprecedented event. I'd also like to thank them for all their work before the pandemic. We've made great strides in so many areas that strengthen us in the long term.

We continued building new homes, investing £27m and constructing 203 during the year. These range from the wonderful supported housing at Brill House to much needed three-bedroom houses for local families. We're committed to providing high quality affordable homes that people are proud to live in and have fully funded plans to build more than 500 in the next five years.

As we build and continually upgrade our existing stock, sustainability is at the forefront of our minds. Housing has a key role to play in averting another global crisis, climate change, and we recognise our responsibility to act in the interests of those living in our homes now and for future generations. During the coming year we will bring our passion and drive for innovation to bear more in this area as we define our medium and long-term emissions reduction targets and press on at pace with our asset management and sustainability strategy.

Thinking and planning for the future does not detract from our primary responsibility which is to the residents we serve right now. Maintaining their homes and supporting those who are vulnerable or struggling financially is always our top priority and is particularly important during economically turbulent times. We're also keen to boost our residents' ability to shape the services they receive. That's why we're strengthening their voice and influence by setting up a leaseholder led residents' group in addition to our Resident Service Improvement team. Both will have direct links to the Board.

As part of our drive to improve our services we've continued to invest in digital innovation, making it easier for residents to carry out day-to-day tasks. This also enabled us to move quickly to remote working during lockdown. I am delighted that in recognition of our progress we've been nominated as a UKHA finalist in the Innovator of the year: Technology category.

We've continued to improve in other important areas too. Our residents form a diverse community and it is vital we understand their diverse needs and also that we reflect that diversity in our workforce. With this in mind we established a Diversity and Inclusion Group in 2019. Towards the end of the year we ran workshops for all our staff to broaden their knowledge of the issues and how to play their part in tackling them. In 2020 we also introduced Inclusion Champions into the organisation.

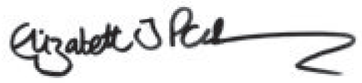
The goal is to create a workplace where open and honest discussions can happen and to make sure our policies and services are inclusive. Looking ahead we'll build on this by creating an inclusion network with other local organisations and housing associations. We'll also explore how to extend this network to residents and actively take part in events such as Inclusion Week.

Underpinning all we do is our strong team and financial position. We've maintained our G1 V1 rating with the Regulator of Social Housing and, for the fourth year running, our A+ rating with S&P Global Ratings. We have also enhanced our leadership team with additional experience and expertise.

I was delighted to welcome two new members to the executive team, Steven Brookfield as Director of Housing & Asset Management and David Joyce as Director of Finance. We also welcomed Nick Whittaker to the role of Chairman of the Audit and Risk Committee.

Despite the challenges I believe we have finished 2019/20 in an even stronger position than we started it. We've seen how valuable our regional focus and trusted position in the community are and how, backed by a sound business plan, those attributes enable us to provide an effective, personalised service.

I would like to thank the Board, my colleagues, residents and all our partners for their work and support. You are the reason we are well placed to thrive in the next year. 2020 is our 25th anniversary, we have not been able to celebrate yet, but when we do I look forward to saying thank you in person.



ELIZABETH J PADMORE
CHAIRMAN

Operating and Financial Review and Report of the Board

For the year ended 31 March 2020

Every year has its challenges, particularly in housing which is so heavily impacted by shifts in the political and economic landscape. But 2019/2020 really stands out and not only because it was our 25th anniversary. We already had plenty on our plate with the lingering uncertainties of Brexit. And then Covid-19 arrived.

During lockdown providing safe and secure housing for all our residents was more essential than ever. But delivering the services we specialise in, especially to those that need them the most, suddenly became much, much harder. Our response has reaffirmed what an amazing team and business we have at Housing Solutions.

In a crisis the ability to clearly identify potential problems and act quickly is vital. As a medium-sized regional housing association we've been able to do that. Our agility, trusted position in the community and connections with other local organisations meant we could swiftly identify residents who may struggle and come up with solutions.

We were able to call on existing partnerships with charities and local authorities and build new ones that gave us the capacity to step in where we were needed. For example, we worked with The Brett Foundation to deliver food and essential supplies to those who couldn't leave their homes. We also connected with our care providers and chief executives in nearby housing associations, to share best practise and work together where we could. Our contacts and ability to move quickly have been crucial here and it's a network of partners we aim to keep building.

Of course, none of this would have been possible without all the dedicated and, frankly, inspiring colleagues. So many people at Housing Solutions went above and beyond: from the gas maintenance teams who ensured full compliance at the end of the year even when the pandemic was at its height, to those who called in on our most vulnerable residents, delivered essential goods, found dog walkers and took on other important day-to-day services.

We're a caring, passionate team and we are well known in the local community. That's because we are part of it – 90% of staff live in the areas we serve, which makes our residents our neighbours. So I want to say a huge thank you to them, everyone has played an essential part and continues to do so.

I'm also very lucky to be supported by such a talented and experienced senior management and executive team. As mentioned in the Chairman's statement, this year we strengthened our top team with the addition of Finance Director David Joyce who joined in February 2020, and Director of Housing and Asset Management Steven Brookfield, who joined in November 2019.

Our Senior Management Team has also been enhanced by some exciting new appointments: Emily Orme, Head of Housing, Maureen Achuka, Head of Finance, Simon Bastienne, Head of Treasury and Business Planning, and Company Secretary Shazia Nazir who joined in March 2020. They probably weren't expecting quite such a dramatic start to their time at Housing Solutions, but they've all responded heroically.

As an organisation our robust business plan will help us weather this storm. I have no doubt there will be some difficult times ahead, but we have strengthened our position this year. We've maintained our A+ S&P Global Rating and our G1 V1 rating from the Regulator of Social Housing. We remain financially strong with turnover of £45.8m, an operating surplus of £15.8m and an operating margin of 33.6%%.

I'm pleased to say we also smashed our building target by investing £27m in the construction of 203 new affordable homes, 43 more than the 160 we'd originally aimed for. Admittedly our sales of shared ownership homes dipped from £6.3m in the previous year to £4.9m, but Brexit and Covid-19 have brought a volatility to the housing market that we may have to live with for some time. By contrast the rest of the business has continued to grow. In fact, leaving sales to one side, turnover has increased by £1.5m.

So the numbers look good. But at its heart providing good housing isn't a numbers game. It's about people. Are residents proud of living in their homes and communities? Are we giving them the services they need? We're always striving to do better here, but a survey of our residents revealed 83% are satisfied with Housing Solutions, 92% said our staff are friendly and approachable and 94% are happy with our repairs.

Until we hit the top quartile there's room for improvement, but we're going in the right direction. We'll continue to push to provide the best service we can. Our investment in digital solutions is a key part of this, enabling people to make payments, register complaints and book maintenance requests more efficiently. This includes improving connectivity for those with poor or no access to the internet and, importantly, still providing a brilliant service to those who are not comfortable online.

We also want to make sure residents live in the most energy efficient homes as possible. For their benefit and the planet's. We've reviewed all our energy performance certificate (EPC) ratings and invested £100,000 to bring the lowest up to standard. We've also boosted energy efficiency across our properties by investing £242,000 in A+ standard windows and doors and £400,000 in heating replacements. This includes installing Sedbuk A rated boilers and, where appropriate, air source heat pumps.

In addition, in recent years we installed photovoltaic panels on 253 properties. During the year they've provided tenants with enough sustainable electricity to boil 385,203 kettles, reducing emissions and bills. Our green ethos extends to our maintenances teams who use logistics software to minimise their time on the road, which has been shown to save up to 490 hours of travel per year. Sustainability is also a priority during the procurement process when we select suppliers.

Looking ahead, we aim to have all our homes up to at least an EPC rating of C by 2022. And we plan to invest more in online services to improve our digital capabilities and bring about efficient operations.

Retaining a close relationship with our residents is going to play a key role in keeping the business on track. Many work in sectors disproportionately impacted by the pandemic, such as hospitality and tourism. Clearly some will face unemployment which will put a strain on their finances. We're putting extra resources into helping residents and we're expanding our housing teams.

We want to be able to move quickly when someone is struggling, making sure they're getting the benefits they're entitled to and supporting them to achieve their housing ambitions.

We'll be looking to go beyond traditional partnerships, building relationships with relevant local organisations from mental health charities to businesses that can offer people a route back to employment. To be truly effective we need to clearly understand the circumstances of our residents. With this in mind we plan to work more closely with our resident led Service Improvement Team to jointly improve our knowledge of their needs and housing ambitions.

I have no doubt it's going to be another demanding and unpredictable year. But we've started it in a positive mood. The past few months have proved we're capable of dealing with anything that's thrown at us, even a (hopefully) once-in-a-lifetime global crisis.

We've seen how well our closely-knit team works under pressure and how committed we are to our communities and its residents. That's why we'll rise to any challenge that comes our way.

ORLA GALLAGHER
CHIEF EXECUTIVE

Strategic Report

For the year ended 31 March 2020

REPORT OF THE BOARD

The Board of Housing Solutions presents its report together with the audited financial statements of Housing Solutions (the Association) and Housing Solutions Group (the Group) for the year ended 31 March 2020.

The Group comprises of the Association and its subsidiary undertakings Housing Solutions Capital plc, HSG Property Services Limited, Housing Solutions Development Limited and joint venture Glassford LLP.

Housing Solutions is a Public Benefit Entity. It changed its name with the Financial Conduct Authority from Housing Solutions Limited to Housing Solutions in October 2017.

PRINCIPAL ACTIVITIES

The Group's principal activities are the development and management of affordable and supported housing and providing repairs services to its own stock as well as external clients.

Housing Solutions has charitable status and operates three key business streams:

- housing for rent, primarily for households who are unable to rent or buy at open market rates;
- supported housing for people who need additional housing-related support; and
- low-cost home ownership, primarily shared ownership whereby residents purchase a share in the equity of their home;

As well as owning, maintaining and managing 7,306 housing properties, the Group develops new affordable housing and is a member of the Sovereign Development Consortium (SDC) which enables the Group to access Homes England grant funding.

The Group provides a small amount of non-social housing, in particular 75 market rent properties, as well as housing properties we own 41 commercial units. The Group's focus remains its social housing activities and these constitute 94% of the Group's activities by turnover.

BOARD MEMBERS AND EXECUTIVE DIRECTORS

The present Board members, committee structure and executive directors of the Group are set out on page 5.

All executives work within the authority delegated by the Board. Group insurance policies indemnify Board members and officers against liability when acting for the Group.

EMPLOYMENT CONTRACTS

Excluding the Chief Executive, Board members are paid based on a scale reflecting their relative responsibilities to the Group. The total amount paid to Board members during 2019/20 was £60,953.

The Executive Directors, including the Chief Executive, were employed on the same terms as other staff. Their notice periods are six months.

The Chief Executive's salary is set at the market rate.

PENSIONS

Prior to its closure to new members, the Executive Directors were entitled to join the Royal County of Berkshire Pension Fund, a defined benefit (Career Average) pension scheme. They participate in the scheme on the same terms as all other eligible staff and the Association contributes to the scheme on behalf of its employees. With effect from 1st April 2014 the Royal County of Berkshire Pension Fund scheme was closed to all new employees and a new contributory Personal Pension Plan was set up for new employees. The Executive Directors may participate in this scheme on the same terms as all other eligible staff and Housing Solutions makes contributions into the Individual Personal Pensions.

The Royal County of Berkshire Pension Fund is an average salary scheme, offering good benefits for our staff. The Association has contributed to the scheme in accordance with levels, set by the actuaries, at 18.2 per cent. The latest actuarial valuation of the scheme as at 31 March 2016 has been rolled forward allowing for the different financial assumptions required under FRS102 to calculate the accounting valuation at 31 March 2020.

ACCOUNTING POLICIES

The Group's principal accounting policies are set out on page 47 - 51 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include: capitalisation of costs; deduction of capital grant from the cost of assets; housing property depreciation; and treatment of shared ownership properties.

The Group has prepared the accounts in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and complies with the Accounting Direction for Private Registered Providers of Social Housing 2019.

HOUSING PROPERTIES

At 31 March 2020 the Group owned 5,806 social housing properties including 683 care home units (2019: 5,625), own and manage 75 market rent properties, and maintain 1,412 properties for other partner organisations. Totally 7,306 properties that we own, manage and maintain. There were 203 completions in the year.

The Board appointed external professional valuers to undertake the annual valuation of the Group's housing properties as at 31 March 2020. The value of the properties, on an existing use for social housing basis except the care homes which are valued at market value subject to tenancy, is £538 million and this has been reflected in the valuation of properties in the financial statements

Our investment in new properties totalling £27m and our further investment of £7.1m in the maintenance of existing properties this year was funded through a mixture of debt finance and operating surpluses.

CASH FLOWS

We generated £20.6m from operating activities and borrowed a further £19.7m to develop new properties, with debt servicing totalling £14.2m. The spend on new properties during the year was £27m. Cash inflows and outflows during the year are shown in the consolidated statement of cash flows (page 51).

GROUP DEBT

The Group borrowed a total of £19.7m during the year.

At the year-end Group borrowings amounted to a nominal amount of £301.2 million. Gross gearing, calculated as total loans as a percentage of the Statement of Financial Position value of completed housing property, was 56% at 31 March 2020 (2019: 60%). Cash held at 31 March 2020 was £14.9 million compared to £22.6 million at 31 March 2019. Net Debt per Unit at 31 March 2020 was £61.5k against the covenant of £70.0k.

The Group is borrowing principally from banks and through private placements, at both fixed and floating rates of interest. Embedded interest rate swaps are in place to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations. The Group's policy is to keep between 65% and 85% of its borrowings at fixed rates of interest and to maintain an average tenor no less than 10 years.

At the year-end, 79% of the Group's borrowings were at fixed and index linked rates after taking account of interest rate swaps (2019: 81 per cent). The fixed rates of interest range from 3.28% including loan margin to 6.16%. Our all-in average cost of funds was 4.32%.

The Group's lending agreements require compliance with a number of covenants. The Group's position is monitored against those covenants on an on-going basis and reported to the Board at each meeting. The Group funding committee regularly reviews the Group's treasury position including requirements for new loan facilities. The Group is compliant with its loan covenants at the year end date and the Board expects to remain compliant in the foreseeable future. The Group borrows and trades only in sterling and so is not exposed to currency risk.

Maturity	2020	2019
	£m	£m
Within one year	7.5	7.5
Between one and two years	7.6	7.5
Between two and five years	51.2	20.3
After five years	234.9	253.8
Total	301.2	289.1

OVERVIEW OF THE BUSINESS

The Group's main activities are the management, maintenance and development of social and affordable housing, residential care homes and providing a comprehensive repairs services to stock owned by other partners.

The Group's head office is in Maidenhead and its properties are primarily in Maidenhead and surrounding areas, although increasingly new social housing properties are being developed in Wokingham, Slough and around the county of Berkshire and Buckinghamshire which we fund and manage. The Group's focus remains its social housing activities and these constitute 94% of the Group's activities by turnover.

FINANCIAL POSITION AND PERFORMANCE

The Group's five-year Statement of Financial Performances and Statement of Financial Positions are summarised on page 16 and the following paragraphs highlight key features of the Group's financial position up to and including 31 March 2020 as well as the position at the year end.

The Group's forward business plan, which includes the updated development strategy, has been robustly stress tested based on the key strategic risks reported to Board.

STATEMENT OF COMPLIANCE

In preparing this Strategic Report, the Board has followed the principles set out in the Statement of Recommended Practice (SORP): Accounting for registered social housing providers 2018.

RISK MANAGEMENT

The Board considers that the risks detailed below are the principal risks facing Housing Solutions. These are the risks that could affect the ability of the organisation to deliver its Corporate Objectives. The Board confirms that the principal risks of the organisation, including those which would threaten future performance, have been robustly assessed throughout the year ended 31 March 2020, and that processes are in place to continue this assessment. Further details of risk management processes are detailed in the risk registers.

The principal and emerging risks and uncertainties relating to the organisation are regularly reviewed by the Board and the Audit Committee and the executive team along with the internal controls and risk management processes that are used to mitigate these risks. Risks are recorded, assessed and tracked in terms of their impact and importance.

The principal uncertainty currently facing the Housing Solutions is the impact of the ongoing global COVID-19 outbreak. The Board and Executive Team continue to monitor the outbreak, including UK Government advice, and acknowledge that we face a prolonged period of uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, Housing Solutions is in a good financial position to help manage this risk. Steps are being taken, on an ongoing basis, to minimise the impact on Housing Solutions activities and the effect this may have on our residents and stakeholders. Infrastructure is in place to allow staff to work remotely and our key priority is to ensure, as far as possible, that our housing services are still available when needed.

The World Health Organisation classed Covid-19 as a pandemic on 11 March 2020. Following that announcement, the UK Government introduced various measures to address the impact in the UK, resulting in lockdown from 23 March 2020. We have adopted a number of measures to ensure the safety of tenants, staff and business partners during this time. We undertook the following:

- Amended the 2020/21 budget to reflect the change in operations due to Covid-19;
- With the social distancing measures, we decided to postpone major component replacements such as kitchens and bathrooms and stop non-emergency repairs for the foreseeable future;
- All construction on our rented and sale programs was halted in line with Government recommendations to protect our staff and business partners. All decisions on uncommitted schemes were put on hold;
- Continued with our program of gas safety testing, wherever possible, balancing the risks of not doing so against the need to protect residents and staff from Covid-19;
- Provided regular contact with vulnerable residents to ensure that they had access to food and required medicines;
- Provided guidance to those residents who faced financial difficulties; and
- All staff adopted working from home. Where staff were not able to work from home, they were redeployed, where appropriate, to provide support to other areas of the organisation or furloughed.

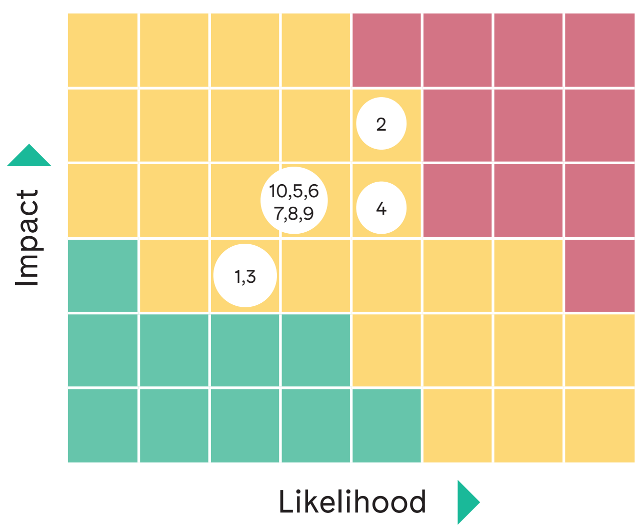
These measures, inevitably, had an impact on the performance of the organisation in a number of areas:

- The hiatus in the housing market affected both sales in the final month of the period and sales after the year end. In total we completed 34 sales in the year compared with a budget of 51. This also had the impact of increasing the levels of unsold properties on our Statement of Financial Position at the year end;
- We have amended our budget for 2020/21 to catch up on the planned program work not completed in 2019/20;
- Expenditure on PPE has increased to ensure the safety of those staff members that do need to enter residents' properties;
- To ensure the ongoing financial stability of business, we furloughed those staff that we were not able to redeploy and accessed the Government Coronavirus Job Retention Scheme. The support received from this scheme totalled £82,522.10

The impact on global markets has affected other areas which are outside of our control, these include:

- Valuations of our market rented properties provided by external valuers contain clauses relating to material uncertainty in relation to those valuations. This in turn, has resulted in additional disclosure in our accounts and an emphasis of matter in the report of the auditors.
- MV-T valuations have shown only a minor increase of less than 1% from those of the previous year end.

The principal risks and management of those risks are described below:



	Corporate Objective	Impact	How it's managed and mitigated
1.	Strong Corporate Foundation	Failure to resource adequate funding to meet development commitments	• V1 G1 Regulatory rating • A+ credit status as allocated by S&P Global ratings • Business plan identifies when new funding is required
2.	Remain Financially Strong	Impact of political, legislative, rental and welfare reforms	• Quarterly business plan updates review, reviewing economic assumptions • Regular stress testing of business plan under different scenarios to develop contingency plans, warning triggers and mitigations identified • Control of operating costs

	Corporate Objective	Impact	How it's managed and mitigated
3.	Exceeding Local Expectations/ Maintaining our Properties/Staff Retention & Attraction	Duty of care to staff, residents and the public in the operation of our business	• Qualified external specialist advisors on all health and safety and fire safety matters & HSE best practice followed. OHSAS/ISO 18001 accredited. CHAS accredited. ROSPA health and safety best practice followed • Comprehensive safety management system covering safety procedures/risk assessments in place to ensure all staff have suitable knowledge and compliance. Tailored annual health and safety training for all staff • Major incident plan in place, with cross functional teams to ensure proactivity in the event of a major incident • Regular oversight at executive and Board level of extended major incidents, such as Covid-19 • Covid-19 temporary service changes – compliance with latest government and HSE guidelines to ensure key health and safety compliance works continue • Vulnerable residents contacted throughout Covid19 to ensure linkage with appropriate support
4.	Development Growth	Development timing and shared ownership sales	• Board reviews the development programme, completions and cash forecasts as a standing item, including assessment of effect on internal covenant buffers and net debt per unit position • Stress testing includes the impact of shared ownership values falling, increased sales periods and development slowdown • Risk assessments prepared and monitored for each scheme with regular review of the housing market for signs of market slowdown including impacts of Brexit and Covid19
5.	Strong Corporate Foundation/Digital & Innovation	IT Systems failure	• Third line support in place, including active back-up to protect data and ensure system recovery • processes in place to protect systems in case of virus or cyber attack • IT Acceptable Use Policy in place with regular refresher training • Processes and monitoring in place for data protection management both within an office environment and remote working
6.	Strong Corporate Foundation	Lack of effective governance	• Board assurance framework in place and reviewed in line with changes to Corporate Risk Register • Detailed review of risk registers by Audit & Risk Committee at each meeting • Detailed updates provided to Board throughout Covid-19 crisis with all planned meetings arranged via video conferencing • Annual review of compliance with NHF Code of Governance and Regulatory standards • Annual Board member appraisals carried out and Board Succession Planning Policy in place • Emergency decision making delegated powers in place
7.	Remain Financially Strong	Major changes in economic conditions	• Operating costs kept low and margins maintained at high level • Review development assumptions regularly • Regular review of business model assumptions, stress and scenario testing, early warning indicators identified • Covid-19 re-profiling of budget and review of business plan
8.	Remain Financially Strong	Care Home portfolio	• Regular meetings with providers and local authorities • Regular review of cash forecasts, contingency planning, including stress testing failure to receive rental payments
9.	Exceeding Local Expectation/ Supporting our Residents	Material fall in operating performance	• Detailed repairs profiling and budget management • Regular communication to residents, staff and stakeholders • Revised Covid-19 repairs policy in place • Method Statements issued and appropriate PPE for all maintenance operatives
10.	Remain Financially Strong/Supporting our Residents	Not achieving rental income	• Proactive support and regular communications for residents throughout Covid-19 • Focus on income collection and welfare support • Arrears dashboard and detailed analysis of arrears • Detailed trend analysis to drive targeted support and intervention

GROUP HIGHLIGHTS, FIVE YEAR SUMMARY

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Group Statement of Comprehensive Income					
Total turnover – SOCI	45,768	45,804	43,883	45,965	43,339
Turnover excluding Sales – Note 3	40,918	39,463	38,925	34,628	33,607
EBITDA (excluding Sales)	20,993	21,307	22,571	26,827	23,884
Operating surplus (before exceptional items)- SOCI	15,831	19,578	21,731	21,686	19,317
Group Statement of Financial Position					
Housing and investment properties (at valuation)	576,856	529,530	475,413	441,026	428,736
Other FA and intangible fixed assets	11,400	10,651	10,665	9,642	9,817
Tangible and intangible fixed assets	588,256	540,181	486,078	450,668	438,553
Long term investments – BS	2,519	2,427	2,427	2,427	2,427
Net current assets – BS	9,810	15,883	48,296	63,854	68,649
Total assets less current liabilities – BS	600,585	558,491	536,801	516,949	509,629
Loans (due over one year) - BS	(295,514)	(283,239)	(290,599)	(303,696)	(306,117)
Less: Debt Service Reserve	-	-	-	-	-
Net Loans	(295,514)	(283,239)	(290,599)	(303,696)	(306,117)
Pensions liability - BS	(18,168)	(20,093)	(20,667)	(20,624)	(14,656)
Net assets – BS	286,903	255,159	225,535	192,629	188,856
Reserves: Revenue – BS	129,020	133,239	111,736	51,584	44,493
Revaluation – BS	157,883	121,920	113,799	141,045	144,363
Total	286, 903	255,159	225,535	192,629	188,856
Housing properties owned at year end:	No.	No.	No.	No.	No.
Social Housing - Note 4	5,806	5,625	5,525	5,337	5,236
Non-social Housing	88	80	78	78	78
	5,894	5,705	5,603	5,415	5,314
Statistics:					
EBITDA as % of turnover – excluding property sales	51.30%	53.99%	57.99%	60.19%	57.51%
Operating surplus as % of turnover	34.6%	42.7%	49.5%	47.2%	44.6%
Rent arrears (gross arrears as % of rent and service charges receivable)*	2.88%	2.39%	2.27%	1.84%	1.99%
Liquidity (current assets divided by current liabilities)	1.5	1.8	3.9	9.3	9.1
Gearing (total loans as % of value of completed housing properties)	56.3%	60.0%	67.0 %	64.4%	66.9%

*This excludes rent receivable from care homes and leaseholders as these are paid in advance.

Our year in summary

Strong Corporate Foundation

- Maintained our G1/V1 rating from the Regulator of Social Housing
- Increased our staff satisfaction to **89%**
- Maintained our A+ rating by Standard and Poors continuing to keep us in the top quartile of Housing Associations.

89%

Staff satisfaction

Remain Financially Strong

- Turnover stayed consistent at **£45.7m**
- Operating margin **34.6%**
- EBITDA **45.8%** as % turnover

£45.7m

Turnover

Operational Performance

- Invested **£3.4m** in planned maintenance
- **94%** resident satisfaction with repairs
- Generated an additional **£195k** for residents through benefit claims advice
- **£826,000** social value
- **42%** of residents with an online portal account

Development Growth

- Invested **£27m** in building new homes
- Delivered **203** new homes against a target of **160**

£27m

Invested in new homes

94%

Repairs satisfaction

For every £1 we spend

	2019/20 (pence)	2018/19 (pence)	2017/18 (pence)
New homes	52	53	35
Interest	19	21	31
Management and other expenses	12	10	12
Planned maintenance	5	5	7
Routine maintenance	5	5	5
Estates	3	3	4
IT	1	1	1
Purchase of other assets	1	1	4
Other expenses	2	1	1

Corporate Objectives & Our Own Value for Money Performance Measures

As we celebrate 25 years, we are pleased to report that considerable progress has been made in positioning Housing Solutions as the housing provider of choice in the areas that we operate. We have demonstrated that at a time of global crisis, Housing Solutions is a robust and solid organisation which people have turned to in these uncertain times. Our staff, and partner care providers, charities and support agencies have continued to work throughout the lockdown period and provide for all the people living in our communities.

Our strategy remains the same, to meet local affordable housing needs by creating and maintaining quality homes and delivering valued services. We aim to provide long term sustainable homes for local people living in Berkshire and the surrounding areas, where residents feel safe, and satisfied with our service.

Throughout the year we have continued to focus on staff and resident wellbeing, and we are delighted to report that 90% of staff are happy working for Housing Solutions and 83% of residents are satisfied with our service.

We continue to enjoy strong local partnerships and the confidence of the Regulator of Social Housing and Homes England.

We are proud of being a G1 V1 Housing Provider and consistently providing more social and affordable homes than most housing associations our size, while still maintaining a healthy financial position. Almost 80% of our housing portfolio is dedicated to social, affordable and supported rented accommodation.

This year we invested in our governance framework and we strengthened our finance and business planning functions, putting Housing Solutions in an even stronger position to deal with the challenges ahead.

As a local housing provider, we generated £826,000 of social value. Our social impact is wide ranging from getting residents into employment, apprenticeships, supporting resident groups, staff volunteering opportunities, and our innovative digital inclusion activity.

At the same time, we have committed to developing our activities further, particularly with regards to connecting residents with employment and support opportunities, ensuring urban connectivity by clearly understanding our resident characteristics, helping more residents into work and expanding our apprenticeship programme.

Strong Corporate Foundation

G1 V1

S&P A+

We are proud of our strong relationships with our local authority partners, our stakeholders and the Regulator. We work with our lenders to provide new finance to continue to develop the new homes desperately needed in our local communities.

Following an external independent governance review, carried out by Campbell Tickell, that completed in 2019, an action plan was put in place to strengthen our governance further.

We have worked hard on enhancing areas our governance and have made excellent progress on the action plan, this was demonstrated on the 13 November 2019 when the Regulator of Social Housing reaffirmed Housing Solutions at the highest regulatory grade of G1/V1.

In March 2020 Standard & Poors reconfirmed our A+ credit rating citing our solid EBITDA margins, very strong liquidity position and our asset quality. Standard & Poors highlighted that our business profile is robust and commented that Housing Solutions will successfully deliver on its development plans in a way that keeps its financial performance and debt burden stable. The credit rating is crucial in helping us to fund our core purpose of delivering more homes to meet local need.

The Board views our medium- and long-term business plan as a crucial part of its strategic planning process, testing the financial health of our business, as well as our plans for the future. The Business Plan is robustly stress tested and challenged, in order to ascertain the effects against our key lender covenants, turnover, EBITDA and cash flow. We will be continuing to review and update the plan quarterly for internal Board review

and debate, particularly in the light of the current economic uncertainty facing the country.

We particularly focus on mitigating actions to withstand economic stress, when these mitigations are triggered and how quickly those actions can be put into effect to offset those stresses. Our business plan scenarios also test and help determine our development capacity within our covenants. In its latest business plan review, the Board concluded that we have a robust business model which is able to withstand a range of adverse scenarios and economic changes and that we would have time to take necessary mitigating actions to control their effects.

We have robust annual internal audit programme linked to our corporate risks and during 2019/20 four internal audits and three advisory audits were carried out, all receiving positive opinions.

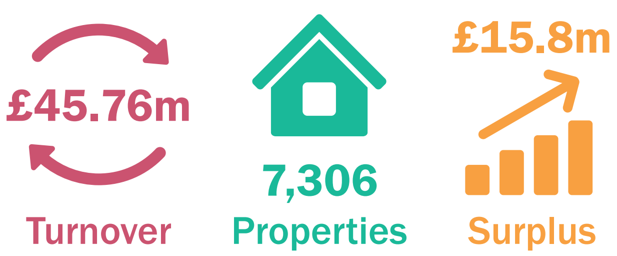
Our annual assessment against the Consumer Standards highlights the strengths within the services we provide to our residents, for example the ease of the increased functionality of our website and resident portal, together with our digital innovations, such as Alexa, provide multi-channel routes for our residents to easily access our services, whilst our complaints handling performance remains at top quartile performance, with 84% satisfaction.

Engaging with our residents has never been more important than during the Covid-19 crisis, we have kept in touch through email, text and postal services, sending over 10,000 pieces of correspondence. We have ensured updates and information is made available through our website and other media channels. We have made contact with over 800 residents by telephone to ensure they had the specific help they needed and have worked closely with our local charities to ensure those with unique needs have access to the help they need.

Campbell Tickell in July 2019 stated:

“an engaged Board which cares about the organisation and the tenants; about providing effective leadership, with a clear core purpose and set of values; has a transparent and open relationship with the Chief Executive and her team; clear papers which encourage debate; effective committees; and robust decision-making and follow-through.”

Remain financially strong



Due to our development programme and delivery of new homes our turnover has remained stable despite the 1% rent reduction. We have invested in strengthening our staff skills during the year which has resulted in ensuring we are more flexible in working and a greater understanding of our cost base. As a result of this there have been noticeable improvements in the value provided when comparing the first half of the year to that of the second.

“We believe Housing Solutions will be able to maintain solid S&P Global Ratings – adjusted EBITDA margins and very strong liquidity.”

S&P Global Ratings March 2020

As an active developing housing association, we strive to use our assets to maximise our future development capacity. As part of this strategy, work is underway to reduce our average cost of borrowing increasing our capacity further.

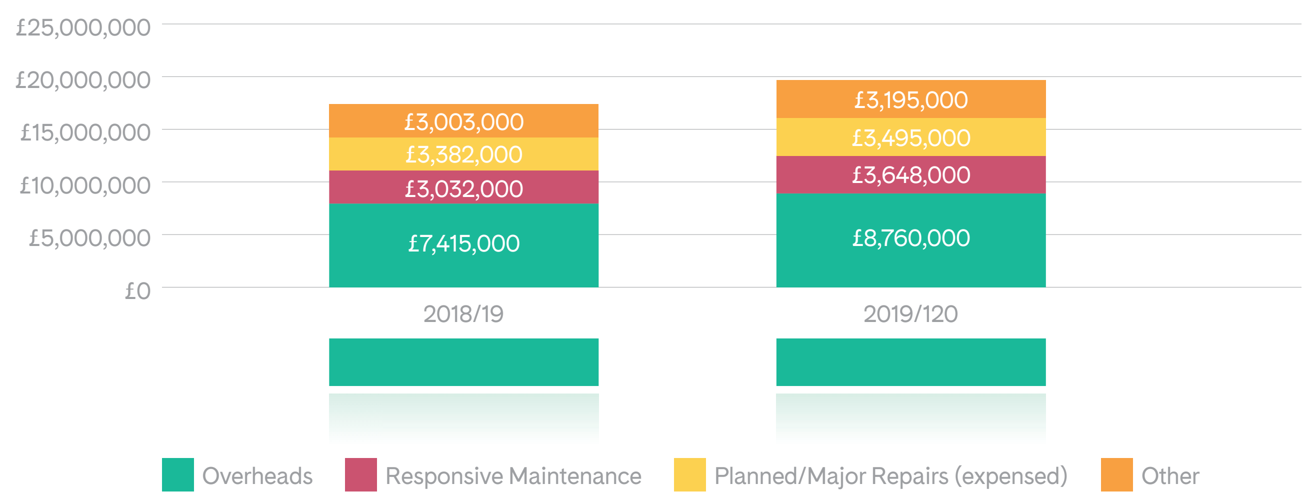
In 2019/20 shifts in the market as a result of Brexit uncertainty and Covid-19 slowed down our shared ownership sales, this led to a £1.3m fall in shared ownership sales, with total sales of £4.9m being achieved in year.

When the property sales are stripped out of the turnover figure, we continue to demonstrate year-on-year growth despite the final year of the 1% rent reduction. Our strong financial viability contributed towards our G1/V1 rating from Regulator of Social Housing.

Financial Highlights	2019/20	2018/19
Turnover	£45.7m	£45.8m
Sales	£4.9m	£6.4m
Turnover (excl. property sales)	£40.9m	£39.4m
EBITDA (excl. property sales)	£21.0m	£21.3m
Operating Surplus	£15.8m	£19.6m
EBITDA as % turnover less property sales	51.3%	54.0%
Total stock (owned, managed & maintained)	7,306	7,111

Operating Costs

During 2019/20 we invested in strengthening our finance team, including our business planning function, together with one-off interim Finance Director costs whilst we recruited a permanent director – contributing to increased overhead costs. There was a full review undertaken about our investment in care homes, which included the completion of detailed stock condition surveys. Costs incurred as part of this review together with the write off of component replacements led to a £192k increase in other costs, as can be seen below.



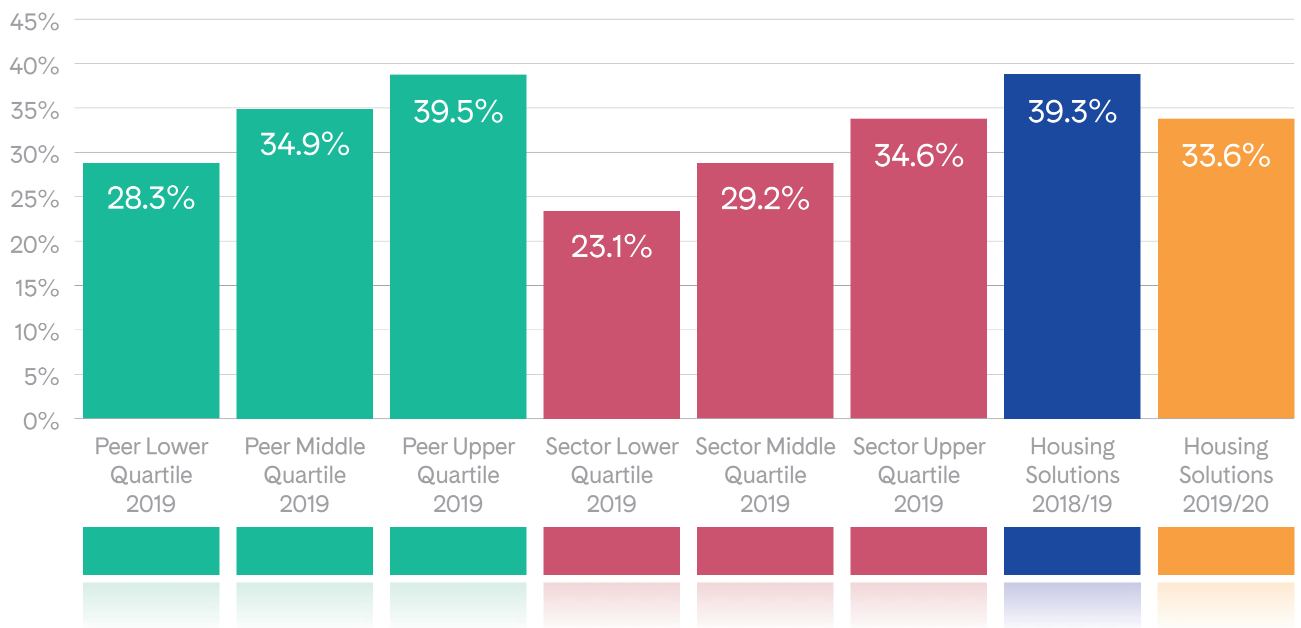
Operating Margins

Operating margins have been steadily reducing due to the annual rent reduction of 1% over the last 5 years. In 2020 there was a 50% reduction on the forecast surplus from first tranche shared ownership sales, in itself reducing our operating margin by 3.1%. This was largely due to the general slowdown in sales in the second and third quarter of the year. Interest in and reservations of new homes improved over the last quarter of the financial year and into 2020/21 and we are seeing improvements in transactions, despite the Covid-19 lockdown.

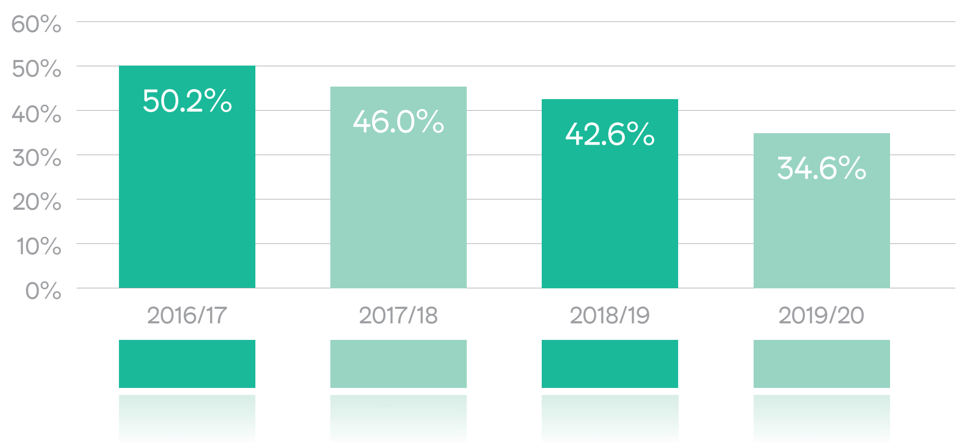
As more shared ownership properties have handed over, we have increased the capacity within our sales and marketing team. This enables us to continuously monitor and review market trends and focus our marketing across our areas of operation, generating higher level of leads and interest for properties available for sale. We have also made enhancements to the property sales part of our website, creating an online sales process.

Despite the reduction in first tranche sales, we remain at the top quartile when compared to the sector for operating margin on social housing lettings and throughout the Covid-19 pandemic we have had sustained interest in our properties. Initial indications are that 2020/21 sales will be significantly better than anticipated when setting our expectations at the early stages of the pandemic. In the interim period during the Covid-19 restrictions we have worked closely with our local authority partners to offer vacant properties as short term temporary lettings.

Operating margin (social housing lettings only) %



Operating margin as % of turnover



Development Growth

£27m Investment in new homes

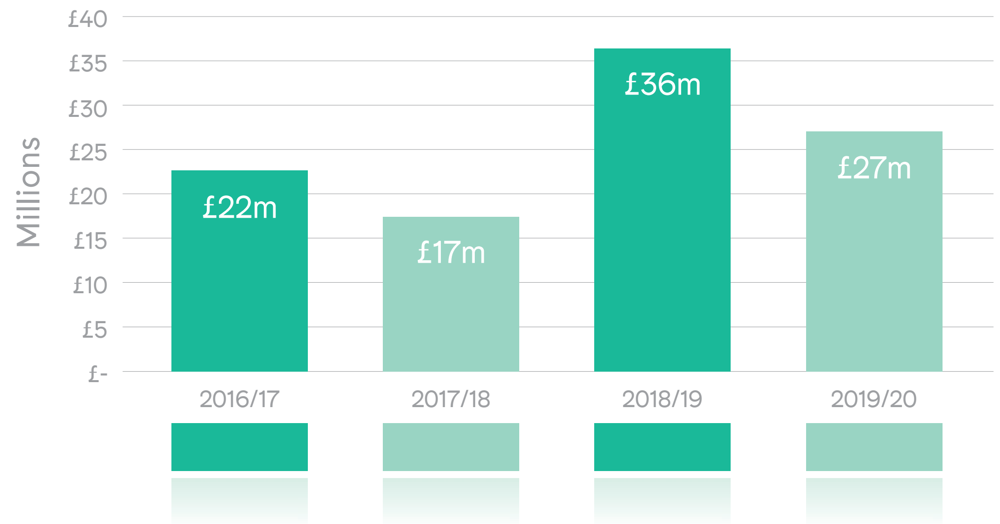
203 New homes delivered

£4.9m Shared ownership sales income

In 2019 the average house prices in the Royal Borough of Windsor and Maidenhead fell by 2.8% to an average of £483,500. Despite this fall this still leaves local residents needing an average income ratio of over 13 times average earnings in order to afford to become a homeowner.

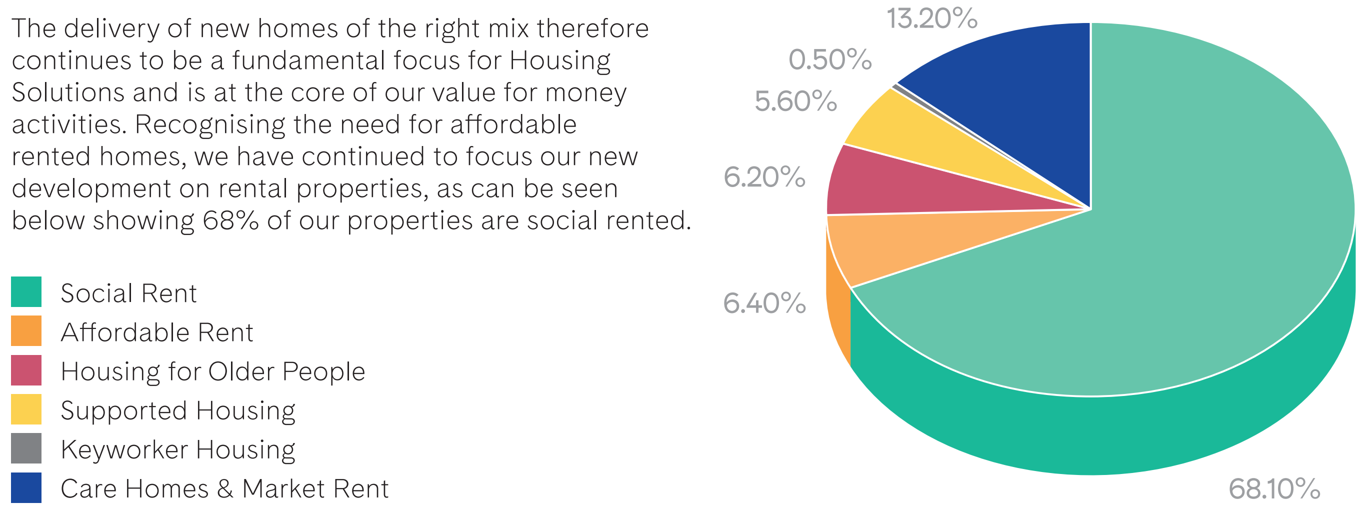
Building on our £36m investment in 2018/19 we have invested a further £27m in the development of new homes in 2019/20 – keeping us in the top quartile amongst our peers for the development of new homes. Having set ourselves the ambitious target of delivering 160 new homes in 2019/20 we managed to exceed our target by delivering 203 new homes for our local area. This included our first ever scheme in Bracknell Forest Borough Council where we have delivered 11 new shared ownership homes and 3 affordable rented houses and have a further 23 units on site. During the year, construction commenced on the first phase of our partnership scheme with RBWM and Countryside at York Road, Maidenhead, which will provide 61 new homes.

Investment in New Homes



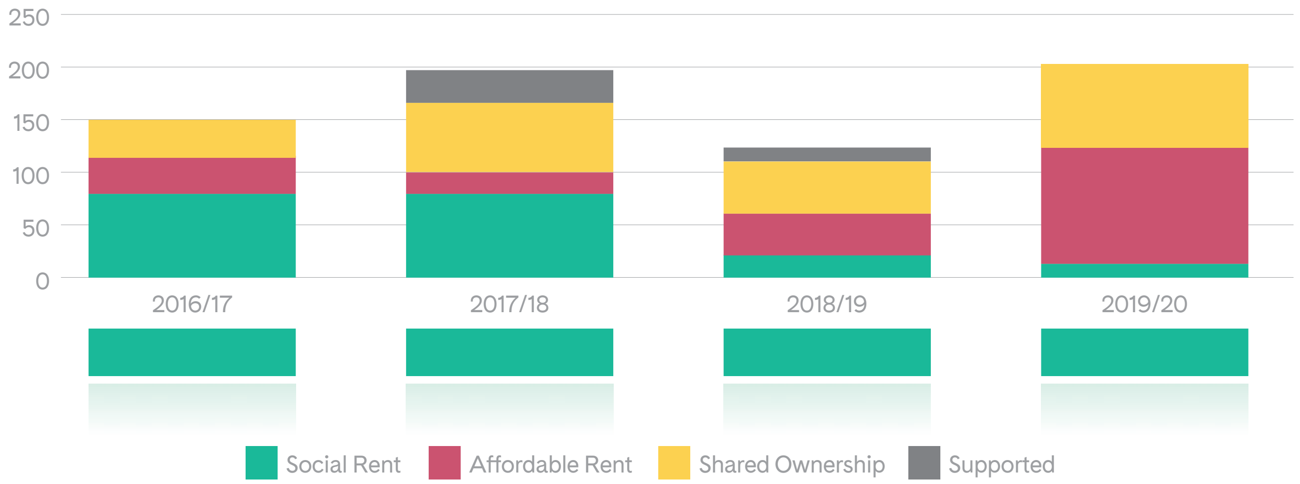
Stock Profile

The delivery of new homes of the right mix therefore continues to be a fundamental focus for Housing Solutions and is at the core of our value for money activities. Recognising the need for affordable rented homes, we have continued to focus our new development on rental properties, as can be seen below showing 68% of our properties are social rented.



New Homes by Type

2017/2018 differs to FVA Annual report



We have continued to focus on increasing the amount of staircasing within our existing shared ownership portfolio to support our development programme, and during the year achieved over £890,000 of staircasing receipts.

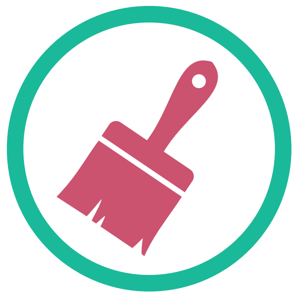
Exceeding local expectations

Maintaining our properties

We are committed to investment in maintaining our properties to ensure our residents feel proud of where they live.

100% of our properties have a current gas certificate

£7.1m investment in repairing, maintaining and improving our homes



17,159 routine repairs completed

94% repairs satisfaction

1,600 stock condition surveys carried out

100% decent homes

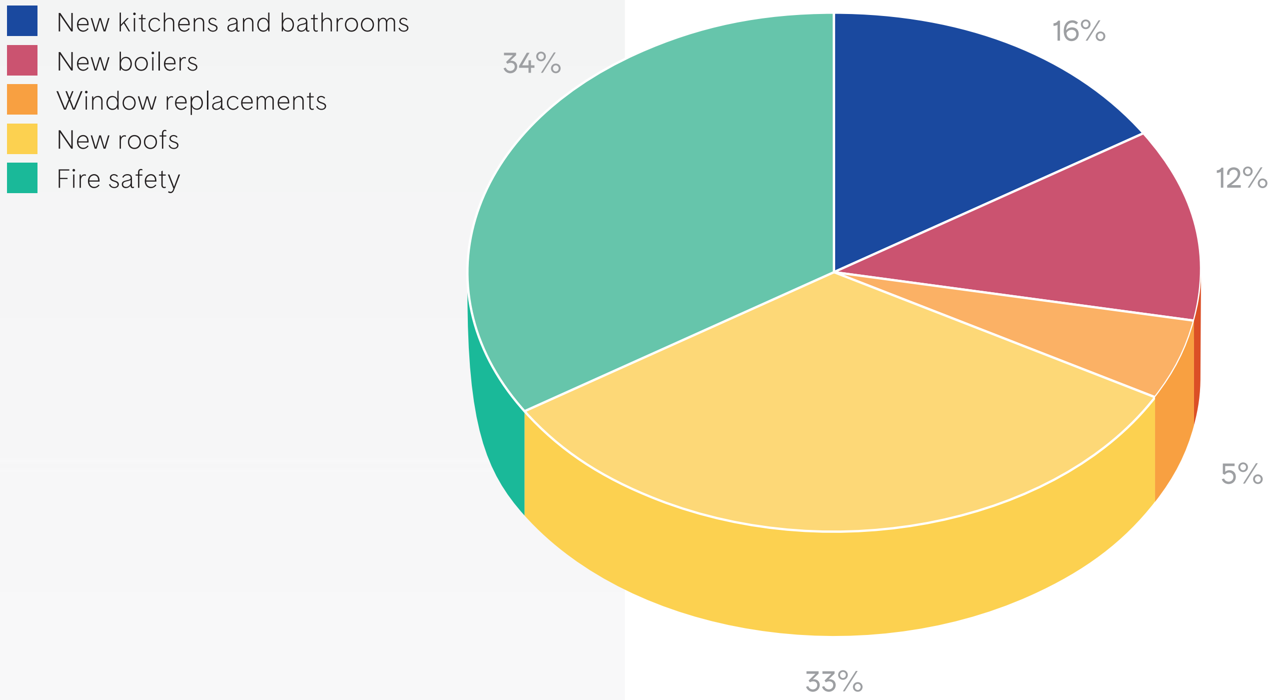
The active management of our portfolio remains an important component of our day-to-day activities. We have a rolling lifecycle 30-year asset management programme to ensure the long-term sustainability and enhancement to our housing stock. This year we strengthened our Asset Management capabilities with the appointment of Steven Brookfield as director. During the year, as part of our active management strategy. We spent over £1m as part of our ongoing commitment to fire safety working closely with Savills, our specialist partner, ensuring the safety of all our resident's homes. Our commitment to the compliance of our properties is broader than just fire safety with gas and electrical checks 100% complete at the end of the year, together with other safety checks such as legionella, asbestos and alarm systems - again all 100% complete at the end of the year.

> "Housing Solutions are particularly good at managing fire risk and they are one of the best clients when benchmarked."

John Herbison, Fire Safety Consultant, Savills

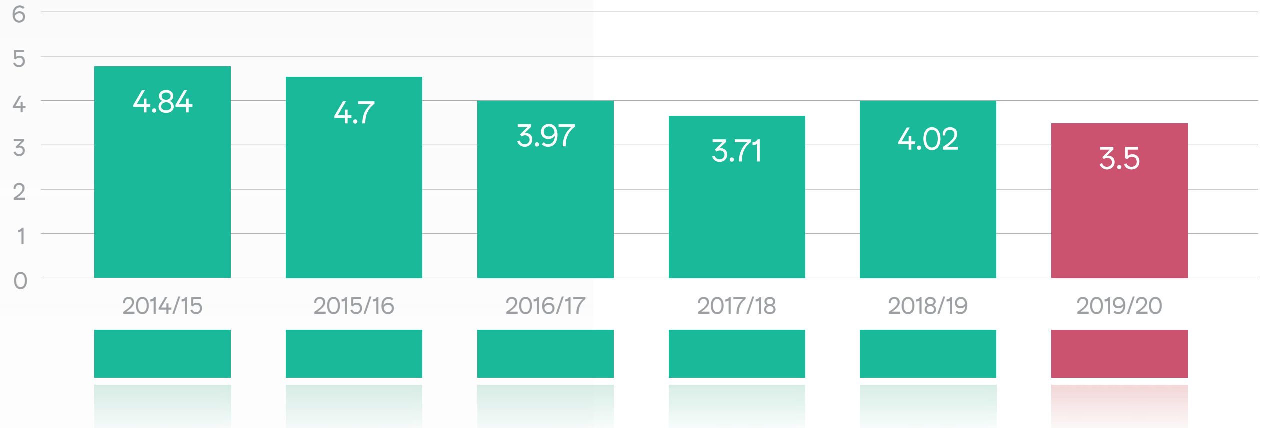
With a further £1m spent on our re-roofing programmes, our investment has ensured that 100% of our properties meet the Decent Homes Standard. Achieving our target of completing 1,600 stock condition surveys throughout the year has enabled us to have robust information upon which to base our future maintenance plans.

Planned Maintenance Spend



Since 2016 we have focused on reducing the number of jobs per property to align with the sector median of 3.5. In 2019/20 we have reduced jobs per property by using innovative methods of working as well as continuing to invest more heavily in our planned works programme.

Average Jobs per Property



In 2019/20 we completed over 17,000 routine repair jobs. We continue to complete jobs in the top quartile performance, with an average of 10 days. High levels of satisfaction with the most recent responsive repair was maintained at 94% in 2019/20. This satisfaction is supported by strong operational performance, with 88% of repairs completed on first visit and over 96% of emergencies dealt with within a 4-hour target.

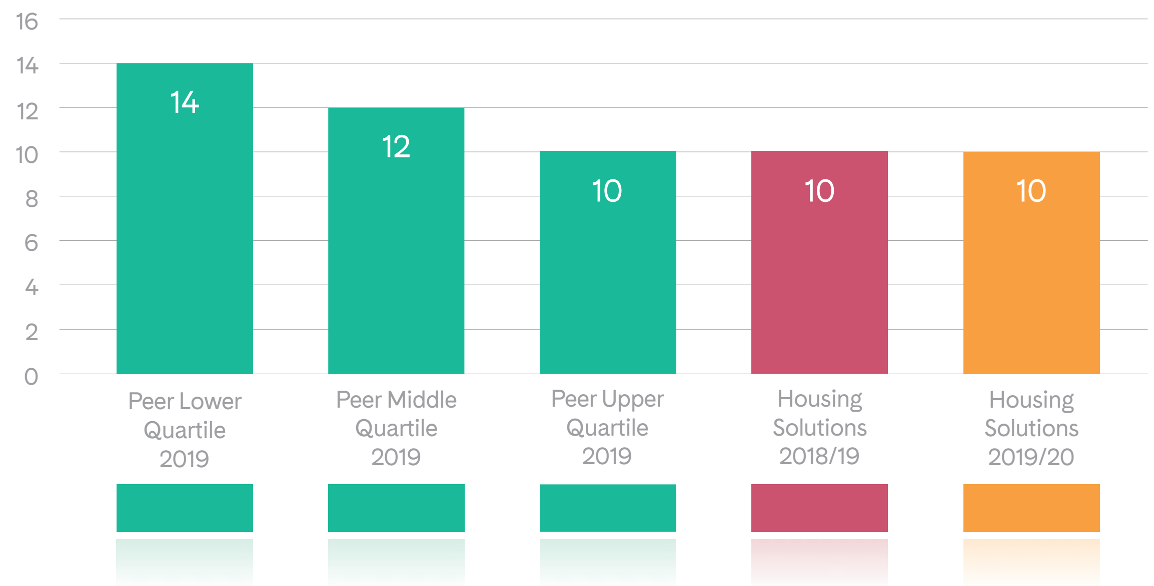
In 2019/20 we completed over 17,000 routine repair jobs. We continue to complete jobs in the top quartile performance, with an average of 10 days. High levels of satisfaction with the most recent responsive repair was maintained at 94% in 2019/20. This satisfaction is supported by strong operational performance, with 88% of repairs completed on first visit and over 96% of emergencies dealt with within a 4-hour target.

"I am extremely satisfied with the service, and with the improvements to my home; they are very professional."

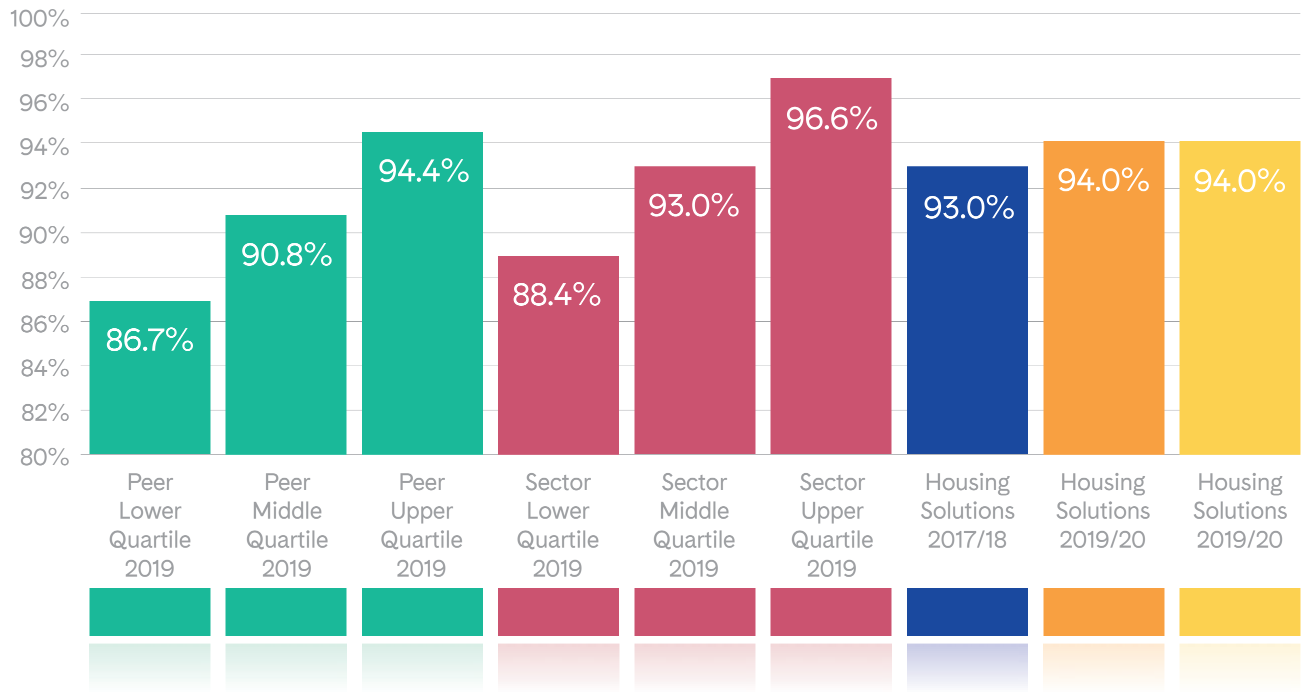
Housing Solutions resident

The Covid-19 pandemic brought new challenges to the delivery of the repairs service but, with the support and understanding of our residents, we maintained a high-quality emergency service throughout the lockdown period completing 99.5% of all emergency repairs on time.

Days to Complete a Repair



Repair Satisfaction %



Supporting residents & resident satisfaction

83%
overall customer satisfaction

92%
said staff were friendly and approachable

87%
satisfaction with service from community services

72,207
resident contacts received by customer contact team

79%
of calls dealt with at point of contact

over
£826,000
of social value achieved

33

33
Net Promotor Score

In 2019/20 we carried out our large-scale resident satisfaction survey, Have Your Say, the results of which tell us that 83% of our residents are satisfied or very satisfied with Housing Solutions. We also saw a significant fall in residents actively dissatisfied, down to just 5% whilst 92% of our residents said that our staff were friendly and approachable. We will be focusing during 2020/21 on areas for improvement highlighted from the survey results, including tackling ASB and that our service continues to provide value for money.

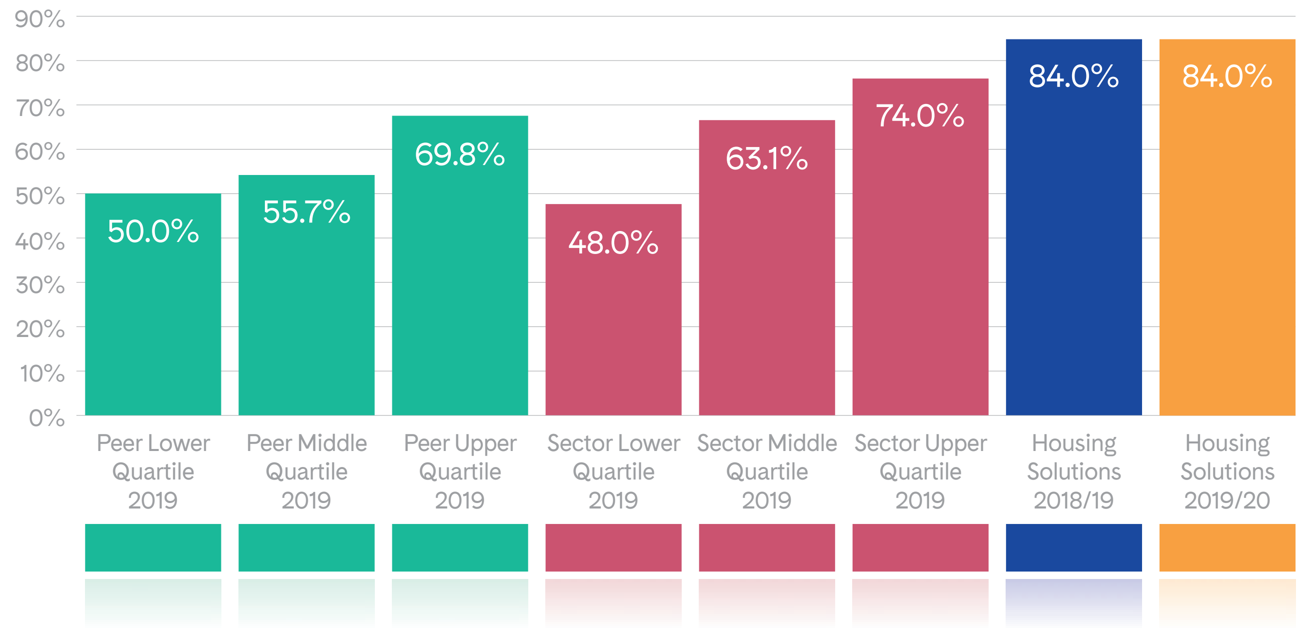
As an integral part of the local community our front-line teams appreciate that we have a much broader role in supporting our residents than just delivering excellent housing services. At certain times everybody requires a little extra support, Covid-19 impacted heavily on many of our residents and we continued to help to protect our residents income and livelihoods by providing direct support, together with supporting a number of local organisations to deliver assistance to our residents, such as providing food support to those shielding to facilitating internet access. We contacted over 800 of our most vulnerable residents in general needs housing to offer help and additional support.

Our investment in our IT hardware and software infrastructure meant that we were in a prime position to respond rapidly to Covid-19, moving all our contact center to fully remote working within 24 hours, with no lapse in service. We were also able to seamlessly switch to a new out of hours provider, Orbis, during the pandemic restrictions, which has been fully operational and efficiently handling calls during the crisis. We have made use of multi-channel communication to directly reach over 95% of our residents to keep them updated on our services and the support we can offer.

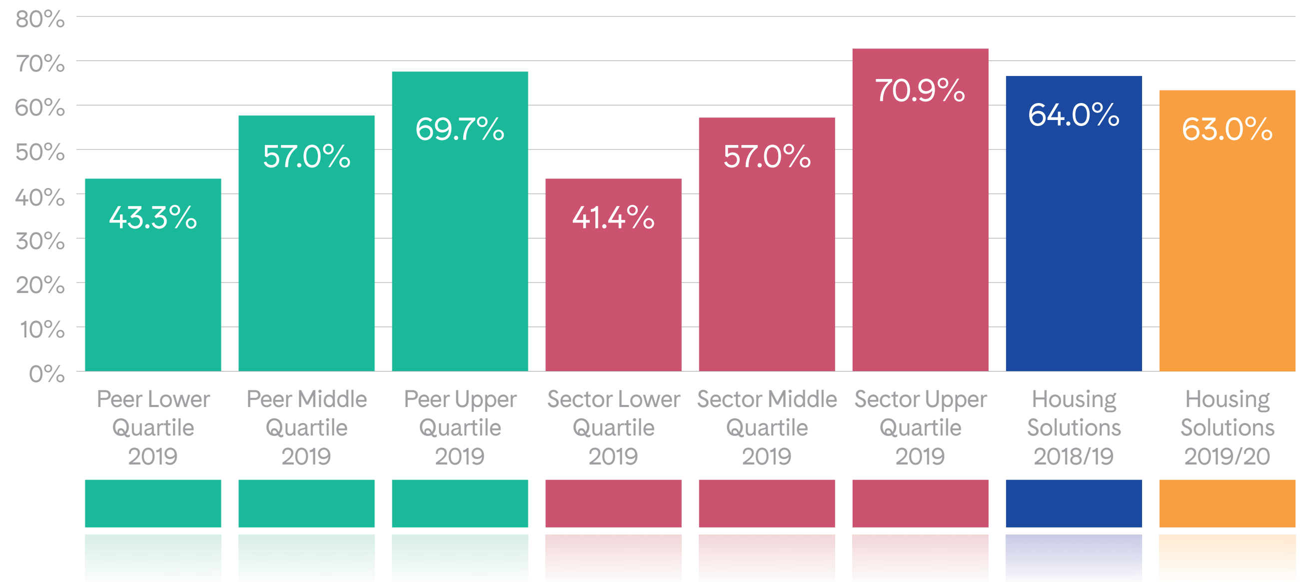
We understand the importance of ensuring any complaints received are dealt with efficiently and effectively and this is reflected in our performance which remains in the upper quartile. We proactively monitor all social channels to ensure that complaints are handled promptly and report regularly on performance against complaints KPI's. We continue to perform well in complaint handling and outcomes.

> **"I am very satisfied that Housing Solutions care about my safety and welfare."**
>
> Housing Solutions resident

Complaint Handling %



Complaint Outcome %



Welfare & Support Team

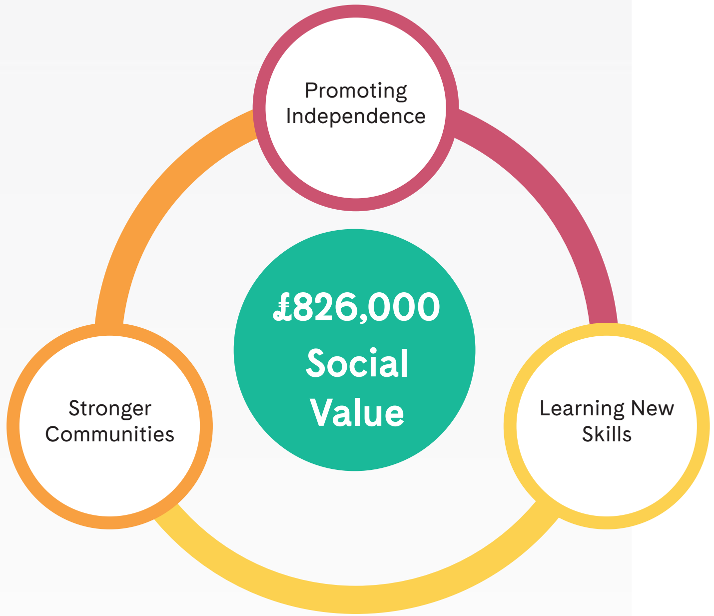
Our Welfare & Support Team has continued to work with our residents to help to access and maximise their benefits claims. The team works closely with residents to inform them of which benefits they could qualify for as well as appealing against benefit decisions.

Over the course of the year the team helped over 840 residents to access over £195,000 worth of additional benefits to help them support their tenancy and a basic standard of living. Over the past five years our team have helped our residents to access over £1.1m of additional benefits. During Covid-19 the Welfare & Support Team have been at the forefront of supporting our residents whose income and livelihoods were adversely affected, providing invaluable advice and assistance with universal credit claims.

Resident Engagement & Social Value

Housing Solutions Service Improvement Panel has undertaken several reviews during 2019/20, providing invaluable feedback and input into a range of initiatives and policies. This has included reviewing our rent arrears, complaints and communal areas policies, together with providing input into the development of our new customer involvement strategy.

The Service Improvement Team panel also took part in a workshop exploring key aspects of placemaking and provided feedback on changes to our caretaking and grounds maintenance services. The panel has also provided scrutiny of several areas of our digital transformation programme, including innovative technology developments such as the Alexa skill.



Housing Solutions adopts the HACT (Housing Association Charitable Trust) Social Value Bank methodology to measure the social value of the activities we carry out. It is a straightforward way of attaching cash values to social activities that are traditionally more difficult to quantify

"My input helps to give Housing Solutions an insight into what it's like to be a resident. It's nice that my opinions and my experiences are considered."

Phil, Service Improvement Team Scrutiny Panel Member

During 2019/20 our community activities, including help into work clubs, providing access to the internet and financial and benefits advice have a net social value benefit of over £826,000 (or £26.86 for every £1 spent on activities)

What we did	Housing Solutions Investment £	The net social impact benefit £	Ratio £1: £x
Provision of free Wi-Fi	£24,200	£740,872	£1 : £30.61
New business course - STRIVE	£7,740	£11,576	£1 : £1.49
Help into work - Employment Club	£6,428	£73,606	£1 : £11.45
TOTAL	£38,368	£826,054	£1 : £21.52

Our social impact is wide ranging and covers our digital inclusion projects; staff volunteering activities; and supporting people into employment. The enables us to understand and evidence the social impact of our community investment activities and compare the social impact of different programs.

"Maidenhead is fizzing with entrepreneurial spirit and it's great that Housing Solutions and RBWM work together to help kick start and grow new businesses."

Rt. Hon. Theresa May MP

2019/20 saw us complete another successful STRIVE new business course in partnership with Enterprise Cube, and we were delighted to welcome our local MP, Theresa May, at the graduation event.

Innovation & Digital Services

42% of our residents with an online Housing Solutions portal account

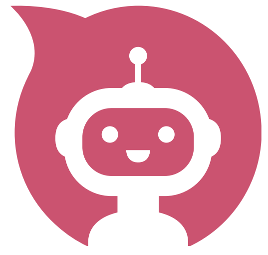
£1.8m of portal rent payments

UKHA finalist for Innovator of the Year in Technology

UKBA finalist for Innovation of the Year

During 2019/20 our digital transformation has continued, with further enhancements to our online portal which has resulted in a significant increase in rent paid online, with this reaching £1.8m this year. We have seen the successful introduction a Chatbot, which helps triage residents' queries before passing them to an agent if needed.

As more of our services and other organisations move to online channels, it is key that our residents have access to the internet in their home from day one of their tenancy. During 2019/20 we have doubled our Wi-Fi offerings to our residents, with 800 households now connected to Housing Solutions Wi-Fi network. This included providing Wi-Fi in a number of our care homes, which has proved hugely beneficial during the Covid-19 restrictions, enabling residents to maintain contact with their families and loved ones.

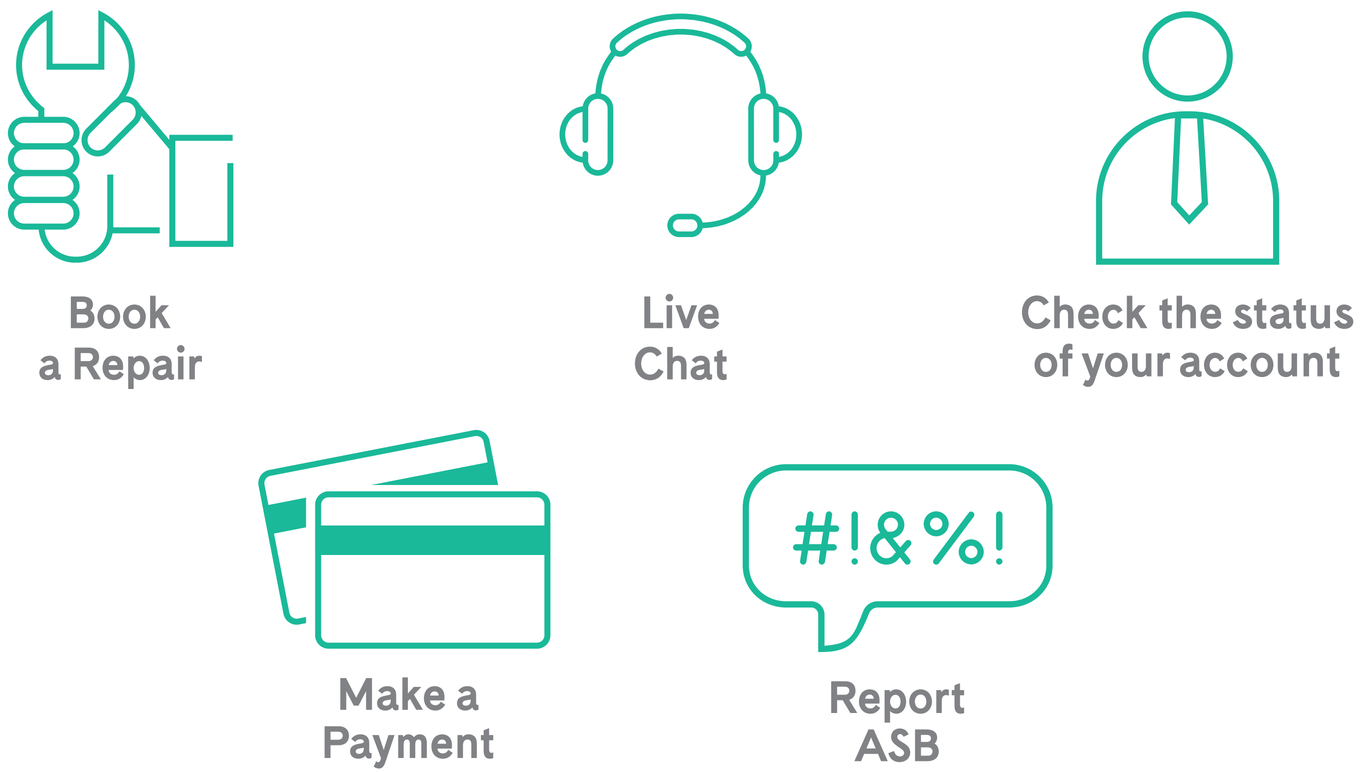


Chatbot!

We have digitalised processes including new tenancy sign-ups, shared ownership sales together with our recruitment process and many internal forms and documents. We have also invested in new technology to mobilise our staff, giving access to systems and information out in the community and from wherever they are remotely working. This has all enabled us to respond swiftly to the rapid change in working required as a result of the Covid-19 crisis.

We have continued to develop and enhance our website, enabling our residents to have access to real-time repairs booking, manage their rent accounts including setting up recurring payments. These enhancements have seen the percentage of our residents with an online account increase to 42%, and we have set a target of 60% to be achieved by the end of 2020/21 .

Use My Housing Solutions portal anytime to:



We successful trialled a Housing Solutions Alexa skill with over 100 of our residents who, over the course of four months, successfully gave us invaluable feedback for improvements on the skill, which provides access for residents to report a repair, check their rent balance and much more. The skill has now been approved by Amazon and 2020/21 will see this rolled out for all our residents. https://www.housingsolutions.co.uk/corporate/corporate-videos/

We were also delighted to be shortlisted as finalist in the UKHA awards for Innovator of the Year, for our resident portal, chatbot and Alexa skill.

We have been at the forefront of digital innovation, enabling us to react quickly and effectively when Covid-19 restrictions came in, with our office and contact centre fully operational and remote working in less than 24 hours.

We recognise there is more that we can do, and our ambitions are to ensure that we have future proof digital infrastructure, services and all our residents are digitally included. For us digital inclusivity means much more than just access to the internet, it is at the heart of sustainability, employment and wellbeing.

Some of the exciting projects we will be working on delivering in 2020/21 are:

- Expansion of our community broadband, doubling connectivity to reach 1,600 homes
- Roll out of our Alexa skill to all residents with a target of at least 300 active users
- Further enhancements to our Chatbot function enabling our residents to contact us 24/7
- Maximising our online repairs booking portal
- Exploring innovative new ways of digital functionality, such as ‘track my tradesman’ and digital repairs diagnostics

Staff retention and attraction

Leadership and Management training

Health & Wellbeing

Performance coaching & mentoring

Going the Extra Mile awards

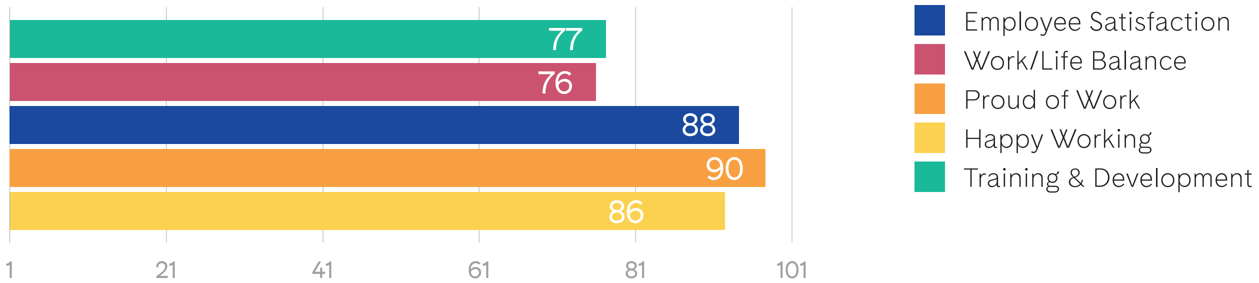
90% are happy working at Housing Solutions

We are committed to investing in our staff and during 2019/20 have offered a variety of training and development opportunities including our management training programme, with 16 managers successfully completing the course this year. We have launched a new mentoring programme to support our managers and our Development Fund has seen 6 colleagues financially supported through professional housing qualifications.

Throughout the Covid-19 crisis we have continued to support and engage our staff, holding virtual team meetings and staff briefings, maintaining regular contact and ensuring our staff have all the information and support they need to continue to provide services to our residents.

We carry out regular 'pulse' surveys to ensure that staff continue to be happy and motivated to support achieving our strategic goals. Our last survey told us that 90% of our employees are happy working at Housing Solutions. We have further developed our induction and training programmes and this work is reflected in 86% of staff feeling satisfied with training and development opportunities.

2019 Employee Survey Scores %



"I feel Housing Solutions provides a good work life balance."

Housing Solutions staff member

We launched the Pascal Wellbeing Tool across the organisation, providing all our staff with personalised recommendation and resources to support their wellbeing.

As part of our employee engagement and to bring everyone together we have held a number of events throughout the year, our GEM awards are particularly popular, where we celebrate new starters, birthdays and awards for going the extra mile.

Targeted Areas of Improvement 2020/21

Rent Arrears

The continued increase of residents moving to Universal Credit has presented challenges in reaching our target rent arrears target. This has been further exacerbated by the Covid-19 pandemic and the unprecedented impact on our residents and their income. This impact is evident in the significant change to gross arrears from February 2020, at 2.71% to the March 2020 year end position of 2.88%.

Like all in the housing sector, our rent collection continues to be affected by Covid-19 and the economic and employment impact of this is expected to remain throughout 2020/21 and beyond.

We are committed to providing a focussed approach to rent collection and assisting our residents. We are therefore reshaping our housing services; we are creating a new Income Team which is directly linked to our Welfare & Support Team. Both teams will work closely with residents who are experiencing financial difficulties.

Voids

We set ourselves a target of keeping void rent loss below 0.58% and re-lets to an average of 23 days in for 2019/20, and we established a dedicated cross-functional team to work together on this through the year. Whilst we did not achieve this target, with rent loss at 0.89% and an average of 26.2 days to re-let, we experienced a number of voids from properties where a long term tenancy ended and took the opportunity to invest in extensive voids works on these properties. The team however produced excellent results in the last quarter of year, achieving an average re-let time of just 14.3 days.

Covid-19 has impacted our ability to re-let properties during the first quarter of 2020/21, however the work that our teams have done during 2019/20 will be taken forward throughout rest of 2020/21 and we aim to see average re-let times below 23 days for the last three quarters of 2020/21.

Procurement

Efficient procurement is a key component of achieving value for money and recognising the potential for additional efficiencies. Through a number of large procurement projects, including kitchens and bathrooms, windows and decorating, we managed to achieve £217k of savings against the £500k targeted. We have invested in obtaining further staff expertise in procurement and will be launching a new procurement strategy, policy and processes across the business in 2020/21.

Procurement area	Savings achieved 2019/20
Cyclical decorations	£84,367
Kitchens & Bathrooms	£61,208
Mobile phones	£7,500
Lift maintenance	£20,530
Technology enabled care	£43,713
TOTAL	£217,318

The Regulator's Value for Money metrics

The regulatory framework published by the Regulator of Social Housing includes specific requirements for registered providers to publish evidence in the statutory accounts to enable stakeholders to understand the provider's:

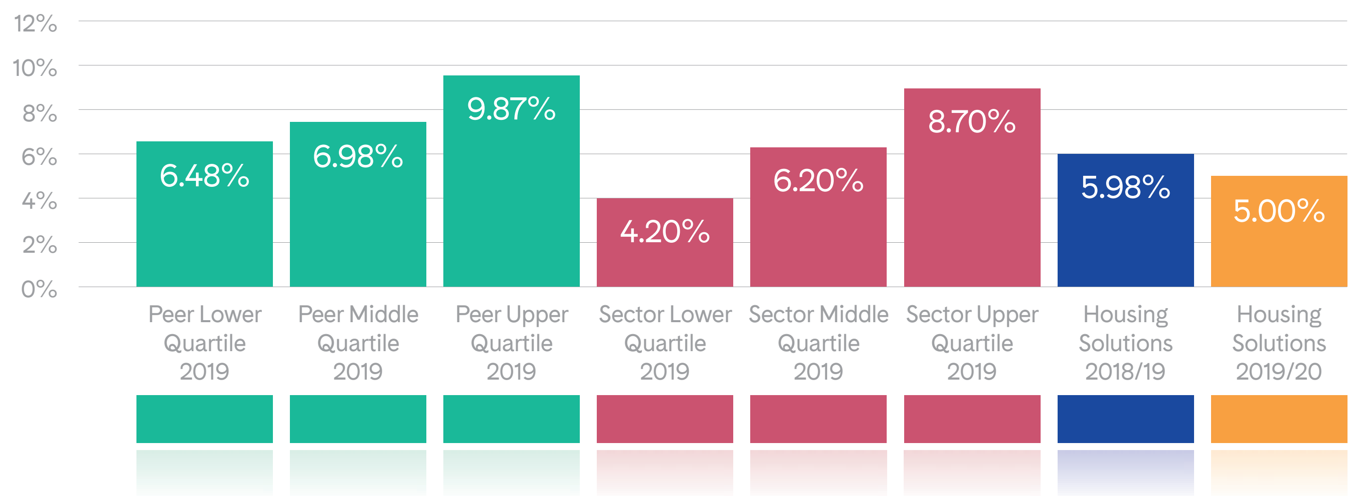
1. Performance against its own value for money targets and any metrics set out by the regulator, and how that performance compares to peers.
2. Measurable plans to address any areas of underperformance, including clearly stating areas where improvements would not be appropriate and the rationale for this.

Our performance against each of the metrics and our peers are set out below:

	Regulator of Social Housing Value for Money Metrics	Housing Solutions	Peer Middle Quartile	Sector Middle Quartile
		2019/20	2018/19	2018/19
1	Reinvestment %	5.00%	6.48%	6.20%
2a	New Supply Delivered (Social Housing Units)	3.50%	1.94%	1.50%
3	Gearing %	55.66%	52.60%	43.40%
4	EBITDA MRI %	139.38%	207%	184%
5a	Headline Social Housing Cost Per Unit (Excl. depreciation and planned maintenance)	£2,575	-	-
5b	Headline Social Housing Cost Per Unit	£3,549	£3,676	£3,690
6a	Operating Margin % (SHL only)	33.60%	34.90%	29.20%
6b	Operating Margin % (overall)	33.78%	31.10%	25.80%
7	ROCE %	2.64%	8.00%	3.80%

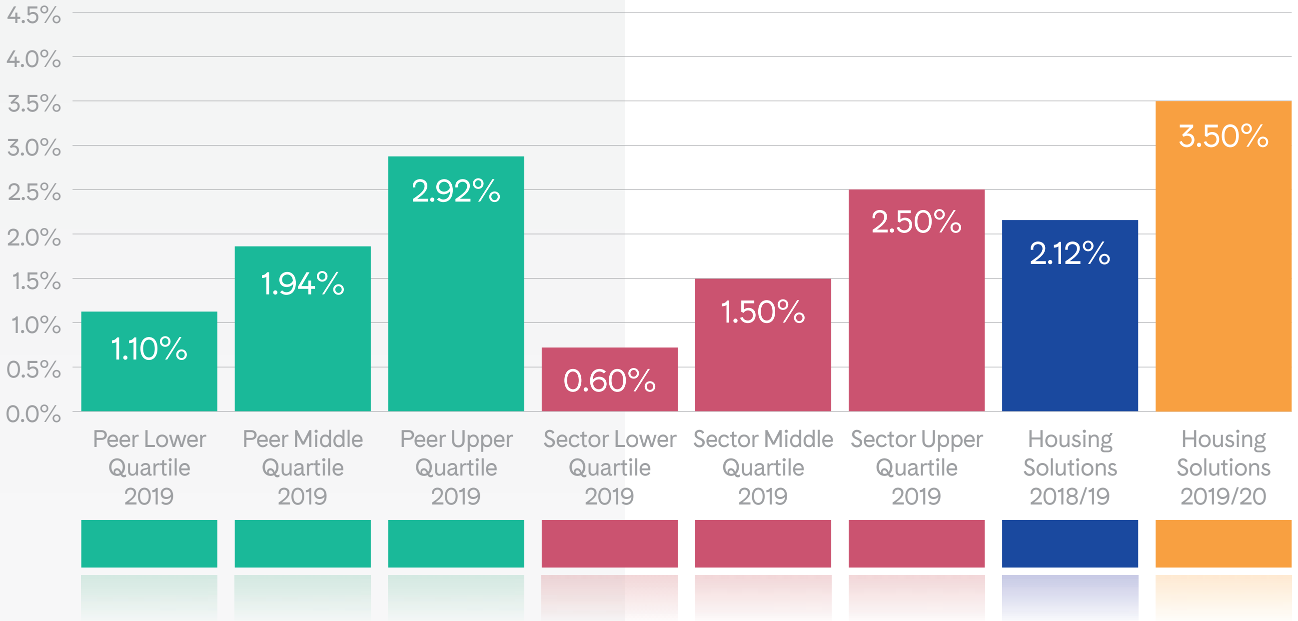
METRIC 1: Reinvestment

Housing Solutions invested £27m in building new homes during 2019/20 and an additional £7.1m investment in our current homes. This represents an additional £0.5m in new homes whilst investment in our current homes was steady compared to last year.



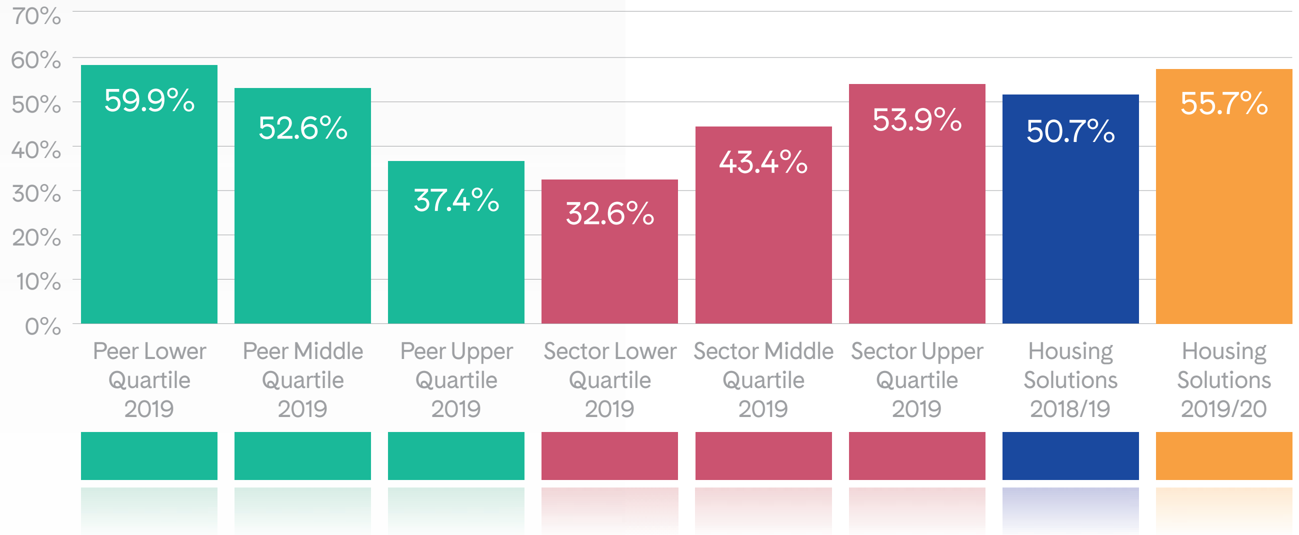
METRIC 2: New Units Delivered

In 2019/20 we completed 203 new homes, 57% of which were affordable rent, 7% social rent and the remaining 36% were shared ownership homes. This continues Housing Solutions top quartile performance in providing much needed new homes for local people.



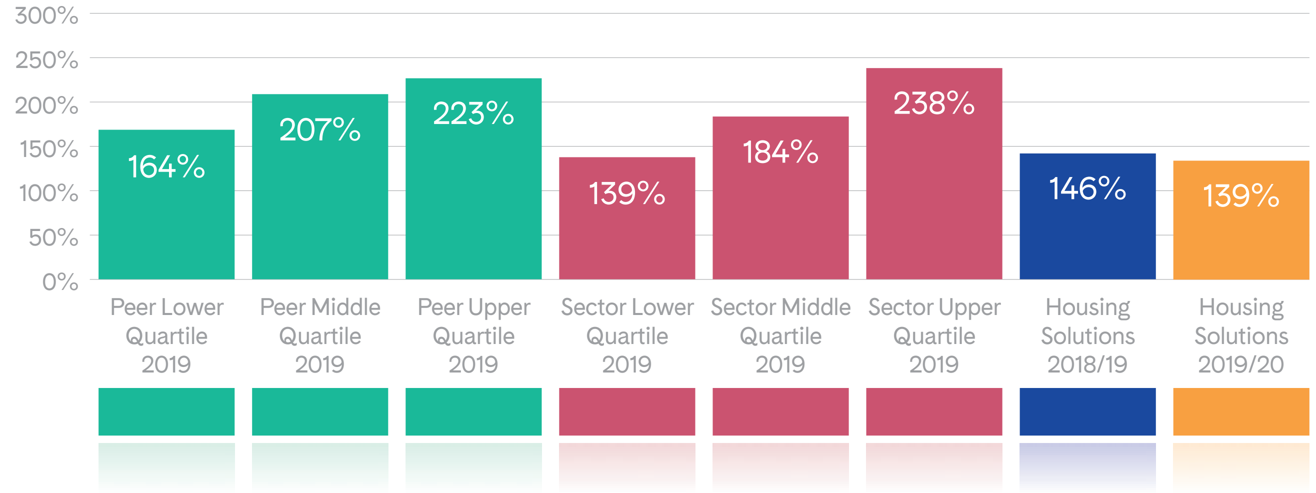
METRIC 3: Gearing %

Our covenants are based on an indexed net debt per unit basis in line with our future required development headroom to support our strategy to maximise opportunities for the development of new homes. Whilst our gross gearing increased from 60.0% to 64.0%, our net gearing decreased from 50.7% to 48.7% due to the increase in value of our property assets from the completion of developments. During the year a further £36m was spent on developing new homes and 203 homes completed.



METRIC 4: EBITDA (MRI) %

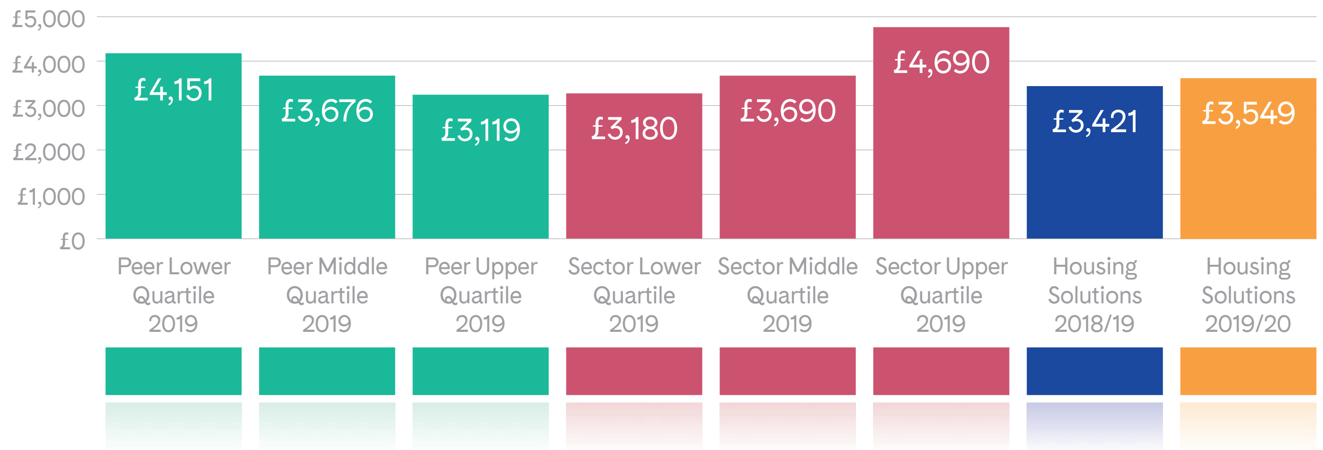
Although our average cost of debt at c. 4.3% is in line with the sector generally, our EBITDA margins on turnover excluding asset sales are much higher, reflecting a combination of tight cost controls and diversified income stream within our geographic footprint. Our interest cover, whilst in the lower quartile, is still well above our loan covenants set by lenders and golden rule level set by Board.



METRIC 5: Headline Social Housing Cost per Unit

During 2019/20 we continued our focus on health and safety, investing over £1m in fire safety in our properties, whilst also investing in our planned works programme.

We believe there are opportunities to reduce our social housing costs and we have strengthened our approach to procurement, identifying key areas for delivery of savings. During 2019/20 we have brought in additional procurement expertise, achieving £216,000 of savings during the year. We expect to deliver further procurement savings of circa £390,000 in 2020/21. It is recognised that our financial transformation contributed to increased costs from the previous year and work has been undertaken to recruit permanent members of staff, reducing our reliance on interim finance staff.

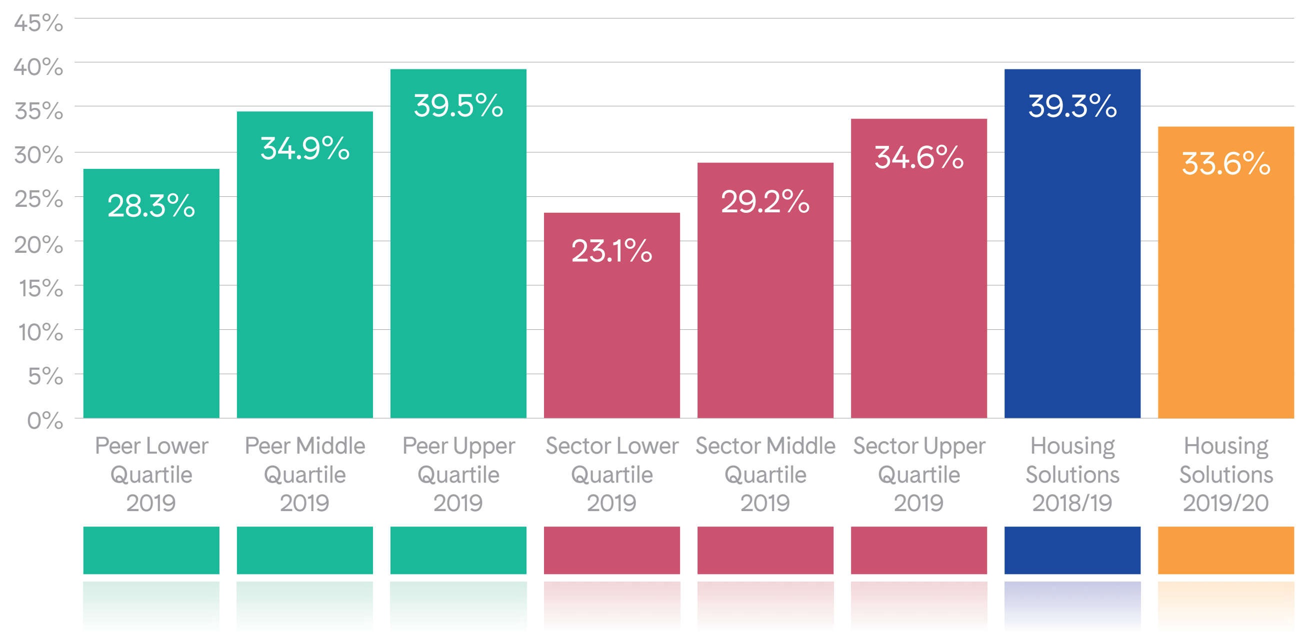


METRIC 6: Operating margins

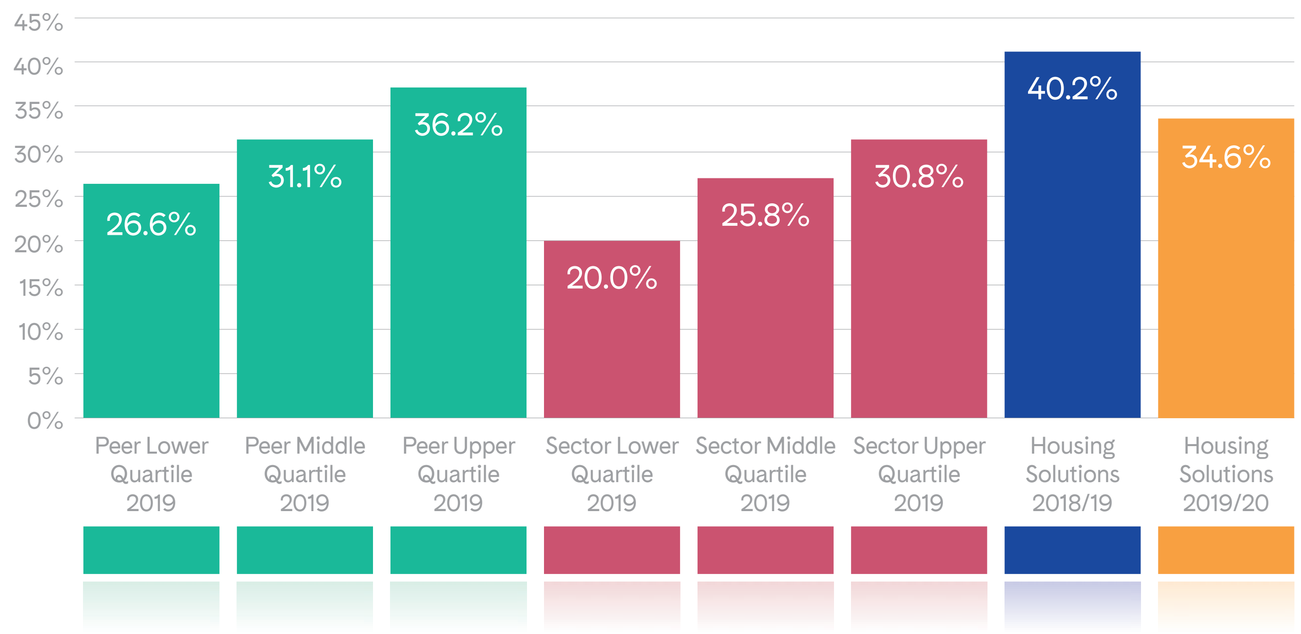
Our operating margin for social housing lettings remains at the top of the median quartile compared to the sector, despite over 90% of our rents being set at a social rent. 2020 was the final year of the cumulative five-year rent reduction set by the Welfare Reform and Work Act 2016 affect all our social rented housing.

We have invested significantly in our IT during the year and this has been particularly useful in ensuring that our service provision continued during the Covid-19 pandemic and our residents are able to pay their rent during this time. Our planned works programme included investments in extensive roofing, window and fire safety works to a number of our estates.

Operating margin (social housing lettings only) %

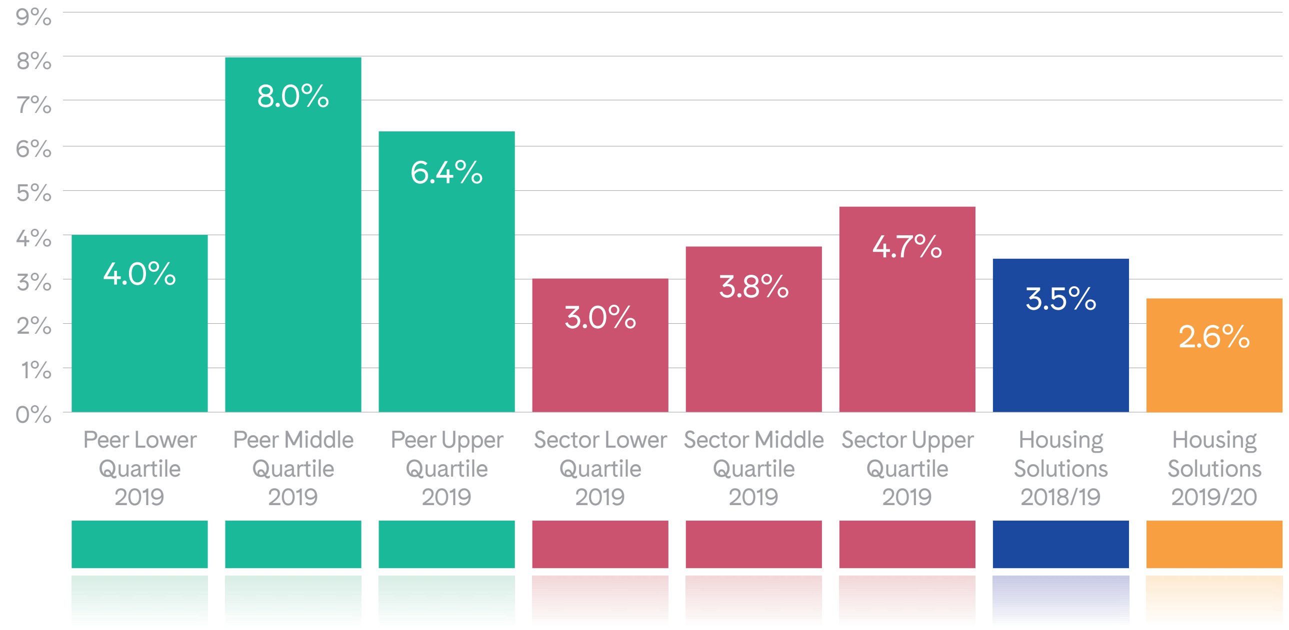


Operating margin (overall) %



METRIC 7: Return on Capital Employed

Our level of ROCE has declined reflecting both the reducing rent levels and our strategy of providing only social and affordable housing. Our investment in our current stock to ensure our residents live in homes that are both safe and of a decent standard impacts our ROCE adversely, but resident safety is our absolute priority. We recognise that our ROCE is relatively low against our peers due to our strategy in the past of providing more social rented housing. Currently 90.2% of our housing stock is social rented. In the last year there has been a shift to affordable rent being developed with 14 social rent and 110 affordable rented units being completed.



INTERNAL CONTROLS ASSURANCE

The Board acknowledges its overall responsibility, applicable to all organisations within the Group, for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

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

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing and has been in place throughout the period commencing 1 April 2019 up to the date of approval of the report and financial statements.

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for Audit & Risk, Funding, Nominations and Remuneration Committees,
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- regular system reviews by appointed internal auditors, RSM and a detailed audit tracking system which is reviewed and monitored by the Audit & Risk Committee;
- robust strategic and business planning processes, with detailed financial budgets and forecasts;
- formal recruitment, retention, training and development policies for all staff; established authorisation and appraisal procedures for significant new initiatives and commitments;
- approved Financial Regulations and Treasury Management Policies and a sophisticated approach to treasury management, which is subject to external review each year;
- regular reporting to the appropriate committee on key business objectives, targets and outcomes;
- Board approved whistleblowing and corruption policies;
- Board approved anti-fraud, theft and bribery policies, addressing prevention, detection and reporting, of financial malpractice;
- regular monitoring of loan covenants and requirements for new loan facilities; and
- annual review of compliance with NHF Code of Governance and at least 3 yearly review of policies and procedures.

A fraud and bribery register is maintained and is reviewed annually by the Audit & Risk Committee. During the year there were no reports of actual or suspected frauds.

The Board cannot delegate ultimate responsibility for the system of internal control but has delegated authority to the Audit & Risk Committee to regularly review the effectiveness of the system of internal control.

The Board receives regular reports and meeting minutes from the Audit Committee. The Audit & Risk Committee has received the Chief Executive's annual review of the effectiveness of the system of internal control for the Group, and the annual report of the internal auditor, and has reported its findings to the Board.

NHF CODE OF GOVERNANCE AND HOMES ENGLAND GOVERNANCE AND FINANCIAL VIABILITY STANDARD

The Group monitors its on-going compliance with both the economic and consumer Regulatory standards and compliance is reported to the Board on an annual basis with any changes or implications arising within the year being reported on an ad hoc basis.

Having considered the requirements of the Regulator for Social Housing regulatory framework, following review by the Board we are pleased to report that the Group complies with the principal recommendations of the NHF Code of Governance (revised 2015) and with the Governance and Financial Viability Standard.

The Group's business activities, its current financial position and factors likely to affect its future development are set out within this Operating and Financial Review. The Group has in place long-term debt facilities which provide adequate resources to finance committed investment and development programmes. The Group also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

GOING CONCERN

The Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

The Board has considered the effects of Covid-19 and Brexit and is confident the Group can withstand significant economic volatility.

The strategic report was approved by the Board on 23 September 2020 and signed on its behalf by:

Elizabeth J Padmore

ELIZABETH J PADMORE
CHAIRMAN

STATEMENT OF THE RESPONSIBILITIES OF THE BOARD OF MANAGEMENT FOR THE REPORT AND FINANCIAL STATEMENTS.

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

Co-operative and Community Benefit Societies legislation requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under the Co-operative and Community Benefit Societies legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Association at the end of the year and of the surplus or deficit of the Association and Group for that period.

In preparing those financial statements the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers Update 2018, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and Association and enable it to ensure that the financial statements comply with the Co-Operative and Community Benefit Societies Act 2014. It is also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by Registered Housing Providers Update 2018.

The Board is responsible for the maintenance and integrity of the corporate and financial information on the Group's website.

ANNUAL GENERAL MEETING

The annual general meeting will be held on 23 September 2020 at Crown House, Crown Square, Waldeck Road, Maidenhead, Berkshire, SL6 8BY.

DISCLOSURE OF INFORMATION TO AUDITORS

At the date of this report each of the Association's Board members, as set out on page 5, confirm the following:

- so far as each Board member is aware, there is no relevant information of which the Group's and Association's auditors are unaware; and
- the Board members have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

EXTERNAL AUDITORS

BDO LLP were appointed during the year. They have expressed their willingness to continue in office. The report of the Board was approved by the Board on 23 September 2020 and signed on its behalf by:

ELIZABETH J PADMORE
CHAIRMAN

Independent Auditor's Report to the Members of Housing Solutions

For the year ended 31 March 2020

OPINION

We have audited the financial statements of Housing Solutions Limited ("the association"') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of changes in reserves, the consolidated and association statement of financial position, the consolidated statement of cash flow, and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the Association's affairs as at 31 March 2020 and of the group's and the Associations surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2019.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the board members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

EMPHASIS OF MATTER (Care Homes and Investment properties valuation)

We draw attention to note 14, which explains that as a result of the impact of the outbreak of the Novel Coronavirus (COVID-19) on the market, the Company's property valuer has advised that less certainty, and a higher degree of caution, should be attached to their valuation than would normally be the case. Our opinion is not modified in respect of this matter.

OTHER INFORMATION

The board is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board of management for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- adequate accounting records have not been kept by the parent Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent Association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF THE BOARD FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, the board is responsible for assessing the group's and Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the group or the Associations or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

USE OF OUR REPORT

This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP
Statutory Auditor
Gatwick

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

Statements of Comprehensive Income

For the year ended 31 March 2020

	Note	Group 2020 £'000	Group 2019 £'000	Association 2020 £'000	Association 2019 £'000
Turnover	3	45,768	45,804	45,576	45,688
Cost of sales	3	(3,472)	(3,076)	(3,439)	(3,039)
Gain on disposal of assets	3	372	1,160	372	1,160
Operating costs	3	(26,837)	(24,360)	(26,760)	(24,284)
Operating surplus	3	15,831	19,528	15,749	19,525
Loss on disposal of tangible fixed assets others	8	-	(486)	-	(486)
Interest receivable and other income	9	154	242	205	293
Interest payable and financing costs	10	(12,960)	(13,347)	(12,960)	(13,347)
Movement in fair value of investment properties	14	2,200	(310)	2,200	(310)
Decrease in valuation of housing properties	12	(10,962)	(9,360)	(10,962)	(9,360)
Reversal of decrease in valuation of housing properties	12	9,403	6,994	9,403	6,994
Surplus on ordinary activities before taxation		3,666	3,261	3,635	3,309
Tax on surplus on ordinary activities	11	(1)	-	-	-
Surplus for the year		**3,665**	**3,261**	**3,635**	**3,309**
Unrealised surplus on revaluation of housing properties	12	25,676	25,028	25,676	25,028
Actuarial gain on defined benefit pension scheme	27	2,453	1,285	2,453	1,285
Total comprehensive income for the year		**31,794**	**29,574**	**31,764**	**29,622**

All of the Group and Association's turnover and surplus disclosed above are derived from continuing activities.

The accompanying accounting policies and notes on pages 52 - 85 form an integral part of the financial statements.

The financial statements were approved and signed and authorised for issue by the Board of Management on 23 September 2020 and are signed on its behalf by:

Chairman
Elizabeth Padmore

Chief Executive
Orla Gallagher

Company Secretary
Shazia Nazir

Consolidated Statements of Changes in Reserve

For the year ended 31 March 2020

Group

	£'000	£'000	£'000	£'000
	Share Capital	Revenue Reserve	Revaluation Reserve	Total
Balance as at 1 April 2018	-	113,799	111,736	225,535
Total comprehensive income for the year	-	4,546	25,028	29,574
Transfer from revaluation reserve to revenue reserve	-	2,676	(2,676)	-
Depreciation charged on revalued properties	-	849	(849)	-
Balance at 31 March 2019	-	121,870	133,239	255,109
Total comprehensive income for the year – SOCI	-	6,118	25,676	31,794
Transfer from revaluation reserve to revenue reserve	-	(641)	641	-
Depreciation charged on revalued properties		1,673	(1,673)	-
Balance at 31 March 2020	-	129,020	157,883	286,903

Association

	£'000	£'000	£'000	£'000
	Share Capital	Revenue Reserve	Revaluation Reserve	Total
Balance as at 1 April 2018	-	113,603	111,736	225,339
Total comprehensive income for the year	-	4,594	25,028	29,622
Transfer from revaluation reserve to revenue reserve	-	2,676	(2,676)	-
Depreciation charged on revalued properties	-	849	(849)	-
Balance at 31 March 2019	-	121,722	133,239	254,961
Total comprehensive income for the year – SOCI	-	6,088	25,676	31,764
Transfer from revaluation reserve to revenue reserve	-	(641)	641	-
Depreciation charged on revalued properties		1,673	(1,673)	-
Balance at 31 March 2020	-	128,842	157,883	286,725

The accompanying accounting policies and notes on pages 52 - 85 form an integral part of the financial statements.

Consolidated Statements of Financial Position

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Fixed Assets			
Tangible Fixed Assets (housing properties)	12a	557,724	509,650
Tangible Fixed Assets (other)	12b	10,671	10,109
Intangible Fixed Assets	13	729	542
Investment properties	14	19,132	19,880
Investment – joint venture	16	2,519	2,427
		590,775	542,608
Current Assets			
Properties for sale	17	11,242	9,716
Debtors	18	4,014	3,353
Cash and cash equivalents		14,902	22,588
		30,158	35,657
Creditors: amounts falling due within one year	19	(20,348)	(19,824)
Net current assets		9,810	15,833
Total assets less current liabilities		600,585	558,441
Creditors: amounts falling due after more than one year	21	(295,514)	(283,239)
Pension Liability	27	(18,168)	(20,093)
Total net assets		286,903	255,109
Capital and reserves			
Called-up non-equity share capital	23	-	-
Revaluation reserve		157,883	133,239
Revenue reserve		129,020	121,870
Total reserves		286,903	255,109

The accompanying accounting policies and notes on pages 52 - 85 form an integral part of the financial statements

The financial statements were approved and authorised for issue by the Board of Management on 23 September 2020 and are signed on its behalf by:

Chairman
Elizabeth Padmore

Chief Executive
Orla Gallagher

Company Secretary
Shazia Nazir

Association Statement of Financial Position

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Fixed Assets			
Tangible Fixed Assets (housing properties)	12a	557,853	509,779
Tangible Fixed Assets (other)	12b	9,360	8,716
Intangible Fixed Assets	13	729	542
Investment properties	14	19,132	19,880
Investment – joint venture	16	2,477	2,477
		589,551	541,394
Current Assets			
Properties for sale	17	11,242	7,558
Debtors	18	5,278	4,591
Cash and cash equivalents		14,456	22,084
		30,976	34,233
Creditors: amounts falling due within one year	19	(20,120)	(17,334)
Net current assets		10,856	16,899
Total assets less current liabilities		600,407	558,293
Creditors: amounts falling due after more than one year	21	(295,514)	(283,239)
Pension Liability	27	(18,168)	(20,093)
Total net assets		286,725	254,961
Capital and reserves			
Called-up non-equity share capital	23	-	-
Revaluation reserve		157,883	133,239
Revenue reserve		128,842	121,722
Total reserves		286,725	254,961

The accompanying accounting policies and notes on pages 52 - 85 form an integral part of the financial statements

The financial statements were approved and authorised for issue by the Board of Management on 23 September 2020 and are signed on its behalf by:

Chairman
Elizabeth Padmore

Chief Executive
Orla Gallagher

Company Secretary
Shazia Nazir

Consolidated Cash Flow Statement

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Net cash generated from operating activities	26	20,632	21,338
Cash flow from investing activities			
Purchase of tangible fixed assets		(26,703)	(36,241)
Grants received		251	310
Interest received		154	242
		(26,298)	(35,689)
Cash flow from financing activities			
Interest paid		(14,154)	(14,048)
New secured loans		19,667	-
Repayment of borrowings		(7,533)	(6,847)
Withdrawal from deposits		-	-
		(2,020)	(20,895)
Net change in cash and cash equivalents		(7,686)	(35,246)
Cash and cash equivalents at the beginning of the year		22,588	57,834
Cash and cash equivalents at the end of the year		14,902	22,588

The accompanying accounting policies and notes on pages 52 - 85 form an integral part of the financial statements.

Notes to the Financial Statements

For the year ended 31 March 2020

1.0 Legal Status

The Association is registered in England under the Co-Operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a housing provider.

2.0 Accounting policies

2.1 Basis of accounting

The financial statements of the Group and Association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The financial statements are compliant with FRS 102.

The financial statements are presented in Sterling (£).

2.2 Going concern

The board reviewed Housing Solutions forecasts for the period to March 2021 in March 2020 and were content that these plans were affordable and that the accounts should be prepared on a going concern basis.

However, the impact of the COVID-19 outbreak and its financial effect has meant that the Executive Team and Board have been reviewing financial plans for the next three years to ensure Housing Solutions can remain a going concern. We have modelled a number of scenarios based on current estimates of rent collection, property sales and maintenance spend. Board will continue to review plans with the Executive Team to make the necessary changes to continue to work with our customers and stakeholders to deliver exceptional services in a friendly, solution-focused way.

The Government's decisions on social distancing have had a significant effect on our financial situation and resulted in an estimated £1m reduction in operating surplus for 2021. This will not cause Housing Solutions to breach our loan covenants. This is across all areas of income, with much of this from income collection and sales as foresaw difficulties for residents to pay their rent and for homebuyers to complete mortgage transactions, as well as an increase in operating costs offset by some delays in planned maintenance.

The length of the COVID-19 outbreak and the measures taken by the Government to contain this are not known and outside of our control but we have put processes in place to manage cashflow on a monthly basis and review financial stability as matters progress.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities, totalling around £37m, Board believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on Housing Solutions ability to continue as a going concern. Board therefore consider it appropriate for the accounts to be prepared on a going concern basis.

2.3 Significant judgements and estimates

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

Estimation uncertainty

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

Valuation of housing properties

Management reviews its valuation of housing properties at each reporting date, based on either formal valuation reports or an update to those reports based on market conditions and other changes to assumptions. Uncertainties in these estimates relate to the discount rate, the cost of property maintenance and future cash flows. Valued properties totalled £554m at the year end.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 27). The liability at 31 March 2020 was £18,168,000.

2.4 Basis of consolidation

The Group accounts consolidate the accounts of the Association and all its subsidiaries at 31 March 2020 using the purchase method.

2.5 Investment in subsidiaries and joint ventures

The consolidated financial statements incorporate the financial statements of the Association and entities (including special purpose entities) controlled by the Group (and its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual Association's financial statements.

Investments in joint ventures are accounted for using equity accounting in the consolidated financial statements.

2.6 Turnover and revenue recognition

Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales and other services included at the invoiced value (excluding VAT where recoverable) of goods and services supplied in the year and grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

2.7 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed. Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised and will be assessed for tax in a future period, except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Value Added Tax

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

2.8 Financial instruments

All financial instruments meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102. The indexed linked loan is accounted for under the amortised cost model whereas the other loans are at cost, as it is not expected that there will be any material difference between the cost and amortised methods for these loans..

The Group and Association does have the appropriate rules to enable it to enter into third party hedging arrangements. However, none are in place at this time.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Where deferral of payment terms have been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

2.10 Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank, local authority and other loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Employee Benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

2.12 Pensions

The Group participates in a funded multi-employer defined benefit scheme - Royal County of Berkshire Pension Scheme (RCBPS) and a defined contribution scheme operated by Scottish Widows.

The RCBPS scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high-quality corporate bond rates. The net surplus or deficit is presented as a separate provision on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the Group through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Net interest costs are calculated by applying the discount rate to the net defined benefit liability and are recognised in the income and expenditure account as a finance cost. Remeasurements are reported in other comprehensive income.

The Scottish Widows scheme is accounted for as a defined contribution plan. The charge to income and expenditure represents the employer contribution payable to the scheme for the accounting period.

2.13 Housing Properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at existing use valuation for social housing (EUV-SH) for general needs and shared ownership.

Completed housing and shared ownership properties are stated at fair value at the date of valuation, and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not materially differ from the fair value of the properties as at the year end.

Housing properties under construction are stated at cost less related social housing and other capital grants. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

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

Depreciation of housing properties

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

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

	% pa	Number of years
Structure	1.0	100
Roofs	1.3	75
Bathrooms	3.3	30
Kitchens	5.0	20
Windows and doors	3.3	30
Heating source	6.7	15
Heating distribution	3.3	30
Rewiring	3.3	30
Lifts	4.0	25

Impairment

Annually, housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount. This is likely to be the value in use of the asset based on its service potential. The resulting impairment loss is recognised as expenditure in income and expenditure. Where an asset is currently deemed not to be providing service potential to the Association, its recoverable amount is its fair value less costs to sell.

Completed properties are valued annually by an independent valuer.

Government grants

Government grants include grants receivable from Homes England, local authorities, and other government organisations. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable.

A grant that imposes specified future performance-related conditions on the Association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability. For Social Housing Grant this means that the grant is recognised as revenue on completion of the property.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the HCA. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure. Upon disposal of the associated property, the Group is required to recycle grant proceeds and recognise them as a liability.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Properties for sale

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

Capitalisation of Interest

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

- interest on borrowings specifically financing the development programme after deduction of social housing grant received in advance; or
- a fair amount of interest on borrowings of the Association as a whole after deduction of social housing grant received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the income and expenditure account in the year.

2.14 Investment properties

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

2.15 Other tangible fixed assets

Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Other freehold property	100 years
Free/Leasehold premises' improvements	21 years
Office furniture and equipment	5 years
Computer equipment	5 years
Motor vehicles	5 years
Plant & machinery	25 years

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

2.16 Intangible assets

Intangible assets are measured at cost less accumulated amortisation.

Amortisation is provided evenly on the cost of intangible assets to write them down to their estimated residual values over their expected useful lives. The principal annual rate used for intangible assets is:

Computer software	5 year

2.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rent expense equal to amounts owed to the lessor. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

2.18 Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The Group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

2.19 Revaluation Reserve

When housing properties are revalued, the difference between the carry value of the land and structure elements of housing properties is credited to the housing property revaluation reserve. Where a downward movement is taken to the surplus or deficit a transfer from income and expenditure reserve is made for the net of the downward movement and the value of any associated grant released to income.

Notes to the Financial Statements

For the year ended 31 March 2020

3. Particulars of Turnover, Cost of Sales, Operating Costs and Operating Surplus

Group

	2020 Turnover £100	2020 Cost of sales £100	2020 Operating expenditure £100	2020 Gain on disposal £100	2020 Operating surplus £100
Social housing lettings	37,850	-	(25,133)	-	12,717
Other social housing activities					
Lifeline alarm system	108	-	(26)	-	82
Shared Ownership 1st tranche sales	4,850	(3,439)	-	-	1,411
Supporting people	43	-	-	-	43
	42,851	(3,439)	(25,159)	-	14,253
Activities other than social housing	2,917	(33)	(1,678)	-	1,206
Gain on disposal of housing properties	-	-	-	372	372
Total	45,768	(3,472)	(26,837)	372	15,831

	2019 Turnover £100	2019 Cost of sales £100	2019 Operating expenditure £100	2019 Gain on disposal £100	2019 Operating surplus £100
Social housing lettings	36,551	-	(22,173)	-	14,378
Other social housing activities					
Lifeline alarm system	133	-	(87)	-	46
Shared Ownership 1st tranche sales	6,341	(3,039)	-	-	3,302
Supporting people	43	-	-	-	43
	43,068	(3,039)	(22,260)	-	17,769
Activities other than social housing	2,736	(37)	(1,545)	-	1,154
Abortive development costs	-	-	(555)	-	(555)
Gain on disposal of housing properties	-	-	-	1,160	1,160
Total	45,804	(3,076)	(24,360)	1,160	19,528

	2020 Turnover £100	2020 Cost of sales £100	2020 Operating expenditure £100	2020 Gain on disposal £100	2020 Operating surplus £100
Social housing lettings	37,850	-	(25,133)	-	12,717
Other social housing activities					
Lifeline alarm system	108	-	(26)	-	82
Shared Ownership 1st tranche sales	4,850	(3,439)	-	-	1,411
Supporting people	43	-	-	-	43
	42,851	(3,439)	(25,159)	-	14,253
Activities other than social housing	2,725	-	(1,601)	-	1,124
Gain on disposal of housing properties	-	-	-	372	372
Total	45,576	(3,439)	(26,760)	372	15,749

	2019 Turnover £100	2019 Cost of sales £100	2019 Operating expenditure £100	2019 Gain on disposal £100	2019 Operating surplus £100
Social housing lettings	36,551	-	(22,173)	-	14,378
Other social housing activities					
Lifeline alarm system	133	-	(87)	-	46
Shared Ownership 1st tranche sales	6,341	(3,039)	-	-	3,302
Supporting people	43	-	-	-	43
	43,068	(3,039)	(22,260)	-	17,769
Activities other than social housing	2,620	-	(1,469)	-	1,151
Abortive development costs	-	-	(555)	-	(555)
Gain on disposal of housing properties	-	-	-	1,160	1,160
Total	45,688	(3,039)	(24,284)	1,160	19,525

3. Particulars of Income and Expenditure from Social Housing Lettings

Group (continued)

	2020						2019
	General needs housing	Supported housing and housing for older people	Key worker housing	Care homes	Low cost home ownership	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	25,298	3,281	266	5,180	1,640	35,665	34,524
Service charge income	732	811	-	26	365	1,934	1,717
Government grants taken to income	251	-	-	-	-	251	310
Turnover from social housing lettings	26,281	4,092	266	5,206	2,005	37,850	36,551
Expenditure							
Management and other operating expenses	6,157	827	43	1,130	755	8,912	7,415
Service charge costs	1,315	806	16	93	135	2,365	2,204
Routine maintenance	2,678	539	24	373	34	3,648	3,032
Planned maintenance	1,352	1,064	30	1,019	30	3,495	3,382
Bad debts	149	20	2	27	18	216	240
Property lease charges	9	-	-	-	-	9	9
Depreciation of housing properties	4,019	540	28	803	493	5,883	5,341
Depreciation on Other Fixed Assets	418	55	3	77	52	605	550
Operating expenditure on social housing lettings	16,097	3,851	146	3,522	1,517	25,133	22,173
Operating surplus on social housing lettings	10,184	241	120	1,684	488	12,717	14,378
Void losses	221	97	14	1	7	340	462

Association (continued)

	2020						2019
	General needs housing	Supported housing and housing for older people	Key worker housing	Care homes	Low cost home ownership	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	25,298	3,281	266	5,180	1,640	35,665	34,524
Service charge income	732	811	-	26	365	1,934	1,717
Government grants taken to income	251	-	-	-	-	251	310
Turnover from social housing lettings	26,281	4,092	266	5,206	2,005	37,850	36,551
Expenditure							
Management and other operating expenses	6,157	827	43	1,130	755	8,912	7,415
Service charge costs	1,315	806	16	93	135	2,365	2,204
Routine maintenance	2,678	539	24	373	34	3,648	3,032
Planned maintenance	1,352	1,064	30	1,019	30	3,495	3,382
Bad debts	149	20	2	27	18	216	240
Property lease charges	9	-	-	-	-	9	9
Depreciation of housing properties	4,019	540	28	803	493	5,883	5,341
Depreciation on Other Fixed Assets	418	55	3	77	52	605	550
Operating expenditure on social housing lettings	16,097	3,851	146	3,522	1,517	25,133	22,173
Operating surplus on social housing lettings	10,184	241	120	1,684	488	12,717	14,378
Void losses	221	97	14	1	7	340	462

3. Particulars of Turnover from Non-Social Housing Lettings

	Group 2020 £'000	Group 2019 £'000	Association 2020 £'000	Association 2019 £'000
Market rent accommodation	648	589	648	589
	648	589	648	589

4. Accommodation in Management and Development

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

	2019 Number	Additions Number	Disposals Number	Tenure changes Number	Other Number	2020 Number
Social housing						
General needs	3,664	14	-	(2)	-	3,676
Affordable	223	116	-	-	-	339
Supported housing and housing for older people	570	-	-	29	(4)	595
Low cost home ownership	428	73	(8)	(7)	-	486
Key worker housing	28	-	-	(1)	-	27
Residential care homes	712	-	-	(29)	-	683
Total owned	5,625	203	(8)	(10)	(4)	5,806
Accommodation managed for others	8	-	(8)	-	-	-
Total owned and managed	5,633	203	(16)	(10)	(4)	5,806
Non-social housing						
Market rent – owned	40	-	(1)	(3)	(1)	35
Temporary accommodation – leased out	-	-	-	13	-	13
Market rent – managed for others	40	-	-	-	-	40
Total owned and managed	80	-	(1)	10	(1)	88
Accommodation in development at the year end	407					386

5. Key Management Personnel

The members of the Board received remuneration for services provided as Directors of £60,953 (2019 - £60,425). The remuneration paid to the Executive Directors of Housing Solutions Group (defined as the Chief Executive, the Development Director, the Director of Finance (mid-year appointment), the Director of Housing & Asset Management (mid-year appointment) and the Director of Corporate Services was:

	2020 £'000	2019 £'000
Emoluments	643	661
Pension contributions	74	42
	717	703
Emoluments (excluding pension contributions)		
paid to:		
The highest paid director (the Chief Executive) base salary	172	165
Pension contributions	21	7
Other non-salary payments	11	21
	204	193

The Chief Executive is a member of the direct contribution pension scheme and the pension entitlement is identical to other members of the scheme. Housing Solutions does not contribute to any other pension scheme on behalf of the Chief Executive. The Chief Executive salary is 9.4x the lowest full-time employee (FTE), and the average FTE including the DLO (trades) is £38,377 per annum.

6. Employee information

	2020 Number	2019 Number
The average weekly number of full-time equivalent persons (including directors)		
Office staff	96	102
Sheltered housing managers, caretakers and cleaners	5	5
Building maintenance staff	47	38
	148	145

	2020 £'000	2019 £'000
Staff costs (for the above persons):		
Wages and salaries	6,073	5,885
Social security costs	615	610
Pension costs – Contributions	632	534
Actuarial Adjustments/Pension deficit payments	495	403
	7,815	7,432

The full-time equivalent number of staff, including directors, who received emoluments:

	2020 Number	2019 Number
£90,001 to £100,000	-	2
£100,001 to £110,000	-	-
£110,001 to £120,000	1	-
£120,001 to £130,000	-	-
£130,001 to £140,000	-	1
£140,001 to £150,000	1	1
£160,001 to £170,000	-	-
£170,001 to £180,000	-	-
£180,001 to £190,000	-	1
£190,001 to £200,000	-	-
£200,001 to £210,000	1	-

7. Operating Surplus

	Group 2020 £'000	Group 2019 £'000
Operating surplus is stated after charging/(crediting):		
Depreciation		
- housing stock	5,883	5,341
- other assets	443	422
- surplus on disposal of other tangible fixed assets	-	-
Amortisation of intangible assets	247	227
Operating lease rentals:		
- hire of motor vehicles	22	32
- office equipment	15	21
Auditor's remuneration		
- for audit purposes		
- parent	94	31
- subsidiaries	9	9
- Total	103	40
- for non-audit purposes		
- tax compliance	9	7
Internal Auditor's remuneration	40	41

Group and Association

8. Gain/(Loss) on Sale of Fixed Assets

	Housing properties 2020 £'000	Other Assets 2020 £'000	Housing properties 2019 £'000	Other Assets 2019 £'000
Disposal proceeds	1,168	-	3,201	-
Cost of sales (administration)	(29)	-	(25)	-
Carrying value of fixed assets	(767)	-	(2,016)	(486)
Gain/(Loss) on sale of fixed assets	372	-	1,160	(486)

9. Interest receivable and other income

	Group 2020 £'000	Group 2019 £'000	Group 2020 £'000	Group 2019 £'000
Intercompany interest receivable	-	-	51	-
Interest receivable	154	242	154	293
Gain/(Loss) on sale of fixed assets	154	242	205	293

10. Interest and financing costs

	Group 2020 £'000	Group 2019 £'000	Group 2020 £'000	Group 2019 £'000
Loans and bank overdrafts	13,897	14,079	5,426	5,692
Interest payable to Group companies	-	-	8,471	8,387
Interest payable capitalised on housing properties under construction	(1,409)	(1,252)	(1,409)	(1,252)
Defined benefit pension charge	472	520	472	520
	12,960	13,347	12,960	13,347
Capitalisation rate used to determine the finance costs capitalised during the period	4.53%	4.29%	4.53%	4.29%

11. Tax on Surplus on Ordinary Activities

	Group 2020 £'000	Group 2019 £'000	Association 2020 £'000	Association 2019 £'000
Current Tax				
UK corporation tax on surplus for the year	-	-	-	-
UK corporation tax on surplus for the year	1	-	-	-
Total current tax	1	-	-	-
Deferred Tax				
Net origination and reversal of timing differences	-	-	-	-
Total deferred tax	-	-	-	-
Total tax on results on ordinary activities	1	-	-	-

Tax on Surplus on Ordinary Activities (continued)

Analysis of Charge in Period

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 19% (2019: 19%)

The differences are explained as follows:

	Group 2020 £'000	Group 2019 £'000	Association 2020 £'000	Association 2019 £'000
Total tax reconciliation				
Surplus on ordinary activities before tax SOCI	3,666	3,311	3,635	3,309
Expected tax at 19% (2019: 19%)	697	629	691	629
Effects of:				
Income not taxable for tax purposes	(691)	(618)	(691)	(629)
Use of losses where no deferred tax	(5)	(11)	-	-
Adjust closing deferred tax to average rate	-	-	-	-
Adjust opening deferred tax to average rate	-	-	-	-
Total tax charge for the period	1	-	-	-

12(a). Tangible Fixed Assets - Properties

Group

	Housing Properties and Mobile Homes	Housing Properties under Construction	Shared Ownership Properties	Shared Ownership Properties under Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at 1 April 2019	440,000	18,578	41,937	9,135	509,650
Completed	22,274	(22,274)	11,200	(11,200)	-
Additions	-	15,850	-	9,857	25,707
Disposals	(691)	-	(421)	-	(1,112)
Reclassification to/from investment properties	4,119	-	(1,168)	-	2,951
Works to existing properties	2,049	108	-	-	2,157
Decrease in valuation	(7,640)	-	(3,322)	-	(10,962)
Reversal of previous decrease	8,213	-	1,190	-	9,403
Increase in valuation	19,090	(2,536)	1,321	2,055	19,930
At 31 March 2020	487,414	9,726	50,737	9,847	557,724
Depreciation charged in year	(5,955)	-	(308)	-	(6,263)
Eliminated on disposal	515	-	2	-	517
Increase in valuation	5,440	-	306	-	5,746
At 31 March 2020	-	-	-	-	-
Net book value as at 31 March 2020	487,414	9,726	50,737	9,847	557,724
Net book value as at 31 March 2019	440,000	18,578	41,937	9,135	509,650

Completed housing properties are stated at Existing Use Value for Social Housing (EUV-SH) as at 31 March 2020. The Group's housing properties have been valued by Jones Lang LaSalle, professional external valuers. The full valuation of all properties was undertaken, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors (RICS) as follows:

	£'000
Completed properties at valuation (including investment properties)	
Housing Solutions	554,052
	554,052

Tangible Fixed Assets - Properties (continued)

In valuing care homes properties, a discounted cash flow methodology was adopted with key assumptions:

Discount rate	5.5%
Level of long-term annual rent increase	CPI + 1%

In valuing social properties, a discounted cash flow methodology was adopted with key assumptions:

Discount rate (income)	5.4% - 6.5%
Rental income growth	1%
Management cost per unit	£675
Repair cost per unit	£1,300 - £1,700
Level of long-term annual rent increase	CPI + 1%

In valuing shared ownership properties, a discounted cash flow methodology was adopted with key assumptions:

Discount rate (income)	5.5%
Rental income growth (all years)	0.5%
Management costs	3.5% of gross income

Housing properties were valued as at 31 March 2020. The Group's investment properties have been valued by Jones Lang LaSalle, professional external valuers. The full valuation of all properties was undertaken, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors (RICS). Jones Lang LaSalle included the below in their valuation report:

'The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported on the basis of "material valuation uncertainty"' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this portfolio under frequent review.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that –in the current extraordinary circumstances –less certainty can be attached to the valuation than would otherwise be the case.

Please note that, as of 26 May 2020, RICS issued updated guidance to recommend that the Material Uncertainty Clause may no longer be appropriate for valuations on the basis of EUV-SH, and the clause therefore only now applies to our valuations where given on the basis of MV-T.'

In valuing investment properties, a discounted cash flow methodology was adopted with key assumptions:

Discount rate	5.5%
Annual inflation rate, after first two years	-1% to 2020
Level of long-term annual rent increase	CPI + 1%

Tangible Fixed Assets - Properties (continued)

Association

	Housing Properties and Mobile Homes	Housing Properties under Construction	Shared Ownership Properties	Shared Ownership Properties under Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at 1 April 2019	440,000	18,707	41,937	9,135	509,779
Completed	22,274	(22,274)	11,200	(11,200)	-
Additions	-	15,850	-	9,857	25,707
Disposals	(691)	-	(421)	-	(1,112)
Reclassification to/from investment properties	4,119	-	(1,168)	-	2,951
Works to existing properties	2,049	108	-	-	2,157
Decrease in valuation	(7,640)	-	(3,322)	-	(10,962)
Reversal of previous decrease	8,213	-	1,190	-	9,403
Increase in valuation	19,090	(2,536)	1,321	2,055	19,930
At 31 March 2020	487,414	9,855	50,737	9,847	557,853
Depreciation charged in year	(5,955)	-	(308)	-	(6,263)
Eliminated on disposal	515	-	2	-	517
Increase in valuation	5,440	-	306	-	5,746
At 31 March 2020	-	-	-	-	-
Net book value as at 31 March 2020	487,414	9,855	50,737	9,847	557,853
Net book value as at 31 March 2019	440,000	18,707	41,937	9,135	509,779

Completed housing properties are stated at Existing Use Value for Social Housing (EUV-SH) as at 31 March 2020. The Group's housing properties have been valued by Jones Lang LaSalle, professional external valuers. The full valuation of all properties was undertaken, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors (RICS) as follows:

	£'000
Completed properties at valuation (including investment properties)	
Housing Solutions	554,052
	554,052

Tangible Fixed Assets - Properties (continued)

In valuing care homes properties, a discounted cash flow methodology was adopted with key assumptions:

Discount rate	5.5%
Level of long-term annual rent increase	CPI + 1%

In valuing social properties, a discounted cash flow methodology was adopted with key assumptions:

Discount rate (income)	5.4% - 6.5%
Rental income growth	1%
Management cost per unit	£675
Repair cost per unit	£1,300 - £1,700
Level of long-term annual rent increase	CPI + 1%

In valuing shared ownership properties, a discounted cash flow methodology was adopted with key assumptions:

Discount rate (income)	5.5%
Rental income growth (all years)	0.5%
Management costs	3.5% of gross income

Housing properties were valued as at 31 March 2020. The Group's investment properties have been valued by Jones Lang LaSalle, professional external valuers. The full valuation of all properties was undertaken, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors (RICS). Jones Lang LaSalle included the below in their valuation report:

'The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

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Please note that, as of 26 May 2020, RICS issued updated guidance to recommend that the Material Uncertainty Clause may no longer be appropriate for valuations on the basis of EUV-SH, and the clause therefore only now applies to our valuations where given on the basis of MV-T.'

In valuing investment properties, a discounted cash flow methodology was adopted with key assumptions:

Discount rate	5.5%
Annual inflation rate, after first two years	-1% to 2020
Level of long-term annual rent increase	CPI + 1%

Tangible Fixed Assets - Properties (continued)

The carrying value of housing properties that would have been included in the financial statements had the assets been carried at historical cost less depreciation is as follows:

	Group 2020 £'000	Group 2019 £'000	Group 2020 £'000	Group 2019 £'000
Housing Properties at historical Cost	430,007	390,127	430,007	390,127
Depreciation and Impairment	(53,131)	(58,897)	(53,131)	(58,897)
	376,876	331,230	376,876	331,230

Expenditure on works to existing properties

	Group 2020 £'000	Group 2019 £'000	Group 2020 £'000	Group 2019 £'000
Components capitalised	2,157	3,148	2,157	3,148
Amounts charged to income and expenditure	7,143	6,415	7,143	6,415
	9,300	9,563	9,300	9,563

Interest capitalisation

	Group 2020 £'000	Group 2019 £'000	Group 2020 £'000	Group 2019 £'000
Interest capitalised in the year	1,409	1,252	1,409	1,252
Cumulative interest capitalised	16,627	15,375	16,627	15,375
	18,036	16,627	18,036	16,627
Rate used for capitalisation	4.53%	4.29%	4.53%	4.29%

12(b). Tangible Fixed Assets - Other

Group

	Plant & Machinery	Other Freehold Property	Furniture & Equipment £'000	Free/ Leasehold Imp'ments £'000	Computer Equipment £'000	Communal Areas £'000	Total £'000
Cost at 1 April 2019	1,963	7,145	850	1,674	395	-	12,027
Additions	-	-	131	623	218	32	1,004
Disposals	-	-	-	-	-		-
At 31 March 2020	1,963	7,145	981	2,297	613	32	13,031
Depreciation at 1 April 2019	(568)	(636)	(368)	(132)	(214)	-	(1,918)
Charge for Year	(84)	(46)	(165)	(77)	(70)	-	(442)
Disposals	-	-	-	-	-		-
At 31 March 2020	(652)	(682)	(533)	(209)	(284)	-	(2,360)
Net book value as at 31 March 2020	1,311	6,463	448	2,088	329	32	10,671
Net book value as at 31 March 2019	1,395	6,509	482	1,544	181	-	10,109

Tangible Fixed Assets - Other (continued)

Association

	Other Freehold Property	Furniture & Equipment	Free/ Leasehold Imp'ments	Computer Equipment	Communal Areas	Total
		£'000	£'000	£'000	£'000	£'000
Cost at 1 April 2019	7,145	850	1,674	395	-	10,064
Additions	-	131	623	218	32	1,004
Disposals	-	-	-	-		-
At 31 March 2020	7,145	981	2,297	613	32	11,068
Depreciation at 1 April 2019	(636)	(368)	(130)	(214)	-	(1,348)
Charge for Year	(46)	(165)	(79)	(70)	-	(360)
Disposals	-	-	-	-		-
At 31 March 2020	(682)	(533)	(209)	(284)	-	(1,708)
Net book value as at 31 March 2020	6,463	448	2,088	329	32	9,360
Net book value as at 31 March 2019	6,509	482	1,544	181	-	8,716

Group and Association

13. Intangible fixed assets

	Computer Software £'000
Cost at 1 April 2019	2,151
Additions	434
Disposals	-
At 31 March 2020	2,585
Amortisation at 1 April 2019	(1,609)
Charge for Year	(247)
Disposals	-
At 31 March 2020	(1,856)
Net book value as at 31 March 2020	729
Net book value as at 31 March 2019	542

14. Investment properties non-social housing properties held for letting

	Group 2020 £'000	Group 2020 £'000
At 1 April	19,880	20,190
Reclassification – Key workers	(3,640)	-
Reclassification – Temporary accommodation	1,637	-
Reclassification – Market Rent	(945)	-
Increase/(Decrease) in value	2,200	(310)
At 31 March	19,132	19,880

Investment properties were valued as at 31 March 2020. The Group's investment properties have been valued by Jones Lang LaSalle, professional external valuers. The full valuation of all properties was undertaken, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors (RICS). Jones Lang LaSalle included the below in their valuation report:

'The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported on the basis of "material valuation uncertainty"' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this portfolio under frequent review.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that –in the current extraordinary circumstances –less certainty can be attached to the valuation than would otherwise be the case.

Please note that, as of 26 May 2020, RICS issued updated guidance to recommend that the Material Uncertainty Clause may no longer be appropriate for valuations on the basis of EUV-SH, and the clause therefore only now applies to our valuations where given on the basis of MV-T.'

In valuing investment properties, a discounted cash flow methodology was adopted with key assumptions:

Discount rate	5.5%
Annual inflation rate, after first two years	-1% to 2020
Level of long-term annual rent increase	CPI + 1%

15. Investment in Subsidiaries

As required by statute, the financial statements consolidate the results of HSG Property Services Limited, Housing Solutions Capital PLC and Housing Solutions Development Limited which are all subsidiaries of the Association. The Association has the right to appoint members to the Boards of the subsidiaries and thereby exercises control over them.

	% Shareholding	Country of incorporation	Principal Activity
HSG Property Services Limited	100	England	Provides photo voltaic panels and other energy saving solutions to save costs and creates revenue for the Group
Housing Solutions Capital PLC	100	England	Facilitates capital market funding for the Group
Housing Solutions Development Limited	100	England	Facilitates the design and build of properties for the Group

16. Long Term Investment

	Group 2020 £,000	Group 2019 £,000	Association 2020 £,000	Association 2019 £,000
Investment in Housing Solutions Development Limited	-	-	-	-
Investment in Housing Solutions Capital PLC	-	-	50	50
Investment in Glassford LLP	2,519	2,427	2,427	2,427
	2,519	2,427	2,477	2,477

17. Properties for Sale/Stock

	Group 2020 £,000	Group 2019 £,000	Association 2020 £,000	Association 2019 £,000
Shared Ownership - Completed properties	5,940	2,640	5,940	2,640
Work in progress	5,302	7,076	5,302	4,918
	11,242	9,716	11,242	7,558

18. Debtors

	Group 2020 £,000	Group 2019 £,000	Association 2020 £,000	Association 2019 £,000
Due within one year				
Rent and service charge receivable	1,372	1,773	1,372	1,773
Less provision for bad and doubtful debts	(848)	(725)	(848)	(725)
	524	1,048	524	1,048
Prepayments and accrued income	559	411	517	411
Amounts owed by Group undertakings	-	-	1,216	1,358
Other debtors	2,931	1,894	3,021	1,774
	4,014	3,353	5,278	4,591

19. Creditors: amounts falling due within one year

	Group 2020 £,000	Group 2019 £,000	Association 2020 £,000	Association 2019 £,000
Debt (Note 22)	7,533	7,533	7,533	7,533
Trade creditors	2,815	2,009	2,815	2,009
Rent received in advance	689	1,235	689	1,235
Other tax and social security	44	64	44	188
Fixed asset creditors	1,659	3,457	1,659	1,232
Accrued interest	1,507	1,842	703	1,041
Other creditors	889	963	889	907
Amounts owed to Group undertakings	-	-	774	470
Recycled capital grant fund (Note 20)	357	538	357	538
Holiday pay accrual	152	136	152	136
Deferred grant income	2,900	-	2,900	-
Accruals	1,803	2,047	1,605	2,045
	20,348	19,824	20,120	17,334

20. Recycled capital grant fund

	2020 £'000	2019 £'000
As at 1 April	538	538
Grants recycled	-	-
Withdrawals	(181)	-
Additions	-	-
At 31 March	357	538

21. Creditors: Amounts falling due after more than one year

	2020 £'000	2019 £'000
Debt (Note 22)	295,514	283,239

22. Debt

	2020 £'000	2019 £'000
Debt	303,047	290,772
	303,047	290,772

Debt Analysis

Borrowings

	2020 £'000	2019 £'000
Due within one year		
Bank loans	7,533	7,533
Other loans	-	-
	7,533	7,533
Due after more than one year		
Bank loans	123,672	111,538
Other loans	171,842	171,701
	295,514	283,239
Total loans	303,047	290,772

Debt (continued)

Net Debt Reconciliation

	1 April 2019	Cashflows	31 March 2020
Cash at bank and in hand	22,588	(7,686)	14,902
Bank loans	290,772	12,275	303,047
Net Debt	268,184	4,589	288,145

Security

Housing loans are secured by specific charges on the housing properties and by a first fixed charge on Housing Solution's bank accounts.

Terms of repayment and interest rates

Bank loans are being repaid over different periods, some with quarterly payments and others with annual payments. Final instalments range from April 2022 to June 2037, depending on the Facility and Tranches. Interest is both variable and fixed, with rates ranging from 1.76% to 6.16% during the year. Other loans include long term loans with both M & G and LGIM, which have bullet repayments in 2034 and 2054. The M & G loan has an index linked tranche of £50m linked to RPI where repayments commence in 2023. Fixed interest rates for M&G range from 4.55% for the RPI linked tranche to 5.43% for all other loans in the year.

£19.7m was drawn down in the year and at 31 March 2020 the Group had undrawn facilities of £37.0m (2019: £86.7m)

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	2020 £'000	2019 £'000
Within one year or on demand	7,533	7,533
One year or more but less than two years	7,562	7,533
Two years or more but less than five years	51,190	23,505
Five years or more	236,762	252,201
	303,047	290,772

23. Non-equity share capital

	Association 2020 Number	Association 2019 Number
Shares of £1 each issued and fully paid		
At 1 April 2019 and as at 31 March 2020	10	10
	10	10

24. Leasing commitments

The future minimum lease payments of leases are as set out below. Leases relate to motor vehicles and office equipment.

The Association and Group's future minimum operating lease payments are as follows:

	2020 £'000	2019 £'000
Within one year	36	53
Between one and five years	50	74
	86	127

25. Capital Commitments

	2020 £'000	2019 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	27,797	67,818
Capital expenditure that has been authorised by the Board but has not been contracted for	6,917	2,470

Capital commitments will be funded through a combination of retained reserves, loans and grant.

26. Cash flow from operating activities

	2020 £,000	2019 £,000
Surplus/(deficit) for the year from SOCI	3,665	3,261
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	6,705	5,704
Amortisation of intangible fixed assets	247	227
Proceeds from sale of tangible fixed assets	1,168	3,201
Movement in fair value of investment properties	(2,200)	-
Decrease / (increase) in valuation of housing properties	1,559	(2,366)
Decrease / (increase) in stock	(1,526)	(6,302)
Decrease / (increase) in trade and other debtors	(657)	297
Decrease / (increase) in trade and other creditors	(1,292)	2,648
Pension costs less contributions payable	529	403
Surplus / (Deficit) on sale of tangible fixed assets	(372)	1,160
Adjustments for investing or financing activities:		
Interest payable	12,960	13,347
Interest receivable	(154)	(242)
Net cash generated from operating activities	20,632	21,338

27. Pensions

Royal County of Berkshire Pension Scheme (Group and Association)

The RCBPS is a multi-employer scheme, administered by The Royal Borough of Windsor and Maidenhead under the regulations governing the Local Government Pension Scheme, is a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2016 by a qualified independent actuary.

The employer's contributions to the RCBPS by the Association for the year ended 31 March 2020 were £782,000 (2019: £631,000) at a contribution rate of 18.2% of pensionable salaries. Housing Solutions ceased to have active members in the RCBPS as at the year ended 31 March 2020. There is an agreement in place to make contributions to the pension deficit. The pension deficit contribution for the accounting period commencing 1 April 2020 is £528,000.

Principal actuarial assumptions
Financial assumptions

	31 March 2020 % per Annum	31 March 2019 % per Annum	31 March 2018 % per Annum
Discount rate	2.35%	2.40%	2.55%
Future salary increases	2.85%	3.40%	3.30%
Future pension increases	1.85%	2.40%	2.30%
Inflation assumption	2.85%	3.40%	3.30%

Mortality assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation are based on the S2PA tables with a multiplier of 95%. These base tables are then projected using the CMI 2018 Model, allowing for a long-term rate of improvement of 1.5% p.a.

The assumed life expectations on retirement at age 65 are:

Pensions (continued)

	2020 No. of Years	2019 No. of Years	2018 No. of Years
Retiring today:			
Males	21.5	22.0	23.1
Females	24.1	24.0	25.2
Retiring in 20 years:			
Males	22.9	23.7	25.3
Females	25.5	25.8	27.5

Amounts recognised in surplus or deficit

	2020 £'000	2019 £'000	2018 £'000
Current service cost	(829)	(811)	(899)
Administrative expenses	(10)	(10)	(10)
Amounts charged to operating costs	(839)	(821)	(909)

	2020 £'000	2019 £'000	2018 £'000
Net interest	(472)	(520)	(572)
Amounts charged to other finance costs	(472)	(520)	(572)

Pensions (continued)

Reconciliation of opening and closing balances of the present value of scheme liabilities

	2020 £'000	2019 £'000	2018 £'000
Opening scheme liabilities	37,104	36,432	36,148
Current service cost	658	811	899
Interest cost	879	920	1,003
Remeasurements	(3,851)	1,842	(921)
Benefits paid	(1,033)	(937)	(870)
Contributions by scheme participants	141	166	177
Experience loss on defined benefit obligation	485	-	-
Change in demographic assumptions	(502)	(2,126)	-
Past service costs	171	-	-
Unfunded pension payments	(5)	(4)	(4)
Closing scheme liabilities	34,047	37,104	36,432

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

	2020 £'000	2019 £'000	2018 £'000
Opening fair value of plan assets	17,012	15,765	15,525
Interest income	407	400	431
Return on plan assets (in excess of interest)	(655)	1,001	79
Other actuarial losses	(760)	-	-
Administration expenses	(10)	(10)	(10)
Contributions by employer	782	631	437
Contributions by scheme participants	141	166	177
Benefits paid	(1,038)	(941)	(874)
Closing fair value of plan assets	15,879	17,012	15,765
Unfunded pension payments	(5)	(4)	(4)
Closing scheme liabilities	34,047	37,104	36,432

	2020 £'000	2019 £'000	2018 £'000
Pension Liability	18,168	20,093	20,667

Pensions (continued)

Sensitivity analysis

Adjustment to mortality age rating assumption

	+1 year £'000	None £'000	-1 year £'000
Present value of total obligation	35,356	34, 047	32,788
Projected service cost	-	-	-

Adjustment to discount rate

	Increase by 0.1%	None	Decrease by 0.1%
Present value of total obligation	33,315	34,047	34,796
Projected service cost	-	-	-

28. Related Parties

Tenant members of the Association are charged normal policy rents and receive no favourable treatment in any respect as a result of their membership of the Association.

Ross McWilliams is a member of the Housing Solutions Board and is a councillor of the Royal Borough of Windsor and Maidenhead Council. All transactions with the Royal Borough of Windsor and Maidenhead Council are made at arm's length on normal commercial terms.

The design and build contracts for £11,519,818 were novated to Housing Solutions Development Limited during the year and the associated costs were transferred from Housing Solutions. On consolidation, these costs are included in the current assets balance in the Consolidated Statement of Financial Position.

Transactions between the company and its 100% owned subsidiaries, which are related parties, have been eliminated on consolidation for the Group

HSG Property Services Limited charged the parent Housing Solutions £11,810 (2019: £12,156) for electricity generated by the photo voltaic panels on residents' roofs and Housing Solutions charged HSG Property Services Limited £11,310 (2019: £10,948) for the rental of residents' roofs. Housing Solutions charged HSG Property Services Limited interest £50,767 (2019: £50,767).

Housing Solutions Capital PLC was charged £8,471,478 (2019: £8,387,207) for interest on the Note Purchase Agreement loan and received £8,471,478 (2019: £8,387,207) in interest from the parent Housing Solutions, for its loan to the parent company.

29. Legislative Provisions

The Association is incorporated under the Co-Operative and Community Benefit Societies Act 2014, Registration No. 27876R and is a Registered Social Landlord under the Housing Act 1974, Registration No. L4073

30. Principal activities of subsidiaries and joint venture

HSG Property Services Limited provides photo voltaic panels on residents' roofs providing residents with an efficient source of energy and creates revenue for the Group through the Feed in Tariff programme.

Housing Solutions Capital PLC is set up to facilitate capital market funding for the Group.

Housing Solutions Development is set up to facilitate the design and build of properties for the Group.

Glassford LLP is a joint venture with The Royal County of Berkshire Pension Fund which owns and manages 40 market rent properties.

31. Contingent Liability

At 31 March 2020 there were no contingent liabilities

32. Financial assets and liabilities

The Board policy on financial instruments is explained in the Board Report as are references to financial risks.

Categories of financial assets and financial liabilities

	2020 £'000	2019 £'000
Loan Commitments measured at cost less impairment	301,205	289,071
Total	301,205	289,071

	2020 £'000	2019 £'000
The difference between the financial liability's carrying amount and the amount the entity would be contractually obliged to pay at maturity		
Financial assets	1,842	1,701

	2020 £'000	2019 £'000
Other than short-term debtors, financial assets held are equity instruments in other entities and cash at bank		
Financial assets on which no interest is earned	2,519	2,427
	2,519	2,427

Financial liabilities excluding trade creditors – interest rate risk profile

The Group's financial liabilities are sterling denominated. The interest rate profile of the Group's financial liabilities at 31 March was:

	2020 £'000	2019 £'000
Variable rate loans	66,247	53,972
Fixed rate loans	236,800	236,800
	303,047	290,772

The fixed rate financial liabilities have a weighted average interest rate of 5.15% (2019: 4.71%) and the weighted average period for which it is fixed is 17.6 years (2019: 18.8 years)

The debt maturity profile is shown in note 22.

Borrowing facilities

The Group has undrawn committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent have been met were as follows:

	2020 £'000	2019 £'000
Expiring in more than two years	37,000	56,667
	37,000	56,667

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