

Rochdale Boroughwide Housing  
Report and Financial Statements

For the year ended 31 March 2020

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

<b>RSH registration number</b>	4607
<b>FCA Registration Number</b>	31452R
<b>Registered office</b>	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** – whilst on RBH's Board, Philip was Professor of Social Change and Director of the Sustainable Housing & Urban Studies Unit (SHUSU) at the University of Salford. He had been at the University since 2005. His work focused on addressing a range of societal issues by providing an evidence base for effective policy making at the local, regional, UK and European levels. Philip resigned on 14<sup>th</sup> September 2019 after serving the permitted two terms.

*Attendance 80%*

**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 94%*

**Guy Millichamp** (Chair of the Audit Committee) – Guy was 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 94%*

**Mike Nuttall** – Mike is a property professional and chartered surveyor with over 30 years of experience in both the public and private sector. He has been the Property Director for Brookhouse Group since 2004, and is a Director of two joint ventures in nearby Oldham.

He has worked closely with a diverse range of stakeholders on major project delivery across the north west of England, including local authorities and Homes England - this has included the development of major mixed-use regeneration schemes on brownfield sites. Mike became an RBH Non-executive Director in September 2019.

*Attendance 83%*

### **Executives and advisors continued**

**Luen Thompson** is the 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 to 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 94%*

**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 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 92%*

#### **Executive Directors:**

**Gareth Swarbrick** (Chief Executive) – Gareth started his career with Oldham Council 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 89%*

**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 89%*

#### **Independent Committee Members:**

**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.

*Attendance 67%*

### **Executives and advisors continued**

**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. Michelle resigned on 22<sup>nd</sup> January 2020.

*Attendance 50%*

**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. Brendan resigned on 29<sup>th</sup> October 2019

*Attendance 0%*

**Sharon Brown** - Independent member of Audit Committee – Sharon is the Head of Business Assurance for Great Places Housing Group and leads on the risk management and internal controls framework providing assurance in relation to regulatory compliance. She is also the strategic lead for compliance with all aspects of data protection legislation. She joined the Audit Committee in April 2019.

*Attendance 100%*

**Siobhan Ryder** - Independent member of Growth Committee – Siobhan Ryder is a senior Customer Relationship Specialist for Ilke Homes, a modular homes manufacturing specialist, and is responsible for business development and developing new business opportunities with local authorities and social housing providers. She was appointed to the Growth Committee in November 2019.

*Attendance 0%.*

### **Representative Body**

#### **Council Representatives**

Wendy Cocks

Sultan Ali (*from June 2019*)

Daalat Ali (*Until Sept 2019*)

Linda Robinson

Susan Emmott (*Until June 2019*)

Carol Wardle (*from Sept 2019*)

#### **Tenant Management Organisation Appointed Representatives**

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

#### **Tenant Representatives**

Frank Altham (*Elected and commenced first term of office September 2019*)

Anne Black (*Retired September 2019*)

Andrew Brown

Peter Brown (*Retired September 2019*)

Andrew Butterworth (*Elected and commenced first term of office September 2019*)

Martin Burke (*Retired September 2019*)

Donna Chadwick

Shamroz Gull (*Elected and commenced first term of office September 2019*)

Andrew Johnson (*Resigned July 2019*)

Gemma Keogh (*Elected and commenced first term of office September 2019*)

Andy Littlewood

### Executives and advisors continued

Haroon Mirza (*Elected and commenced first term of office September 2019*)

Sue O'Donovan

Donna Reeve (*Elected and commenced first term of office September 2019*)

Andrew Roche (*Removed from office July 2019*)

John Sekiwu

Jane Taylor

Mary Tomlinson

Sue Watson (*Resigned July 2019*)

Sharon Worsley (*Re elected and commenced second term of office September 2019*)

1 Tenant Vacancy

### Employee Representatives

Faizal Amin (*Elected and commenced first term of office September 2019*)

Anne Bond (*Retired September 2019*)

David Bulcock

Stephen Edwards

Julie Greenwell (*Retired September 2019*)

Lucy Larkin (*Elected and commenced first term of office September 2019 – Resigned September 2019*)

Elliot O'Brart (*Retired September 2019*)

Jonathan Walton (Vice Chair) -March 2020 Matthew Watson (*Resigned July 2019*)

Phil Worthington (*Elected and commenced first term of office September 2019*)

4 Employee Vacancies

### 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

Rowena Kirk – Director of Transformation

### Secretary

Bethan Jones to March 2020- Stephen Wigley from March 2020

### Bankers

NatWest,

11 Spring Gardens,

Manchester,

M2 1FB

### Funders

RBS

3<sup>rd</sup> Floor, Kirkstane House,

139 Vincent Street,

Glasgow,

G2 5JF

### **Executives and advisors continued**

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

### **Solicitors**

RBH has an in-house legal team based in Sandbrook House. Where external advice is required, this will be obtained from the most appropriate legal providers.

### **Auditors**

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

### **Internal Auditors**

RSM,  
3 Hardman Street,  
Manchester,  
M3 3HF

## **CHAIR'S STATEMENT**

2019/20 is a year that won't be forgotten - the year of the COVID 19 pandemic. As I am writing this we are all being told to 'Stay Home; Protect the NHS, Save Lives'.

We often talk about it, but it is in these challenging times that we really see the value of how our tenant and employee members work together.

The response of our tenants and employees to this unprecedented situation has been amazing. We have seen the extraordinary spirit present within our communities, dedicated to supporting friends, family, neighbours, and colleagues through the coronavirus outbreak.

We have seen both RBH tenants and employees come together in joint volunteering efforts across Rochdale Borough. Many more have taken on caring and supporting roles for a colleague, a friend, a neighbour, or a family member. Our teams continue to deliver essential services, including emergency repairs and vital safety checks, and tenants have supported them and welcomed them as they do so. By the middle of April over 2,000 calls had been made to older and vulnerable tenants to make sure that they have the support that they need and these calls continue.

I have never been more proud, to be part of RBH, a mutual society at the heart of our communities.

Whilst we are in the midst of responding to coronavirus; dealing with the impact it has had on all of our lives and starting to plan for the 'new normal', it seems strange to be talking about achievements that occurred during the past year, that now seem like a lifetime ago. However, it is important to take some time to reflect on all that we did achieve in 2019/20.

At as the end of March 2020 we continue to have over 6,000 members, with 5,755 tenant members (40.1%) and 437 employee members (75.5%). This reflects a slight increase from 2019.

During the year, we invested £8m to upgrade our tenants' homes. This included providing new kitchens, bathrooms, windows and doors as well as new central heating systems.

RBH's commitment to build new homes continues and we were pleased to have obtained Homes England SOAHP 2018-21 grant funding allocations for 3 schemes consisting of 119 homes. All of the schemes have now started on site, with one scheme, Abbey Road, in Middleton completing in March 2020. Abbey Road provides 25 new shared ownership homes and has proved very popular. At 31 March we had completed on 17 sales with reservations in place for the remaining 8.

Our second scheme, on Great Howarth in Smallbridge will provide 39 new homes (a combination of affordable rent, Rent to Buy and Shared Ownership). Work began on site in March 2019. Marketing to date has generated 96 expressions of interest although due to the current situation the wider launch of the scheme has had to be delayed.

Our ambitious plans to regenerate the Town Centre continue and we are really pleased to have started on site to deliver the next phase of development at Lower Falinge which will provide 55 new homes for affordable rent. Plans include a new central park and play area too – providing a new heart for the neighbourhood.

## **CHAIR'S STATEMENT continued**

We recognise that the changes in the Town Centre will be an unsettling time for some residents, and we are absolutely committed to continue the dedicated support that has been in place throughout, to help residents.

In addition, we entered a strategic partnership with Great Places, which will enable longer-term grant certainty beyond the life of the current Shared Ownership and Affordable Homes Programme, which ends in 2021, and will support the delivery of a further 76 new homes for affordable rent, helping us to provide the mix and quality of homes that our tenants and residents aspire to.

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. This is more important than ever at the current time. As a Community Benefit Society, any surpluses that we generate, are reinvested back into the Society, for this year this means £13m to ensure that we have homes and services that remain fit for the future.

Behind all of these exciting initiatives we, of course, remain focused on being a good landlord. 81% 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 for the launch of our new online portal and website which are planned for early in 2020-21 – we are very excited about the opportunities that this brings to engage with our customers in new ways.

Also during the year, we worked hard with tenants and members to develop our Together with Tenants Commitments. As a mutual our approach was very different to others. We appointed a tenant to lead the development and our Steering Group is made up entirely of tenants, with employees working alongside them. Our commitments have been shaped by conversations with 570 tenants and so we are confident that they really reflect what is important to RBH tenants. As a result of the pandemic our plans for the launch of Together with Tenants have had to be postponed but our commitment remains as we continue to develop our plans at Board, Representative Body, within RBH teams and communities. We will actively monitor the impact of our strategy throughout the year.

In March 2020, we were really pleased to be the first Housing Association in the country to receive Disability Leaders accreditation. This demonstrates RBH's commitment to helping disabled people into fulfilling employment.

I am proud to say that whilst COVID-19 has of course changed our immediate priorities we have continued to deliver essential services and wide ranging support to our tenants, ensuring that we have acted within Government guidelines and kept the health and safety of our tenants and employees at the forefront of our activities at all times. As the rules start to be relaxed, our focus will be on remobilising our services and getting back to the usual standards of service that our tenants expect.

Our commitment to our Together Corporate Strategy priorities of Growing, Thriving and Improving remains as strong as ever. In relation to Growing we are focused on getting our new build programme back on track and will be seeking to expand that as soon as the time is right. We continue to progress our regeneration programmes in central Rochdale. Both of these are key projects providing the best possible quality, mix and choice of genuinely affordable homes to meet the needs of local people and

**CHAIR'S STATEMENT continued**

for future generations. On Thriving, we are exploring new ways to help support our tenants, many of whom will face challenges over the coming year. As part of Improving we will aim to consolidate everything that we have learned during the crisis – the increased use of digital for example, has enabled some services to safely continue throughout – we will be looking to see how we can build on that. We will continue to work hard with our tenants to continue make our communities places where people want 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 26<sup>th</sup> March 2012, whereby Rochdale Borough Council transferred 13,712 properties to RBH that were previously managed by the ALMO. RBH became a mutual housing society, owned by its tenant and employee members, on 26<sup>th</sup> 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. SSL Board took the decision to cease trading at the end of November 2020, at its meeting in March 2020. This decision was subsequently ratified by the RBH Board.

**RBH Professional Limited** is a private company limited by shares with its own Board of directors, set up to undertake trading activities outside of 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 2019-20.

**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. In 2019-20, as part of Homes England's Affordable Homes Programme, RBH D&B completed 25 new homes at Abbey Road, Middleton, had 39 under construction at Great Howarth, Smallbridge and achieved a start on site of a further 55 at Abbeydale, Central Rochdale.

This subsidiary was incorporated on 23 December 2011 (company number 7891824). The Board met twice 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	
	2020	2019	2020	2019
Properties in development	94	25	94	25
General needs	11,654	11,898	11,654	11,898
Supported housing	968	968	968	968
Shared ownership	34	9	34	9
Non-social housing	35	35	35	35
<b>Total</b>	<b>12,785</b>	<b>12,935</b>	<b>12,785</b>	<b>12,935</b>

All homes are located in the borough of Rochdale. The homes are 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 is 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 undertook this assessment at its meeting on the 20th May 2020. During the year, RBH's own internal controls identified an error in Rent Setting, which meant RBH was in breach of the Rent Standard. This has been rectified and the RSH advised accordingly. The regulator has noted the issue and our response, and is not taking any further action. Whilst acknowledging the breach, the Board is satisfied that the Society is compliant with the RSH's Governance and Financial Viability Standard.

### Employment of Disabled Colleagues

RBH recognises the talents, knowledge, skills and insight that disabled people bring to the workplace. A corporate objective, captured within the People Strategy, is 'right job, right people'. With 17.5% of the UK adult population having a disability, we know we enhance our talent pool by actively recruiting disabled people. Their lived experience helps us to understand and meet needs in our customer base and communities. Further 83% of disabled people acquire their disability during their working lives

## **REPORT OF THE BOARD OF MANAGEMENT continued**

and therefore by supporting colleagues who develop a disability during employment we retain their skills, experience and energy.

RBH is accredited as a Disability Confident Employer and became the first Housing Provider to achieve Disability Leader status this year. We:

- (a) Actively seek to attract and recruit disabled people into the opportunities available, including jobs, apprenticeships and work experience. This includes using our Disability Confident commitment to highlight to potential candidates that we are an inclusive employer.
- (b) Provide a fully inclusive and accessible recruitment process including engaging in positive action by offering an interview/assessment to any disabled applicant who meets the competencies measurable at application stage. We are flexible in our assessment processes adapting processes where possible to ensure disabled applicants can showcase their abilities. Examples include arranging additional time for undertaking assessments, allowing support workers to accompany the candidate at interview etc.
- (c) Promote a culture of inclusivity and belonging so that colleagues feel able to disclose any disability or long term health condition and can feel confident they will be supported. We regularly run 'Keeping the Conversation Live' events in conjunction with partners on inclusive topics. This year this training has included Sensory Disability, Neurodiversity, Dyslexia Awareness and Menopause. We actively promote our Employee Assistance Scheme as a means of accessing mental health support, including 24/7 counselling. We have an active team of Wellbeing Champions, trained in mental health first aid and work closely with an independent Occupational Health Specialist.
- (d) Give appropriate support, where a colleague develops a disability whilst in employment. This includes a phased return, if the person has been absent, making adjustments to the workplace and exploring re-deployment opportunities, if they are unable to return to their previous role.
- (e) Encourage disabled colleagues to be ambitious, undertake growth and development and seek progression

Work has already commenced on expanding the national 'See The Person' campaign, to ensure all colleagues understands the concept of being disabled by barriers and attitudes.

### **Engagement with Employees, Suppliers, Customers and others**

#### **Employee Engagement**

Following Board meetings, Directors reflect on the discussions points and decisions that need to be communicated to employees. A member of the Executive Management Team (EMT) feeds back to managers and the information is shared in Directorate and Team meetings. Weekly updates on the delivery of the corporate strategy are given by the Chief Executive in the form of a 'Monday Matters'

## **REPORT OF THE BOARD OF MANAGEMENT continued**

all user e-mail and ‘Five for Friday’, a more general news e-mail at the end of the week. Workplace, a Facebook style forum enables individual employees to post their own news and views and is used extensively by the Senior Management team to give and receive information, share achievements and celebrate successes. Non-Executive Directors have access to this for information and comment.

The Executive Management Team meet with the two recognised trade unions bi-monthly at the Society’s Consultation Group (SCG) to discuss proposed changes to structures, policies and working arrangements. Following discussion at SCG, the proposals are shared across the workforce and everyone is given the opportunity to comment. All comments receive feedback.

Over the Summer of 2019 a review of terms and conditions took place. Volunteers from across RBH were invited to get involved and most teams were represented. This group made suggestions for changes, which were discussed by the Non-Executive Directors at the HR and Governance Committee. The Committee authorised the Chief Executive to incorporate these into the local negotiations with the Trade Unions for the 2020 Pay Review. The group have now evolved into an Employee Forum and will be used for further consultation in the future.

Teams are consulted and involved in the development of Key Performance Indicators in their areas, when benchmarking data is discussed and shared. The recommendations from teams are considered by EMT and Heads of Service at an internal Quality Board and then taken to the Non-Executive Directors for decision. Performance data is discussed at team meetings and published on a monthly basis on the intranet, which includes corporate as well as locally agreed indicators.

Employee engagement was measured through an internal Climate and Engagement Survey in June 2019, the results of which were shared with the Board. At that time 87% of employees reported being clear about RBH goals and 88% reported that they were clear about their personal objectives. 86% were proud to work for RBH and 87% enjoyed their roles. Ratings for managers were high, with 89% reporting that they felt able to ask their manager for help and support and confirmed that their manager spoke openly and honestly to them. 90% felt empowered to make decisions.

In November 2019 RBH took part in the Best Companies Survey and achieved ‘One to Watch’ accreditation. Again, the results were shared with Board and a ‘People Succeeding Together in a great place to work’ plan is being developed.

### Equality, Diversity and Inclusion

Diversity information for RBH employees and customers is shown below.

	<b>RBH employees</b>	<b>RBH Customers</b>
Gender (female/male)	48%/52%	43%/57%
Declared disability	7%	15%
Declared White	87%	66%
Declared Black and Minority Ethnic (BAME)	9%	15%

‘Keeping the Conversation Live’ training has been delivered, including sensory disability, neurodiversity, Dyslexia Awareness, Menopause and Imposter Syndrome. This latter session resulted in a support group forming within the organisation called ‘Energy Angels’. The creation of the Energy

## **REPORT OF THE BOARD OF MANAGEMENT continued**

Angels and the RBH Wellbeing Champions were both highlighted by Inclusive Employers as good practice.

Along with 13 other Greater Manchester Housing Providers, RBH is taking part in a BAME mentoring and change management scheme. Over 12 months two RBH BAME mentees, a Mentor and a Change Management Champion will undertake a full year of mentoring and Action Learning Sets to highlight the experience of BAME in the workplace and implement change. Manchester University is involved and will give an academic evaluation of barriers facing BAME employees.

Under the new Work and Skills Strategy, we have introduced more diversity into the Repairs Service and also a male into the traditionally female ILS Service. RBH hosted conferences for Black History and Rochdale in Rainbows.

### **Supplier Engagement**

RBH's Board has responsibility for setting our Procurement Strategy. In support of our Together Corporate Strategy theme of Building Rochdale's Economy, a key objective within this is to seek, wherever feasible and financially viable to do so, to source products and services from local providers. In this way, RBH's purchasing power will positively influence the local economy and we encourage the use of local companies by

- Improving supplier pre-tender engagement, communication and resources including through 'Open Days';
- Providing assistance and guidance to local suppliers on how to do business with RBH;
- Making use of social media and local networks to advertise upcoming opportunities;
- Reducing the barriers faced by Small Medium Enterprises (SME's) by simplifying documentation
- Breaking potentially large RBH requirements into smaller 'Lots' to encourage smaller local supplier's inclusion; and
- Including Social Value as a criteria of evaluation and performance, in addition to financial value and quality.

### **Customer Engagement**

During the year we developed a set of commitments under the Together with Tenants initiative. We appointed a tenant to lead on this with a Steering Group made up entirely of tenants, with employees working alongside them. Our commitments were shaped by conversations with 570 tenants and so we are confident that they really reflect what is important to RBH tenants. We will be launching our Together with Tenants Commitments and sharing them with all our tenants in the near future.

We also commenced development of our new Engagement Strategy. Combined with the monitoring of Together with Tenants, any deep dive, scrutiny or service improvement exercise outcomes for customers, will be fed back directly to the Board and the Representative Body. We are also developing a Voice of the Customer dashboard to be presented to the Board once a quarter. All Board reports will capture what has been learnt from tenants and how this has influenced the recommendations in the report. A complete review of our service standards will take place in 2020 as well to ensure they match with the Together with Tenants commitments.

## RBH VALUE FOR MONEY (VFM) STATEMENT 2019-20

### 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. 2019/20 is the final year of the 4 year 1% rent cut. We achieved £6m savings over the 4 year period to ensure our ongoing viability, and further, managed savings in 2019/20 to maintain our unit costs as our size reduces through sales and proactive asset management.

Our current VfM Strategy has been developed in conjunction with the Representative Body and through a consultation on our definition of VfM with all tenants and employees. An online survey was sent out to 6,287 tenants and employees with just one question, requesting that respondents rank our VfM factors in order of importance. A discussion was also held at a Representative Body meeting and Members voted on the night. The overall results were as follows:

1. High quality homes, goods and services
2. Financial considerations
3. Local social and economic benefits
4. Environmental issues

There was a clear choice of quality as the highest priority for both tenants and employees. Overall cost ranked second though quality remained a high priority for tenants and local benefit for employees. Local benefit was narrowly ahead of environmental concerns as the third ranked factor with employees also giving a high priority to cost. This left environment ranked fourth with a clear preference from employees.

Our VfM priorities during the life of our current Value for Money Strategy (available on the RBH website) up to 2022 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 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.

**RBH VALUE FOR MONEY (VFM) STATEMENT 2019-20 continued**

Priority	VFM Factor	Link to Together
<b>1</b>	<p><b><u>High quality homes, goods and services</u></b></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><b><u>Growing and Improving</u></b></p> <p>The development of quality new homes and smart investment in existing homes is key to the <b>growing</b> 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 <b>improvement</b> to ensure we are providing good quality core services that deliver value for money for our customers.</p>
<b>2</b>	<p><b><u>Financial considerations</u></b></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 savings across management and repairs, including from our Digital Transformation Programme, have been built into budget 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><b><u>Improving</u></b></p> <p>Long term sustainability is central to the <b>improving</b> 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>
<b>3</b>	<p><b><u>Local social and economic benefits</u></b></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. 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><b><u>Thriving and Building Rochdale's economy</u></b></p> <p>The <b>Thriving</b> theme includes our new offer for older people and a commitment to provide support to sustain tenancies for all our customers. 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.</p> <p>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>
<b>4</b>	<p><b><u>Environmental issues</u></b></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><b><u>Growing and Improving</u></b></p> <p>The <b>growing</b> 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 <b>improving</b> includes energy efficiency measures for ourselves and for our customers.</p>

## RBH VALUE FOR MONEY (VFM) STATEMENT 2019-20 continued

### Complaints

We welcome feedback, good or bad, on any of the services we provide and commit to using it to improve our services. When things go wrong we will provide advice and support and get them resolved as quickly as possible. We analyse complaints, look for trends and make changes where possible to improve our services and policies. In total we received 738 complaints in 2019/20. Repairs are the largest category of complaints (271) usually about repairs not being done within expected timescales; followed by Neighbourhoods (204), usually relating to problems with neighbours; and then Grounds Maintenance (61); and rent or arrears queries (37).

Of the formal stage 2 complaint's 65% were responded to within the target of 10 working days. For stage 3 complaints, 41% responded to within target of 10 working days. In 2019/20 we started to use our Customer Relationship Management System (CRM) for managing customer feedback and are continuing to refine that to help us improve our performance in relation to getting complaints resolved quickly. We also conducted a full end-to-end review of complaints management and as a result of that are looking to increase resources in this area to deal with an increase in both the volume and complexity of complaints coming through.

We try to learn from complaints and below is an example of an improvement we have made in the area of repairs.

Complaint: Job not completed on first appointment.

We will try to complete a repair on our first visit where possible, but have to arrange follow-up appointments in cases where parts are not available or if diaries don't allow time on the day to extend the job. We have reviewed the process for when this happens and improved the means by which the customer is kept up to date with what is happening.

Complaint: Not responding to known customer preferences or needs in relation to communications

What this identified was that we are very reliant on individual employees picking up on flags and markers within core systems and responding appropriately. We had already started a project in order to automate as much of this as possible and have now enrolled the customer who logged the original complaint to help by providing the Voice of the Customer as we work towards a solution.

### The Vfm Standard

RBH is fully compliant with the RSH's Value for Money Standard. 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.

### RBH VALUE FOR MONEY (VFM) STATEMENT 2019-20 continued

The section below sets out our full set of core VfM metrics, showing how they link back to Together. VfM Performance is shown for 2019/20 (against targets for the year where applicable); the previous two years; and the targets for the next 3 years are also included. 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 2018/19 (the latest information available) is also shown. Where the COVID-19 pandemic has had an impact on our VfM performance against target, this is noted in the commentary for each metric.

#### VfM metrics

VfM Metric	2016/17	2017/18	2018/19		2019/20		2020/21	2021/22	2022/23
	Actual	Actual	Peer Group Median	Actual	Target	Actual	Target	Target	Target
<b>% new supply delivered (1)</b> – The number of new units acquired or developed in the year as a proportion of total units managed at year end.	0.28%	0.27%	0.68%	0.42%	0.19%	0.19%	0.52%	0.65%	0.74%
<b>% gearing (1)</b> – This metric assesses the level of net debt per unit	38%	26%	47%	17%	27%	9%	8%	10%	4%

**RBH VALUE FOR MONEY (VFM) STATEMENT 2019-20 continued**

VFM Metric	2016/17	2017/18	2018/19		2019/20		2020/21	2021/22	2022/23
	Actual	Actual	Peer Group Median	Actual	Target	Actual	Target	Target	Target
<b>% Re-investment (1)</b> <i>– Investment in properties (existing homes as well as new supply) as a percentage of the value of total properties held,</i>	13.1%	9.30%	9.67%	8.10%	11%	7.4%	13.30%	12.40%	6.60%

(1) Regulator defined VFM metric

**% new supply delivered**

Our Financial Strategy seeks to drive best value for money and use of resources by investing available savings in new build development activity. Investment decisions are made based on evidence and market intelligence to ensure that we have the right mix of homes in terms of type and tenure suitable for local market conditions, which meet the needs and aspirations of our customers, as well as building on and protecting RBH’s financial viability. RBH’s level of new supply was less than our peer group in 2018/19 although on target in 2019/20. All schemes within the Affordable Homes Programme (AHP) 2015 to 2018 funding programme have now achieved practical completion. RBH obtained Homes England Shared Ownership AHP 2018-21 grant funding allocations for 3 schemes consisting of 119 homes and all of the schemes have started on site. One scheme (Abbey Road) achieved practical completion in March 2020. The remaining two schemes (39 homes at Smallbridge and 55 homes at Lower Falinge Ph3) are due for completion in 2020 and 2021 respectively. The RBH Board has further ambitious plans for development reflecting our aspirations for Rochdale Town Centre regeneration and longer-term development goals. Our current business plan includes plans for 355 new homes in areas that meet demand in relation to size, type, and location to ensure the long-term sustainability of our places. These homes include a mixture of affordable rent, shared ownership, rent to buy and also 150 extra care units and it is forecast that new supply delivered will be approaching 1% by 2022/23. The disruption caused by the COVID-19 pandemic is likely to impact on both scheme delivery and sales progress moving forward but this is not anticipated to materially affect our targets. When there is a normalisation after the pandemic crisis, RBH is committed to increasing its borrowing in order to fulfil its ambitions to build even more new units.

## **RBH VALUE FOR MONEY (VFM) STATEMENT 2019-20 continued**

### **Gearing**

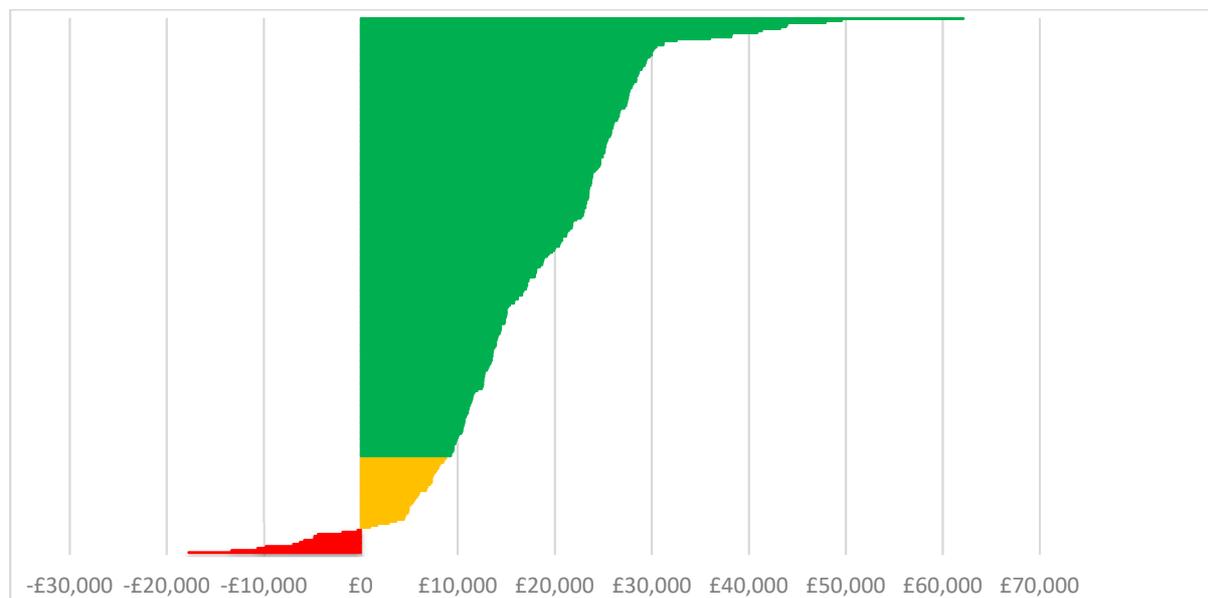
Our level of indebtedness is lower than our peers, however, we have capacity to borrow more within the level our funders are comfortable with (65% to 2021 and 55% thereafter). We will be seeking to increase our borrowing at the earliest opportunity to fund the development of new units, investment in regeneration activity in Rochdale Town Centre and in existing homes to improve environmental sustainability. Our level of gearing in 2019/20 is significantly lower than target due to the high level of cash balances held at year end.

### **Re-investment**

In 2019/20 the level of re-investment in major repairs and new build was less than our target, this was due to development scheme delays and the deferral of some Investment Programme schemes during the year in order to allocate resources to the Town Centre regeneration project. This will be compounded as COVID-19 causes delays in 2020/21. In 2018/19 our re-investment level was also marginally lower than our peers. Our current business plan reflects a drop in new build development in year 3, however this will change should we be able to re-finance in 2020 as planned.

We are continuing to improve the quality of homes through the Improvement Programme and 100% of homes met the Decent Homes Standard at 31<sup>st</sup> March 2020. During 2019/20, we invested £8m to upgrade our tenant's homes. 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 taken on the future of lower quartile properties based on further analysis of all the indicators. The chart below summarises the performance of our assets in 2019/20.

**RBH VALUE FOR MONEY (VFM) STATEMENT 2019-20 continued**



Performance Table*	NPV Range		No. Units	% Units	Total NPV	NPV Per Unit
	Min	Max				
Poor	£ (17,758)	£ 1	811	6.43%	£ (5,866,245)	£ (7,233)
Marginal	£ 1	£ 9,000	1,875	14.88%	£ 11,539,029	£ 6,154
Good	£ 9,000	£ 62,151	9,917	78.69%	£ 204,794,753	£ 20,651
<b>Total</b>			<b>12,603</b>	<b>100.00%</b>	<b>£ 210,467,537</b>	<b>£ 16,700</b>

78.6% of RBH's homes are performing well in terms of their NPV, with a value between 9,000 and 62,000, just under 15% have a marginal NPV (ranging between 1 and 9,000 and the remainder are categorised as performing (6.4%), a reduction of nearly 1% from the previous year.

To ensure we are effectively investing our resources, we consider before major investment in any home whether this will demonstrate a positive return. If a home that becomes empty has a low NPV (which remains low with the planned investment) but has a higher Open Market Value (OMV), we undertake an options appraisal considering a variety of factors including the option to dispose of the home. We also investigate homes with a lower NPV to establish if there are any underlying reasons and decide on the best strategic and value for money course of action accordingly.

RBH Board have previously agreed to prioritise investment to address the quality and mix of the flats at Lower Falinge and College Bank and the Rochdale Town Centre regeneration project became a key part of our Corporate Strategy as a result. During 2019/20 work continued to achieve this, including the demolition of some existing homes in these neighbourhoods and rehousing residents together with leaseholder buy-backs and land acquisition. There has been intensive engagement and consultation with the community, and a Resident's Deal was signed off towards the end of the year.

In addition, as RBH is committed to increasing its borrowing, it is planned that the initial re-financing could fund a series of demonstrator projects across a range of archetypes to help inform future investment plans to support the Greater Manchester Housing Provider pledge on carbon reduction by 2038 and help tackle climate change. This could include loft insulation, triple glazed

### RBH VALUE FOR MONEY (VFM) STATEMENT 2019-20 continued

windows, external wall insulation and cladding, PV panels, and Carbon Reduction and Air Source Heat Pump Renewable Technology.

<b>Together Theme: Thriving</b>						
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		2020/21
	Actual	Actual	Actual	Target	Actual	Target
Wellbeing rating of customers accessing RBH support services (Wemwbs score)	Not measured	26.4	26.0	28.0	Unable to complete survey due to C-19	28
Tenancy sustainment (based on reducing tenancy failure rate in first 6 months).	8.84%	8.15%	4.86%	4.50%	5.19%	3%

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. The target for 2019/20 was 28 which is 'good' on a scale of Excellent, Good, Average, Below Average and Poor. The disruption caused by the COVID-19 pandemic has meant the survey has not been completed for last year, as it was not an appropriate time to be sending out a paper based questionnaire which usually requires face to face support.

From the start of the pandemic we have been supporting independent living scheme tenants with daily calls, befriending chats from the Living Well service for people who request them, activity packs for VE day and a general art pack. We have also recommissioned HMR Circle who are a Rochdale based organisation with a focus on preventing isolation. As we come out of lockdown we will be implementing a new structure for the service, which was developed in consultation with customers and undertaking the wellbeing survey. The target the Board have agreed for 2020/21 is again 28.

The definition for our measure of **Tenancy sustainment** is terminations where the tenancy lasted less than 6 months as a % of all terminations. The actual for 2019/20 is 5.19%, against a target of 4.5%. This measure has previously included some 'positive' reasons for moving, such as buying a property and as such will be refined for 2020 onwards to focus only on 'negative' reasons such as anti-social behaviour or affordability. The target Board have agreed for 2020/21 is 3% to recognise the more focused approach. Our new systems incorporate an intervention from our Neighbourhoods Team if a negative reason is cited upon termination. The team also continues to carry out welcome visits, so that timely help and support can be given.

**RBH VALUE FOR MONEY (VFM) STATEMENT 2019-20 continued**

<b>Together Theme: Improving</b>									
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		2020/21	2021/22	2022/23
	Actual	Actual	Peer Group Median	Actual	Target	Actual	Target	Target	Target
% customer satisfaction as a landlord	84.8%	84.80%	88%	82%	83%	81%	86%	-	-
% tenants that believe their rent offers Vfm	84.9%	84.90%	87%	80%	85%	81%	82%	-	-
% Customer transactions through online channels	Not measured	-	n/a	-	-	-	25%	60%	60%

Overall **customer satisfaction** with all landlord services at 81% remains broadly consistent with previous years but lower than the median figure for our peer group.

We have low levels of dissatisfaction but a higher level of customers who express neither satisfaction nor dissatisfaction. Satisfaction is highest amongst independent living scheme tenants (90%) compared to general needs tenants (80%).

The **percentage of tenants who believe their rent offers Vfm** is also holding steady from previous years but is again lower than peer group. In 2019/20 we have moved to a STAR tracker survey of around 100 tenants each month so that we can react to feedback more quickly and use it in the improvement of our services. The new target for overall satisfaction of 86% is ambitious given that we have consistently been between 81 and 83% over the last 2 years.

We recognise the need to focus on continuously improving services to customers but also know that we need to share and celebrate our good work more widely than we currently do in order to change some customer perceptions of the services we provide.

Our Digital Strategy projects an increase in **customer transactions using online channels** over the next 3 years. We anticipate a rise of 25% in year 1, increasing to 60% in years 2 and 3 and 90% the year after. This will be achieved by progressively moving services online, and away from traditionally more expensive customer contact channels such as phone, email and face-to-face. We will also implement a range of digital inclusion initiatives in order to drive increased adoption of online usage amongst our customers.

**RBH VALUE FOR MONEY (VFM) STATEMENT 2019-20 continued**

VFM Metric	2016/17	2017/18	2018/19		2019/20		2020/21	2021/22	2022/23
	Actual	Actual	Peer Group Median	Actual	Target	Actual	Target	Target	Target
<b>Operating margin (1)</b>	28%	29%	19%	26%	29%	20%	22%	21%	22%
(overall and Social lettings only)	27%	27%	27%	27%	27%	29%	21%	21%	23%

(1) Regulator defined VFM metric

(2) The 2019/20 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.

Our overall 2019/20 operating margin was significantly lower than target due to the level of investment in regeneration activity, which increased above budget during the year as resources were re-allocated to meet additional costs of this strategically important work.

Our **operating margin** for social housing lettings only exceeded target, representing sound operational efficiency, ensuring we are able to continue to support a development programme; investment in existing homes; and regeneration activity. We compare favourably with our peer group for 2018/19, the most recent year that benchmark information is available. Margins are however set to reduce over the next few years as the Central Rochdale regeneration project progresses and additional pressure will be placed on margins in 2020/21 due to the COVID-19 pandemic, which is not reflected in these targets.

VFM Metric	2016/17	2017/18	2018/19		2019/20		2020/21	2021/22	2022/23
	Actual	Actual	Peer Group Median	Actual	Target	Actual	Target	Target	Target
<b>EBITDA MRI (1)</b> – <i>Seeks to measure the level of surplus that an RP generates against interest payments</i>	128%	248%	164%	389%	544%	332%	462%	436%	523%

**RBH VALUE FOR MONEY (VFM) STATEMENT 2019-20 continued**

**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 is generating surpluses that cover interest costs by a comfortable margin and we compare well with our peers. This measure will be influenced over the next few years by reducing surpluses as a result of rent loss through demolitions and continuing RTB sales.

VFM Metric	2016/17	2017/18	2018/19		2019/20		2020/21	2021/22	2022/23
	Actual	Actual	Peer Group Median	Actual	Target	Actual	Target	Target	Target
<b>Return on Capital Employed (1)</b> – <i>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%	8%	8%	11%	6.6%	8%	7%	7%

(1) Regulator defined VFM metric

(2) The 2019/20 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.

**Return on capital employed (ROCE)** is calculated as operating surplus divided by total assets less current liabilities. At 8%, RBH’s performance is the same as our peer group median in 2018/19. In 2019/20 our figure is 6.6% compared to our Business Plan target of 11%, lower due to a combination of reduced surpluses and increased assets, compared to budget. 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 increase.

**RBH VALUE FOR MONEY (VFM) STATEMENT 2019-20 continued**

<b>Social Housing Cost per unit</b>									
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>		<b>2019/20</b>		<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>Actual</b>	<b>Actual</b>	<b>Peer Group Median</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>	<b>Target</b>	<b>Target</b>	<b>Target</b>
Headline social housing cost per unit <b>(1)(2)</b>	£3,902	£3,484	£3,866	£3,337	£3,561	£3,583	£3,875	£3,948	£3,990
Management costs per unit <b>(2)</b>	£1,214	£1,216	£1,207	£1,062	£1,118	£1,092	£1,108	£1,144	£1,178
Repairs costs per unit	£763	£945	£1,105	£916	£883	£901	£942	£962	£1,005
Major repairs costs per unit	£1,420	£823	£988	£727	£803	£645	£821	£855	£831
Service charges costs per unit	£337	£340	£302	£358	£432	£370	£453	£439	£459
Other costs per unit	£170	£160	£264	£273	£325	£575	£551	£547	£515

**(1) Regulator defined VFM metric**

**(2) The actual and target figures include 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 however we have included an estimate of the impact in targets for trend and comparison purposes.**

RBH's headline cost per unit is above target in 2019/20 mainly driven by the increase in regeneration activity during the year. In 2018/19, we benchmark favourably with our peer group, but it is extremely difficult to assess why our peer's costs are so much higher. Although it is clear that comparisons with peers are distorted because a number of them have experienced exceptional costs in the post Grenfell period (unlike RBH), it is not possible to extract these costs to get a comparable position. Our headline unit costs had fallen from 2016/17 to 2018/19 because of efficiency savings achieved as part of 'Facing the Future' (totalling £6m over 3 years and fully embedded from April 2018). Two key factors however (linked to the implementation of the Corporate Strategy - Together) have resulted in an above inflation cost per unit figure in 2019/20 and above inflation increases in projected costs for the next 3 years.

The first of these is the Central Rochdale Regeneration (CRR) project, which is resulting in a programme of significant demolitions in advance of new build developments replacing them. In addition to the revenue expenditure on this demolition work, the consequential home loss payments to tenants in these homes also feeds into the headline cost per unit calculation. The second key driver for projected increased costs per unit is the Digital Transformation work that also commenced in 2019/20. Our investment in both these Corporate Strategy priorities is projected to make RBH's cost per unit significantly higher than our peers in the short to medium term. The Together Strategy will however replace the loss of unit numbers and deliver significant efficiencies from the Transformation Programme over the next few years. The actions we have taken as a result of COVID-19 will impact on our cost per unit from 2020/21, and therefore our targets will be reviewed to reflect this.

## RBH VALUE FOR MONEY (VFM) STATEMENT 2019-20 continued

In order to understand our costs in the context of our peer group, we have set internal unit cost targets for the next 3 years based on the 2019/20 budgeted headline cost per unit and adding inflation only whilst excluding regeneration and transformation activity costs. This will demonstrate that the core business remains well managed.

**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 neighbourhoods that are ranked in the 1% most deprived according to the Index of Multiple Deprivation. The RSH has identified that for homes in such areas providers have costs on average £500 per unit higher than the median, which provides assurance that RBH's unit costs for management are reasonable though we do continue to seek to drive value for money improvements. Our management cost per unit in 2019/20 at £1,129, which is an increase of £67 on the previous year, which is mainly due to the impairment charge in the year related to RBH's investment in its subsidiary SSL, which will cease trading in 2020. Our management costs were significantly lower than the peer group median in 2018/19, the last year for which benchmark information is available.

**Repairs costs per unit** were lower than the peer group median in 2018/19 (£916 compared to £1,105) and have reduced further to £901 in 2019/20, albeit higher than our target of £883. During 2019/20 the Refreshing Repairs Transformation Programme made significant progress in achieving VFM gains and efficiencies. The service successfully achieved its 2019/20 efficiency target of £355k whilst continuing to maintain a high quality and performance output.

**Major repairs cost per unit:** Our unit costs had fallen significantly since the 5 year programme from transfer was delivered by the end of 2017/18 and is now maintained reflecting the levels of investment required to maintain the Decent Standard. During 2019/20 however, some investment programme schemes were deferred and resources re-allocated to the Central Rochdale regeneration project so the cost per unit reduced further to £645. RBH's major repairs cost per unit was significantly below the peer group median in 2018/19. Targets have been set for the next 3 years based on maintaining decent homes. Our understanding of our stock condition has been recently validated by an external surveyor and we are therefore confident in the quality of data that we hold.

**Service charges cost per unit:** RBH seeks to maximise value for money through service charges. The service charge cost per unit has increased from £358k in 2018/19 to £370 in 2019/20.

**Other cost per unit:** The increase to £675k per unit mainly reflects the costs related to the Central Rochdale Regeneration project, which commenced in 2019/20, and shared ownership completions. Additional resources were allocated to this project during 2019/20 so the actual cost per unit was above target.

**Value for money developments in 2019/20-** 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.

In the last 12 months, as part of the Repairs Transformation Programme, an upgrade of the DRS system (appointment and scheduling for responsive repairs) was completed, enabling us to schedule repairs

**RBH VALUE FOR MONEY (VFM) STATEMENT 2019-20 continued**

to achieve maximum efficiency. In addition, a new multi trade role was developed and introduced, resulting in improved performance, and placing RBH in the upper quartile when benchmarked.

The service has worked collaboratively with RBH’s Rents and Payments team to further develop a process to recover chargeable repair costs, which are then reinvested into the repairs service. During 2019/20 £321k was successfully recovered, an increase of £41k on the previous year.

During 2019/20, we continued to develop our new offer for Older People linked to the thriving theme of the Corporate Strategy. As part of a review of the Independent Living and Mobile Responder services, extensive consultation with residents recognised that these services were deemed not to be providing good value for money. Residents were therefore involved from beginning to end in the design of a new service delivery model in order to improve the service they want to receive in line with the payments they make. New structures for the service were put in place to establish the new more customer focussed, value for money service.

Towards the end of 2019/20, the Board of Safeguard Solutions Limited (SSL) our security and alarm monitoring subsidiary, took the decision to cease trading in 2020. This decision was ratified by the RBH Board. SSL’s main income stream was from the delivery of a CCTV service to Rochdale Council, which will end in September 2020. There remained a very narrow commercial opportunity to develop and grow the alarm monitoring service, however the Board concluded that when balanced with the risks involved, the projected income streams were not sufficient to justify the significant investment required to develop the business.

Anticipated savings that will be delivered as a result of the investment in 2019/20 of a new website and online portal through our Digital Transformation Programme have been built into budgets totalling £312k, £534k and £584k in 2020-21, 2021-22 and 2022-23 respectively. Estimated revenue savings of £516k have also been included in year 3 relating to increasing smart working and associated reductions in the need for office space.

<b>Together Theme: Building Rochdale’s Economy</b>					
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	2017/18	2018/19	2019/20		2020/21 (3)
	Actual	Actual	Target	Actual	Target
% employees paid (at least) living wage foundation level (GM social value pledge)	100%	100%	100%	100%	100%
No. of residents supported into employment	11	Not reported	No target set <b>(2)</b>	16	No target set <b>(2)</b>

**RBH VALUE FOR MONEY (VFM) STATEMENT 2019-20 continued**

	2017/18	2018/19	2019/20		2020/21 (3)
	Actual	Actual	Target	Actual	Target
% spend with businesses based in Rochdale (GM social value pledge)	49%	45%	45%	47%	47%
% spend with businesses based in GM (GM social value pledge)	Not reported	59%	59%	60%	60%
Local Multiplier 3 (LM3)	£2.02	£1.73	£1.73	£1.71	£1.71

(1) The Vfm metrics were not reported in 2016/17

(2) Work and Skills strategy targets are focussed on outcomes (e.g. 50% of apprentice vacancies to be filled by RBH tenants). No target set for outputs due to range of external factors involved.

(3) No targets set beyond 2020/21. These will be considered as part of the strategy review.

RBH is 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 to our employees, but also for our tenants and the communities, we serve, and that is still true today. We are 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.

In 2019/20 we supported 16 local residents into employment. This includes 9 apprentices employed on our internal programme, 5 apprentices funded by RBH, hosted by Groundwork Green team, and 2 residents supported into jobs within our supply chain through training and brokerage. In addition to those securing jobs, we also supported an additional 472 people through other work and skills initiatives including work experience placements, interview outfits through our Work wear Workshop project and accredited and non-accredited training.

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 increased slightly from the previous year (to 47% and 60% respectively). The increase of 1% for the latter indicator compared to last year, amounts to £21M spent on goods and services in the Greater Manchester economy.

The way money spent is retained in the Rochdale Borough bringing 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 2019/20 was £1.71, which means that for every £1 spent with RBH, another £0.71 is generated for the Rochdale economy. This represents a small reduction in our LM3 score compared 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.

2019/20 was the second year of a 3 year contract with our internal auditors RSM (formerly Baker Tilly) with the option of then extending for a 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 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
- Business continuity and our ability to maintain core business processes in the event of unforeseen circumstances. The appropriate management of risk across all areas of the society

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

## **STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL continued**

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;
- 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. This Register will continue to be used to ensure policy leads fully incorporate legislative requirements into RBH policy.
- The Corporate, Operational and Fraud Risk Registers identify the key risks facing the society, existing mitigating actions which are designed to effectively reduce the risk and future actions required to maintain control of the risk.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL continued

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.

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.

Any weakness that is highlighted is reported back to the Senior Management Team and the Audit Committee, and addressed accordingly. RSM's annual report for 2019-20 concluded, for the third year running 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'.

During the year 2019/20 RSM also undertook 2 follow up audits. The purpose of which is to verify that recommendations have been completed. RBH achieved a 100% implementation rate at both follow ups, with 30 recommendations completed or superseded and verified as a result of the first follow up and 47 as a result of the second. The Final Annual Report details the level of assurance for each audit; the assurance levels achieved were 7 with Substantial Assurance, 2 with Reasonable Assurance, and 2 with Partial Assurance.

### Internal Audit

During 2019-20 our internal audit facility was provided by RSM.

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.

During 2019/20, 2 recommendations rated a high were identified, 15 medium management actions and 17 low management actions.

**STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL continued**

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 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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, 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 2019. 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 2018.

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.

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

The report of the Board of Management was approved on 12<sup>th</sup> August 2020 and signed on its behalf by:



Stephen Wigley  
**Secretary**  
21<sup>st</sup> September 2020



Alison Tumilty  
**Chair of the Board**  
21<sup>st</sup> September 2020



Gareth Swarbrick  
**Chief Executive**  
21<sup>st</sup> September 2020

## STRATEGIC REPORT

### Corporate objectives and strategy

RBH is owned and run by its members. Our Corporate Strategy is developed by tenant and employee members. 2019-20 was the second year our three year Corporate Strategy 'Together', however due to the Coronavirus pandemic, the decision has been taken to extend the strategy for a further year. 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; Building Rochdale's Economy**

#### **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.

#### **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.

## STRATEGIC REPORT continued

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 a 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 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.

## STRATEGIC REPORT continued

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 a mutual on 26<sup>th</sup> 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 nominated Representatives from Tenant Management Organisations and 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 the members of the Representative Body and the Non-Executive members of Board are entitled to recover reasonable expenses incurred. On 30<sup>th</sup> March 2017 the Representative Body approved a decision to remunerate the Board Chair position commencing on the date of the 2017 Annual Members Meeting and in December 2019 they approved remuneration for the Non-Executive Directors effective from September 2019. The Representative Body are not remunerated.

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 3<sup>rd</sup> June 2015 the Board adopted the National Housing Federation 2015 Code of Governance. During 2019-20 RBH complied with all the provisions of the Code.

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 9 times in 2019-20 and held one joint session with the Representative Body.

Sitting on the Board are:

	Meetings attended
Philip Brown	3/3
Asrar Ul-Haq	8/9
Luen Thompson	9/9
Gareth Swarbrick (Chief Executive)	8/9
Nickie Hallard (Deputy Chief Executive)	8/9
Alison Tumilty (Board Chair)	9/9
Guy Millichamp (Audit Committee Chair)	8/9
Paul Joyce (HR & Governance Committee Chair)	9/9

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

In 2019-20 it made the following critical decisions:

- Approved the Digital Transformation Strategy, which sets out how RBH will utilise digital technologies to transform how we deliver services in order to achieve measurable improvements in customer satisfaction, employee engagement, efficiency and effectiveness;
- Approved the Work and Skills Strategy 2019-22 which sets out the Society’s approach to driving increased impact for customers and communities in relation to skills and good employment;
- Approved the new Risk Management Strategy, after detailed discussions on the risk appetite of RBH moving forward;
- Approved the renewal of the contract with United Utilities which will enable tenants to continue paying water charges in their rent;
- Worked jointly with the Representative Body to approve the Together with Tenants and Members Commitments, which aims to build positive and constructive relationships between the Society and its members and tenants built on listening, trust and accountability.

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 review of the Mutual Governance Excellence Framework in March 2020.

## **STRATEGIC REPORT continued**

### **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 audit work programme. The committee also monitors and advises the Board on compliance with the Society's Risk Management Strategy Action Plan.

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 2019-20.

Sitting on the Audit Committee are:

	Meetings Attended
• Luen Thompson	3/4
• Guy Millichamp (Chair)	4/4
• Paul Joyce	3/4
• Sharon Brown	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 2019-20 it made the following critical decisions:

- Approved the Representative Body reward and recognition policy: Reviewed the Risk Management 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 3 times during 2019-20.

## STRATEGIC REPORT continued

Sitting on the Committee are:

	Meetings Attended
• Alison Tumilty	3/3
• Guy Millichamp	3/3
• Brendan Nevin (Independent Member)	0/2
• Siobhan Ryder	0/1
• Mike Nuttall	1/1

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 2019-20, it made the following critical decisions:

- Recommended an appraisal model for development for Board approval;
- Monitored the development pipeline to ensure RBH has sufficient sites available to deliver its development aspirations;
- Reviewed its terms of reference;
- Monitored the regeneration of central Rochdale including approving the acquisition of a site and partner development.

### ***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 3 times in 2019-20

## **STRATEGIC REPORT continued**

Sitting on the HR and Governance Committee are:

	Meetings Attended
• Paul Joyce (Chair)	3/3
• Philip Brown	1/1
• Asrar Ul-Haq	3/3
• Cliff Mills (Independent Member)	2/3
• Michele Carr (Independent Member)	1/2

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 2019-20 it made the following critical decisions:

- Recommended the revised Board expenses and Board Remuneration Policy to the Representative Body for approval;
- Recommended the revised Representative Body rewards and recognition policy to the Audit Committee for approval;
- Approved a number of team restructures, prior to formal consultation with the employees;
- Made recommendations for Board and Representative Body approval to a range governing documents.

After 31<sup>st</sup> March the HR & Governance Committee was split into the Remuneration Committee and Mutual Governance Commission.

### ***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 written and 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 2019-20 and held one joint session with the Board. The Representatives responsibilities include:

**STRATEGIC REPORT continued**

- 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.

In 2019-20 it made the following critical decisions:

- Approved the appointment of Mike Nuttall to the Board;
- Approved the consultation plan for renewal of the Water Charges contract and made recommendations on where to spend the surplus commission;
- Undertook a review of the Representative Body documents within the Mutual Governance Excellence Framework which included development of the Non- Executive Re-appointment Procedure;
- Approved the Together with Tenants and Members Commitments;
- After careful deliberation approved remuneration for the Non-Executive Directors

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 5 August to 5 September 2019. Members from the tenant constituency voted with a 15.8% turnout, electing 8 Tenant Representatives. There were 3 candidates for the Employee Representatives and they were elected unopposed. A breakdown is shown below:

Total	Breakdown
8 Tenant Representatives	6 for full 3 year terms <ul style="list-style-type: none"> <li>• 1 x continuous service</li> <li>• 4 x first time Representatives</li> <li>• 1 x returning Representatives</li> </ul> 2 for 1 year term <ul style="list-style-type: none"> <li>• 2 x first time Representatives</li> </ul>

Total	Breakdown
3 Employee Representative	3 for 3 year terms, first time Representatives

During the 2019-20 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 6 times in 2019-20. The Communications Working Group’s membership is open to all Representatives but as a minimum must have 2 Employee and 2 Tenant Representatives. Unless directly delegated responsibility by the Representative Body, the working group does not take decisions usually reserved for the Representative Body.

## **STRATEGIC REPORT continued**

Instead, it progresses work between Representative Body meetings which is subsequently reported back to and decided on by the Representative Body.

The Communication Working Group's responsibilities include:

- To facilitate two way communication with members;
- To assist with the effective implementation of the communication elements of the Membership Strategy;
- Set the content for the Membership Newsletter and other communications to members or about membership to ensure a focus on mutuality, RBH values, the Pledge to Members and the Representative Body as the owner of communications;
- Develop the Annual Report to members on behalf of the Representative Body;
- Carry out periodic reviews of the membership and Representative Body pages of the RBH website.

In 2019-20 it worked on the following important issues:

- Identifying the content for the Representative Body's annual reports to members;
- Approved the branding for the Representative Body elections; and
- Shaped the content for Membership Matters.

### **Membership Task & Finish Group**

The task and finish group met 5 times in 2019-20. The Membership Task and Finish Group supports the Representative Body to fulfil its function to effectively monitor the Membership Strategy by ensuring the monitoring framework is fit for purpose and carrying out a review of the representativeness of membership and the Representative Body. The group shall also support the development of the programme and event outline for the Annual Members Meeting.

In 2019 it worked on the following:

- Reviewed the Membership Strategy monitoring framework;
- Reviewed the diversity of membership and the Representative Body;
- Agreed on the venue and format of the Annual Members Meeting

### **Mutual Governance Excellence Framework Task and Finish Group**

A task and finish group was established to develop a procedure for the re-appointment of Board Members and they met on 2 occasions. The procedure was approved by the Representative Body in January 2020, and it is now incorporated into the Mutual Governance Excellence Framework.

### **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>	5,571	37.9	5,755	40.1
<i>Employee members</i>	453	78.6	437	75.5

## STRATEGIC REPORT continued

### *Remuneration*

The Representative Body have determined that, together with the Chair, Non-Executive Directors, are to be remunerated and additionally are permitted to claim expenses in line with the policy which is approved and reviewed annually by them. 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. The Non-Executive Directors currently receive £4k per annum, which is subject to an annual review.

### **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 three months for the executive directors and six months for the Chief Executive.

The Chief Executive, the Deputy Chief Executive (Director of Resources) and Director of Growth are 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 31<sup>st</sup> March 2020 totalled £559k (period to 31<sup>st</sup> March 2019: £457k). 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 2019-20 RBH complied with all the provisions of the Code.

## **STRATEGIC REPORT continued**

### **Employees**

The permanent average headcount between April 2019 and March 2020 was 545. There were 67 leavers in the year, of which 44 were voluntary resignations. 39 leavers were aged over 50.

RBH is a Real Living Wage Employer, including Apprentices.

During 2019-20 significant achievements that have had an impact on employees have included:

- a) Launched 'Eyes Wide Open'. Recognising that over three quarters of our employees live as well as work in Rochdale and are proud Rochdalian, wanting their borough to be the best it can be for their families, their neighbours and their fellow citizens, this initiative encourages all employees to take responsibility for reporting concerns and/or noticing excellence in our communities. It has been used frequently and effectively to report issues that previously may have gone unnoticed. It has been particularly powerful in highlighting Safeguarding concerns.
- b) Introduced the Time Out In Communities (TONIC) initiative building on the success of the 2018 Day of Volunteering. A revision of the Achieving Effective Work Life Balance Policy introduced RBH's Community Volunteering Scheme, called TONIC under which teams are encouraged to use their skills and ingenuity to support the work of members in the community. Each project is championed by a RBH Director.
- c) Introduced a Work and Skills Strategy, focussing on higher level apprenticeships (Levels 2 to 4). This year over 600 people applied for Apprenticeships at RBH following the move to full Living Wage.
- d) Delivered Year Two of the Refreshing Repairs Transformation Programme. Including a re-structuring and re-focussing of the Repairs Management team. This included a Leadership Development Programme made up of a series of workshops agreeing a vision for a 'great Repairs Leadership Team' and individual and group coaching. A full review of all roles in the Repairs Service is underway to ensure the roles accurately reflect job duties and are paid at the correct level within our job evaluation process.
- e) A full market evaluation of RBH salaries, determining that 80% of RBH salaries are at or above the median for Housing Associations in this area. 10% of roles were significantly below the median and market factor supplements were applied to these roles.
- f) Review of Terms and Conditions. Four workshops took place with colleagues to explore what works and what frustrates about the RBH employment package. Learning included improving communication of the job evaluation process and benchmarking. Also raised was inequalities in regards to holiday and payments during statutory and other holiday periods, which have been addressed the salary review process. This group has evolved into an Employee Forum.
- g) Implementation of the HR and Payroll system. Payroll went live successfully in April 2019 and was followed by the Expenses module. Work is now underway on a Learning & Development Module and Time & Attendance.
- h) Re-structuring in the Independent Living Service and Neighbourhood Environmental Team have resulted in services being delivered in different ways. Employees were supported through the change process.

## **STRATEGIC REPORT continued**

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 have developed a Work and Skills Strategy that outlines 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.

### **Impact of COVID-19 pandemic**

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

- With the social distancing measures, we decided to postpone major component replacements such as kitchens and bathrooms and stop-non emergency repairs, although these have recommenced from June 2020;
- All construction on our development schemes was halted in line with Government recommendations to protect our employees and business partners;
- Continued with our programme of Gas safety checks, wherever possible, balancing the risks of carbon monoxide poisoning against the need to protect residents and colleagues from COVID-19
- Provided regular contact with Older and Vulnerable people to ensure that they had access to food and required medicines
- Provided guidance to those residents who faced financial difficulties
- All colleagues adopted working from home. Where colleagues were not able to work from home, they were re-deployed where appropriate to provide support to other areas of the organisation.

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

- The hiatus in the housing market affected both sales in the final month of the period and sales after the year-end, however we completed 21 out of 25 sales by June 2020. Overall this has not had a material impact on our plans.
- Maintenance spend and component replacement was under budget in the first quarter of 2020/21 but work started on reducing the backlog of routine non-urgent repairs from mid-June. Our maintenance spend is being reviewed as part of our quarterly forecasting process.
- Expenditure on PPE has increased to ensure the safety of those colleagues that do need to enter residents' properties
- A limited number of employees who we were not able to re-deploy were furloughed, however we have not accessed the Government's Coronavirus Job Retention Scheme.

## **STRATEGIC REPORT continued**

- We have reviewed our provision for doubtful debts in the light of the impact of financial hardship that COVID-19 has had on certain groups of our tenants but decided not to increase this provision at 31<sup>st</sup> March. The position is under constant review.

The impact on global markets has the potential to affect other areas which are outside of our control, including asset values in respect of our defined benefit pension scheme; and property valuations with the possibility of a breach in our covenants with RBS/Santander.

All these issues have been considered as part of the Board's going concern assessment, which is set out below.

### **Going concern**

The RBH Board made its initial assessment of going concern in May 2020 in the light of the potential significant impact of the COVID-19 pandemic on RBH's resources and an additional assessment on 12<sup>th</sup> August in terms of a revised Business Plan. Late in March 2020, Board took action to make amendments to our proposed business plan, introducing increased resilience and contingency to address emerging issues. As a result a robust and stress tested Business Plan is in place, including consideration of a scenario around the impact of COVID-19 on our cash flows which alone would not require additional mitigations. Our Interim Treasury Strategy supports the Business Plan. All the key measures in the plan show RBH is in a strong financial position with significant headroom for all loan covenants. The plan also benefits from a high level of headroom in terms of cash balances and funding capacity with an opening balance of £28.5m and not requiring any refinancing. The going concern assessment reviewed the potential impact of COVID-19 with a particular focus on:

- Rent collection and bad debt provision
- Property valuation and impairment
- Pension valuation
- Properties for sale
- Properties under construction

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. The Board, with EMT, will continue to closely monitor cash flows and keep our financial stability under constant review through 2020/21 as matters progress in relation to the COVID-19 outbreak.

### **Operating Performance in the period**

Performance is reported to Board and Representative Body throughout the year. In 2019/20 performance reporting was aligned to the second year of the Together Corporate Strategy. The key indicators are summarised in the table below.

**STRATEGIC REPORT continued**

<b>TOGETHER KPI DASHBOARD - QTR 4 2019/20</b>	<b>2019/20 Target</b>	<b>2019/20 Actual</b>	<b>Status</b>
% of customers satisfied with the overall service provided by RBH (STAR survey)	83%	81%	
% of customers satisfied that their rent provides value for money (STAR survey)	85%	81%	
Net Promoter Score (STAR survey)	33%	32%	
% of tenants who are RBH members (Target is for year end)	40%	40.1%	
% of employees who are RBH members (Target is for year end)	90%	75.5%	
Average number of days sickness absence per employee (projected for the year)	<8.25	11.07	
Rent collection (excl arrears brought forward)	97.5%	102.54%	
Rent collection (incl arrears brought forward)	91%	95.58%	
Rent arrears of former tenants as a % of rent due (excl rent loss due to empty homes)	3.0%	3.10%	
% of repair appointments made that are kept	99%	96.9%	
% of repair jobs that are completed right first time	97.5%	95.10%	
Rent loss from empty homes	<1.5%	1.26%	
Average number of days to relet homes (excl time spent in major works or not available for letting)	25	28.6	
Controllable tenancy turnover (excludes terminations due to death)	7.0%	6.29%	
% of terminations where tenancy length is less than 6 mths	4.5%	5.19%	

Overall customer satisfaction with all landlord services at 81% remains broadly consistent with previous years. We have low levels of dissatisfaction but a higher level of customers who express neither satisfaction nor dissatisfaction. Satisfaction is highest amongst independent living scheme tenants (90%) compared to general needs tenants (80%).

The percentage of tenants who believe their rent offers VfM is also holding steady from previous years. In 2019/20 we have moved to a STAR tracker survey of around 100 tenants each month so that we can react to feedback more quickly and use it in the improvement of our services. We recognise the need to focus on continuously improving services to customers but also know that we need to share and celebrate our good work more widely than we currently do in order to change some customer perceptions of the services we provide.

Employee absence through sickness in 2019/20 averaged 11.07 days per employee, against a target of less than 8.25 days. In February 2020 we hit the target of 0.7 days absence per colleague but unfortunately, due to the coronavirus pandemic our sickness figures raised dramatically in March affecting the year end figure. One of the employee engagement indicators was also showing red - % of employees who are RBH members (75.5% against a target of 90%). In March 2020 the Employee Forum met and discussed employee membership which has shaped the development of the new Membership Strategy looking to increase employee engagement and membership.

## STRATEGIC REPORT continued

We continued to focus on our response to the challenges presented by Universal Credit by supporting customers to pay their rent and maximise their income. We supported customers to claim an extra £824k of benefits, an increase of £324k on the previous year; rent collection increased to 102.54%, an increase of 3.24% from the previous year and against a target of 97.5%. The focus on letting empty homes quickly continued with rent loss for the year being 1.26% against a target of <1.5%. Pleasingly, our controllable tenancy turnover remained under target at 6.29% against a target of 7%. The impact of the COVID-19 pandemic on our operating performance early in 2020-21 has been significant and our performance targets going forward are therefore under review.

In terms of repairs appointments made and kept our overall performance for the year was 96.9% which compares favourably with the previous year of 95.9%. During the month of March our performance was 97.8% against the target of 99% .

‘Right first time’ performance for repairs jobs has been maintained at 95.10% against a challenging target of 97.50% to March 2020. This is broadly in line with the previous year of 95.20%

On re-let times, we have ended the year at 28.6 days. Whilst there is more work to be done in 2020/21 to reduce this further, this is a significant improvement on last year’s figure and is due to the improved partnership working across the society to improve processes within teams. We will continue to monitor and review progress and identify new ways of working to continue this trend, including capital referrals, lettings procedures and digital sign ups.

For tenancy terminations where the tenancy lasted less than 6 months as a % of all terminations the actual for 2019/20 is 5.19%, against a target of 4.5%. This measure has previously included some ‘positive’ reasons for moving, such as buying a property and as such will be refined for 2020 onwards to focus only on ‘negative’ reasons such as anti-social behaviour or affordability. Our new systems incorporate an intervention from our Neighbourhoods Team if a negative reason is cited upon termination. The team also continues to carry out welcome visits, so that timely help and support can be given.

### Financial Review of the year

#### *Financial Results for the year ended 31<sup>st</sup> March 2020*

The RBH Group financial result for the year ended 31<sup>st</sup> March 2020 was an operating surplus of £12.3M. This figure reflects the impact of accounting for retirement benefits in accordance with Financial Reporting Standard (FRS) 102.

The operating surplus would be £15.5M were these items not applied.

	Group		RBH Limited	
	2020	2019	2020	2019
	£000	£000	£000	£000
<b>Operating Surplus pre FRS 102 pensions adjustment</b>	15,455	17,151	15,085	17,235
Less:				
FRS 102 pension charges	(3,181)	(2,622)	(3,181)	(2,622)
<b>Adjusted Operating Surplus</b>	<b>12,274</b>	<b>14,529</b>	<b>11,904</b>	<b>14,613</b>

## **STRATEGIC REPORT continued**

This RBH surplus of £15.1M (before FRS 102 pension adjustments) is an adverse variation of £1.5M against the original budget. The most significant movements relate to the impairment of the investment in SSL, which will cease trading in 2020 and the extra investment in regeneration activity. The full statement of financial position is shown on page 62. 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. In order to cover the liability in relation to employees joining since Transfer, 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 3 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. Responsibility for the implementation and monitoring of the Treasury Management Manual rests with the Director of Resources with overview by the Board. 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 31<sup>st</sup> March 2020 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 £2.6m 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. The COVID-19 pandemic has had a significant impact on this work in 2020.

## STRATEGIC REPORT continued

### *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, and the Public Sector Deposit Fund. A third provider is being sought in 2020 to spread the risk further.

### *Interest Rate Risk*

In respect of borrowings RBH seeks to minimise risk and by ensuring that its borrowings contain a balanced mix of fixed and variable interest rate structures where possible with the target for fixed debt meeting a minimum of 60%. 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 £28,959k (2019: £18,118k) at the year-end (Note 25). 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 £29,322k (2019: £18,609k). 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 2020-21 Business Plan will form our Financial Forecast Return to the RSH in 2020 subject to any required changes as a result of the impact of COVID-19. The 2020-21 Business Plan continues to reflect the significant investment in the Rochdale Town Centre regeneration.

## **Donations**

The RBH (D & B) Board agreed to make Gift Aid charitable donations to RBH, representing the surplus for the year in 2019-20 of £67k. SSL achieved a break-even for the year and therefore no gift aid payment was made.

## **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.

## STRATEGIC REPORT continued

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 risk summary below considers the key risks identified, prioritised by residual score. The second column illustrates the existing Board risk appetite for each risk. For most of the key risks included the Board take a “balanced” approach to risk (a tolerated score of 9); however for risks linked to development a more “opportunistic” approach is taken (the tolerated score increases to 12) whereas in relation to matters of compliance an adverse approach to risk is adopted (the tolerated score reduces to 6). Where the residual risk scores exceed the risk appetite, these are illustrated as red in the centre column. The recorded assurance is based on the evidence provided to demonstrate that mitigating actions are being delivered, as assessed by the Risk and Compliance team

We have treated Brexit and its’ potential associated future impacts as part of our ongoing planning and scenario testing, with such impacts considered within the existing risks. It continues to be discussed as part of our corporate risk considerations as part of Audit Committee and Board meetings.

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

**Rochdale Boroughwide Housing  
Report and Financial Statements  
For the year ended 31 March 2020**

<b>Risk Title</b>	<b>Key impacts</b>	<b>Key current actions</b>	<b>Residual Risk</b>	<b>Board Risk appetite</b>	<b>Assurance level</b>
Reduced rent collection	Increase in rent arrears Increase in court action and Court Team costs Increase in evictions Increase in bad debt	Annual review of methods of payment, to ensure continuous improvement and to maximise income collection. Performance management framework in place monitored by Quality Board), EMT (monthly) and Board (quarterly). Financial updates on current arrears collection, bad debt provision and rent loss provided to EMT monthly Weekly arrears monitoring Work to embed "Rent First" culture in workplace	I = 5 L = 4 Extreme (20)	9	Adequate
Pensions liability and ongoing commitments exceed business plan	Cut backs on other service areas Cut back on projects and neighbourhood improvements	Business Plan - stress testing Regular review of all pension arrangements to consider their long-term sustainability, risk exposure and mitigation options	I = 4 L = 5 Extreme (20)	12	Substantial
Pandemic	Inability to provide core services particularly for vulnerable customers Financial costs of delayed rent	Incident Management Team meetings to implement Emergency/Business Continuity Planning – contingency arrangements Horizon scanning Live monitoring of best practice	I=3 L=5 High (15)	9	Substantial
Poor leadership	Failure to deliver Corporate Objectives Lack of engagement by employees Poor customer service	Annual Performance Review Leadership team training and development Project Plans in place for delivery of Corporate Priorities	I=4 L=3 Medium (12)	9	Substantial

**Note – Board Risk appetite**

**Red –the risk exceeds the appetite; Amber the risk matches the appetite; Green means the risk is within the appetite.**

**Rochdale Boroughwide Housing  
Report and Financial Statements  
For the year ended 31 March 2020**

<b>Risk Title</b>	<b>Key impacts</b>	<b>Key current actions</b>	<b>Residual Risk</b>	<b>Board Risk appetite</b>	<b>Assurance level</b>
Unable to recruit and retain employees with the right skills and expertise	Inability to deliver core services Inability to deliver Corporate Strategy priorities Additional pressure on existing employee teams Rising costs to retain or attract key skills	Benchmarking of salaries against other local Housing Associations Bi-annual Climate and Engagement Survey Horizon scanning for potential skills shortages in the market Organisational Performance review, including succession planning, People Strategy	I=3 L=4 Medium (12)	9	Substantial
Management and maintenance cost saving targets not delivered	Do not deliver VFM cost saving targets leading to knock on effect on other budgets	Financial management procedures in place, including the budget setting and quarterly forecasting processes via collaborative planning Savings delivery progress reported to EMT and Board	I = 3 L = 3 Medium (9)	9	Substantial
Failure of the system due to internal or external attack	Inability to deliver services to customers Inability for RBH to function efficiently or effectively	IT Security Policy outlines security features in place Penetration testing annually leading to an action plan for implementation Regular system scans	I = 3 L = 3 Medium (9)	9	Substantial
Failure to effectively embed Safeguarding reporting responsibilities	Risk to vulnerable individual Bad publicity Regulator involvement Possible civil claim and prosecution Serious case review	Safeguarding Boards' section 11 self-assessment audit completed for both Adults and Children annually. Safeguarding referral mechanisms in place. monitored and reviewed through the Strategic Safeguarding Group Risk indicators regularly monitored	I = 3 L = 3 Medium (9)	6	Substantial

**Note – Board Risk appetite**

Red –the risk exceeds the appetite; Amber the risk matches the appetite; Green means the risk is within the appetite.

**Rochdale Boroughwide Housing  
Report and Financial Statements  
For the year ended 31 March 2020**

<b>Risk Title</b>	<b>Key impacts</b>	<b>Key current actions</b>	<b>Residual Risk</b>	<b>Board Risk appetite</b>	<b>Assurance level</b>
Insufficient funding available to support preferred option for investment at College Bank	Reduced demand for RBH homes Future rent loss	Town centre high levels masterplan in place with preferred options for investment and proposals in place to shape direction and next steps.	I = 5 L = 5 Extreme (25)	12	Adequate

**Note – Board Risk appetite**

**Red –the risk exceeds the appetite; Amber the risk matches the appetite; Green means the risk is within the appetite.**

The Board confirms that the form and content of this strategic report has been prepared in accordance with the 2018 SORP for Registered Social Housing Providers.



**Stephen Wigley**  
**Secretary**  
21<sup>st</sup> September 2020



**Alison Tumilty**  
**Chair of the Board**  
21<sup>st</sup> September 2020



**Gareth Swarbrick**  
**Chief Executive**  
21<sup>st</sup> September 2020

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROCHDALE BOROUGHWIDE HOUSING LIMITED FOR THE YEAR ENDED 31 MARCH 2020**

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

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

- the board members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate;
- 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 2020 (Continued)

### Other information

The board is 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, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 parent Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent Association financial statements are not in agreement with the accounting records and returns; or we have not received all the information and explanations we require for our audit.

### Responsibilities of the board

As explained more fully in the board members responsibilities statement set out on page 34, 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 is 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 2020 (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](http://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

3 Hardman Street

Manchester

28 September 2020

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 2020**

	Note	RBH Group		RBH Limited	
		2020	2019	2020	2019
		£'000	£'000	£'000	£'000
Turnover	2, 3	58,273	56,239	58,474	56,388
Operating costs	2, 3	(45,999)	(41,710)	(46,570)	(41,775)
<b>Operating surplus</b>		<b>12,274</b>	<b>14,529</b>	<b>11,904</b>	<b>14,613</b>
Investment income		-	-	67	55
Surplus on sale of fixed assets	6	4,111	3,340	4,111	3,340
<b>Surplus on ordinary activities before interest</b>		<b>16,385</b>	<b>17,869</b>	<b>16,082</b>	<b>18,008</b>
Interest receivable	7	165	70	164	70
Interest payable and similar charges	8	(2,622)	(2,570)	(2,622)	(2,570)
Other finance costs	9	(637)	(417)	(637)	(417)
<b>Surplus on ordinary activities before taxation</b>	5	<b>13,291</b>	<b>14,952</b>	<b>12,987</b>	<b>15,091</b>
Taxation on surplus on ordinary activities	13	-	-	-	-
<b>Surplus for the financial year</b>		<b>13,291</b>	<b>14,952</b>	<b>12,987</b>	<b>15,091</b>
Actuarial (loss)/gain relating to pension scheme	12	18,804	(7,708)	18,804	(7,708)
<b>Total comprehensive income for the year</b>		<b>32,095</b>	<b>7,244</b>	<b>31,791</b>	<b>7,383</b>

All amounts relate to continuing activities

The notes on pages 67 to 97 form part of these financial statements.

**CONSOLIDATED AND ASSOCIATION STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020**

	Note	RBH Group		RBH Limited	
		2020	2019	2020	2019
		£'000	£'000	£'000	£'000
<b>Tangible fixed assets</b>					
Housing properties – depreciated cost	14a,b	149,918	144,375	150,763	145,136
Other tangible fixed assets	14c	2,279	1,876	2,279	1,876
Investment in subsidiary company	30	-	-	-	469
<b>Total tangible fixed assets</b>		<b>152,197</b>	<b>146,251</b>	<b>153,042</b>	<b>147,481</b>
<b>Debtors: due in more than one year</b>	19	61,939	67,877	61,939	67,877
<b>Current assets</b>					
Properties held for sale	17	634	-	634	-
Stock	18	472	324	472	324
Debtors	19	11,606	10,655	11,962	10,862
Cash at bank and in hand		29,322	18,609	28,959	18,118
<b>Total Current assets</b>		<b>42,034</b>	<b>29,588</b>	<b>42,027</b>	<b>29,304</b>
Creditors: amounts falling due within one year	20	(13,698)	(13,397)	(14,039)	(13,542)
Provisions for liabilities and charges	24	(23)	(82)	(18)	(77)
<b>Net current assets</b>		<b>28,313</b>	<b>16,109</b>	<b>27,970</b>	<b>15,685</b>
<b>Total assets less current liabilities</b>		<b>242,449</b>	<b>230,237</b>	<b>242,951</b>	<b>231,043</b>
<b>Creditors: amounts falling due after more than one year</b>	21	56,652	55,611	56,652	55,611
<b>Refurbishment provision</b>	23	61,939	67,877	61,939	67,877
<b>Pension liability</b>	12	9,914	24,900	9,914	24,900
<b>Capital and reserves</b>					
<b>Pension reserve</b>		(9,914)	(24,900)	(9,914)	(24,900)
<b>Income and expenditure reserve</b>		123,858	106,749	124,360	107,555
		<b>242,449</b>	<b>230,237</b>	<b>242,951</b>	<b>231,043</b>

The notes on pages 67 to 97 form part of these financial statements.

**CONSOLIDATED AND ASSOCIATION STATEMENT OF FINANCIAL POSITION AT 31 MARCH  
2020 continued**

The financial statements were approved and authorised for issue by the Board on 12<sup>th</sup> August 2020 and signed on it's behalf by:



Stephen Wigley  
**Secretary**  
21<sup>st</sup> September 2020



Alison Tumilty  
**Chair of the Board**  
21<sup>st</sup> September 2020



Gareth Swarbrick  
**Chief Executive**  
21<sup>st</sup> September 2020

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020**

Group	Income and Expenditure Reserve	Pension Reserve	Designated Reserve	Total
	£'000	£'000	£'000	£'000
<b>At 31st March 2019</b>	<b>106,773</b>	<b>(24,900)</b>	<b>(24)</b>	<b>81,849</b>
<b>Surplus for the year</b>	<b>13,291</b>	-	-	<b>13,291</b>
Asset Reinvestment Reserve	-	-	-	-
Actuarial gain relating to pension scheme (note 12)	-	18,804		18,804
<b>Other comprehensive income for the year</b>	-	<b>18,804</b>	-	<b>18,804</b>
Transfer from Pension Reserve	3,818	(3,818)	-	-
<b>At 31 March 2020</b>	<b>123,882</b>	<b>(9,914)</b>	<b>(24)</b>	<b>113,944</b>

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

**ASSOCIATION STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020**

RBH Limited	Income and Expenditure Reserve	Pension Reserve	Designated Reserve	Total
	£'000	£'000	£'000	£'000
<b>At 31st March 2019</b>	<b>107,579</b>	<b>(24,900)</b>	<b>(24)</b>	<b>82,655</b>
<b>Surplus for the year</b>	<b>12,987</b>	-	-	<b>12,987</b>
Asset reinvestment reserve	-	-	-	-
Actuarial gain relating to pension scheme (note 12)	-	18,804	-	18,804
<b>Other comprehensive income for the year</b>	-	<b>18,804</b>	-	<b>18,804</b>
Transfer from Pension Reserve	3,818	(3,818)	-	-
<b>At 31 March 2020</b>	<b>124,384</b>	<b>(9,914)</b>	<b>(24)</b>	<b>114,446</b>

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

The notes on pages 67 to 97 form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	RBH Group	
	2020	2019
	£'000	£'000
<b>Cash flows from operating activities</b>		
Profit before tax	13,291	14,952
<i>Adjustments for non-cash items:</i>		
Asset Reinvestment Reserve	-	(24)
Profit on disposal of fixed asset	(4,111)	(3,340)
Depreciation of housing properties	4,198	3,952
Depreciation of other fixed assets	507	331
(Increase)/Decrease in Stocks	(148)	180
Decrease in Debtors	4,270	393,363
Decrease in Creditors/ Provisions	(4,719)	(392,348)
Finance costs	147	417
Pension contributions	(2,165)	(2,476)
Pension current service cost	5,279	4,873
Pension settlements and curtailments	67	225
Interest received	(165)	(70)
Interest paid	2,622	2,570
Tax paid	-	-
<b>Net cash generated from operating activities</b>	<b>19,073</b>	<b>22,605</b>
<b>Cash flow from investing activities</b>		
Purchase of tangible fixed assets	(12,038)	(12,269)
Proceeds from sale of tangible fixed assets	5,498	4,536
Interest received	802	70
<b>Net cash from investing activities</b>	<b>(5,738)</b>	<b>(7,663)</b>
<b>Cash flow from financing activities</b>		
Interest paid	(2,622)	(2,494)
New secured loans	-	-
Repayment of borrowings	-	(81)
<b>Net cash used in financing activities</b>	<b>(2,622)</b>	<b>(2,575)</b>
<b>Net change in cash and cash equivalents</b>	<b>10,713</b>	<b>12,367</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>18,609</b>	<b>6,242</b>
<b>Cash and cash equivalents at end of the year</b>	<b>29,322</b>	<b>18,609</b>

## **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 2018;; and, the Accounting Direction for Private Registered Providers of Social Housing 2019.

The accounts are prepared under the historic cost and going concern basis 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.

#### **Going Concern**

The board reviewed the association's revised forecasts, business plan and a Going Concern Assessment in May 2020 and were content that these plans were affordable and that the accounts should be prepared on a going concern basis.

However, the impact of the COVID-19 outbreak and its financial effect has meant that the EMT and Board have been reviewing financial plans to ensure the Society can remain a going concern. We are modelling a number of scenarios based on current estimates of rent collection, property sales and maintenance spend and a revised Business Plan will be presented to Board in August. It is estimated that our operating surplus will reduce by £1.7M in 2021 as a result of COVID-19 but this will not cause the RBH Group to breach our bank covenants. This reduction is mainly from income collection as we saw difficulties for residents to pay their rent, as well as an increase in some operating costs offset by some delays in planned maintenance.

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

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities, totalling around £50m, the board believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Society's ability to continue as a going concern. The board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

#### **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;

## **1 Principal Accounting policies continued**

- 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;

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 2020.

### **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, amortisation of social housing and other grants, proceeds from the sale of land and property, including first tranche sale of shared ownership properties and other income from operating activities.

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

Income from first tranche sales of shared ownership property and sales of properties built for sale is recognised at the point of legal completion of the sale.

### **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 group.

## **1 Principal Accounting policies continued**

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 131 members. In addition RBH has 3 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.

#### 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.

#### 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.

## 1 Principal Accounting policies continued

### 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 College Bank and Lower Falinge depreciation on these blocks has been accelerated to the date of their expected demolition.

### Other tangible fixed assets

Other tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefit to the group. The carrying amount of the replacement part is recognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

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

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

## **1 Principal Accounting policies continued**

### **Impairment**

The housing property portfolio of the Group is assessed for indicators of impairment at each accounting date. Where indicators are identified then 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.

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. 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 2018. 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 2018 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**

### **Properties Held For Sale**

Properties developed for outright sale are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

### **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.

### **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 in accordance with the Scheme of Delegation.

### **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, 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 (2020)	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000
<b>Social housing lettings (Note 3)</b>	<b>51,735</b>	<b>(37,150)</b>	<b>14,585</b>
<b>Other social housing activities</b>			
First Tranche Low Cost Home Ownership Sales	1,399	(1,279)	120
Support services	309	(493)	(184)
Garages	446	(20)	426
Shops	252	(6)	246
Homeless Contract with RBC	1,939	(1,895)	44
United Utilities commission	876	(876)	-
Regeneration	-	(2,743)	(2,743)
Other	621	(1,254)	(633)
<b>Non-social housing activities</b>			
Leaseholders	160	(155)	5
Other	536	(128)	408
	<b>58,273</b>	<b>(45,999)</b>	<b>12,274</b>

RBH Group (2019)	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000
<b>Social housing lettings (Note 3)</b>	<b>51,518</b>	<b>(37,878)</b>	<b>13,640</b>
<b>Other social housing activities</b>			
First Tranche Low Cost Home Ownership Sales	-	-	-
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)
<b>Non-social housing activities</b>			
Leaseholders	193	(151)	42
Other	508	(159)	349
	<b>56,239</b>	<b>(41,710)</b>	<b>14,529</b>

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

### Continuing activities

RBH Limited (2020)	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000
<b>Social housing lettings (Note 3)</b>	<b>52,220</b>	<b>(37,150)</b>	<b>15,070</b>
<b>Other social housing activities</b>			
First Tranche Low Cost Home Ownership Sales	1,399	(1,279)	120
Support services	309	(493)	(184)
Garages	446	(20)	426
Shops	252	(6)	246
Homeless Contract with RBC	1,939	(1,895)	44
United Utilities commission	876	(876)	-
Regeneration	-	(2,743)	(2,743)
Other	621	(1,254)	(633)
<b>Non-social housing activities</b>			
Leaseholders	160	(155)	5
Other	252	(698)	(446)
	<b>58,474</b>	<b>(46,570)</b>	<b>11,904</b>

RBH Limited (2019)	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000
<b>Social housing lettings (Note 3)</b>	<b>51,927</b>	<b>(37,874)</b>	<b>14,053</b>
<b>Other social housing activities</b>			
First Tranche Low Cost Home Ownership Sales	-	-	-
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)
<b>Non-social housing activities</b>			
Leaseholders	193	(151)	42
Other	244	(228)	16
	<b>56,388</b>	<b>(41,775)</b>	<b>14,613</b>

### 3 Particulars of income and expenditure from social housing lettings

<b>RBH Group (2020)</b>	<b>General needs</b>	<b>Supported housing</b>	<b>2020 Total</b>	<b>2019 Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>INCOME</b>				
Rent receivable net of identifiable service charges	43,209	3,264	46,473	46,792
Service income	3,013	2,209	5,222	4,509
Amortised government grants	129	11	140	114
Other revenue grants	4	-	4	240
Other	(132)	28	(104)	(137)
<b>Turnover from social housing lettings</b>	<b>46,223</b>	<b>5,512</b>	<b>51,735</b>	<b>51,518</b>
<b>EXPENDITURE</b>				
Management	(12,419)	(1,412)	(13,832)	(13,690)
Service charge costs	(2,896)	(1,790)	(4,686)	(4,620)
Routine maintenance	(9,000)	(734)	(9,734)	(9,852)
Planned maintenance	(1,552)	(129)	(1,681)	(1,959)
Major repairs expenditure	(2,185)	(181)	(2,366)	(2,125)
Bad debts	(641)	(14)	(655)	(1,680)
Depreciation of housing properties	(3,875)	(322)	(4,197)	(3,952)
<b>Operating costs on social housing lettings</b>	<b>(32,568)</b>	<b>(4,582)</b>	<b>(37,150)</b>	<b>(37,878)</b>
<b>Operating surplus on social housing lettings</b>	<b>13,655</b>	<b>930</b>	<b>14,585</b>	<b>13,640</b>
Empty Homes losses	488	27	514	932
<b>RBH Limited (2020)</b>	<b>General needs</b>	<b>Supported housing</b>	<b>2020 Total</b>	<b>2019 Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>INCOME</b>				
Rent receivable net of identifiable service charges	43,209	3,264	46,793	46,792
Service charge income	3,013	2,209	5,222	4,509
Amortised government grants	129	11	140	114
Other revenue grants	4	-	4	240
Other	353	28	381	272
<b>Turnover from social housing lettings</b>	<b>46,708</b>	<b>5,512</b>	<b>52,220</b>	<b>51,927</b>
<b>EXPENDITURE</b>				
Management	(12,419)	(1,412)	(13,831)	(13,686)
Service charge costs	(2,896)	(1,790)	(4,686)	(4,620)
Routine maintenance	(9,000)	(734)	(9,734)	(9,852)
Planned maintenance	(1,552)	(129)	(1,681)	(1,959)
Major repairs expenditure	(2,185)	(181)	(2,366)	(2,125)
Bad debts	(641)	(14)	(655)	(1,680)
Depreciation of housing properties	(3,875)	(322)	(4,197)	(3,952)
<b>Operating costs on social housing lettings</b>	<b>(32,568)</b>	<b>(4,582)</b>	<b>(37,150)</b>	<b>(37,874)</b>
<b>Operating surplus on social housing lettings</b>	<b>14,140</b>	<b>930</b>	<b>15,070</b>	<b>14,053</b>
Empty Homes losses	488	27	514	932

#### 4 Accommodation in management and development

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

			2020	2019
	Owned and Managed	Managed not Owned	Total Owned and Managed	Total Owned and Managed
<b>Social housing</b>				
General Needs – Social Rent	10,697	-	10,697	10,931
General Needs – Affordable Rent	957	13	970	980
Supported housing and housing for older people	968	-	968	968
Low cost homeownership	34		34	9
<b>Sub-total social housing</b>	<b>12,656</b>	<b>13</b>	<b>12,669</b>	<b>12,888</b>
<b>Non-social housing</b>				
Non-social rented	1	34	35	35
<b>Total</b>	<b>12,657</b>	<b>47</b>	<b>12,704</b>	<b>12,923</b>
Properties under construction	94		94	25

#### Reconciliation of unit numbers

	General Needs – Social Rent	General Needs – Affordable Rent	Supported housing and housing for older people	Low cost home ownership	Other	Total
<b>Opening unit numbers</b>	<b>10,930</b>	<b>980</b>	<b>969</b>	<b>9</b>	<b>35</b>	<b>12,923</b>
New homes into management	-	-	-	25	-	25
Other gains	8	-	-	-	-	8
Sales – open market	(5)	-	-	-	-	(5)
Sales to tenants - Freehold	(104)	(10)	-	-	-	(114)
Sales to tenants - Leasehold	(22)	-	-	-	-	(22)
Demolitions	(108)	-	-	-	-	(108)
Movement within categories	(2)	-	(1)	-	-	(3)
<b>Net change in stock</b>	<b>(233)</b>	<b>(10)</b>	<b>(1)</b>	<b>25</b>	<b>-</b>	<b>(219)</b>
<b>Closing unit numbers</b>	<b>10,697</b>	<b>970</b>	<b>968</b>	<b>34</b>	<b>35</b>	<b>12,704</b>

The net movement within categories relates to 3 properties being used as RBH campus sites

## 5 Surplus on ordinary activities before taxation

The operating surplus is arrived at after charging:

	RBH Group		RBH Limited	
	2020	2019	2020	2019
	£000	£000	£000	£000
Depreciation of housing properties	4,197	3,952	4,197	3,952
Depreciation of other tangible fixed assets	508	331	508	331
Restructuring costs	-	338	-	338
Impairment of SSL investment	-	-	469	-
<b>Operating lease rentals</b>				
- Premises leases	391	391	391	391
- Vehicles	406	406	406	406
<b>Auditors' remuneration</b>				
- External auditors – in their capacity as auditors	27	25	20	19
- External auditors – for non audit services	6	3	6	3
- Internal auditors	57	53	57	53

## 6 Surplus on sale of fixed assets

	RBH Group		RBH Limited	
	2020	2019	2020	2019
	£000	£000	£000	£000
Disposal proceeds	6,734	5,759	6,734	5,759
Cost of sales	(1,211)	(1,169)	(1,211)	(1,169)
Claw back costs to Rochdale Council	(1,412)	(1,250)	(1,412)	(1,250)
<b>Surplus</b>	<b>4,111</b>	<b>3,340</b>	<b>4,111</b>	<b>3,340</b>

The surplus from the sale of 1<sup>st</sup> tranche shared ownership homes is included in the operating surplus and reported in **note 2**.

## 7 Interest receivable and other income

	RBH Group		RBH Limited	
	2020	2019	2020	2019
	£000	£000	£000	£000
Interest receivable on short term deposits	165	70	164	70

## 8 Interest payable and similar charges

	RBH Group		RBH Limited	
	2020	2019	2020	2019
	£000	£000	£000	£000
Interest payable on long term loans	2,026	2,218	2,026	2,218
Loan Finance issue costs	70	70	70	70
Other finance costs	337	282	337	282
Loan Re-measurement	189	-	189	-
<b>Total</b>	<b>2,622</b>	<b>2,570</b>	<b>2,622</b>	<b>2,570</b>

Loan re-measurement £189K relates to a non-cash adjustment made as a result of a loan modification, blend and extend, completed in September 2019.

## 9 Other Finance costs

	RBH Group		RBH Limited	
	2020	2019	2020	2019
	£000	£000	£000	£000
Interest income on plan assets	3,423	3,561	3,423	3,561
Interest cost on obligations	(4,060)	(3,978)	(4,060)	(3,978)
<b>Pension finance costs (Note 12)</b>	<b>(637)</b>	<b>(417)</b>	<b>(637)</b>	<b>(417)</b>

## 10 Employees

Average monthly number of employees expressed as full time equivalents:

Employee Numbers:	RBH Group		RBH Limited	
	2020	2019	2020	2019
Housing management	250	242	250	242
Housing maintenance	184	197	184	197
Administrative and Clerical	111	109	111	109
<b>Total</b>	<b>545</b>	<b>548</b>	<b>545</b>	<b>548</b>

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

Employee costs:	RBH Group		RBH Limited	
	2020	2019	2020	2019
	£000	£000	£000	£000
Wages and salaries	15,602	14,860	15,602	14,860
Social security costs	1,462	1,360	1,462	1,360
Other pension costs	2,310	2,320	2,310	2,320
<b>Total</b>	<b>19,374</b>	<b>18,540</b>	<b>19,374</b>	<b>18,540</b>

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 1<sup>st</sup> 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 3 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

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Aggregate emoluments payable to Chair of the Board, other Board members and Executive Management Team (including pension contributions)	580	468
Pension contributions in the year amounted to:	68	62

The Chair was remunerated £11k for the year (2019:£11k) and other Board members received a total of £10k (2019: NIL). Expenses paid to board members in total were £3k (2019:£7k).

The emoluments of the directors include £134k (Chief Executive – the highest paid director) and £96k (Deputy Chief Executive and Director of Resources), excluding pension contributions (2019: £122k and £86k respectively). The pension contributions for the Chief Executive as the highest paid director are £24k (2019: £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:

	<b>2020</b>	<b>2019</b>
Including pension contributions	<b>No.</b>	<b>No.</b>
£60k - £70k	3	3
£70k - £80k	5	4
£80k - £90k	-	-
£90k - £100k	2	1
£100k - £110k	1	1
£110k - £120k	1	-
£120k - £130k	-	-
£130k - £140k	-	-
£140k - £150k	-	1
£150k - £160k	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.

## 12 Greater Manchester Pension Fund continued

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. The potential impact of the McCloud judgement are included in the results set out below.

RBH is an Admitted Body and has an Admission Agreement with Greater Manchester Pension Fund in its own right. The employers' contributions to the Pension Fund for the period ended 31st March 2020 were £2.167M (2019: £2.254M).

### Financial assumptions

	31 March 2020	31 March 2019
	%per annum	%per annum
Discount rate	2.3	2.4
Future salary increases	2.7	3.3
Future pension increases	1.9	2.5

### Mortality assumptions

Life expectancy is based on the funds VitaCurves with future improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and long term rates of 1.5% p.a. for males and females.

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

	2020	2019
	No. of years	No. of years
<b>Current Pensioners</b>		
Males	20.5	21.5
Females	23.1	24.1
<b>Future Pensioners</b>		
Males	22.0	23.7
Females	25.0	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 60% of the maximum tax-free cash for post-April 2008 service.

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

Year ended 31 March	2020	2019
	£000	£000
Expected return on employer assets	(3,423)	(3,561)
Interest cost	4,060	3,978
<b>Total charged to other finance (income)/costs (Note 9)</b>	<b>637</b>	<b>417</b>
Current service cost	5,279	4,873
Losses on Curtailments and Settlements	67	225
<b>Total charged to administrative expenses</b>	<b>5,346</b>	<b>5,098</b>
<b>Total charge recorded in the statement of comprehensive income</b>	<b>5,983</b>	<b>5,515</b>

## 12 Greater Manchester Pension Fund continued

### Analysis of re-measurements recognised in other comprehensive income

Year ended 31 March	2020	2019
	£000	£000
Actual return less expected return on pension scheme assets	(15,216)	6,247
Experience gains and losses arising on the scheme liabilities	-	-
Changes in assumptions underlying the present value of the schemes liabilities	34,020	(13,955)
Actuarial gain/(loss) recognised in other comprehensive income	<b>18,804</b>	<b>(7,708)</b>
<b>Cumulative Actuarial Gains</b>	<b>10,032</b>	<b>(8,772)</b>

### Amounts recognised in the statement of financial position

Net pension liability at 31 March	2020	2019
	£000	£000
Fair value of employer assets (bid value)	130,573	142,296
Present value of funded liabilities	(140,487)	(167,196)
<b>Net liability recognised in the statement of financial position</b>	<b>(9,914)</b>	<b>(24,900)</b>

### Reconciliation of defined benefit obligation

	2020	2019
	£000	£000
Opening defined benefit obligation	167,196	145,649
Current service cost	5,279	4,873
Interest cost	4,060	3,978
Contributions by members	776	819
Actuarial (gains)/loss	(34,020)	13,955
Losses on Curtailments	67	225
Estimated Benefits paid	(2,871)	(2,303)
<b>Closing defined benefit obligation</b>	<b>140,487</b>	<b>167,196</b>

The service cost figures includes an allowance for administration expenses of 0.3% (2019: 0.3%) of payroll.

### Reconciliation of fair value of employer assets

	2020	2019
	£000	£000
Opening fair value of employer assets	142,296	131,496
Expected return on assets	3,423	3,561
Contribution by members	776	819
Contribution by employer	2,165	2,476
Actuarial gains/(losses)	(15,216)	6,247
Benefits paid	(2,871)	(2,303)
<b>Closing fair value of employer assets</b>	<b>130,573</b>	<b>142,296</b>

## 12 Greater Manchester Pension Fund continued

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

	2020	2019
Equities	66%	69%
Bonds	17%	15%
Properties	8%	8%
Cash	9%	8%

### Amounts for the current and previous four accounting periods

	2020	2019	2018	2017	2016
	£000	£000	£000	£000	£000
Fair value of employer assets	130,573	142,296	131,496	126,531	101,351
Present value of defined benefit obligation	(140,487)	(167,196)	(145,649)	(140,874)	(112,267)
Deficit on scheme	(9,914)	(24,900)	(14,153)	(14,343)	(10,916)
Experience (losses)/Gains on assets	(15,216)	6,247	558	19,837	(3,825)
Experience (losses)/Gains on liabilities	-	-	-	5,213	961

### 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 2020	Approximate % Increase to employer liability	Approximate monetary amount £000
0.5% decrease in real discount rate	11%	14,965
0.5% increase in salary increase rate	1%	1,846
0.5% increase in pension increase rate	9%	12,956

### Projected pension expense for the year ended 31 March 2021

	£000	% of pay
Projected current service cost	(4,029)	(33.5%)
Expected return on employer assets	3,003	25.0%
Interest on obligation	(3,253)	(27.0%)
<b>Total</b>	<b>(4,279)</b>	<b>(35.5%)</b>

Employer's contributions for the year ended 31 March 2021 are estimated to be approximately £2,182,000.

### 13 Taxation (Group)

	2020	2019
Current tax	£000	£000
UK corporation tax on surplus for the year	-	-
<b>Total tax charge</b>	-	-

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 subsidiaries, RBH (D&B) Ltd and SSL Ltd made qualifying charitable donations to RBH Limited to eliminate any taxable profits.

**14a Tangible fixed assets - properties (RBH Group)**

	Held for Letting			Shared Ownership			Non-Social Properties £'000	TOTAL £'000
	Completed £'000	Under Construction £'000	Total £'000	Completed £'000	Under Construction £'000	Total £'000		
<b>COST</b>								
<b>At 1 April 2019</b>	<b>152,946</b>	<b>2,587</b>	<b>155,533</b>	<b>80</b>	<b>-</b>	<b>80</b>	<b>3,446</b>	<b>159,059</b>
Additions	723	4,601	5,324	-	-	-	-	5,324
Capitalisation of Components	-	5,801	5,801	-	-	-	-	5,801
Disposals	(1,510)	-	(1,510)	-	-	-	(18)	(1,528)
Transfers	5,614	(7,883)	(2,269)	2,260	-	2,260	9	-
<b>At 31 March 2020</b>	<b>157,773</b>	<b>5,106</b>	<b>162,879</b>	<b>2,340</b>	<b>-</b>	<b>2,340</b>	<b>3,437</b>	<b>168,656</b>
<b>DEPRECIATION</b>								
<b>At 1 April 2019</b>	<b>14,654</b>	<b>-</b>	<b>14,654</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>28</b>	<b>14,684</b>
Charge for the Year	4,141	-	4,141	5	-	5	51	4,197
Disposals	(140)	-	(140)	0	-	-	(3)	(143)
<b>At 31st March 2020</b>	<b>18,655</b>	<b>-</b>	<b>18,655</b>	<b>7</b>	<b>-</b>	<b>7</b>	<b>76</b>	<b>18,738</b>
<b>NET BOOK VALUE</b>								
<b>At 31<sup>st</sup> March 2020</b>	<b>139,118</b>	<b>5,106</b>	<b>144,224</b>	<b>2,333</b>	<b>-</b>	<b>2,333</b>	<b>3,361</b>	<b>149,918</b>
<b>At 31<sup>st</sup> March 2019</b>	<b>138,292</b>	<b>2,587</b>	<b>140,879</b>	<b>78</b>	<b>-</b>	<b>78</b>	<b>3,418</b>	<b>144,375</b>

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 2018. During the current year, the group and association have recognised an impairment loss of £NIL (2019: £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			Shared Ownership			Non-Social Properties £'000	TOTAL £'000
	Completed £'000	Under Construction £'000	Total £'000	Completed £'000	Under Construction £'000	Total £'000		
<b>COST</b>								
<b>At 1 April 2019</b>	<b>153,042</b>	<b>3,290</b>	<b>156,332</b>	<b>80</b>	<b>-</b>	<b>80</b>	<b>3,446</b>	<b>159,858</b>
Additions	723	4,685	5,408	-	-	0	-	5,408
Capitalisation of Components	-	5,801	5,801	-	-	-	-	5,801
Disposals	(1,510)	-	(1,510)	-	-	0	(18)	(1,528)
Transfers	5,614	(7,883)	(2,269)	2,260	-	2,260	9	-
<b>At 31 March 2020</b>	<b>157,869</b>	<b>5,893</b>	<b>163,762</b>	<b>2,340</b>	<b>-</b>	<b>2,340</b>	<b>3,437</b>	<b>169,539</b>
<b>DEPRECIATION</b>								
<b>At 1 April 2019</b>	<b>14,693</b>	<b>-</b>	<b>14,693</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>28</b>	<b>14,722</b>
Charge for the Year	4,141	-	4,141	5	-	5	51	4,197
Disposals	(140)	-	(140)	0	-	-	(3)	(143)
<b>At 31st March 2020</b>	<b>18,694</b>	<b>-</b>	<b>18,694</b>	<b>6</b>	<b>-</b>	<b>6</b>	<b>76</b>	<b>18,776</b>
<b>NET BOOK VALUE</b>								
<b>At 31<sup>st</sup> March 2020</b>	<b>139,175</b>	<b>5,893</b>	<b>145,068</b>	<b>2,334</b>	<b>-</b>	<b>2,334</b>	<b>3,361</b>	<b>150,763</b>
<b>At 31<sup>st</sup> March 2019</b>	<b>138,349</b>	<b>3,290</b>	<b>141,639</b>	<b>79</b>	<b>-</b>	<b>79</b>	<b>3,418</b>	<b>145,136</b>

**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
<b>COST</b>							
At 1 April 2019	778	64	316	2,291	363	200	4,012
Additions	-	-	22	341	548	-	911
Disposals	-	-	-	-	-	-	-
<b>At 31 March 2020</b>	<b>778</b>	<b>64</b>	<b>338</b>	<b>2,632</b>	<b>911</b>	<b>200</b>	<b>4,923</b>
<b>DEPRECIATION</b>							
At 1 April 2019	357	54	163	1,562	-	-	2,136
Charge for the Year	124	10	19	355	-	-	508
Disposals	-	-	-	-	-	-	-
<b>At 31st March 2020</b>	<b>481</b>	<b>64</b>	<b>182</b>	<b>1,917</b>	<b>-</b>	<b>-</b>	<b>2,644</b>
<b>NET BOOK VALUE</b>							
At 31 <sup>st</sup> March 2020	297	-	156	715	911	200	2,279
At 31 <sup>st</sup> March 2019	421	10	153	729	363	200	1,876

## 15 Improvements to Housing Properties

	RBH Group		RBH Limited	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	£000	£000	£000	£000
Improvements to existing properties capitalised	5,801	7,239	5,801	7,239
Major repairs expenditure to statement of comprehensive income	2,366	2,125	2,366	2,125
	<b>8,167</b>	<b>9,364</b>	<b>8,167</b>	<b>9,364</b>

## 16 Capital commitments

	31/3/2020	31/3/2019
	£000	£000
<b>Capital expenditure</b>		
Expenditure contracted for but not provided in the accounts	11,798	8,502
Expenditure authorised by the board, but not contracted	-	-
	<b>11,798</b>	<b>8,502</b>
<b>RBH expects these to be financed by:</b>		
Committed Loan Facilities	11,798	8,502
	<b>11,798</b>	<b>8,502</b>

## 17 Properties for sale

	RBH Group		RBH Limited	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	£000	£000	£000	£000
Work in progress	-	-	-	-
Completed properties	634	-	634	-
	<b>634</b>	-	<b>634</b>	-

## 18 Stock

	RBH Group		RBH Limited	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	£000	£000	£000	£000
Materials in stock	472	324	472	324

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	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	£000	£000	£000	£000
<b>Due within one year</b>				
Rent and service charges arrears	5,002	5,854	5,002	5,854
Less: provision for bad and doubtful debts	(3,393)	(4,175)	(3,393)	(4,175)
	<b>1,609</b>	<b>1,679</b>	<b>1,609</b>	<b>1,679</b>
Other debtors	1,333	771	1,622	987
Taxation - VAT	175	186	175	186
Short-term refurbishment obligation (Note 23)	7,402	7,265	7,402	7,265
Prepayments and accrued income	1,087	754	967	745
Amounts owed by group undertakings	-	-	187	-
	<b>11,606</b>	<b>10,655</b>	<b>11,962</b>	<b>10,862</b>
<b>Due in more than one year</b>				
Refurbishment obligation (Note 23)	61,939	67,877	61,939	67,877
<b>Total debtors</b>	<b>73,545</b>	<b>78,532</b>	<b>73,901</b>	<b>78,739</b>

## 20 Creditors: Due within one year

	RBH Group		RBH Limited	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	£000	£000	£000	£000
Loans and overdrafts	117	112	117	112
Trade Creditors	2,048	1,296	1,756	950
Rent and service charges received in advance	97	62	97	62
Taxation and social security	45	402	38	414
Deferred capital grant (Note 22)	205	205	205	205
Accruals and deferred income	3,784	4,055	4,310	4,321
Short term refurbishment provision	7,402	7,265	7,402	7,265
Amounts owed to Group undertakings	-	-	114	213
<b>Total</b>	<b>13,698</b>	<b>13,397</b>	<b>14,039</b>	<b>13,542</b>

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	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	£000	£000	£000	£000
		Restated		Restated
<b>Loans repayable:</b>				
Due between one and two years	2,122	117	2,122	117
Due between two and five years	6,410	6,388	6,410	6,388
Due in five years or more	33,950	36,094	33,950	36,094
	<b>42,482</b>	<b>42,599</b>	<b>42,482</b>	<b>42,599</b>
Loan arrangement fees	(461)	(531)	(461)	(531)
Loan re-measurement	189	-	189	-
<b>Total loans</b>	<b>42,210</b>	<b>42,068</b>	<b>42,210</b>	<b>42,068</b>
Deferred capital grant (Note 22)	14,442	13,543	14,442	13,543
<b>Total</b>	<b>56,652</b>	<b>55,611</b>	<b>56,652</b>	<b>55,611</b>

Loan repayments have been restated for 2019 based on their contractual commitments as set out in the loan agreement. The loan re-measurement of £189K relates to a non-cash adjustment made as a result of a loan modification, blend and extend, completed in September 2019.

Loans are secured by specific charges on the housing properties of the group. The loans bear interest at fixed rates ranging from 4.0% to 4.5% or annuity rates ranging from 4.24% to 5.25%.

## 22 Deferred Capital Grant

	RBH Group		RBH Limited	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	£'000	£'000	£'000	£'000
<b>At 1 April 2019</b>	<b>13,748</b>	<b>12,792</b>	<b>13,748</b>	<b>12,792</b>
Grants received during the year	1,039	1,070	1,039	1,070
Released to income during the year	(140)	(114)	(140)	(114)
<b>At 31 March 2020</b>	<b>14,647</b>	<b>13,748</b>	<b>14,647</b>	<b>13,748</b>
Amounts due in less than one year	205	205	205	205
Amounts due in greater than one year	14,442	13,543	14,442	13,543
<b>Total</b>	<b>14,647</b>	<b>13,748</b>	<b>14,647</b>	<b>13,748</b>

## 23 Refurbishment Provision

	RBH Group		RBH Limited	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	£000	£000	£000	£000
<b>At 1 April 2019</b>	<b>75,142</b>	<b>467,614</b>	<b>75,142</b>	<b>467,614</b>
Improvement expenditure (Note 15)	(5,801)	(7,239)	(5,801)	(7,239)
Release of provision	-	(385,233)	-	(385,233)
<b>At 31 March 2020</b>	<b>69,341</b>	<b>75,142</b>	<b>69,341</b>	<b>75,142</b>
Short-term	7,402	7,265	7,402	7,265
Long-term	61,939	67,877	61,939	67,877
	<b>69,341</b>	<b>75,142</b>	<b>69,341</b>	<b>75,142</b>

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 for the life of the VAT Share Agreement with Rochdale Council. This agreement ends on 31<sup>st</sup> March 2027. This is also recognised as a debtor (see note 19). During 2018/19 there was a release of £385M from the Refurbishment provision so that the remaining provision matched 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	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	£000	£000	£000	£000
<b>At 1<sup>st</sup> April 2019</b>	<b>82</b>	<b>230</b>	<b>77</b>	<b>225</b>
Amounts provided during the year	18	60	18	60
Utilised during the year	(77)	(125)	(77)	(125)
Released in year	-	(83)	-	(83)
<b>Provisions at 31<sup>st</sup> March 2020</b>	<b>23</b>	<b>82</b>	<b>18</b>	<b>77</b>

The provision for liabilities against Annual Leave is £18k (2019: £77k). It is expected that all costs will be paid out during 2020-21.

## 25 Financial instruments

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

	RBH Group		RBH Limited	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	£'000	£'000	£'000	£'000
<b>Financial assets</b>				
Financial assets measured at historical cost				
Trade receivables	1,609	1,679	1,609	1,679
Other receivables	1,332	771	1,621	987
Cash and cash equivalents	29,322	18,609	28,959	18,118
<b>Total financial assets</b>	<b>32,263</b>	<b>21,059</b>	<b>31,189</b>	<b>20,784</b>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost				
Loans payable	42,599	42,068	42,599	42,068
Financial liabilities measured at historical cost				
Trade creditors	2,048	1,296	1,756	950
Other creditors	4,043	4,055	4,309	4,321
<b>Total financial liabilities at historical cost</b>	<b>6,091</b>	<b>5,351</b>	<b>6,065</b>	<b>5,271</b>

## 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 31/3/2020	Year ended 31/3/2019
	£000	£000
<b>Land and buildings amounts payable:</b>		
Not later than 1 year	391	391
Later than 1 year and not later than 5 years	1,495	1,512
Later than 5 years	589	941
	<b>2,475</b>	<b>2,844</b>
<b>Other amounts payable:</b>		
Not later than 1 year	406	406
Later than 1 year and not later than 5 years	68	473
Later than 5 years	-	-
	<b>474</b>	<b>879</b>

## **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 2020 (2019: Nil).

## **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. 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.

	Management charges		Other charges	
	2020	2019	2020	2019
Payable to association from subsidiaries:	£'000	£'000	£'000	£'000
Safeguard Solutions Limited	50	58	196	185
RBH (Design & Build) Limited	239	159	6,128	3,947
	<b>289</b>	<b>217</b>	<b>6,324</b>	<b>4,132</b>

	Management charges		Other charges	
	2020	2019	2020	2019
Payable by association to subsidiaries:	£'000	£'000	£'000	£'000
Safeguard Solutions Limited	-	-	-	-
RBH (Design & Build) Limited	-	-	6,437	4,171
	-	-	<b>6,437</b>	<b>4,171</b>

#### *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	Registered Address
RBH Professional Limited	England	100%	Management Services	Sandbrook House, Sandbrook Way, Rochdale, OL11 1RY
RBH (Design & Build) Limited	England	100%	Construction	Sandbrook House, Sandbrook Way, Rochdale, OL11 1RY
Safeguard Solutions Limited	England	100%	Security systems	Sandbrook House, Sandbrook Way, Rochdale, OL11 1RY

#### **Investment in RBH professional Limited**

RBH Professional was made dormant during the 2015-16 financial year. RBH maintains an investment of £1 (2019:£1) in RBH Professional Limited.

#### **Investment in Safeguard 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 at 31<sup>st</sup> March 2020.

RBH Limited	2020	2019
	£'000	£'000
Cost		
At 1 <sup>st</sup> April 2019	469	469
Impairment of Investment	(469)	-
<b>At 31 March 2020</b>	<b>-</b>	<b>469</b>

The SSL and RBH Boards agreed that SSL should cease trading in 2020 and therefore the business is no longer a going concern. RBH's investment in SSL was impaired to £Nil as a result.

### 31 Net Debt reconciliation

	1/4/2019	Cash flows	31/3/2020
	£000	£000	£000
Cash at bank and in hand	18,609	10,713	29,322
Obligations under finance leases	(3,723)	774	(2,949)
Bank loans	(42,180)	(147)	(42,327)
<b>Net debt</b>	<b>(27,294)</b>	<b>11,340</b>	<b>(15,954)</b>

### 32 Post Balance Sheet Events

Since the end of the financial year the Covid-19 pandemic has had an economic effect across all sectors. RBH Group has considered this on the organisation as a going concern, it's resilience over the last few months and the effect on the assets of the company. Key steps taken are:

- The Board have reviewed revised forecasts and business plans, as well as a special Going Concern Assessment on the 26<sup>th</sup> May 2020 to review the risks and mitigations in line with the economic impacts. There is no impairment implications and there is sufficient undrawn loans available, if necessary;
- EMT and Board have made some difficult decisions to delay some development and planned maintenance work in 2020 due to lockdown, as well as minimise operating costs over this period;
- Development and planned maintenance has re-commenced in June 2020, and the EMT continue to reschedule work over the remainder of 2020 to minimise the impact on our tenants and the business;
- Our plan continues to invest in our properties, as well as the regeneration of Central Rochdale. All plans will continue to be reviewed to ensure affordability;
- Additional operational steps have been put in place to monitor the ongoing impacts of COVID-19 on our tenants payment profile, so we are able to both manage that impact on the business, and support our tenants;
- We have a resilient treasury management strategy, avoiding undue risk, and have sound financial planning and management.