



# **Annual Report and Financial Statements 2019 - 2020**





**Rooftop Housing Group Limited**  
**Annual Report and**  
**Financial Statements**  
**2019 - 2020**



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2019/20

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## Board, executive and advisors

<b>Registered office</b>	70 High Street Evesham WR11 4YD
<b>Board</b>	<ul style="list-style-type: none"><li>- Nicola Inchbald (Chair)</li><li>- Hilary Hobart (Vice Chair) (retired 18 September 2019)</li><li>- Ceri Jones</li><li>- Rachel Lathan</li><li>- Robin Richmond (Vice Chair and Senior Independent Director)</li><li>- Malcolm Robson (resigned 13 January 2020)</li><li>- Paul Spooner</li><li>- Jonathan Wallbank</li><li>- Colum Goodchild</li><li>- Claire-Elaine Arthurs Payne (joined as Co-optee on 23 January 2019 and as a full board member 18 September 2019)</li><li>- Myron Hrycyk (joined as Co-optee on 18 September 2019)</li></ul>
<b>Executive officers</b>	<ul style="list-style-type: none"><li>- Boris Worrall, Group Chief Executive</li><li>- Caroline Dykes, Finance Director</li><li>- David Hannon, Development Director</li><li>- Juliana Crowe, Housing and Communities Director (retired 31 October 2019)</li><li>- Claire Newman, People Director (from 1 April 2019)</li><li>- Lisa Nicholls, Housing Director (from 3 February 2020)</li><li>- Caroline Allen, Secretary</li></ul>
<b>External auditor</b>	BDO LLP 2 Snowhill Birmingham B4 6GA
<b>Bankers</b>	Barclays Bank Plc 54 High Street Worcester WR1 2QQ
<b>Internal auditors</b>	Mazars LLP 45 Church Street Birmingham B3 2RT
<b>Principal solicitors</b>	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B2 2ES
<b>RML Board details (Dormant company)</b>	<ul style="list-style-type: none"><li>- Boris Worrall</li></ul>

**Other legal advisors**

Trowers & Hamlins  
3 Bunhill Row  
London  
EC1Y 8YZ

**Lenders**

Nationwide Building Society  
Kings Park Road  
Moulton Park  
Northampton  
NN3 6NW

Lloyds Banking Group  
25 Gresham Street  
London  
EC2V 7HN

Legal and General Assurance Society Limited  
One Coleman Street  
London  
EC2R 5AA

Santander  
Corporate and Commercial Banking  
17 Ulster Terrace  
Regent's Park  
London  
NW1 4PJ

**Funding advisors**

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

**Insurance brokers**

Zurich Municipal  
Zurich House  
Ballsbridge Park  
Dublin 4  
Ireland

**Taxation advisors**

RSM UK Tax and Accounting  
Temple Row  
Birmingham  
B2 5AF

**Valuers**

Savills Plc  
19/20 City Business Centre  
6 Brighton Road  
Horsham  
West Sussex  
RH13 5BB

Bruton Knowles  
Odd Fellows House  
19 Newport Road  
Cardiff  
CF24 0AA

**Performance analysis**

Vantage Business Solutions Consulting Limited  
Orchard Chambers  
4 Rocky Lane  
Heswall  
Wirral  
CH60 0BY

## Report of the Board

The Board is pleased to present the Report of the Board, the Strategic Report and the audited financial statements for the year ended 31 March 2020.

The reports and financial statements are prepared in accordance with the Co-operative and Community Benefit Societies Act 2014 and Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council, and comply with the Statement of Recommended Practice (SORP) for registered social housing providers 2014 (updated in 2018), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The Group is a public benefit entity and Rooftop Housing Group Limited is the Group parent.

### Group structure

Rooftop Housing Group Limited (RHG), the Group parent, is a non-asset holding, non-charitable Registered Society (29661R), registered with the Regulator for Social Housing (RSH) (L4404), providing operational and corporate services, including treasury management, information and communication technology, and human resources for the whole Group.

Rooftop Housing Association Limited (RHA) was registered as a Registered Society in May 1993 (27786R) and obtained registration with the RSH in September 1994 (LH4050). RHA provides core social housing that meets charitable criteria.

Rooftop Homes Limited (RHL) is a non-asset holding non-charitable Registered Society (29660R) registered with the RSH (LH4405). This company became dormant on 31 March 2020.

Rooftop Management Limited (RML) is a wholly owned commercial subsidiary company (Registered in England 3569438). This company became dormant from 31 March 2005.

### Principal activities

The principal activity of the Group is to provide housing accommodation at below market rents for people in housing need.

Additionally, the Group provides:

- housing for sale, both shared ownership and outright sale
- temporary housing accommodation through supported housing schemes
- housing accommodation for keyworkers
- housing accommodation for market rent
- a limited amount of commercial property
- management of older people schemes in partnership with the ExtraCare Charitable Trust
- provision of support services primarily to young and older people.

### Regulatory framework for social housing

The Board considers it a priority to comply with the regulatory framework and to maintain GI and VI ratings from the Regulator of Social Housing under the Governance and Financial Viability Standard. These were formally assessed by the Regulator through the In Depth Assessment process in January 2020. An annual self-assessment is carried out in April each year and approved by the Board.

The Board has conducted a detailed self assessment exercise and considers that the Group remains compliant with the standards. As part of this the Board recognised the following factors:

- Board strategy event on 4-5 October 2019 reviewed the 2023 Vision ambition for Great Homes, Successful Lives and Better Business including outcomes for tenants and potential tenants.
- The Board was externally appraised in 2019. Individual appraisals were held and the Board as a collective was reviewed and found to be performing at a high level. A Board Improvement Plan has been approved by the Board to ensure the focus remains on continuous improvement.
- In January 2020, the Regulator of Social Housing carried out an In Depth Assessment of Rooftop in line with its prescribed approach to the regulation of the social housing sector. Rooftop was measured against the Governance and Financial Viability Standard and its GI/VI rating was reconfirmed in March 2020.
- The Board co-opted a member with specific skills and experience in the management of digital transformation in September 2019 to provide a Board level perspective with the implementation of a new housing management system.
- The Board has approved a Succession Plan and this is regularly reviewed.
- During the year, RHA obtained £25 million of new revolving credit facilities and extended another existing RCF for £25 million for a further three years.
- At 31 March 2020 RHA had 25 months until new funding was required.
- All regulatory returns (FVA, SDR, Quarterly Returns, FFR, Fraud) have been submitted to the regulator's deadline.
- Asset data is held on all dwellings within an Asset Performance Evaluator, a live tool used to measure present values on all stock and informs investment and disposal decisions. As per the Asset Management Strategy, the net present value of all properties is reviewed every three years. Board received the latest update on Asset performance in November 2017 showing an average net present value of £52,000 per unit.
- Resident Excellence Panel scrutinises Rooftop services to its residents, through a programme of scrutiny.
- The Sector Scorecard is now embedded as our core key performance metrics supported by a range of operational indicators.
- All Assets and Liabilities transferred from RHL to RHA on 31 March 2020.

### Internal controls

The Group Board is responsible for the overall system of internal control throughout the Group and for reviewing its effectiveness. The Group has delegated initial responsibility for audit and assurance to the Audit and Risk Committee, which comprises Board Members from across the Group. The members of the Audit and Risk Committee are chosen for their appropriate skills, while representing the composition of the Group.

The Audit and Risk Committee has responsibility for reviewing the adequacy of all risk and control related statements prior to endorsement by the relevant Boards and reviewing the effectiveness of internal control systems, including management, financial, operational and risk controls, so that the Group can be reasonably assured that appropriate and effective risk management arrangements are in place.

Work undertaken by the Audit and Risk Committee during the year included:

- Financial reporting, including the integrity and appropriateness of financial statements
  - Reviewed the statutory accounts and external audit findings
  - Reviewed the performance of the external auditors (BDO) during 2019/20 and the 2019/20 final accounts timetable
  - Approved the annual Accounting policy.

- Risk management process and framework
  - Reviewed and recommended to the Board the revised Risk Management Framework and Policy
  - Discussed the quarterly report on significant risks and sought assurance on the accuracy of the assessments and the controls.
  
- Internal and external audit functions
  - Approved the Audit and Risk Committee annual reporting cycle for 2020/21
  - Approved the internal audit strategic plan for 2019/20 to 2022/23
  - Approved the report on the annual review of the Internal Auditor which showed a satisfactory level of performance
  - Having assessed the scopes of the internal audits each quarter to ensure that the work being undertaken addressed key business risks, the Audit and Risk Committee reviewed fifteen (including compliance and data integrity) internal audit reports and noted the level of assurance given by the internal auditors as follows:
    - Substantial assurance (four): key worker accommodation, Asset and Liability registers, ICT cyber security and treasury management.
    - Adequate assurance (four): welfare reform and Universal Credit preparedness, performance management, General Data Protection Regulations (GDPR) and risk and assurance management.
    - Needs Improvement (one): Landlord health and safety.
    - Limited assurance (none).
    - The compliance audits (landlord health and safety, information technology and finance controls and human resources, safeguarding and housing management and data integrity) had a range of assurance levels for each audit.
  
- Compliance, whistleblowing, fraud, anti-bribery, asset and liability registers and stress testing
  - Discussed the compliance report and the actions being taken to address areas requiring improvement
  - Reviewed the asset and liability registers report and noted asset, loan and other liabilities position in the Group
  - Reviewed the fraud registers (tenancy and general) and noted that there were no exceptional items
  - Reviewed the gifts and hospitality register and noted that there were no exceptional items
  - Reviewed the Business Continuity scenario test report and noted actions
  - Reviewed the work and performance of the Audit and Risk Committee including its terms of reference.
  
- Resident Excellence Panel
  - Approved the Resident Excellence Panel's three-year scrutiny programme
  - Reviewed the Resident Excellence Panel's scrutiny reviews action plan and noted progress with the actions.

There were no identified weaknesses in internal controls, which resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements.

### **General Data Protection Regulation**

The Board recognises the importance our customers and stakeholders place on our use of their personal data and that we are transparent and accountable in the ways we collect, use and safeguard it.

Rooftop is mindful of the requirement to comply with the General Data Protection Regulation (GDPR) and Data Protection Act 2018 which came into effect on 25 May 2018 and has taken steps to ensure our staff and partners are aware of our obligations, by undertaking mandatory training and increasing awareness at all levels within the organisation. We have ensured our third party partners, who process personal data on our behalf, have security and compliance at the forefront of their work for us by way of legal agreements and audit of their systems.

We have reviewed our own compliance with the GDPR and Data Protection Act 2018 and are of the view that there has been no material non-compliance with the legislation following implementation. Notwithstanding, and in line with good practice, Rooftop continues to keep the organisation's compliance under review. This included an internal audit during October 2019 which resulted in 'adequate' assurance.

### **Code of governance**

The Board has formally adopted the National Housing Federation's Code of Governance (2015), and Code of Conduct (2012). The Board has formally assessed its compliance against the Code of Governance and confirms that the organisation is fully compliant.

### **Governance**

RHG is governed within the framework set by its rules as a Registered Society. These state that RHG will have a Board and determine its membership. In making appointments to the Board, the Group seeks members with a range of skills that it requires to effectively govern its business.

Board Members are carefully selected to make sure that they have the mix of skills and experience appropriate to their roles within the Group.

### **Board Members' responsibilities**

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

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

In preparing these financial statements, the Board Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2014 (updated 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 and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 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 2014 (updated in 2018).

Financial statements are published on the group'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.

### **Auditors**

All of the current Board Members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue as auditors. A resolution for the re-appointment of BDO LLP as auditors of the Association is to be proposed at the forthcoming Annual General Meeting.

### **Anti-Slavery and Human Trafficking Statement**

The Group aims to promote the highest standards in how our business operates and in employment, tenancy and procurement practices. We support the principles of the Modern Slavery Act 2015 and the abolition of modern slavery and human trafficking. Our annual statement, approved by the Board, summarises our commitment to the Modern Slavery Act 2015 and how this is demonstrated. This is published on our website.

### **Employees**

Within the Group structure all employees are employed by RHG, the Group parent. RHG is committed to equality through its employment practices. It is the policy of the Group to give equal opportunities to staff with regards career development, promotion opportunities and training.

The Group has continued its practice of consulting and keeping employees informed on matters that affect them and on the progress of the Group. This is carried out in a number of ways including: Company-wide briefing, formal consultation, departmental meetings, formal consultation and Your Voice forum.

### **Health and safety**

The Board is aware of its responsibilities on all matters relating to health and safety. It reviews its health and safety policy and statement on an annual basis to support compliance. There is Board member representation on the Health and Safety Committee, which meets quarterly. All staff receive a detailed health and safety induction on commencement and a programme of training on health and safety matters is ongoing.

### **Insurance**

RHG maintains insurance policies for members of the Board and executive directors against liabilities in relation to the Group.

### **Going concern**

The Board considers that it has adequate resources to continue in operation for the foreseeable future. For this reason, it continues to adopt the 'going concern' principle in the financial statements, with the exception of Rooftop Homes Limited which transferred all its Assets and Liabilities to Rooftop Housing Association on 31 March 2020 and is now dormant.

The Board approved a budget for the financial year 2020/21 in January 2020 and reviewed the Financial Business Plan in May 2020. We anticipate presenting a detailed five-year Financial Business Plan, including sensitivity analysis to our September Board.

The Board previously approved a Financial Business Plan in September 2019, this included a number of stress tests including multi-variant scenarios which created extreme results. The plan also contained a £5 million cash contingency for Development which can be released in adverse circumstances. Our Treasury Management Policy also assumes minimum cash balances of £5 million or three months cash whichever is the greater. When calculating assumed cash balances an assumption is made that we will only receive two thirds of sales in a period. This prudent approach and the available undrawn facilities have kept us viable during these difficult times.

In response to COVID-19, the Board has reviewed the Group's financial position and likely impact on income and expenditure at a Board meeting on 23 April 2020. Following advice from professional advisors, an assumption has been made that rental income will drop by between 10% and 13% during the first half of 2020/21. Approximately 32% of our rental income is currently paid directly to us via local authorities or the Department for Work and Pensions, so we have assumed this will continue to be paid. We also anticipate a large increase in the number of voids, particularly at our older persons schemes, where currently, during the first quarter of the year, we are unable to accept any new residents. This is due to the shared facilities and risks to existing and new customers, with an estimated loss of income over six months of £290,000. We have assumed no sales of properties will complete prior to September 2020 and we will continue to monitor the market and any likely reductions in the sales values of our stock.

We are continuing to monitor our income and we are reviewing this on a weekly basis, in order to closely monitor our financial stability. Our Income Team is working with tenants who are suffering financially following the impact of COVID-19 to secure payment on arrears and alternative payment methods, including promoting Direct Debit and other contact free methods. At our Board Meeting in May 2020, an Income Collection and Maximisation Strategy was approved, adopting a 'rent first' policy.

Our repairs and maintenance are carried out by Platform Property Care Limited who have furloughed a number of their staff, and for health and safety reasons are only carrying out essential repairs and safety checks during April and May. This has resulted in a reduction in maintenance expenditure. Other areas of savings have been identified and agreed by the Board including: reduced legal fees; suspending payment of the staff bonus scheme; and removing areas of spend where the project has not been fully identified for this financial year. The total reduction in expenditure is estimated to be £680,000. These decisions have been made to ensure we keep the business viable for our existing customers.

The financial impact on Rooftop Group based on the restrictions of COVID-19 being in place for three months is estimated to be a reduction in surplus for the year of £495,000. The original budget surplus was £4,988,000 with the forecast now set as £4,493,000. Should the impact of the restrictions last for six months, it is estimated that the surplus for the year will fall by £1,755,000 to £3,233,000, resulting from a reduction in our income and increase in bad debts.

In addition, we have delayed our development programme for works on new construction sites until the second half of the financial year. The decisions made by the Board have been modelled in our Financial Business Plan; we are pleased to confirm there is sufficient cash available to support the business through this crisis and to comply with our funders' covenants.

We are monitoring our assumptions closely, particularly around rental income on a weekly basis, to enable us to forecast the trend in income received with increasing accuracy for the impact on our cashflows and bad debts. If there is a significant fall in income, we will take mitigation measures where necessary. This will allow us to ensure we have sufficient liquidity at all times during this period.

We have negotiated an extension for three years to our current £25 million RCF with Santander and this was completed 1 July 2020. We are also working with our professional Treasury Advisors to investigate further long term borrowing to replace two of our existing RCF's totalling £50 million and expect to have this in place by March 2021 or sooner.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities totalling around £68m, the Board believe that while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Association'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.

### **Group Structure**

On 31 March 2020 Rooftop Homes Limited (RHL) transferred all its Assets and Liabilities to Rooftop Housing Association (RHA), RHA is now the only Asset holding company in the group with all loans also transferring to RHA. This has made our company structure simpler and removed the risk of cross default clause on our loan agreements. RHL will remain in the group but will be a dormant company. Rooftop Housing Group remains the parent company which is non asset holding and also has no loans.

### **COVID-19**

At the end of our financial year, the Government introduced stringent lockdown measures to deal with the COVID-19 pandemic. Our Executive Team moved swiftly to implement our business continuity plans, with all staff working from home. Alongside continuing to deliver essential services to our residents, we immediately provided guidance to any resident who faced financial difficulties. We redeployed staff to provide continual contact with older and vulnerable residents to check on their wellbeing.

I want to thank our staff, our local authority partners, our key suppliers and development partners for working with us to take a proactive response over that period.

### **Annual General Meeting**

The Annual General Meeting will be held on 16 September 2020.

By order of the Board



**Nicola Inchbald**  
**Chair**  
15 July 2020

# Strategic Report

## Why we exist

Our mission is to build **Great Homes** and support **Successful Lives** by being a **Better Business**. This annual Business Plan sets out what we will achieve during 2020-21, the third year of our current five-year Corporate Plan to 2023.

At the time of writing, the world is facing an unprecedented global health crisis with the rapid spread of the Coronavirus, and the associated economic, social and personal damage it will inevitably bring to many people. This plan was therefore updated at 31 March 2020, based on what was known about the likely impact and how we believe we will need to respond as a **business**, for **colleagues** and above all, for our **customers**. We know that this year our role in supporting local people and communities will be more important than ever before in our 25-year history.

## Who we are

Rooftop is one of the country's leading place-based Housing Associations. We manage 6,600 homes, mainly in South Worcestershire and North Gloucestershire.

We provide a range of accommodation and support services for older people, younger people leaving care, those with dementia and people escaping domestic violence.

Rooftop is also a specialist in providing culturally appropriate homes for the Gypsy and Traveller community at three sites, in partnership with Solihull and Bromsgrove Councils.

Since 2017 Rooftop has embarked on a process of simplification and modernisation. All of our properties and loans are now held by Rooftop Housing Association.

## Where we work

Our most significant challenge is the impact of COVID-19, which will pose huge challenges to so many in the communities of South Worcestershire and North Gloucestershire. The nature of the rural economy, limited healthcare infrastructure and rural isolation may result in specific impacts from COVID-19. We have strong strategic and operational relationships with our key local authority partners, and we will do all we can to work alongside them in mitigating the effects of the virus. When the time for rebuilding comes, we will be ready.

There is significant demand for social housing in our core operating areas, where many local people are either priced out of the market or face challenges affording good quality housing in the private rented sector. The high ratio of house prices to earnings across many of the communities where we work underpins strong demand for Shared Ownership.

Although the demographic profile of our residents is changing, the local communities which we serve are generally characterised by an older population living predominantly in market towns and rural villages. The ongoing impact of Welfare Reform and Universal Credit is contributing to rising rent arrears levels, while households continue to have to adapt to wider funding constraints in areas such as social care and local services. Loneliness and social isolation are also a particular issue for older people living in rural communities and we will continue to work to address that.

The December 2019 General Election resulted in a clear majority Government for the first time in a decade, and in doing so, presented short-term clarity around the commitment to Brexit. However, the final details of our trading and other arrangements with the European Union remain unclear. This will have an important impact in our communities where there are a significant number of EU nationals and an economic reliance on agriculture.

## What we will deliver

Our key objectives for the 2018-2023 Corporate Plan are summarised, alongside the strategies and key projects that underpin that ambition. Specific targets and Key Performance Indicators for 2020-21.

These objectives were revised as the Coronavirus (COVID-19) pandemic began to cause shockwaves across the United Kingdom. We will keep our objectives under review, as the implications and impact of the crisis become clearer over time.

Our biggest measure of success is to be an effective landlord. This means ensuring that our customers are kept safe, live in a good quality homes and are satisfied with the services which they receive from us. Our new housing management system will enable us to offer customers much-improved online services this year, supporting our long-term target of ensuring that at least 9/10 customers are satisfied with Rooftop as a landlord.

We will continue to evolve how we listen to and act upon residents' views as an early adopter of the 'Together with Tenants' national pilot. We will ensure that the Customer Voice remains the heart of the Boardroom, that we draw on the views of local people in local communities, and that we engage with many more residents through digital media. This is part of our **Customer Promise**.

This year we will review our long-term investment in existing homes, based on a 5-year stock condition survey and an assessment of the energy performance of all of the homes that we manage. Our five-year Corporate Plan has sustainability as a key theme, and we will finalise a plan for future investment to tackle fuel poverty and respond to the Climate Change emergency. All new homes that we build are constructed to the Rooftop Living Homes Standard, which exceeds the expected specification of the Government Future Homes Standard. We will report annually on the Environmental Management Standard which we have adopted. This is part of our **Sustainability Promise**.

A key priority will be to support our colleagues as they come to terms with the impact of COVID-19 and respond to new ways of mobile working at scale, as well as the rapidly changing needs of our customers and communities. This year we will continue to develop our managers and leaders and ensure we position Rooftop as an employer of choice, powered by our strong social purpose. This is part of our **People Promise**.

We have set ourselves challenging targets to deliver 1,000 homes between 2018 and 2023. This year we will be forced to scale back our planned development activity because of the impact of the virus. Our target for this year is 164 new homes and is under constant review; final delivery will be constrained by the evolving crisis. We remain committed to building as many homes to rent and for Shared Ownership to meet both local need and aspiration as we can. We know we can only achieve this with the help of our key partners Homes England, Wychavon, Gloucester City, Tewkesbury and Cheltenham councils, as well as Worcestershire and Gloucestershire County Councils. We will work in partnership openly and collaboratively at all times. This is part of our **Partnership Promise**.

## How we work

Everything we do, for our customers and each other, is underpinned by our values:

**We work together** – we talk, we listen, we network

**We make things better** – we solve, we learn, we evolve

**We do the right thing** – we own, we support, we act.

## Operational Delivery in 2020-21

Our Key Performance Indicators are set out in the table below. These include the measures that we routinely report to the regulator, the metrics that form part of our measurement of Value for Money (VFM) and other indicators that are important to our customers, stakeholders or Rooftop as a social business. Although these are based on historic performance and the normal trajectory set out in our longer-term plans to 2023, we know many will not be achievable given the impact of COVID-19. Key financial targets and scenarios are included in the Financial Business Plan stress testing and Defensive Action Plan.

	<b>Key Performance Indicators</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
		<b>Actual</b>	<b>Actual</b>	<b>Target</b>
<b>Regulatory Metrics</b>	Metric 1 - Reinvestment Percentage	9.50%	5.20%	11.10%
	Metric 2a - New supply delivered (social housing units)	3.30%	2.70%	2.30%
	Metric 2b - New supply delivered (non-social housing units)	0.10%	0.00%	0.10%
	Metric 3 - Gearing	61%	58%	61%
	Metric 4 - EBITDA MRI Interest	182%	153%	154%
	Metric 5 - Headline social housing cost per unit	£2,988	£3,284	£3,391
	Metric 6a - Operating Margin	39.40%	32.00%	31.90%
	Metric 6b - Social Housing operating margin	43.80%	40.10%	40.30%
	Metric 7 - Return on capital employed (ROCE)	4.90%	4.30%	3.60%
	Customer Satisfaction with Services Provided	90.0%	89.2%	90%
<b>Other Key Metrics</b>	Customer Satisfaction with Repairs	91%	90.6%	90%**
	£'s invested for every £ generated from operations in communities	£0.05	£0.04	£0.04
	Ratio of responsive repairs to planned maintenance spend	0.5	0.7	0.6
	Overheads as a % of adjusted turnover	11.70%	12.80%	12.20%
	Average Time to complete a SO Sale	72	90	180
	% Routine Repairs right first time	82.8%	83.2%	85%**
	Average no of calendar days to complete a responsive repair	14.8	17.6	14**

Rent Arrears as a % of Rent Debit*	3.6%	4.0%	3.5%
Void Loss as a % of Rent Debit	2.1%	2.5%	2.3%
Average Days to Re-let	11.3	19.8	12
No of plots secured in the rolling land bank	121	143	170
% Colleague Sickness Absence	3.4%	4.3%	4.5%
% Colleague Turnover	15.9%	15.5%	13%

\* Note that this measure changed from a general needs and older person's housing to an all tenures basis.

\*\* Subject to agreement with Platform Property Care

### Key Priorities for 2020-21 linked to 2023 Corporate Plan

	Strategic Objective	Business Plan outcome/Project	Start	End	Strategy
Successful Lives	90% Customer Satisfaction	Improve customer insight through alternative customer survey system and analysis	Sep 20	Apr 21	Customer Strategy
		Launch and promote online Tenant Portal	Jul 20	Mar 21	
	4,000 People Supported	Support customers most affected by COVID-19 through Community and Emergency funds	Apr 20	Mar 21	Customer Strategy
		Increase Tenancy Sustainment and reduce evictions through early intervention and targeted support	Apr 20	Mar 21	
		Maximise and measure impact through Social Return on Investment reporting	Sep 20	Mar 21	
	Stronger Communities	Establish Neighbourhood Champions and develop local offers as part of our Together with Tenants Plan	Sep 20	Mar 21	Customer Strategy
		Introduce an asset-based approach to support sustainable recovery in our communities	Sep 20	Mar 21	
		Develop a model for homeless accommodation to support our local authority partners	Oct 20	Oct 21	
		Support our three key Local Authority partners in alleviating the impact of COVID-19	Apr 20	Mar 21	

Great Homes	<b>Garden Village</b>	Deliver Garden Village site and/or identify alternatives	Jul 20	Mar 21	Development Strategy
	<b>1,000 Homes</b>	Replace VRTB stock with new units and deliver as many of our 157-home target as we can	Apr 20	Mar 21	Development Strategy
	<b>Warm Homes</b>	Launch Rooftop Living Homes Standard in response to Future Homes Standard	Sep 20	Sep 20	Sustainability Strategy, Health and Safety Strategy
Achieve Health and Safety ISO 45001 accreditation and deliver Health and Safety Strategy		Sep 20	Mar 21		
Better Business	<b>40% + Operating Margin</b>	Deliver £50m new funding through the most appropriate mechanism	Jul 20	Mar 21	Treasury Strategy, Income Strategy
		Implement Income Collection and Maximisation Strategy, including Rent First programme	July 20	Mar 21	
	<b>Best Companies 3*</b>	Deliver Employee Engagement Plan	Mar 20	Mar 21	People Strategy
		Deliver leadership programme	Jul 20	Mar 21	
	<b>Digital by Design</b>	Strengthen compliance and asset management through Data Strategy implementation	Apr 20	Mar 21	Data Strategy, ICT Strategy, Income, People Strategy
		Recommend new HR and Training System	Apr 20	Mar 21	
		Increase income collection through Rentsense system	Oct 20	Apr 21	
		Improve service quality and quantify VFM savings through QL system development	Apr 20	Mar 21	
		Recommend finance system upgrade/replacement	Oct 20	Apr 21	

\*Priorities in red were added or adapted in May 2020 as part of our COVID-19 response plan below.

### Responding to COVID-19

The World Health Organisation classed COVID-19 as a pandemic on 11 March 2020. Following that announcement, the UK Government introduced various measures to address the impact in the UK, resulting in lockdown from 23 March 2020.

We adopted a number of measures to ensure the safety of tenants, staff 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 which are due to restart early July 2020.
- All construction on our rented and sale programs was halted in line with Government recommendations to protect our staff and business partners. All decisions on uncommitted schemes were put on hold.

- Continued with our program of Gas safety testing, wherever possible, balancing the risks of carbon monoxide poisoning against the need to protect residents and staff from COVID-19.
- Closed communal areas to protect customers from catching the virus through congregating in lounges.
- Ensured the same member of staff visited our schemes to reduce incidents of cross contamination.
- Provided regular contact with Older and Vulnerable people including supporting our customers in young person's schemes to ensure that they had access to food and required medicines.
- Provided guidance to those residents who faced financial difficulties.
- All staff adopted working from home, and some staff were redeployed 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. This impacted on 1 sale not completing as planned.
- Maintenance spend and component replacement was impacted following lockdown. Due to the timing, it had limited impact on our 2019/20 accounts.
- Expenditure on PPE has increased to ensure the safety of those staff members that do need to enter residents' properties or visit construction sites.
- Increased our provision for doubtful debts for 2020/21 to reflect the impact of financial hardship that COVID-19 has had on certain groups of our tenants.

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

- Valuations of our market rented properties provided by external valuers contain clauses relating to material uncertainty in relation to those valuations.
- TPT, the provider of our defined benefit scheme, made the following statement on 19 June 2020:

Impact of COVID-19 on Defined Benefit (DB) investments

Although changes in the value of investment markets occur from time to time, we invest for the long-term, aiming to ensure benefits payments are met and that schemes do not take more risk than is necessary to achieve this objective. The Trustee continuously monitors scheme strategies and funding positions and is supported by professional advisers. Any strategic changes arising from the current situation will be reviewed through a robust governance process to ensure appropriate updates are made.

We will continue to monitor the situation and take actions as required.

### **COVID-19 Action Plan**

Our approach is in three phases – **Respond, Refocus and Rebuild** across our Corporate Plan themes of Great Homes, Successful Lives and Better Business. To give the approach structure we have allocated these phases to our reporting quarters although appreciate that elements of responding, refocusing and rebuilding will appear throughout the year. We will revise our Business Plan priorities and targets at the end of the Respond and Refocus stages.

## Q1 RESPOND

Rooftop responding to the changing operating environment to keep colleagues and customers safe and ensure business viability. We will focus on delivering core services, support where we can and income maximisation and cost reduction. **This is a primarily a defensive approach.**

## Q2-3 REFOCUS

Rooftop refocusing its operations and business against the new operating environment to expanding services to customers, drive development forward and enable colleagues to adapt and deliver our objectives. **This is primarily an adaptive approach.**

## Q4 REBUILD

Rooftop engaging more broadly in the social, economic and community rebuilding of the areas where we work by refining our operating model to recognise the constraints of the new environment and enable us to play a more active role locally. **This is primarily an expansive approach.**

### Delivering Value for Money

Rooftop's accounts include an annual self-assessment of how we are achieving Value for Money in delivering our annual and long-term Corporate Plan objectives and complying with the regulatory Value for Money standard. Our assessment is based on the 'Sector Scorecard' metrics, which include key performance indicators covering customer satisfaction, financial security and our effectiveness as a business. This year we will again strengthen our Value for Money strategy and detailed annual Action Plan. Key elements of our plan this year are the simplification of our group structure, the disposal of non-core assets to generate funds to deliver more affordable homes in South Worcestershire and North Gloucestershire, and re-evaluating our resources once our new housing management system has bedded in. In setting our budget for 2020-21 the Executive Team identified savings/limitations on proposed budgets totalling £187,000 which were removed from the budget prior to board approval.

### Delivering new homes – our indicative pipeline to 2023

We are in the midst of a deepening housing crisis. In response, Rooftop's Board has committed to delivering as many new affordable homes for local people as we can. So, for the five years to 2023 we will aim to deliver 1,000 homes, an average of 200 per year. We know that our target for this year (2020-21) is unlikely to be achievable due to COVID-19.

Development Programme 2018-2023				
	18/19	19/20	Next 3 years	Total
Social Rents	20	17	234	271
Affordable Rents	117	98	221	436
Shared Ownership	45	62	209	316
Outright Sales	8	-	12	20
<b>Total</b>	<b>190</b>	<b>177</b>	<b>676</b>	<b>1,043</b>

**2023 Vision – Summary**

	<b>Great Homes</b>	<b>Successful Lives</b>	<b>Better Business</b>
<b>Strategic Objectives 2023</b>	1,000 Homes	90% Customer Satisfaction	Best Companies 3*
	Garden Village	4,000 People Supported	40% + Operating Margin
	Warm Homes	Stronger Communities	Digital by Design
<b>Supporting Strategies</b>	Development, Asset Management, Sustainability, Health & Safety	Customer, Supported Housing, Income Maximisation	Communications, People, Data, IT, Value for Money, Tax
	<b>Operating Plans</b>	Living Homes Standard, Stock Investment, Disposals	Customer Insight, Customer Engagement
<b>Key Initiatives</b>	Garden Village, Bishop's Cleeve Regeneration, ISO14001 accreditation	Tackling Homelessness, Domestic Abuse service	Leadership Development, Housing Management System, Rewards and Benefits
	<b>KPIs</b>	22 KPIs	21 KPIs
			12 KPIs

## Key Activities – Group Performance

The principal activity of the Group is to provide housing accommodation at affordable rents for people in housing need. Rooftop Housing Group Limited is the parent company of the Group and the legal nature of each entity in the Group is disclosed in the Report of the Board.

In 2019/20 the group generated a surplus of £5.9 million (£7.8 million 2018/19). The core purpose of the group is social housing lettings activity, representing 83% of Rooftop's turnover (2019: 84%). The next most significant elements of the business are shared ownership sales (12% of turnover; 2019: 11%) and supporting people (2% of turnover; 2019: 2%). Other activities are negligible.

At 31 March the group held £10 million in cash (£14 million 2019). Due to the uncertainty of a no deal Brexit a decision was made to hold cash to support three months activity after 29 March 2019. We will continue to monitor the possibility of a no deal Brexit throughout the year. In April we drew additional funds to support liquidity through the COVID-19 crisis.

COVID-19 had a very limited impact for the financial year 2019-20 as the lockdown commenced only two weeks prior to the year end. Some repair works, component replacements, and 1 property sale were delayed. These have now been budgeted in 2020-21.

### Rooftop Housing Association Limited

RHA, the Group's core social housing provider, generated a surplus before taxation of £4.8 million (2019: £7.4 million). This was a significant outperformance of RHA's budgeted surplus of £3.7 million.

The main contributor was £0.6 million additional surplus from Voluntary Right-to-Buy property sales, which were not budgeted for as the uptake of the scheme could not be forecast.

The next most favourable contribution was in financing, with net interest cost £0.4 million lower as a result of later drawdown of loan facilities and lower interest rates.

Overall operating costs for lettings were £200k unfavourable due to higher grounds maintenance and property service costs. Net income from lettings was £420k unfavourable mainly due to voids at our support schemes. Land development costs were £899k unfavourable due to abortive costs at Adelaide House and other schemes.

The higher than budgeted for voids during the year of £0.7 million (2019 - £0.5million) resulted from two extra care schemes being void, due to later than planned sales and lower demand than anticipated for specialist dementia care support tenants. Although the voids were higher than budget, we maintained our overall turnaround in the general needs category to just 13 days, thus ensuring the homes were ready for waiting tenants and providing value to RHA.

Furthermore, due to the delay in completing a number of development schemes including one large scheme at Gloucester, there is an adverse impact on the rents receivable in the year (£0.3 million).

The change in our development programme has reduced the requirement to draw funding, thus creating a saving of £0.6 million in our interest costs.

The Welfare Reform and Work Act 2016 requires RHA to reduce the majority of its rents by 1% a year for the four years 2016-20, which has had a significant impact on RHA's ability to grow its core income stream. The overall increase is due to the completion of new properties during the year, along with some exempt properties.

RHA's cash balance at year end was £9.9 million (2019: £12.8 million). The reduction was due to the early drawing of funding from Nationwide and Santander in March 2019 to mitigate the risk of a no deal Brexit, which has subsequently been repaid, however a further £6m has been drawn in April 2020 to ensure sufficient liquidity through the current COVID-19 crisis.

Overall, RHA has funded plans to complete 669 homes over the period from April 2020 to March 2023, however some work has been temporarily suspended due to the COVID-19 crisis.

RHA received a transfer of all activities and assets from RHL on 31 March 2020. This involved the transfer of three keyworker schemes, garages, and market rent properties and novation of existing managing agreements and contracts. The new activities are relatively small scale for RHA and are consistent with RHA's existing activities and objects. The transfer will create capacity in the group and allow us to start to evaluate and transform our services to meet the needs of our customers.

### **Rooftop Homes Limited**

RHL, the Group's provider of keyworker accommodation, residential care, market rent and garages, has generated a pre-tax surplus of £1.2 million, an increase on the previous year (£0.5 million). The main reasons for the increase were:

- £0.4 million decrease in depreciation as a result of the extension of the lease at Worcester Royal Hospital keyworker accommodation.
- £0.2 million surplus from two outright sales at Sheldon Avenue

RHL's operations, assets and liabilities have been transferred in full to RHA on 31 March 2020.

We have a write-down of the investment property at Biddulph of £189k.

The main activity of RHL during the year remained keyworker accommodation, with three hospital sites collectively accounting for 72% of RHL's turnover in the year (2019: 72% of RHL's turnover). The major contributor was Shrewsbury Royal Hospital with £1.1 million turnover, 38% of total, (2019: £1.2 million turnover, 39% of total), with Worcestershire Royal Hospital contributing £0.6 million, 19% of total, (2019: £0.5 million, 17% of total) and Weston General Hospital contributing £0.4 million, 15% of total, (2019: £0.5 million, 16% of total) also significant.

During 2018/19 RHL completed construction of a small open market development of four homes in Broadway, Worcestershire, on the site of a disused garage court. Two of the four units sold in 2018/19, and the remaining two sold in 2019/20. The 2019/20 sales created a surplus of £198,000 (before tax).

## **Value for Money and Performance Report 2019-20**

### **Summary**

Rooftop has set out a range of nine ambitious targets within its five year 2018 to 2023 Corporate Plan. These targets aim to ensure we deliver Value for Money in maximising the impact of our resources in delivering our charitable objectives.

In 2019-20 we continued to make good progress in delivering our Corporate Plan objectives across the three streams of Great Homes, Successful Lives and being a Better Business. In summary:

- We remained on track to deliver 1,000 new homes by 2023
- We remained on track to deliver 90% customer satisfaction by 2023
- We remained on track to become a 3\* Best Companies organisation by 2023.

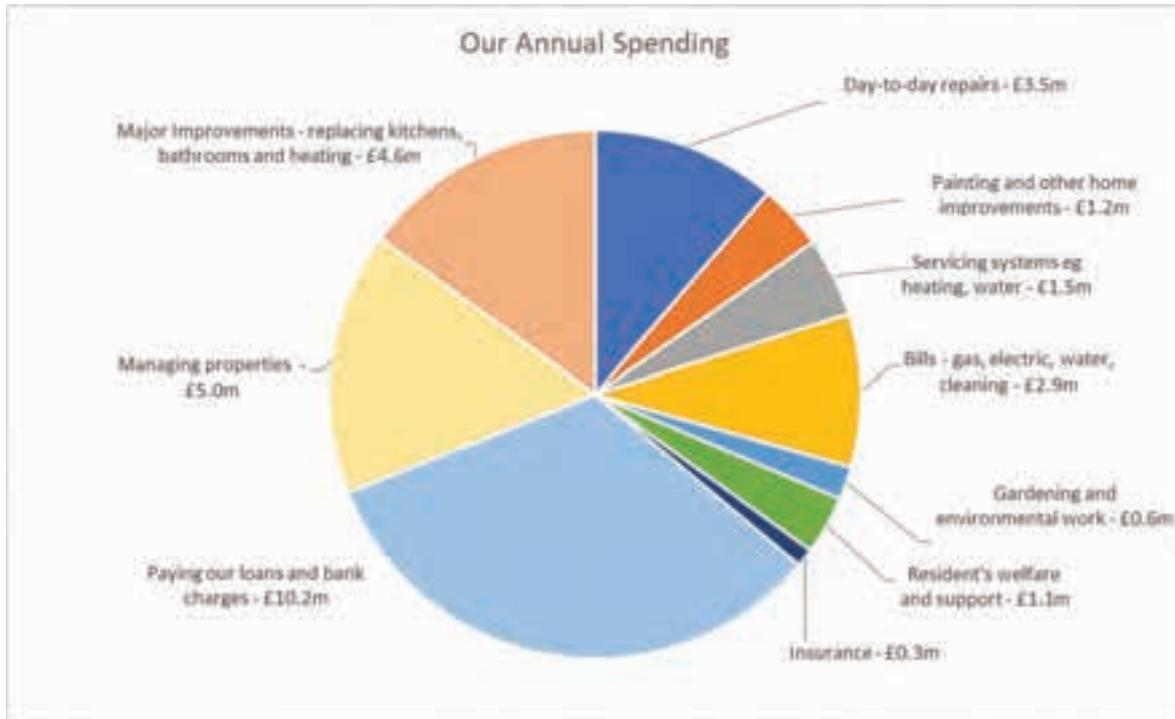
We also continued to deliver against our wider 2023 targets around sustainability, supporting people and communities and business improvement during the year.

Ensuring customers and stakeholders are aware of our impact, costs and delivery of our plans is important to us. A copy of our simple published 'VFM and performance' summary is included in this report. It shows a breakdown of how income was expended during the year to provide transparency.

### **How We Spend Our Money - 2020/21 Budget**

The graph below shows a breakdown of our expenditure – the three areas covered in the bullet points represent 64% of total expenditure:

- The largest area of expenditure is around servicing our loans. This will increase as we continue to draw down more funding to build new homes.
- The next largest area is managing our homes which includes tenancy management of our homes.
- Major Improvements are the third largest area including kitchens, bathrooms, boilers. This keeps our homes up to Decent Homes Standard.



### Meeting the Value for Money Standard

Rooftop welcome the simplified approach in the April 2018 Value for Money (VFM) Standard. The Board believes Rooftop has complied with the VFM Standard during 2019/20 and continues to challenge the Executive Team to drive forward this agenda for the future.

The Corporate Plan for 2018 to 2023 is monitored and reported against the targets to Board on a quarterly basis. The Board also monitors an annual Value for Money Action Plan setting out the specific improvements and projects Rooftop aims to deliver each year.

The following strategic projects were at the heart of our Value for Money Strategy for 2019-20: and these are targets we included in our statement last year:

- Successfully implement the new Housing Management System to enable us to transform our operating model and customer service

*The system was successfully implemented on 4 May 2020 one month behind the scheduled switch over at the end of the financial year. Included in the Value for Money Action Plan 2020/21 is a task to review resources and identify long-term savings with the Board following implementation of this new technology platform.*

- Simplify our assets and loan structure to enable us to manage our property portfolio more effectively through Rooftop Housing Association

On 31 March 2020, all Assets and Liabilities were transferred from Rooftop Homes Limited to Rooftop Housing Association. This project has reduced risk to the business by having all loans in one company and will allow more flexibility to review stock out of our core area. It will also result in Corporation Tax savings and administrative savings in future years.

- Effectively deliver the Homes England New Ways of Working contract through the Matrix Housing Partnership

During 2019/20 we completed four homes at the end of March 2020 towards delivery of the NWOW contract and other sites are due to start on site during 2020/21 against a target of 239 homes to be delivered over the life of the wave one funding. This is worth £8.2 million in grant to Rooftop Housing Association and has allowed us to increase the number of homes developed for those in need.

Rooftop reported on the Sector Scorecard metrics for the first time in the 2017/18 Annual Report and Financial Statements. The Sector Scorecard includes the nine metrics specified by the Regulator. The group-wide results for 2019/20 are set out below, with comparatives from 2018/19 and targets for 2019/20 and 2020/21. The targets are embedded in Rooftop's budget and performance processes.

### Performance and future target

Regulatory metrics	2018/19 Result	2019/20 Target	2019/20 Result	2020/21 Target**	2020/21 projected target post COVID19***
Metric 1 - Reinvestment Percentage	9.5%	10.6%	5.2%	11.1%	5.4%
Metric 2a - New supply delivered (social housing units)	3.3%	2.8%*	2.7%	2.3%	1.3%
Metric 2b - New supply delivered (non-social housing units)	0.1%	0.0%	0.0%	0.1%	0.1%
Metric 3 - Gearing	61.0%	61.0%	58.0%	61.0%	59.0%
Metric 4 - EBITDA MRI as a percentage of interest	182.0%	159.0%	153.0%	154.0%	150.0%
Metric 5 - Headline social housing cost per unit	£2,988	£3,226	£3,284	£3,391	£3,317
Metric 6a - Operating Margin (overall)	39.4%	32.0%	32.0%	31.9%	32.4%
Metric 6b - Social Housing operating margin	43.8%	40.1%	40.1%	40.3%	39.2%

Metric 7 - Return on capital employed (ROCE)	4.9%	4.1%	4.3%	3.6%	4.1%
<b>Other Sector Scorecard metrics</b>					
Customer satisfaction	90.0%	88.0%	89.2%	90.0%	90.0%
£s invested for every £ generated from operations in communities	£0.05	£0.04	£0.04	£0.04	£0.07
Occupancy	99.8%	99.2%	99.7%	99.2%	99.2%
Ratio of responsive repairs to planned maintenance spend	0.54	0.56	0.66	0.60	0.59
Rent collected	99.6%	98.6%	97.9%	99.1%	98.0%
Overheads as a % of adjusted turnover	11.7%	11.5%	12.8%	12.2%	11.1%
Void loss as a % of rent debit (all tenures)	2.1%	1.6%	2.5%	2.3%	2.4%

\*restated from 2018/19 accounts

\*\*The Targets for 2020/21 were set pre COVID-19 and are subject to further review.

\*\*\* These targets have been calculated following a review of the impacts of COVID-19

The VFM metrics show that there is an adverse impact in the **Reinvestment percentage**. This is due to a delay in obtaining planning permission for a number of development sites that were due to start during the financial year. One significant scheme **Swan Lane** secured planning in May 2020. We have also made significant progress with Homes England in identifying a potential site for our **Garden Village Project**.

Our costs relating to **Headline social housing** cost per unit are slightly higher than we forecast for the year. We achieved savings in the year against budget of around £600,000 on component spend, of which £296,000 related to new boilers and heating systems. Insurance savings were achieved following a tender exercise and legal fees were also lower, however this was offset by unbudgeted spend on abortive costs for development schemes, utilities, estate management and environmental maintenance. The majority of repairs and maintenance works are provided by Platform Property Care as part of the cost sharing vehicle which delivered savings of £740,000 this year and customer satisfaction with repairs of 90.6% against an ambitious target of 91%.

Our **overhead costs** are higher than the target in 2019/20 due to increased depreciation charges relating to our new **Housing Management System** that was implemented on 4 May 2020. Removing depreciation due to this strategic investment sees underlying overhead costs at 10.8%. This cost will be charged to our **Statement of Comprehensive Income** over a five-year period, and after this time we are expecting a reduction in overheads.

In addition to this we have included an action to review savings to be delivered by the new system as part of our Value for Money Action Plan for 2020-21.

For **Customer Satisfaction** we set an ambitious target of 90% and came within 1% of that in support of our long-term Corporate Plan objective that at least nine out of 10 customers are satisfied with the services we provide. Our analysis indicates that customer communication around repairs is the main cause of dissatisfaction and this will be a key focus for the year ahead.

Our **Operating Margin (overall)** is lower than target due to a number of Development Schemes delayed due to planning challenges, including the **Garden Village**. We have taken a prudent approach and written these off to revenue, which has impacted our **Operating Margin**. It should be noted this does not affect the **Social Housing Operating Margin** which remains on track to achieve our Corporate Plan target of 40%.

### Last year's performance targets

Our void turnaround of c20 days (all tenures) is higher than our target for the year. This is due to a number of supported schemes being more difficult to let and relying on council referrals. To address this issue, we have carried out detailed analysis and implemented an Action Plan which will accelerate how quickly we re-let void properties and ensure that we are making the best use of our Assets.

We work closely with Partners, Platform Property Care, who provide a repairs service on our behalf, and are monitoring their performance in this area. An independent review of this was carried out by external consultants during 2019/20 and presented to our March 2020 Board. This compared our costs in repairs to 80 organisations across the sector and showed that our costs were generally lower in all areas than the median, except compliance.

Rent Arrears increased during the year due to tenants moving on to Universal Credit for the first time. We are finding these tenants have a higher level of arrears as new claimants have to wait five weeks before receiving their first payment. We also have an Action Plan in this area, which is being monitored on a monthly basis.

Other Key Metrics – targets for 2019/20	Target	Result	Achieved?
	2019/20	2019/20	Y/N
Percentage of repairs completed first time	92%	83.2%	N
Average no of calendar days to complete non-emergency repairs	15 days	17.6 days	N
Average days to re-let	12 days	19.8 days	N
Rent arrears as a percentage of rent debit	3%	4%	N
Percentage staff sickness absence	4.5%	4.3%	Y
Benefits realised for tenants by money advice team	£2.0m	£2.8m	Y
Deliver 177 new homes	177	184	Y
Secure land for new development, including market sales	170 units	178 units	Y

### Peer Comparison 2018/19

As part of the Value for Money Standard we must include data around peer comparison, we have had a piece of work carried out by Vantage. This was presented to our Board in November 2019. They have identified the peer group based on geographical location, stock size and similarity.

<b>RSH Metrics</b>	<b>Rooftop</b>	<b>Gloucester City Homes</b>	<b>North Devon Homes</b>	<b>Selwood Housing</b>	<b>Thrive Homes Ltd</b>	<b>Trent &amp; Dove Housing</b>	<b>Two Rivers Housing</b>	<b>Westward Housing Group</b>	<b>Sector Average</b>
Reinvestment %	9.5%	31.5%	5.4%	7.0%	14.7%	12.3%	13.6%	3.77%	6.8%
Ranking	5	1	7	6	2	4	3	8	-
New Supply delivered % (social housing Units)	3.3%	1.8%	2.4%	3.0%	1.8%	3.1%	1.4%	3.3%	1.9%
Ranking	1=	6=	5	4	6=	3	8	1=	-
New Supply delivered % (non social housing Units)	0.1%	0.0%	0.4%	0.0%	0.4%	0.0%	0.0%	0.0%	0.1%
Ranking	3	4=	1=	4=	1=	4=	4=	4=	-
Gearing %	61%	45%	60%	30%	67%	59%	56%	32%	33%
Ranking	7	3	6	1	8	5	4	2	-
EBITDA (without sales)	182%	94%	143%	475%	143%	242%	213%	208%	346%
Ranking	5	8	6=	1	6=	2	3	4	-
Headline Social Housing Cost per Unit	£2,988	£4,540	£2,945	£3,450	£4,178	£2,754	£3,336	£3,176	£4,462
Ranking	3	7	2	6	8	1	5	4	-

Operating Margin (social housing)	43.8%	25.2%	25.1%	31.0%	32.4%	36.0%	26.1%	30.1%	26.4%
Ranking	1	7	8	4	3	2	6	5	
Operating Margin (overall)	39.4%	25.3%	22.9%	31.0%	30.4%	33.8%	27.5%	30.5%	24.4%
Ranking	1	7	8	3	5	2	6	4	
ROCE	4.9%	4.8%	2.7%	3.2%	3.7%	6.9%	4.5%	3.8%	4.0%
Ranking	2	3	8	7	6	1	4	5	-

All data has been gathered using the Global Accounts Plus data.

### Reinvestment

Rooftop has a lower % of reinvestment than other peers, this is also reflected in the lower cost in **Headline Social Housing Cost per Unit** where Rooftop has performed well. This is thought to be due to the profile of our current stock compared to peers. Rooftop is also part of a Cost Sharing Vehicle, which generates savings in overhead costs and VAT.

### New supply delivered – Social housing

Rooftop performed well in this area and shows its commitment to building 1,000 new homes by March 2023. This has been made possible by its success in being awarded New Ways of Working Grant funding.

### New supply delivered – non Social Housing

The results are comparable to other peers in this area. The Board however has a limited appetite to deliver non-social housing.

### Gearing/EBIDTA

This is an area that Rooftop does not perform well in. The Board monitors this performance closely but accepts the results are weaker compared to peers. This is due to a large number of legacy debts created at the time of transfer from the local council, and also increased borrowing in recent years to enable Rooftop to achieve its ambitions in the supply of new homes.

### Operating Margin (Social and Overall)

This metric is an area we have performed consistently well in and it reflects the commitment to keep our costs low while maximising our income. This is also an area which the Board are focussing on as part of our **Corporate Plan**. This positive result of this can also be seen in the **Headline Social Housing Cost per Unit**.

### Return on Capital Employed

This is another area we currently rank well in, and we are pleased to be able to maximise the use of our assets.

## What we have achieved in 2019/20

### Great Homes

In August 2018, the Board approved a Financial Business Plan which included their vision to build 1,000 homes by 2023. This includes Grant Funding as part of the New Ways of Working that Rooftop was successful in receiving as part of the Matrix Group. The additional grant rate and the profile of receiving the grant has helped Rooftop to be able to meet its vision to provide more homes for local people. The grant due to Rooftop as part of the programme is £8.2 million. This can be claimed in advance of start on site of the schemes, which delays borrowing requirements and therefore reduces interest costs. We have received £4.5 million to date.

Within the 1,000 homes are a mixture of social rent, affordable rent, shared ownership and a small number of outright sales. The outright sales will help to fund more social homes and to meet the objectives of the group.

Of the 1,000 homes the group successfully completed 184 homes in 2019/20, against a target of 177. There are a further 165 new homes onsite and a further 117 homes due to go on site during 2020/21. We have now completed 367 homes towards our target of 1,000 homes. We have sold 50 new shared ownership homes during the year, giving a surplus of around £400,000. There is one scheme in Broadway which is an extra care scheme where we have struggled to sell the homes as planned. We are looking at options for these unsold units to either make them more attractive to purchasers or convert to rented homes. We now have an inhouse sales team which has been effective in selling our new homes this is estimated to have saved Rooftop £30,000 over the last year.

We have successfully completed 43 Voluntary Right to Buy sales during the year, which has allowed tenants to own their own homes. Our development team are now looking at replacing these homes and have £7.5 million of funds available in order to complete this over the next three years.

Health and safety for our customers is our priority, and during the year we have made improvements to our reporting both to our Executive Team and our Board and appointed a dedicated Health and Safety Compliance Manager. We have a Health and Safety Committee which meets every quarter. All our homes meet Decent Homes Standard that are required to.

During the year we invested £2.23 million in our existing homes to keep them up to standard. The three areas of highest spend were boilers, kitchens and electrical upgrades. In addition to this we spent a further £550,000 on revenue spend on electrical testing and improvement works. We also completed our five-year cyclical Stock Condition Survey which will be used in our financial planning to ensure we maintain our homes to decent homes standard. This has been independently prepared and verified.

### Sustainability

#### Electric Vehicles

In 2018/19 we leased an electric car for staff to use for business trips. All staff are encouraged to use the vehicle when available instead of their vehicles, thus promoting a healthier environment. During 2019/20 we extended this further and leased an electric van for our handymen to use. At one of our latest developments of 95 flats in Gloucester we have set up a car club, which is available for the residents to join free of charge and access an electric car for use. The site has limited parking available and this allow residents the freedom to hire a car only when required.

## ISO14001 Accreditation

We were successfully awarded ISO14001 during 2019/20 without any major or minor non-conformities, showing our commitment to Environmental Management and Efficiencies for us and people we do business with.

## Our Homes

During 2019/20 in Partnership with Act on Energy, RHA secured £700k grant funding to support the use of new technologies such as Ground Source Heat Pumps, to homes where gas is not available.

All Houses built through our development programme have achieved SAP level A offering residents high levels of thermal comfort and reduced energy bills estimated to be around £150 per annum compared to a home built to standard building regulations.

## Successful Lives

### Community Investment Strategy

A number of cross-team community events have taken place across our areas of operation and has included external partner agencies where appropriate. Through the work of our non-core services we have been able to engage with our customers and communities more effectively and this has impacted positively on our overall customer satisfaction target. Value for money has been achieved by key staff working together in their communities to create efficiency and streamline working practices. This has been achieved by teams working together to improve Anti Social Behaviour and health and wellbeing of our more vulnerable customers as well as removing duplication from processes, We have built on and strengthened partnerships both internally and externally, such as with Citizens Advice Bureau (CAB) in the effective management of Universal Credit (UC) cases and more strategically with local authorities and county council health and social care teams to improve services for customers and attract resources.

### Customer Voice

For both customers and the organisation, we strongly believe that we should only expend resources and take up customer time where it is going to lead to a quantifiable difference to the decisions we make over allocating resources, the services we provide or the types of products we offer.

The views and voices of our customers are vital in ensuring we are delivering homes and services that meet the needs of our communities. We have introduced smaller patch sizes for Neighbourhood Officers to enable more community-based engagement to deliver thriving communities where people are provided with a good home, a sense of purpose and a sense of belonging and inclusion. This has helped to improve engagement from a wider representation of customers which in turn has increased customer satisfaction.

During 2019/20 we set up a training academy for our tenants, this included a small number of tenants who attended each week to learn about the different areas of a housing association.

As an early adopter of Together with Tenants we hope to utilise areas of best practice and innovation to improve and build on our customer offer thereby increasing satisfaction levels. Further, as a renewed member of the Tenant Participation Advisory Service (TPAS) we will achieve both free consultation hours and discounted training opportunities for residents.

We have established improved partnership working with customer groups to deal with issues affecting customer satisfaction. This has improved customer satisfaction and reduced the amount of staff resources required to deal with individual queries regarding common issues that were raised by multiple customers.

From a governance perspective, we have robust resident scrutiny via our Resident Excellence Panel (REP) which is a mechanism to enable the Customer Voice to be heard at the highest level to inform decision making. The REP has consistently generated excellent reports and made improvements to services and we have increased the number from four to six members to ensure the capacity is there to review four service areas per year.

### Better Business

In March 2020 we simplified our group structure by transferring all assets and liabilities from RHL to RHA and declared RHL as a dormant company. The group structure is now RHG as the parent company with RHA as its single active subsidiary. All our homes and loans are now in one company and that will allow us to dispose of stock not within our core area.

We raised an additional £25 million new funding in 2019/20 with one of our existing lenders, for a five-year period. At the same time, we fixed a £10 million loan to reduce our exposure to variable interest rates.

The Regulator of Social Housing carried out an In Depth Assessment in January 2020 and confirmed Rooftop's rating of GI/VI in March. This continues to put us in a strong position with our funders allowing the group to continue to develop new homes.

### Performance of our non-social assets

The properties below are all classified as non-social housing, the table below details their performance for the last three years:

Scheme	Scheme valuation	Net rental income	2019/20 Net rental yield	2018/19 Net rental yield	2017/18 Net rental yield	2016/17 Net rental yield
Biddulph	£1,316,250	£88,022	6.69%	6.11%	4.53%	5.65%
Bridge Street	£1,277,125	£16,094	1.26%	2.45%	1.19%	3.83%
Warwick House	£365,000	£12,097	3.31%	4.17%	2.41%	5.81%
Nuneaton	£847,000	£20,467	2.42%	3.31%	4.52%	5.68%
The Hawthorns	£3,530,000	£262,326	7.43%	6.90%	6.70%	6.89%

We have shown a positive return on each of the schemes over the last four years. We have reviewed the properties, and some are outside the geographical area in which we work.

The return from Bridge Street is currently low. This is a listed building in Worcester which is split into flats that are used for Market Rent. The property has needed an increasing number of repairs which are more expensive due to it being a listed building.

Following the transfer of Assets and Liabilities from RHL to RHA we will now be looking to dispose of the properties at Nuneaton and Biddulph during quarter three of 2020/21, which are market rented homes outside of our core area. These were included in our disposal plan which was presented to our March board meeting.

In March 2020 we disposed of a number of units used for rehabilitation for people with alcohol dependency, the properties were managed by a charity (Gordon Moody) who provided all the support and a 12-week course to the residents. At the end of March, we sold these homes to the charity, the properties are located outside our core operating area.

## Principal risks and uncertainties faced

We have a comprehensive and well-established risk management system, which allows risks to be identified for all parts of the business. Risks are assessed, prioritised and control measures are implemented. The risk process is dynamic with risks being reviewed quarterly. We have identified the following key business risks that could impact the achievement of business objectives. During the year we will also develop and deliver a Risk Controls and Assurance Map to sit alongside our risk management system. Alongside our Risk Management processes we will continue to review and strengthen our governance arrangements across the year building on the delivery of our Governance Improvement Plan.

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 Group is in a good financial position to help manage this risk. Steps are being taken, on an ongoing basis, to minimise the impact on the Group's activities and the effect this may have on the organisation's residents and stakeholders.

Infrastructure is in place to allow staff to work remotely and our key priority is to ensure, as far as possible, that our housing services are still available when needed. We considered with the Board in May 2020 our risks within the context of COVID-19 as an over-arching and complex crisis with multiple impacts across key risks.

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 Rooftop's activities and the effect this may have on the organisation's residents and stakeholders. Infrastructure is in place to allow staff to work remotely and our key priority is to ensure, as far as possible, that our housing services are still available when needed.

Title	Description	Mitigation
Safety of Staff/Residents	Our number one objective is to develop and maintain a high level of safety for our customers, colleagues and other stakeholders.	Rooftop Health and Safety Strategy. Continuous improvement of controls and assurance framework, including independent Health and Safety accreditation.
Failure of CSV to deliver effective repairs service	Growth of the Platform Group leads to a deterioration of service for Rooftop customers and/or decision not to provide the service long-term.	Instigating a wholesale review of the CSV with PPC and refreshing our Plan B contingency for repairs.
Housing market sales exposure	Rooftop development programme includes shared ownership sales and outright market sales. Rooftop recognises that this increases its exposure to the cycle of the housing market.	Rooftop has in place a risk appetite set by the Board to limit maximum exposure, a marketing strategy to ensure sales are achieved as planned and early warning indicators to assess changes in the market.

Debt refinancing	Financing put in place to fund development requires periodic refinancing. Our ability to refinance will be dependent upon our credit standing and the state of the financial markets at the time.	An extension to an existing revolving credit facility was agreed on 1 July 2020.
Regulatory downgrade of Governance	Rooftop fails to retain its GI rating which has the potential to impact on funding and development.	Board Improvement Plan adopted to continue to address issues which range from succession planning to board reports. Maintain our GI grading.
Inability to access new borrowing	Maintaining access to cost effective forms of borrowing in a volatile finance market.	Funding Strategy to consider options for £50 million new funding. Maintain our VI grading.
Liquidity – insufficient cash	Rooftop does not have available sufficient financial resources to enable it to meet its obligations as they fall due.	Treasury Management Policy – maintain cash balance of £5 million or three months cash outflow, whichever is greater.
Income loss due to COVID-19 and Universal Credit	The effects of the national COVID-19 lockdown leading to reduced or delayed income and job losses. Welfare Reform and Work Act continues to pose significant challenges through the implementation of Universal Credit.	An Income Collection and Maximisation Strategy is in place. Dedicated money advice and job coaches.
Maintaining stock condition and asset investment	Ensuring that our properties are well maintained in terms of capital investment and planned maintenance to ensure day to day repair costs are minimised and all Rooftop homes are fit for habitation.	Data led approach to asset investment based on quality stock condition data.  Asset Management Strategy and Investment Programme for component replacement. Alignment of Rooftop Living Homes Standard to existing stock.
Failure to meet Homes England targets	Ensuring that Rooftop complies with commitments made under New Ways of Working, Shared Ownership and Affordable Homes Programme and the conversion of voluntary right to buy receipts.	Scrutiny by Matrix Board. Programme management meetings. Proactive communication with Homes England.
Projects	A significant proportion of Rooftop's plan is to be delivered via special projects with associated delivery, cost and scope risks.	Key projects will only commence following the approval of an investment paper. Key deliverables and milestones will be tracked by a project control group, financial monitoring and risk management.

Maintaining organisational effectiveness	Rooftop or its partners fail to deliver in terms of contracted services, supply chain management or responding quickly enough to an emerging crisis (COVID-19).	Development programme management with partners. Proactive contract management. Contingency plans in development. Business continuity impact and resilience review. Proactive engagement with the Regulator of Social Housing.
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## Section 172 Statement

The Section 172 Statement is a new reporting requirement that was introduced under the revised UK Corporate Governance Code ('2018 Code') and was published in July 2018. It applies to accounting periods beginning on or after 1 January 2019. This requires our Directors to explain how they have considered the interests of key stakeholders and the wider considerations set out in section 172, parts A to F, of the Companies Act 2006 ('S172') when performing their duties to promote the success of the Group for the benefit of its members. The S172 Statement considers areas of strategic importance to the Group, and the key aspects of decision making by the Directors, with particular regard to:

### A. Likely consequence of any decision in the long term

The Strategy set by the Board is to build **Great Homes** and support **Successful Lives** by being a **Better Business**. This is incorporated on our five-year Corporate Plan from 2018 to 2023 and includes the development of 1,000 new homes by 2023.

On 31 March 2020, the transfer of the assets and liabilities from Rooftop Homes Limited to Rooftop Housing Association was successfully completed. This simplifies the Group structure and places the Group in a stronger position to effectively manage its assets.

At the time of writing, the world is facing an unprecedented global health crisis with the rapid spread of the Coronavirus, and the associated economic, social and personal damage it will inevitably bring to many people. The Corporate plan was therefore updated at 31 March 2020, based on what was known about the likely impact and how we believe we will need to respond as a **business**, for **colleagues** and above all, for our **customers**. We know that this year our role in supporting local people and communities will be more important than ever before in our 25-year history. Further details of this are given in the Going Concern Statement on page 10.

### B. Interests of employees

The Directors recognise that the success of our business depends on attracting, retaining and motivating colleagues. This includes ensuring that we remain a responsible employer, and wherever it is relevant we factor in the considerations of our colleagues in our decision making.

For the coming year, a key priority will be to support our colleagues as they come to terms with the impact of COVID-19 and respond to new ways of mobile working at scale, as well as the rapidly changing needs of our customers and communities. This year we will continue to develop our managers and leaders and ensure we position Rooftop as an employer of choice, powered by our strong social purpose. This is part of our **People Promise**.

### C. Foster business relationships with suppliers, customers and others

Delivering our corporate strategy depends on having strong working relationships with customers, suppliers, developers, funders and government agencies. In our strategic decision-making we take into consideration the interests of our customers and our other key stakeholders, ensuring where feasible their needs are met.

Our biggest measure of success is to be an effective landlord. This means ensuring that our customers are kept safe, live in a good quality homes and are satisfied with the services which they receive from us. Our new housing management system will enable us to offer customers much-improved online services this year, supporting our long-term target of ensuring that at least 9/10 customers are satisfied with Rooftop as a landlord.

We will continue to evolve how we listen to and act upon residents' views as an early adopter of the 'Together with Tenants' national pilot. We will ensure that the Customer Voice remains the heart of the Boardroom, that we draw on the views of local people in local communities, and that we engage with many more residents through digital media. This is part of our **Customer Promise**.

As part of our Community Investment Strategy, number of cross-team community events have taken place across our areas of operation and has included external partner agencies where appropriate. Through the work of our non-core services we have been able to engage with our customers and communities more effectively and this has impacted positively on our overall customer satisfaction target. Value for money has been achieved by key staff working together in their communities to create efficiency and streamline working practices.

#### **D. Impact of operations on the community and the environment**

This year we will review our long-term investment in existing homes, based on a 5-year stock condition survey and an assessment of the energy performance of all of the homes that we manage. Our five-year Corporate Plan has sustainability as a key theme, and we will finalise a plan for future investment to tackle fuel poverty and respond to the Climate Change emergency.

All new homes that we build are constructed to the Rooftop Living Homes Standard, which exceeds the expected specification of the Government Future Homes Standard. We will report annually on the Environmental Management Standard which we have adopted. This is part of our **Sustainability Promise**.

Rooftop is committed to building great homes and communities that are environmentally sustainable and supported by responsible business practices. We have recently introduced Rooftop Living Homes Standard; this is a minimum standard Rooftop will aim to build our new homes to, ensuring we are able to provide warm, energy efficient and future-proof homes. This means we will always aim to achieve EPC A rating on all new houses where possible. We adopt a fabric first approach in our new homes supplemented by renewable technologies including Photo-voltaic (PV) panels and air source heat pumps to reduce reliance on fossil fuels and keep utility bills low for our customers.

We understand the impact that fuel poverty has on our customers, especially for those living in very rural areas where there is limited access to mains gas. Our Asset Management Strategy provides a mix of renewable technology solutions such as Solar Photovoltaic Panels, Ground Source Heat Pumps and Air Source Heat Pumps as well as improved internal and external wall insulation to combat this.

We were successfully awarded ISO14001 during 2019/20 without any major or minor non-conformities, showing our commitment to Environmental Management and Efficiencies for us and people we do business with.

#### **E. Maintain a reputation for high standards of business conduct**

Embedded into our decision making process is the goal to maintain a high standard of business conduct. The Boards of each Group member are committed to high standards of corporate governance and have adopted the National Housing Federation's 'Excellence in governance' code and good practice guidance. Board members have a wide range of skills and experience reflecting the services we provide, our customers and the size and financial complexity and strength of the business.

As a GI/VI rated registered housing provider Rooftop Housing Group is serious about transparency, honesty, and clarity.

Every year we publish our financial reports, and our 'Customer Report' so that customers, investors and stakeholders can see where we are spending our money, and how we are fulfilling our commitment to value for money.

The Regulator of Social Housing carried out an In-Depth Assessment in January 2020 and confirmed Rooftop's continued rating of GI/VI in March. This continues to put us in a strong position with our funders allowing the group to continue to develop new homes.

In comparison to our peers we have achieved the top rating for delivery of new homes and operating margin, which are both in line with our Corporate Plan objectives. We also performed well in terms of cost per unit.

## **F. Act fairly as between members of the company**

Our Group Membership Agreement sets out the relationship between the Parent and its subsidiaries. The simplification of the Group structure will enable us to manage the interests of the Group and Rooftop Housing Association, the active subsidiary, more effectively.

In taking strategic decisions the interests of stakeholders and those of company members are taken into consideration. The outcome will be to align these interests in as far as possible.

## **Principal decisions**

The principal decisions taken during the financial year in as far as possible incorporated the interests of our key stakeholders. Outlined in the below are the decisions taken and the main outcomes.

### **I. Group structure**

In January 2019, the Group Board approved the transfer of assets and liabilities from Rooftop Homes Limited to Rooftop Housing Association. The process was subject to a number of Board decisions to ensure that the transfer was successfully completed on 31 March 2020. These included the approval of restated loan agreements for Lloyds and Nationwide, and a Business Transfer Agreement. The Board also agreed to the de-registering of Rooftop Homes Limited as a Registered Provider to become a dormant company.

We also reviewed the optimal structure for the Group to ensure that we could continue to meet the requirements of the Cost Sharing Group for our repairs and maintenance expenditure with Platform Housing Group. Ultimately it was concluded that a complete transfer of all assets and liabilities was the best option.

The process included consultation with our customers regarding the change of Landlord from Rooftop Homes Limited to Rooftop Housing Association. We also worked intensively with our funders on the loan restatements to ensure that they were fit for purpose and met the business needs of the Group.

The transfer has enabled us to simplify our Group structure. Following the reallocation of all loans to Rooftop Housing Association the risk of cross defaulting on the loans is removed.

## 2. New funding requirements

Following the Board approval in January 2019, to arrange a new revolving credit facility of £25 million with Lloyds the existing loan agreement was restated. The restatement was approved by the Board in July 2019. This put the Group in a strong financial position and by 31 March 2020 the Group had £68 million of undrawn facilities to fund the development of new homes.

In November 2019, the Board approved the extension of the existing revolving credit facilities held with Lloyds and Santander, of £25 million each, by three years. This followed consultation with our funders and review of our funding capacity. We were supported by Chatham Financial, our treasury advisors, in this process.

The extension of the Lloyds facility was completed by 31 March 2020, as part of the Group structure loan documentation. The restatement for the Santander loan agreement, for the extension to the facility, was approved at our May 2020 Board. This was completed on 1 July 2020.

The extension of the revolving credit facilities will provide additional funding to provide new homes and support our local communities. For the extensions to work, long term funding will need to be put in place to repay the loans draw from these facilities.

The Board also made an in principle decision in November 2019, to explore the arrangement of long term funding for £50 million to be arranged for the last quarter of 2020. This funding will be used to repay the loans drawn from the revolving credit facilities. We are currently exploring our options with Chatham Financial, particularly in light of the changes to the funding market brought about by COVID-19. We are still confident that it will be possible to arrange the new funding by March 2021 at the latest.

## 3. Implementation of Group's Defensive Action Plan for COVID-19

In response to the outbreak of COVID-19, we reviewed our budget for 2020/21 and adjusted it for an anticipated reduction in income. We also revised our planned expenditure based on changed activity, for example, maintenance expenditure and spend on new development schemes. In addition, we reduced expenditure under the Group's Defensive Action Plan, set up to manage the Group's cashflows under adverse conditions. This is discussed in further detail in the Going Concern section on page 10.

In April 2020, the Board approved the implementation of reduced expenditure under the Group's Defensive Action Plan. This enabled us to ensure that there is sufficient cash in the business to comply with funders' covenants and to meet contractual obligations. Moreover, the business will have funding in place to deliver its vision of 1,000 new homes by 2023.

By order of the Board



**Nicola Inchbald**  
Chair  
15 July 2020

# Independent auditor's report to the members of Rooftop Housing Group Limited

## Opinion

We have audited the financial statements of Rooftop Housing Group 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 surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

## Basis for opinion

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

## Conclusions relating to going concern

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

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

## Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information including the Strategic Report, Report of the Board 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 8, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **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  
Two Snowhill  
Birmingham  
B4 6GA  
4 August 2020

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

## Consolidated Statement of Comprehensive Income

### For the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
<b>Turnover</b>	2	<b>43,056</b>	41,804
Operating costs	2	<b>(29,287)</b>	(25,318)
Surplus on disposal of property, plant and equipment	4	<b>1,363</b>	514
<b>Operating surplus</b>		<b>15,132</b>	17,000
Interest receivable	8	<b>89</b>	132
Interest and financing costs	9	<b>(9,569)</b>	(9,248)
Movement in the fair value of financial instruments	25	-	-
Movement in the fair value of investment properties	12	<b>343</b>	-
<b>Surplus before taxation</b>	7	<b>5,995</b>	7,884
Taxation	10	<b>(118)</b>	(96)
<b>Surplus for the year</b>		<b>5,877</b>	7,788
<b>Other comprehensive income:</b> Remeasurement of Defined Benefit pension scheme liability	20	-	(545)
<b>Total comprehensive income for the year</b>		<b>5,877</b>	7,243

The notes on pages 48 to 77 form part of these financial statements.

## Association Statement of Comprehensive Income

For the year ended 31 March 2020

		<b>2020</b>	2019
	Notes	<b>£'000</b>	£'000
<b>Turnover</b>	2	<b>9,050</b>	8,070
Operating costs	2	<b>(9,031)</b>	(8,046)
<b>Operating surplus</b>	2	<b>19</b>	24
Interest receivable	8	<b>3</b>	2
<b>Surplus before tax</b>	7	<b>22</b>	26
Taxation	10	<b>(19)</b>	(13)
<b>Surplus for the year</b>		<b>3</b>	13
<b>Total comprehensive income for the year</b>		<b>3</b>	13

The notes on pages 48 to 77 form part of these financial statements.

# Consolidated Statement of Financial Position

At 31 March 2020

	Notes	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Intangible assets	11	1,430	883
Housing properties	12	350,396	339,422
Investment properties	12	4,454	3,639
Other property, plant and equipment	12	176	310
		<b>356,456</b>	<b>344,254</b>
<b>Current assets</b>			
Inventories		8	8
Properties held for sale		5,830	4,928
Debtors receivable in one year	13	5,237	8,168
Cash	14	9,934	13,788
		<b>21,009</b>	<b>26,892</b>
<b>Creditors: Amounts falling due within one year</b>	15	<b>(28,266)</b>	<b>(26,915)</b>
<b>Net current liabilities</b>		<b>(7,257)</b>	<b>(23)</b>
<b>Total assets less current liabilities</b>		<b>349,199</b>	<b>344,231</b>
<b>Creditors: Amounts falling due after more than one year</b>	16	<b>(272,008)</b>	<b>(272,203)</b>
<b>Provision for liabilities and charges</b>			
Taxation	17	(1)	(43)
Defined Benefit Pension	20	(523)	(1,195)
<b>Net assets</b>		<b>76,667</b>	<b>70,790</b>
<b>Capital and reserves</b>			
Called-up share capital	18	-	-
Revenue reserve		76,667	70,790
<b>Total reserves</b>		<b>76,667</b>	<b>70,790</b>

The notes on pages 48 to 77 form part of these financial statements.

The financial statements were approved by the Board on 15 July 2020 and were signed on its behalf by:

**Secretary**



**Board Member**



**Board Member**



## Association Statement of Financial Position

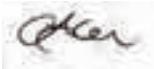
At 31 March 2020

	Notes	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Intangible assets	11	1,430	883
Other property, plant and equipment	12	176	310
		<b>1,606</b>	<b>1,193</b>
<b>Current assets</b>			
Inventories		8	8
Debtors receivable in one year	13	299	354
Intercompany debtor – Defined Benefit Pension	20	523	1,195
Cash	14	(2)	422
		<b>828</b>	<b>1,979</b>
<b>Creditors:</b> Amounts falling due within one year	15	<b>(1,498)</b>	<b>(1,584)</b>
<b>Net current assets</b>		<b>(670)</b>	<b>395</b>
<b>Total assets less current liabilities</b>		<b>936</b>	<b>1,588</b>
<b>Provision for liabilities</b>			
Taxation	17	(1)	16
Defined Benefit Pension	20	(523)	(1,195)
<b>Net assets</b>		<b>412</b>	<b>409</b>
<b>Capital and reserves</b>			
Share capital	18	-	-
Revenue reserve		412	409
<b>Total reserves</b>		<b>412</b>	<b>409</b>

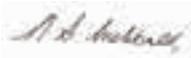
The notes on pages 48 to 77 form part of these financial statements.

The financial statements were approved by the Board on 15 July 2020 and were signed on its behalf by:

**Secretary**



**Board Member**



**Board Member**



## Consolidated Statement of Changes in Reserves

For the year ended 31 March 2020

	<b>Revenue reserve</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>
Balance as at 1 April 2018	63,547	63,547
Surplus for the year	7,788	7,788
Net impact of the initial recognition of multi- employer Defined Benefit Scheme	(545)	(545)
Balance at 31 March 2019	<u>70,790</u>	<u>70,790</u>
Surplus for the year	5,877	5,877
<b>At 31 March 2020</b>	<u><b>76,667</b></u>	<u><b>76,667</b></u>

The notes on pages 48 to 77 form part of these financial statements.

## Association Statement of Changes in Reserves

For the year ended 31 March 2020

	<b>Revenue reserve</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>
Balance as at 1 April 2018	396	396
Surplus for the year	13	13
Balance at 31 March 2019	409	409
Surplus for the year	3	3
<b>At 31 March 2020</b>	<b>412</b>	<b>412</b>

The notes on pages 48 to 77 form part of these financial statements.

## Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
<b>Net cash generated from operating activities</b>	26	<b>17,439</b>	18,151
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		<b>(19,558)</b>	(33,017)
Proceeds from sale of property, plant and equipment		<b>4,700</b>	4,467
Grants received		<b>10,751</b>	4,405
Interest received		<b>89</b>	132
<b>Net cash flows from investing activities</b>		<b>(4,018)</b>	(24,013)
<b>Cash flows from financing activities</b>			
Interest paid		<b>(9,569)</b>	(9,248)
New loans		<b>8,000</b>	12,700
Repayments of borrowings		<b>(15,706)</b>	(4,330)
<b>Net cash flows from financing activities</b>		<b>(17,275)</b>	(878)
<b>Net (decrease) in cash and cash equivalents</b>		<b>(3,854)</b>	(6,740)
<b>Cash and cash equivalents at beginning of year</b>		<b>13,788</b>	20,528
<b>Cash and cash equivalents at end of year</b>		<b>9,934</b>	13,788

The notes on pages 48 to 77 form part of these financial statements.

# 1. Principal accounting policies

## **Basis of accounting**

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice). This includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Statement of Recommended Practice (SORP) for registered social housing providers 2014, (updated in 2018) the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The Group is a public benefit entity.

## **Group accounts**

The consolidated financial statements for Rooftop Housing Group Limited incorporate the financial statements of Rooftop Housing Association Limited, Rooftop Homes Limited. These entities are all subsidiaries within the meaning of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Localism Act 2011.

## **Year end**

The group's ordinary year end date is 31 March.

## **Going concern**

The financial statements have been prepared on the going concern basis.

In response to COVID-19, the Board has reviewed the Group's financial position and likely impact on income and expenditure at a Board meeting on 23 April 2020. The Board considered the impact on the long term business plan together with a more detailed assessment of forecasts to September 2021 and covenant compliance to March 2022 which are summarized below. This assessment was completed at a Group wide level, of which Rooftop Housing Association is a fundamental part being the main stock holding and trading entity.

Following advice from professional advisors, an assumption has been made that rental income will drop by between 10% and 13% during the first half of 2020/21. Approximately 32% of our rental income is currently paid directly to us via local authorities or the Department for Work and Pensions, so we have assumed this will continue to be paid. We also anticipate a large increase in the number of voids, particularly at our older persons schemes, where currently, during the first quarter of the year, we are unable to accept any new residents. This is due to the shared facilities and risks to existing and new customers, with an estimated loss of income over six months of £290,000. We have assumed no sales of properties will complete prior to September 2020 and we will continue to monitor the market and any likely reductions in the sales values of our stock.

We are continuing to monitor our income and we are reviewing this on a weekly basis, in order to closely monitor our financial stability. Our Income Team is working with tenants who are suffering financially following the impact of COVID-19 to secure payment on arrears and alternative payment methods, including promoting Direct Debit and other contact free methods. At our Board Meeting in May 2020, an Income Collection and Maximisation Strategy was approved, adopting a 'rent first' policy.

Our repairs and maintenance are carried out by Platform Property Care Limited who have furloughed a number of their staff, and for health and safety reasons are only carrying out essential repairs and safety checks during April and May. This has resulted in a reduction in maintenance expenditure.

Other areas of savings have been identified and agreed by the Board including: reduced legal fees; suspending payment of the staff bonus scheme; and removing areas of spend where the project has not been fully identified for this financial year. The total reduction in expenditure is estimated to be £680,000. These decisions have been made to ensure we keep the business viable for our existing customers.

The financial impact on Rooftop Group based on the restrictions of COVID-19 being in place for three months is estimated to be a reduction in surplus for the year of £495,000. The original budget surplus was £4,988,000 with the forecast now set as £4,493,000. Should the impact of the restrictions last for six months, it is estimated that the surplus for the year will fall by £1,755,000 to £3,233,000, resulting from a reduction in our income and increase in bad debts.

In addition, we have delayed our development programme for works on new construction sites until the second half of the financial year. The decisions made by the Board have been modelled in our Financial Business Plan; we are pleased to confirm there is sufficient cash available to support the business through this crisis and to comply with our funders' covenants.

We are monitoring our assumptions closely, particularly around rental income on a weekly basis, to enable us to forecast the trend in income received with increasing accuracy for the impact on our cashflows and bad debts. If there is a significant fall in income we will take mitigation measures where necessary. This will allow us to ensure we have sufficient liquidity at all times during this period.

We have negotiated an extension for three years to our current £25 million RCF with Santander and this completed 1 July 2020. We are also working with our professional Treasury Advisors to investigate further long term borrowing to replace two of our existing RCF's totalling £50 million and expect to have this in place by March 2021 or sooner.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities totalling around £68m, the Board believe that while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Association'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.

After making enquiries and reviewing the financial plan, the Board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future which is a period of at least 12 months from the signing of the accounts and audit report. For this reason, it continues to adopt the going concern basis in the financial statements.

## **Turnover**

Turnover represents rental and service charge income, fees, grants receivable, disposal proceeds of shared ownership first tranche sales and outright sales. Turnover for RHG as parent represents charges to the subsidiaries.

Proceeds from the first tranche disposals of shared ownership properties, and outright sales are accounted for in turnover in the Statement of Comprehensive Income in the period in which the disposal occurs. The cost of sales includes the incidental costs of executing the sale and, for shared ownership properties, a proportion of the overall costs of the property determined by the percentage of the property sold under the first tranche sale. The cost of sale for shared ownership properties is adjusted, where necessary, to ensure the surplus on sale is restricted to the overall surplus on the scheme.

## **Service charges**

The Group operates variable and fixed service charges depending on the requirements of the respective tenancy agreements. Where the charge is variable an assessment is made of whether costs have been over or under recovered and an appropriate prepayment or accrual provided for in the accounts.

### Right to buy income and sales

Surpluses and deficits arising from the disposal of properties under the Right to Buy legislation are disclosed on the face of the Statement of Comprehensive Income after the operating result and before interest. On the occurrence of a sale a relevant proportion of the proceeds are clawed back by Wychavon District Council. The surplus or deficit is calculated by comparing the net proceeds received by the Group with the carrying value of the property sold.

### Outright sale properties

Properties developed for outright sale are included in current assets.

### Shared ownership properties

Shared ownership properties under construction are proportionally split between current and fixed assets, determined by the percentage of the properties to be sold under the first tranche sales.

### Housing properties

Housing properties including shared ownership properties are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of the properties is their purchase price together with improvement costs and incidental costs of acquisition, including capitalised interest and development administration.

Depreciation is charged to write down the net book value of housing properties to their estimated residual value on a straight-line basis over their expected useful economic lives as follows:

General Needs	100 years
Sheltered and Supported	100 years
Non-traditional	15 years
Garages	25 years
Leasehold property	Over life of the lease
Shared ownership	100 years

Housing properties during construction are stated at cost and are not depreciated. They are transferred into housing properties when completed.

The market rent properties are investment properties in accordance with FRS 102 and are not depreciated but are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

Freehold land is not depreciated.

Land donated or acquired below market value is included in cost at its valuation, with the donation treated as a capital grant when it relates to a specific project.

### Component accounting

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the properties to which they relate, if shorter, at the following annual rates:

Roofs	75 years
-------	----------

Windows	40 years
Doors	40 years
Boilers	15 years
Kitchens	20 years
Bathrooms	30 years
Heating	30 years
Electrics	30 years
Lifts	30 years

The carrying amount of any replacement component is derecognised.

### Impairment

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell.

### Other fixed assets and depreciation

Tangible fixed assets other than Housing Properties are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected economic useful lives of those assets at the following annual rates:

Office furniture	25%
Office equipment	4%-33%
IT networking	10%
Computer equipment	20%-33%
Leasehold improvements	Over life of the lease

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

### Intangible assets

Intangible assets are stated at historic cost less accumulated amortisation and any provision for impairment. Amortisation is provided on all intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Computer software	5 years
-------------------	---------

A full year's amortisation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

### Social Housing Grant (SHG) and other government grants

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to assets are recognised in income using the accrual model on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure.

Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised.

### **Recycling of capital grant**

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

### **Capitalisation of interest**

Interest on the loan financing a development is capitalised from the date of practical completion. The amount takes into account interest earned on SHG received in advance. No interest is capitalised on land purchased for future developments.

### **Supported housing schemes managed by agents**

The Group owns a number of schemes that are run by specialist agencies. The agents carry the financial risk from operating the scheme and, therefore, the Statement of Comprehensive Income only includes the income and expenditure that relates solely to the Group. Any other income and expenditure related to the scheme is excluded from the statement of comprehensive income.

### **Investments**

Any investment by one Group member to another is shown at historical cost.

### **Major and cyclical repairs and maintenance**

The Group only capitalises major repairs expenditure on housing properties where it increases the net rental stream by:

- extending its useful economic life or
- the improvement enables a higher rental income to be charged

All other major repairs expenditure is charged to the statement of comprehensive income as incurred.

### **Provisions**

The Group only provides for contractual and constructive liabilities where it has a present obligation to transfer economic benefits as a result of past events, it is probable that a transfer of economic benefit will result, and a reliable estimate can be made of the amount of the obligation.

### **Pensions**

The Group has traditionally operated two defined benefit pension schemes, contracted out of the state scheme but were closed in April 2014. From April 2014, the Group only operates one defined contribution scheme. Contributions to pension schemes are determined in accordance with actuarial advice and calculated as a percentage of pensionable salaries.

For the defined contribution scheme, the amount charged to the Statement of Comprehensive Income in respect of pension costs is the contributions payable in the year. This is charged to RHG and apportioned to subsidiaries via the Group Membership Agreement.

There are a limited number of employees who participate in the Social Housing Pension Scheme (SHPS), a multi-employer defined benefit scheme to which the Group contributes. For financial years ending on or before 28 February 2019, it has not been possible for the Group to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Group has accounted for the Scheme as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Group to account for the Scheme as a defined benefit scheme.

Current service costs and costs from settlements and curtailments are charged against operating surplus. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs/income. Actuarial gains and losses are reported in the statement of comprehensive income.

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 bond rates. The net deficit is presented separately from other assets on the Statement of Financial Position. A net surplus is recognised only to the extent that it is recoverable by the Group.

#### **Leased assets**

Rentals paid under operating leases are charged to the statement of comprehensive income in the period to which they relate. There are no finance leases.

#### **Value Added Tax (VAT)**

The Group is VAT registered but the majority of its income, being housing rents, and right to buy sales, is exempt for VAT purposes and this gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT and the input VAT recovered is deducted from lettings expenditure. From October 2013 RHA, RHL and RS&C became members of a cost sharing group which provides property repair services to the Group. RS&C has now been removed.

#### **Deferred taxation**

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 102.

Deferred tax is not provided for in respect of gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over, or on revaluation gains on housing properties unless there is a binding agreement to sell them at the balance sheet date.

#### **Financial instruments**

Basic financial instruments which meet the necessary conditions of FRS 102 are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method with interest charges recognised as an expense in the Statement of Comprehensive Income. Financial Instruments classified as non-basic are measured at fair value at the end of each reporting period with gains and losses arising from year to year being recognised in the Statement of Comprehensive Income.

**Service charge sinking funds**

Unutilised contributions to service charge sinking funds are recognised as a liability in the Statement of Financial Position. The amount included in liabilities in respect of service charge sinking funds includes interest credited to the fund.

**Bad debt provision**

Former tenant arrears are provided for in full in the bad debt provision. Current tenant arrears are provided for on a percentage basis based on the age of the debt.

**Significant management judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to account estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**Significant management judgements**

The following are management judgements in applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

**Impairment of social housing properties**

The Group must make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. 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. Management have also considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment.

**Development expenditure**

The Group capitalises development expenditure in accordance with the stated accounting policy. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

**Estimation uncertainty**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### **Fair value measurement**

Management uses valuation techniques to determine the fair value of non-basic financial instruments. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual price that would be achievable in an arm's length transaction at the reporting date.

### **Pension costs**

The defined benefit accounting liability for the SHPS pension scheme has been provided by the scheme administrator, The Pensions Trust (TPT). The accounting liability has been formulated based on a series of assumptions which are set out in Note 20 to the financial statements. TPT provide a standard set of assumptions which it deems are appropriate, however, these are adjustable by individual providers to meet their own circumstances. The standard assumptions have been adopted by the Association as they are judged to be appropriate and reasonable. If the discount rate was lower, and/or the inflation rates and life expectancy rates were higher, then the liability would increase. Conversely, if the discount rate was higher, and/or the inflation rates and life expectancy rates were lower, then the liability would decrease.

## 2. Particulars of Group turnover, operating costs & operating surplus

	2020			2019		
	Turnover	Operating costs	Operating surplus/ (deficit)	Turnover	Operating costs	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Group</b>						
<b>Social housing lettings</b>	<b>35,781</b>	<b>(21,443)</b>	<b>14,338</b>	34,902	(19,628)	15,274
<b>Other social housing activities</b>						
Shared ownership sales	5,256	(5,030)	226	4,665	(3,202)	1,463
Supporting People	771	(1,215)	(444)	858	(1,075)	(217)
Other	68	(1,132)	(1,064)	90	(903)	(813)
	<b>41,876</b>	<b>(28,820)</b>	<b>13,056</b>	40,515	(24,808)	15,707
Activities other than social housing	1,180	(467)	713	1,289	(510)	779
<b>Total</b>	<b>43,056</b>	<b>(29,287)</b>	<b>13,769</b>	41,804	(25,318)	16,486
Surplus on disposal of property, plant and equipment	-	-	1,363	-	-	514
<b>Total</b>	<b>43,056</b>	<b>(29,287)</b>	<b>15,132</b>	41,804	(25,318)	17,000
<b>Association</b>						
<b>Other social housing activities</b>						
Other	9,050	(9,031)	19	8,070	(8,046)	24
<b>Total</b>	<b>9,050</b>	<b>(9,031)</b>	<b>19</b>	8,070	(8,046)	24

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

	General Needs	Supported Housing	Other	Total
	£'000	£'000	£'000	£'000
<b>Group 2020</b>				
Rent receivable net of identifiable service charges	27,065	3,344	300	30,709
Amortised government grant	484	155	-	639
Service charge income	1,208	3,225	-	4,433
<b>Turnover from social housing lettings</b>	<b>28,757</b>	<b>6,724</b>	<b>300</b>	<b>35,781</b>
Management	5,448	89	88	5,625
Services	2,053	2,293	20	4,366
Routine maintenance	4,208	1,048	22	5,278
Planned maintenance	1,455	(26)	(11)	1,418
Rent losses from bad debts	328	-	5	333
Depreciation of housing properties	3,699	710	14	4,423
<b>Operating costs on social housing lettings</b>	<b>17,191</b>	<b>4,114</b>	<b>138</b>	<b>21,443</b>
<b>Operating surplus on social housing lettings</b>	<b>11,566</b>	<b>2,610</b>	<b>162</b>	<b>14,338</b>
<b>Rent losses from voids</b>	<b>350</b>	<b>472</b>	<b>94</b>	<b>916</b>
<b>Group 2019</b>				
Rent receivable net of identifiable service charges	26,593	3,286	322	30,201
Amortised government grant	506	139	-	645
Service charge income	1,055	3,001	-	4,056
<b>Turnover from social housing lettings</b>	<b>28,154</b>	<b>6,426</b>	<b>322</b>	<b>34,902</b>
Management	5,026	113	134	5,273
Services	1,969	1,585	16	3,570
Routine maintenance	4,089	790	35	4,914
Planned maintenance	873	152	-	1,025
Rent losses from bad debts	237	-	22	259
Depreciation of housing properties	3,819	745	22	4,586
<b>Operating costs on social housing lettings</b>	<b>16,013</b>	<b>3,385</b>	<b>230</b>	<b>19,628</b>
<b>Operating surplus on social housing lettings</b>	<b>12,141</b>	<b>3,041</b>	<b>92</b>	<b>15,274</b>
Rent losses from voids	328	358	81	767

## 4. Sale of housing accommodation

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Sale of housing properties</b>				
Receipts from sale of housing properties	4,700	4,467	-	-
Book value of properties sold	(3,022)	(3,808)	-	-
Other operating costs and costs of disposal	(315)	(145)	-	-
<b>Surplus on sale of properties</b>	<b>1,363</b>	<b>514</b>	<b>-</b>	<b>-</b>

## 5. Directors' emoluments and expenses

The directors are defined as the members of the Board and the executive officers as given on page 2. Board Member allowances paid during the year total £56,878 (2019: £58,417) which equates to 0.13% of turnover (2019: 0.14%).

RHG Board Member allowances were as follows:

	£
C Jones	6,344
M Robson	3,970
H Hobart	2,430
N Inchbald	11,833
R Lathan	6,059
R Richmond	6,531
P Spooner	6,531
J Wallbank	4,226
C Goodchild	4,226
C Arthurs Payne	4,728
	<b>56,878</b>

The emoluments of the executive officers were as follows:

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Salaries and taxable benefits	598	592	598	592
Pension contributions	37	53	37	53
	<b>635</b>	<b>645</b>	<b>635</b>	<b>645</b>

The total amount of severance payments made in the year to executive officers was £0 (2019: £0).

The emoluments of the highest paid directors were as follows:

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Emoluments excluding pension – B Worrall	138	135	138	135
Emoluments excluding pension – J Crowe	152	109	152	109

The Directors are ordinary members of the Social Housing Pension defined contribution scheme.

Directors' emoluments (excluding pension contributions) fell within the ranges:

	2020 Number	2019 Number
£15,001 - £20,000	1	-
£20,001 - £25,000	-	1
£80,001 - £85,000	1	-
£100,001 - £105,000	1	1
£105,001 - £110,000	-	1
£110,001 - £115,000	1	2
£135,001 - £140,000	1	1
£150,001 - £155,000	1	-

Staff emoluments (excluding pension contributions) in excess of £60,000 fell within the ranges:

	2020 Number	2019 Number
£60,001 - £70,000	4	3
£70,001 - £80,000	1	1

## 6. Employee information

The number of full-time equivalents (FTE 37 hours week) was:

	Group		Association	
	2020 Number	2019 Number	2020 Number	2019 Number
Housing, support and care	109.10	114.41	109.10	114.41
Administration and development	60.30	40.34	60.30	40.34
<b>Total at 31 March</b>	<b>169.40</b>	<b>154.75</b>	<b>169.40</b>	<b>154.75</b>
<b>Staff costs (for the above persons):</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	5,505	5,207	5,505	5,207
Social security costs	551	513	551	513
Pension costs	429	476	429	476
<b>Total</b>	<b>6,485</b>	<b>6,196</b>	<b>6,485</b>	<b>6,196</b>

The total amount of severance and redundancy payments made in the year was £69,700, (2019: £16,929). In the year, pension costs recharged to RHA were £113k relating to the SHPS pension deficit contribution.

## 7. Surplus before taxation

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>The surplus before taxation is stated after charging:</b>				
Depreciation	4,619	4,846	185	178
Amortisation of intangible assets	457	203	457	203
External auditor's remuneration (excluding value added tax)				
- in their capacity as auditor	37	24	7	10
- in respect of other services	5	6	1	5
Operating lease rentals – other	10	-	10	-
Operating lease rentals – land and buildings	92	92	92	92
Donations	9	-	-	-

## 8. Interest receivable

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
From banks	89	132	3	2
<b>Total</b>	<b>89</b>	<b>132</b>	<b>3</b>	<b>2</b>

## 9. Interest and financing costs

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	10,186	10,018	-	-
Net interest on pension liability	-	-	-	-
Less: interest capitalised	(617)	(770)	-	-
<b>Total</b>	<b>9,569</b>	<b>9,248</b>	<b>-</b>	<b>-</b>

The rate used to calculate capitalised interest was 4.7% (2019: 4.6%) being the average rate of borrowing.

## 10. Taxation - group

	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b>Current tax:</b>		
UK corporation tax on surplus for the year	171	135
Adjustment in respect of previous periods	(12)	(20)
<b>Total current tax</b>	<b>159</b>	115
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(47)	(16)
Adjustment in respect of previous periods	(1)	(3)
Effect of changes in tax rate on opening liability	7	-
<b>Total deferred tax</b>	<b>(41)</b>	(19)
Tax on surplus on ordinary activities	118	96
<b>Factors affecting tax charge for the year</b>		
The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK as explained below:		
<b>Surplus on ordinary activities before tax</b>	<b>5,995</b>	7,884
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK	1,138	1,498
Effects of:		
Fixed asset differences	(126)	56
Adjust deferred tax rate to average rate	(2)	1
Capital gains chargeable for the year	38	-
Other tax adjustments, reliefs and transfers	-	(40)
Charity income - not taxable	(909)	(1,405)
(Income)/Expenses not deductible for tax purposes	(16)	9
Adjustment in respect of previous periods	(5)	(23)
Timing differences not recognised	-	-
<b>Total tax charge for the year</b>	<b>118</b>	96

## 10. Taxation - association

	2020	2019
	£'000	£'000
<b>Current tax:</b>		
UK corporation tax on surplus for the year	-	31
Adjustment in respect of previous periods	1	(2)
<b>Total current tax</b>	<b>1</b>	<b>29</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	19	(16)
Effect of changes in tax rate on opening liability	(1)	-
<b>Total deferred tax</b>	<b>18</b>	<b>(16)</b>
Tax on surplus on ordinary activities	19	13
<b>Factors affecting tax charge for the year</b>		
The tax assessed for the year is higher (2019: higher) than the standard rate of corporation tax in the UK as explained below:		
<b>Surplus on ordinary activities before tax</b>	<b>22</b>	<b>26</b>
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK (19%) (2019: 19%)	4	5
Effects of:		
Expenses not deductible for tax purposes	16	9
Adjust deferred tax rate to average rate	(2)	1
Fixed Asset differences	-	-
Timing differences not recognised	-	-
Adjustment in respect of previous periods	1	(2)
<b>Total tax charge for the year</b>	<b>19</b>	<b>13</b>

## 11. Intangible assets – group and association

	Software £'000	Total £'000
<b>Cost</b>		
At 1 April 2019	1,765	1,765
Additions	1,004	1,004
Disposals	-	-
<b>As at 31 March 2020</b>	<b>2,769</b>	<b>2,769</b>
<b>Amortisation</b>		
At 1 April 2019	882	882
Charge for the year	457	457
Eliminated on disposals	-	-
<b>As at 31 March 2020</b>	<b>1,339</b>	<b>1,339</b>
<b>Net book value</b>		
<b>As at 31 March 2020</b>	<b>1,430</b>	<b>1,430</b>
As at 31 March 2019	883	883

## 12. Tangible fixed assets

### Housing properties & land – group

Housing properties & Investment Properties	Freehold Land	Housing Properties for Lettings	Shared Ownership	Investment Properties	Shared Ownership Under Construction	Housing Properties Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>							
At 1 April 2019	11,206	343,135	16,611	3,639	2,121	13,015	389,727
Works to existing properties	-	2,305	-	-	-	-	2,305
Additions	1,562	11	78	-	5,472	9,076	16,199
Disposals	-	(2,349)	(596)	-	-	(380)	(3,325)
Transfer between categories	(1,716)	24,863	-	555	(6,497)	(17,205)	-
Revaluation	-	-	-	260	-	-	260
<b>At 31 March 2020</b>	<b>11,052</b>	<b>367,965</b>	<b>16,093</b>	<b>4,454</b>	<b>1,096</b>	<b>4,506</b>	<b>405,166</b>
<b>Depreciation</b>							
At 1 April 2019	-	45,912	754	-	-	-	46,666
Charge for year	-	4,329	105	-	-	-	4,434
Transfer between categories	-	-	-	-	-	-	-
Disposals	-	(784)	-	-	-	-	(784)
<b>At 31 March 2020</b>	<b>-</b>	<b>49,457</b>	<b>859</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,316</b>
<b>Net book value at 31 March 2020</b>	<b>11,052</b>	<b>318,508</b>	<b>15,234</b>	<b>4,454</b>	<b>1,096</b>	<b>4,506</b>	<b>354,850</b>
Net book value at 31 March 2019	11,206	297,223	15,857	3,639	2,121	13,015	343,061
<b>Cost or valuation represented by:</b>							
Gross cost	11,052	367,965	16,093	3,011	1,096	4,506	403,723
Revaluation	-	-	-	1,443	-	-	1,443
<b>Total</b>	<b>11,052</b>	<b>367,965</b>	<b>16,093</b>	<b>4,454</b>	<b>1,096</b>	<b>4,506</b>	<b>405,166</b>

Completed housing properties were valued as at 31 March 2020 on the basis of existing use value – social housing (EUV – SH). The existing use value for social housing assesses the dwellings on the basis that they would be managed and owned by an organisation committed to the provision of rented accommodation let at an affordable rent, and that the vacant units would be re-let on similar terms rather than sold into the open market. The value of properties valued on a EUV-SH basis for funders' purposes is £395.8 million.

Whilst they expect that EUV-SH values of social housing will hold up well, our valuers, Savills, have issued an accompanying letter to consider and explain the impact of the COVID-19 crisis. In this, they state: "Our valuations are therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation under frequent review".

## 12. Tangible fixed assets (continued)

### Property, plant and equipment - other – group and association

	Office furniture and equipment	Computer equipment	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 April 2019	1,020	656	1,676
Additions	-	51	51
Disposals	-	-	-
<b>At 31 March 2020</b>	<b>1,020</b>	<b>707</b>	<b>1,727</b>
<b>Depreciation</b>			
At 1 April 2019	803	563	1,366
Disposals	-	-	-
Charge for year	134	51	185
<b>At 31 March 2020</b>	<b>937</b>	<b>614</b>	<b>1,551</b>
<b>Net book value at 31 March 2020</b>	<b>83</b>	<b>93</b>	<b>176</b>
Net book value at 31 March 2019	217	93	310

Investment properties, which are all freehold, were valued to fair value at 31 March 2020 based on a valuation undertaken by Savills, Chartered Surveyors. Housing properties for lettings and shared ownership properties are accounted for at historic cost but have been valued for funders' purposes as follows:

Completed housing properties of the subsidiary undertaking, RHA, were valued as at 31 March 2020 on the basis of existing use value - social housing (EUV - SH). The existing use value for social housing assesses the dwellings on the basis that they would be managed and owned by an organisation committed to the provision of rented accommodation let at an affordable rent, and that the vacant units would be re-let on similar terms rather than sold into the open market.

Savills, Chartered Surveyors, carried out the EUV - SH valuation in accordance with the RICS Valuation – Professional Standards manual and takes into account the performance standards for Registered Providers published by the Homes and Communities Agency.

The EUV - SH valuation method discounts the cash flows from rental and other income less management, maintenance and repair expenditure to their present value. The main assumptions used were:

- Discount rate 4.75 – 6.00 % (real)
- Annual growth in income/expenditure 1.0% (real) long term
- Property sales Forecasts of right-to-buy sales are based on analysis, past experience and current trends.

RHL's housing properties have been valued for funders' purposes on the basis of market value, subject to leases and tenancies (as appropriate). This assumes that: in the case of the private rented stock that properties could be sold on the open market with vacant possession following termination of the assured shorthold tenancies; in the case of the keyworker properties and care home the capitalised net income arising from the various lease arrangements; and the garages on the basis of capitalised net income assuming continued existing use. The garages valuation also takes into account the redevelopment potential at a number of sites. The total value of all the RHL properties (transferred to RHA as at 31 March 2020) for funders' purposes is £34.2 million. The net book value of social housing properties held on a long lease is £2.9 million (2019: £2.6 million).

## 12. Tangible fixed assets (continued)

Varying assumptions such as discount rate have been used reflecting the characteristics and methodology applicable in each case.

Total expenditure on works to existing properties:

	2020	2019
	£'000	£'000
Amounts capitalised:		
Replacement of components	2,305	2,314
Improvements	-	48
	<b>2,305</b>	<b>2,362</b>
Amounts charged to the statement of comprehensive income	<b>1,383</b>	<b>1,058</b>
	<b>3,688</b>	<b>3,420</b>

### Shared ownership properties

Shared ownership properties both completed and under construction are proportionally split between current and fixed assets, determined by the percentage of the properties to be sold under the first tranche sales. The amount held in current assets for completed shared ownership properties is £3,340,676 and the amount held in current assets for shared ownership properties under construction is £1,443,692. There are no properties under construction for outright sale.

## 13. Debtors

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Amounts receivable within one year</b>				
Rents and service charges	2,136	2,505	-	-
Less: provision for doubtful debts	(642)	(835)	-	-
	<b>1,494</b>	<b>1,670</b>	<b>-</b>	<b>-</b>
Social housing grant receivable	520	4,397	-	-
Amounts due from subsidiaries	-	-	-	15
Other debtors	452	951	24	13
Corporation tax	-	-	-	-
Prepayments and accrued income	2,771	1,150	275	326
<b>Total</b>	<b>5,237</b>	<b>8,168</b>	<b>299</b>	<b>354</b>

## 14. Cash at bank and in-hand

There were no specific charges on RHG's cash at bank and in-hand at 31 March 2020 or 31 March 2019.

## 15. Creditors: amounts falling due within one year

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Housing loan repayable in one year	4,651	7,160	-	-
Recycled capital grant fund	458	282	-	-
Government grant	9,833	8,776	-	-
Trade creditors	4,445	4,954	6	115
Right-to-buy sale proceeds due to Wychavon District Council	3,129	267	-	-
Accruals in respect of repairs	1,097	1,035	-	-
Amounts payable on housing development and major repairs	639	1,807	-	-
Interest payable	659	656	-	-
Corporation tax	44	22	-	30
Other taxation and social security	177	140	171	128
Amounts due to subsidiaries	-	-	849	860
Other accruals	3,134	1,816	472	451
<b>Total</b>	<b>28,266</b>	<b>26,915</b>	<b>1,498</b>	<b>1,584</b>

## 16. Creditors: amounts falling due after more than one year

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Housing loans</b>				
Repayable between one and two years	5,857	5,745	-	-
Repayable between two and five years	27,929	26,937	-	-
Repayable, otherwise than by instalments, in five years or more	176,496	182,829	-	-
<b>Total loans repayable</b>	<b>210,282</b>	<b>215,511</b>	<b>-</b>	<b>-</b>
Pension scheme contractual liability	-	-	-	-
Government grants	61,726	56,692	-	-
<b>Total</b>	<b>272,008</b>	<b>272,203</b>	<b>-</b>	<b>-</b>

Housing loans are secured by specific charges on certain of Group's housing properties. The interest rates are fixed between 3.0% and 6.6% or vary with market rates. As at 31 March 2020 the agreed facility is £284.1 million of which £216.0 million (2019: £222.7 million) has been drawn down by RHA to date. The final loan is due for repayment by 2040.

Government grants relating to properties under construction total £10,472,607.

The original total value of grant received at 31 March 2020 is £79,271,092.

	2020	2019
	£'000	£'000
<b>Deferred income – Government grants - group</b>		
<b>At 1 April</b>	<b>65,468</b>	59,390
Grants receivable net of disposals	<b>6,730</b>	6,722
Amortisation to statement of comprehensive income	<b>(639)</b>	(644)
<b>At 31 March</b>	<b>71,559</b>	65,468
Due within one year	<b>9,833</b>	8,776
Due after one year	<b>61,726</b>	56,692

## 17. Provisions for liabilities and charges

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Deferred taxation</b>				
At 1 April	<b>43</b>	62	<b>(16)</b>	-
Charge for the year	<b>(42)</b>	(19)	<b>17</b>	(16)
<b>At 31 March</b>	<b>1</b>	43	<b>1</b>	(16)
The deferred taxation provision comprises:				
Accelerated capital allowances	<b>(104)</b>	48	<b>(104)</b>	(11)
Other timing differences	<b>105</b>	(5)	<b>105</b>	(5)
<b>At 31 March</b>	<b>1</b>	43	<b>1</b>	(16)

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 102.

## 18. Share capital

	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
Shares of £1 each issued and fully paid				
At 1 April	<b>24</b>	36	<b>8</b>	10
Issued during the year	<b>3</b>	9	<b>1</b>	3
Cancelled during the year	<b>(2)</b>	(21)	<b>(2)</b>	(5)
<b>At 31 March</b>	<b>25</b>	24	<b>7</b>	8

The share capital of RHG consists of shares with a nominal value of £1, each of which carries no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. Where a shareholder ceases to be a member that person's share is cancelled, and the amount paid by them then becomes the property of RHG. Therefore, all shareholdings relate to non-equity interests and there are no equity interests in RHG. Subsidiaries and RHG Board Members may be admitted as shareholders in accordance with policies. The group does not have any reserves in equity other than the revenue reserve.

## 19. Capital commitments - group

	2020	2019
	£'000	£'000
Capital expenditure contracted for in respect of development expenditure but not provided for in the financial statements	17,324	25,017
Capital expenditure authorised by the Board but not contracted for in respect of development expenditure	18,185	37,784
<b>Total</b>	<b>35,509</b>	<b>62,801</b>
The Group expects to finance the above expenditure by:		
Social Housing Grant receivable	3,491	9,749
Property sales proceeds	10,249	26,254
Use of cash surplus plus loan funding	21,769	26,798
<b>Total</b>	<b>35,509</b>	<b>62,801</b>

The contracted capital expenditure commitment is based on all developments currently on site. The commitment for capital expenditure authorised but not contracted for is based on all the remaining approved development schemes that are in the business plan. The loan funding available to fund the above expenditure is made up of the current cash surplus, the unused facility including the £18 million agreed with Santander in May 2017 and a further £25 million facility agreed with Lloyds in September 2017.

## 20. Pension obligations

The Group has traditionally operated two defined benefit pension schemes, contracted out of the state scheme. These were closed from April 2014. The Group also operated two money purchase defined contribution schemes and a career average revalued earnings defined benefit scheme (CARE), but from April 2014 the Group only operates one defined contribution scheme. Contributions to pension schemes are determined in accordance with actuarial advice and calculated as a percentage of pensionable salaries.

### CARE

For the defined contribution scheme, the amount charged to the Statement of Comprehensive Income in respect of pension costs is the contributions payable in the year which total £316,705 (2019: £356,453). This is charged to RHG and apportioned to subsidiaries via the Group Membership Agreement.

### SHPS

Rooftop Housing Group participates in The Pension Trust – Social Housing Pension scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

For the closed SHPS defined benefit schemes there is a contractual agreement between the scheme and the Group that determines how the deficit will be funded. This liability is recognised in the RHA Statement of Financial Position and the resulting expense in the RHA Statement of Comprehensive Income for the present value of the contributions payable that arise from the agreement to the extent that they relate to the deficit.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the Group is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

In 2018/19, in order to account for the initial recognition of the Scheme as a defined benefit scheme, RHG de-recognised the creditor for past service deficit contributions payable under SHPS as at 31 March 2018 of £650k and recognised a net defined benefit liability as at 1 April 2018 of £1,195k. Due to the group arrangement, an equal and opposite debtor was created in RHG with RHA and therefore no impact on SOCI (Statement of Comprehensive Income) was seen in RHG Association. The impact of this initial recognition was a charge to RHA SOCI of £545k.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2019. This actuarial valuation showed assets of £3,576 million, liabilities of £4,099 million and a deficit of £0.523 million. The scheme's previous valuation was certified on 17 December 2012 and showed assets of £2,062 million, liabilities of £3,097 million and a deficit of £1,035 million. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

#### Deficit contributions (Prior year disclosure)

<b>Tier 1</b> From 1 April 2016 to 30 September 2020:	£40.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
<b>Tier 2</b> From 1 April 2016 to 30 September 2023:	£28.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
<b>Tier 3</b> From 1 April 2016 to 30 September 2026:	£32.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)
<b>Tier 4</b> From 1 April 2016 to 30 September 2026:	£31.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)

#### Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)

	31 March 2020	1 April 2019
	(£000s)	(£000s)
Fair value of plan assets	3,576	3,468
Present value of defined benefit obligation	4,099	4,663
Surplus/(deficit) in plan	(523)	(1,195)
Defined/benefit asset/(liability) to be recognised	(523)	(1,195)

**Reconciliation of opening and closing balances of the defined benefit obligation**

	<b>Period ended</b>
	<b>31 March 2020</b>
	<b>(£000s)</b>
Defined benefit obligation at start of period	4,663
Expenses	6
Interest expense	109
Actuarial losses/(gains) due to scheme experience	3
Actuarial losses/(gains) due to changes in demographic assumptions	(39)
Actuarial losses/(gains) due to changes in financial assumptions	(587)
Benefits paid and expenses	(56)
Defined benefit obligation at end of period	<u>4,099</u>

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

	<b>Period ended</b>
	<b>31 March 2020</b>
	<b>(£000s)</b>
Fair value of plan assets at start of period	3,468
Interest income	82
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(37)
Contributions by the employer	119
Benefits paid and expenses	(56)
Fair value of plan assets at end of period	<u>3,576</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £45,000.

**Defined benefit costs recognised in Statement of Comprehensive Income (SOCl)**

	<b>Period from</b>
	<b>1 April 2019 to</b>
	<b>31 March 2020</b>
	<b>(£000s)</b>
Expenses	6
Net interest expense	27
Defined benefit costs recognised in Statement of Comprehensive Income (SOCl)	<u>33</u>

**Defined benefit costs recognised in other comprehensive income**

	<b>Period ended</b>
	<b>31 March 2020</b>
	<b>(£000s)</b>
Experience on plan assets (excluding amounts included in net interest cost) – gain/(loss)	(37)
Experience gains and losses arising on the plan liabilities – gain/(loss)	(3)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	39
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	587
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain/(loss)	586
Total amount recognised in other comprehensive income – gain/(loss)	<u>586</u>

**Key assumptions**

	<b>31 March 2020</b>	<b>1 April 2019</b>
	<b>% per annum</b>	<b>% per annum</b>
Discount Rate	2.36%	2.34%
Inflation (RPI)	2.58%	3.26%
Inflation (CPI)	1.58%	2.26%
Salary Growth	2.58%	3.26%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	<b>Life expectancy at age 65</b>
	<b>(Years)</b>
Male retiring in 2020	21.5
Female retiring in 2020	23.3
Male retiring in 2040	22.9
Female retiring in 2040	24.5

The Defined Benefit pension liability is initially shown in the RHG Statement of Financial Position and then held as an intercompany debtor. This is because RHG is the member of the scheme, but employment costs are recharged to RHA, where the activity relates.

## 21. Legislative provisions

RHG is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Homes and Communities Agency under the Housing and Regeneration Act 2008.

## 22. Related party transactions

Transactions with tenant Board Members are at arms-length on normal commercial terms and they cannot use their position to their advantage. Rent charged to Board Members in the year was £5,465 (2019: £8,164) and the arrears at 31 March 2020 were £0 (2019: £0).

The compensation of Directors and Board Members is disclosed in Note 5.

Intra-group management fees are receivable by RHG from subsidiaries to cover the running costs incurred on behalf of managing the subsidiaries. The management fee is calculated on an individual entity basis with varying methods of allocation. The management fees charged to the subsidiaries were: £8,483,082 (2019: £7,483,722) to RHA and £566,986 (2019: £573,453) to RHL.

In August 2012 RHA became the sole corporate trustee of the Walker Hospital Trust. The Walker Hospital Trust is a charity which owns three properties and is a member of the National Association of Almshouses.

From October 2013 RHA, RHL and RS&C became shareholders in Fortis Property Care Limited, now known as Platform Property Care, which provides property services to the Group including responsive repairs, planned maintenance, grounds maintenance and gas servicing. The services are provided at cost and the amount charged to RHA during the year was £6,572,904 (2019: £5,964,941) and the balance owing at 31 March 2020 was £268,557 (2019: £268,855). The amount charged to RHL during the year was £63,106 (2019: £112,318) and the balance owing at 31 March 2020 was £0 (2019: £2,008). As a result of this arrangement, the Finance Director of RHG is a Director of Platform Property Care Limited.

The Group is a shareholding member of Worcestershire Telecare, a Co-operative and Community Benefit Society. The Organisation's core purpose is to provide community alarms and related services to people with support needs. RHG paid Worcestershire Telecare £46,708 in 19/20 and £57,298 in 18/19 for alarm monitoring services.

## 23. Units

	2020		Movements in year			2019	
	Owned and managed	Managed by others	Total	Additions	Disposals	Transfers	Total
Under development at the end of the year							(Restated)
Units for rent	119	-	119	95	-	(103)	127
Units for shared ownership	39	-	39	32	-	(33)	40
Units for sale	7	-	7	-	-	-	7
	<b>165</b>	<b>-</b>	<b>165</b>	<b>127</b>	<b>-</b>	<b>(136)</b>	<b>174</b>
Under management at the end of the year							
General needs housing	4,991	-	4,991	101	(49)	3	4,936
Supported housing and housing for older people	699	71	770	14	(18)	(3)	777
Intermediate rent	1	-	1	-	-	-	1
Keyworker accommodation	285	5	290	-	-	(7)	297
Keyworker office accommodation	-	-	-	-	-	-	-
Leasehold properties	121	-	121	6	(1)	-	116
Low cost home ownership accommodation	295	-	295	62	(9)	-	242
Managed on behalf of another landlord	30	-	30	-	-	-	30
<b>Units for rent</b>	<b>6,422</b>	<b>76</b>	<b>6,498</b>	<b>183</b>	<b>(77)</b>	<b>(7)</b>	<b>6,399</b>
<b>Total units social housing</b>	<b>6,587</b>	<b>76</b>	<b>6,663</b>	<b>310</b>	<b>(77)</b>	<b>(143)</b>	<b>6,573</b>
Market renting	34	24	58	-	-	-	58
Residential care homes	-	-	-	-	-	-	-
<b>Total units non-social housing</b>	<b>34</b>	<b>24</b>	<b>58</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58</b>
Keyworker – leased to Trust	-	83	83	-	-	3	80
Residential Care Home – leased to Shaw Homes	-	46	46	-	-	-	46
Extra Care properties – leased by Gloucester CC	-	2	2	-	-	-	2
Refugee properties - leased to Spring HA	-	2	2	2	-	-	-
St Oswald's properties – leased by Extra Care	-	86	86	-	-	-	86
<b>Total units commercial</b>	<b>-</b>	<b>219</b>	<b>219</b>	<b>2</b>	<b>-</b>	<b>3</b>	<b>214</b>
<b>Total units</b>	<b>6,621</b>	<b>319</b>	<b>6,940</b>	<b>312</b>	<b>(77)</b>	<b>(140)</b>	<b>6,845</b>
<b>Retained freeholds and estate charges</b>	<b>288</b>	<b>-</b>	<b>288</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>287</b>

## 24. Contingent liabilities and financial commitments

As part of the transfer agreement with Wychavon District Council, Rooftop Housing Association Limited provided various indemnities to the Council in respect of obligations the association assumed upon the transfer.

In the view of the Board there is little likelihood of any liability arising in respect of these indemnities and accordingly no provision is reflected in these financial statements.

<b>Total future minimum lease payments under non-cancellable operating leases are as follows:</b>	<b>Group</b>		<b>Association</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Payments due:	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
- within one year	<b>102</b>	97	<b>102</b>	97
- between one and five years	<b>12</b>	149	<b>12</b>	149
- after five years	-	-	-	-
	<b>114</b>	246	<b>114</b>	246

## 25. Financial Instruments

The carrying values of the financial assets and liabilities are summarised by category below:

	<b>Group</b>		<b>Association</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Financial assets</b>				
Measured at undiscounted amount receivable:				
Rent arrears and other debtors (see note 13)	<b>2,588</b>	7,018	<b>24</b>	13
Cash	<b>9,934</b>	13,788	<b>(2)</b>	422
Amounts due from related undertakings (see note 13)	-	-	-	15
	<b>12,522</b>	20,806	<b>22</b>	450
<b>Financial liabilities</b>				
Measured at fair value through surplus or deficit:				
Loans payable (see note 15,16)	<b>5,000</b>	18,000	-	-
Measured at amortised cost:				
Loans payable (see note 15,16)	<b>209,932</b>	204,671	-	-
Measured at undiscounted amount payable:				
Accrued Income	-	-	-	-
Other accruals	<b>3,134</b>	1,816	-	-
Trade and other creditors (see note 15,16)	<b>6,181</b>	7,796	<b>478</b>	566
Amounts owed to related undertakings (see note 15,16)	-	-	<b>849</b>	860
	<b>224,247</b>	232,283	<b>1,327</b>	1,426
<b>Fair value gains and (losses)</b>				
On housing loans measured at fair value through Statement of Comprehensive Income	-	-	-	-

Loans with Lenders Options are classified as non-basic financial instruments and total £5,000,000 (2019: £18,000,000). They are measured at fair value at the end of each reporting period with gains and losses arising from year to year being recognised in the Statement of Comprehensive Income.

## 26. Statement of Cash Flows

	2020	2019
	£'000	£'000
<b>Cash flow from operating activities</b>		
Surplus for the year	5,877	7,788
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	4,619	4,845
Amortisation of intangible assets	457	203
Decrease in inventories	-	1
Increase in debtors	1,847	1,993
(Increase) in creditors	(2,398)	(1,795)
Decrease / (Increase) in provisions	714	(1,176)
Carrying amount of property, plant and equipment disposals	2,624	2,308
(Increase) in fair value of financial instruments	(58)	(55)
Decrease in fair value of investment property	(343)	-
Adjustments for investing or financing activities:		
Proceeds from the sale of property, plant and equipment	(4,700)	(4,467)
Government grants utilised in the year	(680)	(610)
Interest payable	9,569	9,248
Interest received	(89)	(132)
<b>Cash generated by operations</b>	<b>17,439</b>	<b>18,151</b>

## 27. Net Debt Reconciliation

Analysis of changes in net debt	2019	Cash flows	Other non-cash changes	2020
	£'000	£'000	£'000	£'000
<b>Cash and cash equivalents</b>				
Cash	13,788	(3,854)	-	9,934
	<b>13,788</b>	<b>(3,854)</b>	<b>-</b>	<b>9,934</b>
<b>Borrowings</b>				
Debt due within one year	(7,160)	2,478	31	(4,651)
Debt due after one year	(215,511)	5,229	-	(210,282)
	<b>(222,671)</b>	<b>7,707</b>	<b>31</b>	<b>(214,933)</b>
Total	<b>(208,883)</b>	<b>3,853</b>	<b>31</b>	<b>(204,999)</b>

## 28. Post Balance Sheet Events

The outbreak of the COVID-19 pandemic is an in-year event reflected in the financial statements to 31 March 2020. The pandemic has impacted on the operations of the Group/Association and this is expected to continue into the 2020/21 financial year. From a financial perspective, activity has reduced due to lockdown which may reduce income however, as detailed in note 1, the Board are satisfied that the company is a going concern.

The extension of £25 million existing revolving credit facilities held with Santander was completed on 1 July 2020. Approved by the board in November 2019, this extension will last for 3 years until 30 June 2023.

## Biographies of Board Members

### **Nicola Inchbald, BA (Hons) Dip TP MRTPI (Independent, Chair of RHG and Chair of Nominations and Performance Committee)**

Nicola is a Chartered Town Planner with over 30 years' experience in the development industry, specialising in residential development and the historic environment. She is a former Senior Director of CB Hillier Parker (now CBRE) where she ran the Development Land Team, working with clients such as English Partnership, Commission for the New Towns, SecondSite and MOD on major residential schemes including the proposed Garden Villages at Ebbsfleet and Balderton Hospital, Newark (now Fulwood Village), and nationally important projects such as Bankside Power Station (now Tate Modern) and Farnborough Aerodrome.

Nicola is a director of Inchbald Day Planning and Development Limited, a development and planning consultancy based in Worcestershire. She is also a lay member of the Council of the University of York and is Chair of the Estates Committee.

Nicola chairs the Nominations and Performance Committee and represents Rooftop Housing Group on the Board of Amica24.

### **Robin Richmond, MBA FCA (Independent, Vice Chair of RHG, Chair of Remuneration Committee and Senior Independent Director)**

Robin is a Chartered Accountant with over 40 years' private sector experience with listed companies in Healthcare, Property Development and Engineering. Since leaving Doncasters plc in 1999, Robin has undertaken a wide range of project work and has held a number of non-executive directorships, including Worcestershire Mental Health NHS Partnership Trust, Heart of England Housing and Care, and the Orbit Group. Formerly Chair of Age Concern Worcester & District and a Trustee of the Midlands Air Ambulance Charity.

Robin chaired the Audit & Risk Committee for several years before stepping down in September 2019 to take up the role of Vice Chair of RHG and become the nominated Senior Independent Director. He is now Chair of the Remuneration Committee and Vice Chair of the Nominations and Performance Committee. He is the Board's representative for Customer Engagement.

### **Ceri Jones (Independent, Chair of RHA)**

After more than 30 years in teaching, Ceri retired from his post as Head Teacher of Bishop's Cleeve Primary School in 2000. The following year he was elected to Gloucestershire County Council as the member for Bishop's Cleeve and, in that role, has served on many committees both in Gloucester and locally. He was a member of the Council of the University of Gloucestershire for eight years and a Chairman of Cleeve Colts Football Club for 10 years. He has also chaired the Rooftop Residents Association in Bishop's Cleeve, which meets with both tenants and owner occupiers to discuss issues of interest and concern. In May 2013, Ceri decided to step down from the County Council. Ceri was Chair of Rooftop Support and Care before it was transferred to Rooftop Housing Association in 2018.

In September 2019, Ceri was appointed Chair of Rooftop Housing Association and is a member of the Nominations and Performance Committee. He is also the Board's representative on the Health and Safety Committee.

### **Claire-Elaine Arthurs Payne (Independent and Acting Chair of Audit and Risk Committee)**

Claire-Elaine is a Solicitor who specialises in risk management and resolution of property related disputes. She is also a Chartered Manager, CEDR Accredited Mediator and qualified Business Strategy Consultant. She has a passion for problem-solving and a long history of working with Social Housing Providers, Developers and Private Landlords. Claire-Elaine holds a BAHons in Cultural Studies and Sociology from the University of Birmingham and undertook her postgraduate legal training at the University of Law, where she later went on to become a visiting Tutor. She is also regularly invited to teach sessions on law and business on behalf of other higher education providers.

She completed her training as a Solicitor with Gately Plc and has worked at a senior level with other firms such as Wright Hassall LLP and Davies & Partners. As well as working in private practice, she has spent time as in-house counsel with companies such as British Telecommunications Plc. She studied Business at Warwick Business School and completed an MSc in Strategic Business Management with the De Broc School of Business.

Claire-Elaine is currently a Worcestershire-based Partner with city firm, Gunnercooke LLP. As well as managing a national property dispute resolution team, she also supports Executives and Boards in the development of their Leadership and Management skills.

Claire-Elaine lives in Evesham with her family and was previously the Chair of Governors at The Vale of Evesham School.

From January 2020, she is the Acting Chair of the Audit & Risk Committee and member of the Remuneration Committee. She is the Board's representative for Equality & Diversity.

### **Rachel Lathan (Tenant and Vice Chair of RHA)**

Rachel has been an RHA tenant for some years and lives in Badsey with her husband and young family. She balances a demanding family life with her job in sales and her involvement with Rooftop. Rachel first became an involved resident with Rooftop when she joined the newly formed Resident Action Team in 2010 and, until September 2019, was Chair of Rooftop Housing Association. She was a 'Tenant of the Year' finalist in the 2012 Tenant Participation Advisory Service Awards. She has successfully completed a Governance Training course accredited through Derby University. Rachel is an active member of the local community and believes passionately in providing excellent housing.

Rachel is Vice Chair of RHA, Vice Chair of the Remuneration Committee and a member of the Nominations and Performance Committee.

### **Jonathan Wallbank (Independent)**

Jonathan is a qualified accountant and spent a number of years in financial services before moving into corporate finance. Prior to joining a large housing association in 2015, where he is currently Director of Treasury and Corporate Finance, Jonathan gained experience in both retail and manufacturing sectors. He headed up the European treasury function for the US retailer GAP Inc, in addition he was responsible for cash management for both Hong Kong and Taiwan. He brings a wealth of experience and expertise, including merger implementation, regulatory frameworks, adoption of new accounting standards, robust financial management and management of risk. All of which will support Rooftop as we move forward to build good quality, affordable homes.

Jonathan is a member of the Audit and Risk Committee.

### **Paul Spooner (Independent)**

Paul Spooner is a planning and development consultant based in Warwickshire with clients in the public and private sectors. In recent years he has advised both government and local authorities on new urban and rural developments, housing schemes and major infrastructure projects.

In 2016/17 he led the development of the country's first new garden city at Ebbsfleet after being the Midlands' director for the Homes and Communities Agency (now Homes England). Before this Paul worked for English Partnerships leading their housing and regeneration programmes in the North West and West Midlands.

In his voluntary roles Paul has been the vice chairman of a community interest company backed by local businesses and authorities in Devon to co-ordinate regeneration and community services in Ilfracombe and is now working with local partners in Warwickshire to address rough sleeping and acute homelessness. Paul is a Trustee of the Stratford Foodbank and is a non executive member of the Football Foundation Grants Panel, supporting grass roots football projects.

Paul is an interim member of the Audit & Risk Committee and represents Rooftop Housing Group on the Board of the Matrix Housing Partnership. He is the Board's representative for Development.

### **Colum Goodchild (Independent)**

Colum began his career as an Environmental Scientist working in the water sector. He progressed through various Operational and Asset Planning roles before becoming Asset Strategy Manager at Northumbrian Water. He led the development of Northumbria's successful regulatory review in 2014 (PR14), securing support for a £1b investment programme over the next five year period.

He has gained extensive experience of customer research and engagement both in his role at Northumbrian and in his current position with Cadent Gas Distribution. At Cadent, Colum led the asset planning and investment programme function, overseeing around £600m of investment per annum.

He is now focused on producing the companies next 5 year business plan, working closely with the regulator Ofgem. Colum took on a Non-Executive Director role at Durham City Homes in 2015, and following its merge with County Durham Housing Group became vice chair of their Operations Committee in 2017.

Following his move to the Midlands he joined Rooftop in 2018. He is a member of the Audit and Risk and Nominations and Performance Committees and represents Rooftop Housing Group on the Board of Platform Property Care.

### **Myron Hrycyk, MBA, CITP – (Independent Co-opted)**

Myron gained an MBA, with honours in 2003 at Birmingham University and is a Chartered Member of the British Computer Society.

Building on a highly successful career as one of the UK's leading FTSE 100 CIO's (Chief Information Officer) and Digital Transformation Directors, Myron founded his own business specialising in driving IT change and digital transformation for large corporate clients. In addition to his consultancy business Myron is a Non-Executive Director for a Midlands-based Building Society. He also advises and supports the Cabinet Office as a Crown Representative managing the strategic relationship with two global technology providers to the UK Government.

Myron has held CIO and senior IT posts for major organisations across a diverse range of business sectors, Financial Services, Publishing, Automotive and Logistics/Supply Chain. He has delivered strategic IT and business transformation programmes, re-structured corporate IT units and deployed high performance IT practices. Myron has also held the post of Chief Procurement Officer with a FTSE 100 Utility Business. While in this role he was an active member of the Midlands CBI Council.

Myron is the Board's representative for Digital Transformation.







**Rooftop Housing Association Limited**  
**Annual Report and**  
**Financial Statements**  
**2019 - 2020**



Rooftop Housing Association Limited  
Annual Report and Financial Statements  
2019/20

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## Board, executive and advisors

<b>Registered office</b>	70 High Street Evesham WR11 4YD
<b>Board</b>	<ul style="list-style-type: none"> <li>- Ceri Jones (Vice Chair until 18 September 2019 and Chair from 18 September 2019)</li> <li>- Rachel Lathan (Chair until 18 September 2019 and Vice Chair from 18 September 2019)</li> <li>- Colum Goodchild</li> <li>- Paul Spooner</li> <li>- Jonathan Wallbank</li> <li>- Claire-Elaine Arthurs Payne (from 18 September 2019)</li> </ul>
<b>Executive officers</b>	<ul style="list-style-type: none"> <li>- Boris Worrall, Group Chief Executive</li> <li>- Caroline Dykes, Finance Director</li> <li>- David Hannon, Development Director</li> <li>- Juliana Crowe, Housing and Communities Director (retired 31 October 2019)</li> <li>- Claire Newman, People Director (from 1 April 2019)</li> <li>- Lisa Nicholls, Housing Director (from 3 February 2020)</li> <li>- Caroline Allen, Secretary</li> </ul>
<b>External auditor</b>	BDO LLP 2 Snowhill Birmingham B4 6GA
<b>Bankers</b>	Barclays Bank PLC 54 High Street Worcester WR1 2QQ
<b>Internal auditors</b>	Mazars LLP 45 Church Street Birmingham B3 2RT
<b>Principal solicitors</b>	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B2 2ES
<b>Other legal advisors</b>	Trowers & Hamlins 3 Bunhill Row London EC1Y 8YZ
<b>Lenders</b>	Nationwide Building Society Kings Park Road Moulton Park Northampton NN3 6NW

	<p>Lloyds Banking Group 25 Gresham Street London EC2V 7HN</p>
	<p>Legal and General Assurance Society Limited One Coleman Street London EC2R 5AA</p>
	<p>Santander Corporate &amp; Commercial Banking 17 Ulster Terrace Regent's Park London NW1 4PJ</p>
<b>Funding advisors</b>	<p>Chatham Financial 12 St James's Square London SW1Y 4LB</p>
<b>Insurance brokers</b>	<p>Zurich Municipal Zurich House Ballsbridge Park Dublin 4 Ireland</p>
<b>Taxation advisors</b>	<p>RSM UK Tax and Accounting Temple Row Birmingham B2 5AF</p>
<b>Valuers</b>	<p>Savills Plc 19/20 City Business Centre 6 Brighton Road Horsham West Sussex RH13 5BB</p>
	<p>Bruton Knowles Odd Fellows House 19 Newport Road Cardiff CF24 0AA</p>
<b>Performance analysis</b>	<p>Vantage Business Solutions Consulting Limited Orchard Chambers 4 Rocky Lane Heswall Wirral CH60 0BY</p>

## Report of the Board

The Board is pleased to present the Report of the Board, the Strategic Report and the audited financial statements for the year ended 31 March 2020.

The reports and financial statements are prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice (SORP) for registered social housing providers 2014 (updated in 2018), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The Group is a public benefit entity and Rooftop Housing Group Limited is the Group parent.

### Group structure

Rooftop Housing Group Limited (RHG), the Group parent, is a non-asset holding, non-charitable Registered Society (29661R), registered with the Regulator for Social Housing (RSH) (L4404), providing operational and corporate services, including treasury management, information and communication technology, and human resources for the whole Group.

Rooftop Housing Association Limited (RHA) was registered as a Registered Society in May 1993 (27786R) and obtained registration with the RSH in September 1994 (LH4050). RHA provides core social housing that meets charitable criteria.

Rooftop Homes Limited (RHL) is a non-asset holding non-charitable Registered Society (29660R) registered with the RSH (LH4405). This company became dormant on 31 March 2020.

Rooftop Management Limited (RML) is a wholly owned commercial subsidiary company (Registered in England 3569438). This company became dormant from 31 March 2005.

### Principal activities

The principal activity of RHA is to provide housing accommodation at below market rents for people in housing need.

Additionally, RHA provides:

- housing for sale, both shared ownership and outright sale
- temporary housing accommodation and supported housing
- a limited amount of commercial property
- management of older people schemes in partnership with the ExtraCare Charitable Trust
- provision of support services primarily to young and older people.

### Regulatory framework for social housing

The Board considers it a priority to comply with the regulatory framework and to maintain GI and VI ratings from the Regulator of Social Housing under the Governance and Financial Viability Standard. These were formally assessed by the Regulator through the In Depth Assessment process in January 2020. An annual self-assessment is carried out in April each year and approved by the Board.

The Board has conducted a detailed self-assessment exercise and considers that the Group remains compliant with the standards. As part of this the Board recognised the following factors:

- Board strategy event on 4-5 October 2019 reviewed the 2023 Vision ambition for Great Homes, Successful Lives and Better Business including outcomes for tenants and potential tenants.
- Board reviewed and approved a Treasury recommendation to evolve towards the optimum group and funding structure.

- The Board was externally appraised in 2019. Individual appraisals were held and the Board as a collective was reviewed and found to be performing at a high level. A Board Improvement Plan has been approved by the Board to ensure the focus remains on continuous improvement.
- The Board co-opted a member with specific skills and experience in the management of digital transformation in September 2019 to provide a Board level perspective with the implementation of a new housing management system.
- The Board has approved a Succession Plan and this is regularly reviewed.
- In January 2020, the Regulator of Social Housing carried out an In Depth Assessment of Rooftop in line with its prescribed approach to the regulation of the social housing sector. Rooftop was measured against the Governance and Financial Viability Standard and its GI/VI rating was reconfirmed in March 2020.
- During the year, RHA obtained £25 million of new revolving credit facilities and extended another existing RCF for £25 million for a further three years.
- At 31 March 2020, RHA had 25 months until new funding was required.
- All regulatory returns (FVA, SDR, Quarterly Returns, FFR, Fraud) have been submitted to the regulator's deadline.
- Asset data is held on all dwellings within an Asset Performance Evaluator, a live tool used to measure present values on all stock and informs investment and disposal decisions. As per the Asset Management Strategy, the net present value of all properties is reviewed every three years. Board received the latest update on Asset performance in November 2017 showing an average net present value of £52,000 per unit.
- Resident Excellence Panel scrutinises Rooftop services to its residents, through a programme of scrutiny.
- The Sector Scorecard is now embedded as our core key performance metrics supported by a range of operational indicators.

### Internal controls

The Group Board is responsible for the overall system of internal control throughout the Group and for reviewing its effectiveness. The Group has delegated initial responsibility for audit and assurance to the Audit and Risk Committee, which comprises Board Members from across the Group. The members of the Audit and Risk Committee are chosen for their appropriate skills, while representing the composition of the Group.

The Audit and Risk Committee has responsibility for reviewing the adequacy of all risk and control related statements prior to endorsement by the relevant Boards and reviewing the effectiveness of internal control systems, including management, financial, operational and risk controls, so that the Group can be reasonably assured that appropriate and effective risk management arrangements are in place.

Work undertaken by the Audit and Risk Committee during the year included:

- Financial reporting, including the integrity and appropriateness of financial statements
  - Reviewed the statutory accounts and external audit findings
  - Reviewed the performance of the external auditors (BDO) during 2019/20 and the 2019/20 final accounts timetable
  - Approved the annual Accounting policy.
- Risk management process and framework
  - Reviewed and recommended to the Board the revised Risk Management Framework and Policy
  - Discussed the quarterly report on significant risks and sought assurance on the accuracy of the assessments and the controls.
- Internal and external audit functions
  - Approved the Audit and Risk Committee annual reporting cycle for 2020/21
  - Approved the internal audit strategic plan for 2019/20 to 2022/23
  - Approved the report on the annual review of the Internal Auditor which showed a satisfactory level of performance

- Having assessed the scopes of the internal audits each quarter to ensure that the work being undertaken addressed key business risks, the Audit and Risk Committee reviewed fifteen (including compliance and data integrity) internal audit reports and noted the level of assurance given by the internal auditors as follows:
  - Substantial assurance (four): key worker accommodation, Asset and Liability registers, ICT cyber security and treasury management.
  - Adequate assurance (four): welfare reform and Universal Credit preparedness, performance management, General Data Protection Regulations (GDPR) and risk and assurance management.
  - Needs improvement (one): Landlord health and safety.
  - Limited assurance (none).
  - The compliance audits (landlord health and safety, information technology and finance controls and human resources, safeguarding and housing management and data integrity) had a range of assurance levels for each audit.
- Compliance, whistleblowing, fraud, anti-bribery, asset and liability registers and stress testing
  - Discussed the compliance report and the actions being taken to address areas requiring improvement
  - Reviewed the asset and liability registers report and noted asset, loan and other liabilities position in the Group
  - Reviewed the fraud registers (tenancy and general) and noted that there were no exceptional items
  - Reviewed the gifts and hospitality register and noted that there were no exceptional items
  - Reviewed the Business Continuity scenario test report and noted actions
  - Reviewed the work and performance of the Audit and Risk Committee including its terms of reference.
- Resident Excellence Panel
  - Approved the Resident Excellence Panel's three-year scrutiny programme
  - Reviewed the Resident Excellence Panel's scrutiny reviews action plan and noted progress with the actions.

There were no identified weaknesses in internal controls, which resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements.

### **General Data Protection Regulation**

The Board recognises the importance our customers and stakeholders place on our use of their personal data and that we are transparent and accountable in the ways we collect, use and safeguard it.

Rooftop is mindful of the requirement to comply with the General Data Protection Regulation (GDPR) and Data Protection Act 2018 which came into effect on 25 May 2018 and has taken steps to ensure our staff and partners are aware of our obligations, by undertaking mandatory training and increasing awareness at all levels within the organisation. We have ensured our third party partners, who process personal data on our behalf, have security and compliance at the forefront of their work for us by way of legal agreements and audit of their systems.

We have reviewed our own compliance with the GDPR and Data Protection Act 2018 and are of the view that there has been no material non-compliance with the legislation following implementation. Notwithstanding, and in line with good practice, Rooftop continues to keep the organisation's compliance under review. An internal audit was completed in October 2020 which gave 'adequate' assurance.

### **Code of governance**

The Board has formally adopted the National Housing Federation's Code of Governance (2015), and Code of Conduct (2012). The Board has formally assessed its compliance against the Code of Governance and confirms that the organisation is fully compliant.

## Governance

RHG is governed within the framework set by its rules as a Registered Society. These state that RHG will have a Board and determine its membership. In making appointments to the Board, the Group seeks members with a range of skills that it requires to effectively govern its business.

Board Members are carefully selected to make sure that they have the mix of skills and experience appropriate to their roles within the Group.

### Board Members' responsibilities

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

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

In preparing these financial statements, the Board Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2014 (updated in 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 and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 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 2014 (updated in 2018).

Financial statements are published on the group'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.

### Auditors

All of the current Board Members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue as auditors. A resolution for the re-appointment of BDO LLP as auditors of the Association is to be proposed at the forthcoming Annual General Meeting.

## Anti-Slavery and Human Trafficking Statement

The Group aims to promote the highest standards in how our business operates and in employment, tenancy and procurement practices. We support the principles of the Modern Slavery Act 2015 and the abolition of modern slavery and human trafficking. Our annual statement, approved by the Board, summarises our commitment to the Modern Slavery Act 2015 and how this is demonstrated. This is published on our website.

## Employees

Within the Group structure all employees are employed by RHG, the Group parent. RHG is committed to equality through its employment practices. It is the policy of the Group to give equal opportunities to staff with regards career development, promotion opportunities and training.

The Group has continued its practice of consulting and keeping employees informed on matters that affect them and on the progress of the Group. This is carried out in a number of ways including: Company-wide briefing, formal consultation, departmental meetings, formal consultation and Your Voice forum.

## Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. It reviews its health and safety policy and statement on an annual basis to support compliance. There is Board member representation on the Health and Safety Committee, which meets quarterly. All staff receive a detailed health and safety induction on commencement and a programme of training on health and safety matters is ongoing.

## Insurance

RHG maintains insurance policies for members of the Board and executive directors against liabilities in relation to the Group.

## Going concern

The Board considers that it has adequate resources to continue in operation for the foreseeable future. For this reason, it continues to adopt the 'going concern' principle in the financial statements, with the exception of Rooftop Homes Limited which transferred all its Assets and Liabilities to Rooftop Housing Association on 31 March 2020 and is now a dormant company.

The Board approved a budget for the financial year 2020/21 in January 2020 and reviewed the Financial Business Plan in May 2020. We anticipate presenting a detailed five-year Financial Business Plan, including sensitivity analysis to our September Board.

The Board previously approved a Financial Business Plan in September 2019, this included a number of stress tests including multi-variant scenarios which created extreme results. The plan also contained a £5 million cash contingency for Development which can be released in adverse circumstances. Our Treasury Management Policy also assumes minimum cash balances of £5 million or three months' cash whichever is the greater. When calculating assumed cash balances an assumption is made that we will only receive two thirds of sales in a period. This prudent approach and the available undrawn facilities have kept us viable during these difficult times.

In response to COVID-19, the Board has reviewed the Group's financial position and likely impact on income and expenditure at a Board meeting on 23 April 2020. Following advice from professional advisors, an assumption has been made that rental income will drop by between 10% and 13% during the first half of 2020/21. Approximately 32% of our rental income is currently paid directly to us via local authorities or the Department for Work and Pensions, so we have assumed this will continue to be paid. We also anticipate a large increase in the number of voids, particularly at our older persons schemes, where currently, during the first quarter of the year, we are unable to accept any new residents. This is due to the shared facilities and risks to existing and new customers, with an estimated loss of income over six months of £290,000.

We have assumed no sales of properties will complete prior to September 2020 and we will continue to monitor the market and any likely reductions in the sales values of our stock.

We are continuing to monitor our income and we are reviewing this on a weekly basis, in order to closely monitor our financial stability. Our Income Team is working with tenants who are suffering financially following the impact of COVID-19 to secure payment on arrears and alternative payment methods, including promoting Direct Debit and other contact free methods. At our Board Meeting in May 2020, an Income Collection and Maximisation Strategy was approved, adopting a 'rent first' policy.

Our repairs and maintenance are carried out by Platform Property Care Limited who have furloughed a number of their staff, and for health and safety reasons are only carrying out essential repairs and safety checks during April and May. This has resulted in a reduction in maintenance expenditure. Other areas of savings have been identified and agreed by the Board including: reduced legal fees; suspending payment of the staff bonus scheme; and removing areas of spend where the project has not been fully identified for this financial year. The total reduction in expenditure is estimated to be £680,000. These decisions have been made to ensure we keep the business viable for our existing customers.

The financial impact on Rooftop Group based on the restrictions of COVID-19 being in place for three months is estimated to be a reduction in surplus for the year of £495,000. The original budget surplus was £4,988,000 with the forecast now set as £4,493,000. Should the impact of the restrictions last for six months, it is estimated that the surplus for the year will fall by £1,755,000 to £3,233,000, resulting from a reduction in our income and increase in bad debts.

In addition, we have delayed our development programme for works on new construction sites until the second half of the financial year. The decisions made by the Board have been modelled in our Financial Business Plan; we are pleased to confirm there is sufficient cash available to support the business through this crisis and to comply with our funders' covenants.

We are monitoring our assumptions closely, particularly around rental income on a weekly basis, to enable us to forecast the trend in income received with increasing accuracy for the impact on our cashflows and bad debts. If there is a significant fall in income, we will take mitigation measures where necessary. This will allow us to ensure we have sufficient liquidity at all times during this period.

We have negotiated an extension for three years to our current £25 million RCF with Santander and this completed 1 July 2020. We are also working with our professional Treasury Advisors to investigate further long term borrowing to replace two of our existing RCF's totalling £50 million and expect to have this in place by March 2021 or sooner.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities totalling around £68m, the Board believe that while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Association'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.

## **COVID-19**

At the end of our financial year, the Government introduced stringent lockdown measures to deal with the COVID-19 pandemic. Our Executive Team moved swiftly to implement our business continuity plans, with all staff working from home. Alongside continuing to deliver essential services to our residents, we immediately provided guidance to any resident who faced financial difficulties. We redeployed staff to provide continual contact with older and vulnerable residents to check on their wellbeing.

I want to thank our staff, our local authority partners, our key suppliers and development partners for working with us to take a proactive response over that period.

**Annual General Meeting**

The Annual General Meeting will be held on 16 September 2020.

By order of the Board

A handwritten signature in black ink, appearing to be 'CJ', with a long horizontal line extending to the right.

**Ceri Jones**  
**Chair**  
15 July 2020

# Strategic Report

## Why we exist

Our mission is to build **Great Homes** and support **Successful Lives** by being a **Better Business**. This annual Business Plan sets out what we will achieve during 2020-21, the third year of our current five-year Corporate Plan to 2023.

At the time of writing, the world is facing an unprecedented global health crisis with the rapid spread of the Coronavirus, and the associated economic, social and personal damage it will inevitably bring to many people. This plan was therefore updated at 31 March 2020, based on what was known about the likely impact and how we believe we will need to respond as a **business**, for **colleagues** and above all, for our **customers**. We know that this year our role in supporting local people and communities will be more important than ever before in our 25-year history.

## Who we are

Rooftop is one of the country's leading place-based Housing Associations. We manage 6,600 homes, mainly in South Worcestershire and North Gloucestershire.

We provide a range of accommodation and support services for older people, younger people leaving care, those with dementia and people escaping domestic violence.

Rooftop is also a specialist in providing culturally appropriate homes for the Gypsy and Traveller community at three sites, in partnership with Solihull and Bromsgrove Councils.

Since 2017 Rooftop has embarked on a process of simplification and modernisation. All of our properties and loans are now held by Rooftop Housing Association.

## Where we work

Our most significant challenge is the impact of COVID-19, which will pose huge challenges to so many in the communities of South Worcestershire and North Gloucestershire. The nature of the rural economy, limited healthcare infrastructure and rural isolation may result in specific impacts from COVID-19. We have strong strategic and operational relationships with our key local authority partners, and we will do all we can to work alongside them in mitigating the effects of the virus. When the time for rebuilding comes, we will be ready.

There is significant demand for social housing in our core operating areas, where many local people are either priced out of the market or face challenges affording good quality housing in the private rented sector. The high ratio of house prices to earnings across many of the communities where we work underpins strong demand for Shared Ownership.

Although the demographic profile of our residents is changing, the local communities which we serve are generally characterised by an older population living predominantly in market towns and rural villages. The ongoing impact of Welfare Reform and Universal Credit is contributing to rising rent arrears levels, while households continue to have to adapt to wider funding constraints in areas such as social care and local services. Loneliness and social isolation are also a particular issue for older people living in rural communities and we will continue to work to address that.

The December 2019 General Election resulted in a clear majority Government for the first time in a decade, and in doing so, presented short-term clarity around the commitment to Brexit. However, the final details of our trading and other arrangements with the European Union remain unclear. This will have an important impact in our communities where there are a significant number of EU nationals and an economic reliance on agriculture.

## What we will deliver

Our key objectives for the 2018-2023 Corporate Plan are summarised, alongside the strategies and key projects that underpin that ambition. Specific targets and Key Performance Indicators for 2020-21 are set out in detail.

These objectives were revised as the Coronavirus (COVID-19) pandemic began to cause shockwaves across the United Kingdom. We will keep our objectives under review, as the implications and impact of the crisis become clearer over time.

Our biggest measure of success is to be an effective landlord. This means ensuring that our customers are kept safe, live in a good quality homes and are satisfied with the services which they receive from us. Our new housing management system will enable us to offer customers much-improved online services this year, supporting our long-term target of ensuring that at least 9/10 customers are satisfied with Rooftop as a landlord.

We will continue to evolve how we listen to and act upon residents' views as an early adopter of the 'Together with Tenants' national pilot. We will ensure that the Customer Voice remains the heart of the Boardroom, that we draw on the views of local people in local communities, and that we engage with many more residents through digital media. This is part of our **Customer Promise**.

This year we will review our long-term investment in existing homes, based on a 5-year stock condition survey and an assessment of the energy performance of all of the homes that we manage. Our five-year Corporate Plan has sustainability as a key theme, and we will finalise a plan for future investment to tackle fuel poverty and respond to the Climate Change emergency. All new homes that we build are constructed to the Rooftop Living Homes Standard, which exceeds the expected specification of the Government Future Homes Standard. We will report annually on the Environmental Management Standard which we have adopted. This is part of our **Sustainability Promise**.

A key priority will be to support our colleagues as they come to terms with the impact of COVID-19 and respond to new ways of working at scale, as well as the rapidly changing needs of our customers and communities. This year we will continue to develop our managers and leaders and ensure we position Rooftop as an employer of choice, powered by our strong social purpose. This is part of our **People Promise**.

We have set ourselves challenging targets to deliver 1,000 homes between 2018 and 2023. This year we will be forced to scale back our planned development activity because of the impact of the virus. Our target for this year is 164 new homes and is under constant review; final delivery will be constrained by the evolving crisis. We remain committed to building as many homes to rent and for Shared Ownership to meet both local need and aspiration as we can. We know we can only achieve this with the help of our key partners Homes England, Wychavon, Gloucester City, Tewkesbury and Cheltenham councils, as well as Worcestershire and Gloucestershire County Councils. We will work in partnership openly and collaboratively at all times. This is part of our **Partnership Promise**.

## How we work

Everything we do, for our customers and each other, is underpinned by our values:

**We work together** – we talk, we listen, we network

**We make things better** – we solve, we learn, we evolve

**We do the right thing** – we own, we support, we act.

## Operational Delivery in 2020-21

Our Key Performance Indicators are set out in the table below. These include the measures that we routinely report to the regulator, the metrics that form part of our measurement of Value for Money (VFM) and other indicators that are important to our customers, stakeholders or Rooftop as a social business.

Although these are based on historic performance and the normal trajectory set out in our longer-term plans to 2023, we know many will not be achievable given the impact of COVID-19. Key financial targets and scenarios are included in the Financial Business Plan stress testing and Defensive Action Plan.

	<b>Key Performance Indicators</b>	<b>2018-19 Actual</b>	<b>2019-20 Actual</b>	<b>2020-21 Target</b>
Regulatory Metrics	Metric 1 - Reinvestment Percentage	9.50%	5.20%	11.10%
	Metric 2a - New supply delivered (social housing units)	3.30%	2.70%	2.30%
	Metric 2b - New supply delivered (non-social housing units)	0.10%	0.00%	0.10%
	Metric 3 - Gearing	61%	58%	61%
	Metric 4 - EBITDA MRI Interest	182%	153%	154%
	Metric 5 - Headline social housing cost per unit	£2,988	£3,284	£3,391
	Metric 6a - Operating Margin	39.40%	32.00%	31.90%
	Metric 6b - Social Housing operating margin	43.80%	40.10%	40.30%
	Metric 7 - Return on capital employed (ROCE)	4.90%	4.30%	3.60%
	Customer Satisfaction with Services Provided	90.0%	89.2%	90%
Other Key Metrics	Customer Satisfaction with Repairs	91%	90.6%	90%**
	£'s invested for every £ generated from operations in communities	£0.05	£0.04	£0.04
	Ratio of responsive repairs to planned maintenance spend	0.5	0.7	0.6
	Overheads as a % of adjusted turnover	11.70%	12.80%	12.20%
	Average Time to complete a SO Sale	72	90	180
	% Routine Repairs right first time	82.8%	83.2%	85%**
	Average no of calendar days to complete a responsive repair	14.8	17.6	14**
	Rent Arrears as a % of Rent Debit*	3.6%	4.0%	3.5%
	Void Loss as a % of Rent Debit	2.1%	2.5%	2.3%
	Average Days to Re-let	11.3	19.8	12
	No of plots secured in the rolling land bank	121	143	170
	% Colleague Sickness Absence	3.4%	4.3%	4.5 %
% Colleague Turnover	15.9%	15.5%	13%	

\* Note that this measure changed from a General needs and older person's housing to an all tenures basis

\*\* Subject to agreement with Platform Property Care

## Key Priorities for 2020-21 linked to 2023 Corporate Plan

	Strategic Objective	Business Plan outcome/Project	Start	End	Strategy
Successful Lives	90% Customer Satisfaction	Improve customer insight through alternative customer survey system and analysis	Sep 20	Apr 21	Customer Strategy
		Launch and promote online Tenant Portal	Jul 20	Mar 21	
	4,000 People Supported	Support customers most affected by COVID-19 through Community and Emergency funds	Apr 20	Mar 21	Customer Strategy
		Increase Tenancy Sustainment and reduce evictions through early intervention and targeted support	Apr 20	Mar 21	
		Maximise and measure impact through Social Return on Investment reporting	Sep 20	Mar 21	
	Stronger Communities	Establish Neighbourhood Champions and develop local offers as part of our Together with Tenants Plan	Sep 20	Mar 21	Customer Strategy
		Introduce an asset-based approach to support sustainable recovery in our communities	Sep 20	Mar 21	
		Develop a model for homeless accommodation to support our local authority partners	Oct 20	Oct 21	
		Support our three key Local Authority partners in alleviating the impact of COVID-19	Apr 20	Mar 21	
	Great Homes	Garden Village	Deliver Garden Village site and/or identify alternatives	Jul 20	Mar 21
1,000 Homes		Replace VRTB stock with new units and deliver as many of our 157-home target as we can	Apr 20	Mar 21	Development Strategy
Warm Homes		Launch Rooftop Living Homes Standard in response to Future Homes Standard	Sep 20	Sep 20	Sustainability Strategy, Health and Safety Strategy
		Achieve Health and Safety ISO 45001 accreditation and deliver Health and Safety Strategy	Sep 20	Mar 21	
Better Business	40% + Operating Margin	Deliver £50m new funding through the most appropriate mechanism	Jul 20	Mar 21	Treasury Strategy, Income Strategy
		Implement Income Collection and Maximisation Strategy, including Rent First programme	July 20	Mar 21	
	Best Companies 3*	Deliver Employee Engagement Plan	Mar 20	Mar 21	People Strategy
		Deliver leadership programme	Jul 20	Mar 21	

<b>Digital by Design</b>	Strengthen compliance and asset management through Data Strategy implementation	Apr 20	Mar 21	Data Strategy, ICT Strategy, Income, People Strategy
	Recommend new HR and Training System	Apr 20	Mar 21	
	Increase income collection through Rentsense system	Oct 20	Apr 21	
	Improve service quality and quantify VFM savings through QL system development	Apr 20	Mar 21	
	Recommend finance system upgrade/ replacement	Oct 20	Apr 21	

\*Priorities in red were added or adapted in May 2020 as part of our COVID-19 response plan below.

### Responding to COVID-19

The World Health Organisation classed COVID-19 as a pandemic on 11 March 2020. Following that announcement, the UK Government introduced various measures to address the impact in the UK, resulting in lockdown from 23 March 2020.

We adopted a number of measures to ensure the safety of tenants, staff 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 which are due to restart early July 2020.
- All construction on our rented and sale programs was halted in line with Government recommendations to protect our staff and business partners. All decisions on uncommitted schemes were put on hold.
- Continued with our program of Gas safety testing, wherever possible, balancing the risks of carbon monoxide poisoning against the need to protect residents and staff from COVID-19.
- Closed communal areas to protect customers from catching the virus through congregating in lounges.
- Ensured the same member of staff visited our schemes to reduce incidents of cross contamination.
- Provided regular contact with Older and Vulnerable people including supporting our customers in young person's schemes to ensure that they had access to food and required medicines.
- Provided guidance to those residents who faced financial difficulties.
- All staff adopted working from home, and some staff were redeployed 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. This impacted on one sale not completing as planned.
- Maintenance spend and component replacement was impacted following lockdown. Due to the timing, it had limited impact on our 2019/20 accounts.
- Expenditure on PPE has increased to ensure the safety of those staff members that do need to enter residents' properties or visit construction sites.
- Increased our provision for doubtful debts for 2020/21 to reflect the impact of financial hardship that COVID-19 has had on certain groups of our tenants.

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

- Valuations of our market rented properties provided by external valuers contain clauses relating to material uncertainty in relation to those valuations.
- TPT, the provider of our defined benefit scheme, made the following statement on 19 June 2020:

Impact of COVID-19 on Defined Benefit (DB) investments

Although changes in the value of investment markets occur from time to time, we invest for the long-term, aiming to ensure benefits payments are met and that schemes do not take more risk than is necessary to achieve this objective. The Trustee continuously monitors scheme strategies and funding positions and is supported by professional advisers. Any strategic changes arising from the current situation will be reviewed through a robust governance process to ensure appropriate updates are made.

We will continue to monitor the situation and take actions as required.

### COVID-19 Action Plan

Our approach is in three phases – **Respond, Refocus and Rebuild** across our Corporate Plan themes of Great Homes, Successful Lives and Better Business. To give the approach structure we have allocated these phases to our reporting quarters although appreciate that elements of responding, refocusing and rebuilding will appear throughout the year. We will revise our Business Plan priorities and targets at the end of the Respond and Refocus stages.

#### Q1 RESPOND

Rooftop responding to the changing operating environment to keep colleagues and customers safe and ensure business viability. We will focus on delivering core services, support where we can and income maximisation and cost reduction. **This is a primarily a defensive approach.**

#### Q2-3 REFOCUS

Rooftop refocusing its operations and business against the new operating environment to expanding services to customers, drive development forward and enable colleagues to adapt and deliver our objectives. **This is primarily an adaptive approach.**

#### Q4 REBUILD

Rooftop engaging more broadly in the social, economic and community rebuilding of the areas where we work by refining our operating model to recognise the constraints of the new environment and enable us to play a more active role locally. **This is primarily an expansive approach.**

### Delivering Value for Money

Rooftop's accounts include an annual self-assessment of how we are achieving Value for Money in delivering our annual and long-term Corporate Plan objectives and complying with the regulatory Value for Money standard. Our assessment is based on the 'Sector Scorecard' metrics, which include key performance indicators covering customer satisfaction, financial security and our effectiveness as a business. This year we will again strengthen our Value for Money strategy and detailed annual Action Plan. Key elements of our plan this year are the simplification of our group structure, the disposal of non-core assets to generate funds to deliver more affordable homes in South Worcestershire and North Gloucestershire, and re-evaluating our internal resources once our new housing management system has bedded in. In setting our budget for 2020-21 the Executive Team identified savings/limitations on proposed budgets totalling £187,000 which were removed from the budget prior to board approval.

### Delivering new homes – our indicative pipeline to 2023

We are in the midst of a deepening housing crisis. In response, Rooftop's Board has committed to delivering as many new affordable homes for local people as we can. So, for the five years to 2023 we will aim to deliver 1,000 homes, an average of 200 per year. We know that our target for this year (2020-21) is unlikely to be achievable due to COVID-19.

<b>Development Programme 2018-2023</b>				
	<b>18/19</b>	<b>19/20</b>	<b>Next 3 years</b>	<b>Total</b>
<b>Social Rents</b>	20	17	234	<b>271</b>
<b>Affordable Rents</b>	117	98	221	<b>436</b>
<b>Shared Ownership</b>	45	62	209	<b>316</b>
<b>Outright Sales</b>	8	-	12	<b>20</b>
<b>Total</b>	<b>190</b>	<b>177</b>	<b>676</b>	<b>1,043</b>

<b>2023 Vision – Summary</b>			
	<b>Great Homes</b>	<b>Successful Lives</b>	<b>Better Business</b>
<b>Strategic Objectives 2023</b>	1,000 Homes	90% Customer Satisfaction	Best Companies 3*
	Garden Village	4,000 People Supported	40% + Operating Margin
	Warm Homes	Stronger Communities	Digital by Design
<b>Supporting Strategies</b>	Development, Asset Management, Sustainability, Health and Safety	Customer, Supported Housing, Income Maximisation	Communications, People, Data, IT, Value for Money, Tax
<b>Operating Plans</b>	Living Homes Standard, Stock Investment, Disposals	Customer Insight, Customer Engagement	Governance Improvement, Website and Social Media
<b>Key Initiatives</b>	Garden Village, Bishop's Cleeve Regeneration, ISO14001 accreditation	Tackling Homelessness, Domestic Abuse service	Leadership Development, Housing Management System, Rewards and Benefits
<b>KPIs</b>	22 KPIs	21 KPIs	12 KPIs

## **Key Activities - Rooftop Housing Association Limited**

RHA, the Group's core social housing provider, generated a surplus before taxation of £4.8 million (2019: £7.4 million). This was a significant outperformance of RHA's budgeted surplus of £3.7 million.

The main contributor was £0.6 million additional surplus from Voluntary Right-to-Buy property sales, which were not budgeted for as the uptake of the scheme could not be forecast.

The next most favourable contribution was in financing, with net interest cost £0.4 million lower as a result of later drawdown of loan facilities and lower interest rates.

Overall operating costs for lettings were £200k unfavourable due to higher grounds maintenance and property service costs. Net income from lettings was £420k unfavourable mainly due to voids at our support schemes. Land development costs were £899k unfavourable due to abortive costs at Adelaide House and other schemes.

The higher than budgeted for voids during the year of £0.7 million (2019 - £0.5million) resulted from two extra care schemes being void, due to later than planned sales and lower demand than anticipated for specialist dementia care support tenants. Although the voids were higher than budget, we maintained our overall turnaround in the general needs category to just 13 days, thus ensuring the homes were ready for waiting tenants and providing value to RHA.

Furthermore, due to the delay in completing a number of development schemes including one large scheme at Gloucester, there is an adverse impact on the rents receivable in the year (£0.3 million).

The change in our development programme has reduced the requirement to draw funding, thus creating a saving of £0.6 million in our interest costs.

The Welfare Reform and Work Act 2016 requires RHA to reduce the majority of its rents by 1% a year for the four years 2016-20, which has had a significant impact on RHA's ability to grow its core income stream. The overall increase is due to the completion of new properties during the year, along with some exempt properties.

RHA's cash balance at year end was £9.9 million (2019: £12.8 million). The reduction was due to the early drawing of funding from Nationwide and Santander in March 2019 to mitigate the risk of a no deal Brexit, which has subsequently been repaid, however a further £6m has been drawn in April 2020 to ensure sufficient liquidity through the current COVID-19 crisis.

Overall RHA has funded plans to complete 669 homes over the period from April 2020 to March 2023, however some work has been temporarily suspended due to the COVID-19 crisis.

RHA received a transfer of all activities and assets from RHL on 31 March 2020. This involved the transfer of three keyworker schemes, garages, and market rent properties and novation of existing managing agreements and contracts. The new activities are relatively small scale for RHA and are consistent with RHA's existing activities and objects. The transfer will create capacity in the group and allow us to continue to evaluate and transform our services to meet the needs of our customers.

## **Value for Money and Performance Report 2019-20**

### **Summary**

Rooftop has set out a range of nine ambitious targets within its five year 2018 to 2023 Corporate Plan. These targets aim to ensure we deliver Value for Money in maximising the impact of our resources in delivering our charitable objectives.

In 2019-20 we continued to make good progress in delivering our Corporate Plan objectives across the three streams of Great Homes, Successful Lives and being a Better Business. In summary:

- We remained on track to deliver 1,000 new homes by 2023
- We remained on track to deliver 90% customer satisfaction by 2023
- We remained on track to become a 3\* Best Companies organisation by 2023.

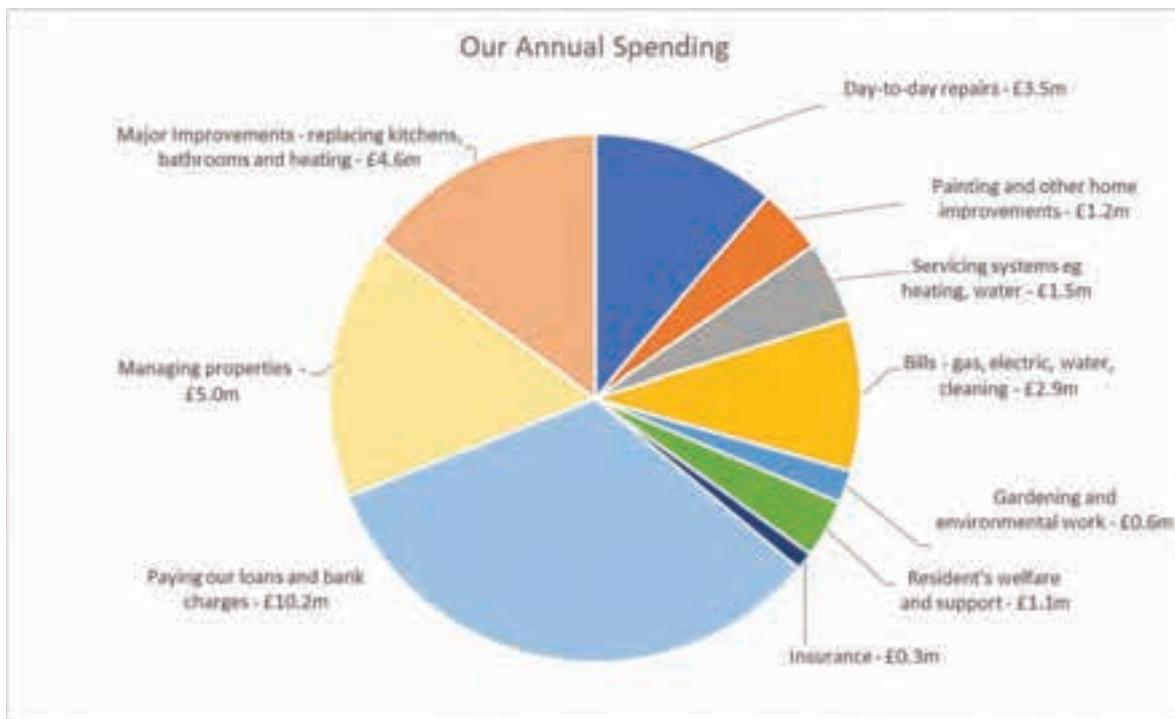
We also continued to deliver against our wider 2023 targets around sustainability, supporting people and communities and business improvement during the year.

Ensuring customers and stakeholders are aware of our impact, costs and delivery of our plans is important to us. A copy of our simple published 'VFM and performance' summary is included in this report. It shows a breakdown of how income was expended during the year to provide transparency.

### How We Spend Our Money - 2020/21 Budget

The graph below shows a breakdown of our expenditure – the three areas covered in the bullet points represent 64% of total expenditure:

- The largest area of expenditure is around servicing our loans. This will increase as we continue to draw down more funding to build new homes.
- The next largest area is managing our homes which includes tenancy management of our homes.
- Major Improvements are the third largest area including kitchens, bathrooms, boilers. This keeps our homes up to Decent Homes Standard.



## Meeting the Value for Money Standard

Rooftop welcome the simplified approach in the April 2018 Value for Money (VFM) Standard. The Board believes Rooftop has complied with the VFM Standard during 2019/20 and continues to challenge the Executive Team to drive forward this agenda for the future.

The Corporate Plan for 2018 to 2023 is monitored and reported against the targets to Board on a quarterly basis. The Board also monitors an annual Value for Money Action Plan setting out the specific improvements and projects Rooftop aims to deliver each year.

The following strategic projects were at the heart of our Value for Money Strategy for 2019-20 and these are targets we included in our statement last year:

- Successfully implement the new Housing Management System to enable us to transform our operating model and customer service

*The system was successfully implemented on 4 May 2020 one month behind the scheduled switch over at the end of the financial year. Included in the Value for Money Action Plan 2020/21 is a task to review resources and identify long-term savings with the Board following implementation of this new technology platform.*

- Simplify our assets and loan structure to enable us to manage our property portfolio more effectively through Rooftop Housing Association

*On 31 March 2020, all Assets and Liabilities were transferred from Rooftop Homes Limited to Rooftop Housing Association. This project has reduced risk to the business by having all loans in one company and will allow more flexibility to review stock out of our core area. It will also result in Corporation Tax savings and administrative savings in future years.*

- Effectively deliver the Homes England New Ways of Working contract through the Matrix Housing Partnership

*During 2019/20 we completed four homes at the end of March 2020 towards delivery of the NWOW contract and other sites are due to start on site during 2020/21 against a target of 239 homes to be delivered over the life of the wave one funding. This is worth £8.2 million in grant to Rooftop Housing Association and has allowed us to increase the number of homes developed for those in need.*

Rooftop reported on the Sector Scorecard metrics for the first time in the 2017/18 Annual Report and Financial Statements. The Sector Scorecard includes the nine metrics specified by the Regulator. The group-wide results for 2019/20 are set out below, with comparatives from 2018/19 and targets for 2019/20 and 2020/21. The targets are embedded in Rooftop's budget and performance processes.

### Performance and future target

Regulatory metrics	2018/19 Result	2019/20 Target	2019/20 Result	2020/21 Target**	2020/21 projected target post COVID 19***
Metric 1 - Reinvestment Percentage	9.5%	10.6%	5.2%	11.1%	5.4%
Metric 2a - New supply delivered (social housing units)	3.3%	2.8%*	2.7%	2.3%	1.3%
Metric 2b - New supply delivered (non-social housing units)	0.1%	0.0%	0.0%	0.1%	0.1%

Metric 3 - Gearing	61.0%	61.0%	58.0%	61.0%	59.0%
Metric 4 - EBITDA MRI as a percentage of interest	182.0%	159.0%	153.0%	154.0%	150%
Metric 5 - Headline social housing cost per unit	£2,988	£3,226	£3,284	£3,391	£3,317
Metric 6a - Operating Margin (overall)	39.4%	32.0%	32.0%	31.9%	32.4%
Metric 6b - Social Housing operating margin	43.8%	40.1%	40.1%	40.3%	39.2%
Metric 7 - Return on capital employed (ROCE)	4.9%	4.1%	4.3%	3.6%	4.1%
<b>Other Sector Scorecard metrics</b>					
Customer satisfaction	90.0%	88.0%	89.2%	90.0%	90.0%
£s invested for every £ generated from operations in communities	£0.05	£0.04	£0.04	£0.04	£0.07
Occupancy	99.8%	99.2%	99.7%	99.2%	99.2%
Ratio of responsive repairs to planned maintenance spend	0.54	0.56	0.66	0.60	0.59
Rent collected	99.6%	98.6%	97.9%	99.1%	98.0%
Overheads as a % of adjusted turnover	11.7%	11.5%	12.8%	12.2%	11.1%
Void loss as a % of rent debit (all tenures)	2.1%	1.6%	2.5%	2.3%	2.4%

\*restated from 2018/19 accounts

\*\*The Targets for 2020/21 were set pre COVID-19 and are subject to further review

\*\*\* These targets have been calculated following a review of the impacts of COVID19

The VFM metrics show that there is an adverse impact in the **Reinvestment percentage**. This is due to a delay in obtaining planning permission for a number of development sites that were due to start during the financial year. One significant scheme **Swan Lane** secured planning in May 2020. We have also made significant progress with Homes England in identifying a potential site for our **Garden Village Project**.

Our costs relating to **Headline social housing** cost per unit are slightly higher than we forecast for the year. We achieved savings in the year against budget of around £600,000 on Component spend, of which £296,000 related to new boilers and heating systems. Insurance savings were achieved following a tender exercise and legal fees were also lower, however this was offset by unbudgeted spend on abortive costs for development schemes, utilities, estate management and environmental maintenance. The majority of repairs and maintenance works are provided by Platform Property Care as part of the cost sharing vehicle which delivered savings of £740,000 this year and customer satisfaction with repairs of 90.6% against an ambitious target of 91%.

Our **overhead costs** are higher than the target in 2019/20 due to increased depreciation charges relating to our new **Housing Management System** that was implemented on 4 May 2020. Removing depreciation due to this strategic investment sees underlying overhead costs at 10.8%. This cost will be charged to our **Statement of Comprehensive Income** over a five-year period, and after this time we are expecting a reduction in overheads.

In addition to this we have included an action to review savings to be delivered by the new system as part of our Value for Money Action Plan for 2020-21.

For **Customer Satisfaction** we set an ambitious target of 90% and came within 1% of that in support of our long-term Corporate Plan objective that at least nine out of 10 customers are satisfied with the services we provide. Our analysis indicates that customer communication around repairs is the main cause of dissatisfaction and this will be a key focus for the year ahead.

Our **Operating Margin (overall)** is lower than target due to a number of Development Schemes delayed due to planning challenges, including the **Garden Village**. We have taken a prudent approach and written these off to revenue, which has impacted our **Operating Margin**. It should be noted this does not affect the **Social Housing Operating Margin** which remains on track to achieve our Corporate Plan target of 40%.

#### Last year's performance targets

Our void turnaround of c20 days (all tenures) is higher than our target for the year. This is due to a number of supported schemes being more difficult to let and relying on council referrals. To address this issue, we have carried out detailed analysis and implemented an Action Plan which will accelerate how quickly we re-let void properties and ensure that we are making the best use of our Assets.

We work closely with Partners, Platform Property Care, who provide a repairs service on our behalf, and are monitoring their performance in this area. An independent review of this was carried out by external consultants during 2019/20 and presented to our March 2020 Board. This compared our costs in repairs to 80 organisations across the sector and showed that our costs were generally lower in all areas than the median, except compliance.

Rent Arrears increased during the year due to tenants moving on to Universal Credit for the first time. We are finding these tenants have a higher level of arrears as new claimants have to wait five weeks before receiving their first payment. We also have an Action Plan in this area, which is being monitored on a monthly basis.

Other Key Metrics – targets for 2019/20	Target	Result	Achieved?
	2019/20	2019/20	Y/N
Percentage of repairs completed first time	92%	83.2%	N
Average no of calendar days to complete non-emergency repairs	15 days	17.6 days	N
Average days to re-let	12 days	19.8 days	N
Rent arrears as a percentage of rent debit	3%	4%	N
Percentage staff sickness absence	4.5%	4.3%	Y
Benefits realised for tenants by money advice team	£2.0m	£2.8m	Y
Deliver 177 new homes	177	177	Y
Secure land for new development, including market sales	170 units	178 units	Y

#### Peer Comparison 2018/19

As part of the Value for Money Standard we must include data around peer comparison, we have had a piece of work carried out by Vantage. This was presented to our Board in November 2019. They have identified the peer group based on geographical location, stock size and similarity.

<b>RSH Metrics</b>	<b>Rooftop</b>	<b>Gloucester City Homes</b>	<b>North Devon Homes</b>	<b>Selwood Housing</b>	<b>Thrive Homes Ltd</b>	<b>Trent &amp; Dove Housing</b>	<b>Two Rivers Housing</b>	<b>Westward Housing Group</b>	<b>Sector Average</b>
Reinvestment %	9.5%	31.5%	5.4%	7.0%	14.7%	12.3%	13.6%	3.77%	6.8%
Ranking	5	1	7	6	2	4	3	8	-
New Supply delivered % (social housing Units)	3.3%	1.8%	2.4%	3.0%	1.8%	3.1%	1.4%	3.3%	1.9%
Ranking	1=	6=	5	4	6=	3	8	1=	-
New Supply delivered % (non social housing Units)	0.1%	0.0%	0.4%	0.0%	0.4%	0.0%	0.0%	0.0%	0.1%
Ranking	3	4=	1=	4=	1=	4=	4=	4=	-
Gearing %	61%	45%	60%	30%	67%	59%	56%	32%	33%
Ranking	7	3	6	1	8	5	4	2	-
EBITDA (without sales)	182%	94%	143%	475%	143%	242%	213%	208%	346%
Ranking	5	8	6=	1	6=	2	3	4	-
Headline Social Housing Cost per Unit	£2,988	£4,540	£2,945	£3,450	£4,178	£2,754	£3,336	£3,176	£4,462
Ranking	3	7	2	6	8	1	5	4	-

Operating Margin (social housing)	43.8%	25.2%	25.1%	31.0%	32.4%	36.0%	26.1%	30.1%	26.4%
Ranking	1	7	8	4	3	2	6	5	
Operating Margin (overall)	39.4%	25.3%	22.9%	31.0%	30.4%	33.8%	27.5%	30.5%	24.4%
Ranking	1	7	8	3	5	2	6	4	
ROCE	4.9%	4.8%	2.7%	3.2%	3.7%	6.9%	4.5%	3.8%	4.0%
Ranking	2	3	8	7	6	1	4	5	-

All data has been gathered using the Global Accounts Plus data.

### Reinvestment

Rooftop has a lower % of reinvestment than other peers, this is also reflected in the lower cost in **Headline Social Housing Cost per Unit** where Rooftop has performed well. This is thought to be due to the profile of our current stock compared to peers. Rooftop is also part of a Cost Sharing Vehicle, which generates savings in overhead costs and VAT.

### New supply delivered – Social housing

Rooftop performed well in this area and shows its commitment to building 1,000 new homes by March 2023. This has been made possible by its success in being awarded New Ways of Working Grant funding.

### New supply delivered – non Social Housing

The results are comparable to other peers in this area. The Board however has a limited appetite to deliver non-social housing.

### Gearing/EBIDTA

This is an area that Rooftop does not perform well in. The Board monitors this performance closely but accepts the results are weaker compared to peers. This is due to a large number of legacy debts created at the time of transfer from the local council, and also increased borrowing in recent years to enable Rooftop to achieve its ambitions in the supply of new homes.

### Operating Margin (Social and Overall)

This metric is an area we have performed consistently well in and it reflects the commitment to keep our costs low while maximising our income. This is also an area which the Board are focussing on as part of our **Corporate Plan**. This positive result of this can also be seen in the **Headline Social Housing Cost per Unit**.

### Return on Capital Employed

This is another area we currently rank well in, and we are pleased to be able to maximise the use of our assets.

## What we have achieved in 2019/20

### Great Homes

In August 2018, the Board approved a Financial Business Plan which included their vision to build 1,000 homes by 2023. This includes Grant Funding as part of the New Ways of Working that Rooftop was successful in receiving as part of the Matrix Group. The additional grant rate and the profile of receiving the grant has helped Rooftop to be able to meet its vision to provide more homes for local people. The grant due to Rooftop as part of the programme is £8.2 million. This can be claimed in advance of start on site of the schemes, which delays borrowing requirements and therefore reduces interest costs. We have received £4.5 million to date.

Within the 1,000 homes are a mixture of social rent, affordable rent, shared ownership and a small number of outright sales. The outright sales will help to fund more social homes and to meet the objectives of the group.

Of the 1,000 homes the group successfully completed 184 homes in 2019/20, against a target of 177. There are a further 165 new homes on site and a further 117 homes due to go on site during 2020/21. We have now completed 367 homes towards our target of 1,000 homes. We have sold 50 new shared ownership homes during the year, giving a surplus of around £400,000.

We have successfully completed 43 Voluntary Right to Buy sales during the year, which has allowed tenants to own their own homes. Our development team are now looking at replacing these homes and have £7.5 million of funds available in order to complete this over the next three years.

Health and safety for our customers is our priority, and during the year we have made improvements to our reporting both to our Executive Team and our Board and appointed a dedicated Health & Safety Compliance Manager. We have a Health and Safety Committee which meets every quarter. All our homes meet Decent Homes Standard that are required to.

During the year we invested £2.23 million in our existing homes to keep them up to standard. The three areas of highest spend were boilers, kitchens and electrical upgrades. In addition to this we spent a further £550,000 on revenue spend on electrical testing and improvement works. We also completed our five-year cyclical Stock Condition Survey which will be used in our financial planning to ensure we maintain our homes to decent homes standard. This has been independently prepared and verified.

### Sustainability

#### Electric Vehicles

In 2018/19 we leased an electric car for staff to use for business trips. All staff are encouraged to use the vehicle when available instead of their vehicles, thus promoting a healthier environment. During 2019/20 we extended this further and leased an electric van for our handymen to use. At one of our latest developments of 95 flats in Gloucester we have set up a car club, which is available for the residents to join free of charge and access an electric car for use. The site has limited parking available and this allows residents the freedom to hire a car only when required.

#### ISO14001 Accreditation

We were successfully awarded ISO14001 during 2019/20 without any major or minor non-conformities, showing our commitment to Environmental Management and Efficiencies for us and people we do business with.

## **Our Homes**

During 2019/20 in Partnership with Act on Energy, RHA secured £700k grant funding to support the use of new technologies such as Ground Source Heat Pumps, to homes where gas is not available.

All Houses built through our development programme have achieved SAP level A offering residents high levels of thermal comfort and reduced energy bills estimated to be around £150 per annum compared to a home built to standard building regulations.

## **Successful Lives**

### **Community Investment Strategy**

A number of cross-team community events have taken place across our areas of operation and has included external partner agencies where appropriate. Through the work of our non-core services we have been able to engage with our customers and communities more effectively and this has impacted positively on our overall customer satisfaction target. Value for money has been achieved by key staff working together in their communities to create efficiency and streamline working practices. This has been achieved by teams working together to improve Anti Social Behaviour and health and wellbeing of our more vulnerable customers as well as removing duplication from processes. We have built on and strengthened partnerships both internally and externally, such as with Citizens Advice Bureau (CAB) in the effective management of Universal Credit (UC) cases and more strategically with local authorities and county council health and social care teams to improve services for customers and attract resources.

### **Customer Voice**

For both customers and the organisation, we strongly believe that we should only expend resources and take up customer time where it is going to lead to a quantifiable difference to the decisions we make over allocating resources, the services we provide or the types of products we offer.

The views and voices of our customers are vital in ensuring we are delivering homes and services that meet the needs of our communities. We have introduced smaller patch sizes for Neighbourhood Officers to enable more community-based engagement to deliver thriving communities where people are provided with a good home, a sense of purpose and a sense of belonging and inclusion. This has helped to improve engagement from a wider representation of customers which in turn has increased customer satisfaction.

During 2019/20 we set up a training academy for our tenants, this included a small number of tenants who attended each week to learn about the different areas of a housing association.

As an early adopter of Together with Tenants we hope to utilise areas of best practice and innovation to improve and build on our customer offer thereby increasing satisfaction levels. Further, as a renewed member of the Tenant Participation Advisory Service (TPAS) we will achieve both free consultation hours and discounted training opportunities for residents.

We have established improved partnership working with customer groups to deal with issues affecting customer satisfaction. This has improved customer satisfaction and reduced the amount of staff resources required to deal with individual queries regarding common issues that were raised by multiple customers.

From a governance perspective, we have robust resident scrutiny via our Resident Excellence Panel (REP) which is a mechanism to enable the Customer Voice to be heard at the highest level to inform decision making. The REP has consistently generated excellent reports and made improvements to services and we have increased the number from four to six members to ensure the capacity is there to review four service areas per year.

## Better Business

In March 2020 we simplified our group structure by transferring all assets and liabilities from RHL to RHA and declared RHL as a dormant company. The group structure is now RHG as the parent company with RHA as its single active subsidiary. All our homes and loans are now in one company and that will allow us to dispose of stock not within our core area.

We raised an additional £25 million new funding in 2019/20 with one of our existing lenders, for a five-year period. At the same time, we fixed a £10 million loan to reduce our exposure to variable interest rates.

The Regulator of Social Housing carried out an In Depth Assessment in January 2020 and confirmed Rooftop's rating of GI/ VI in March. This continues to put us in a strong position with our funders allowing the group to continue to develop new homes.

## Performance of our non-social assets

The properties below are all classified as non-social housing, the table below details their performance for the last four years:

Scheme	Scheme valuation	Net rental income	2019/20 Net rental yield	2018/19 Net rental yield	2017/18 Net rental yield	2016/17 Net rental yield
Biddulph	£1,316,250	£88,022	6.69%	6.11%	4.53%	5.65%
Bridge Street	£1,277,125	£16,094	1.26%	2.45%	1.19%	3.83%
Warwick House	£365,000	£12,097	3.31%	4.17%	2.41%	5.81%
Nuneaton	£847,000	£20,467	2.42%	3.31%	4.52%	5.68%
The Hawthorns	£3,530,000	£262,326	7.43%	6.90%	6.70%	6.89%

We have shown a positive return on each of the schemes over the last four years. We have reviewed the properties, and some are outside the geographical area in which we work.

The return from Bridge Street is currently low. This is a listed building in Worcester which is split into flats that are used for Market Rent. The property has needed an increasing number of repairs which are more expensive due to it being a listed building.

Following the transfer of Assets and Liabilities from RHL to RHA we will now be looking to dispose of the properties at Nuneaton and Biddulph during quarter three of 2020/21, which are market rented homes outside of our core area. These were included in our disposal plan which was presented to the March board meeting.

In March 2020 we disposed of a number of units used for rehabilitation for people with alcohol dependency, the properties were managed by a charity (Gordon Moody) who provided all the support and a twelve-week course to the residents. At the end of March, we sold these homes to the charity, the properties are located outside our core operating area.

## Principal risks and uncertainties faced

We have a comprehensive and well-established risk management system, which allows risks to be identified for all parts of the business. Risks are assessed, prioritised and control measures are implemented. The risk process is dynamic with risks being reviewed quarterly. We have identified the following key business risks that could impact the achievement of business objectives. During the year we will also develop and deliver a Risk Controls and Assurance Map to sit alongside our risk management system. Alongside our Risk Management processes we will continue to review and strengthen our governance arrangements across the year building on the delivery of our Governance Improvement Plan.

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 Rooftop's activities and the effect this may have on the organisation's residents and stakeholders. Infrastructure is in place to allow staff to work remotely and our key priority is to ensure, as far as possible, that our housing services are still available when needed. We considered with the Board in May 2020 our risks within the context of COVID-19 as an over-arching and complex crisis with multiple impacts across key risks.

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 Rooftop's activities and the effect this may have on the organisation's residents and stakeholders. Infrastructure is in place to allow staff to work remotely and our key priority is to ensure, as far as possible, that our housing services are still available when needed.

<b>Title</b>	<b>Description</b>	<b>Mitigation</b>
Safety of Staff/Residents	Our number one objective is to develop and maintain a high level of safety for our customers, colleagues and other stakeholders.	Rooftop Health and Safety Strategy. Continuous improvement of controls and assurance framework, including independent Health and Safety accreditation.
Failure of CSV to deliver effective repairs service	Growth of the Platform Group leads to a deterioration of service for Rooftop customers and/or decision not to provide the service long-term.	Instigating a wholesale review of the CSV with PPC and refreshing our Plan B contingency for repairs.
Housing market sales exposure	Rooftop development programme includes shared ownership sales and outright market sales. Rooftop recognises that this increases its exposure to the cycle of the housing market.	Rooftop has in place a risk appetite set by the Board to limit maximum exposure, a marketing strategy to ensure sales are achieved as planned and early warning indicators to assess changes in the market.
Debt refinancing	Financing put in place to fund development requires periodic refinancing. Our ability to refinance will be dependent upon our credit standing and the state of the financial markets at the time.	An extension to an existing revolving credit facility was agreed on 1 July 2020.
Regulatory downgrade of Governance	Rooftop fails to retain its GI rating which has the potential to impact on funding and development.	Board Improvement Plan adopted to continue to address issues which range from succession planning to board reports. Maintain our GI grading.
Inability to access new borrowing	Maintaining access to cost effective forms of borrowing in a volatile finance market.	Funding Strategy to consider options for £50m new funding. Maintain our VI grading.

Liquidity – insufficient cash	Rooftop does not have available sufficient financial resources to enable it to meet its obligations as they fall due.	Treasury Management Policy – maintain cash balance of £5 million or three months cash outflow, whichever is greater.
Income loss due to COVID-19 and Universal Credit	The effects of the national COVID-19 lockdown leading to reduced or delayed income and job losses. Welfare Reform and Work Act continues to pose significant challenges through the implementation of Universal Credit.	An Income Collection and Maximisation Strategy is in place. Dedicated money advice and job coaches.
Maintaining stock condition and asset investment	Ensuring that our properties are well maintained in terms of capital investment and planned maintenance to ensure day to day repair costs are minimised and all Rooftop homes are fit for habitation.	Data led approach to asset investment based on quality stock condition data.  Asset Management Strategy and Investment Programme for component replacement. Alignment of Rooftop Living Homes Standard to existing stock.
Failure to meet Homes England targets	Ensuring that Rooftop complies with commitments made under New Ways of Working, Shared Ownership and Affordable Homes Programme and the conversion of voluntary right to buy receipts.	Scrutiny by Matrix Board. Programme management meetings. Proactive communication with Homes England.
Projects	A significant proportion of Rooftop’s plan is to be delivered via special projects with associated delivery, cost and scope risks.	Key projects will only commence following the approval of an investment paper. Key deliverables and milestones will be tracked by a project control group, financial monitoring and risk management.
Maintaining organisational effectiveness	Rooftop or its partners fail to deliver in terms of contracted services, supply chain management or responding quickly enough to an emerging crisis (COVID-19).	Development programme management with partners. Proactive contract management. Contingency plans in development. Business continuity impact and resilience review. Proactive engagement with the Regulator of Social Housing.

### Section 172 Statement

The Section 172 Statement is a new reporting requirement that was introduced under the revised UK Corporate Governance Code (‘2018 Code’) and was published in July 2018. It applies to accounting periods beginning on or after 1 January 2019. This requires our Directors to explain how they have considered the interests of key stakeholders and the wider considerations set out in section 172, parts A to F, of the Companies Act 2006 (‘S172’) when performing their duties to promote the success of the Group for the benefit of its members. The S172 Statement considers areas of strategic importance to the Group, and the key aspects of decision making by the Directors, with particular regard to:

### A. Likely consequence of any decision in the long term

The Strategy set by the Board is to build **Great Homes** and support **Successful Lives** by being a **Better Business**. This is incorporated on our five-year Corporate Plan from 2018 to 2023 and includes the development of 1,000 new homes by 2023.

On 31 March 2020, the transfer of the assets and liabilities from Rooftop Homes Limited to Rooftop Housing Association was successfully completed. This simplifies the Group structure and places the Group in a stronger position to effectively manage its assets.

At the time of writing, the world is facing an unprecedented global health crisis with the rapid spread of the Coronavirus, and the associated economic, social and personal damage it will inevitably bring to many people. The Corporate plan was therefore updated at 31 March 2020, based on what was known about the likely impact and how we believe we will need to respond as a **business**, for **colleagues** and above all, for our **customers**.

We know that this year our role in supporting local people and communities will be more important than ever before in our 25-year history. Further details of this are given in the Going Concern Statement on page 8.

### B. Interests of employees

The Directors recognise that the success of our business depends on attracting, retaining and motivating colleagues. This includes ensuring that we remain a responsible employer, and wherever it is relevant we factor in the considerations of our colleagues in our decision making.

For the coming year, a key priority will be to support our colleagues as they come to terms with the impact of COVID-19 and respond to new ways of mobile working at scale, as well as the rapidly changing needs of our customers and communities. This year we will continue to develop our managers and leaders and ensure we position Rooftop as an employer of choice, powered by our strong social purpose. This is part of our **People Promise**.

### C. Foster business relationships with suppliers, customers and others

Delivering our corporate strategy depends on having strong working relationships with customers, suppliers, developers, funders and government agencies. In our strategic decision-making we take into consideration the interests of our customers and our other key stakeholders, ensuring where feasible their needs are met.

Our biggest measure of success is to be an effective landlord. This means ensuring that our customers are kept safe, live in a good quality homes and are satisfied with the services which they receive from us. Our new housing management system will enable us to offer customers much-improved online services this year, supporting our long-term target of ensuring that at least 9/10 customers are satisfied with Rooftop as a landlord.

We will continue to evolve how we listen to and act upon residents' views as an early adopter of the 'Together with Tenants' national pilot. We will ensure that the Customer Voice remains the heart of the Boardroom, that we draw on the views of local people in local communities, and that we engage with many more residents through digital media. This is part of our **Customer Promise**.

As part of our Community Investment Strategy, number of cross-team community events have taken place across our areas of operation and has included external partner agencies where appropriate. Through the work of our non-core services we have been able to engage with our customers and communities more effectively and this has impacted positively on our overall customer satisfaction target. Value for money has been achieved by key staff working together in their communities to create efficiency and streamline working practices.

#### **D. Impact of operations on the community and the environment**

This year we will review our long-term investment in existing homes, based on a 5-year stock condition survey and an assessment of the energy performance of all of the homes that we manage. Our five-year Corporate Plan has sustainability as a key theme, and we will finalise a plan for future investment to tackle fuel poverty and respond to the Climate Change emergency. All new homes that we build are constructed to the Rooftop Living Homes Standard, which exceeds the expected specification of the Government Future Homes Standard. We will report annually on the Environmental Management Standard which we have adopted. This is part of our **Sustainability Promise**.

Rooftop is committed to building great homes and communities that are environmentally sustainable and supported by responsible business practices. We have recently introduced Rooftop Living Homes Standard this is a minimum standard Rooftop will aim to build our new homes to, ensuring we are able to provide warm, energy efficient and future proof homes. This means we will always aim to achieve EPC A rating on all new houses where possible. We adopt a fabric first approach in our new homes supplemented by renewable technologies including Photo-voltaic (PV) panels and air source heat pumps to reduce reliance on fossil fuels and keep utility bills low for our customers.

We understand the impact that fuel poverty has on our customers, especially for those living in very rural areas where there is limited access to mains gas. Our Asset Management Strategy provides a mix of renewable technology solutions such as Solar Photovoltaic Panels, Ground Source Heat Pumps and Air Source Heat Pumps as well as improved internal and external wall insulation to combat this.

We were successfully awarded ISO14001 during 2019/20 without any major or minor non-conformities, showing our commitment to Environmental Management and Efficiencies for us and people we do business with.

#### **E. Maintain a reputation for high standards of business conduct**

Embedded into our decision making process is the goal to maintain a high standard of business conduct. The Boards of each Group member are committed to high standards of corporate governance and have adopted the National Housing Federation's 'Excellence in governance' code and good practice guidance. Board members have a wide range of skills and experience reflecting the services we provide, our customers and the size and financial complexity and strength of the business.

As a GI/VI rated registered housing provider Rooftop Housing Group is serious about transparency, honesty, and clarity.

Every year we publish our financial reports, and our 'Customer Report' so that customers, investors and stakeholders can see where we are spending our money, and how we are fulfilling our commitment to value for money.

The Regulator of Social Housing carried out an In-Depth Assessment in January 2020 and confirmed Rooftop's continued rating of GI/VI in March. This continues to put us in a strong position with our funders allowing the group to continue to develop new homes.

In comparison to our peers we have achieved the top rating for delivery of new homes and operating margin, which are both in line with our Corporate Plan objectives. We also performed well in terms of cost per unit.

#### **F. Act fairly as between members of the company**

Our Group Membership Agreement sets out the relationship between the Parent and its subsidiaries. The simplification of the Group structure will enable us to manage the interests of the Group and Rooftop Housing Association, the active subsidiary, more effectively.

In taking strategic decisions the interests of stakeholders and those of company members are taken into consideration. The outcome will be to align these interests in as far as possible.

## **Principal decisions**

The principal decisions taken during the financial year in as far as possible incorporated the interests of our key stakeholders. Outlined in the below are the decisions taken and the main outcomes.

### **1. Group structure**

In January 2019, the Group Board approved the transfer of assets and liabilities from Rooftop Homes Limited to Rooftop Housing Association. The process was subject to a number of Board decisions to ensure that the transfer was successfully completed on 31 March 2020. These included the approval of restated loan agreements for Lloyds and Nationwide, and a Business Transfer Agreement. The Board also agreed to the de-registering of Rooftop Homes Limited as a Registered Provider to become a dormant company.

We also reviewed the optimal structure for the Group to ensure that we could continue to meet the requirements of the Cost Sharing Group for our repairs and maintenance expenditure with Platform Housing Group. Ultimately it was concluded that a complete transfer of all assets and liabilities was the best option.

The process included consultation with our customers regarding the change of Landlord from Rooftop Homes Limited to Rooftop Housing Association. We also worked intensively with our funders on the loan restatements to ensure that they were fit for purpose and met the business needs of the Group.

The transfer has enabled us to simplify our Group structure. Following the reallocation of all loans to Rooftop Housing Association the risk of cross defaulting on the loans is removed.

### **2. New funding requirements**

Following the Board approval in January 2019, to arrange a new revolving credit facility of £25 million with Lloyds the existing loan agreement was restated. The restatement was approved by the Board in July 2019. This put the Group in a strong financial position and by 31 March 2020 the Group had £68 million of undrawn facilities to fund the development of new homes.

In November 2019, the Board approved the extension of the existing revolving credit facilities held with Lloyds and Santander, of £25 million each, by three years. This followed consultation with our funders and review of our funding capacity. We were supported by Chatham Financial, our treasury advisors, in this process.

The extension of the Lloyds facility was completed by 31 March 2020, as part of the Group structure loan documentation. The restatement for the Santander loan agreement, for the extension to the facility, was approved at our May 2020 board meeting. This was completed on 1 July 2020.

The extension of the revolving credit facilities will provide additional funding to provide new homes and support our local communities. For the extensions to work, long term funding will need to be put in place to repay the loans draw from these facilities.

The Board also made an in principle decision in November 2019, to explore the arrangement of long term funding for £50 million to be arranged for the last quarter of 2020. This funding will be used to repay the loans drawn from the revolving credit facilities. We are currently exploring our options with Chatham Financial, particularly in light of the changes to the funding market brought about by COVID-19. We are still confident that it will be possible to arrange the new funding by March 2021 at the latest.

### 3. Implementation of Group's Defensive Action Plan for COVID-19

In response to the outbreak of COVID-19 we reviewed our budget for 2020/21 and adjusted it for an anticipated reduction in income. We also revised our planned expenditure based on changed activity, for example, maintenance expenditure and spend on new development schemes. In addition, we reduced expenditure under the Group's Defensive Action Plan, set up to manage the Group's cashflows under adverse conditions. This is discussed in further detail in the Going Concern section on page 8.

In April 2020, the Board approved the implementation of reduced expenditure under the Group's Defensive Action Plan. This enabled us to ensure that there is sufficient cash in the business to comply with funders' covenants and to meet contractual obligations. Moreover, the business will have funding in place to deliver its vision of 1,000 new homes by 2023.

By order of the Board

A handwritten signature in black ink, appearing to read 'Ceri Jones', with a long horizontal line extending to the right.

**Ceri Jones**  
**Chair**  
15 July 2020

# Independent auditor's report to the members of Rooftop Housing Association Limited

## Opinion

We have audited the financial statements of Rooftop Housing Association Limited ("the Association") for the year ended 31 March 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, 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 Association's affairs as at 31 March 2020 and of the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the 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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

- the board members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

## Other information

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

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

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

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

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the 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 6, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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  
Two Snowhill  
Birmingham  
B4 6GA  
4 August 2020

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

## Statement of Comprehensive Income

### For the year ended 31 March 2020

		<b>2020</b>	2019
	Notes	<b>£'000</b>	£'000
<b>Turnover</b>	2	<b>40,034</b>	38,839
Operating costs	2	<b>(27,991)</b>	(23,597)
Surplus on disposal of property, plant and equipment	4	<b>1,165</b>	308
<b>Operating surplus</b>		<b>13,208</b>	15,550
Interest receivable	8	<b>310</b>	357
Interest and financing costs	9	<b>(8,907)</b>	(8,510)
Movement in the fair value of financial instruments	25	-	-
Movement in the fair value of investment properties	11	<b>175</b>	-
<b>Surplus before tax</b>	7	<b>4,786</b>	7,397
Taxation	10	-	18
<b>Surplus for the year</b>		<b>4,786</b>	7,415
<b>Other comprehensive income:</b> Remeasurement of Defined Benefit pension scheme liability	19	-	(545)
<b>Total comprehensive income for the year</b>		<b>4,786</b>	6,870

The notes on pages 41 to 65 form part of these financial statements.

## Statement of Financial Position

At 31 March 2020

	Notes	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Housing properties	11	350,396	319,739
Investment properties	11	4,454	700
Investment in subsidiaries	12	-	4,460
		<b>354,850</b>	<b>324,899</b>
<b>Current assets</b>			
Properties held for sale		5,830	4,514
Debtors receivable in one year	13	5,785	8,501
Cash	14	9,936	12,832
		<b>21,551</b>	<b>25,847</b>
<b>Creditors: Amounts falling due within one year</b>	15	<b>(27,616)</b>	<b>(24,445)</b>
<b>Net current assets</b>		<b>(6,065)</b>	<b>1,402</b>
<b>Total assets less current liabilities</b>		<b>348,785</b>	<b>326,301</b>
<b>Intercompany creditor – Defined Benefit pension</b>	19	<b>(523)</b>	<b>(1,195)</b>
<b>Creditors: Amounts falling due after more than one year</b>	16	<b>(272,008)</b>	<b>(258,138)</b>
<b>Provision for liabilities and charges</b>			
Taxation	17	-	-
<b>Net assets</b>		<b>76,254</b>	<b>66,968</b>
<b>Capital and reserves</b>			
Share capital	18	-	-
Revenue reserve		76,254	66,968
<b>Total reserves</b>		<b>76,254</b>	<b>66,968</b>

The notes on pages 41 to 65 form part of these financial statements.

The financial statements were approved by the Board on 15 July 2020 and signed on its behalf by:

Secretary



Board Member



Board Member



## Statement of Changes in Reserves

### For the year ended 31 March 2020

	Note	Revenue reserve £'000	Total reserve £'000
Balance as at 1 April 2018		59,567	59,567
Transfer from RS&C		531	531
Surplus for the year		6,870	6,870
Balance at 31 March 2019		66,968	66,968
Surplus for the year		4,786	4,786
Transfer from RHL	26	4,500	4,500
<b>At 31 March 2020</b>		<b>76,254</b>	<b>76,254</b>

The notes on pages 41 to 65 form part of these financial statements.

# 1. Principal accounting policies

## **Basis of accounting**

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice). This includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Statement of Recommended Practice (SORP) for registered social housing providers 2014, (updated in 2018) the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The Group is a public benefit entity.

## **Group accounts**

The consolidated financial statements for Rooftop Housing Group Limited incorporate the financial statements of Rooftop Housing Association Limited, Rooftop Homes Limited. These entities are all subsidiaries within the meaning of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Localism Act 2011.

## **Year end**

The group's ordinary year end date is 31 March.

## **Going concern**

The financial statements have been prepared on the going concern basis

In response to COVID-19, the Board has reviewed the Group's financial position and likely impact on income and expenditure at a Board meeting on 23 April 2020. The Board considered the impact on the long term business plan together with a more detailed assessment of forecasts to September 2021 and covenant compliance to March 2022 which are summarised below. This assessment was completed at a Group wide level, of which Rooftop Housing Association is a fundamental part being the main stock holding and trading entity.

Following advice from professional advisors, an assumption has been made that rental income will drop by between 10% and 13% during the first half of 2020/21. Approximately 32% of our rental income is currently paid directly to us via local authorities or the Department for Work and Pensions, so we have assumed this will continue to be paid. We also anticipate a large increase in the number of voids, particularly at our older persons schemes, where currently, during the first quarter of the year, we are unable to accept any new residents. This is due to the shared facilities and risks to existing and new customers, with an estimated loss of income over six months of £290,000. We have assumed no sales of properties will complete prior to September 2020 and we will continue to monitor the market and any likely reductions in the sales values of our stock.

We are continuing to monitor our income and we are reviewing this on a weekly basis, in order to closely monitor our financial stability. Our Income Team is working with tenants who are suffering financially following the impact of COVID-19 to secure payment on arrears and alternative payment methods, including promoting Direct Debit and other contact free methods. At our Board Meeting in May 2020, an Income Collection and Maximisation Strategy was approved, adopting a 'rent first' policy.

Our repairs and maintenance are carried out by Platform Property Care Limited who have furloughed a number of their staff, and for health and safety reasons are only carrying out essential repairs and safety checks during April and May. This has resulted in a reduction in maintenance expenditure.

Other areas of savings have been identified and agreed by the Board including: reduced legal fees; suspending payment of the staff bonus scheme; and removing areas of spend where the project has not been fully identified for this financial year. The total reduction in expenditure is estimated to be £680,000. These decisions have been made to ensure we keep the business viable for our existing customers.

The financial impact on Rooftop Group based on the restrictions of COVID-19 being in place for three months is estimated to be a reduction in surplus for the year of £495,000. The original budget surplus was £4,988,000 with the forecast now set as £4,493,000. Should the impact of the restrictions last for six months, it is estimated that the surplus for the year will fall by £1,755,000 to £3,233,000, resulting from a reduction in our income and increase in bad debts.

In addition, we have delayed our development programme for works on new construction sites until the second half of the financial year. The decisions made by the Board have been modelled in our Financial Business Plan; we are pleased to confirm there is sufficient cash available to support the business through this crisis and to comply with our funders' covenants.

We are monitoring our assumptions closely, particularly around rental income on a weekly basis, to enable us to forecast the trend in income received with increasing accuracy for the impact on our cashflows and bad debts. If there is a significant fall in income we will take mitigation measures where necessary. This will allow us to ensure we have sufficient liquidity at all times during this period.

We have negotiated an extension for three years to our current £25 million RCF with Santander and this completed 1 July 2020. We are also working with our professional Treasury Advisors to investigate further long term borrowing to replace two of our existing RCF's totalling £50 million and expect to have this in place by March 2021 or sooner.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities totalling around £68m, the Board believe that while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Association'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.

After making enquiries and reviewing the financial plan, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future which is a period of at least 12 months from the signing of the accounts and audit report. For this reason, it continues to adopt the going concern basis in the financial statements.

## **Turnover**

Turnover represents rental and service charge income, fees, grants receivable, disposal proceeds of shared ownership first tranche sales and outright sales. Turnover for RHG as parent represents charges to the subsidiaries.

Proceeds from the first tranche disposals of shared ownership properties and outright sales are accounted for in turnover in the Statement of Comprehensive Income in the period in which the disposal occurs. The cost of sales includes the incidental costs of executing the sale and, for shared ownership properties, a proportion of the overall costs of the property determined by the percentage of the property sold under the first tranche sale. The cost of sale for shared ownership properties is adjusted, where necessary, to ensure the surplus on sale is restricted to the overall surplus on the scheme.

## **Service charges**

The Association operates variable and fixed service charges depending on the requirements of the respective tenancy agreements. Where the charge is variable an assessment is made of whether costs have been over or under recovered and an appropriate prepayment or accrual provided for in the accounts.

### Right to buy income and sales

Surpluses and deficits arising from the disposal of properties under the Right to Buy legislation are disclosed on the face of the Statement of Comprehensive Income after the operating result and before interest. On the occurrence of a sale a relevant proportion of the proceeds are clawed back by Wychavon District Council. The surplus or deficit is calculated by comparing the net proceeds received by the Association with the carrying value of the property sold.

### Outright sale properties

Properties developed for outright sale are included in current assets.

### Shared ownership properties

Shared ownership properties under construction are proportionally split between current and fixed assets, determined by the percentage of the properties to be sold under the first tranche sales.

### Housing properties

Housing properties including shared ownership properties are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of the properties is their purchase price together with improvement costs and incidental costs of acquisition, including capitalised interest and development administration.

Depreciation is charged to write down the net book value of housing properties to their estimated residual value on a straight-line basis over their expected useful economic lives as follows:

General Needs	100 years
Sheltered and Supported	100 years
Non-traditional	15 years
Garages	25 years
Leasehold property	Over life of the lease
Shared ownership	100 years

Housing properties during construction are stated at cost and are not depreciated. They are transferred into housing properties when completed.

The market rent properties are investment properties in accordance with FRS 102 and are not depreciated but are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

Freehold land is not depreciated.

Land donated or acquired below market value is included in cost at its valuation, with the donation treated as a capital grant when it relates to a specific project.

### Component accounting

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the properties to which they relate, if shorter, at the following annual rates:

Roofs	75 years
Windows	40 years
Doors	40 years
Boilers	15 years
Kitchens	20 years
Bathrooms	30 years
Heating	30 years
Electrics	30 years
Lifts	30 years

The carrying amount of any replacement component is derecognised.

### Impairment

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell.

### Social Housing Grant (SHG) and other government grants

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to assets are recognised in income using the accrual model on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised.

### Recycling of capital grant

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

### Capitalisation of interest

Interest on the loan financing a development is capitalised during the development process up to the date of practical completion. The amount takes into account interest earned on SHG received in advance. No interest is capitalised on land purchased for future developments.

### **Supported housing schemes managed by agents**

The Association owns a number of schemes that are run by specialist agencies. The agents carry the financial risk from operating the scheme and, therefore, the Statement of Comprehensive Income only includes the income and expenditure that relates solely to the Association. Any other income and expenditure related to the scheme is excluded from the Statement of Comprehensive Income.

### **Investments**

Any investment by one Group member to another is shown at historical cost.

### **Major and cyclical repairs and maintenance**

The Association only capitalises major repairs expenditure on housing properties where it increases the net rental stream by:

- extending its useful economic life or
- the improvement enables a higher rental income to be charged

All other major repairs expenditure is charged to the Statement of Comprehensive Income as incurred.

### **Provisions**

The Association only provides for contractual and constructive liabilities where it has a present obligation to transfer economic benefits as a result of past events, it is probable that a transfer of economic benefit will result, and a reliable estimate can be made of the amount of the obligation.

### **Pensions**

The Group has traditionally operated two defined benefit pension schemes, contracted out of the state scheme but were closed in April 2014. From April 2014, the Group only operates one defined contribution scheme. Contributions to pension schemes are determined in accordance with actuarial advice and calculated as a percentage of pensionable salaries.

For the defined contribution scheme, the amount charged to the Statement of Comprehensive Income in respect of pension costs is the contributions payable in the year. This is charged to RHG and apportioned to subsidiaries via the Group Membership Agreement.

There are a limited number of employees who participate in the Social Housing Pension Scheme (SHPS), a multi-employer defined benefit scheme to which the Group contributes. For financial years ending on or before 28 February 2019, it has not been possible for the Group to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Group has accounted for the Scheme as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Group to account for the Scheme as a defined benefit scheme.

Current service costs and costs from settlements and curtailments are charged against operating surplus. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs/income. Actuarial gains and losses are reported in the Statement of Comprehensive Income.

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 bond rates. The net deficit is presented separately from other assets in the Statement of Financial Position. A net surplus is recognised only to the extent that it is recoverable by the Group.

### **Leased assets**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income in the period to which they relate. There are no finance leases.

### **Value Added Tax (VAT)**

The Group is VAT registered but the majority of its income, being housing rents, and right to buy sales, is exempt for VAT purposes and this gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT and the input VAT recovered is deducted from lettings expenditure. From October 2013 RHA, RHL and RS&C became members of a cost sharing group which provides property repair services to the Group. RS&C has now been removed.

### **Deferred taxation**

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 102.

Deferred tax is not provided for in respect of gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over, or on revaluation gains on housing properties unless there is a binding agreement to sell them at the balance sheet date.

### **Financial instruments**

Basic financial instruments which meet the necessary conditions of FRS 102 are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method with interest charges recognised as an expense in the Statement of Comprehensive Income. Financial Instruments classified as non-basic are measured at fair value at the end of each reporting period with gains and losses arising from year to year being recognised in the Statement of Comprehensive Income.

### **Service charge sinking funds**

Unutilised contributions to service charge sinking funds are recognised as a liability in the Statement of Financial Position. The amount included in liabilities in respect of service charge sinking funds includes interest credited to the fund.

### **Bad debt provision**

Former tenant arrears are provided for in full in the bad debt provision. Current tenant arrears are provided for on a percentage basis based on the age of the debt.

**Cashflow**

A cashflow statement is not included in these financial statements because the Association is a wholly controlled subsidiary of Rooftop Housing Group Limited.

The cashflows of the Association are included in the Consolidated Statement of Cash Flows of Rooftop Housing Group Limited which is publicly available. The Association has taken advantage of the exemption set out in paragraph 1.12(b) of FRS 102.

**Significant management judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to account estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**Significant management judgements**

The following are management judgements in applying the accounting policies of the Association that have the most significant effect on the amounts recognised in the financial statements.

**Impairment of social housing properties**

The Group must make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. 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. Management have also considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment.

**Development expenditure**

The Group capitalises development expenditure in accordance with the stated accounting policy. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

**Estimation uncertainty**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### **Fair value measurement**

Management uses valuation techniques to determine the fair value of non-basic financial instruments. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual price that would be achievable in an arm's length transaction at the reporting date.

### **Pension costs**

The defined benefit accounting liability for the SHPS pension scheme has been provided by the scheme administrator, The Pensions Trust (TPT). The accounting liability has been formulated based on a series of assumptions which are set out in Note 19 to the financial statements. TPT provide a standard set of assumptions which it deems are appropriate, however, these are adjustable by individual providers to meet their own circumstances. The standard assumptions have been adopted by the Association as they are judged to be appropriate and reasonable. If the discount rate was lower, and/or the inflation rates and life expectancy rates were higher, then the liability would increase. Conversely, if the discount rate was higher, and/or the inflation rates and life expectancy rates were lower, then the liability would decrease.

## 2. Particulars of turnover, operating costs & operating surplus

	2020			2019		
	Turnover	Operating costs	Operating surplus/(deficit)	Turnover	Operating costs	Operating surplus/(deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Social housing lettings</b>	33,729	(20,489)	13,240	32,992	(18,270)	14,722
<b>Other social housing activities</b>						
Shared ownership sales	5,256	(5,030)	226	4,664	(3,201)	1,463
Supporting People	770	(1,214)	(444)	858	(1,075)	(217)
Other	68	(1,151)	(1,083)	78	(914)	(836)
<b>Activities other than social housing</b>	211	(107)	104	247	(137)	110
	<b>6,305</b>	<b>(7,502)</b>	<b>(1,197)</b>	<b>5,847</b>	<b>(5,327)</b>	<b>520</b>
<b>Total</b>	<b>40,034</b>	<b>(27,991)</b>	<b>12,043</b>	<b>38,839</b>	<b>(23,597)</b>	<b>15,242</b>
Surplus on disposal of property, plant and equipment	-	-	1,165	-	-	308
<b>Total</b>	<b>40,034</b>	<b>(27,991)</b>	<b>13,208</b>	<b>38,839</b>	<b>(23,597)</b>	<b>15,550</b>

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

	<b>2020</b>			
	<b>General needs</b>	<b>Supported housing and housing for older people</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Rent receivable net of identifiable service charges	25,893	3,344	32	29,269
Amortised government grant	484	155	-	639
Service charge income	596	3,225	-	3,821
<b>Turnover from social housing lettings</b>	<b>26,973</b>	<b>6,724</b>	<b>32</b>	<b>33,729</b>
Management	5,188	89	3	5,280
Services	1,554	2,294	2	3,850
Routine maintenance	4,046	1,047	-	5,093
Planned maintenance	1,425	(26)	-	1,399
Rent losses from bad debts	319	-	-	319
Depreciation of housing properties	3,838	710	-	4,548
<b>Operating costs on social housing lettings</b>	<b>16,370</b>	<b>4,114</b>	<b>5</b>	<b>20,489</b>
<b>Operating surplus on social housing lettings</b>	<b>10,603</b>	<b>2,610</b>	<b>27</b>	<b>13,240</b>
<b>Rent losses from voids</b>	<b>196</b>	<b>472</b>	<b>17</b>	<b>685</b>
				2019
	<b>General needs</b>	<b>Supported housing and housing for older people</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Rent receivable net of identifiable service charges	25,556	3,286	36	28,878
Amortised government grant	506	138	-	644
Service charge income	469	3,001	-	3,470
<b>Turnover from social housing lettings</b>	<b>26,531</b>	<b>6,425</b>	<b>36</b>	<b>32,992</b>
Management	4,768	113	17	4,898
Services	1,478	1,585	-	3,063
Routine maintenance	3,973	790	1	4,764
Planned maintenance	869	152	-	1,021
Rent losses from bad debts	159	-	-	159
Depreciation of housing properties	3,620	745	-	4,365
<b>Operating costs on social housing lettings</b>	<b>14,867</b>	<b>3,385</b>	<b>18</b>	<b>18,270</b>
<b>Operating surplus on social housing lettings</b>	<b>11,664</b>	<b>3,040</b>	<b>18</b>	<b>14,722</b>
<b>Rent losses from voids</b>	<b>170</b>	<b>357</b>	<b>14</b>	<b>541</b>

## 4. Sale of housing accommodation

	2020 £'000	2019 £'000
<b>Disposal of properties</b>		
Receipts from sale of housing property	4,055	3,800
Book value of properties sold	(2,589)	(3,395)
Other operating costs and costs of disposal	(301)	(97)
<b>Surplus on sale of properties</b>	<b>1,165</b>	<b>308</b>

## 5. Directors' emoluments and expenses

The directors are defined as the members of the Board and the executive officers as given on page 2. The directors are employed and paid by Rooftop Housing Group Limited and these details are presented in the parent company accounts.

## 6. Employee information

RHA does not directly employ any staff. All Group staff are employed by the parent Rooftop Housing Group Limited. The details are provided in the parent company accounts.

## 7. Surplus before taxation

	2020 £'000	2019 £'000
<b>The surplus before taxation is stated after charging:</b>		
Depreciation	4,548	4,365
External auditor's remuneration (excluding value added tax)		
- in their capacity as auditor	26	18
- in respect of other services	3	-
Donations	9	-

## 8. Interest receivable

	2020 £'000	2019 £'000
From banks	81	64
From loan to another group undertaking	229	293
<b>Total</b>	<b>310</b>	<b>357</b>

## 9. Interest and financing costs

	2020 £'000	2019 £'000
Bank loans and overdrafts	9,524	9,268
Less: interest capitalised	(617)	(758)
<b>Total</b>	<b>8,907</b>	<b>8,510</b>

The rate used to calculate capitalised interest was 4.7% (2019: 4.6%) being the average rate of borrowing. Total interest payable of £9.0 million includes -£58,138 in respect of adjustments of basic financial instruments to effective interest rate.

## 10. Taxation

	2020 £'000	2019 £'000
<b>Current tax:</b>		
UK corporation tax on surplus for the year	-	-
Adjustment in respect of previous periods	-	(18)
<b>Total current tax</b>	<b>-</b>	<b>(18)</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	-
<b>Total deferred tax</b>	<b>-</b>	<b>-</b>
Tax on surplus on ordinary activities	-	(18)

### Factors affecting tax charge for the year

The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK as explained below:

<b>Surplus on ordinary activities before tax</b>	<b>4,786</b>	<b>7,397</b>
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK (19%) (2019: 19%)	<b>909</b>	<b>1,405</b>
Effects of:		
Expenses not deductible for tax purposes	-	-
Adjustment in respect of previous periods	-	(18)
Charity income – not taxable	<b>(909)</b>	<b>(1,405)</b>
<b>Total tax charge for the year</b>	<b>-</b>	<b>(18)</b>

## 11. Tangible fixed assets

	Freehold Land	Housing Properties for Lettings	Shared Ownership	Investment Properties	Shared Ownership under construction	Properties under construction	Total properties
<b>Cost or valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2019	11,206	319,743	16,611	700	2,121	13,015	363,396
Works to existing properties	-	2,267	-	-	-	-	2,267
Additions	1,562	11	78	-	5,472	9,076	16,199
Disposals	-	(2,302)	(596)	-	-	(380)	(3,278)
Transfer between categories	(1,716)	25,418	-	-	(6,497)	(17,205)	-
Impairment	-	-	-	-	-	-	-
Revaluation	-	-	-	175	-	-	175
Transfer from RHL	-	22,828	-	3,579	-	-	26,407
<b>At 31 March 2020</b>	<b>11,052</b>	<b>367,965</b>	<b>16,093</b>	<b>4,454</b>	<b>1,096</b>	<b>4,506</b>	<b>405,166</b>
<b>Depreciation</b>							
At 1 April 2019	-	42,203	754	-	-	-	42,957
Charge for year	-	4,443	105	-	-	-	4,548
Transfer between categories	-	-	-	-	-	-	-
Disposals	-	(673)	-	-	-	-	(673)
Transfer from RHL	-	3,484	-	-	-	-	3,484
<b>At 31 March 2020</b>	<b>-</b>	<b>49,457</b>	<b>859</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,316</b>
<b>Net book value at 31 March 2020</b>	<b>11,052</b>	<b>318,508</b>	<b>15,234</b>	<b>4,454</b>	<b>1,096</b>	<b>4,506</b>	<b>354,850</b>
Net book value at 31 March 2019	11,206	277,540	15,857	700	2,121	13,015	320,439
<b>Cost or valuation represented by:</b>							
Gross cost	11,052	367,965	16,093	3,011	1,096	4,506	403,723
Revaluation	-	-	-	1,443	-	-	1,443
<b>Total</b>	<b>11,052</b>	<b>367,965</b>	<b>16,093</b>	<b>4,454</b>	<b>1,096</b>	<b>4,506</b>	<b>405,166</b>

Investment properties, which are all freehold commercial properties, were valued to fair value at 31 March 2020 based on a valuation undertaken by Savills, Chartered Surveyors. The valuation was carried out in accordance with the RICS Valuation – Professional Standards manual.

Housing properties for lettings and shared ownership properties are accounted for at historic cost but have been valued for funders' purposes as follows:

Completed housing properties were valued as at 31 March 2020 on the basis of existing use value - social housing (EUV - SH). The existing use value for social housing assesses the dwellings on the basis that they would be managed and owned by an organisation committed to the provision of rented accommodation let at an affordable rent, and that the vacant units would be re-let on similar terms rather than sold into the open market. The total value of properties valued on a EUV-SH basis for funders' purposes is £395.8 million and includes £25.9 million EUV-SH valuation of properties transferred from RHL. The market value of those properties transferred from RHL is £34.2 million.

Whilst they expect that EUV-SH values of social housing will hold up well, our valuers, Savills, have issued an accompanying letter to consider and explain the impact of the COVID-19 crisis. In this, they state: “Our valuations are therefore reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation under frequent review”.

Total expenditure on works to existing properties:

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Amounts capitalised:		
Replacement of components	<b>2,267</b>	2,267
Improvements	-	48
	<b>2,267</b>	2,315
Amounts charged to the Statement of Comprehensive Income	<b>1,353</b>	1,057
<b>Total</b>	<b>3,620</b>	3,372

Gross expenditure on components was £2,266,973 and the net book value of replaced components written off was £136,655.

Savills, Chartered Surveyors, carried out the EUV - SH valuation in accordance with the RICS Valuation - Professional Standards manual and takes into account the performance standards for Registered Providers published by the Homes and Communities Agency.

The EUV - SH valuation method discounts the cash flows from rental and other income less management, maintenance and repair expenditure to their present value. The main assumptions used were:

- Discount rate 4.75% - 6.00% (real)
- Annual growth in income/expenditure 1.0% (real) long term
- Property sales Forecasts of right-to-buy sales are based on analysis, past experience and current trends.

#### **Shared ownership properties**

Shared ownership properties both completed and under construction are proportionally split between current and fixed assets, determined by the percentage of the properties to be sold under the first tranche sales. The amount held in current assets for completed shared ownership properties is £3,340,676 and the amount held in current assets for shared ownership properties under construction is £1,443,692.

## 12. Fixed asset investments

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Loan to other group member	-	4,460
<b>Total</b>	<b>-</b>	<b>4,460</b>

The loan to the other group member relates to Rooftop Homes Limited. A long term inter-company loan facility of £13 million was provided in April 2004 to enable Rooftop Homes Limited to acquire properties from Rooftop Management Limited and Rooftop Housing Association and fund a five-year development programme. The initial drawdown in April 2004 was £5 million to acquire the properties from Rooftop Management Limited and Rooftop Housing Association. Part of this original loan was repaid on the disposal of the Nuneaton properties in 2007. The loan must be repaid in full at the end of 30 years (2034) and interest was charged at a commercial rate.

Upon transfer of assets from RHL, this loan was settled as at 31 March 2020.

## 13. Debtors

	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b>Amounts receivable within one year</b>		
Rents and service charges	<b>2,136</b>	2,246
Less: provision for doubtful debts	<b>(642)</b>	(653)
	<b>1,494</b>	1,593
Social housing grant receivable	<b>520</b>	4,397
Amounts due from other group undertakings	-	48
Amounts due from parent undertaking	<b>847</b>	858
Other debtors	<b>428</b>	938
Prepayment and accrued income	<b>2,496</b>	667
	<b>5,785</b>	8,501

Intercompany balances with RHL of £132,709 were settled upon assets transferring to RHA as at 31 March 2020.

## 14. Cash at bank and in-hand

There were no specific charges on RHA's cash at bank and in-hand at 31 March 2020 or 31 March 2019.

## 15. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Housing loan repayable within one year	4,650	6,422
Recycled capital grant fund	458	282
Government grants	9,833	8,776
Trade creditors	4,439	4,040
Right-to-buy sale proceeds due to Wychavon District Council	3,129	267
Accruals in respect of repairs	1,097	1,010
Amounts payable on housing development and major repairs	639	1,807
Interest payable	659	611
Other taxation and social security	6	12
Amount due to other group undertakings	-	-
Corporation tax	44	(18)
Other accruals	2,662	1,236
<b>Total</b>	<b>27,616</b>	<b>24,445</b>

## 16. Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Housing loans		
Repayable between one and two years	5,857	4,957
Repayable between two and five years	27,929	22,569
Repayable, otherwise than by instalments, in five years or more	176,496	173,920
Total loans repayable	<b>210,282</b>	201,446
Pension scheme contractual liability (note 19)	-	-
Government grants	61,726	56,692
Total	<b>272,008</b>	258,138

Housing loans are secured by specific charges on certain of RHA's housing properties. The interest rates are fixed between 3.0% and 6.6% or vary with market rates. As at 31 March 2020 the agreed facility is £284.1 million of which £216.0 million (2019: £222.7 million) has been drawn down by RHA to date. The final loan is due for repayment by 2040. Included within housing loans is £12.8m transferred from RHL as at 31 March 2020.

Government grants relating to properties under construction total £10,472,607.

The original total value of grant received at 31 March 2020 is £79,271,092.

<b>Deferred income – Government grants</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 April</b>	<b>65,468</b>	59,244
Grants receivable net of disposals	<b>6,730</b>	6,868
Amortisation to Statement of Comprehensive Income	<b>(639)</b>	(644)
<b>At 31 March</b>	<b>71,559</b>	65,468
Due within one year	<b>9,833</b>	8,776
Due after one year	<b>61,726</b>	56,692

## 17. Provisions

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Deferred taxation</b>		
At 1 April	-	-
<b>At 31 March</b>	-	-
The deferred taxation provision comprises:		
<b>At 31 March</b>	-	-

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 102.

## 18. Share capital

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Shares of £1 each issued and fully paid		
At 1 April	<b>12</b>	13
Issued during the year	<b>1</b>	3
Cancelled during the year	-	(4)
<b>At 31 March</b>	<b>13</b>	12

The share capital of RHA consists of shares with a nominal value of £1, each of which carries no rights to dividends, or other income. Shares in issue are not capable of being repaid or transferred. Where a shareholder ceases to be a member, that person's share is cancelled, and the amount paid by them then becomes the property of RHA. So, all shareholdings relate to non-equity interests and there are no equity interests in RHA. The group does not have any reserves in equity other than the revenue reserve.

## 19. Defined benefit pension liability

The Group has traditionally operated two defined benefit pension schemes, contracted out of the state scheme. These were closed from April 2014. The Group also operated two money purchase defined contribution schemes and a career average revalued earnings defined benefit scheme (CARE), but from April 2014 the Group only operates one defined contribution scheme. Contributions to pension schemes are determined in accordance with actuarial advice and calculated as a percentage of pensionable salaries.

### CARE

For the defined contribution scheme, the amount charged to the Statement of Comprehensive Income in respect of pension costs is the contributions payable in the year which total £316,705 (2019: £356,453). This is charged to RHG and apportioned to subsidiaries via the Group Membership Agreement.

### SHPS

Rooftop Housing Group participates in The Pension Trust – Social Housing Pension scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

For the closed SHPS defined benefit schemes there is a contractual agreement between the scheme and the Group that determines how the deficit will be funded. This liability is recognised in the RHA Statement of Financial Position and the resulting expense in the RHA Statement of Comprehensive Income for the present value of the contributions payable that arise from the agreement to the extent that they relate to the deficit.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the Group is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

In 2018/19, in order to account for the initial recognition of the Scheme as a defined benefit scheme, RHG de-recognised the creditor for past service deficit contributions payable under SHPS as at 31 March 2018 of £650k and recognised a net defined benefit liability as at 1 April 2018 of £1,195k. Due to the group arrangement, an equal and opposite debtor was created in RHG with RHA and therefore the impact on SOCI (Statement of Comprehensive Income) was seen in RHG Association. The impact of this initial recognition was a charge to RHA SOCI of £545k.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2019. This actuarial valuation showed assets of £3,576 million, liabilities of £4,099 million and a deficit of £0.523 million. The scheme's previous valuation was certified on 17 December 2012 and showed assets of £2,062 million, liabilities of £3,097 million and a deficit of £1,035 million. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

### Deficit contributions (Prior year disclosure)

<b>Tier 1</b> From 1 April 2016 to 30 September 2020:	£40.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
<b>Tier 2</b> From 1 April 2016 to 30 September 2023:	£28.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
<b>Tier 3</b> From 1 April 2016 to 30 September 2026:	£32.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)
<b>Tier 4</b> From 1 April 2016 to 30 September 2026:	£31.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)

**Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)**

	<b>31 March 2020</b>	<b>1 April 2019</b>
	<b>(£000s)</b>	<b>(£000s)</b>
Fair value of plan assets	3,576	3,468
Present value of defined benefit obligation	4,099	4,663
Surplus/(deficit) in plan	(523)	(1,195)
Defined/benefit asset/(liability) to be recognised	<u>(523)</u>	<u>(1,195)</u>

**Reconciliation of opening and closing balances of the defined benefit obligation**

	<b>Period ended</b>
	<b>31 March 2020</b>
	<b>(£000s)</b>
Defined benefit obligation at start of period	4,663
Expenses	6
Interest expense	109
Actuarial losses/(gains) due to scheme experience	3
Actuarial losses/(gains) due to changes in demographic assumptions	(39)
Actuarial losses/(gains) due to changes in financial assumptions	(587)
Benefits paid and expenses	(56)
Defined benefit obligation at end of period	<u>4,099</u>

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

	<b>Period ended</b>
	<b>31 March 2020</b>
	<b>(£000s)</b>
Fair value of plan assets at start of period	3,468
Interest income	82
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(37)
Contributions by the employer	119
Benefits paid and expenses	(56)
Fair value of plan assets at end of period	<u>3,576</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £45,000.

#### Defined benefit costs recognised in the Statement of Comprehensive Income (SOCl)

	Period from 1 April 2019 to 31 March 2020 (£000s)
Expenses	6
Net interest expense	27
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	33

#### Defined benefit costs recognised in other comprehensive income

	Period ended 31 March 2020 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) – gain/(loss)	(37)
Experience gains and losses arising on the plan liabilities – gain/(loss)	(3)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	39
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	587
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain/(loss)	586
Total amount recognised in other comprehensive income – gain/(loss)	586

#### Key assumptions

	31 March 2020 % per annum	1 April 2019 % per annum
Discount Rate	2.36%	2.34%
Inflation (RPI)	2.58%	3.26%
Inflation (CPI)	1.58%	2.26%
Salary Growth	2.58%	3.26%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2020	21.5
Female retiring in 2020	23.3
Male retiring in 2040	22.9
Female retiring in 2040	24.5

The Defined Benefit pension liability is initially shown in the RHG Statement of Financial Position and is held as an intercompany creditor in the RHA Statement of Financial Position. This is because RHG is the member of the scheme, but employment costs are recharged to RHA, where the activity relates.

## 20. Capital commitments

	2020 £'000	2019 £'000
Capital expenditure contracted for in respect of development expenditure, but not provided for in the financial statements.	17,324	25,017
Capital expenditure authorised by the Board, but not contracted for in respect of development expenditure.	18,185	37,784
<b>Total</b>	<b>35,509</b>	<b>62,801</b>
RHA expects to finance the above expenditure by:		
Social Housing Grant receivable	3,491	9,749
Property sales proceeds	10,249	26,254
Use of cash surplus plus loan funding	21,769	26,798
<b>Total</b>	<b>35,509</b>	<b>62,801</b>

## 21. Units

	2020		Movements in year			2019	
	Owned and managed	Managed by others	Total	Additions	Disposals	Transfers	Total
Under development at the end of the year							
Units for rent	119	-	119	95	-	(103)	127
Units for shared ownership	39	-	39	32	-	(33)	40
Units for sale	7	-	7	-	-	-	7
	<b>165</b>	<b>-</b>	<b>165</b>	<b>127</b>	<b>-</b>	<b>(136)</b>	<b>174</b>
Under management at the end of the year							
General needs housing	4,991	-	4,991	101	(49)	3	4,936
Supported housing and housing for older people	699	71	770	14	(18)	(3)	777
Intermediate rent	1	-	1	-	-	-	1
Leasehold properties	121	-	121	6	(1)	-	116
Low cost home ownership accommodation	295	-	295	62	(9)	-	242
Managed on behalf of another landlord	30	-	30	-	-	-	30
Keyworker accommodation	285	5	290	290	-	-	-
<b>Units for rent</b>	<b>6,422</b>	<b>76</b>	<b>6,498</b>	<b>473</b>	<b>(77)</b>	<b>-</b>	<b>6,102</b>
<b>Total units social housing</b>	<b>6,587</b>	<b>76</b>	<b>6,663</b>	<b>600</b>	<b>(77)</b>	<b>(136)</b>	<b>6,276</b>
Market renting	34	22	56	56	-	-	-
<b>Total units non-social housing</b>	<b>34</b>	<b>22</b>	<b>56</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>-</b>
Extra Care properties – leased by Gloucester CC	-	2	2	-	-	-	2
Refugee properties - leased to Spring HA	-	2	2	2	-	-	-
St Oswald's properties – leased by Extra Care	-	86	86	-	-	-	86
Keyworker – leased to Trust	-	83	83	83	-	-	-
Residential care home – leased to Shaw Homes	-	46	46	46	-	-	-
<b>Total units commercial</b>	<b>-</b>	<b>219</b>	<b>219</b>	<b>131</b>	<b>-</b>	<b>-</b>	<b>88</b>
<b>Total units</b>	<b>6,621</b>	<b>317</b>	<b>6,938</b>	<b>787</b>	<b>(77)</b>	<b>(136)</b>	<b>6,364</b>
<b>Retained freeholds and estate charges</b>	<b>288</b>	<b>-</b>	<b>288</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>287</b>

## 22. Contingent liabilities and financial commitments

As part of the transfer agreement with Wychavon District Council, RHA provided various indemnities to the Council in respect of obligations that RHA had assumed on the transfer. In the view of the Board there is little likelihood of any liability arising in respect of these indemnities, and so no provision is reflected in these financial statements. RHA has no other outstanding contingent liabilities or financial commitments.

## 23. Related party transactions

During the year interest of £228,600 (2019: £228,600) was paid by another Group member, Rooftop Homes Limited (RHL). A management fee of £8,483,082 (2019: £7,483,722) was charged by the immediate parent undertaking, Rooftop Housing Group Limited.

Transactions with tenant Board Members are at arms-length on normal commercial terms and they cannot use their position to their advantage. Rent charged to Board Members in the year was £5,465 (2019: £8,164) and the arrears at 31 March 2020 were £0 (2019: £0).

In August 2012 RHA became the sole corporate trustee of the Walker Hospital Trust. The Walker Hospital Trust is a charity which owns three properties and is a member of the National Association of Almshouses.

From October 2013 RHA became a shareholder in Fortis Property Care Limited, now known as Platform Property Care which provides property services to the Group including responsive repairs, planned maintenance, grounds maintenance and gas servicing. The services are provided at cost and the amount charged to RHA during the year was £6,572,904 (2019: £5,964,941) and the balance owing at 31 March 2020 was £268,577 (2019 £268,855). As a result of this arrangement the Finance Director of RHA is a Director of Platform Property Care Limited.

## 24. Legislative provisions

Rooftop Housing Association Limited is a wholly owned subsidiary of Rooftop Housing Group Limited. Rooftop Housing Group Limited is a Registered Society registered in England. RHA is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Homes and Communities Agency under the Housing and Regeneration Act 2008.

## 25. Financial instruments

The carrying values of the Association's financial assets and liabilities are summarised by category below:

	2020 £'000	2019 £'000
<b>Financial assets</b>		
Measured at undiscounted amount receivable:		
Rent arrears and other debtors (see note 13)	2,564	6,928
Cash	9,936	12,832
Amounts due from related undertakings (see note 13)	847	906
	13,347	20,666
<b>Financial liabilities</b>		
Measured at fair value through surplus or deficit:		
Loans payable (see note 15,16)	5,000	18,000
Measured at amortised cost:		
Loans payable (see note 15,16)	209,932	189,869
Measured at undiscounted amount payable:		
Trade and other creditors (see note 15,16)	6,175	6,857
Other Accruals	3,321	1,847
Amounts owed to related undertakings (see note 15,16)	-	-
	224,428	216,573

The income, gains and losses in respect of financial instruments are summarised below:

### Fair value gains and (losses)

On housing loans measured at fair value through Statement of Comprehensive Income	-	-
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Loans with Lenders Options are classified as non-basic financial instruments and total £5,000,000 (2019: £18,000,000). They are measured at fair value at the end of each reporting period with gains and losses arising from year to year being recognised in the Statement of Comprehensive Income.

## 26. Transfer from Rooftop Homes Limited

On 31 March 2020, Rooftop Homes Limited ceased operations and transferred all activities and net assets to Rooftop Housing Association Limited. The following assets and liabilities transferred:

<b>Fixed assets</b>	<b>Notes</b>	<b>£'000</b>
Housing properties	11	<b>19,344</b>
Investment properties	11	<b>3,579</b>
		<b>22,923</b>
<b>Current assets</b>		
Debtors receivable in one year	12	<b>471</b>
Cash	13	<b>414</b>
		<b>885</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(2,056)</b>
<b>Creditors: amounts falling due after more than one year</b>	15	<b>(17,252)</b>
<b>Net assets</b>		<b>4,500</b>

Included above are total creditor balances of £4.6m relating to an intercompany loan and other amounts owing to RHA that are eliminated on consolidation.

## 27. Post Balance Sheet Events

The outbreak of the COVID-19 pandemic is an in-year event reflected in the financial statements to 31 March 2020. The pandemic has impacted on the operations of the Association and this is expected to continue into the 2020/21 financial year. From a financial perspective, activity has reduced due to lockdown which may reduce income however, as detailed in note 1, the Board are satisfied that the company is a going concern.

The extension of £25 million existing revolving credit facilities held with Santander was completed on 1 July 2020. Approved by the board in November 2019, this extension will last for 3 years until 30 June 2023.

## Biographies of Board Members

### **Ceri Jones (Independent, Chair of RHA)**

After more than 30 years in teaching, Ceri retired from his post as Head Teacher of Bishop's Cleeve Primary School in 2000. The following year he was elected to Gloucestershire County Council as the member for Bishop's Cleeve and, in that role, has served on many committees both in Gloucester and locally. He was a member of the Council of the University of Gloucestershire for eight years and a Chairman of Cleeve Colts Football Club for 10 years. He has also chaired the Rooftop Residents Association in Bishop's Cleeve, which meets with both tenants and owner occupiers to discuss issues of interest and concern. In May 2013, Ceri decided to step down from the County Council. Ceri was Chair of Rooftop Support and Care before it was transferred to Rooftop Housing Association in 2018.

In September 2019, Ceri was appointed Chair of Rooftop Housing Association and is a member of the Nominations and Performance Committee. He is also the Board's representative on the Health and Safety Committee.

### **Rachel Lathan (Tenant and Vice Chair of RHA)**

Rachel has been an RHA tenant for some years and lives in Badsey with her husband and young family. She balances a demanding family life with her job in sales and her involvement with Rooftop. Rachel first became an involved resident with Rooftop when she joined the newly formed Resident Action Team in 2010 and, until September 2019, was Chair of Rooftop Housing Association. She was a 'Tenant of the Year' finalist in the 2012 Tenant Participation Advisory Service Awards. She has successfully completed a Governance Training course accredited through Derby University. Rachel is an active member of the local community and believes passionately in providing excellent housing.

Rachel is Vice Chair of RHA, Vice Chair of the Remuneration Committee and a member of the Nominations and Performance Committee.

### **Paul Spooner (Independent)**

Paul Spooner is a planning and development consultant based in Warwickshire with clients in the public and private sectors. In recent years he has advised both government and local authorities on new urban and rural developments, housing schemes and major infrastructure projects.

In 2016/17 he led the development of the country's first new garden city at Ebbsfleet after being the Midlands director for the Homes and Communities Agency (now Homes England). Before this Paul worked for English Partnerships leading their housing and regeneration programmes in the North West and West Midlands.

In his voluntary roles Paul has been the vice chairman of a community interest company backed by local businesses and authorities in Devon to co-ordinate regeneration and community services in Ilfracombe and is now working with local partners in Warwickshire to address rough sleeping and acute homelessness. Paul is a Trustee of the Stratford Foodbank and is a non executive member of the Football Foundation Grants Panel, supporting grass roots football projects.

Paul is an interim member of the Audit & Risk Committee and represents Rooftop Housing Group on the Board of the Matrix Housing Partnership. He is the Board's representative for Development.

### **Jonathan Wallbank (Independent)**

Jonathan is a qualified accountant and spent a number of years in financial services before moving into corporate finance. Prior to joining a large housing association in 2015, where he is currently Director of Treasury and Corporate Finance, Jonathan gained experience in both retail and manufacturing sectors. He headed up the European treasury function for the US retailer GAP Inc, in addition he was responsible for cash management for both Hong Kong and Taiwan. He brings a wealth of experience and expertise, including merger implementation, regulatory frameworks, adoption of new accounting standards, robust financial management and management of risk. All of which will support Rooftop as we move forward to build good quality, affordable homes.

Jonathan is a member of the Audit and Risk Committee.

### **Colum Goodchild (Independent)**

Colum began his career as an Environmental Scientist working in the water sector. He progressed through various Operational and Asset Planning roles before becoming Asset Strategy Manager at Northumbrian Water. He led the development of Northumbria's successful regulatory review in 2014 (PR14), securing support for a £1b investment programme over the next five year period.

He has gained extensive experience of customer research and engagement both in his role at Northumbrian and in his current position with Cadent Gas Distribution. At Cadent, Colum led the asset planning and investment programme function, overseeing around £600m of investment per annum.

He is now focused on producing the companies next 5 year business plan, working closely with the regulator Ofgem. Colum took on a Non-Executive Director role at Durham City Homes in 2015, and following its merge with County Durham Housing Group became vice chair of their Operations Committee in 2017.

Following his move to the Midlands he joined Rooftop in 2018. He is a member of the Audit and Risk and Nominations and Performance Committees and represents Rooftop Housing Group on the Board of Platform Property Care.

### **Claire-Elaine Arthurs Payne (Independent and Acting Chair of Audit and Risk Committee)**

Claire-Elaine is a Solicitor who specialises in risk management and resolution of property related disputes. She is also a Chartered Manager, CEDR Accredited Mediator and qualified Business Strategy Consultant. She has a passion for problem-solving and a long history of working with Social Housing Providers, Developers and Private Landlords. Claire-Elaine holds a BA(Hons) in Cultural Studies and Sociology from the University of Birmingham and undertook her postgraduate legal training at the University of Law, where she later went on to become a visiting Tutor. She is also regularly invited to teach sessions on law and business on behalf of other higher education providers.

She completed her training as a Solicitor with Gately Plc and has worked at a senior level with other firms such as Wright Hassall LLP and Davies & Partners. As well as working in private practice, she has spent time as in-house counsel with companies such as British Telecommunications Plc. She studied Business at Warwick Business School and completed an MSc in Strategic Business Management with the De Broc School of Business.

Claire-Elaine is currently a Worcestershire-based Partner with city firm, Gunnercooke LLP. As well as managing a national property dispute resolution team, she also supports Executives and Boards in the development of their Leadership and Management skills.

Claire-Elaine lives in Evesham with her family and was previously the Chair of Governors at The Vale of Evesham School.

From January 2020 she is the Acting Chair of the Audit & Risk Committee and member of the Remuneration Committee. She is the Board's representative for Equality & Diversity.







**Rooftop Homes Limited**  
**Annual Report and**  
**Financial Statements**  
**2019 - 2020**



Rooftop Homes Limited  
Annual Report and Financial Statements  
2019/20

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## Board, executive and advisors

<b>Registered office</b>	70 High Street Evesham WR11 4YD
<b>Board</b>	<ul style="list-style-type: none"><li>- Paul Spooner (Chair)</li><li>- Ceri Jones (Vice Chair)</li><li>- Rachel Lathan</li><li>- Jonathan Wallbank</li><li>- Colum Goodchild</li><li>- Claire-Elaine Arthurs Payne (from 18 September 2019)</li></ul>
<b>Executive officers</b>	<ul style="list-style-type: none"><li>- Boris Worrall, Group Chief Executive</li><li>- Caroline Dykes, Finance Director</li><li>- David Hannon, Development Director</li><li>- Juliana Crowe, Housing and Communities Director (retired 31 October 2019)</li><li>- Claire Newman, People Director (from 1 April 2019)</li><li>- Lisa Nicholls, Housing Director (from 3 February 2020)</li><li>- Caroline Allen, Secretary</li></ul>
<b>External auditor</b>	BDO LLP 2 Snowhill Birmingham B4 6GA
<b>Bankers</b>	Barclays Bank Plc 54 High Street Worcester WR1 2QQ
<b>Internal auditors</b>	Mazars 45 Church Street Birmingham B3 2RT
<b>Principal solicitors</b>	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B2 2ES
<b>Other legal advisors</b>	Trowers & Hamlins 3 Bunhill Row London EC1Y 8YZ
<b>Lenders</b>	Nationwide Building Society Kings Park Road Moulton Park Northampton NN3 6NW

	Lloyds Banking Group 25 Gresham Street London EC2V 7HN Legal and General Assurance Society Limited One Coleman Street London EC2R 5AA
	Santander Corporate & Commercial Banking 17 Ulster Terrace Regent's Park London NW1 4PJ
<b>Funding advisors</b>	Chatham Financial 12 St James's Square London SW1Y 4LB
<b>Insurance brokers</b>	Zurich Municipal Zurich House Ballsbridge Park Dublin 4 Ireland
<b>Taxation advisors</b>	RSM UK Tax and Accounting Temple Row Birmingham B2 5AF
<b>Valuers</b>	Savills Plc 19/20 City Business Centre 6 Brighton Road Horsham West Sussex RH13 5BB
<b>Performance analysis</b>	Vantage Business Solutions Consulting Limited Orchard Chambers 4 Rocky Lane Heswall Wirral CH60 0BY

## Report of the Board

The Board is pleased to present the Report of the Board, the Strategic Report and the audited financial statements for the year ended 31 March 2020.

The reports and financial statements are prepared in accordance with the Co-operative and Community Benefit Societies Act 2014 and Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council, and comply with the Statement of Recommended Practice (SORP) for registered social housing providers 2014 (updated in 2018), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The Group is a public benefit entity and Rooftop Housing Group Limited is the Group parent.

### Group structure

Rooftop Housing Group Limited (RHG), the Group parent, is a non-asset holding, non-charitable Registered Society (29661R), registered with the Regulator of Social Housing (L4404), providing operational and corporate services, including treasury management, information and communication technology, and human resources for the whole Group.

Rooftop Housing Association Limited (RHA) was registered as a Registered Society in May 1993 (27786R) and obtained registration with the Regulator of Social Housing in September 1994 (LH4050). RHA provides core social housing that meets charitable criteria.

Rooftop Homes Limited (RHL) is a non-asset holding non-charitable Registered Society (29660R) registered with the RSH (LH4405). This company became dormant on 31 March 2020.

Rooftop Management Limited (RML) is a wholly owned commercial subsidiary company (Registered in England 3569438). This company became dormant from 31 March 2005.

### Principal activities

The principal activity of RHL is to provide keyworker accommodation. In addition, RHL provides accommodation for residential care, market rent and garages. RHL is the most geographically diverse member of the Group, owning properties from Shrewsbury to Weston-Super-Mare. These activities have now transferred to RHA.

### Regulatory framework for social housing

The Board considers it a priority to comply with the regulatory framework and to maintain GI and VI ratings from the Regulator of Social Housing under the Governance and Financial Viability Standard. These were formally re-assessed by the Regulator through the In Depth Assessment process in January 2020. An annual self-assessment is carried out in April each year and approved by the Board.

The Board has conducted a detailed self assessment exercise and considers that the Group remains compliant with the standards. As part of this the Board recognised the following factors:

- Board strategy event on 4-5 October 2019 reviewed the 2023 Vision ambition for Great Homes, Successful Lives and Better Business including outcomes for tenants and potential tenants.
- Board reviewed and approved a Treasury recommendation to evolve towards the optimum group and funding structure.
- The Board was externally appraised in 2019. Individual appraisals were held and the Board as a collective was reviewed and found to be performing at a high level. A Board Improvement Plan has been approved by the Board to ensure the focus remains on continuous improvement.

- In January 2020, the Regulator of Social Housing carried out an In Depth Assessment of Rooftop in line with its prescribed approach to the regulation of the social housing sector. Rooftop was measured against the Governance and Financial Viability Standard and its GI/VI rating was reconfirmed in March 2020.
- The Board co-opted a member with specific skills and experience in the management of digital transformation in September 2019 to provide a Board level perspective with the implementation of a new housing management system.
- The Board has approved a Succession Plan, and this is regularly reviewed.
- During the year RHA obtained £25 million of new revolving credit facilities and extended another existing RCF for £25 million for a further three years.
- At 31 March 2020, RHA had 25 months until new funding was required.
- All regulatory returns (FVA, SDR, Quarterly Returns, FFR, Fraud) have been submitted to the regulator's deadline.
- Asset data is held on all dwellings within an Asset Performance Evaluator, a live tool used to measure present values on all stock and informs investment and disposal decisions. As per the Asset Management Strategy, the net present value of all properties is reviewed every three years. Board received the latest update on Asset performance in November 2017 showing an average net present value of £52,000 per unit.
- Resident Excellence Panel scrutinises Rooftop services to its residents, through a programme of scrutiny.
- The Sector Scorecard is now embedded as our core key performance metrics supported by a range of operational indicators.
- All Assets and Liabilities transferred from RHL to RHA at 31 March 2020.

### Internal controls

The Group Board is responsible for the overall system of internal control throughout the Group and for reviewing its effectiveness. The Group has delegated initial responsibility for audit and assurance to the Audit and Risk Committee, which comprises Board Members from across the Group. The members of the Audit and Risk Committee are chosen for their appropriate skills, while representing the composition of the Group.

The Audit and Risk Committee has responsibility for reviewing the adequacy of all risk and control related statements prior to endorsement by the relevant Boards and reviewing the effectiveness of internal control systems, including management, financial, operational and risk controls, so that the Group can be reasonably assured that appropriate and effective risk management arrangements are in place.

Work undertaken by the Audit and Risk Committee during the year included:

- Financial reporting, including the integrity and appropriateness of financial statements
  - Reviewed the statutory accounts and external audit findings
  - Reviewed the performance of the external auditors (BDO) during 2019/20 and the 2019/20 final accounts timetable
  - Approved the annual Accounting policy.
- Risk management process and framework
  - Reviewed and recommended to the Board the revised Risk Management Framework and Policy
  - Discussed the quarterly report on significant risks and sought assurance on the accuracy of the assessments and the controls.
- Internal and external audit functions
  - Approved the Audit and Risk Committee annual reporting cycle for 2020/21
  - Approved the internal audit strategic plan for 2019/20 to 2022/23
  - Approved the report on the annual review of the Internal Auditor which showed a satisfactory level of performance

- Having assessed the scopes of the internal audits each quarter to ensure that the work being undertaken addressed key business risks, the Audit and Risk Committee reviewed fifteen (including compliance and data integrity) internal audit reports and noted the level of assurance given by the internal auditors as follows:
  - Substantial assurance (four): key worker accommodation, Asset and Liability registers, ICT cyber security and treasury management.
  - Adequate assurance (four): welfare reform and Universal Credit preparedness, performance management, General Data Protection Regulations (GDPR) and risk and assurance management.
  - Needs Improvement (one): Landlord health and safety.
  - Limited assurance (none).
  - The compliance audits (landlord health and safety, information technology and finance controls and human resources, safeguarding and housing management and data integrity) had a range of assurance levels for each audit.
- Compliance, whistleblowing, fraud, anti-bribery, asset and liability registers and stress testing
  - Discussed the compliance report and the actions being taken to address areas requiring improvement.
  - Reviewed the asset and liability registers report and noted asset, loan and other liabilities position in the Group.
  - Reviewed the fraud registers (tenancy and general) and noted that there were no exceptional items.
  - Reviewed the gifts and hospitality register and noted that there were no exceptional items.
  - Reviewed the Business Continuity scenario test report and noted actions.
  - Reviewed the work and performance of the Audit and Risk Committee including its terms of reference.
- Resident Excellence Panel
  - Approved the Resident Excellence Panel's three-year scrutiny programme
  - Reviewed the Resident Excellence Panel's scrutiny reviews action plan and noted progress with the actions.

There were no identified weaknesses in internal controls, which resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements.

### **General Data Protection Regulation**

The Board recognises the importance our customers and stakeholders place on our use of their personal data and that we are transparent and accountable in the ways we collect, use and safeguard it.

Rooftop is mindful of the requirement to comply with the General Data Protection Regulation (GDPR) and Data Protection Act 2018 which came into effect on 25 May 2018 and has taken steps to ensure our staff and partners are aware of our obligations, by undertaking mandatory training and increasing awareness at all levels within the organisation. We have ensured our third party partners, who process personal data on our behalf, have security and compliance at the forefront of their work for us by way of legal agreements and audit of their systems.

We have reviewed our own compliance with the GDPR and Data Protection Act 2018 and are of the view that there has been no material non-compliance with the legislation following implementation. Notwithstanding, and in line with good practice, Rooftop continues to keep the organisation's compliance under review. An internal audit was carried out in this area in 2019/20 which gave 'adequate' assurance.

## **Code of governance**

The Board has formally adopted the National Housing Federation's Code of Governance (2015), and Code of Conduct (2012). The Board has formally assessed its compliance against the Code of Governance and confirms that the organisation is fully compliant.

## **Governance**

RHG is governed within the framework set by its rules as a Registered Society. These state that RHG will have a Board and determine its membership. In making appointments to the Board, the Group seeks members with a range of skills that it requires to effectively govern its business.

Board Members are carefully selected to make sure that they have the mix of skills and experience appropriate to their roles within the Group.

## **Board Members' responsibilities**

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

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

In preparing these financial statements, the Board Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2014 (updated in 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 and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 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 2014 (updated in 2018).

Financial statements are published on the group'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.

## **Auditors**

All of the current Board Members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

## **Anti-Slavery and Human Trafficking Statement**

The Group aims to promote the highest standards in how our business operates and in employment, tenancy and procurement practices. We support the principles of the Modern Slavery Act 2015 and the abolition of modern slavery and human trafficking. Our annual statement, approved by the Board, summarises our commitment to the Modern Slavery Act 2015 and how this is demonstrated. This is published on our website.

## **Employees**

Within the Group structure all employees are employed by RHG, the Group parent. RHG is committed to equality through its employment practices. It is the policy of the Group to give equal opportunities to staff with regards career development, promotion opportunities and training.

The Group has continued its practice of consulting and keeping employees informed on matters that affect them and on the progress of the Group. This is carried out in a number of ways including: Company-wide briefing, formal consultation, departmental meetings, formal consultation and Your Voice forum.

## **Health and safety**

The Board is aware of its responsibilities on all matters relating to health and safety. It reviews its health and safety policy and statement on an annual basis to support compliance. There is Board member representation on the Health and Safety Committee, which meets quarterly. All staff receive a detailed health and safety induction on commencement and a programme of training on health and safety matters is ongoing.

## **Insurance**

RHG maintains insurance policies for members of the Board and executive directors against liabilities in relation to the Group.

## **Going concern**

RHL transferred all its Assets and Liabilities to RHA on 31 March 2020, the company is now dormant and no longer a going concern.

## **Group Structure**

On 31 March 2020 Rooftop Homes Limited (RHL) transferred all its Assets and Liabilities to Rooftop Housing Association (RHA), RHA is now the only Asset holding company in the group with all loans also transferring to RHA. This has made our company structure simpler and removed the risk of cross default clauses on our loan agreements. RHL will remain in the group but will be a dormant company. Rooftop Housing Group remains the parent company which is non-asset holding and has no loans.

## **COVID-19**

At the end of our financial year, the Government introduced stringent lockdown measures to deal with the COVID-19 pandemic. Our Executive Team moved swiftly to implement our business continuity plans, with all staff working from home. Alongside continuing to deliver essential services to our residents, we immediately provided guidance to any resident who faced financial difficulties. We redeployed staff to provide continual contact with older and vulnerable residents to check on their wellbeing.

I want to thank our staff, our local authority partners, our key suppliers and development partners for working with us to take a proactive response over that period.

## **Annual General Meeting**

The Annual General Meeting will be held on 16 September 2020.

By order of the Board

A handwritten signature in black ink, appearing to read "Paul Spooner". The signature is written in a cursive style with a long, sweeping tail on the final letter.

**Paul Spooner**  
**Chair**  
15 July 2020

# Strategic Report

## Why we exist

Our mission is to build **Great Homes** and support **Successful Lives** by being a **Better Business**. This annual Business Plan sets out what we will achieve during 2020-21, the third year of our current five-year Corporate Plan to 2023.

At the time of writing, the world is facing an unprecedented global health crisis with the rapid spread of the Coronavirus, and the associated economic, social and personal damage it will inevitably bring to many people. This plan was therefore updated at 31 March 2020, based on what was known about the likely impact and how we believe we will need to respond as a **business**, for **colleagues** and above all, for our **customers**. We know that this year our role in supporting local people and communities will be more important than ever before in our 25-year history.

## Who we are

Rooftop is one of the country's leading place-based Housing Associations. We manage 6,600 homes, mainly in South Worcestershire and North Gloucestershire.

We provide a range of accommodation and support services for older people, younger people leaving care, those with dementia and people escaping domestic violence.

Rooftop is also a specialist in providing culturally appropriate homes for the Gypsy and Traveller community at three sites, in partnership with Solihull and Bromsgrove Councils.

Since 2017 Rooftop has embarked on a process of simplification and modernisation. All of our properties and loans are now held by Rooftop Housing Association.

## Where we work

Our most significant challenge is the impact of COVID-19, which will pose huge challenges to so many in the communities of South Worcestershire and North Gloucestershire. The nature of the rural economy, limited healthcare infrastructure and rural isolation may result in specific impacts from COVID-19. We have strong strategic and operational relationships with our key local authority partners, and we will do all we can to work alongside them in mitigating the effects of the virus. When the time for rebuilding comes, we will be ready.

There is significant demand for social housing in our core operating areas, where many local people are either priced out of the market or face challenges affording good quality housing in the private rented sector. The high ratio of house prices to earnings across many of the communities where we work underpins strong demand for Shared Ownership.

Although the demographic profile of our residents is changing, the local communities which we serve are generally characterised by an older population living predominantly in market towns and rural villages. The ongoing impact of Welfare Reform and Universal Credit is contributing to rising rent arrears levels, while households continue to have to adapt to wider funding constraints in areas such as social care and local services. Loneliness and social isolation are also a particular issue for older people living in rural communities and we will continue to work to address that.

The December 2019 General Election resulted in a clear majority Government for the first time in a decade, and in doing so, presented short-term clarity around the commitment to Brexit. However, the final details of our trading and other arrangements with the European Union remain unclear. This will have an important impact in our communities where there are a significant number of EU nationals and an economic reliance on agriculture.

## What we will deliver

Our key objectives for the 2018-2023 Corporate Plan are summarised, alongside the strategies and key projects that underpin that ambition. Specific targets and Key Performance Indicators for 2020-21 are set out in detail.

These objectives were revised as the Coronavirus (COVID-19) pandemic began to cause shockwaves across the United Kingdom. We will keep our objectives under review, as the implications and impact of the crisis become clearer over time.

Our biggest measure of success is to be an effective landlord. This means ensuring that our customers are kept safe, live in a good quality homes and are satisfied with the services which they receive from us. Our new housing management system will enable us to offer customers much-improved online services this year, supporting our long-term target of ensuring that at least 9/10 customers are satisfied with Rooftop as a landlord.

We will continue to evolve how we listen to and act upon residents' views as an early adopter of the 'Together with Tenants' national pilot. We will ensure that the Customer Voice remains the heart of the Boardroom, that we draw on the views of local people in local communities, and that we engage with many more residents through digital media. This is part of our **Customer Promise**.

This year we will review our long-term investment in existing homes, based on a 5-year stock condition survey and an assessment of the energy performance of all of the homes that we manage. Our five-year Corporate Plan has sustainability as a key theme, and we will finalise a plan for future investment to tackle fuel poverty and respond to the Climate Change emergency. All new homes that we build are constructed to the Rooftop Living Homes Standard, which exceeds the expected specification of the Government Future Homes Standard. We will report annually on the Environmental Management Standard which we have adopted. This is part of our **Sustainability Promise**.

A key priority will be to support our colleagues as they come to terms with the impact of COVID-19 and respond to new ways of mobile working at scale, as well as the rapidly changing needs of our customers and communities. This year we will continue to develop our managers and leaders and ensure we position Rooftop as an employer of choice, powered by our strong social purpose. This is part of our **People Promise**.

We have set ourselves challenging targets to deliver 1,000 homes between 2018 and 2023. This year we will be forced to scale back our planned development activity because of the impact of the virus. Our target for this year is 164 new homes and is under constant review; final delivery will be constrained by the evolving crisis. We remain committed to building as many homes to rent and for Shared Ownership to meet both local need and aspiration as we can. We know we can only achieve this with the help of our key partners Homes England, Wychavon, Gloucester City, Tewkesbury and Cheltenham councils, as well as Worcestershire and Gloucestershire County Councils. We will work in partnership openly and collaboratively at all times. This is part of our **Partnership Promise**.

## How we work

Everything we do, for our customers and each other, is underpinned by our values:

**We work together** – we talk, we listen, we network

**We make things better** – we solve, we learn, we evolve

**We do the right thing** – we own, we support, we act.

## Operational Delivery in 2020-21

Our Key Performance Indicators are set out in the table below. These include the measures that we routinely report to the regulator, the metrics that form part of our measurement of Value for Money (VFM) and other indicators that are important to our customers, stakeholders or Rooftop as a social business. Although these are based on historic performance and the normal trajectory set out in our longer-term plans to 2023, we know many will not be achievable given the impact of COVID-19. Key financial targets and scenarios are included in the Financial Business Plan stress testing and Defensive Action Plan.

Key Performance Indicators		2018-19	2019-20	2020-21
		Actual	Actual	Target
Regulatory Metrics	Metric 1 - Reinvestment Percentage	9.50%	5.20%	11.10%
	Metric 2a - New supply delivered (social housing units)	3.30%	2.70%	2.30%
	Metric 2b - New supply delivered (non-social housing units)	0.10%	0.00%	0.10%
	Metric 3 - Gearing	61%	58%	61%
	Metric 4 - EBITDA MRI Interest	182%	153%	154%
	Metric 5 - Headline social housing cost per unit	£2,988	£3,284	£3,391
	Metric 6a - Operating Margin	39.40%	32.00%	31.90%
	Metric 6b - Social Housing operating margin	43.80%	40.10%	40.30%
	Metric 7 - Return on capital employed (ROCE)	4.90%	4.30%	3.60%
	Customer Satisfaction with Services Provided	90.0%	89.2%	90%
Other Key Metrics	Customer Satisfaction with Repairs	91%	90.6%	90%**
	£'s invested for every £ generated from operations in communities	£0.05	£0.04	£0.04
	Ratio of responsive repairs to planned maintenance spend	0.5	0.7	0.6

Overheads as a % of adjusted turnover	11.70%	12.80%	12.20%
Average Time to complete a SO Sale	72	90	180
% Routine Repairs right first time	82.8%	83.2%	85%**
Average no of calendar days to complete a responsive repair	14.8	17.6	14**
Rent Arrears as a % of Rent Debit*	3.6%	4.0%	3.5%
Void Loss as a % of Rent Debit	2.1%	2.5%	2.3%
Average Days to Re-let	11.3	19.8	12
No of plots secured in the rolling land bank	121	143	170
% Colleague Sickness Absence	3.4%	4.3%	4.5%
% Colleague Turnover	15.9%	15.5%	13%

\* Note that this measure changed from a General needs and older person's housing to an all tenures basis.

\*\* Subject to agreement with Platform Property Care

## Key Priorities for 2020-21 linked to 2023 Corporate Plan

	Strategic Objective	Business Plan outcome/Project	Start	End	Strategy
Successful Lives	90% Customer Satisfaction	Improve customer insight through alternative customer survey system and analysis	Sep 20	Apr 21	Customer Strategy
		Launch and promote online Tenant Portal	Jul 20	Mar 21	
	4,000 People Supported	Support customers most affected by COVID-19 through Community and Emergency funds	Apr 20	Mar 21	Customer Strategy
		Increase Tenancy Sustainment and reduce evictions through early intervention and targeted support	Apr 20	Mar 21	
		Maximise and measure impact through Social Return on Investment reporting	Sep 20	Mar 21	
	Stronger Communities	Establish Neighbourhood Champions and develop local offers as part of our Together with Tenants Plan	Sep 20	Mar 21	Customer Strategy
		Introduce an asset-based approach to support sustainable recovery in our communities	Sep 20	Mar 21	
		Develop a model for homeless accommodation to support our local authority partners	Oct 20	Oct 21	
		Support our three key Local Authority partners in alleviating the impact of COVID-19	Apr 20	Mar 21	
	Great Homes	Garden Village	Deliver Garden Village site and/or identify alternatives	Jul 20	Mar 21
1,000 Homes		Replace VRTB stock with new units and deliver as many of our 157-home target as we can	Apr 20	Mar 21	Development Strategy
Warm Homes		Launch Rooftop Living Homes Standard in response to Future Homes Standard	Sep 20	Sep 20	Sustainability Strategy, Health and Safety Strategy
	Achieve Health and Safety ISO 45001 accreditation and deliver Health and Safety Strategy	Sep 20	Mar 21		

<b>Better Business</b>	<b>40% + Operating Margin</b>	Deliver £50 million new funding through the most appropriate mechanism	Jul 20	Mar 21	Treasury Strategy, Income Strategy
		Implement Income Collection and Maximisation Strategy, including Rent First programme	July 20	Mar 21	
	<b>Best Companies 3*</b>	Deliver Employee Engagement Plan	Mar 20	Mar 21	People Strategy
		Deliver leadership programme	Jul 20	Mar 21	
	<b>Digital by Design</b>	Strengthen compliance and asset management through Data Strategy implementation	Apr 20	Mar 21	Data Strategy, ICT Strategy, Income, People Strategy
		Recommend new HR and Training System	Apr 20	Mar 21	
		Increase income collection through Rentsense system	Oct 20	Apr 21	
		Improve service quality and quantify VFM savings through QL system development	Apr 20	Mar 21	
		Recommend finance system upgrade/replacement	Oct 20	Apr 21	

\*Priorities in red were added or adapted in May 2020 as part of our COVID-19 response plan below.

### Responding to COVID-19

Our approach is in three phases – **Respond, Refocus and Rebuild** across our Corporate Plan themes of Great Homes, Successful Lives and Better Business. To give the approach structure we have allocated these phases to our reporting quarters although appreciate that elements of responding, refocusing and rebuilding will appear throughout the year. We will revise our Business Plan priorities and targets at the end of the Respond and Refocus stages.

#### Q1 RESPOND

Rooftop responding to the changing operating environment to keep colleagues and customers safe and ensure business viability. We will focus on delivering core services, support where we can and income maximisation and cost reduction. **This is a primarily a defensive approach.**

#### Q2-3 REFOCUS

Rooftop refocusing its operations and business against the new operating environment to expanding services to customers, drive development forward and enable colleagues to adapt and deliver our objectives. **This is primarily an adaptive approach.**

## Q4 REBUILD

Rooftop engaging more broadly in the social, economic and community rebuilding of the areas where we work by refining our operating model to recognise the constraints of the new environment and enable us to play a more active role locally. **This is primarily an expansive approach.**

### Delivering Value for Money

Rooftop's accounts include an annual self assessment of how we are achieving Value for Money in delivering our annual and long-term Corporate Plan objectives and complying with the regulatory Value for Money standard. Our assessment is based on the 'Sector Scorecard' metrics, which include key performance indicators covering customer satisfaction, financial security and our effectiveness as a business. This year we will again strengthen our Value for Money strategy and detailed annual Action Plan. Key elements of our plan this year are the simplification of our group structure, the disposal of non-core assets to generate funds to deliver more affordable homes in South Worcestershire and North Gloucestershire, and re-evaluating our resource requirements once our new housing management system has bedded in. In setting our budget for 2020-21 the Executive Team identified savings/limitations on proposed budgets totalling £187,000 which were removed from the budget prior to board approval.

### Delivering new homes – our indicative pipeline to 2023

We are in the midst of a deepening housing crisis. In response, Rooftop's Board has committed to delivering as many new affordable homes for local people as we can. So, for the five years to 2023 we will aim to deliver 1,000 homes, an average of 200 per year. We know that our target for this year (2020-21) is unlikely to be achievable due to COVID-19.

Development Programme 2018-2023				
	18/19	19/20	Next 3 years	Total
Social Rents	20	17	234	271
Affordable Rents	117	98	221	436
Shared Ownership	45	62	209	316
Outright Sales	8	-	12	20
<b>Total</b>	<b>190</b>	<b>177</b>	<b>676</b>	<b>1,043</b>

**2023 Vision – Summary**

	<b>Great Homes</b>	<b>Successful Lives</b>	<b>Better Business</b>
<b>Strategic Objectives 2023</b>	1,000 Homes	90% Customer Satisfaction	Best Companies 3*
	Garden Village	4,000 People Supported	40% + Operating Margin
	Warm Homes	Stronger Communities	Digital by Design
<b>Supporting Strategies</b>	Development, Asset Management, Sustainability, Health & Safety	Customer, Supported Housing, Income Maximisation	Communications, People, Data, IT, Value for Money, Tax
<b>Operating Plans</b>	Living Homes Standard, Stock Investment, Disposals	Customer Insight, Customer Engagement	Governance Improvement, Website and Social Media
<b>Key Initiatives</b>	Garden Village, Bishop's Cleeve Regeneration, ISO14001 accreditation	Tackling Homelessness, Domestic Abuse service	Leadership Development, Housing Management System, Rewards and Benefits
<b>KPIs</b>	22 KPIs	21 KPIs	12 KPIs

## Key Performance

### Rooftop Homes Limited

RHL, the Group's provider of keyworker accommodation, residential care, market rent and garages, has generated a pre-tax surplus of £1.2 million, an increase on the previous year (£0.5 million). The main reasons for the increase were:

- £0.4 million decrease in depreciation as a result of the extension of the lease at Worcester Royal Hospital keyworker accommodation.
- £0.2 million surplus from two outright sales at Sheldon Avenue

RHL's operations, assets and liabilities have been transferred in full to RHA on 31 March 2020.

We have a write-down of the investment property at Biddulph of £189k.

The main activity of RHL during the year remained keyworker accommodation, with three hospital sites collectively accounting for 72% of RHL's turnover in the year (2019: 72% of RHL's turnover). The major contributor was Shrewsbury Royal Hospital with £1.1 million turnover, 38% of total, (2019: £1.2 million turnover, 39% of total), with Worcestershire Royal Hospital contributing £0.6 million, 19% of total, (2019: £0.5 million, 17% of total) and Weston General Hospital contributing £0.4 million, 15% of total, (2019: £0.4 million, 16% of total) also significant.

During 2018/19 RHL completed construction of a small open market development of four homes in Broadway, Worcestershire, on the site of a disused garage court. Two of the four units sold in 2018/19, and the remaining two sold in 2019/20. The 2019/20 sales created a surplus of £198,000 (before tax).

### Value for Money and Performance Report 2019-20

#### Summary

Rooftop has set out a range of nine ambitious targets within its five year 2018 to 2023 Corporate Plan. These targets aim to ensure we deliver Value for Money in maximising the impact of our resources in delivering our charitable objectives.

In 2019-20 we continued to make good progress in delivering our Corporate Plan objectives across the three streams of Great Homes, Successful Lives and being a Better Business. In summary:

- We remained on track to deliver 1,000 new homes by 2023
- We remained on track to deliver 90% customer satisfaction by 2023
- We remained on track to become a 3\* Best Companies organisation by 2023.

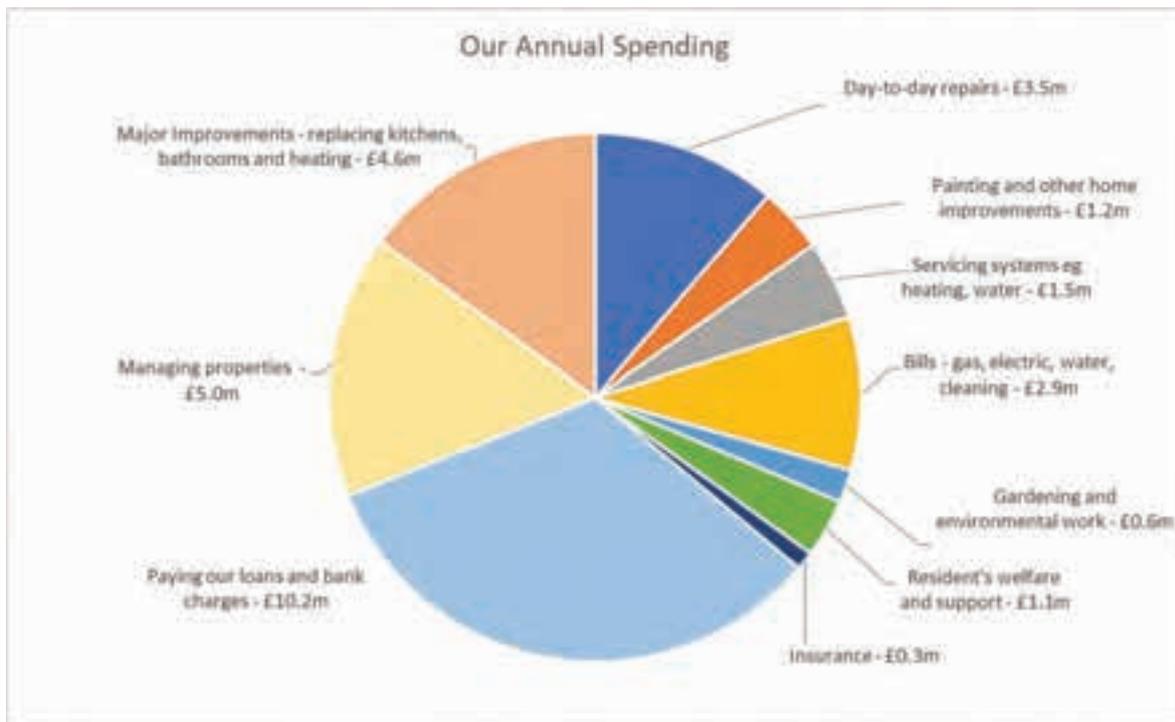
We also continued to deliver against our wider 2023 targets around sustainability, supporting people and communities and business improvement during the year.

Ensuring customers and stakeholders are aware of our impact, costs and delivery of our plans is important to us. A copy of our simple published 'VFM and performance' summary is included in this report. It shows a breakdown of how income was expended during the year to provide transparency.

### How We Spend Our Money - 2020/21 Budget

The graph below shows a breakdown of our expenditure – the three areas covered in the bullet points represent 64% of total expenditure:

- The largest area of expenditure is around servicing our loans. This will increase as we continue to draw down more funding to build new homes.
- The next largest area is managing our homes which includes tenancy management of our homes.
- Major Improvements are the third largest area including kitchens, bathrooms, boilers. This keeps our homes up to Decent Homes Standard.



### Meeting the Value for Money Standard

Rooftop welcome the simplified approach in the April 2018 Value for Money (VFM) Standard. The Board believes Rooftop has complied with the VFM Standard during 2019/20 and continues to challenge the Executive Team to drive forward this agenda for the future.

The Corporate Plan for 2018 to 2023 is monitored and reported against the targets to Board on a quarterly basis. The Board also monitors an annual Value for Money Action Plan setting out the specific improvements and projects Rooftop aims to deliver each year.

The following strategic projects were at the heart of our Value for Money Strategy for 2019-20 and these are targets we included in our statement last year:

- Successfully implement the new Housing Management System to enable us to transform our operating model and customer service

The system was successfully implemented on 4 May 2020 one month behind the scheduled switch over at the end of the financial year. Included in the Value for Money Action Plan 2020/21 is a task to review resources and identify long-term savings with the Board following implementation of this new technology platform.

- Simplify our assets and loan structure to enable us to manage our property portfolio more effectively through Rooftop Housing Association

On 31 March 2020, all Assets and Liabilities were transferred from Rooftop Homes Limited to Rooftop Housing Association. This project has reduced risk to the business by having all loans in one company and will allow more flexibility to review stock out of our core area. It will also result in Corporation Tax savings and administrative savings in future years.

- Effectively deliver the Homes England New Ways of Working contract through the Matrix Housing Partnership

During 2019/20 we completed four homes at the end of March 2020 towards delivery of the NWOW contract and other sites are due to start on site during 2020/21 against a target of 239 homes to be delivered over the life of the wave one funding. This is worth £8.2 million in grant to Rooftop Housing Association and has allowed us to increase the number of homes developed for those in need.

Rooftop reported on the Sector Scorecard metrics for the first time in the 2017/18 Annual Report and Financial Statements. The Sector Scorecard includes the nine metrics specified by the Regulator. The group-wide results for 2019/20 are set out below, with comparatives from 2018/19 and targets for 2019/20 and 2020/21. The targets are embedded in Rooftop's budget and performance processes.

#### Performance and future target

<b>Regulatory metrics</b>	<b>2018/19 Result</b>	<b>2019/20 Target</b>	<b>2019/20 Result</b>	<b>2020/21 Target**</b>	<b>2020/21 projected target post COVID19***</b>
Metric 1 - Reinvestment Percentage	9.5%	10.6%	5.2%	11.1%	5.4%
Metric 2a - New supply delivered (social housing units)	3.3%	2.8%*	2.7%	2.3%	1.3%
Metric 2b - New supply delivered (non-social housing units)	0.1%	0.0%	0.0%	0.1%	0.1%
Metric 3 - Gearing	61.0%	61.0%	58.0%	61.0%	59.0%
Metric 4 - EBITDA MRI as a percentage of interest	182.0%	159.0%	153.0%	154.0%	150%
Metric 5 - Headline social housing cost per unit	£2,988	£3,226	£3,284	£3,391	£3,317
Metric 6a - Operating Margin (overall)	39.4%	32.0%	32.0%	31.9%	32.4%
Metric 6b - Social Housing operating margin	43.8%	40.1%	40.1%	40.3%	39.2%
Metric 7 - Return on capital employed (ROCE)	4.9%	4.1%	4.3%	3.6%	4.1%
<b>Other Sector Scorecard metrics</b>					
Customer satisfaction	90.0%	88.0%	89.2%	90.0%	90.0%

£s invested for every £ generated from operations in communities	£0.05	£0.04	£0.04	£0.04	£0.07
Occupancy	99.8%	99.2%	99.7%	99.2%	99.2%
Ratio of responsive repairs to planned maintenance spend	0.54	0.56	0.66	0.60	0.59
Rent collected	99.6%	98.6%	97.9%	99.1%	98.0%
Overheads as a % of adjusted turnover	11.7%	11.5%	12.8%	12.2%	11.1%
Void loss as a % of rent debit (all tenures)	2.1%	1.6%	2.5%	2.3%	2.4%

\*restated from 2018/19 accounts

\*\*The Targets for 2020/21 were set pre COVID-19 and are subject to further review

\*\*\*These targets have been calculated following a review of the impacts of COVID19

The VFM metrics show that there is an adverse impact in the **Reinvestment percentage**. This is due to a delay in obtaining planning permission for a number of development sites that were due to start during the financial year. One significant scheme **Swan Lane** secured planning in May 2020. We have also made significant progress with Homes England in identifying a potential site for our **Garden Village Project**.

Our costs relating to **Headline social housing** cost per unit are slightly higher than we forecast for the year. We achieved savings in the year against budget of around £600,000 on Component spend, of which £296,000 related to new boilers and heating systems. Insurance savings were achieved following a tender exercise and legal fees were also lower, however this was offset by unbudgeted spend on abortive costs for development schemes, utilities, estate management and environmental maintenance. The majority of repairs and maintenance works are provided by Platform Property Care as part of the cost sharing vehicle which delivered savings of £740,000 this year and customer satisfaction with repairs of 90.6% against an ambitious target of 91%.

Our **overhead costs** are higher than the target in 2019/20 due to increased depreciation charges relating to our new **Housing Management System** that was implemented on 4 May 2020. Removing depreciation due to this strategic investment sees underlying overhead costs at 10.8%. This cost will be charged to our **Statement of Comprehensive Income** over a five-year period, and after this time we are expecting a reduction in overheads. In addition to this we have included an action to review savings to be delivered by the new system as part of our Value for Money Action Plan for 2020-21.

For **Customer Satisfaction** we set an ambitious target of 90% and came within 1% of that in support of our long-term Corporate Plan objective that at least nine out of 10 customers are satisfied with the services we provide. Our analysis indicates that customer communication around repairs is the main cause of dissatisfaction and this will be a key focus for the year ahead.

Our **Operating Margin (overall)** is lower than target due to a number of Development Schemes delayed due to planning challenges, including the **Garden Village**. We have taken a prudent approach and written these off to revenue, which has impacted our **Operating Margin**. It should be noted this does not affect the **Social Housing Operating Margin** which remains on track to achieve our Corporate Plan target of 40%.

#### Last year's performance targets

Our void turnaround of c20 days (all tenures) is higher than our target for the year. This is due to a number of supported schemes being more difficult to let and relying on council referrals. To address this issue, we have carried out detailed analysis and implemented an Action Plan which will accelerate how quickly we re-let void properties and ensure that we are making the best use of our Assets.

We work closely with Partners, Platform Property Care, who provide a repairs service on our behalf, and are monitoring their performance in this area. An independent review of this was carried out by external consultants during 2019/20 and presented to our March 2020 Board. This compared our costs in repairs to 80 organisations across the sector and showed that our costs were generally lower in all areas than the median, except compliance.

Rent Arrears increased during the year due to tenants moving on to Universal Credit for the first time. We are finding these tenants have a higher level of arrears as new claimants have to wait five weeks before receiving their first payment. We also have an Action Plan in this area, which is being monitored on a monthly basis.

<b>Other Key Metrics – targets for 2019/20</b>	<b>Target 2019/20</b>	<b>Result 2019/20</b>	<b>Achieved? Y/N</b>
Percentage of repairs completed first time	92%	83.2%	N
Average no of calendar days to complete non-emergency repairs	15 days	17.6 days	N
Average days to re-let	12 days	19.8 days	N
Rent arrears as a percentage of rent debit	3%	4%	N
Percentage staff sickness absence	4.5%	4.3%	Y
Benefits realised for tenants by money advice team	£2.0m	£2.8m	Y
Deliver 177 new homes	177	184	Y
Secure land for new development, including market sales	170 units	178 units	Y

### Peer Comparison 2018/19

As part of the Value for Money Standard we must include data around peer comparison, we have had a piece of work carried out by Vantage. This was presented to our Board in November 2019. They have identified the peer group based on geographical location, stock size and similarity.

RSH Metrics	Rooftop	Gloucester City Homes	North Devon Homes	Selwood Housing	Thrive Homes Ltd	Trent & Dove Housing	Two Rivers Housing	Westward Housing Group	Sector Average
Reinvestment %	9.5%	31.5%	5.4%	7.0%	14.7%	12.3%	13.6%	3.77%	6.8%
Ranking	5	1	7	6	2	4	3	8	-
New Supply delivered % (social housing Units)	3.3%	1.8%	2.4%	3.0%	1.8%	3.1%	1.4%	3.3%	1.9%
Ranking	1=	6=	5	4	6=	3	8	1=	-
New Supply delivered % (non social housing Units)	0.1%	0.0%	0.4%	0.0%	0.4%	0.0%	0.0%	0.0%	0.1%
Ranking	3	4=	1=	4=	1=	4=	4=	4=	-
Gearing %	61%	45%	60%	30%	67%	59%	56%	32%	33%
Ranking	7	3	6	1	8	5	4	2	-
EBITDA (without sales)	182%	94%	143%	475%	143%	242%	213%	208%	346%
Ranking	5	8	6=	1	6=	2	3	4	-
Headline Social Housing Cost per Unit	£2,988	£4,540	£2,945	£3,450	£4,178	£2,754	£3,336	£3,176	£4,462
Ranking	3	7	2	6	8	1	5	4	-
Operating Margin (social housing)	43.8%	25.2%	25.1%	31.0%	32.4%	36.0%	26.1%	30.1%	26.4%
Ranking	1	7	8	4	3	2	6	5	
Operating Margin (overall)	39.4%	25.3%	22.9%	31.0%	30.4%	33.8%	27.5%	30.5%	24.4%
Ranking	1	7	8	3	5	2	6	4	
ROCE	4.9%	4.8%	2.7%	3.2%	3.7%	6.9%	4.5%	3.8%	4.0%
Ranking	2	3	8	7	6	1	4	5	-

All data has been gathered using the Global Accounts Plus data

### Reinvestment

Rooftop has a lower % of reinvestment than other peers, this is also reflected in the lower cost in **Headline Social Housing Cost per Unit** where Rooftop has performed well. This is thought to be due to the profile of our current stock compared to peers. Rooftop is also part of a Cost Sharing Vehicle, which generates savings in overhead costs and VAT.

### **New supply delivered – Social housing**

Rooftop performed well in this area and shows its commitment to building 1,000 new homes by March 2023. This has been made possible by its success in being awarded New Ways of Working Grant funding.

### **New supply delivered – non Social Housing**

The results are comparable to other peers in this area. The Board however has a limited appetite to deliver non-social housing.

### **Gearing/EBIDTA**

This is an area that Rooftop does not perform well in. The Board monitors this performance closely but accepts the results are weaker compared to peers. This is due to a large number of legacy debts created at the time of transfer from the local council, and also increased borrowing in recent years to enable Rooftop to achieve its ambitions in the supply of new homes.

### **Operating Margin (Social and Overall)**

This metric is an area we have performed consistently well in and it reflects the commitment to keep our costs low while maximising our income. This is also an area which the Board are focussing on as part of our **Corporate Plan**. This positive result of this can also be seen in the Headline **Social Housing Cost per Unit**.

### **Return on Capital Employed**

This is another area we currently rank well in, and we are pleased to be able to maximise the use of our assets.

### **What we have achieved in 2019/20**

#### **Great Homes**

In August 2018, the Board approved a Financial Business Plan which included their vision to build 1,000 homes by 2023. This includes Grant Funding as part of the New Ways of Working that Rooftop was successful in receiving as part of the Matrix Group. The additional grant rate and the profile of receiving the grant has helped Rooftop to be able to meet its vision to provide more homes for local people. The grant due to Rooftop as part of the programme is £8.2 million. This can be claimed in advance of start on site of the schemes, which delays borrowing requirements and therefore reduces interest costs. We have received £4.5 million to date.

Within the 1,000 homes are a mixture of social rent, affordable rent, shared ownership and a small number of outright sales. The outright sales will help to fund more social homes and to meet the objectives of the group.

Of the 1,000 homes the group successfully completed 184 homes in 2019/20, against a target of 177. There are a further 165 new homes on site and a further 117 homes due to go on site during 2020/21. We have now completed 367 homes towards our target of 1,000 homes. We have sold 50 new shared ownership homes during the year, giving a surplus of around £400,000.

We have successfully completed 43 Voluntary Right to Buy sales during the year, which has allowed tenants to own their own homes. Our development team are now looking at replacing these homes and have £7.5 million of funds available in order to complete this over the next three years

Health and safety for our customers is our priority, and during the year we have made improvements to our reporting both to our Executive Team and our Board and appointed a dedicated Health and Safety Compliance Manager. We have a Health and Safety Committee which meets every quarter. All our homes meet Decent Homes Standard that are required to.

During the year we invested £2.23 million in our existing homes to keep them up to standard. The three areas of highest spend were boilers, kitchens and electrical upgrades. In addition to this we spent a further £550,000 on revenue spend on electrical testing and improvement works. We also completed our five-year cyclical Stock Condition Survey which will be used in our financial planning to ensure we maintain our homes to decent homes standard. This has been independently prepared and verified.

## **Sustainability**

### **Electric Vehicles**

In 2018/19 we leased an electric car for staff to use for business trips. All staff are encouraged to use the vehicle when available instead of their vehicles, thus promoting a healthier environment. During 2019/20 we extended this further and leased an electric van for our handymen to use. At one of our latest developments of 95 flats in Gloucester we have set up a car club, which is available for the residents to join free of charge and access an electric car for use. The site has limited parking available and this allow residents the freedom to hire a car only when required.

### **ISO14001 Accreditation**

We were successfully awarded ISO14001 during 2019/20 without any major or minor non-conformities, showing our commitment to Environmental Management and Efficiencies for us and people we do business with.

## **Our Homes**

During 2019/20 in Partnership with Act on Energy, RHA secured £700k grant funding to support the use of new technologies such as Ground Source Heat Pumps, to homes where Gas is not available.

All Houses built through our development programme have achieved SAP level A offering residents high levels of thermal comfort and reduced energy bills estimated to be around £150 per annum compared to a home built to standard building regulations.

## **Successful Lives**

### **Community Investment Strategy**

A number of cross-team community events have taken place across our areas of operation and has included external partner agencies where appropriate. Through the work of our non-core services we have been able to engage with our customers and communities more effectively and this has impacted positively on our overall customer satisfaction target. Value for money has been achieved by key staff working together in their communities to create efficiency and streamline working practices. This has been achieved by teams working together to improve Anti-Social Behaviour and health and wellbeing of our more vulnerable customers as well as removing duplication from processes. We have built on and strengthened partnerships both internally and externally, such as with Citizens Advice Bureau (CAB) in the effective management of Universal Credit (UC) cases and more strategically with local authorities and county council health and social care teams to improve services for customers and attract resources.

## **Customer Voice**

For both customers and the organisation, we strongly believe that we should only expend resources and take up customer time where it is going to lead to a quantifiable difference to the decisions we make over allocating resources, the services we provide or the types of products we offer.

The views and voices of our customers are vital in ensuring we are delivering homes and services that meet the needs of our communities. We have introduced smaller patch sizes for Neighbourhood Officers to enable more community-based engagement to deliver thriving communities where people are provided with a good home, a sense of purpose and a sense of belonging and inclusion. This has helped to improve engagement from a wider representation of customers which in turn has increased customer satisfaction.

During 2019/20 we set up a training academy for our tenants, this included a small number of tenants who attended each week to learn about the different areas of a housing association.

As an early adopter of Together with Tenants we hope to utilise areas of best practice and innovation to improve and build on our customer offer thereby increasing satisfaction levels. Further, as a renewed member of the Tenant Participation Advisory Service (TPAS) we will achieve both free consultation hours and discounted training opportunities for residents.

We have established improved partnership working with customer groups to deal with issues affecting customer satisfaction. This has improved customer satisfaction and reduced the amount of staff resources required to deal with individual queries regarding common issues that were raised by multiple customers.

From a governance perspective, we have robust resident scrutiny via our Resident Excellence Panel (REP) which is a mechanism to enable the Customer Voice to be heard at the highest level to inform decision making. The REP has consistently generated excellent reports and made improvements to services and we have increased the number from four to six members to ensure the capacity is there to review four service areas per year.

## **Better Business**

In March 2019 we simplified our group structure by transferring all assets and liabilities from RHL to RHA and declared RHL as a dormant company. The group structure is now RHG as the parent company with RHA as its single active subsidiary. All our homes and loans are now in one company and that will allow us to dispose of stock not within our core area.

We raised an additional £25 million new funding in 2019/20 with one of our existing lenders, for a five-year period. At the same time, we fixed a £10 million loan to reduce our exposure to variable interest rates.

The Regulator of Social Housing carried out an In-Depth Assessment in January 2020 and confirmed Rooftop's rating of GI/VI in March. This continues to put us in a strong position with our funders allowing the group to continue to develop new homes.

## Performance of our non-social assets

The properties below are all classified as non-social housing, the table below details their performance for the last four years:

Scheme	Scheme valuation	Net rental income	2019/20 Net rental yield	2018/19 Net rental yield	2017/18 Net rental yield	2016/17 Net rental yield
Biddulph	£1,316,250	£88,022	6.69%	6.11%	4.53%	5.65%
Bridge Street	£1,277,125	£16,094	1.26%	2.45%	1.19%	3.83%
Warwick House	£365,000	£12,097	3.31%	4.17%	2.41%	5.81%
Nuneaton	£847,000	£20,467	2.42%	3.31%	4.52%	5.68%
The Hawthorns	£3,530,000	£262,326	7.43%	6.90%	6.70%	6.89%

We have shown a positive return on each of the schemes over the last four years. We have reviewed the properties, and some are outside the geographical area in which we work.

The return from Bridge Street is currently low. This is a listed building in Worcester which is split into flats that are used for Market Rent. The property has needed an increasing number of repairs which are more expensive due to it being a listed building.

Following the transfer of Assets and Liabilities from RHL to RHA we will now be looking to dispose of the properties at Nuneaton and Biddulph during quarter three of 2020/21, which are market rented homes outside of our core area. These were included in our disposal plan which was presented to our March board meeting.

In March 2020 we disposed of a number of units used for rehabilitation for people with alcohol dependency, the properties were managed by a charity (Gordon Moody) who provided all the support and a twelve-week course to the residents. At the end of March, we sold these homes to the charity, the properties are located outside our core operating area.

## Principal risks and uncertainties faced

We have a comprehensive and well-established risk management system, which allows risks to be identified for all parts of the business. Risks are assessed, prioritised and control measures are implemented. The risk process is dynamic with risks being reviewed quarterly. We have identified the following key business risks that could impact the achievement of business objectives. During the year we will also develop and deliver a Risk Controls and Assurance Map to sit alongside our risk management system. Alongside our Risk Management processes we will continue to review and strengthen our governance arrangements across the year building on the delivery of our Governance Improvement Plan.

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 Rooftop's activities and the effect this may have on the organisation's residents and stakeholders. Infrastructure is in place to allow staff to work remotely and our key priority is to ensure, as far as possible, that our housing services are still available when needed. We considered with the Board in May 2020 our risks within the context of COVID-19 as an over-arching and complex crisis with multiple impacts across key risks.

The Board and Executive Team continue to monitor the outbreak, including UK Government advice, and acknowledge that the group 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 group is in a good financial position to help manage this risk. Steps are being taken, on an ongoing basis, to minimise the impact on Rooftop's activities and the effect this may have on the organisation's residents and stakeholders. Infrastructure is in place to allow staff to work remotely and our key priority is to ensure, as far as possible, that our housing services are still available when needed.

Title	Description	Mitigation
Safety of Staff/Residents	Our number one objective is to develop and maintain a high level of safety for our customers, colleagues and other stakeholders.	Rooftop Health and Safety Strategy. Continuous improvement of controls and assurance framework, including independent Health and Safety accreditation.
Failure of CSV to deliver effective repairs service	Growth of the Platform Group leads to a deterioration of service for Rooftop customers and/or decision not to provide the service long-term.	Instigating a wholesale review of the CSV with PPC and refreshing our Plan B contingency for repairs.
Housing market sales exposure	Rooftop development programme includes shared ownership sales and outright market sales. Rooftop recognises that this increases its exposure to the cycle of the housing market.	Rooftop has in place a risk appetite set by the Board to limit maximum exposure, a marketing strategy to ensure sales are achieved as planned and early warning indicators to assess changes in the market.
Debt refinancing	Financing put in place to fund development requires periodic refinancing. Our ability to refinance will be dependent upon our credit standing and the state of the financial markets at the time.	An extension to an existing revolving credit facility which was agreed on 1 July 2020
Regulatory downgrade of Governance	Rooftop fails to retain its GI rating which has the potential to impact on funding and development.	Board Improvement Plan adopted to continue to address issues which range from succession planning to board reports. Maintain our GI grading.
Inability to access new borrowing	Maintaining access to cost effective forms of borrowing in a volatile finance market.	Funding Strategy to consider options for £50 million new funding. Maintain our VI grading.
Liquidity – insufficient cash	Rooftop does not have available sufficient financial resources to enable it to meet its obligations as they fall due.	Treasury Management Policy – maintain cash balance of £5 million or three months cash outflow, whichever is greater.

Income loss due to COVID-19 and Universal Credit	The effects of the national COVID-19 lockdown leading to reduced or delayed income and job losses. Welfare Reform and Work Act continues to pose significant challenges through the implementation of Universal Credit.	An Income Collection and Maximisation Strategy is in place. Dedicated money advice and job coaches.
Maintaining stock condition and asset investment	Ensuring that our properties are well maintained in terms of capital investment and planned maintenance to ensure day to day repair costs are minimised and all Rooftop homes are fit for habitation.	Data led approach to asset investment based on quality stock condition data.  Asset Management Strategy and Investment Programme for component replacement. Alignment of Rooftop Living Homes Standard to existing stock.
Failure to meet Homes England targets	Ensuring that Rooftop complies with commitments made under New Ways of Working, Shared Ownership and Affordable Homes Programme and the conversion of voluntary right to buy receipts.	Scrutiny by Matrix Board. Programme management meetings. Proactive communication with Homes England.
Projects	A significant proportion of Rooftop's plan is to be delivered via special projects with associated delivery, cost and scope risks.	Key projects will only commence following the approval of an investment paper. Key deliverables and milestones will be tracked by a project control group, financial monitoring and risk management.
Maintaining organisational effectiveness	Rooftop or its partners fail to deliver in terms of contracted services, supply chain management or responding quickly enough to an emerging crisis (COVID-19).	Development programme management with partners. Proactive contract management. Contingency plans in development. Business continuity impact and resilience review. Proactive engagement with the Regulator of Social Housing.

## Section 172 Statement

The Section 172 Statement is a new reporting requirement that was introduced under the revised UK Corporate Governance Code ('2018 Code') and was published in July 2018. It applies to accounting periods beginning on or after 1 January 2019. This requires our Directors to explain how they have considered the interests of key stakeholders and the wider considerations set out in section 172, parts A to F, of the Companies Act 2006 ('S172') when performing their duties to promote the success of the Group for the benefit of its members. The S172 Statement considers areas of strategic importance to the Group, and the key aspects of decision making by the Directors, with particular regard to:

### A. Likely consequence of any decision in the long term

The Strategy set by the Board is to build **Great Homes** and support **Successful Lives** by being a **Better Business**. This is incorporated on our five-year Corporate Plan from 2018 to 2023 and includes the development of 1,000 new homes by 2023.

On 31 March 2020, the transfer of the assets and liabilities from Rooftop Homes Limited to Rooftop Housing Association was successfully completed. This simplifies the Group structure and places the Group in a stronger position to effectively manage its assets.

At the time of writing, the world is facing an unprecedented global health crisis with the rapid spread of the Coronavirus, and the associated economic, social and personal damage it will inevitably bring to many people. The Corporate plan was therefore updated at 31 March 2020, based on what was known about the likely impact and how we believe we will need to respond as a **business**, for **colleagues** and above all, for our **customers**. We know that this year our role in supporting local people and communities will be more important than ever before in our 25-year history.

### **B. Interests of employees**

The Directors recognise that the success of our business depends on attracting, retaining and motivating colleagues. This includes ensuring that we remain a responsible employer, and wherever it is relevant we factor in the considerations of our colleagues in our decision making.

For the coming year, a key priority will be to support our colleagues as they come to terms with the impact of COVID-19 and respond to new ways of mobile working at scale, as well as the rapidly changing needs of our customers and communities. This year we will continue to develop our managers and leaders and ensure we position Rooftop as an employer of choice, powered by our strong social purpose. This is part of our **People Promise**.

### **C. Foster business relationships with suppliers, customers and others**

Delivering our corporate strategy depends on having strong working relationships with customers, suppliers, developers, funders and government agencies. In our strategic decision-making we take into consideration the interests of our customers and our other key stakeholders, ensuring where feasible their needs are met.

Our biggest measure of success is to be an effective landlord. This means ensuring that our customers are kept safe, live in a good quality homes and are satisfied with the services which they receive from us. Our new housing management system will enable us to offer customers much-improved online services this year, supporting our long-term target of ensuring that at least 9/10 customers are satisfied with Rooftop as a landlord.

We will continue to evolve how we listen to and act upon residents' views as an early adopter of the 'Together with Tenants' national pilot. We will ensure that the Customer Voice remains the heart of the Boardroom, that we draw on the views of local people in local communities, and that we engage with many more residents through digital media. This is part of our **Customer Promise**.

As part of our Community Investment Strategy, number of cross-team community events have taken place across our areas of operation and has included external partner agencies where appropriate. Through the work of our non-core services we have been able to engage with our customers and communities more effectively and this has impacted positively on our overall customer satisfaction target. Value for money has been achieved by key staff working together in their communities to create efficiency and streamline working practices.

### **D. Impact of operations on the community and the environment**

This year we will review our long-term investment in existing homes, based on a 5-year stock condition survey and an assessment of the energy performance of all of the homes that we manage. Our five-year Corporate Plan has sustainability as a key theme, and we will finalise a plan for future investment to tackle fuel poverty and respond to the Climate Change emergency.

All new homes that we build are constructed to the Rooftop Living Homes Standard, which exceeds the expected specification of the Government Future Homes Standard. We will report annually on the Environmental Management Standard which we have adopted. This is part of our **Sustainability Promise**.

Rooftop is committed to building great homes and communities that are environmentally sustainable and supported by responsible business practices. We have recently introduced Rooftop Living Homes Standard; this is a minimum standard Rooftop will aim to build our new homes to, ensuring we are able to provide warm, energy efficient and future proof homes. This means we will always aim to achieve EPC A rating on all new houses where possible. We adopt a fabric first approach in our new homes supplemented by renewable technologies including Photo-voltaic (PV) panels and air source heat pumps to reduce reliance on fossil fuels and keep utility bills low for our customers.

We understand the impact that fuel poverty has on our customers, especially for those living in very rural areas where there is limited access to mains gas. Our Asset Management Strategy provides a mix of renewable technology solutions such as Solar Photovoltaic Panels, Ground Source Heat Pumps and Air Source Heat Pumps as well as improved internal and external wall insulation to combat this.

We were successfully awarded ISO14001 during 2019/20 without any major or minor non-conformities, showing our commitment to Environmental Management and Efficiencies for us and people we do business with.

#### **E. Maintain a reputation for high standards of business conduct**

Embedded into our decision making process is the goal to maintain a high standard of business conduct. The Boards of each Group member are committed to high standards of corporate governance and have adopted the National Housing Federation's 'Excellence in governance' code and good practice guidance. Board members have a wide range of skills and experience reflecting the services we provide, our customers and the size and financial complexity and strength of the business.

As a GI/VI rated registered housing provider Rooftop Housing Group is serious about transparency, honesty, and clarity.

Every year we publish our financial reports, and our 'Customer Report' so that customers, investors and stakeholders can see where we are spending our money, and how we are fulfilling our commitment to value for money.

The Regulator of Social Housing carried out an In-Depth Assessment in January 2020 and confirmed Rooftop's continued rating of GI/VI in March. This continues to put us in a strong position with our funders allowing the group to continue to develop new homes.

In comparison to our peers we have achieved the top rating for delivery of new homes and operating margin, which are both in line with our Corporate Plan objectives. We also performed well in terms of cost per unit.

#### **F. Act fairly as between members of the company**

Our Group Membership Agreement sets out the relationship between the Parent and its subsidiaries. The simplification of the Group structure will enable us to manage the interests of the Group and Rooftop Housing Association, the active subsidiary, more effectively.

In taking strategic decisions the interests of stakeholders and those of company members are taken into consideration. The outcome will be to align these interests in as far as possible.

## Principal decisions

The principal decisions taken during the financial year in as far as possible incorporated the interests of our key stakeholders. Outlined in the below are the decisions taken and the main outcomes.

### 1. Group structure

In January 2019, the Group Board approved the transfer of assets and liabilities from Rooftop Homes Limited to Rooftop Housing Association. The process was subject to a number of Board decisions to ensure that the transfer was successfully completed on 31 March 2020. These included the approval of restated loan agreements for Lloyds and Nationwide, and a Business Transfer Agreement. The Board also agreed to the de-registering of Rooftop Homes Limited as a Registered Provider to become a dormant company.

We also reviewed the optimal structure for the Group to ensure that we could continue to meet the requirements of the Cost Sharing Group for our repairs and maintenance expenditure with Platform Housing Group. Ultimately it was concluded that a complete transfer of all assets and liabilities was the best option.

The process included consultation with our customers regarding the change of Landlord from Rooftop Homes Limited to Rooftop Housing Association. We also worked intensively with our funders on the loan restatements to ensure that they were fit for purpose and met the business needs of the Group.

The transfer has enabled us to simplify our Group structure. Following the reallocation of all loans to Rooftop Housing Association the risk of cross defaulting on the loans is removed.

### 2. New funding requirements

Following the Board approval in January 2019, to arrange a new revolving credit facility of £25 million with Lloyds the existing loan agreement was restated. The restatement was approved by the Board in July 2019. This put the Group in a strong financial position and by 31 March 2020 the Group had £68 million of undrawn facilities to fund the development of new homes.

In November 2019, the Board approved the extension of the existing revolving credit facilities held with Lloyds and Santander, of £25 million each, by three years. This followed consultation with our funders and review of our funding capacity. We were supported by Chatham Financial, our treasury advisors, in this process.

The extension of the Lloyds facility was completed by 31 March 2020, as part of the Group structure loan documentation. The restatement for the Santander loan agreement, for the extension to the facility, was approved at our May 2020 Board. This was finalised on 1 July 2020.

The extension of the revolving credit facilities will provide additional funding to provide new homes and support our local communities. For the extensions to work, long term funding will need to be put in place to repay the loans drawn from these facilities.

The Board also made an in principal decision in November 2019, to explore the arrangement of long term funding for £50 million to be arranged for the last quarter of 2020. This funding will be used to repay the loans drawn from the revolving credit facilities. We are currently exploring our options with Chatham Financial, particularly in light of the changes to the funding market brought about by COVID-19. We are still confident that it will be possible to arrange the new funding by March 2021 at the latest.

### **3. Implementation of Group's Defensive Action Plan for COVID-19.**

In response to the outbreak of COVID-19 we reviewed our budget for 2020/21 and adjusted it for an anticipated reduction in income. We also revised our planned expenditure based on changed activity, for example, maintenance expenditure and spend on new development schemes. In addition, we reduced expenditure under the Group's Defensive Action Plan, set up to manage the Group's cashflows under adverse conditions.

In April 2020, the Board approved the implementation of reduced expenditure under the Group's Defensive Action Plan. This enabled us to ensure that there is sufficient cash in the business to comply with funders' covenants and to meet contractual obligations. Moreover, the business will have funding in place to deliver its vision of 1,000 new homes by 2023.

By order of the Board

A handwritten signature in black ink, appearing to read "Paul Spooner", is written over a light grey rectangular background.

**Paul Spooner**  
**Chair**  
15 July 2020

# Independent auditor's report to the members of Rooftop Homes Limited

## Opinion

We have audited the financial statements of Rooftop Homes Limited ("the Society") for the year ended 31 March 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in reserves 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 Society's affairs as at 31 March 2020 and of the Society's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014.

## 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 Society 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.

## Financial statements prepared on a basis other than going concern

We draw attention to the disclosure made in note 1 of the financial statements which explains that the financial statements have not been prepared on the going concern basis due to the cessation of operations as at 31 March 2020 as a result of the transfer all activities and assets to Rooftop Housing Association Limited. Our opinion is not modified in respect of this matter.

## Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information including the Report of the Board, 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 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 Society; or
- a satisfactory system of control has not been maintained over transactions; or
- the Society 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 7, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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 Society, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society'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 Society 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  
Two Snowhill  
Birmingham  
B4 6GA  
4 August 2020

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

## Statement of Comprehensive Income

For the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
<b>Turnover</b>	2	<b>3,021</b>	2,953
Operating costs	2	<b>(1,314)</b>	(1,730)
Surplus on disposal of property, plant and equipment	4	<b>198</b>	206
<b>Operating surplus</b>	2	<b>1,905</b>	1,429
Interest receivable	8	<b>5</b>	1
Interest and financing costs	9	<b>(891)</b>	(967)
Movement in the fair value of investment properties	11	<b>168</b>	-
<b>Surplus before tax</b>	7	<b>1,187</b>	463
Taxation	10	<b>(99)</b>	(101)
<b>Surplus for the year</b>		<b>1,088</b>	362
<b>Total comprehensive income for the year</b>		<b>1,088</b>	362

The notes on pages 39 to 53 form part of these financial statements.

## Statement of Financial Position

As at 31 March 2020

	Notes	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Housing properties	11	-	19,683
Investment properties	11	-	2,939
		-	22,622
<b>Current assets</b>			
Properties held for sale		-	413
Debtors receivable in one year	12	-	232
Cash	13	-	534
		-	1,179
<b>Creditors: amounts falling due within one year</b>	14	-	(1,806)
<b>Net current liabilities</b>		-	(627)
<b>Total assets less current liabilities</b>		-	21,995
<b>Creditors: amounts falling due after more than one year</b>	15	-	(18,524)
<b>Provision for liabilities and charges</b>			
Taxation	16	-	(59)
<b>Net assets</b>		-	3,412
<b>Capital and reserves</b>			
Share capital	17	-	-
Revenue reserve		-	3,412
<b>Total reserves</b>		-	3,412

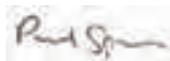
The notes on pages 39 to 53 form part of these financial statements.

The financial statements were approved by the Board on 15 July 2020 and were signed on its behalf by:

**Secretary**



**Board Member**



**Board Member**



## Statement of Changes in Reserves

### For the year ended 31 March 2020

	Note	Revenue reserve	Total
		£'000	£'000
Balance as at 1 April 2018		3,050	3,050
Surplus for the year		362	362
Balance at 31 March 2019		3,412	3,412
Surplus for the year		1,088	1,088
Transfer to RHA	25	(4,500)	(4,500)
<b>Balance at 31 March 2020</b>		-	-

The notes on pages 39 to 53 form part of these financial statements.

# 1. Principal accounting policies

## **Basis of accounting**

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice). This includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Statement of Recommended Practice (SORP) for registered social housing providers 2014 (updated in 2018), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The Group is a public benefit entity.

## **Group accounts**

The consolidated financial statements for Rooftop Housing Group Limited incorporate the financial statements of Rooftop Housing Association Limited, Rooftop Homes Limited. These entities are all subsidiaries within the meaning of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Localism Act 2011.

## **Year end**

The group's ordinary year end date is 31 March.

## **Going concern**

Rooftop Homes Limited ceased operations on 31 March 2020, with all activities and assets transferred to RHA. As a result, the Statements for RHL have not been prepared on a going concern basis.

## **Turnover**

Turnover represents rental and service charge income, fees, grants receivable and outright sales.

## **Service charges**

The Association operates variable and fixed service charges depending on the requirements of the respective tenancy agreements. Where the charge is variable an assessment is made of whether costs have been over or under recovered and an appropriate prepayment or accrual provided for in the accounts.

## **Housing properties**

Housing properties are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of the properties is their purchase price together with improvement costs and incidental costs of acquisition, including capitalised interest and development administration.

Depreciation is charged to write down the net book value of housing properties to their estimated residual value on a straight-line basis over their expected useful economic lives as follows:

General Needs	100 years
Sheltered and Supported	100 years
Non-traditional	15 years
Garages	25 years
Leasehold property	Over life of the lease
Shared ownership	100 years

Housing properties during construction are stated at cost and are not depreciated. They are transferred into housing properties when completed.

The market rent properties are investment properties in accordance with FRS 102 and are not depreciated but are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

Freehold land is not depreciated. Land donated or acquired below market value is included in cost at its valuation, with the donation treated as a capital grant when it relates to a specific project.

### Component accounting

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the properties to which they relate, if shorter, at the following annual rates:

Roofs	75 years
Windows	40 years
Doors	40 years
Boilers	15 years
Kitchens	20 years
Bathrooms	30 years
Heating	30 years
Electrics	30 years
Lifts	30 years

The carrying amount of any replacement component is derecognised.

### Impairment

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell.

### Capitalisation of interest

Interest on the loan financing a development is capitalised during the development process up to the date of practical completion. No interest is capitalised on land purchased for future developments.

### **Major and cyclical repairs and maintenance**

The Group only capitalises major repairs expenditure on housing properties where it increases the net rental stream by:

- extending its useful economic life, or
- the improvement enables a higher rental income to be charged.

All other major repairs expenditure is charged to the Statement of Comprehensive Income as incurred.

### **Provisions**

The Association only provides for contractual and constructive liabilities where it has a present obligation to transfer economic benefits as a result of past events, it is probable that a transfer of economic benefit will result, and a reliable estimate can be made of the amount of the obligation.

### **Leased assets**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income in the period to which they relate. There are no finance leases.

### **Value Added Tax (VAT)**

The Group is VAT registered but the majority of its income, being housing rents and right to buy sales, is exempt for VAT purposes and this gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT and the input VAT recovered is deducted from lettings expenditure. From October 2013 RHA, RHL and RS&C became members of a cost sharing group which provides property repair services to the Group. RS&C has now been removed.

### **Deferred taxation**

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 102.

Deferred tax is not provided for in respect of gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over, or on revaluation gains on housing properties unless there is a binding agreement to sell them at the balance sheet date.

### **Financial instruments**

Basic financial instruments which meet the necessary conditions of FRS 102 are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method with interest charges recognised as an expense in the Statement of Comprehensive Income. Financial Instruments classified as non-basic are measured at fair value at the end of each reporting period with gains and losses arising from year to year being recognised in the Statement of Comprehensive Income.

### **Service charge sinking funds**

Unutilised contributions to service charge sinking funds are recognised as a liability in the Statement of Financial Position. The amount included in liabilities in respect of service charge sinking funds includes interest credited to the fund.

**Bad debt provision**

Former tenant arrears are provided for in full in the bad debt provision. Current tenant arrears are provided for on a percentage basis based on the age of the debt.

**Cashflow**

A cashflow statement is not included in these financial statements because the Association is a wholly controlled subsidiary of Rooftop Housing Group Limited. The cashflows of the Association are included in the Consolidated Statement of Cash Flows of Rooftop Housing Group Limited which is publicly available.

The Association has taken advantage of the exemption as set out in paragraph 1.12(b) of FRS 102.

**Significant management judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to account estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**Significant management judgements**

The following are management judgements in applying the accounting policies of the Association that have the most significant effect on the amounts recognised in the financial statements.

**Impairment of social housing properties**

The Group must make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. 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. Management have also considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment.

**Development expenditure**

The Group capitalises development expenditure in accordance with the stated accounting policy. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

**Estimation uncertainty**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### **Fair value measurement**

Management uses valuation techniques to determine the fair value of non-basic financial instruments. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual price that would be achievable in an arm's length transaction at the reporting date.

## 2. Particulars of turnover, operating costs & operating surplus

	2020			2019		
	Turnover	Operating costs	Operating surplus	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	2,052	(955)	1,097	1,910	(1,356)	554
Activities other than social housing	969	(359)	610	1,043	(374)	669
<b>Total</b>	<b>3,021</b>	<b>(1,314)</b>	<b>1,707</b>	<b>2,953</b>	<b>(1,730)</b>	<b>1,223</b>
Surplus on disposal of property, plant and equipment	-	-	198	-	-	206
<b>Total</b>	<b>3,021</b>	<b>(1,314)</b>	<b>1,905</b>	<b>2,953</b>	<b>(1,730)</b>	<b>1,429</b>

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

	<b>Keyworker</b>	<b>Other</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>Total</b>
			<b>£'000</b>
Rent receivable net of identifiable service charges	1,167	268	1,435
Service charge income	611	-	611
Net rental income	<u>1,778</u>	<u>268</u>	<u>2,046</u>
Other revenue income	6	-	6
<b>Turnover from social housing lettings</b>	<b>1,784</b>	<b>268</b>	<b>2,052</b>
Management	260	84	344
Services	499	18	517
Routine maintenance	162	22	184
Planned maintenance	30	(10)	20
Rent losses from bad debts	9	5	14
Depreciation of housing properties	(138)	14	(124)
<b>Operating costs on social housing lettings</b>	<b>822</b>	<b>133</b>	<b>955</b>
<b>Operating surplus on social housing lettings</b>	<b>962</b>	<b>135</b>	<b>1,097</b>
<b>Rent losses from voids</b>	<b>(154)</b>	<b>(77)</b>	<b>(231)</b>

	General	Other	2019
	£'000	£'000	Total
			£'000
Rent receivable net of identifiable service charges	1,038	286	1,324
Service charge income	586	-	586
<b>Turnover from social housing lettings</b>	<b>1,624</b>	<b>286</b>	<b>1,910</b>
Management	258	117	375
Services	490	17	507
Routine maintenance	116	33	149
Planned maintenance	4	-	4
Rent losses from bad debts	78	22	100
Depreciation of housing properties	199	22	221
<b>Operating costs on social housing lettings</b>	<b>1,145</b>	<b>211</b>	<b>1,356</b>
<b>Operating surplus on social housing lettings</b>	<b>479</b>	<b>75</b>	<b>554</b>
<b>Rent losses from voids</b>	<b>158</b>	<b>67</b>	<b>225</b>

## 4. Sale of housing accommodation

	2020 £'000	2019 £'000
<b>Property disposals</b>		
Receipts from sale of housing property	645	667
Book value of properties sold	(433)	(413)
Other operating costs and costs of disposal	(14)	(48)
<b>Surplus on sale of property</b>	<b>198</b>	<b>206</b>

## 5. Directors' emoluments and expenses

The directors are defined as the members of the Board and the executive officers as given on page 2. The directors are employed and paid by Rooftop Housing Group Limited and these details are presented in the parent company accounts.

## 6. Employee information

RHL does not directly employ any staff. All staff in the Group are employed by the parent Rooftop Housing Group Limited. The details are provided in the parent company accounts.

## 7. Surplus before taxation

	2020 £'000	2019 £'000
<b>The surplus before taxation is stated after charging</b>		
Depreciation	(114)	302
External auditor's remuneration (excluding value added tax) - in their capacity as auditor	4	2

## 8. Interest receivable

	2020 £'000	2019 £'000
Bank interest	5	1

## 9. Interest and financing costs

	2020 £'000	2019 £'000
Bank loans and overdrafts	662	683
Total interest payable on loans from another group undertaking	229	284
<b>Total</b>	<b>891</b>	<b>967</b>

## 10. Taxation

	2020 £'000	2019 £'000
<b>Current tax:</b>		
UK corporation tax on surplus for the period	171	104
Adjustment in respect of previous periods	(13)	-
<b>Total current tax</b>	<b>158</b>	<b>104</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(66)	-
Adjustment in respect of prior periods	7	(3)
Effect of change in tax rate on opening liability	-	-
<b>Total deferred tax</b>	<b>(59)</b>	<b>(3)</b>
Tax on surplus on ordinary activities	<b>99</b>	<b>101</b>
<b>Factors affecting tax charge for the period</b>		
The tax assessed for the period is higher (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%) as explained below:		
<b>Surplus on ordinary activities before tax</b>	<b>1,187</b>	<b>463</b>
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	<b>225</b>	<b>88</b>
Effects of:		
Income not taxable for tax purposes	(32)	-
Fixed asset differences	(126)	56
Capital gains chargeable for the period/(losses)	38	-
Adjust deferred tax rate to average rate	-	-
Other tax adjustments, reliefs and transfers	(13)	(40)
Adjustment in respect of previous periods-deferred tax	7	(3)
<b>Total tax charge for the period</b>	<b>99</b>	<b>101</b>

RHL is recognised by HM Revenue & Customs as an investment company for taxation purposes.

## 11. Tangible fixed assets

	Housing properties for lettings	Investment properties	Total
<b>Cost or valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2019	23,392	2,939	26,331
Works to existing properties	38	-	38
Additions	-	-	-
Disposals	(47)	-	(47)
Revaluation	-	85	85
Transfer between categories	(555)	555	-
Transfer to RHA	(22,828)	(3,579)	(26,407)
<b>At 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation</b>			
At 1 April 2019	<b>3,709</b>	-	<b>3,709</b>
Disposals	(111)	-	(111)
Charge for the year	(114)	-	(114)
Transfer to RHA	(3,484)	-	(3,484)
<b>At 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net book value at 31 March 2019	19,683	2,939	22,622
<b>Cost or valuation at 31 March 2020 is represented by:</b>			
Gross cost	22,828	2,561	25,389
Revaluation	-	1,018	1,018
Transfer to RHA	(22,828)	(3,579)	(26,407)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

The negative depreciation charge reflects an in year charge of £274,316 less £388,242 adjustment on lease extension. The net book value of social housing properties held on a long-term lease is £2.9 million (2019: £2.6 million).

A review of existing properties and their intended use resulted in the transfer of 7 properties from Housing properties for lettings to Investment properties. These properties had a gross cost of £555,180 and are now held at market value of £847,000. The market value of other investment properties fell by £207,000 resulting in a net revaluation gain of £85,000.

Gross expenditure on components was £38,475 and the net book value of replaced components written off was £3,154.

Total expenditure on works to existing properties:	<b>2020</b>	2019
	<b>£'000</b>	£'000
Amounts capitalised - replacement of components	<b>38</b>	46
	<b>38</b>	46
Amounts charged to Statement of Comprehensive Income	<b>30</b>	1
<b>Total</b>	<b>68</b>	47

All assets were transferred to RHA as at 31 March 2020.

## 12. Debtors

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Amounts receivable within one year		
Rents and service charges	-	259
Less: provision for doubtful debts	-	(182)
	-	77
Prepayments and accrued income	-	155
<b>Total</b>	<b>-</b>	<b>232</b>

## 13. Cash at bank and in-hand

There were no specific charges on RHL's cash at bank and in-hand at 31 March 2019 or prior to the transfer to RHA on 31 March 2020.

## 14. Creditors: amounts falling due within one year

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Housing loan repayable within one year	-	738
Trade creditors	-	799
Accruals in respect of repairs	-	25
Interest payable	-	45
Corporation tax	-	10
Amounts due to parent undertaking	-	15
Amounts due to another group undertaking	-	48
Other accruals	-	126
<b>Total</b>	<b>-</b>	<b>1,806</b>

Intercompany balances of £132,709 were settled upon assets transferring to RHA as at 31 March 2020.

## 15. Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
<b>Housing Loans</b>		
Repayable between one and two years	-	827
Repayable between two and five years	-	4,483
Repayable, otherwise than by instalments, in five years or more	-	8,906
Loan from another group undertaking, repayable in five years or more	-	4,308
<b>Total loans repayable</b>	-	18,524

Housing loans were secured by specific charges on certain of RHL's housing properties. The interest rates were fixed between 4.5% and 6.4% or vary with market rates. At 31 March 2020, all loans were transferred to RHA and the intercompany loan settled.

## 16. Provisions for liabilities and charges

	2020 £'000	2019 £'000
<b>Deferred taxation</b>		
At 1 April	59	62
Charge for the period	(59)	(3)
<b>At 31 March</b>	-	59
The deferred taxation provision comprises:		
Other timing differences	-	-
Accelerated capital allowances	-	59
<b>At 31 March</b>	-	59

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 102.

## 17. Share capital

	2020 £	2019 £
<b>8 Shares of £1 each issued and fully paid</b>		
At 1 April	5	6
Issued during the year	1	3
Cancelled during the year	(6)	(4)
<b>At 31 March</b>	-	5

The share capital of RHL consisted of shares with a nominal value of £1 each, which carried no rights to dividends or other income. Shares in issue were not capable of being repaid or transferred. Where a shareholder ceased to be a member, that person's share was cancelled, and the amount paid by them then became the property of RHL. Therefore, all shareholdings related to non-equity interests and there were no equity interests in RHL.

All shares were cancelled at 31 March 2020 when assets and liabilities were transferred to RHA.

## 18. Financial instruments

The carrying values of the Association's financial assets and liabilities are summarised by category below:

	<b>2020</b>	2019
	<b>£'000</b>	'000
<b>Financial assets</b>		
Measured at undiscounted amount receivable:		
Rent arrears and other debtors (see note 12)	-	77
Cash	-	534
	<hr/>	<hr/>
	-	611
<b>Financial liabilities</b>		
Measured at amortised cost:		
Loans payable (see note 14,15)	-	19,262
Measured at undiscounted amount payable:		
Trade and other creditors (see note 14)	-	995
Amounts owed to related undertakings (see note 14)	-	63
	<hr/>	<hr/>
	-	20,320

Intercompany loan balances of £4.5m were eliminated upon transfer of assets as at 31 March 2020.

## 19. Legislative Provision

RHL is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing under the Housing and Regeneration Act 2008.

## 20. Capital commitments

The commitment for capital expenditure authorised but not contracted for is based on development schemes in the business plan. Prior to transfer to RHA, RHL had nothing in development.

## 21. Units

	2020	Movements in year			2019
	Total	Additions	Disposals	Transfers	Total
Under management at the end of the year					
Keyworker accommodation	-	-	(290)	(7)	297
Keyworker office accommodation	-	-	-	-	-
Intermediate rent	-	-	-	-	-
<b>Total units social housing</b>	-	-	(290)	(7)	297
Market renting	-	-	(56)	-	56
<b>Total units non-social housing</b>	-	-	(56)	-	56
Keyworker – leased to Trust	-	-	(83)	3	80
Residential Care Home – leased to Shaw Homes	-	-	(46)	-	46
<b>Total units commercial</b>	-	-	(129)	3	126
<b>Total units for rent</b>	-	-	(475)	(4)	479

All units were transferred to RHA as at 31 March 2020.

## 22. Contingent liabilities and financial commitments

In the view of the Board, there is little likelihood of any liability arising in respect of any indemnities and, therefore, no provision is reflected in these financial statements.

RHL had no outstanding commitment to maintenance and servicing contracts.

## 23. Related party transactions

During the year interest of £228,600 (2019: £228,600) was charged by another Group member, Rooftop Housing Association Limited. A management fee of £566,986 (2019: £573,453) was charged by the immediate parent undertaking, Rooftop Housing Group Limited.

Transactions with Board Members are at arms-length on normal commercial terms and they cannot use their position to their advantage. Rent charged to Board Members in the year was £420 (2019: £420) and the arrears at 31 March 2020 were £0 (2019: £0).

From October 2013 RHL became a shareholder in Platform Property Care Limited (formerly Fortis Property Care Limited) which provides property services to the Group including responsive repairs, planned maintenance, grounds maintenance and gas servicing. The services were provided at cost and the amount charged to RHL during the year was £63,106 (2019: £112,318) and the balance owing at 31 March 2020 was £0 (2019: £2,008). As a result of this arrangement, the Finance Director of RHL is a Director of Platform Property Care Limited.

## 24. Ultimate and immediate parent undertaking

Rooftop Homes Limited is a wholly owned subsidiary of Rooftop Housing Group Limited. Rooftop Housing Group Limited is a Registered Society registered in England.

## 25. Transfer to Rooftop Housing Association Limited

On 31 March 2020, Rooftop Homes Limited ceased operations and transferred all activities and net assets to Rooftop Housing Association Limited. The following assets and liabilities transferred:

<b>Fixed assets</b>	<b>Notes</b>	<b>£'000</b>
Housing properties	11	<b>19,344</b>
Investment properties	11	<b>3,579</b>
		<b>22,923</b>
 <b>Current assets</b>		
Debtors receivable in one year	12	<b>471</b>
Cash	13	<b>414</b>
		<b>885</b>
 <b>Creditors: amounts falling due within one year</b>	14	<b>(2,056)</b>
<b>Creditors: amounts falling due after more than one year</b>	15	<b>(17,252)</b>
		<b>4,500</b>
<b>Net assets</b>		<b>4,500</b>

Included above are total creditor balances of £4.6m relating to an intercompany loan and other amounts owing to RHA that are eliminated on consolidation.

## 26. Post Balance Sheet Events

At 31 March 2020, RHL became a dormant company and as such, there are no post balance sheet events.

## Biographies of Board Members

### **Paul Spooner (Independent Chair of RHL)**

Paul Spooner is a planning and development consultant based in Warwickshire with clients in the public and private sectors. In recent years he has advised both government and local authorities on new urban and rural developments, housing schemes and major infrastructure projects.

In 2016/17 he led the development of the country's first new garden city at Ebbsfleet after being the Midland's director for the Homes and Communities Agency (now Homes England). Before this Paul worked for English Partnerships leading their housing and regeneration programmes in the North West and West Midlands.

In his voluntary roles Paul has been the vice chairman of a community interest company backed by local businesses and authorities in Devon to co-ordinate regeneration and community services in Ilfracombe and is now working with local partners in Warwickshire to address rough sleeping and acute homelessness. Paul is a Trustee of the Stratford Foodbank and is a non executive member of the Football Foundation Grants Panel, supporting grass roots football projects.

Paul is an interim member of the Audit & Risk Committee and represents Rooftop Housing Group on the Board of the Matrix Housing Partnership. He is the Board's representative for Development.

### **Ceri Jones (Independent, Vice Chair of RHA)**

After more than 30 years in teaching, Ceri retired from his post as Head Teacher of Bishop's Cleeve Primary School in 2000. The following year he was elected to Gloucestershire County Council as the member for Bishop's Cleeve and, in that role, has served on many committees both in Gloucester and locally. He was a member of the Council of the University of Gloucestershire for eight years and a Chairman of Cleeve Colts Football Club for 10 years. He has also chaired the Rooftop Residents Association in Bishop's Cleeve, which meets with both tenants and owner occupiers to discuss issues of interest and concern. In May 2013, Ceri decided to step down from the County Council. Ceri was Chair of Rooftop Support and Care before it was transferred to Rooftop Housing Association in 2018.

In September 2019, Ceri was appointed Chair of Rooftop Housing Association and is a member of the Nominations and Performance Committee. He is also the Board's representative on the Health and Safety Committee.

### **Rachel Lathan (Tenant)**

Rachel has been an RHA tenant for some years and lives in Badsey with her husband and young family. She balances a demanding family life with her job in sales and her involvement with Rooftop. Rachel first became an involved resident with Rooftop when she joined the newly formed Resident Action Team in 2010 and, until September 2019, was Chair of Rooftop Housing Association. She was a 'Tenant of the Year' finalist in the 2012 Tenant Participation Advisory Service Awards. She has successfully completed a Governance Training course accredited through Derby University. Rachel is an active member of the local community and believes passionately in providing excellent housing.

Rachel is Vice Chair of RHA, Vice Chair of the Remuneration Committee and a member of the Nominations and Performance Committee.

**Jonathan Wallbank (Independent)**

Jonathan is a qualified accountant and spent a number of years in financial services before moving into corporate finance. Prior to joining a large housing association in 2015, where he is currently Director of Treasury and Corporate Finance, Jonathan gained experience in both retail and manufacturing sectors. He headed up the European treasury function for the US retailer GAP Inc, in addition he was responsible for cash management for both Hong Kong and Taiwan. He brings a wealth of experience and expertise, including merger implementation, regulatory frameworks, adoption of new accounting standards, robust financial management and management of risk. All of which will support Rooftop as we move forward to build good quality, affordable homes.

Jonathan is a member of the Audit and Risk Committee.

**Colum Goodchild (Independent)**

Colum began his career as an Environmental Scientist working in the water sector. He progressed through various Operational and Asset Planning roles before becoming Asset Strategy Manager at Northumbrian Water. He led the development of Northumbria's successful regulatory review in 2014 (PR14), securing support for a £1b investment programme over the next five year period.

He has gained extensive experience of customer research and engagement both in his role at Northumbrian and in his current position with Cadent Gas Distribution. At Cadent, Colum led the asset planning and investment programme function, overseeing around £600m of investment per annum.

He is now focused on producing the companies next 5 year business plan, working closely with the regulator Ofgem. Colum took on a Non-Executive Director role at Durham City Homes in 2015, and following its merge with County Durham Housing Group became vice chair of their Operations Committee in 2017.

Following his move to the Midlands he joined Rooftop in 2018. He is a member of the Audit and Risk and Nominations and Performance Committees and represents Rooftop Housing Group on the Board of Platform Property Care.

**Claire-Elaine Arthurs Payne (Independent and Acting Chair of Audit and Risk Committee)**

Claire-Elaine is a Solicitor who specialises in risk management and resolution of property related disputes. She is also a Chartered Manager, CEDR Accredited Mediator and qualified Business Strategy Consultant. She has a passion for problem-solving and a long history of working with Social Housing Providers, Developers and Private Landlords. Claire-Elaine holds a BAHons in Cultural Studies and Sociology from the University of Birmingham and undertook her postgraduate legal training at the University of Law, where she later went on to become a visiting Tutor. She is also regularly invited to teach sessions on law and business on behalf of other higher education providers.

She completed her training as a Solicitor with Gately Plc and has worked at a senior level with other firms such as Wright Hassall LLP and Davies & Partners. As well as working in private practice, she has spent time as in-house counsel with companies such as British Telecommunications Plc. She studied Business at Warwick Business School and completed an MSc in Strategic Business Management with the De Broc School of Business.

Claire-Elaine is currently a Worcestershire-based Partner with city firm, Gunnercooke LLP. As well as managing a national property dispute resolution team, she also supports Executives and Boards in the development of their Leadership and Management skills.

Claire-Elaine lives in Evesham with her family and was previously the Chair of Governors at The Vale of Evesham School.

From January 2020 she is the Acting Chair of the Audit & Risk Committee and member of the Remuneration Committee. She is the Board's representative for Equality & Diversity.





**Rooftop Housing Group Limited**

70 High Street  
Evesham  
Worcestershire  
WR11 4YD

**Tel:** 01386 420800

**Email:** [enquiries@rooftopgroup.org](mailto:enquiries@rooftopgroup.org)

**Web:** [www.rooftopgroup.org](http://www.rooftopgroup.org)