

Rochdale Boroughwide Housing
Report and Financial Statements

For the year ended 31 March 2019

Community Benefit Society
Registration No: 31452R.

Registered Housing Provider No: 4607.

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LEGAL STATUS

The society is registered with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014 and is registered with the Regulator of Social Housing (RSH) as a social housing provider.

ADMINISTRATIVE DETAILS

RSH registration number	4607
FCA Registration Number	31452R
Registered office	Sandbrook House, Sandbrook Way, Rochdale, OL11 1RY

Executives and advisors

Board

** Attendance figures are for Board, Committee and Subsidiary Board attendance.*

Appointed Non-Executive Directors:

Philip Brown – is Professor of Social Change and Director of the Sustainable Housing & Urban Studies Unit (SHUSU) at the University of Salford. He has been at the University since 2005. His work focuses on addressing a range of societal issues by providing an evidence base for effective policy making at the local, regional, UK and European levels.

Attendance 75%

Paul Joyce (Chair of the Human Resources and Governance Committee and Deputy Chair) – Paul is a social research analyst in Manchester. He previously worked as a research fellow at a number of north west universities. He is a sociologist who specialises in the understanding of risk management, health policy and the production of social value. Paul has a PhD from the University of Salford and a postgraduate qualification in social research methods and statistics from the University of Manchester.

Attendance 87%

Guy Millichamp (Chair of the Audit Committee) – Guy is a finance director for Yorkshire Housing based in Leeds. After training as an auditor, Guy has worked in the charity, education and housing sectors for nearly 30 years in a variety of financial management roles. The common thread has been a desire to make sure that each organisation is run in the best possible way in order to deliver the best possible outcomes for the people that those organisations serve.

Attendance 71%

Luen Thompson – has recently taken up the post of Chief Executive at Forget Me Not Children's Hospice, a charity which operates across North Manchester and West Yorkshire. The local hospice, Grace's Place in Radcliffe, service over 2,000 children and families living in the local area with life limiting conditions by providing care and support on site and in the home. Much of Luen's work is related income generation, given that the hospice only receives 4% of their running costs from the NHS. Luen was appointed to a second term of office commencing September 2018.

Attendance 91%

ADMINISTRATIVE DETAILS continued

Alison Tumilty (Board Chair) – Having qualified as a Chartered Accountant with Ernst and Young in Manchester, Alison began her career as a finance director in property in development. She then went on to become Deputy Chief Executive of Rathbone, a UK wide charity supporting disadvantaged young people, to develop their employment and life skills through education. Alison then went on to be Group Finance Director at Your Housing Group, a large registered provider based in Warrington. Alison has held a number of non-executive roles in education and housing and is currently a Non-executive Director at North West Boroughs Healthcare. She believes passionately in the need for social housing, community development and regeneration.

Attendance 100%

Asrar Ul-Haq - Having graduated with an Honours Degree in Applied Sciences, Asrar joined the police service and served almost half his career in Rochdale gaining an understanding of the community he lives in. He is currently the Director of Armann Consultants Ltd, he is a member of the University of Manchester General Assembly and also a member of the Advisory Committee to the Lord Chancellor. Asrar was the recipient of a Home Office award for innovation and a national award for leadership. He was invited to sit on Her Majesty's Honours sub committees and sat on the steering committee for Cancer Research UK. He was also a parent Governor at Rochdale Sixth Form College.

Attendance 91%

Executive Directors:

Gareth Swarbrick (Chief Executive) – Gareth started his career with Oldham Council as a Scale 1 clerical officer in 1989. He moved into housing management in 1990 and between 1996 and 2002 worked in Rochdale Council's Housing Strategy Unit. Gareth began working for RBH in 2002 and was appointed Chief Executive in December 2008 and from 2009 onwards led a process which culminated in the transformation of RBH into the UK's first tenant and employee-owned mutual housing society to which the Council transferred its 13,700 homes on 26 March 2012.

Attendance 63%

Nickie Hallard (Deputy Chief Executive) – A qualified Management Accountant, Nickie joined RBH as Director of Resources in June 2009, having moved from Incommunities, Bradford's transfer housing association where she held the post of Financial Controller. Before moving into housing Nickie had a varied career in local government, retail and financial services.

Attendance 100%

Independent Committee Members:

James Bell – Independent member of the Audit Committee (Resigned October 2018). Originally from Northern Ireland, James achieved a BA Honours degree in Accounting and Finance from Newcastle University. After this James joined the graduate programme at Baker Tilly where he qualified as a Chartered Accountant. While at Baker Tilly the audits undertaken by James and his team covered a wide range of companies including construction, further education establishments and social housing providers.

Attendance 50%

Cliff Mills - Independent member of the HR and Governance Committee – Cliff writes constitutions and gives governance advice to co-operative and mutual organisations, both in the traditional co-operative sector, and in public services. He helped to design and set up the arrangements for RBH when it was established as a mutual. He joined the HR and Governance Committee in 2017. Cliff is Principal Associate in Mutuo, the mutuals consultancy, and he works with Anthony Collins Solicitors as a consultant on co-operative and mutual work.

ADMINISTRATIVE DETAILS continued

Attendance 67%

Michelle Carr - Independent Member of the HR and Governance Committee – Michele spent most of her working career at Oldham Council and took on a variety of roles including environmental policy, local economic development and regeneration. She was also the lead for Greater Manchester Devolution for Oldham working alongside the Chief Executive and elected members in their decision making and strategy roles.

Attendance 100%

Brendan Nevin – Independent member of the Growth Committee (appointed January 2019) – Brendan has spent more than 30 years working in the housing and regeneration sector. He has shaped a number of major government regeneration programmes and his research and policy work is regularly published. Brendan currently works as a consultant across the housing sector.

Attendance 100%

Representative Body

Council Representatives

Wendy Cocks

Peter Rush (until May 2018)

Sultan Ali (until May 2018)

Ali Ahmed (until May 2018)

Daalat Ali (from May 2018)

Linda Robinson (from May 2018)

Susan Emmott (from May 2018)

Tenant Management Organisation Appointed Representatives

Lynne Brosnan – Turf Hill TMO (*Chair of Representative Body*)

Tenant Representatives

Frank Altham (*Retired September 2018*)

Anne Black

Andrew Brown (*Re-elected and commenced second term of office September 2018*)

Peter Brown

Martin Burke

Donna Chadwick (*Elected and commenced first term of office September 2018*)

Rachel David (*Resigned August 2018*)

David Fenwick-Finn (*Resigned March 2019*)

Andrew Johnson

Andy Littlewood (*Elected and commenced first term of office September 2018*)

Oleweseun Oginni (*Retired September 2018*)

Sue O'Donovan (*Re-elected and commenced second term of office September 2018*)

Pamela Radcliffe (*Retired September 2018*)

Andrew Roche

John Sekiwu (*Elected and commenced first term of office September 2018*)

Jane Taylor

Mary Tomlinson (*Elected and commenced first term of office September 2018*)

Sue Watson

Sharon Worsley

ADMINISTRATIVE DETAILS continued

Employee Representatives

Lesley Dobson (*Retired September 2018*)

Julie Greenwell

Sean Landsborough (*Retired September 2018*)

Jonathan Walton (Vice Chair)

Dylan Williams (*Retired September 2018*)

David Bulcock

Jade Toft (*Retired September 2018*)

Matthew Watson

Imran Khan (*Elected and commenced first term of office September 2018, resigned March 2019*)

Stephen Edwards (*Elected and commenced first term of office September 2018*)

Elliott O'Brart (*Elected and commenced first term of office September 2018*)

Anne Bond (*Elected and commenced first term of office September 2018*)

Chief Executive

Gareth Swarbrick

Executive Management Team

Nickie Hallard – Deputy Chief Executive and Director of Resources

Clare Tostevin – Director of Growth

Nadhia Khan – Director of Customer and Communities (from February 2019)

Rowena Kirk – Director of Transformation (from June 2018)

Secretary

Bethan Jones

Bankers

NatWest,
11 Spring Gardens,
Manchester,
M2 1FB

Funders

RBS
3rd Floor, Kirkstane House,
139 Vincent Street,
Glasgow,
G2 5JF

Santander
2 Triton Square,
Regent's Place,
London,
NW1 3AN.

ADMINISTRATIVE DETAILS continued

Solicitors

RBH has its own legal team based in Sandbrook House

Trowers & Hamlins LLP,
Princess St,
Manchester,
M2 4EW

Auditors

BDO LLP,
3 Hardman Street,
Spinningfields,
Manchester,
M3 3AT

Internal Auditors

RSM,
3 Hardman Street,
Manchester,
M3 3HF

CHAIR'S STATEMENT

2018/19 has been a year of progress for RBH, with our ambitious plans for Rochdale Town Centre starting to be brought to life; lots of engagement with our Independent Living Scheme tenants as we start to shape our future aspirations for the service and independent recognition of the quality of some of the key services that we know our tenants really value.

In June last year we also had the opportunity to share our previous achievements as we celebrated five years as a mutual housing society. We marked our birthday with an unprecedented "day of action" – RBH teams joined forces with tenant volunteers and partners to deliver over 90 separate volunteering activities, all designed to have a lasting benefit for our communities. Almost 600 RBH employees provided over 3,000 hours of volunteering in every corner of the borough, with activities as diverse as gardening, promoting our members' charity, and providing support to get residents in our Independent Living Schemes online. It was a fantastic day and a fitting way to celebrate and promote the benefits of mutuality.

Shortly afterwards, in August, we hosted our first RBH Values in Practice (VIP) Awards Evening. This was an opportunity to say thank you to the tenants, employees and residents who reflect RBH's values and make a real difference to their neighbourhoods, communities, and colleagues. The 2019 VIP Awards will be held in June to mark six years of RBH as a mutual housing association, and we are confident that the event will be even better and more inspiring than last year!

At our Annual Members' Meeting in September, we announced that RBH members had chosen Alzheimer's Research UK to be our new member charity. We formally launched the new partnership on World Alzheimer's Day, and some fantastic fundraising events have been held throughout the year.

Our new Corporate Strategy, "Together", came into effect on 1st April 2018, and the RBH Board have been working closely with our Representative Body to monitor performance. "Together" sets out our ambitious plans for the future, including **Growing Together** to ensure that we have the right mix and quality of homes; **Thriving Together** to help tenants of all ages meet their hopes and aspirations, and **Improving Together** with a clear focus on improving performance in our core areas of business and improving on the value for money we provide to our tenants.

At the end of March 2019 we have seen a continued growth in membership and are pleased to report we have over 6000 members, with 5571 tenant members (37.9%) and 453 employee members (7.6%).

During the year, we invested £9.4m to upgrade our tenants' homes. This included providing new kitchens, bathrooms, windows and doors as well as new central heating systems. We are pleased to report that feedback from tenants after the work has been completed has shown that 97% are either satisfied or very satisfied with the works.

RBH's commitment to build new homes through the Homes England Affordable Homes Programme was met with the completion of 19 new 2 bedrooomed homes on Lower Falinge as part of our commitment to Town Centre regeneration. The majority of these new homes front onto the historic Toad Lane, and we can be incredibly proud as a mutual housing society to have delivered brand new mutual homes on the same street where the co-operative movement was born.

CHAIR'S STATEMENT continued

We also delivered 16 2 bedroomed flats, 8 retail units, and a brilliant new community hub at The Strand in Kirkholt. We are now progressing on our commitments through the Homes England Shared Ownership Affordable Housing Programme for 2017-21 which will see RBH build a further 99 new homes. These will include RBH's first shared ownership scheme which will provide 25 new homes at Hopwood Green in Middleton, work on which started early in the year, and new homes for shared ownership and "rent to buy" on Great Howarth in Smallbridge, which started in March 2019.

Work to shape our ambitious plans to regenerate the Town Centre continues. We recognise that this will be an unsettling time for some residents, and we are absolutely committed to looking after them, with dedicated support in place to help residents. We have secured planning permission for the next phase of new homes at Lower Falinge, due to start on site late summer 2019.

Throughout we have maintained our focus on ensuring that we continue to drive improvements in value for money for our tenants and that we remain financially secure. It is important to recognise that as a Community Benefit Society, any surpluses that we generate, for this year £7.7m, are reinvested back into the Society to ensure that we have homes and services that remain fit for the future.

Behind all of these exciting initiatives it is important that we remain focused on being a good landlord. 82% of our tenants are satisfied or very satisfied with the services that we deliver and we are confident that our plans will help improve that further. Over the past year a lot of work has been going into preparing the ground for our Digital Transformation Strategy, to be launched in 2019, which will focus on how we can offer new and improved ways for our tenants to access our services.

In June 2018, the Repairs team received national recognition for its hard work and customer service with the award of Housing Quality Network (HQN) accreditation. We are delighted to have received this prestigious kite mark.

In addition, early in April, this year we were delighted to be advised that we had also secured HQN accreditation for our Income Management service. Whilst many positive comments were made it was particularly pleasing to see "the passion and dedication of the team really shined through" - a great credit to our Rent and Payments team.

Towards the end of the year we were pleased to be approached by the National Housing Federation, to be an early adopter of "Together with Tenants" – an important piece of work aimed at creating a stronger, balanced relationship with tenants and residents. We recognise the importance of a strong relationship between tenants and their landlord, and we are looking forward to implementing the recommendations to really demonstrate people succeeding together to offer great services and places to live and work.

My personal thanks extend to all of our members, our Representative Body, our Board, our employees, tenants, and partners (in particular Rochdale Council) for their continued support throughout the year.

Alison Tumilty

Chair

REPORT OF THE BOARD OF MANAGEMENT

NATURE OF BUSINESS

Activities

RBH's principal activity is the letting of social housing. RBH is a registered provider of social housing with the Regulator of Social Housing (RSH) and a Community Benefit Society. A stock transfer took place on 26th March 2012, whereby Rochdale Borough Council transferred 13,712 properties to RBH that were previously managed by the company. RBH became a mutual housing society, owned by its tenant and employee members, on 26th June 2013.

Group Structure

The RBH Group includes the following subsidiaries:

Safeguard Solutions Ltd (SSL) is a wholly owned subsidiary of RBH, with RBH having taken full control of the company in April 2017. It was incorporated on 2 October 2007 and commenced trading in 2009 with its main purpose being to provide security for our communities (company number 06387991). SSL has its own board of directors who are responsible for agreeing the strategic direction of the Company within parameters set by RBH. The Board met 4 times during the financial year.

RBH Professional Limited is a private company limited by shares with its own board of directors, set up to undertake trading activities outside of the new RBH's charitable objectives in order to generate additional income to support work in our communities. It was incorporated on 12 October 2011 (company number 07807329), and completed its first trading activity during 2013-14. The Board agreed that the company would cease trading during the 2015-16 financial year and become dormant and as such the company has not undertaken any projects in 2018-19.

RBH (Design and Build) Limited is a private company limited by shares with its own board of directors, undertaking the design and build of new homes for RBH Limited. 35 new homes were completed in 2018-19 as part of Homes England's Affordable Homes Programme and work was also completed on building 16 two bed flats, 8 retail units and the community hub at The Strand in Kirkholt. This subsidiary was incorporated on 23 December 2011 (company number 7891824). The Board met once during the financial year.

All group companies have banking arrangements during the financial year with NatWest Bank. BDO are the external auditors of the group accounts. Separate accounts are submitted to Companies House for RBH (Design & Build) Limited, RBH Professional Limited and SSL.

REPORT OF THE BOARD OF MANAGEMENT continued

Description

The RBH Group has the following mix of homes in ownership and development:

	RBH Group		RBH Limited	
	2019	2018	2019	2018
Properties in development	25	35	25	35
General needs	11,898	11,976	11,898	11,976
Supported housing	968	969	968	969
Shared ownership	9	9	9	9
Non social housing	35	35	35	35
Total	12,935	13,024	12,935	13,024

All the stock is located in the borough of Rochdale. The stock is predominantly general needs and all homes are compliant with the Decent Homes Standard as defined by the Government.

Regulation

In common with other Registered Providers, RBH are regulated by the social housing regulator (The – Regulator of Social Housing - RSH). It is required to comply with the RSH's regulatory code. Capital grant is administered by Homes England.

The Regulatory Framework is based on the principle of co-regulation. RBH's unique model is well placed to ensure that there is collective responsibility between its members and Board for the quality of service delivery and meeting the standards. The model is grounded in the principles of openness and accountability which enables co-regulation to genuinely operate in the interests of tenants.

RBH undertakes a quarterly self assessment of its own compliance with the 3 economic standards and the 4 consumer standards prescribed within the regulations. RBH has been rated by the RSH as G1, V2, which the Board considers appropriate given our social purpose.

Certification of Compliance with RSH Governance and Financial Viability Standard

The RSH regulatory framework released in April 2015, had the following new requirement:

2.8 Registered providers shall assess their compliance with the Governance and Financial Viability Standard at least once a year. Registered providers' boards shall certify in their annual accounts their compliance with this Governance and Financial Viability Standard.

The Board has undertaken this assessment at its meeting on the 22nd May 2019 and is satisfied that the Society is compliant with the RSH's Governance and Financial Viability Standard.

REPORT OF THE BOARD OF MANAGEMENT continued

Employment of Disabled Colleagues

RBH is accredited as a Disability Confident Employer. We

- (a) Guarantee an interview for all disabled applicants if they meet the essential requirements on the role profile;
- (b) Discuss with disabled employees how they can develop and use their abilities – this is undertaken through our one to one processes and Great Conversations;
- (c) Make every effort to retain an employee who becomes disabled – the Society will give appropriate support to anyone who needs to be redeployed into an alternative role. The Society will also support phased return to work and will consider reasonable adjustments to existing roles to support a return to work;
- (d) Make employees aware of disability issues – equality and diversity awareness programmes are run and everyone is required to attend. We have an active Employee Support Group to help colleagues with Dyslexia and other similar conditions in the workplace.

Employee Involvement

Employees are provided with regular updates on key information that impacts on the Society through Directorate and team meetings, regular one to ones between team members and their managers and through weekly updates from the Chief Executive in the form of 'Monday Matters' and a more general 'Five for Friday' e-mail. Additionally, the introduction of Workplace, a Facebook style forum has enabled individual employees to post their own news and views.

Key changes to structures, policies and working arrangements are discussed monthly with the two recognised trade unions at the Society's Consultation Group (SCG).

Teams are consulted and involved in the development of Key Performance indicators in their areas, when benchmarking data is discussed and shared. Performance data is discussed at team meetings and published on a monthly basis on the Society's intranet, which includes corporate as well as locally agreed indicators.

We measure employee engagement bi-annually. Over the last twelve months the levels of engagement have been increasing by between 5% and 10%. 86% of employees report being clear about their role in delivering RBH's Corporate Strategy; 80% of employees are proud to work for RBH with 85% believing RBH makes a positive difference to the borough of Rochdale.

Equality and Diversity

RBH recognises that our members, tenants, employees, Representative Body members, Board members and partners come from many diverse backgrounds, bringing with them different experiences and needs. RBH is committed to ensuring all people, regardless of their background or personal characteristics feel included and have the opportunity and confidence to be heard and shape policies and operational practices.

REPORT OF THE BOARD OF MANAGEMENT continued

Under our People Strategy, we are committed to creating a workforce that is vibrant and diverse in which people from all backgrounds can work together successfully to deliver great services with empathy, understanding and pioneering solutions.

RBH VALUE FOR MONEY (VfM) STATEMENT 2018-19

VfM Overview

Ensuring we maximise the value and quality of all our services is central to everything that we do at RBH and we have a strong track record of delivering efficiencies - £6m to ensure our ongoing viability following the 4 year 1% rent cut – and further managed savings to maintain our unit costs as our size reduces through sales and proactive asset management.

Our VfM priorities for the next 3 years are to:

- to improve the quality of services whilst maintaining unit costs
- to maximise the financial, social, and environmental return on our assets

Value for Money is at the heart of our new Corporate Strategy - Together. The Improving Together theme recognises that we need to change and improve the way we work with a clear focus on value for money. Each of the other themes in Together also link closely to our definition of VfM and actions in the Together Implementation Plan will help deliver our VfM priorities. This is set out below.

Priority	VfM Factor	Link to Together
1	<p>High quality homes, goods and services</p> <p>VfM is always about finding a balance between quality and cost. RBH seeks to deliver a good quality standard when improving homes, purchasing goods, or when specifying a new service for example. This may sometimes mean that services are more expensive.</p>	<p>Growing and Improving</p> <p>The development of quality new homes and smart investment in existing homes is key to the growing theme.</p> <p>We will continue to get feedback from customers and will compare performance with other housing providers to ensure our customers are getting good value for money. We will prioritise the areas for improvement to ensure we are providing good quality core services that deliver value for money for our customers.</p>
2	<p>Financial considerations</p> <p>RBH monitors its cost position relative to its peers and sets savings targets each year in order to maintain that position as well as fund service improvements and 'Together' priorities. Currently we have to deliver management and repairs savings over the next 3 years in order to continue to meet our unit cost targets, outlined in the Financial Strategy. Any available surpluses generated through savings are re-invested in regeneration activity or service improvements</p>	<p>Improving</p> <p>Long term sustainability is central to the improving theme of Together and this can only be achieved by maintaining unit costs within benchmarked targets and ensuring the surpluses we generate are allocated towards our strategic priorities.</p>

RBH VALUE FOR MONEY (VFM) STATEMENT 2018-19 continued

3	<p><u>Local social and economic benefits</u></p> <p>As an anchor institution in our area, we have a role to play in the functioning of the economy and tackling of social issues where we operate. Many of the services that RBH delivers provide a much wider benefit to the Community and may save money for other public services. Running activities at independent living scheme accommodation for example improves the health and well-being of our elderly tenants potentially saving money for the NHS. Our Social Value Strategy 2018-21 sets out our approach to driving social value, with a focus on creating community wealth. Through growing local skills, employment and supply chains we will contribute to the overall prosperity of the borough and its people.</p>	<p><u>Thriving and Building Rochdale's economy</u></p> <p>The Thriving theme includes our new offer for older people and a commitment to provide support to sustain tenancies for all our customers.</p> <p>Our role as a local anchor organisation includes a purchasing strategy that pro-actively contracts with local businesses, community and social enterprises. We will also contribute positively to sustainable employment for local people through apprenticeship, training and volunteering opportunities. Other activities that have a 'social impact' such as community wellbeing programmes including health, digital inclusion and community cohesion activity are also part of how we will help to build Rochdale's economy.</p>
4	<p><u>Environmental issues</u></p> <p>Our aspiration is for RBH to become increasingly environmentally considerate and the key themes of our sustainability policy are to develop a culture of carbon literacy; reduce carbon emissions from our vehicle fleet; use new technologies to improve the energy performance of our homes and office locations (including the new Hub); help to reduce fuel poverty; and reduce waste</p>	<p><u>Growing and Improving</u></p> <p>The growing theme is about the quality of new homes, and smart investment in existing homes. Quality in this context includes energy saving.</p> <p>Savings as part of improving includes energy efficiency measures for ourselves and our customers.</p>

2018/19 is the second year of the RSH's Value for Money Standard which RBH fully complies with. The Standard includes a Technical Note that sets out 7 VfM metrics that are intended to allow comparison of VfM performance across the sector. These metrics are included in our Financial Strategy targets as they closely align to the golden rules we use to manage our long-term financial planning to help us achieve financial sustainability.

The Board has a clear understanding of our cost base and how that compares to other peer organisations in the context of the environment in which we operate, and uses benchmarking information on costs and the other VfM metrics to set targets on an annual basis to feed into our business planning process. As well as reporting on these VfM metrics, the RSH also expects Registered Providers to measure performance in achieving VfM in delivering their strategic objectives – RBH has therefore developed a bespoke suite of VfM metrics to show how we are using our resources and assets to optimum effect in the delivery of Together.

The section below sets out our full suite of core VfM metrics, showing how they link back to Together. VfM Performance is shown for 2018/19 (against targets for the year where applicable); the previous two years; and the 2019/20 target is also included. The 2017/18 actual figures shown in the 2018 accounts have been adjusted in the following tables to reflect changes upon completion of the 2018 Financial Viability Assessment (FVA). RBH benchmarks its performance in relation to the 7 standard metrics using a peer group based on LSVTs in the North West with between 3,000 and 18,000 units and with an in-house repairs team. The peer group median figures in 2017/18 (the latest information available) is also shown.

RBH VALUE FOR MONEY (VFM) STATEMENT 2018-19 continued

VfM metrics

Together Theme: Growing						
We will deliver the right mix and quality of homes to make RBH communities strong and successful.						
VFM Metric	2016/17	2017/18		2018/19		2019/20
	Actual	Actual	Peer Group Median (Source: Global Accounts)	Target	Actual	Target/Forecast
% new supply delivered (1) – <i>The number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units managed at year end.</i>	0.28%	0.27%	1%	0.27%	0.42%	0.19%
% gearing (1) – <i>This metric assesses the level of net debt per unit</i>	38%	26%	40%	28% Max 65% to 2021, then 55%	17%	27%
% Re-investment (1) – <i>Investment in properties (existing homes as well as new supply) as a percentage of the value of total properties held,</i>	13.1%	9.3%	8.4%	10.7%	8.1%	11%
Asset performance measure (to be defined)- (2)	Not measured	Not measured	n/a	Not measured	Not measured	TBD

(1) Regulator defined VFM metric

(2) It is intended to use our Asset Performance Evaluation (APE) model to develop an appropriate measure

Our Financial Strategy seeks to drive best value for money and use of resources by investing available savings in new build development activity. The % of new supply delivered in 2018/19 and the previous two years reflects completions under the Affordable Housing Programme (AHP) 2015-2018 and at The Strand in Kirkholt, and progress against our commitment to build homes under the and the Shared Ownership AHP 2017-2021. The new Corporate Strategy includes further plans for more direct development of new homes and our % new supply delivered is forecast to be over 1% by 2022/23. The RSH recognises that operating in deprived areas as RBH does, and being a housing association that transferred less than 7 years ago, impacts negatively on our ability to increase the supply of homes, compared to traditional providers.

Our % gearing (a measure of indebtedness showing the proportion of borrowing in relation to the size of our asset base) is low compared to our peer group as a whole, and is at a level that means we have additional capacity to borrow to develop as it is well within the level our funders are comfortable with (65%). We are however restricted in doing this by the interest cover covenant so our gearing ratio is projected to be consistent with the current level in the early years of our business plan.

We are continuing to improve the quality of homes through the Improvement Programme and 100% of homes met the Decent Homes Standard at 31st March 2019. During 2018/19, we invested £9m to

RBH VALUE FOR MONEY (VFM) STATEMENT 2018-19 continued

upgrade our tenants' homes and this together with investment in new supply represented 8.1% of the value of total properties held. This is projected to increase over the next few years as our new build and town centre regeneration plans progress.

In order to understand the performance of the assets and to plan to optimise returns by considering the long-term sustainability of neighbourhoods and making investment decisions, we calculate financial (NPV) and sustainability indicators to build up a comprehensive profile of performance of each neighbourhood. We calculate a baseline combined NPV/sustainability average value across all homes including Independent Living Schemes, and group properties into quartiles. Decisions are then taken on the future of lower quartile properties based on further analysis of all the indicators.

To ensure we are effectively investing our resources, any home that is above the average value and demonstrates a good return, we invest. If the property that becomes empty has a low NPV (and remains lower with the planned investment) but has a higher Open Market Value (OMV), we undertake an options appraisal considering a variety of factors including consideration of the option of selling the property. We also investigate properties with a lower value to establish if there are any underlying reasons and decide on the most cost effective course of action accordingly.

2018/19 Property Performance					
Property Type	No. of properties	Total NPV £	Av. NPV per property £	Total NPV (before investment) £	Av. NPV per property (before investment) £
Bungalows	1,484	32,290,058	23,528	80,432,923	54,830
Flats	4,179	57,761,018	15,329	192,548,638	47,345
High Rise	712	(4,111,798)	(5,927)	19,900,377	27,875
Houses	5,509	171,589,834	32,075	340,458,339	62,501
Independent Living schemes	960	10,394,479	11,787	49,669,692	51,625
Total	12,844	267,923,591	21,878	630,009,969	54,306

Board have previously agreed that the flats at Lower Falinge and College Bank are the priority neighbourhoods and the Rochdale Town Centre regeneration project became a key part of our Corporate Strategy as a result. During 2018/19 work continued around the demolition of existing homes in these neighbourhoods and opportunities for new home development. There has been intensive engagement and consultation with the community, including the development of a Resident's Deal which we are working towards.

Together Theme: Thriving					
We will make the borough a great place to live and age. We will support people through life changes by offering new and tailored services.					
VFM Metric	2016/17	2017/18	2018/19		2019/20
	Actual	Actual	Target	Actual	Target/ Forecast
Wellbeing rating of customers accessing RBH support services (Wemwbs score)	Not measured	26.4	27	26	28
Tenancy sustainment (based on reducing tenancy failure rate in first 6 months).	8.84%	8.15%	5%	4.86%	4.5%

RBH VALUE FOR MONEY (VFM) STATEMENT 2018-19 continued

We are measuring **wellbeing** of Independent Living Scheme (ILS) customers using the Wemwbs wellbeing score. This is a scoring system developed by Edinburgh and Warwick Universities and is used nationally across sectors. In 2018/19 the average score across all schemes was 26 which is 'Average' on a scale of Excellent, Good, Average, Below Average and Poor. The target board have agreed for 2019/20 is 28 which would take us into good.

The definition for our measure of **Tenancy sustainment** is terminations where the tenancy lasted less than 6mths as a % of all terminations. The actual for 2018/19 is 4.86%, within the target of 5%. The target board have agreed for 2019/20 is 4.5%. The Neighbourhoods Team continue to carry out welcome visits, so that timely help and support can be given.

Together Theme: Improving							
We will change and improve the way we work with a clear focus on value for money to deliver services that our customers value whilst ensuring that RBH is a strong financially successful Society resilient to future challenges.							
VFM Metric		2016/17	2017/18		2018/19		2019/20
		Actual	Actual	Peer Group Median (Source: Global Accounts)	Target	Actual	Target/Forecast
% customer satisfaction as a landlord		84.8%	84.8 %	90.1%	No target set	82%	83%
% tenants that believe their rent and service charges offer VFM		84.9%	84.9%	88.3%	New target from 2019/20	80%	85%
Operating margin (1) – the operating margin demonstrates the profitability of operating assets before exceptional expenses are taken into account.	a) overall	33%	29%	26%	Not < 5% of whole sector median (30%)	26%	29%
	b) social lettings only	27%	27%	27%	27%	27%	27%
Headline social housing cost per unit (1)	a) per FVA	£3,902	£3,484	£3,381	£3,484	£3,336	No target set
	b) adj – (2)	£3,780	£3,249	-	£3,249	£3,133	£3,358
Management costs per unit (Financial Strategy target) – (2)	a) per FVA	£1,214	£1,216	£1,087	£1,235	£1,062	No target set
	b) adj –(2)	£1,090	£981	-	£1,000	£859	£915
Repairs costs per unit (Financial Strategy target)		£763	£945	£900	£920	£916	£883
Major repairs costs per unit (Financial Strategy target)		£1,420	£823	£790	£860	£727	£803

RBH VALUE FOR MONEY (VFM) STATEMENT 2018-19 continued

Service charges costs per unit (Financial Strategy target)	£337	£340	£213	£330	£358	£432
Other costs per unit (Financial Strategy target)	£170	£160	£203	£139	£273	£325
EBITDA MRI (1) – <i>The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that an RP generates against interest payments</i>	128%	248%	248%	>110%	389%	544%
Return on Capital Employed (1) (3) – <i>this metric compares operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources</i>	3%	3%	6%	12%	8%	11%

(1) Regulator defined VFM metric

(2) The management costs per unit figure quoted in the Financial Viability Assessment (FVA) return is £3,336. Also quoted here is the figure of £3,133 which is excluding the impact of the FRS102 pensions accounting entry made at year end which is not an operating cost. We do not budget for the impact of this adjustment. The RSH have highlighted that this is an acceptable adjustment to make for internal analysis purposes.

(3) For associations with an existing VAT Shelter, FRS102 requires them to state both a current debtor and long term creditor for the full works VAT Shelter amount (regardless of sharing agreement). As this indicator takes the current assets, this considers the VAT Shelter debtor but it does not take into account the corresponding long term creditor and therefore does not allow a reasonable comparison, although RBH's debtor VAT shelter debtor has reduced significantly in 2018/19.

(4) The 2018/19 benchmark figures for our peer group will be available later in the year. Targets are reviewed and re-set annually by Board based on the latest available benchmarking information.

Overall **customer satisfaction** with all core services at 82% remains at the lower end of the 'typical range' for the sector of between 8 and 9 tenants out of 10 being satisfied with the service provided. In 2018/19 we have moved to a STAR tracker survey so that we can react quicker to feedback and use it in the improvement of our services.

In 2018/19 our target for **operating margin** is no less than 5% of the North West (NW) sector median (30%) with RBH's margin being at 26%. Our target from April 2019 in line with our business plan is for an operating margin of 26.8%. These margins represent sound operational efficiency for an organisation like RBH and ensure we are able to continue to support a development programme despite the ongoing financial challenges posed by welfare reform and the 4 year 1% rent cut. Margins are however set to reduce over the next few years as the Central Rochdale regeneration (CRR) project progresses, due to the increased expenditure involved and reduced income as homes are demolished.

The CRR also impacts our **headline costs per unit** in the coming years. In 2017/18 overall costs per unit were £103 higher than our peer group median but have fallen in 2018/19 to £3,336.

Management costs per unit: One of the key drivers for higher than average management costs identified by the RSH is neighbourhood deprivation where providers like RBH operate in

RBH VALUE FOR MONEY (VFM) STATEMENT 2018-19 continued

neighbourhoods that are ranked in the 1% most deprived according to the Index of Multiple Deprivation. 19% of our homes are in the 1% most deprived Lower Super Output Areas (LSOAs); 34% in the 3% most deprived and 87% in the 31% most deprived LSOAs. The RSH has identified that for homes in such areas providers have costs on average £500 per unit higher than the median. This provides assurance that RBH's unit costs for management are reasonable given the context in which we operate and we continue to seek to drive value for money improvements. Our management cost per unit in 2018/19 is £1,062, a reduction of £154 on the previous year.

Repairs costs per unit are higher than the peer group median in 2017/18 (£945 compared to £900) but have reduced to £916 in 2018/19, within our target of £920. The repairs transformation programme will continue to drive down costs from 2019/20.

Major repairs cost per unit: The RSH unit cost analysis also concludes that providers that transferred less than 7 years ago have overall social housing costs per unit on average £1,500 per unit higher. Whilst RBH had higher major repairs costs up to 2017/18 reflecting the significant expenditure in the early years of our major investment programme, our unit costs have since fallen significantly now that the 5 year programme has been delivered (£823 in 2017/18 and £727 in 2018/19) but rising again in future years reflecting increased the investment required to deliver our Together Corporate Strategy.

Service charges cost per unit: RBH seeks to maximise value for money through service charges and the service charge cost per unit has increased from £340 in 2017/18 to £358 in 2018/19.

Other cost per unit: The increase to £273 per unit in part reflects to costs related to the Central Rochdale Regeneration project which commenced in 2018/19.

Value for money gains in 2018/19: Ongoing cashable savings of £6m were delivered in full from 1st April 2018, as part of our 'Facing the Future' programme, established following the rent cut. Value for money is fully embedded in our new Together Corporate Strategy which went live from April 2018 and cost saving targets are set annually in order to maintain our unit costs, whilst the number of properties reduces due to PRTB sales and demolitions. Management and repairs cost savings totalling £471k have been achieved in 2019/20 and further savings to be delivered as a result of the digital and repairs transformation programmes are built into the business plan over the next 5 years of £553k rising to £920k.

EBITDA MRI (an abbreviation of earnings before tax, interest, depreciation and amortisation including an adjustment for capitalised maintenance costs), as a percentage of interest costs is another measure of financial strength. RBH has now completed our first 5 years major works programme so is generating surpluses that cover interest costs by a comfortable margin. This will however reduce over the next few years as a result of the regeneration activity impacting on surpluses.

At 3%, RBH is slightly below the median in terms of **return on capital employed (ROCE)** in 2017/18. In 2018/19 our figure is 8%. This still means we are generating a reasonable return on the use of our capital and debt. Going forward, this metric is influenced by reducing surpluses in the early years of our business plan from April 2020, whilst the value of RBH's assets increases. As noted above, the way that RBH's VAT Shelter is accounted for does not allow for a meaningful comparison with other organisations.

RBH VALUE FOR MONEY (VFM) STATEMENT 2018-19 continued

Together Theme: Building Rochdale's Economy					
RBH, as one of the borough's most important employers and purchasers, has a key role in helping to directly build the local economy through delivering our strategy.					
VFM Metric	2016/17	2017/18	2018/19		2019/20
	Actual	Actual	Target	Actual	Target/ Forecast
% employees paid (at least) living wage foundation level (GM social value pledge)	100%	100%	No targets set	100%	100%
No. of residents supported into employment (1)	39	11		Not reported	TBD
% spend with businesses based in Rochdale (GM social value pledge) (1)	38%	49%		45%	45%
% spend with businesses based in GM (GM social value pledge) (1)	Not reported	Not reported		59%	59%
Local Multiplier 3 (LM3) (1)	£1.85	£2.02		£1.73	£1.73

(1) Targets to be set in 2020 when a full years baseline data is available

In 2018 RBH celebrated five years as a Living Wage employer. This year we introduced the real Living Wage rate for RBH apprentices and trainees as well – as valued members of our team we believe that our 41 apprentices deserve a fair wage for their hard work. We're really proud to be a Living Wage employer. We said in 2013 that paying the Living Wage would bring significant benefits not only to RBH and our employees, but also for our tenants and the communities we serve, and that is still true today. We're pleased to be able to further our commitment as a Living Wage employer, demonstrating both our commitment to our values and our responsibility to help build the local economy and create new opportunities for local people.

Working with other Greater Manchester Housing Providers, we have agreed a series of other measures to show what social impact and value we create in our communities. A key element of our Procurement Strategy is to deliver social value and one of the ways we do this is by looking to procure goods and services locally. The measures for % procurement spend in Rochdale and the Greater Manchester areas have both decreased slightly from the previous year (to 45% and 59% respectively) however, this is a result of purchasing different services and goods compared to the previous year. We continue to be committed to supporting Rochdale's economy and have introduced new tools to support local businesses to tender for opportunities with RBH, including our Social Value Guide for Suppliers which launched in 2018. We also completed a study with Manchester Business School which explored the underlying reasons for leakage out of the Rochdale economy which will lead to further action in the coming year.

The way money spent is retained in the Rochdale Borough which brings added benefits, is measured by a calculation called Local Multiplier 3 (LM3). The calculation tracks how our employees and local suppliers spend their money in Rochdale, and calculates how much money is put back into the local economy. Our LM3 score for 2017/18 was 2.02, which means that for every £1 spent with RBH, another £1.02 is generated for the Rochdale economy. Our LM3 score decreased to £1.73 in 2018/19.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

The Directors acknowledge their ultimate responsibility for ensuring that the society has in place a framework for managing exposure to strategic and operational risks. RBH's Risk Management Strategy is designed to identify, analyse and treat all risks and lead to risk management being embedded into the RBH's culture. Regular reports on all significant risks faced by the society are received by the Audit Committee. The Board also receives a Risk report for consideration as a standing item at each meeting. The strategy is reviewed by Audit Committee and Board annually to ensure it remains fit for purpose. The RBH Design and Build Board and the Safeguard Solutions Ltd Board both have their own risk registers which are reviewed every time the subsidiary's board meets.

Risk underpins the business planning process with a risk identification and analysis session being undertaken with all areas of the society. The output from these sessions is then used to challenge and update the existing risk registers. These are then reviewed and updated throughout the year by the Risk and Compliance Group which meets on a quarterly basis. The Risk and Compliance Group is attended by Executive Management Team members, Heads of Service, Strategic Leads and Corporate risk owners, though all areas of the business are encouraged to review and challenge the registers and RSH Standards compliance trackers.

2018/19 was the first year of a 3 year contract with our internal auditors RSM (formerly Baker Tilly) with the option of then extending for further 2 years if required. This follows on from a previous 3 year contract with RSM meaning that should we extend we will have been with RSM for a total of 8 years. Use of their online reporting tools, 4 Action and 4 Risk, is now fully embedded.

Internal Control

It is also the Directors' responsibility to establish and maintain systems of internal control that are appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the society or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposal;
- preventing and/or detecting fraudulent activity;
- ensuring safe working practices are in place and are being implemented;
- ensuring compliance with regulatory standards and statutory duties such as gas safety, data protection and asbestos legislation; and
- our ability to maintain core business processes in the event of unforeseen circumstances.

Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss.

Key elements include ensuring that:

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the society's assets;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL continued

- experienced and suitably qualified employees take responsibility for important business functions. An Organisational Performance Review has been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the Board and Management to monitor the key business risks and financial objectives and progress towards financial plans set for the year and the medium term;
- regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through relevant committees comprising Board members and others;
- the Directors review reports from management, from internal auditors, from the external auditors and from their own Audit Committee to provide reasonable assurance that the control procedures are in place and are being followed. The Internal Auditors make regular reports to the Board via the Audit Committee; and
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

A series of framework systems enable RBH to provide a higher level of internal control and assurance on areas of core business. These are:

- Assets and Liabilities Register – this is an integral part of the assurance required to demonstrate compliance with the RSH Governance and Viability Standard
- Contracts Register – a subset of the Asset and Liabilities Register, this register contains all of RBH's current contracts and expired contracts over a 12 month period to provide an indication on the type and level of spend within the organisation. The register enables management to ensure value for money is being achieved and to conduct contract performance evaluations within three months of contract expiration.
- Law Legislation and Regulation (LLR) Register – is used to provide assurance that RBH remains compliant with all relevant law, legislation and regulation. Following peer review work conducted with a regional Governance group, the list of LLR relevant to RBH has refined. This Register will continue to be used to ensure policy leads fully incorporate legislative requirements into RBH policy.

An internal control statement is now submitted quarterly to the Executive Management Team to provide assurance that the Society's internal controls are operating effectively. Each assurance area reports against the three lines of defence. Going forwards, this report as well as existing reporting to Audit Committee and Board will be aligned to ensure streamlined reporting of assurance.

RBH's comprehensive set of policies and procedures also includes data protection, whistle-blowing, health and safety, complaints handling and Register of Interests for Board members and employees. All policies and procedures are monitored to ensure they are relevant and up to date. A key role of our Internal Auditors RSM is to then test and highlight weaknesses in these.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL continued

Any weakness that is highlighted is reported back to the Senior Management Team and the Audit Committee, and addressed accordingly. For example, following a recent review a new Fraud Risk Register has been introduced to reflect best practice in this area. RSM's annual report for 2018-19 concluded that, based on the work completed, 'the organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective'. This opinion remains unchanged from 2017/18 and is the second most positive rating available from RSM.

During the year RSM also carried out 2 follow up audits to verify that recommendations had been completed. As a result of the first follow up audit we achieved a 100% implementation rate with 25 out of 25 being verified. As a result of the second follow up RSM were able to verify that 94% (47 out of 50) had either been implemented or superseded. The remaining 3 were partially implemented but further evidence was required.

Internal Audit

During 2018-19 our internal audit facility was provided by RSM.

During 2018/19 6 recommendations rated a high were identified, 37 medium management actions and 17 low management actions.

The Internal Audit function is outsourced for a number of reasons, most notably

- We can focus our attention on core business activities
- It is easier and more cost effective to buy in the services of an expert than it is to recruit and employ an expert.
- Specialist consultancy firms can give a range of skills that you won't find in one person. For example, you may not only need an accountant but also an information technology or human resources expert.
- By outsourcing the Audit Committee and Board can ensure independence and objectivity.
- The relationship can be easily monitored via a service level agreement.

External Audit

BDO LLP provides audit services to the RBH Group in accordance with international standards in auditing (UK and Ireland). Following a tender exercise in 2017 BDO were awarded an initial three year contract beginning in 2017-18 which was approved by the Representative body on 27 September 2017.

STATEMENT OF THE BOARD'S RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Board members' responsibilities

The board members are responsible for preparing the report of the board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2014 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 group and association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and association's transactions and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply 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 2015. They are 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 social housing providers 2014.

Financial statements are published on the group and association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group and association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

**Rochdale Boroughwide Housing
Report and Financial Statements
For the year ended 31 March 2019**


The report of the Board of Management was approved on 14th September 2019 and signed on its behalf by:



Beth Jones
Secretary
14th September 2019



Alison Tumilty
Chair of the Board
14th September 2019



Gareth Swarbrick
Chief Executive
14th September 2019

STRATEGIC REPORT

Corporate objectives and strategy

RBH is owned and run by its members. Our Corporate Strategy is developed by tenant and employee members. 2018-19 was the first year our new three year Corporate Strategy 'Together'.

We continue to build our values into our day to day work:

Responsibility – We take responsibility for, and answer for, our actions

Equity – We carry on our business in a way that is fair and unbiased

Democracy – We give our members a say in the way we run our business

Pioneering – We will seek to be a leader in the way we meet challenges and seek solutions

Openness & Honesty – We will share information, do what we say we will do and when we make a mistake we will own up to it

Caring – We will listen and respond to the needs of our members, tenants and employees

Championing – We will encourage members to take responsibility for our communities and work together to improve them.

Our vision is

People succeeding together to offer great services and places to live and work.

Within our new corporate strategy 'Together' we have the following priorities:

Growing Together; Thriving Together; Improving Together

Priority 1 – Growing Together

We will deliver the right mix and quality of homes to make RBH communities strong and successful.

We know that the borough needs new good quality, genuinely affordable homes of the right type, of the right tenure and in the right places to meet changing needs and aspirations and to widen the housing choices open to residents. We also know that we need to keep raising the quality of homes and of their surrounding environment.

We will grow together through:

- Direct development of new homes;
- Facilitating new homes;
- Town centre regeneration;
- Diversifying tenure; and
- Smart investment in our homes.

We will also impact on supporting sustainable employment.

STRATEGIC REPORT continued

Priority 2 – Thriving together

We will make the borough a great place to live and age. We will support people through life changes by offering new and tailored services.

We want to make sure that tenants at all stages of life have the opportunity to thrive in homes of their choice and to success in meeting their hopes and aspirations. Sometimes our tenants will need a helping hand to do this and we will develop or facilitate the services to make this happen and to support Rochdale as a great place to grow up, grow a career and grow older.

For older people, Thriving Together means:

- A new offer;
- An independent living service offer;
- Additional extra care provision;
- Housing options; and
- Age friendly.

For all of our customers Thriving Together means:

- Support to sustain tenancies.
- New products and services.

Priority 3 – Improving Together

We will change and improve the way we work with a clear focus on value for money to deliver services that our customers value whilst ensuring that RBH is strong financially successful Society resilient to future challenges.

We know that to grow and to help RBH communities thrive we must first and foremost cover our bases – making sure that our services around repairs, rents and lettings rehousing are right, performance driven and continuously improving. Through this, we provide assurance to our members on our delivery as a good landlord and on the financial strength of our core business.

We will improve together through:

- Bringing mutuality to life;
- Achieving quality services;
- Developing our people strategy;
- Accelerating business transformation around technology; and
- Ensuring financial sustainability and excellent value for money.

These three priorities are underpinned by **Building Rochdale's economy**

RBH, as one of the borough's most important employers and purchasers has a key role in helping to directly build the local economy through delivering our Strategy. In meeting our three objectives we

STRATEGIC REPORT continued

have an underlying purchasing strategy which pro-actively contracts with local businesses and social and community enterprises, making it easier for them to bid for contracts and work. We already procure around 50% of goods and services locally.

Linked to the above, collectively the delivery of our three priorities will directly create vital local employment opportunities for the borough.

A full update on progress against the 'Together' strategy can be obtained from the Secretary.

Governance Arrangements

Since becoming mutual on 26th June 2013 two bodies have been responsible for governance and strategic direction of the society. The first is the Representative Body, comprised of 15 elected tenant members, 8 elected employee members, and up to a further 8 nominated Representatives, including 4 from our key partner Rochdale Council.

The second is the Board of Directors, which is made up of 6 Non-executive Directors and two Executive Directors (Chief Executive and the Director of Resources).

Since mutualisation neither members of the Representative Body nor the Non Executive members of Board are remunerated; they have been compensated for reasonable expenses incurred. However on 30th March 2017 the Representative Body approved a decision to remunerate the Board Chair position commencing on the date of the 2017 Annual Members Meeting. No other Board or Representative Body positions are offered remuneration.

Whilst the Board is legally responsible for the overall control of the affairs of the society, including the monitoring of performance of all its functions and determination of resources to meet its financial and other obligations, the Representative Body is responsible for representing members and the wider interests of the community by offering a strategic framework for the Board to operate within and by holding the Non-executive Directors accountable.

The Representatives and Board members of the society are set out on pages 3 to 6. This includes details of members' professional skills and experience, any additional responsibilities within their respective body and attendance.

The Board

The Board of RBH is committed to the delivery of high quality housing services to its customers, and RBH's aims and objectives embrace the key principles of good governance, i.e. openness, honesty, and responsibility. On 3rd June 2015 the Board adopted the National Housing Federation 2015 Code of Governance.

Both the Board and employee structures have been developed to ensure that there is an informed and effective decision making process within the Society. The membership of the Board is listed at the start of these financial statements.

STRATEGIC REPORT continued

The key Board responsibilities include:

- having overall control of the affairs of the Society;
- monitoring the performance of all the Society's functions;
- determination of resources to meet the Society's financial and other obligations; and
- living the values of the society.

The Board met 8 times in 2018-19 and held two joint sessions with the Representative Body.

Sitting on the Board are:

	Meetings attended
Philip Brown	5/8
Asrar Ul-Haq	8/8
Luen Thompson	7/8
Gareth Swarbrick (Chief Executive)	5/8
Nickie Hallard (Deputy Chief Executive)	8/8
Alison Tumilty (Board Chair)	8/8
Guy Millichamp (Audit Committee Chair)	4/8
Paul Joyce (HR & Governance Committee Chair)	7/8

Profiles of the current Board Members can be found on pages 3 and 4.

In 2018-19 it made the following critical decisions:

- Approved RBH's Growth Strategy, which will guide the development of new homes across the Borough;
- Approved the business case for a new building for RBH, with the aim of bringing as many services as possible together;
- Approved the new Risk Management Strategy, after detailed discussions on the risk appetite of RBH moving forward;
- Considered the delivery of our ambitious regeneration plans for College Bank and Lower Falinge and the next steps to progress this. A key decision was to issue an Initial Demolition Notice to all those tenancies affected by proposed demolition at the four blocks at College Bank (following on from the successful rehousing of residents in the first phase at Lower Falinge). The decision included support for extensive consultation prior to the official notices being issued. This is a major milestone in progressing our town centre regeneration plans.

Three committees assist the Board; the Audit Committee, the Growth Committee and the HR & Governance Committee. Terms of reference for the committees were reviewed as part of the full three year review of the Mutual Governance Excellence Framework in March 2019.

Audit Committee

This committee provides the facility for Board members to meet the society's external auditors to discuss their report on the annual accounts and also to review the scope and results of the internal

STRATEGIC REPORT continued

audit work programme. The committee also monitors and advises the Board on compliance with the society's Risk Management Strategy Action Plan and approves the write off of bad debts.

The committee must have a minimum of 3 Non-executive Directors members. Executive Directors cannot serve on the committee nor can the Chair of the Board.

The Audit Committee met 4 times in 2018-19.

Sitting on the Audit Committee are:

	Meetings Attended
• James Bell (Independent Member) Resigned October 2018	1/2
• Luen Thompson	4/4
• Guy Millichamp (Chair)	4/4
• Paul Joyce	4/4

Profiles of the current Committee members can be found on pages 3 to 5. Sharon Brown was appointed as an independent member of the Committee in April 2019.

The Audit Committee's responsibilities include:

- To agree and monitor a programme of internal audits for the society to ensure that internal controls management is aligned to key business processes and drives both service improvement and increased efficiency; and
- To lead for the Board on all risk management issues including the regular review of the Risk Management Framework.

In 2018-19 it made the following critical decisions:

- Received and reviewed a large scale report into fraud reporting within RBH. The actions and lessons learnt from the report continue to be considered by the Committee;
- Contributed to the development of RBH's new VFM strategy and
- By conducting a series of risk challenges on key corporate risks from the risk register satisfied itself there was sufficient controls and assurance in place across the Society.

Growth Committee

The Growth Committee was established in May 2018 to provide guidance and oversight of RBH's ambitious development programme. The Committee met twice during 2018-19.

Sitting on the Committee are:

	Meetings Attended
• Alison Tumilty	2/2
• Guy Millichamp	2/2
• Brendan Nevin (Independent Member)	1/1

STRATEGIC REPORT continued

The Growth Committee's responsibilities include:

- Considering the strategic fit of new development opportunities;
- Providing assurance on the financial viability of the overall development programme and regeneration proposals within the parameters of the RBH Business Plan;
- Ensuring a clear scheme of delegation is in place to enable the Executive Management Team and Director of Growth to appraise and approve individual schemes and activity within the development and regeneration programme;
- Approving the overall development programme and significant schemes in line with the scheme of delegation.

Profiles of the current committee members can be found on pages 3 to 5.

In 2018-19, it made the following critical decisions:

- Considered and recommended to Board the preferred option for developer partner procurement;
- Starting to consider a development pipeline to ensure RBH has sufficient sites available to deliver its development aspirations.

HR and Governance (Remuneration) Committee

The HR and Governance Committee considers strategic employee matters and makes recommendations to the Board in respect of remuneration, variations to the authorised establishment and significant amendments to conditions of service. The committee also leads on governance to drive forward continuous improvement and maintain the highest standards of governance. The Committee maintains and reviews the Excellence Framework which is the suite of documents that supports our governance structure.

The committee must have a minimum of 3 members of which a minimum of 2 must be Non-executive Directors. Executive Directors cannot serve on the committee neither can the Chair of the Board.

The HR and Governance Committee met 4 times in 2018-19.

Sitting on the HR and Governance Committee are:

	Meetings Attended
• Paul Joyce (Chair)	3/4
• Philip Brown	3/4
• Asrar Ul-Haq	3/4
• Cliff Mills (Independent Member)	4/4
• Michele Carr (Independent Member)	3/4

STRATEGIC REPORT continued

The HR and Governance Committee's responsibilities include:

- To consider employment issues within the parameters of the scheme of delegation relating to the Society;
- To lead for the Board on ensuring that the society maintains the highest standards of governance and learns from best practice from all sectors; and
- To ensure that processes are in place to ensure adherence to regulatory requirements and to receive reports on all cases of non-compliance.

Profiles of the current committee members can be found on pages 3 to 5.

In 2018-19 it made the following critical decisions:

- Recommended the revised Board expenses and Board Chair Remuneration Policy to the Representative Body for approval;
- Approved a number of team restructures, prior to formal consultation with the employees;
- Received details on the lessons learnt and next steps following the issues within the repairs team; and
- Made recommendations for Board approval to a range governing documents.

Governance of Committees

To ensure the Board maintain sufficient oversight of committee business, a minimum of 3 Non-Executive Directors are required to sit on the HR and Governance and Audit Committees respectively. Minutes from committee meeting minutes are circulated with Board papers. Board meetings require the verbal reporting in of key issues from committees, subsidiary boards and Representative Body meetings. This is an opportunity for the key business of those other meetings to be briefly summarised at Board.

Representative Body

The Representative Body forms part of RBH's governance structure along with the Board and is the elected body which represents members and the wider community in RBH's decision making process. The composition of the Representative Body is listed on pages 5 to 6.

The Representative Body met 7 times in 2018-19 and held two joint sessions with the Board. The Representatives responsibilities include:

- Appointing and removing the Chair of the Board of Directors and the other Non-executive Directors;
- Approving the Society's corporate strategy and policy framework;
- Monitoring the performance of the Society and the Board of Directors against the corporate strategy; and
- Establishing, maintaining and monitoring progress of the Membership Strategy.

STRATEGIC REPORT continued

In 2018-19 it made the following critical decisions:

- Re-appointed Asrar Ul-Haq for a second term of office as a Non-executive Director;
- Commenced a review of the composition of the Representative Body;
- Undertook a comprehensive review of the Representative Body documents within the Mutual Governance Excellence Framework;
- Approved the Communications Strategy; and
- Contributed to the development of the Value for Money strategy.

The Representative Body is accountable to the members of the society through the elections process. The fifth annual elections for the Representative Body were held from 6 August to 5 September 2018. Members from the tenant and employee constituencies voted with 17% and 53% turn out respectively and electing 6 Tenant and 6 Employee Representatives in total. A breakdown is shown below:

Total	Breakdown
6 Tenant Representatives	5 for full 3 year terms <ul style="list-style-type: none"> • 2 x continuous service • 1 x first time Representatives • 2 x returning Representatives 1 for 2 year term <ul style="list-style-type: none"> • 1 x first time Representative

Total	Breakdown
6 Employee Representative	3 for 3 year terms <ul style="list-style-type: none"> • 1 x continuous service • 1 x first time Representative • 1 x returning Representative 1 for 2 year term <ul style="list-style-type: none"> • 1 x continuous service 2 for 1 year terms <ul style="list-style-type: none"> • 2 x first time Representatives

During the 2018-19 period, the Representative Body had a number of working groups and task and finish groups. All groups reported back to the Representative Body.

Communications Working Group

The working group met 7 times in 2018-19. Following a review of its Terms of Reference, the Communications Working Group's membership is open to all Representatives but as a minimum must have 1 Employee and 3 Tenant Representatives. Unless directly delegated responsibility by the Representative Body, the working group does not take decisions usually reserved for the Representative Body. Instead it progresses work between Representative Body meetings which is subsequently reported back to and decided on by the Representative Body.

STRATEGIC REPORT continued

The Communication Working Group's responsibilities include:

- To deliberate on matters relating to Representative Body external communications and engagement with stakeholders and to make recommendations to the Representative Body on such matters;
- To assist with the effective implementation of the Membership Strategy; and
- To shape the delivery of the Annual Members Meeting and the RB's Annual Report to Members.

In 2018-19 it worked on the following important issues:

- Shaping the programme for the Annual Members' Meeting 2018;
- Identifying the content for the Representative Body's annual reports to members; and
- Helped to develop a new communications strategy for the society.

Composition Task and Finish Group

The Rules of RBH require the Representative Body to review their composition from time to time and to recommend any changes which it considers appropriate to the Board of Directors. The task and finish group met three times during 2018-19, with the aim of making a recommendation to the Representative Body in May 2019, on the future composition of the Representative Body. If the results of this work require any amendments to the rules, these will be considered at a Special Members Meeting in late 2019/ early 2020.

Mutual Governance Excellence Framework Task and Finish Group

The documents which make up the Mutual Governance Excellence Framework were due their full three year review in early 2019. In order to undertake a review of the documents which relate to the Representative Body, a task and finish group was formed, comprising of 6 Representatives. The group met on four occasions to review the documents and made a recommendation to the Representative Body on 12 March 2019 to approve the new documents.

RBH Membership

Members are separated into 2 constituencies: tenants and employees. Members have access to information, a voice in the Society and the opportunity to play a representative role in its governance.

	<i>Start of year</i>		<i>End of year</i>	
	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>
<i>Tenant members</i>	4,996	33	5,571	38
<i>Employee members</i>	483	81	452	78

Remuneration

The Representative Body determined that Non-executive Directors, with the exception of the Chair, do not receive any pay, but are allowed to claim expenses in line with the policy which is approved and reviewed annually by the Representative Body. The Chair currently receives remuneration of £11k per annum, with the figure being reviewed at the end of each term of office of the Chair.

STRATEGIC REPORT continued

Executive Management Team

The Chief Executive, the Deputy Chief Executive (Director of Resources) and three other directors (who are not Board members) make up the society's Executive Management Team and act as executives within the authority delegated by the Board. The Executive Management Team is set out on page 6. Insurance policies are in place which indemnifies Board members and employees against liability when acting for the Society.

The Board's Non-executive Directors have responsibility for the remuneration of its executive members and appointing the Chief Executive. Terms and conditions and remuneration were reviewed by the HR and Governance Committee in 2018. Notice periods are four months for the Chief Executive and three months for directors.

The Chief Executive, the Deputy Chief Executive (Director of Resources) and Director of Growth are also members of the Greater Manchester Pension Fund, a defined benefit (final salary) pension scheme. The Director of Transformation and Director of Customer and Community are members of the Royal London Pension Scheme which is a Defined Contribution Scheme. They participate in the scheme on the same terms as other employees and the Society contributes to the scheme on behalf of its employees. Payments including pension contributions for the Executive Management Team members in the period to 31st March 2019 totalled £457k (period to 31st March 2018: £421k). Other executive terms of employment are consistent with standard RBH contracts.

Further details of the Executive Management Team members' remuneration packages are included in note 11 to the audited financial statements.

Code of Governance

RBH has adopted the National Housing Federation's 2015 Code of Governance. This code was chosen as being the most relevant as it is tailored to the housing sector. During 2018-19 RBH complied with the provisions of the Code with the following exceptions:

Provision	Explanation of non-compliance
B1 The core purpose of the board is to determine vision and strategy, direct, control, and scrutinise a society's affairs. Where the society has staff, operational management of the society must be delegated to them, and the board must hold them to account.	As a mutual the Representative Body is responsible for approving the Corporate Strategy once it has received the Board's approval. Reports are prepared for Board by the executive. During meetings, recommendations are scrutinised by Board members and where necessary challenged or rejected.
D Recruitment to board vacancies must be open and transparent and based on the board's considered view of the skills and attributes required to discharge its functions. The board must select or appoint new members objectively on merit and must undertake regular appraisals of its members and of the board as a whole.	The Representative Body is responsible for appointing Non Executive Directors (NEDs), which is done in an open and transparent manner based on a skills assessment. NEDs are then responsible for appointing the Chief Executive, who in turn is responsible for appointing additional executive directors. Overall Board effectiveness has recently been externally facilitated.

STRATEGIC REPORT continued

In December 2018 an internal audit of compliance with the Code of Governance was undertaken as part of the internal audit programme. It was found that RBH can take substantial assurance from the findings of the audit.

Employees

At the end of 2018-19 RBH employed 618 colleagues of which 318 were male and 300 were female.

During 2018-19 significant achievements that have had an impact on employees have included:

- a) Collectively developed a new People Strategy to underpin the delivery of the new Corporate Strategy. The Employee Engagement Working Group has evolved into a Project Board to oversee delivery of the Strategy;
- b) Recruited and trained Employee Ambassadors to deliver the RBH Xperience. This was a two hour interactive session delivered in the Autumn to all RBH employees, dedicated to discussing the formulation and content of the Corporate Strategy, its impact on the borough and each employee's role in delivery.
- c) Celebrated our five year anniversary with a 'day of action' when over 500 RBH employees joined tenants volunteers and partners to deliver over 90 volunteering activities across the borough. Collectively this equated to over 3,000 hours of volunteering in activities including gardening and horticultural projects at Independent Living Schemes, local parks and other community spaces; giving advice and guidance to customers to prepare for universal credit; supporting customers to be more ICT enabled; piloting pet therapy and mindfulness walks and other health and hygiene projects.
- d) Hosting a joint employee and tenant Mutuality Matters Conference to develop a greater understanding of the difference mutuality makes to the business;
- e) Introduced a new approach to celebrating individual tenants, employees and teams through the VIP (Values in Practice) Awards scheme;
- f) Introduced a new HR and Payroll System, giving employees access to greater information through self service;
- g) Became a full Living Wage Employer, by extending the Living Wage to all Apprentices and Trainees;
- h) Supported 19 colleagues on further education programmes funded by the Apprentice Levy
- i) Recruited all Apprentices who successfully completed their Trade Apprentices permanent positions with RBH;
- j) Streamlined and updated a number of key employment policies
- k) Continued to support Mental Health First Aiders across the Society to positively impact on wellbeing in the workplace

As a supporter of the Greater Manchester Armed Forces Covenant, we guarantee an interview to any candidate who has recently left the armed forces, is the family member of serving or recently retired member of the Armed Services and who meets the essential requirements of the role profile.

Our Corporate Strategy recognises the importance of RBH as a large employer in Rochdale. In order to support our communities we commit to looking at ways to build the capacity of local people to apply for and be successful in roles within RBH. Where practicable we offer an interview to applicant's who are resident in the borough and meet the role competencies. Further we are

STRATEGIC REPORT continued

developing a Work and Skills Strategy outlining how we will use our role as a leading community anchor to contribute positively to sustainable employment apprenticeships, training and volunteering opportunities through ourselves and our supply chain.

Significant developments and achievements in 2018-2019

- 2018-19 is the first year of our new Corporate Strategy, Together with progress made on a range of deliverables and milestones across our fundamental priorities – Growing Together, Thriving Together, and Improving Together, underpinned by the Building Rochdale's Economy theme.
- Full Universal Credit commenced in Rochdale in May 2018. We worked closely with peer organisations who had already moved over to the new system prior to this and our Rents and Payments team have worked hard to implement new systems and ways of working to mitigate the impact and support our tenants through this and other changes in the welfare system. Rent collection performance has remained strong throughout the year
- During the year, we invested £9m to upgrade our tenants' homes. This included providing new kitchens, bathrooms, windows and doors as well as new central heating systems.
- RBH delivered 35 new homes in 2018-19 as part of our commitment through Homes England's Affordable Homes Programme (19 homes at Lower Falinge) and work was also completed on building 16 two bed flats, 8 retail units and the community hub at The Strand in Kirkholt.
- Work has continued on plans to regenerate Rochdale Town Centre based on the Strategic Masterplan, specifically around the demolition and retention of existing homes at Lower Falinge and College Bank, and opportunities for new home development, alongside improved connections in to the town centre and to other surrounding areas. There has been intensive engagement and consultation with the community, including the development a Resident's Deal.

Future developments as at 31st March 2019

- Our leading role in the regeneration of Rochdale Town centre will continue through developing a land assembly strategy and programme of work with RBC; Scoping the legal and procurement timetable and next steps for procurement of a developer partner; and continuing discussions with MHCLG, Homes England, GMCA and RBC on funding routes and opportunities. As well as physical improvements, the people related initiatives particular around employment opportunities will be developed further.
- We will continue to develop the Getting Together Project, our plans for one primary town centre location which will act as the main RBH hub for all colleagues and a separate operational facility to be used for materials and storage.
- The RBH Board has ambitious development plans for Rochdale which is reflected in the Growth priority of the Together corporate strategy. These include firm schemes with grant funding allocated as part of the Shared Ownership and Affordable Homes Programme 2016 – 2021, including scheme at Abbey Road and Smallbridge as well as our aspirations for Rochdale Town Centre regeneration and longer term development goals.
- As part of the 'Thriving Together' theme of the new corporate strategy, we will continue to explore RBH's offer Older People with a focus on looking at how we develop age friendly

STRATEGIC REPORT continued

neighbourhoods; how we ensure we have a good quality responder service; delivering a new extra care offer; carrying out a review of the independent living service; exploring assistive options; looking at the future plans for the independent living schemes; and developing a quality offer at Hare Hill.

- Our repairs performance remains solid and compares well with our peers but the Repairs Transformation Programme is aiming to further improve performance and satisfaction with this critical service.
- Our Digital Transformation Strategy was approved in April 2019 which sets out our ambitions for applying technology across the society enabling employees to work and deliver services more efficiently and effectively. Key elements of the strategy are channel shift and digital inclusion; modern and smart working; collaboration; improved core systems; and smart homes and assistive technology.
- RBH is an early adopter of the National Housing Federation's Together with Tenants initiative and we are also a supporter of the See the Person campaign to tackle social housing stereotyping. Our response to Together with Tenants will be developed in 2019.

Operating Performance in the period

Performance is reported to Board and Representative Body throughout the year. In 2018/19 we aligned our performance reporting to the new Together Corporate Strategy. At year end we had three indicators showing red where targets were not met. Employee absence through sickness in 2018/19 was an average of 9.73 days per employee against a target of less than 8.5 days. Performance in the last quarter of the year showed a level of sickness which if sustained should see us hit the 8.5 days target next year. Two of our employee engagement indicators were also showing red – % of questions relating to employees being positively engaged averaging 5 or above (0% against a target of 20%) and % of questions relating to employees rating their manager as having a positive influence on performance (9.1% against a target of 20%). Both indicators though saw an improvement (in terms of average rating for relevant questions) over the year.

In other areas we met or exceeded target. In response to the roll out of Universal Credit in Rochdale this year, we lowered our target for rent collection to 97% but actually achieved a figure of 99.3%. We have also seen tenancy turnover continue to fall with controllable turnover (excluding terminations due to death) for the year of 6.85% compared to a target of 7.25%.

Financial Review of the year

Financial Results for the year ended 31st March 2019

The RBH Group financial result for the year ended 31st March 2019 was an operating surplus of £14.5M. This figure reflects the impact of accounting for retirement benefits in accordance with Financial Reporting Standard (FRS) 102.

STRATEGIC REPORT continued

The operating surplus would be £17.2M were these items not applied.

	Group		RBH Limited	
	2019	2018	2019	2018
	£000	£000	£000	£000
Operating Surplus pre FRS 102 pensions adjustment	17,151	19,341	17,235	19,417
Less:				
FRS 102 pension charges	(2,622)	(3,041)	(2,622)	(3,041)
Adjusted Operating Surplus	14,529	16,300	14,613	16,376

This RBH surplus of £17.2M (before FRS 102 pension adjustments) is an improvement of £1.0M against the original budget and in line with the Quarter 3 Forecast (Q3F). The most significant movements to the Q3F relate to a favourable variance of £0.3M in the bad debt provision and an adverse variance in Depreciation of £0.4M. This latter variance is partly due to accelerated depreciation being applied for the Lower Falinge blocks that have been earmarked for demolition. The full statement of financial position is shown on page 48. The key highlight is the significant investment in our existing properties, together with new build development and increased cash balances which will support the delivery of our Corporate Strategy intentions.

Pension costs

RBH has Admitted Body status in the Local Government Pension Scheme (LGPS), a defined benefit final salary pension scheme. The LGPS is a multi-employer scheme with more than one participating employer. The scheme is administered by Greater Manchester Pension Fund (GMPF). RBH contributed to the scheme on behalf of its members. The Admission Agreement allows RBH to nominate new employees to join the GMPF. In order to cover the liability in relation to these new employees, a bond is in place funded through RBH's loan facility.

From the 1 January 2017 new employees were not admitted to the GMPF. New employees were admitted to the Royal London pension scheme which is a Defined Contribution Scheme. This is a qualifying pension scheme, which means it meets or exceeds the government's standards. The scheme complies with the relevant provisions of the Pension Schemes Act 1993, the Pensions Act 1995, the Pensions Act 2004 and the Pensions Act 2008. In addition RBH has 4 employees who are not on RBH's terms and conditions and therefore we also operate the NEST scheme for these employees.

Capital structure and treasury policy

The control of Treasury Management at RBH has three constituent parts: policy, strategy and procedures. These three strands are brought together to form a Treasury Management Manual, which details the controls employed and the procedures to be followed.

Responsibility for the implementation and monitoring of the Treasury Management Manual rests with the Director of Resources with overview by the Audit Committee.

STRATEGIC REPORT continued

The Treasury Strategy is reviewed annually in line with the Business Plan with an additional review halfway through the year.

In 2016-17 RBH renegotiated its loan facility. The new loan facility was a 10 year £85m syndicated loan facility provided by RBS and Santander. At the end of 2018/19 £20m of this facility was paid back due to a surplus of cash and to reduce future interest payments. The loan facility as at the 31st March 2019 is £65m with £40m having been drawn down. This is detailed in note 21. These loans are all on a fixed rate. In addition to this, RBH has an extra £2.7m debt relating to former Brighter Horizons homes.

Financial risk management objectives and policies

Credit Risk

Income generated through rent and other charges is vital to the ability to deliver the priorities within our new corporate strategy 'Together'. RBH is committed to arrears prevention by working with members to promote a rent payment culture. The Rent and Payments Team works closely with the RBH teams and other agencies to help customers to sustain their tenancies.

Counterparty Risk

Surpluses are invested in approved UK institutions which fall within the scope of the Treasury Policy. Cash Balances at the year end were invested with NatWest Bank, the Public Sector Deposit Fund and the Affirmative Deposit Fund.

Interest Rate Risk

The Treasury Policy permits the use of interest rate derivatives to manage interest exposures other than on a stand alone basis. There are currently no derivatives in place, however at the year end all of the £40m was at a fixed rate under the loan facility.

Liquidity Risk

RBH has a cash balance of £18,118k (2018: £5,672k) at the year end. The cash balance has increased during the year in readiness for the significant investment planned as part of the Rochdale town centre regeneration. Cash balances for the Group at year end are £18,609k (2018: £6,242k).

The £65m facility is fully secured and provides sufficient funds for the next 18 months from the date of signing these financial statements. This provides an undrawn facility of £25m alongside an overdraft facility of £500k.

Currency Risk

RBH borrows only in sterling and so does not have any currency risk.

Business Plan

RBH produce an annual 30 year plan which requires the approval of the Board and is sent to our funders RBS and Santander for information. The 2019-20 Business Plan also forms our Financial Forecast Return to the RSH.

STRATEGIC REPORT continued

The 2019-20 Business Plan continues to reflect the significant investment in the Rochdale Town Centre regeneration.

Going concern

After due consideration, the Board is confident that RBH has sufficient resources to continue to operate into the foreseeable future and it has therefore prepared these financial statements on a going concern basis.

Donations

The RBH (D & B) Board agreed to make a Gift Aid charitable donation to RBH, representing its surplus for the year in 2018-19 of £59k.

Principal risks and uncertainties facing the society

RBH recognises that managing risk is a critical element in achieving its aims and objectives. The Risk Management Strategy and Policy is reviewed and approved on an annual basis by both the Audit Committee and the Board. This document sets out how RBH will identify, manage and monitor risks.

The corporate risk register is reviewed on a quarterly basis by the Risk and Compliance Group which is attended by Executive Management Team members, Heads of Service, Strategic Leads and Corporate risk owners. Risk management is now an established part of business planning process with risk identification and analysis sessions being carried out on an annual basis. In addition to helping embed risk management within the society and develop a culture of risk awareness, these sessions also allow employees from all areas of the business to feed into the process.

The most significant corporate risks, those with a residual risk score of 10 or above on a 5 by 5 matrix, or 7 or above in relation to matters of compliance where we have a reduced risk appetite or 13 or above in relation to development where RBH has a more opportunistic approach and is willing to tolerate a higher level of risk, are set out in the risk register below.

STRATEGIC REPORT continued

Risk Title and score	Possible Consequences/ Description	Current Controls
Reduced rent collection (20)	Loss of rental income	<ul style="list-style-type: none"> • Annual Discretionary Housing Payment (DHP) take up campaign completed in quarter 4 of each financial year. • Direct Debit established as preferred method of payment and implemented as business as usual. Take up and DD % as Method of Payment (MOP) monitored weekly as a KPI. Direct Debits are completed with New tenants at sign up. Bi annual campaigns to increase take up of electronic MOP's with a stretching target of 50%. • Performance management framework in place monitored by Quality Board (Heads of Service - Chaired by Chief Executive) and Board (quarterly). • Monthly social landlord forum set up and lead by RBH including Department for Works and Pensions (DWP), Job Centre Plus and Housing Benefit. • Universal Credit (UC) - processes implemented during the first year of Full UC (2019/20) to mitigate against the risk of reduced income collection. Partnership work developed with the DWP in all 3 JC+ offices in the borough. Performance indicators in place, monitored by Quality Board, Board and the Poverty Prevention Steering Group • Weekly arrears monitoring completed by specialised Rent and Payment Advisers. • Weekly reports completed on Sunday to enable employees to start arrears recovery action on Mondays.
Pensions liability and ongoing commitments exceed business plan (20)	Increased pressure on budgets and impact on delivery of services	<ul style="list-style-type: none"> • Annual review of business plan. Impact of soft close and latest actuarial assumptions built into the plan and budgets. • Business Plan - stress testing. • Regular review of all pension arrangements to consider their long-term sustainability, risk exposure and mitigation options. • VAT shelter proceeds outside of business plan from year 5, though these may be used for re-investment and will only be available until 15 years post transfer

STRATEGIC REPORT continued

Risk Title and score	Possible Consequences/ Description	Current Controls
Unable to recruit and retain employees with the right skills and expertise (12)	Skills shortages within organisation leading to difficulty in delivering services.	<ul style="list-style-type: none"> • Benchmarking of salaries against other local Housing Associations • Bi-annual Climate and Engagement Survey • Development of in house skills • Horizon scanning for potential skills shortages in the market • Monitoring of leavers, including Exit Interviews • Monitoring quality of applications • Organisational Performance review, including succession planning • People Strategy • Recruitment and Selection Policy in place
National rent policy leads to Business Plan not being delivered (9)	Government policy on rents leads to a reduction in rental income which means that the Business Plan is undeliverable	<ul style="list-style-type: none"> • Business Plan agreed annually for continuing viability. • External Horizon scanning. • Financial Management procedures in place for budget setting and quarterly reforecasting. • Sensitivity analysis on business plan to identify the risk and feed into stress testing. • Stress testing of Business Plan annually and linked submission to Regulator for Social Housing.

The Board confirms that the form and content of this strategic report has been prepared in accordance with the 2014 SORP For Registered Social Housing Providers.



Beth Jones
Secretary
14th September 2019



Alison Tumilty
Chair of the Board
14th September 2019



Gareth Swarbrick
Chief Executive
14th September 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROCHDALE BOROUGHWIDE HOUSING LIMITED FOR THE YEAR ENDED 31 MARCH 2019

Opinion

We have audited the financial statements of Rochdale Boroughwide Housing Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2019 which comprise the consolidated and association statement of comprehensive income, the consolidated and association statement of financial position, the consolidated and association statement of changes in equity, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 the Association's affairs as at 31 March 2019 and of the Group's and the Association's 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 2015.

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 where:

- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROCHDALE BOROUGHWIDE HOUSING LIMITED FOR THE YEAR ENDED 31 MARCH 2019 (Continued)

Other information

The board are responsible for the other information. 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 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 Report of the Board of Management and Strategic Report 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 we are required by the Co-operative or 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 for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the 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

As explained more fully in the board members responsibilities statement set out on page 24, 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 members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board are responsible for assessing the Group and the 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 Association or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROCHDALE BOROUGHWIDE
HOUSING LIMITED FOR THE YEAR ENDED 31 MARCH 2019 (Continued)**

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 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

BDO LLP

Statutory Auditor

Manchester

Date: 19/09/2019.

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

CONSOLIDATED AND ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

		RBH Group		RBH Limited	
	Note	Year ended 31/3/2019	Year ended 31/3/2018	Year ended 31/3/2019	Year ended 31/3/2018
		£'000	£'000	£'000	£'000
Turnover	2, 3	56,239	57,182	56,388	57,294
Operating costs	2, 3	(41,710)	(40,882)	(41,775)	(40,918)
Operating surplus		14,529	16,300	14,613	16,376
Investment income		-	-	55	47
Surplus on sale of properties	6	3,340	4,106	3,340	4,106
Surplus on ordinary activities before interest		17,869	20,406	18,008	20,529
Interest receivable	7	70	62	70	62
Interest payable and similar charges	8	(2,570)	(4,543)	(2,570)	(4,543)
Other finance costs	9	(417)	(412)	(417)	(412)
Surplus on ordinary activities before taxation	5	14,952	15,513	15,091	15,636
Taxation on surplus on ordinary activities	13	-	-	-	-
Surplus for the financial year		14,952	15,513	15,091	15,636
Actuarial (loss)/gain relating to pension scheme	12	(7,708)	3,643	(7,708)	3,643
Total comprehensive income for the year		7,244	19,156	7,383	19,279

All amounts relate to continuing activities

The notes on pages 53 to 81 form part of these financial statements. There is no difference between the surplus recorded on an historical cost basis and that recorded in the statement of comprehensive income.

CONSOLIDATED AND ASSOCIATION STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2019

	Note	RBH Group		RBH Limited	
		31/3/2019	31/3/2018	31/3/2019	31/3/2018
		£'000	£'000	£'000	£'000
Tangible fixed assets					
Housing properties – depreciated cost	14a,b	144,375	137,842	145,136	138,528
Other tangible fixed assets	14c	1,876	1,618	1,876	1,618
Investment in Joint Venture		-	-	-	-
Investment in subsidiary company	30	-	-	469	469
Total tangible fixed assets		146,251	139,460	147,481	140,615
 Debtors: due in more than one year	19	 67,877	 460,541	 67,877	 460,541
 Current assets					
Stock	18	324	504	324	504
Debtors	19	10,655	11,355	10,862	12,024
Cash at bank and in hand		18,609	6,242	18,118	5,672
Total Current assets		29,588	18,101	29,304	18,200
Creditors: amounts falling due within one year	20	(13,397)	(13,690)	(13,542)	(14,282)
Provisions for liabilities and charges	24	(82)	(230)	(77)	(225)
Net current assets		16,109	4,181	15,685	3,693
Total assets less current liabilities		230,237	604,182	231,043	604,849
 Creditors: amounts falling due after more than one year	21	 55,611	 54,859	 55,611	 54,859
Refurbishment provision	23	67,877	460,541	67,877	460,541
Pension liability	12	24,900	14,153	24,900	14,153
 Capital and reserves					
Pension reserve		(24,900)	(14,153)	(24,900)	(14,153)
Income and expenditure reserve		106,749	88,782	107,555	89,449
		230,237	604,182	231,043	604,849

CONSOLIDATED AND ASSOCIATION STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2019

The notes on pages 53 to 81 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 14th September 2019 and signed on it's behalf by:



Beth Jones
Secretary
14th September 2019



Alison Tumilty
Chair of the Board
14th September 2019



Gareth Swarbrick
Chief Executive
14th September 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

Group	Income and Expenditure Reserve	Pension Reserve	Designated Reserve	Total
	£'000	£'000	£'000	£'000
At 31st March 2018	88,782	(14,153)	0	74,629
Surplus for the year	14,952	-	-	14,952
Asset Reinvestment Reserve	-	-	(24)	(24)
Actuarial loss relating to pension scheme (note 12)	-	(7,708)		(7,708)
Other comprehensive income for the year	-	(7,708)	(24)	(7,732)
Transfer from Pension Reserve	3,039	(3,039)	-	-
At 31 March 2019	106,773	(24,900)	(24)	81,849

A Designated Reserve has been set up to identify funds for the reinvestment of disposal proceeds of properties into new homes as part of the Regeneration programme and New Development schemes.

Group	Income and Expenditure Reserve	Pension Reserve	Total
	£'000	£'000	£'000
At 31st March 2017	69,816	(14,343)	55,473
Surplus for the year	15,513	-	15,513
Actuarial loss relating to pension scheme (note 12)	-	3,643	3,643
Other comprehensive income for the year	-	3,643	3,643
Transfer from Pension Reserve	3,453	(3,453)	-
At 31 March 2018	88,782	(14,153)	74,629

ASSOCIATION STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

RBH Limited	Income and Expenditure Reserve	Pension Reserve	Designated Reserve	Total
	£'000	£'000	£'000	£'000
At 31st March 2018	89,449	(14,153)	0	75,296
Surplus for the year	15,091	-	-	15,091
Asset reinvestment reserve	-	-	(24)	(24)
Actuarial gain relating to pension scheme (note 12)	-	(7,708)	-	(7,708)
Other comprehensive income for the year	-	(7,708)	(24)	(7,732)
Transfer from Pension Reserve	3,039	(3,039)	-	-
At 31 March 2019	107,579	(24,900)	(24)	82,655

A Designated Reserve has been set up to identify funds for the reinvestment of disposal proceeds of properties into new homes as part of the Regeneration programme and New Development schemes.

RBH Limited	Income and Expenditure Reserve	Pension Reserve	Total
	£'000	£'000	£'000
At 31st March 2017	70,360	(14,343)	56,017
Surplus for the year	15,636	-	15,636
Actuarial loss relating to pension scheme (note 12)	-	3,643	3,643
Other comprehensive income for the year	-	3,643	3,643
Transfer from Pension Reserve	3,453	(3,453)	-
At 31 March 2018	89,449	(14,153)	75,296

The notes on pages 53 to 81 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	RBH Group	
	Year ended 31/3/2019 £'000	Year ended 31/3/2018 £'000
Cash flows from operating activities		
Profit before tax	14,952	15,513
<i>Adjustments for non-cash items:</i>		
Asset Reinvestment Reserve	(24)	-
Profit on disposal of fixed asset	(3,340)	(4,106)
Depreciation of housing properties	3,952	3,835
Depreciation of other fixed assets	331	447
Decrease in Stocks	180	(149)
Decrease in Debtors	393,363	5,918
Decrease in Creditors/ Provisions	(392,348)	(4,192)
Finance costs	417	412
Pension contributions	(2,476)	(2,456)
Pension current service cost	4,873	5,348
Pension settlements and curtailments	225	149
Interest received	(70)	(62)
Interest paid	2,570	4,543
Tax paid	-	-
Net cash generated from operating activities	22,605	25,200
Cash flow from investing activities		
Purchase of tangible fixed assets	(12,269)	(12,974)
Proceeds from sale of tangible fixed assets	4,536	5,069
Interest received	70	54
Net cash from investing activities	(7,663)	(7,851)
Cash flow from financing activities		
Interest paid	(2,494)	(4,475)
New secured loans	-	-
Repayment of borrowings	(81)	(20,034)
Net cash used in financing activities	(2,575)	(24,509)
Net change in cash and cash equivalents	12,367	(7,160)
Cash and cash equivalents at beginning of the year	6,242	13,402
Cash and cash equivalents at end of the year	18,609	6,242

NOTES TO THE FINANCIAL STATEMENTS

1 Principal Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Rochdale Boroughwide Housing (RBH) includes the Cooperative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2014, "Accounting by registered social housing providers" 2014, the Accounting Direction for Private Registered Providers of Social Housing 2015.

The accounts are prepared under the historic cost basis except for the modification to a fair value basis for certain financial instruments and investment properties as specified in the accounting policies below.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No statement of cashflows has been presented for the parent company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole;
- Reduced disclosures around related party transactions entered into between two or more members of the group.

The following principal accounting policies have been applied:

Basis of Consolidation

The financial statements are group statements and have been prepared by consolidating the results of the subsidiary undertakings within the RBH Group. Intercompany transactions and balances between group companies are therefore eliminated in full. All financial statements are made up to 31 March 2019.

Turnover

Turnover comprises rental income receivable in the year, and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year; revenue grants receivable in the year including relating to a supporting people contract, and other income from operating activities.

Rental income is recognised from the point when properties under development reach practical and are formally let, income from the sales of properties is recognised at the point of legal completion of the sale.

1 Principal Accounting policies continued

Value added tax

The majority of group turnover relates to rental income which is exempt from VAT, however a small proportion of income is subject to VAT and this gives rise to small amount of VAT recovery.

The majority of RBH expenditure is subject to VAT, and will be shown gross where such VAT is not recoverable from HMRC.

In relation to the VAT Shelter, a provision is created which represents RBH's obligation to carry out refurbishment works which is set out in the Works Agreement with Rochdale Council. This will be written down as work to housing properties is actually undertaken. There is a corresponding long term debtor recognised on the statement of financial position which is written down in line with the provision.

Pensions

RBH is an admitted body within the Greater Manchester Pension Fund (GMPF), a funded multi-employer defined benefit scheme. Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates.

The net surplus or deficit is presented separately from other net assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the company.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are recognised as the benefits accrue. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs. Actuarial gains and losses are reported in the statement of comprehensive income.

From the 1 January 2017 RBH also has a defined contribution scheme which is administered by Royal London. Following the closure of the scheme to new entrants, RBH procured Royal London to provide its alternative Defined Contribution scheme. All new employees and those being auto-enrolled, now go into this scheme which currently has 40 members. In addition RBH has 4 employees who are not on RBH's terms and conditions and therefore we also operate the NEST scheme for these employees.

Fixed Assets and depreciation

Housing Properties

RBH Group Housing properties are properties available for rent and are valued under the historical cost basis, plus the cost of additions of components and improvements less depreciation.

Work to existing properties which is capable of generating increased future income, extending the useful life or otherwise add to the value of the property will be capitalised. There is a de-minimis limit for capitalisation of £2,000 with the exception of monitored alarm systems.

Capitalised interest

Finance costs are not capitalised. This is in accordance with RBH's Capitalisation Policy.

Development Costs

Development costs are capitalised as a fee percentage on works costs.

1 Principal Accounting policies continued

Donated Land

Land donated by local authorities and others is added to cost at the market value of the land at the time of donation. Where the donation is from a public body the difference between the value and cost is added to other grants, otherwise it is treated as income.

Assets under construction are stated at cost and transferred to completed properties when ready for letting.

General repairs

All other expenditure incurred in respect of general repairs to the housing stock will be charged to the statement of comprehensive income in the year it is incurred.

Depreciation

Major components of the housing properties are treated as separate assets and depreciated on a straight line basis over their expected useful economic lives at the following annual rates. Freehold land is not depreciated. Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

Depreciation Rates

Component	Depreciation Period
Buildings (General)	100 years
Cladding	60 years
Roofs	50 years
Windows	40 years
Doors	40 years
Bathrooms	30 years
Lifts	30 years
Central heating distribution systems	30 years
Other heating systems	30 years
Rewires	30 years
Renewable energy	25 years
Kitchens	20 years
Boiler	15 years
Alarm systems	15 years

Depreciation begins from the month following installation, and a full months' depreciation will be charged in the month of disposal.

Following the issue of Initial Demolition Notices to some of the blocks in Lower Falinge in July 2018 depreciation on these blocks has been accelerated to the date of their expected demolition.

Other tangible fixed assets

Depreciation is calculated on a straight line basis on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives.

Asset	Depreciation period
Plant & Machinery	Various
Office furniture and equipment	3-5 years
IT systems	3-5 years

1 Principal Accounting policies continued

Asset	Depreciation period
Vehicles	3-5 years
Leasehold Offices	7.25 years
Fixtures and fittings	3-5 years

Impairment

Housing properties (because some components within this class of fixed asset having a UEL of over 50 years) will be reviewed for impairment on a yearly basis. A detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. RBH deem that neighbourhoods are cash generating units. Impairment is assessed primarily to the reports produced by RBH's independent valuation consultants, to determine possible impairment. There is also an assessment carried out by calculating the present value of future cash flows over a 30 year period. Other fixed assets are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down will be charged to the operating surplus.

Social Housing Grant and other government grants

Grants received in relation to assets are accounted for using the accrual model set out in FRS 102 and the Housing SORP 2014. The grant is carried as deferred income in the statement of financial position and released to turnover on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2014 the useful economic life of the housing property structure has been selected.

Where social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as turnover in the statement of comprehensive income.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

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

Shared Ownership Properties

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to first tranche sales. The first tranche proportion is classed as a current asset and the remaining element is classed as a fixed asset and included in housing properties at cost less any provisions needed for depreciation or impairment and are valued at lower of cost and net realisable value.

Leased Assets

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value and are issued on a First in first out (FIFO) basis.

1 Principal Accounting policies continued

Taxation

No corporation tax is payable on the surpluses of charitable activities of RBH since transfer, as it has charitable status.

Definition of liquid resources

For the purposes of the statement of cashflows, liquid resources are defined as current asset investments and short term deposits.

Management charges

RBH Group subsidiary companies do not have any employees and therefore management charges are made on an arms length basis to them for services provided by RBH, in accordance with an Intra Group Agreement. Management charges consist mainly of Finance, IT, Legal and Company Secretarial services.

Sale of housing properties

The surplus or deficit arising from disposal of properties under the Preserved Right to Buy (PRTB) legislation and other property disposals are disclosed on the face of the statement of comprehensive income. The surplus or deficit is net of any sums payable to Rochdale Council under the terms of the Transfer Agreement.

Disposal Proceeds Fund

Receipts from Right to Acquire (RTA) Sales were to be retained in a ring fenced fund that can only be used for providing replacement housing. The sales receipts less eligible expenses were credited to the Disposal Proceeds Fund. From 6 April 2017 new receipts are no longer to be accounted for through this fund. This means, in effect, that the DPF will gradually be run down over the next few years.

Refurbishment Provision

Properties are acquired from local authorities for a consideration equivalent to their current market value plus the cost of bringing them into a good state of repair. Immediately prior to the transfer, the local authority contracts with the association to carry out these refurbishment works for a fixed sum, equal to the expected cost of the required work. The terms of the local authorities' undertaking to refurbish/repair the properties and the terms of the contract with the association are essentially similar; in particular, the price is fixed and no time limit imposed.

Subcontractors are subsequently employed to carry out the work over a number of years.

The underlying substance of the transactions is reflected on a gross basis; recognising the contractual position of the association which has both an asset for which it has paid (the local authorities' obligation to perform the refurbishment) and a legal obligation to complete the works under the refurbishment contract. These assets and liabilities are recognised in the statement of financial position within debtors and provisions respectively.

1 Principal Accounting policies continued

Bad debts and write offs

RBH make a prudent provision for bad debts on the basis of the age of the debt in accordance with the following tables as recommended by the Chartered Institute of Public Finance and Accountancy.

Current Tenants	Age of Debt	% Provision
	0-4 Weeks	0%
	4-13 Weeks	10%
	13-26 Weeks	25%
	26-39 Weeks	50%
	39-52 Weeks	75%
	52 > Weeks	95%
Former Tenants		
	All	99%

In addition, outstanding debts are reviewed on an individual basis and additional provisions to those shown in the above table are applied where appropriate. Any write offs, deemed to be uncollectable by the Income Recovery Team are approved by the Board.

Service charges

Our services are defined as variable service charges. This means that charges raised reflect the cost of service delivery. RBH complies fully with the legislative regime controlling the imposition of service charges. RBH will limit the amount of any charge raised to costs which have been reasonably incurred as contained within the Landlord & Tenant Act 1985 Section 19.

RBH have an obligation for extensive consultation with tenants before major works or long term contracts are entered into. The regime is contained in the Landlord and Tenant Act 1985 Sections 18 to 30 (as amended) and Service Charges (Consultation Requirements) Regulations 2003.

Variable service charges are calculated annually on the basis of the previous years cost of service (April to March) plus estimates for some of the costs that RBH will not know. Once the financial year has ended, RBH will check the amount that was spent on delivering the service and adjust the following years charge with the surplus or deficit between the actual and estimated costs. The service charge calculation will be applied to rent accounts and charged over a 48-week period.

Loan finance issue costs

These are written off over 10 years, charged at a constant rate on the carrying amount. The life of the loan is 10 years.

Holiday pay accrual

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

1 Principal Accounting policies continued

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the key judgements have been made in respect of the following:

- whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The members have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The members have also considered impairment based on their assumptions to define cash or asset generating units.
- the anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the member's best estimate of sales value based on economic conditions within the area of development.
- the critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.
- whether leases entered into by the group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- the treatment of the loan agreement as basic with regard to FRS 102.

Other key sources of estimation uncertainty

- **Tangible fixed assets (see note 14)**
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

- **Rental and other trade receivables (debtors) (see note 19)**
The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

2 Particulars of turnover, cost of sales, operating costs and operating surplus

Continuing activities

RBH Group (2019)	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000
Social housing lettings (Note 3)	51,518	(37,878)	13,640
Other social housing activities			
Support services	308	(268)	40
Garages	454	(1)	453
Shops	198	(11)	187
Homeless Contract with RBC	1,743	(1,732)	11
United Utilities commission	841	-	841
Other	476	(1,510)	(1,034)
Non-social housing activities			
Leaseholders	193	(151)	42
Other	508	(159)	349
	56,239	(41,710)	14,529

RBH Group (2018)	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000
Social housing lettings (Note 3)	52,789	(38,689)	14,100
Other social housing activities			
Support services	1,050	(969)	81
Garages	411	(0)	411
Shops	194	(6)	188
Homeless Contract with RBC	1,316	(1,105)	211
United Utilities commission	821	-	821
Non-social housing activities			
Leaseholders	301	(151)	150
Other	300	38	338
	57,182	(40,882)	16,300

2 Particulars of turnover, cost of sales, operating costs and operating surplus

Continuing activities

RBH Limited (2019)	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000
Social housing lettings (Note 3)	51,927	(37,874)	14,053
Other social housing activities			
Support services	308	(268)	40
Garages	454	(1)	453
Shops	198	(11)	187
Homeless Contract with RBC	1,743	(1,732)	11
United Utilities commission	841	-	841
Other	480	(1,510)	(1,030)
Non-social housing activities			
Leaseholders	193	(151)	42
Other	244	(228)	16
	56,388	(41,775)	14,613

RBH Limited (2018)	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000
Social housing lettings (Note 3)	53,163	(38,684)	14,479
Other social housing activities			
Support services	1,050	(969)	81
Garages	411	-	411
Shops	194	(6)	188
Homeless Contract with RBC	1,316	(1,105)	211
United Utilities commission	821	-	821
Non-social housing activities			
Leaseholders	301	(151)	150
Other	38	(3)	35
	57,294	(40,918)	16,376

**Rochdale Boroughwide Housing
Report and Financial Statements
For the year ended 31 March 2019**

3 Particulars of income and expenditure from social housing lettings

RBH Group (2019)	General needs	Supported housing	2019 Total	2018 Total
	£'000	£'000	£'000	£'000
INCOME				
Rent receivable net of identifiable service charges	45,256	1,536	46,792	48,529
Service income	2,676	1,833	4,509	3,753
Amortised government grants	105	9	114	78
Other revenue grants	240	-	240	178
Other	(159)	22	(137)	251
Turnover from social housing lettings	48,118	3,400	51,518	52,789
EXPENDITURE				
Management	(12,441)	(1,249)	(13,690)	(15,773)
Service charge costs	(2,917)	(1,703)	(4,620)	(4,412)
Routine maintenance	(9,114)	(738)	(9,852)	(9,668)
Planned maintenance	(1,812)	(147)	(1,959)	(2,588)
Major repairs expenditure	(1,965)	(160)	(2,125)	(2,775)
Bad debts	(1,703)	23	(1,680)	362
Depreciation of housing properties	(3,654)	(298)	(3,952)	(3,835)
Operating costs on social housing lettings	(33,606)	(4,272)	(37,878)	(38,689)
Operating surplus on social housing lettings	14,512	(872)	13,640	14,100
Empty Homes losses	867	65	932	1,007
RBH Limited (2019)				
	General needs	Supported housing	2019 Total	2018 Total
	£'000	£'000	£'000	£'000
INCOME				
Rent receivable net of identifiable service charges	45,256	1,536	46,792	48,529
Service charge income	2,676	1,833	4,509	3,753
Amortised government grants	105	9	114	78
Other revenue grants	240	-	240	178
Other	250	22	272	625
Turnover from social housing lettings	48,527	3,400	51,927	53,163
EXPENDITURE				
Management	(12,437)	(1,249)	(13,686)	(15,768)
Service charge costs	(2,917)	(1,703)	(4,620)	(4,412)
Routine maintenance	(9,114)	(738)	(9,852)	(9,668)
Planned maintenance	(1,812)	(147)	(1,959)	(2,588)
Major repairs expenditure	(1,965)	(160)	(2,125)	(2,775)
Bad debts	(1,703)	23	(1,680)	362
Depreciation of housing properties	(3,654)	(298)	(3,952)	(3,835)
Operating costs on social housing lettings	(33,602)	(4,272)	(37,874)	(38,684)
Operating surplus on social housing lettings	14,925	(872)	14,053	14,479
Empty Homes losses	867	65	932	1,007

4 Accommodation in management and development

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

	31/3/2019	31/3/2018
Social housing		
Under development	25	35
General housing	11,898	11,976
Supported housing and housing for older people	968	969
Shared ownership	9	9
Total owned (RBH Limited)	12,900	12,989
Managed for others	13	13
Total owned and managed	12,913	13,002
Non- social housing		
Owned	1	1
Managed for others	34	34

5 Surplus on ordinary activities before taxation

The operating surplus is arrived at after charging:

	RBH Group		RBH Limited	
	Year ended 31/3/2019	Year ended 31/3/2018	Year ended 31/3/2019	Year ended 31/3/2018
	£000	£000	£000	£000
Depreciation of housing properties	3,952	3,835	3,952	3,835
Depreciation of other tangible fixed assets	331	447	331	447
Restructuring costs	338	182	338	182
Operating lease rentals				
- Premises leases	391	391	391	391
- Vehicles	406	395	406	395
Auditors' remuneration				
- External auditors – in their capacity as auditors	25	24	19	18
- External auditors – for non audit services	3	4	3	4
- Internal auditors	53	53	53	53

6 Surplus on sale of fixed assets - housing properties

	RBH Group		RBH Limited	
	Year ended 31/3/2019	Year ended 31/3/2018	Year ended 31/3/2019	Year ended 31/3/2018
	£000	£000	£000	£000
Disposal proceeds	5,759	6,560	5,759	6,560
Cost of sales	(1,169)	(1,205)	(1,169)	(1,205)
Claw back costs to Rochdale Council	(1,250)	(1,249)	(1,250)	(1,249)
Surplus	3,340	4,106	3,340	4,106

7 Interest receivable and other income

	RBH Group		RBH Limited	
	Year ended 31/3/2019	Year ended 31/3/2018	Year ended 31/3/2019	Year ended 31/3/2018
	£000	£000	£000	£000
Interest receivable on short term deposits	70	62	70	62

8 Interest payable and similar charges

	RBH Group		RBH Limited	
	Year ended 31/3/2019	Year ended 31/3/2018	Year ended 31/3/2019	Year ended 31/3/2018
	£000	£000	£000	£000
Interest payable on long term loans	2,218	4,245	2,218	4,245
Loan Finance issue costs	70	70	70	70
Other finance costs	282	228	282	228
Total	2,570	4,543	2,570	4,543

9 Other Finance income/ (costs)

	RBH Group		RBH Limited	
	Year ended 31/3/2019	Year ended 31/3/2018	Year ended 31/3/2019	Year ended 31/3/2018
	£000	£000	£000	£000
Interest income on plan assets	3,561	3,302	3,561	3,302
Interest cost on obligations	(3,978)	(3,714)	(3,978)	(3,714)
Pension finance costs (Note 12)	(417)	(412)	(417)	(412)

10 Employees

Average monthly number of employees expressed as full time equivalents:

Employee Numbers:	RBH Group		RBH Limited	
	Year ended 31/3/2019	Year ended 31/3/2018	Year ended 31/3/2019	Year ended 31/3/2018
Housing management	242	248	242	248
Housing maintenance	197	219	197	219
Administrative and Clerical	109	105	109	105
Total	548	572	548	572

Full time equivalents are calculated based on a standard working week of 36.25 hours.

Employee costs:	RBH Group		RBH Limited	
	Year ended 31/3/2019	Year ended 31/3/2018	Year ended 31/3/2019	Year ended 31/3/2018
	£000	£000	£000	£000
Wages and salaries	14,860	14,901	14,860	14,901
Social security costs	1,360	1,368	1,360	1,368
Other pension costs	2,320	2,469	2,320	2,469
Total	18,540	18,738	18,540	18,738

The majority of the society's employees are members of the Greater Manchester Pension Fund (GMPF). Further information on the scheme is in note 12. Since the GMPF was closed to new entrants from 1st January 2017, new employees and those being auto-enrolled have been admitted to a defined contribution scheme administered by the Royal London Scheme. In addition RBH has 4 employees who are not on RBH's terms and conditions and therefore we also operate the NEST scheme for these employees.

11 Board members and executive directors

The remuneration paid to the Board members and executive directors of RBH (including the Executive Management Team) was

	Year ended 31/3/2019	Period ended 31/3/2018
	£000	£000
Aggregate emoluments payable to Chair of the Board and Executive Management Team (including pension contributions)	468	427
Pension contributions in the year amounted to:	62	64

The Chair was remunerated £11k for the year (2018:£6k). No other Board members receive a salary. Expenses paid to board members in total were £7k (2018:£4k).

The emoluments of the directors include £122k (Chief Executive – the highest paid director) and £86k (Deputy Chief Executive and Director of Resources), excluding pension contributions (2018: £120k and £85k respectively). The pension contributions for the Chief Executive as the highest paid director are £22k (2018: £22k).

The Chief Executive is a normal member of the Greater Manchester Pension Fund. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The society does not make any further contribution to an individual pension arrangement for the Chief Executive.

The remuneration paid to employees (including executive management) earning over £60,000 upwards:

	Year ended 31/3/2019	Year ended 31/3/2018
Including pension contributions	No.	No.
£60k - £70k	3	1
£70k - £80k	4	2
£80k - £90k	-	1
£90k - £100k	1	1
£100k - £110k	1	1
£110k - £120k	-	-
£120k - £130k	-	-
£130k - £140k	-	-
£140k - £150k	1	1

12 Greater Manchester Pension Fund (Group and RBH Limited)

RBH participates in the Greater Manchester Local Government Pension Scheme (LGPS), a multi-employer funded defined benefit scheme where contributions payable are held in a trust separately for RBH.

Valuations are performed by a qualified actuary, using the projected unit credit method as required by Accounting Standards. The results of the last formal actuarial valuation have been projected forward from this point using approximate methods.

RBH is an Admitted Body and has an Admission Agreement with Greater Manchester Pension Fund in its own right. The employers' contributions to Pension Fund for the period ended 31st March 2019 were £2.476M (2018: £2.456M).

Financial assumptions

	31 March 2019	31 March 2018
	%per annum	%per annum
Discount rate	2.4	2.7
Future salary increases	3.3	3.2
Future pension increases	2.5	2.4

Mortality assumptions

Life expectancy is based on the funds VitaCurves with future improvements in line with the CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.

Under the mortality assumptions used, the future life expectancy at the age of 65 is as follows:

	2019	2018
Current Pensioners	No. of years	No. of years
Males	21.5	21.5
Females	24.1	24.1
Future Pensioners		
Males	23.7	23.7
Females	26.2	26.2

Commutation

An allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 80% of the maximum tax-free cash for post-April 2008 service.

12 Greater Manchester Pension Fund continued

Analysis of the amount charged/(credited) to the statement of comprehensive income:

Year ended 31 March	2019	2018
	£000	£000
Expected return on employer assets	(3,561)	(3,302)
Interest cost	3,978	3,714
Total charged to other finance (income)/costs (Note 9)	417	412
Current service cost	4,873	5,348
Losses on Curtailments and Settlements	225	149
Total charged to administrative expenses	5,098	5,497
Total charge recorded in the statement of comprehensive income	5,515	5,909

Analysis of remeasurements recognised in other comprehensive income

Year ended 31 March	2019	2018
	£000	£000
Actual return less expected return on pension scheme assets	6,247	558
Experience gains and losses arising on the scheme liabilities	-	-
Changes in assumptions underlying the present value of the schemes liabilities	(13,955)	3,085
Actuarial gain/(loss) recognised in other comprehensive income	(7,708)	3,643
Cumulative Actuarial Losses	(8,772)	(1,064)

Amounts recognised in the statement of financial position

Net pension liability at 31 March	2019	2018
	£000	£000
Fair value of employer assets (bid value)	142,296	131,496
Present value of funded liabilities	(167,196)	(145,649)
Net liability recognised in the statement of financial position	(24,900)	(14,153)

Reconciliation of defined benefit obligation

	2019	2018
	£000	£000
Opening defined benefit obligation	145,649	140,874
Current service cost	4,873	5,348
Interest cost	3,978	3,714
Contributions by members	819	861
Actuarial (gains)/loss	13,955	(3,085)
Losses on Curtailments	225	149
Estimated Benefits paid	(2,303)	(2,212)
Closing defined benefit obligation	167,196	145,649

The service cost figures includes an allowance for administration expenses of 0.3% (2018: 0.3%) of payroll.

12 Greater Manchester Pension Fund continued

Reconciliation of fair value of employer assets

	2019	2018
	£000	£000
Opening fair value of employer assets	131,496	126,531
Expected return on assets	3,561	3,302
Contribution by members	819	861
Contribution by employer	2,476	2,456
Actuarial gains/(losses)	6,247	558
Benefits paid	(2,303)	(2,212)
Closing fair value of employer assets	142,296	131,496

Major categories of plan assets as a percentage of total plan assets

	2019	2018
Equities	69%	66%
Bonds	15%	16%
Properties	8%	7%
Cash	8%	11%

Amounts for the current and previous four accounting periods

	2019	2018	2017	2016	2015
	£000	£000	£000	£000	£000
Fair value of employer assets	142,296	131,496	126,531	101,351	100,200
Present value of defined benefit obligation	(167,196)	(145,649)	(140,874)	(112,267)	(118,559)
Deficit on scheme	(24,900)	(14,153)	(14,343)	(10,916)	(18,359)
Experience (losses)/Gains on assets	6,247	558	19,837	(3,825)	6,481
Experience (losses)/Gains on liabilities	-	-	5,213	961	572

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at year ended 31 March 2019	Approximate % Increase to employer liability	Approximate monetary amount £000
0.5% decrease in real discount rate	12%	19,387
0.5% increase in salary increase rate	2%	3,741
0.5% increase in pension increase rate	9%	15,234

12 Greater Manchester Pension Fund continued

Projected pension expense for the year ended 31 March 2020

	Year ended 31/03/2020 £000	Year ended 31/03/2020 % of pay
Projected current service cost	(5,582)	(43.9%)
Expected return on employer assets	3,424	26.9%
Interest on obligation	(4,061)	(31.9%)
Total	(6,219)	(48.9%)

Employer's contributions for the year ended 31 March 2020 are estimated to be approximately £2,290,000.

13 Taxation (Group)

	Year ended 31/03/2019 £000	Year ended 31/03/2018 £000
Current tax		
UK corporation tax on surplus for the year	-	-
Share of JV taxation charge	-	-
Total tax charge	-	-

The group did not incur a tax charge in the year as RBH Limited has been granted exemption from taxation under Section 505 of the Income and Corporation Taxes Act 1988 because of its charitable status. The trading subsidiary, RBH (D&B) Ltd made a qualifying charitable donation to RBH Limited in the current and prior year to eliminate any taxable profits.

14a Tangible fixed assets - properties (RBH Group)

	Held for Letting £'000			Shared Ownership £'000			Non-Social Properties	TOTAL
	Completed	Under Construction	Total	Completed	Under Construction	Total		
COST								
At 1 April 2018	144,896	3,701	148,597	80	-	80	29	148,706
Prior Period Adjustment	(2,573)	2,573	-	-	-	-	-	-
Restated at 1 April 2018	142,323	6,274	148,597	80	-	80	29	148,706
Additions	6	4,571	4,577	-	-	-	0	4,577
Capitalisation of Components	-	7,225	7,225	-	-	-	14	7,239
Disposals	(1,311)	-	(1,311)	-	-	-	-	(1,311)
Transfers	11,928	(15,483)	(3,555)	-	-	-	3,403	(152)
At 31 March 2019	152,946	2,587	155,533	80	-	80	3,446	159,059
DEPRECIATION								
At 1 April 2018	10,859	-	10,859	1	-	1	4	10,864
Charge for the Year	3,927	-	3,927	1	-	1	24	3,952
Disposals	(132)	-	(132)	-	-	-	-	(132)
31st March 2019	14,654	-	14,654	2	-	2	28	14,684
NET BOOK VALUE								
At 31/03/2019	138,292	2,587	140,879	78	-	78	3,418	144,375
Restated at 31/03/2018	131,464	6,274	137,738	79	-	79	25	137,842

A prior period adjustment has been made to correct an error in the classification of properties held for letting in previous years. This did not affect the overall cost or net book value of the properties. The group considers each separate housing property scheme in its fixed asset register to represent separate cash generating units (CGU's) when assessing for impairment in accordance with the requirements of FRS 102 and SORP 2014.

During the current year, the group and association have recognised an impairment loss of £NIL (2018: £NIL) in respect of general needs housing stock. As part of the Town Centre Masterplan Initial Demolition Notices were issued in July 2018 to tenants in some blocks within the Lower Falinge neighbourhood. As a result of this depreciation on these assets and components was accelerated to reflect estimated demolition dates.

14b Tangible fixed assets - properties (RBH)

	Held for Letting £'000			Shared Ownership £'000			Non-Social Properties	TOTAL
	Completed	Under Construction	Total	Completed	Under Construction	Total		
COST								
At 1 April 2018	144,993	4,328	149,321	80	-	80	29	149,430
Prior Period Adjustment	(2,574)	2,574	-	-	-	-	-	-
Restated at 1 April 2018	142,419	6,902	149,321	80	-	80	29	149,430
Additions	6	4,646	4,652	-	-	-	-	4,652
Capitalisation of Components	-	7,225	7,225	-	-	-	14	7,239
Disposals	(1,311)	-	(1,311)	-	-	-	-	(1,311)
Transfers	11,928	(15,483)	(3,555)	-	-	-	3,403	(152)
At 31 March 2019	153,042	3,290	156,332	80	-	80	3,446	159,858
DEPRECIATION								
At 1 April 2018	10,898	-	10,898	-	-	-	4	10,902
Charge for the Year	3,927	-	3,927	1	-	1	24	3,952
Disposals	(132)	-	(132)	-	-	-	-	(132)
31st March 2019	14,693	-	14,693	1	-	1	28	14,722
NET BOOK VALUE								
At 31/03/2019	138,349	3,290	141,639	79	-	79	3,418	145,136
Restated at 31/03/2018	131,521	6,902	138,423	80	-	80	25	138,528

14c Tangible fixed assets – other (RBH Group and RBH Limited)

	Offices £'000	Plant & Machinery £'000	Fixtures & Fittings £'000	IT Systems £'000	F&F & IT Assets under Construction £'000	Land £'000	TOTAL £'000
COST							
At 1 April 2018	778	64	180	1,961	286	200	3,469
Additions	-	-	152	376	77	-	605
Disposals	-	-	(16)	(46)	-	-	(62)
At 31 March 2019	778	64	316	2,291	363	200	4,012
DEPRECIATION							
At 1 April 2018	303	44	146	1,358	-	-	1,851
Charge for the Year	54	10	17	250	-	-	331
Disposals	-	-	-	(46)	-	-	(46)
31st March 2019	357	54	163	1,562	-	-	2,136
NET BOOK VALUE							
At 31/03/2019	421	10	153	729	363	200	1,876
At 31/03/2018	475	20	34	603	286	200	1,618

15 Intangible Fixed Assets

	RBH Group		RBH Limited	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	£000	£000	£000	£000
Balance as at 1 April 2018	-	-	-	-
Additions	-	215	-	-
Write off in year	-	(215)	-	-
Balance as at 31 March 2019	-	-	-	-

The goodwill recognised as an addition in 2017-18 related to the purchase of SSL for £828k. Following a review of SSL's financial performance for 2017-18 and future plans, RBH's investment in SSL was impaired to £469k (Note 30) and the initial goodwill recognised was written off.

16 Improvements to Housing Properties

	RBH Group		RBH Limited	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	£000	£000	£000	£000
Improvements to existing properties capitalised	7,239	7,902	7,239	7,902
Major repairs expenditure to statement of comprehensive income	2,125	2,775	2,125	2,775
	9,364	10,677	9,364	10,677

17 Capital commitments

	at 31/3/2019	at 31/3/2018
Capital expenditure	£000	£000
Expenditure contracted for but not provided in the accounts	8,502	2,956
Expenditure authorised by the board, but not contracted	-	-
	8,502	2,956
RBH expects these to be financed by:		
SHG	-	-
Committed Loan Facilities	8,502	2,956
	8,502	2,956

18 Stock

	RBH Group		RBH Limited	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	£000	£000	£000	£000
Materials in stock	324	504	324	504

The replacement cost of stock is not materially different from the carrying value of stock in both the current and prior year.

19 Debtors

	RBH Group		RBH Limited	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	£000	£000	£000	£000
Due within one year				
Rent and service charges arrears	5,854	5,261	5,854	5,261
Less: provision for bad and doubtful debts	(4,175)	(3,857)	(4,175)	(3,857)
	1,679	1,404	1,679	1,404
Other debtors	771	1,557	987	2,153
Taxation - VAT	186	316	186	316
Short-term refurbishment obligation (Note 23)	7,265	7,073	7,265	7,073
Prepayments and accrued income	754	1,005	745	1,078
	10,655	11,355	10,862	12,024
Due in more than one year				
Refurbishment obligation (Note 23)	67,877	460,541	67,877	460,541
Total debtors	78,532	471,896	78,739	472,565

20 Creditors: Due within one year

	RBH Group		RBH Limited	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	£000	£000	£000	£000
Loans and overdrafts	112	109	112	109
Trade Creditors	1,296	2,594	950	2,408
Rent and service charges received in advance	62	46	62	46
Taxation and social security	402	358	414	351
Deferred capital grant (Note 22)	205	85	205	85
Accruals and deferred income	4,055	3,425	4,321	3,997
Short term refurbishment provision	7,265	7,073	7,265	7,073
Amounts owed to Group undertakings	-	-	213	213
Total	13,397	13,690	13,542	14,282

Amounts due to Group undertakings are due on demand and interest free.

21 Creditors: Amounts falling due after more than one year

	RBH Group		RBH Limited	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	£000	£000	£000	£000
Due after more than one year				
Loans repayable on maturity:				
Due between two and five years	20,000	20,000	20,000	20,000
Due in five years or more	20,000	20,000	20,000	20,000
Loans repayable by instalments:				
Due between one and two years	117	114	117	114
Due between two and five years	388	374	388	374
Due in five years or more	2,094	2,265	2,094	2,265
	2,599	2,753	2,599	2,753
	42,599	42,753	42,599	42,753
Loan arrangement fees	(531)	(601)	(531)	(601)
Total loans	42,068	42,152	42,068	42,152
Deferred capital grant (Note 22)	13,543	12,707	13,543	12,707
Total	55,611	54,859	55,611	54,859

Loans are secured by specific charges on the housing properties of the group. The loans bear interest at fixed rates ranging from 4.7% to 5.9% or at variable rates calculated at a margin above the London Inter Bank Offer Rate.

22 Deferred Capital Grant

	RBH Group		RBH Limited	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	£'000	£'000	£'000	£'000
At 1 April 2018	12,792	9,751	12,792	9,751
Grants received during the year	1,070	3,119	1,070	3,119
Released to income during the year	(114)	(78)	(114)	(78)
At 31 March 2019	13,748	12,792	13,748	12,792
Amounts due in less than one year	205	85	205	85
Amounts due in greater than one year	13,543	12,707	13,543	12,707
Total	13,748	12,792	13,748	12,792

23 Refurbishment Provision

	RBH Group		RBH Limited	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	£000	£000	£000	£000
At 1 April	467,614	475,516	467,614	475,516
Improvement expenditure (Note 16)	(7,239)	(7,902)	(7,239)	(7,902)
Release of provision	(385,233)	-	(385,233)	-
Balance at 31 March	75,142	467,614	75,142	467,614
Short-term	7,265	7,073	7,265	7,073
Long-term	67,877	460,541	67,877	460,541
	75,142	467,614	75,142	467,614

This provision represents RBH's liability to carry out refurbishment works included in the Works Agreement with Rochdale Council. It will be written off when the work to housing properties is actually undertaken. This is also recognised as a debtor (see note 19).

During 2018/19 there has been a release of £385k from the Refurbishment provision so that the remaining provision matches the Investment Programme capital spend for the remaining life of the VAT share agreement with Rochdale Borough Council. This agreement ends on the 31 March 2027.

24 Provision for liabilities

	RBH Group		RBH Limited	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	£000	£000	£000	£000
At beginning of the period	230	195	225	195
Amounts provided during the year	60	230	60	225
Utilised during the year	(125)	(45)	(125)	(45)
Released in year	(83)	(150)	(83)	(150)
Provisions at end of the period	82	230	77	225

At 31st March 2019 the provision for re-structuring costs stood at £0k (2018: £157k). The provision for liabilities against Annual Leave and Work Life Balance at £77k (2018: £68k). It is expected that all costs will be paid out during 2019-20.

25 Financial instruments

The RBH Group and RBH Limited financial instruments may be analysed as follows:

	RBH Group		RBH Limited	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	£'000	£'000	£'000	£'000
Financial assets				
Financial assets measured at historical cost				
Trade receivables	1,679	1,404	1,679	1,404
Other receivables	771	1,557	987	2,153
Cash and cash equivalents	18,609	6,242	18,118	5,672
Total financial assets	21,059	9,203	20,784	9,229
Financial liabilities				
Financial liabilities measured at amortised cost				
Loans payable	42,068	42,152	42,068	42,152
Financial liabilities measured at historical cost				
Trade creditors	1,296	2,594	950	2,408
Other creditors	4,055	3,425	4,321	3,996
Total financial liabilities at historical cost	5,351	6,019	5,271	6,404

26 Leasing commitments

At the end of the year RBH (Group and Ltd) had minimum lease payments under non-cancellable operating leases as set out below:

	Year ended 31/3/2019	Period ended 31/3/2018
	£000	£000
Land and buildings amounts payable:		
Not later than 1 year	391	385
Later than 1 year and not later than 5 years	1,512	1,519
Later than 5 years	941	1,296
	2,844	3,200
Other amounts payable:		
Not later than 1 year	406	395
Later than 1 year and not later than 5 years	473	856
Later than 5 years	-	-
	879	1,251

27 Reserves

Income and Expenditure Reserve

The Income and Expenditure Reserve includes the accumulated profits and losses arising from the statement of comprehensive income and certain items from the Statement of Changes in Equity attributable to equity shareholders net of distributions.

Pension Reserve

The Pension Reserve includes the accumulated actuarial gains and losses from the defined benefit scheme net of any amounts transferred to the income and expenditure reserve.

28 Contingent liabilities

There are no contingent liabilities at 31 March 2019.

29 Related parties

All transactions with group subsidiaries are calculated in line with the Group Transfer Pricing Policy and are therefore on an arms length basis.

Executive and Senior Management - Chief Executive, Gareth Swarbrick is a director of Rochdale Housing Initiative, a housing partnership company which brings together registered providers of social housing in the borough. The Chief Executive was also a director of Safegard Solutions Limited, resigning the position in November 2018. He remains a director of RBH Professional Limited. He receives no remuneration for either of these positions.

Clare Tostevin – Director of Growth, is a director of RBH Design and Build, having been appointed in October 2018, and a director of SSL, having been appointed in November 2018.

Rowena Kirk – Director of Transformation, is a director of RBH Design and Build, having been appointed in October 2018, and a director of SSL, having been appointed in November 2018.

Luen Thompson (a Non-executive Director), is a director of SSL, having been appointed in November 2018.

Representative Body - As set out in the rules of RBH, being an employee or tenant of RBH does not represent an interest in itself for business of the Representative Body. This includes those nominated from the tenant management organisations.

Transactions with non-regulated entities

The association provides management services and other services to its subsidiaries. The association also receives charges from its subsidiaries. The quantum and basis of those charges is set out below.

Payable to association from subsidiaries:	Management charges		Other charges	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Safeguard Solutions Limited	58	51	185	303
RBH (Design & Build) Limited	159	70	3,947	4,794
	217	121	4,132	5,097

Payable by association to subsidiaries:	Management charges		Other charges	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Safeguard Solutions Limited	-	-	-	-
RBH (Design & Build) Limited	-	-	4,171	4,911
	-	-	4,171	4,911

Intra-group management fees

Intra-group management fees are receivable by the association from subsidiaries to cover the running costs the association incurs on behalf of managing its subsidiaries. The management fee is calculated on a department basis, with varying methods of allocation. The costs are apportioned as follows:

Department	By Reference to
Finance	Employee Time
Human Resources	Employee Time
Information Technology	Employee Time
Governance	Fixed Sum
Legal	Fixed Sum

Other Intra Group Charges

Other intra-group charges which are payable to the association from subsidiaries relate to employee recharges and gift aid payments.

30 Fixed asset investments

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which RBH Limited's interest at the year end is 20% or more are as follows:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
RBH Professional Limited	England	100%	Management Services
RBH (Design & Build) Limited	England	100%	Construction
Safegard Solutions Limited	England	100%	Security systems

Investment in RBH professional Limited

RBH Professional was made dormant during the 2015-16 financial year. RBH maintains an investment of £1 (2018:£1) in RBH Professional Limited.

Investment in Safegard Solutions Limited

RBH purchased the 50% shareholding held by Securecom Ltd on the 3 April 2017 and as such SSL is a 100% wholly owned subsidiary of RBH Ltd.

RBH Limited	2019	2018
	£'000	£'000
Cost		
At 1 st April 2018	469	828
Impairment of Investment	-	(359)
At 31 March 2019	469	469

Following a review of SSL's financial performance for 2017-18 and future plans, RBH's investment in SSL was impaired to £469k and the initial goodwill recognised of £215k was written off.

During 2017-18, SSL hived up assets amounting to £213k to RBH Limited.

