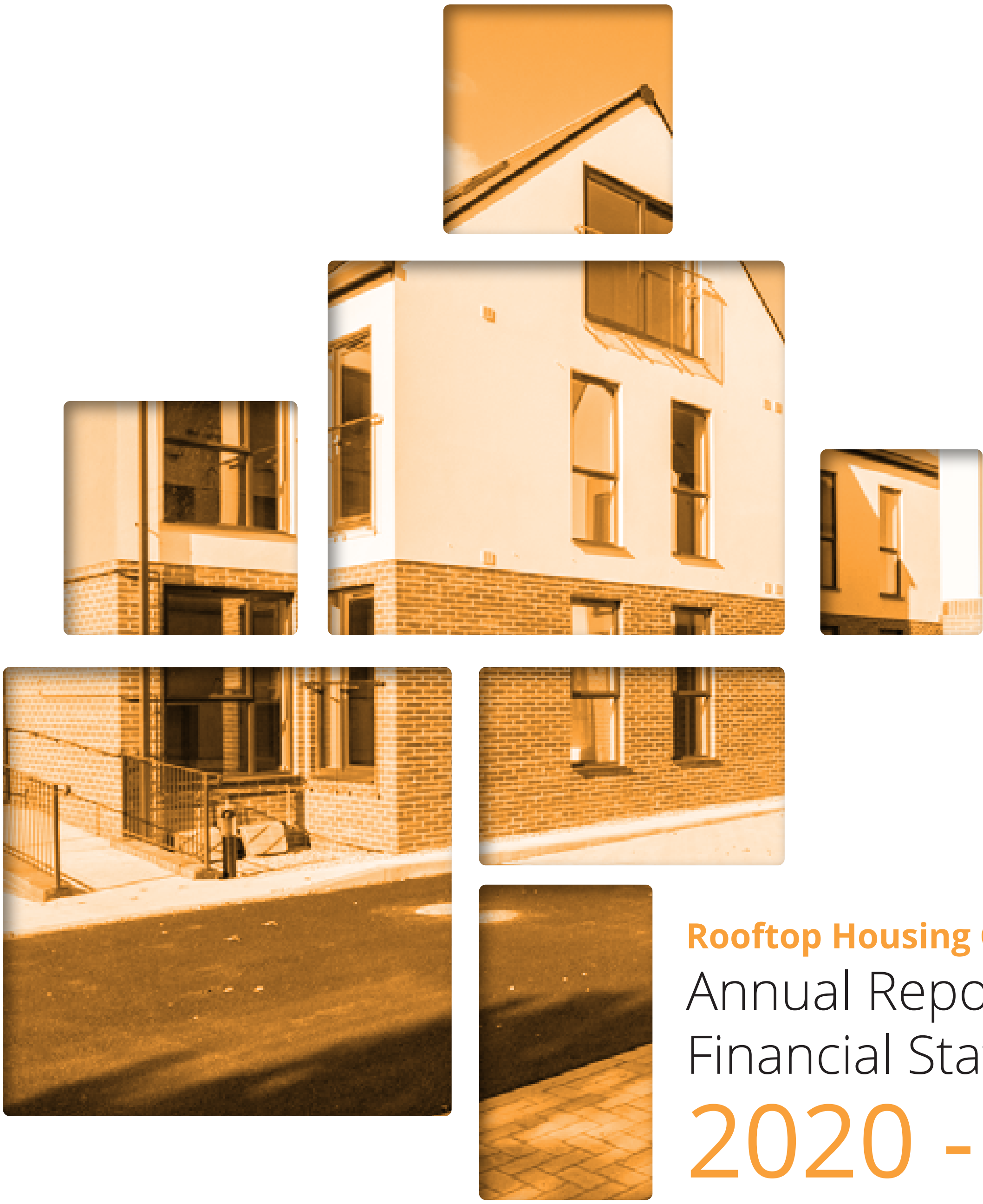
Annual Report and Financial Statements
2020 - 2021

Rooftop
Housing Group



Rooftop Housing Group Limited

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Contents

Board, executive and advisors

Registered office	70 High Street Evesham WR11 4YD
Board	- Nicola Inchbald (Chair) - Ceri Jones - Rachel Lathan (retired from 16 September 2020) - Robin Richmond (Vice Chair and Senior Independent Director) - Paul Spooner - Jonathan Wallbank - Colum Goodchild - Claire-Elaine Arthurs Payne - Myron Hrycyk (Co-optee) - Daisy Halford (from 16 September 2020) - Tessa Rollings (from 16 September 2020)
Executive officers	- Boris Worrall, Group Chief Executive - Caroline Dykes, Finance Director - David Hannon, Development Director - Claire Newman, People Director - Lisa Nicholls, Housing Director - Caroline Allen, Secretary
External auditor	BDO LLP Two Snowhill Birmingham B4 6GA
Bankers	Barclays Bank Plc 54 High Street Worcester WR1 2QQ
Internal auditors	Mazars LLP First Floor, Two Chamberlain Square Birmingham B3 3AX
Principal solicitors	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B2 2ES
RML Board details **(Dormant company)**	- Boris Worrall

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
	bLEND Funding plc 3rd Floor 17 St Swithin's Lane London EC4N 8AL
Funding advisors	Centrus Senator House 85 Queen Victoria Street London EC4V 4AB
Insurance brokers	Zurich Municipal Zurich House Ballsbridge Park Dublin 4 Ireland
Taxation advisors	RSM UK Tax and Accounting Temple Row Birmingham B2 5AF
	The VAT People Charter House Norbury Street Stockport SK1 3SH

Valuers	Savills Plc 19/20 City Business Centre 6 Brighton Road Horsham West Sussex RH13 5BB
Performance analysis	Vantage Business Solutions Consulting Limited Orchard Chambers 4 Rocky Lane Heswa1l 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 2021.

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 subsidiary. This company became dormant on 31 March 2020. It was deregistered with the Regulator of Social Housing as a Registered Provider in June 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 G1 and V1 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 and re-confirmed in November 2020.

A detailed annual self-assessment against the Regulator's Standards is carried out in April each year and approved by the Board. The Board considers that the Group remains compliant with the standards. As part of this, the Board recognised the following factors:

- The Board held a virtual strategy event on 2-3 October 2020 to review the 2018-23 Corporate Plan and refresh the plan. It also considered the proposed Environmental Sustainability and Land and Development strategies. In March 2021, a revised Corporate Plan 2021-26 and Annual Business Plan for 2021-22 was approved.
- The annual individual board member appraisals were held and the Board self-assessed its performance as a collective. The Board Member Learning and Development Plan captures the outcomes of the appraisals and a Board Improvement Plan ensures the focus remains on continuous improvement. The Board will be externally appraised in 2022 in line with a three-yearly cycle.
- The Board has approved a Succession Plan and this is regularly reviewed.
- During the year, RHA obtained a bond for £50 million with bLEND: £30 million was drawn in November 2020 and £20 million will be drawn in November 2021. The loan was used to repay existing revolving credit facilities, which will then be available to use up to 2025 to fund the development programme.
- At 31 March 2021 RHA has until June 2024 before new funding is required.
- All regulatory returns (FVA, SDR, Quarterly Returns, FFR, Fraud, Coronavirus Operational Response Survey) 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. The average net present value has increased since 2017 from an average of £52,326 to £59,490 in 2020.
- A Resident Excellence Panel scrutinises Rooftop services to its residents, through a programme of scrutiny and reports to each meeting of the Audit and Risk Committee with an annual report to the Group Board.
- 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 2020/21 and the 2020/21 final accounts timetable
    - Reviewed and recommended to the Board the annual Accounting Policy.
- Risk management process and framework
    - Reviewed and recommended to the Board the revised Risk and Assurance Policy and Framework
    - 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 2021/22
    - Approved the internal audit strategic plan for 2020/21 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 twelve (including compliance and data integrity) internal audit reports and noted the level of assurance given by the internal auditors as follows:
    - Substantial assurance (four): Value for Money, Asset and Liability Registers, Tenant Engagement and Empowerment, Risk and Assurance Management
    - Adequate assurance (two): Rent Setting and Amendments and Strategic Asset Management
    - Needs Improvement (none)
    - 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
    - The Committee also received a Follow Up of recommendations report and a Post Implementation Review of the Housing Management System project.
- 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 update and noted proposed 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 assessed its compliance against the National Housing Federation's Code of Governance (2015) and confirms that the organisation is fully compliant. On 10 March 2021, the Board formally adopted the revised National Housing Federation's Code of Governance (2020). An action plan has been produced to ensure a smooth transition from the previous version during 2021/22.

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.

- In March 2021, a Group Chair Designate was successfully recruited to take up the role in September 2021. The current Group Chair retires in September 2021 having served the maximum nine years as a board member.
- Two new board members were recruited in 2020. The Board was keen to retain direct customer experience following the retirement of the existing customer member and to increase the level of financial skills on the Board.

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. Rooftop is a dedicated equal opportunities employer, we treat people fairly, and with dignity, regardless of sex, age, disability, sexuality, race or belief.

We create a culture that promotes equality and diversity in all aspects of employment, including recruitment and selection, training and development and employment practices.

We want to encourage people from under-represented groups to apply for our jobs, so our workforce reflects the profile of the local communities and our residents. We also value the contribution that staff who consider themselves to have a disability make to our workforce.

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: Your Voice, company-wide briefings, formal consultation, departmental and individual meetings.

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. Minutes of meetings are made available to all employees, the Audit and Risk Committee and Board. 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.

The Board approved a budget for the financial year 2021/22 in March 2021 and approved the 40-year Financial Business Plan in May 2021. This included detailed stress testing with multi-variant scenarios.

The Board previously approved a Financial Business Plan in September 2020, this included a number of stress tests including a perfect storm, which created extreme results. The plan also contained a £5 million cash contingency for Development which can be released in adverse circumstances. Based on our Treasury Management Policy RHA holds minimum cash balances of £5 million or three months' net cash, whichever is the greater. When calculating the required cash balance an assumption is made that we will only receive two thirds of property sales in a period. This prudent approach and the available undrawn loan facilities will keep us viable during these difficult times.

The budget for 2021/22 was set taking into account the potential effects of COVID-19, and was approved by the Group's Board on 10 March 2021. Our key focus for 2021/22 is to deliver exceptional customer service and to respond to the effects of COVID-19. Our business is well placed to do this, and to achieve this we plan to:

Improve customer satisfaction by catching up on maintenance works. This was delayed in 2020/21 due to the lockdown restrictions. The components budget for 2021/22 has been significantly increased to allow for works, which were not completed as planned in 2020/21.

Maximise income and reduce bad debts. In 2020/21 the budget for bad debts was set at 3.2%, compared to a standard budget of 1.4% to allow for the potential effects of COVID-19. Actual performance for the year was 1.01%. This year's budget for bad debts has been set at 2.2%. We consider it will be unrealistic to set a lower budget due to Government forecasts for the economy and unemployment in 2021/22. We have restructured our Income Team and introduced a new system, called RentSense to reduce the likelihood of rent arrears becoming bad debts. However, this will remain a challenging area due to changes in Universal Credit and the ending of the Government's Furlough Scheme. Our Income Team continues to work with our tenants who are suffering financially due to the impact of COVID-19.

Achieve a voids budget of 2% for 2021/22. This is 12% lower than the budget for 2020/21. During the first quarter of 2020/21 it was not possible for us to accept any new residents at the older persons schemes. However, with the anticipated lifting of lockdown restrictions by the summer, lettings at these schemes will become much easier.

Achieve a new property sales budget of £5 million. This is based on our normal sales activity. Despite the lockdown restrictions in 2020/21, we sold new properties to the value of £4 million.

The budget surplus for the Group was revised downwards once COVID-19 restrictions and the impact on activity and financial performance were fully assessed. At the end of the financial year, a Group post-tax surplus of £4,115,000 was achieved. The budget surplus for 2021/22 has been set at £4,536,000, an increase of £44,000 from the revised 2020/21 budget. There was a decision to redevelop an existing scheme in Bishops Cleeve, this resulting in an £800,000 impairment in our accounts, this was offset by additional sales in the year.

In May 2021, the Board approved an updated Financial Business Plan, which includes all of the decisions made by the Board. The Plan included the forecast completion of the Group's vision of 1,000 homes to be delivered by March as part of our updated Corporate Plan from 2021 to 2026. This includes a new Homes England Bid under the Matrix Housing Partnership. We are pleased to confirm there is sufficient cash available to support the business through any continued effects of COVID-19 and to comply with our funders' covenants.

In November 2020, we successfully arranged a bond for £50 million with THFC/(bLEND), with the assistance of our Treasury Advisors, Centrus; £30 million was drawn in November 2020 and the remaining £20 million will be drawn in November 2021. This has significantly reduced RHA's refinancing risk; new funding of £25 million will be required in June 2024. In addition to the bLEND funding, we have £82 million of undrawn revolving credit facilities at year end; this will support the current development programme.

Given the strength of the statement of financial position and availability and liquidity of undrawn loan facilities, the Board believe that while there may be some uncertainty in the future, 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

During 2020/21, the majority of our staff have continued to work from home, and we have adhered to Government Guidelines to keep our residents and staff safe during these challenging times. Our Executive Team have held regular meetings to ensure our business continuity is maintained. Alongside continuing to deliver essential services to our residents, we continued to provide 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 15 September 2021.

By order of the Board

N. A. Inchbald,

Nicola Inchbald
Chair
14 July 2021

Strategic Report

Why we exist

Our mission is to support **Successful Lives** and build **Great Homes** by being a **Better Business**. This annual Business Plan sets out what we will achieve during 2021-22; this is the first year of our five-year Corporate Plan, updated to run from 2021 to 2026.

During the financial year, 2020-21, the world faced an unprecedented global health crisis resulting from the COVID-19 pandemic. In England there were three lockdowns with restricted social activity between the lockdowns. This caused economic, social and personal hardship for many people. The Government is reviewing the possibility of lifting the lockdown in the summer of 2021, depending on the rate of infections. Our Corporate Plan is based on the latest situation, and what is 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**.

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

For 2020/21 our most significant challenge was responding to the impact of COVID-19, and the challenges it posed to the communities of South Worcestershire and North Gloucestershire. We have strong strategic and operational relationships with our key local authority partners, and we will continue to do all we can to work alongside them in following Government guidelines. In anticipation of the continued easing of lockdown restrictions, this year we will focus on the implementation of our new Asset Management Strategy and development programme.

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 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.

What we will deliver

Our key objectives for the 2021-2026 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.

We will continue to monitor these objectives as the lockdown restrictions for COVID-19 are eased, taking into consideration any potential implications over the short and long term.

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 at 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. We are committed to the Social Housing White Paper 'The Charter for Social Housing Residents'.

This year, as part of our Asset Management Strategy, we will be focussing on delivering £2.5 million of energy efficiency works to 170 of our homes. We will also define the Rooftop Living Homes Standard for our existing homes and will develop a fully costed plan to achieve energy level Band C by 2030 for all of our homes. We will also address the pandemic repairs backlog for replacement components in our homes. 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 is a unique set of standards developed by Rooftop to exceed the expected specification of the Government Future Homes Standard. We will report annually on the Environmental Management Standard which we have adopted. In 2020/21 we became an early adopter of the Sustainability Reporting Standard, and will be publishing our first Environmental, Social and Governance Report in September 2021.

During 2020/21 we supported our colleagues as they came to terms with the impact of COVID-19 and adapted to mobile working, as well as the rapidly changing needs of our customers and communities. This year we will be focussing on supporting our colleagues as they return to the option of working in the office as part of our agile working arrangements, whilst following Government guidelines. 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.

We have set ourselves a challenging target to deliver 1,000 homes between 2018 and 2023. This year, we are planning to deliver 133 new homes, and commence work on 255 new homes. 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.

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.

Key Priorities for 2021-22 linked to 2026 Corporate Plan

<table>
<tr><th></th><th>Strategic objectives</th><th>Annual Objectives</th><th>Start</th><th>End</th><th>Strategy</th></tr>
<tr><td rowspan="6">Great Homes</td><td rowspan="3">Rooftop Living Home Standard</td><td>Tackle the pandemic repairs backlog and implement an optimisation plan for the Cost Sharing Vehicle</td><td>Apr 2021</td><td>Dec 2021</td><td rowspan="16">➢ Development
➢ Sales and Marketing
➢ Environmental Sustainability
➢ Asset Management
➢ Health and Safety
➢ Supported Housing
➢ Customer
➢ Community Investment
➢ Income Collection and Maximisation
➢ Supported Housing
➢ Equality, Diversity and Inclusion
➢ People
➢ Communications
➢ Treasury
➢ Tax
➢ Value for Money
➢ ICT
➢ Data
➢ Procurement</td></tr>
<tr><td>Deliver £2.5 million of energy efficiency works to 170 homes*</td><td>Apr 2021</td><td>Dec 2021</td></tr>
<tr><td>Define the Rooftop Living Homes standard for existing homes and a fully costed plan to achieve energy Band C*</td><td>Apr 2021</td><td>Jan 2021</td></tr>
<tr><td rowspan="3">1,000 New Homes</td><td>Deliver 133 homes and start 255 homes</td><td>Apr 2021</td><td>Mar 2022</td></tr>
<tr><td>Maintain a rolling land bank of 170 plots</td><td>Apr 2021</td><td>Mar 2022</td></tr>
<tr><td>Deliver sales income of £5.3 million</td><td>Apr 2021</td><td>Mar 2022</td></tr>
<tr><td rowspan="4">Successful Lives</td><td rowspan="2">Excellent Customer Service</td><td>Deliver 90% overall customer satisfaction</td><td>Apr 2021</td><td>Mar 2022</td></tr>
<tr><td>Develop and implement new Customer Service Standard and Tone of Voice</td><td>Apr 2021</td><td>Feb 2022</td></tr>
<tr><td rowspan="2">Building Stronger Communities</td><td>Deliver revised local offers that support investment in communities</td><td>Apr 2021</td><td>Mar 2022</td></tr>
<tr><td>Achieve £300k of Social Return on Investment</td><td>Apr 2021</td><td>Mar 2022</td></tr>
<tr><td rowspan="6">Better Business</td><td rowspan="3">Leadership and Learning Excellence</td><td>Implement a new HR and payroll system*</td><td>Apr 2021</td><td>Jan 2022</td></tr>
<tr><td>Deliver Leadership and Professional Development program</td><td>Jul 2021</td><td>Mar 2022</td></tr>
<tr><td>Enhance and develop the Project Management Framework</td><td>May 2021</td><td>Dec 2021</td></tr>
<tr><td rowspan="3">Digital by Design</td><td>Deliver the Housing Management System development plan to enhance customer service*</td><td>Apr 2021</td><td>Mar 2022</td></tr>
<tr><td>Implement Microsoft Business Intelligence (BI) reporting to enhance data maturity</td><td>Apr 2021</td><td>Mar 2022</td></tr>
<tr><td>Implement a new Finance system*</td><td>Apr 2021</td><td>Mar 2022*</td></tr>
<tr><td></td><td></td><td>Implement a new Telephony system*</td><td>Apr 2021</td><td>Mar 2022</td></tr>
</table>

***into 2022/23**

Responding to COVID-19

During the financial year 2020/21, the UK Government implemented three national lockdowns to manage the COVID-19 pandemic. Between the lockdowns a tiered system of social distancing measures was introduced. Following the third lockdown a phased lifting of restrictions was in place by 31 March 2021.

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, major component replacements such as kitchens and bathrooms and stop non-emergency repairs were postponed to early July 2020. However, following a two more national lockdowns and a tiered system of social distancing, the programme of component replacements was 40% less than planned. We are planning to resume a full programme of replacements in 2021/22 and are ensuring that customers who have been affected are kept informed.
- Construction work began at our development schemes again in July 2020, following Government guidelines; 50 homes were completed in 2020/21. We anticipate that 133 homes will be completed in 2021/22.
- Continued with our program of Gas safety testing.
- Closed communal areas to protect customers from catching the virus through congregating in lounges.
- Ensured the same member of staff visited the same schemes to reduce incidents of cross contamination.
- Provided regular contact with older people and people who live with additional needs and vulnerabilities, 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 resulting in over £2.8 million extra in rightfully claimed benefits and support payments for Rooftop customers.
- Throughout the year, the majority of our staff worked from home, or worked on front line services where this was possible through social distancing measures.

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.
- Expenditure on PPE has increased to ensure the safety of those staff members that 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 such as the impact of COVID-19 on Defined Benefit (DB) investments. TPT, the provider of our defined benefit scheme, made the following statement on 19 June 2020:

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.

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 to define the Rooftop Homes Living Standard for our existing homes and to develop a fully costed plan to achieve Energy Efficiency Level Band C by 2030, deliver overall Customer Satisfaction of 90%, develop and implement a new Customer Service Standard, deliver the Housing Management System development plan to enhance customer service, and to implement a new HR and payroll system. For 2021/22, a budgeted surplus of £4.6 million has been set, which is £286k higher than the 2020/21 budget. The budget was set on the basis that there will be a limited impact from COVID-19 and that normal levels of business activity will resume.

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 2026 we will aim to deliver 1,000 homes, an average of 200 per year. For 2021/22, we plan to deliver 133 homes as the lockdown restrictions are gradually lifted.

Development Programme- Number of Homes				
	18/19	19/20	20/21	2021-26
Social Rents	20	17	7	455
Affordable Rents	117	98	20	151
Shared Ownership	45	62	16	374
Outright Sales	8	-	7	-
Rent to Buy	-	-	-	20
Total	190	177	50	1,000

2026 Corporate Plan – Summary			
	Great Homes	**Successful Lives**	**Better Business**
Strategic Objectives 2026	1,000 Homes	Excellent Customer Service	Leadership and Learning Excellence
	Rooftop Living Homes Standard	Building Stronger Communities	Digital by Design
Supporting Strategies	Development, Asset Management, Sustainability, Health and Safety	Customer, Supported Housing, Income Collection and Maximisation, Community Investment	Communications, People, Data, IT, Value for Money, Tax
Operating Plans	Living Homes Standard, Energy Rating Score of Band C, Stock Investment, Disposals	Community Led investment, Customer Satisfaction and complaints handling r	New Finance and HR/Payroll Systems, Investment in developing of people
Key Initiatives	Garden Village, Bishop's Cleeve Regeneration, ISO14001 accreditation	Tackling Homelessness, Domestic Abuse service, Community Projects, Develop Customer App and Website Portal	Leadership Development, Housing Management System, Rewards and Benefits, Your Voice Forum

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 2020/21, the group generated a surplus of £4.1 million (£5.9 million 2019/20). The core purpose of the group is social housing lettings activity, representing 86% of Rooftop's turnover (2020: 83%). The next most significant elements of the business are shared ownership sales which is 9% of turnover (2020: 12%) and supporting people (2% of turnover; 2020: 2%). Other activities are negligible.

At 31 March 2021, the group held £28 million in cash (£14 million 2019). The increase in cash held is due to the arrangement of a bond for £50 million in October 2020 with bLEND: £30 million was drawn in November 2020 and £20 million will be drawn in November 2021. The loan was used to repay existing revolving credit facilities, which will then be available to use up to 2025 to fund the development programme.

Following the first national lockdown for COVID-19, no repair or development works were undertaken in the first quarter of 2020/21. Activity resumed from July 2020, although it was slower than in normal years following two further national lockdowns and a tiered system in between the lockdowns to reduce social activity. It is planned to resume normal levels of activity in these areas for 2021/22 subject to Government guidance.

Rooftop Housing Association Limited

RHA, the Group's core social housing provider, generated a surplus before taxation of £4.1 million (2020: £4.8 million). This was £900k less than RHA's budgeted surplus of £4.3 million.

However, there was a significant outperformance of the costs budgeted for bad debts, which was £848k less than forecast. In April 2020, the budget was increased to £1.24 million due to the uncertainties around the COVID-19 pandemic. This is due to the dedicated work of the Income Team; real-time collection has been in place since October 2020 for Universal Credit, and direct applications to Housing Authorities for Housing Benefit payments. Overall rent collected for 2020/21 stands at 99.9%.

The next most favourable contribution was in financing, with net interest cost £0.6 million lower as a result of lower interest rates and less loan drawdowns than anticipated due to the reduced development programme.

The budget for property sales was also better than forecast, achieving a favourable outperformance of £166k. In the year, there were 36 shared ownership sale completions and five outright property sales. In addition 15 homes at Biddulph were sold in the year, following the transfer of assets and liabilities from Rooftop Homes Limited to Rooftop Housing Association. Five homes at Nuneaton were sold in April, which were also transferred.

Overall operating costs for lettings were £927k favourable due to lower bad debts, lower staffing costs, and lower depreciation costs. The maintenance budgets were £673k overspent; budgets were reduced for the impact of COVID-19. However, the fixed costs of Platform Property Care still had to be met. In addition, all responsive repairs were still completed, despite the delay in the first quarter caused by the lockdown.

Net income from lettings was £1.2 million unfavourable due to £446k of lower rental income relating to deferred income, service charge income reduction of £380k due to the delayed implementation of programmed maintenance works, and £333k more voids primarily at our support schemes. The rent reduction of 1% per annum from 2016-20 introduced from the Welfare Reform and Work Act 2016 ended in March 2020. From April 2020, our rents were increased based on the Government's rent policy.

Impairment costs of £955k were incurred for the write down of costs relating to the refurbishment of existing homes at Bishop's Cleeve and a Supported Housing scheme for Older Persons at Almonry Close.

The higher than budgeted for voids during the year of £333k (2020 - £0.7 million) resulted from higher void levels at ExtraCare schemes and other supported schemes for the elderly due to the restriction in lettings caused by the COVID-19 pandemic. In addition the new void property assessment procedure caused delays in letting properties. However, the number of void properties was 29% higher in 2019/20 compared to this year, but the void turnaround is longer this year due to COVID-19.

The pension deficit for the year was £720k, compared to a budgeted deficit of £118k. This was due to an increase in the provision for the scheme at year end.

RHA's cash balance at year end was £27.3 million (2020: £9.9 million). The increase was due to the drawdown of £30 million from bLEND in November 2020 from a bond for £50 million, which was arranged in October 2020. This funding was used to repay existing revolving credit facilities so the facilities were again available to fund the development programme up to 2025.

Overall RHA has funded plans to complete 676 homes over the period from April 2021 to March 2023. Work in the first quarter of 2020/21 was temporarily suspended due to the COVID-19 crisis. However, work now continues at our development sites following the easing of lockdown restrictions.

Value for Money and Performance Report 2020/21

Summary

We have set nine ambitious targets within our five year 2018 to 2023 Corporate Plan. These targets aim to ensure we deliver Value for Money maximising the impact of our resources in delivering our charitable objectives. The Plan has been updated in 2021 to cover the period 2021 to 2026.

In 2020/21 we continued to make good progress in delivering our Corporate Plan objectives across the three streams of Successful Lives, Great Homes, 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.

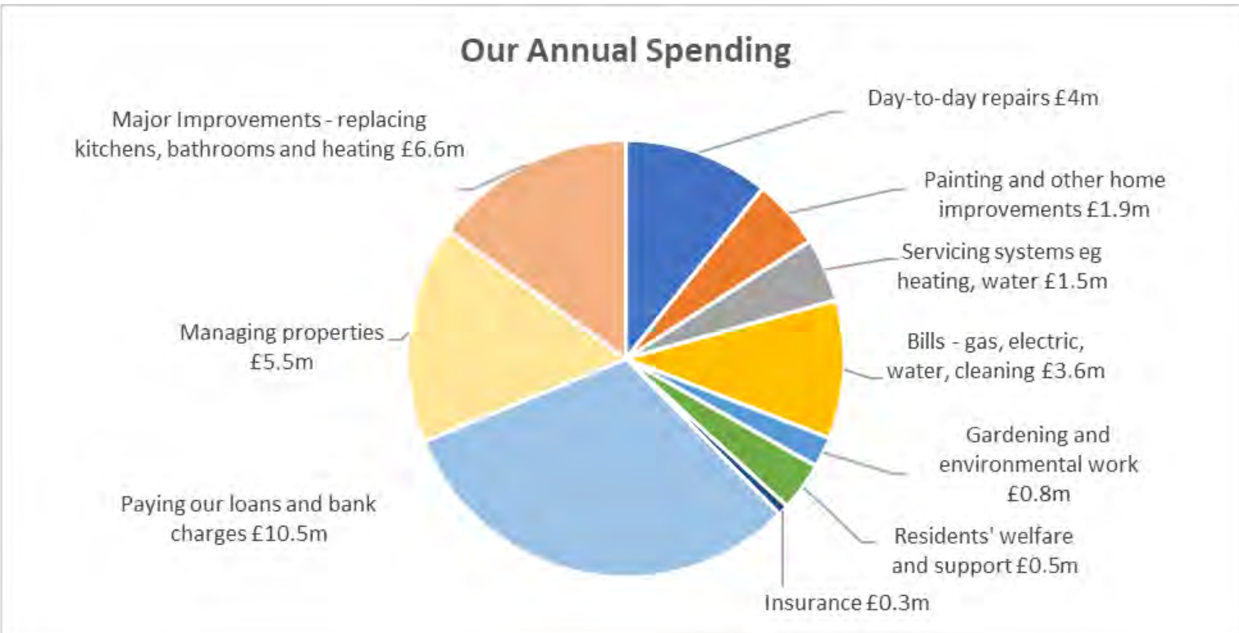
We continued to deliver against our wider 2023 targets around sustainability, supporting people and communities and business improvement during the year.

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 also appears on the Rooftop Housing Group website and in the Rooftop Customer Report. It shows a breakdown of how income was expended during the year to provide transparency.

How We Spend Our Money - 2021/22 Budget

The graph below shows a breakdown of our expenditure – the three areas covered in the bullet points represent 62% 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 for people in housing need.
- The next largest area is managing our homes, including tenancy management of our homes.
- Major Improvements are the third largest area including the replacement of kitchens, bathrooms and boilers. These improvements keep our homes up to and beyond the Decent Homes Standard.



Meeting the Value for Money Standard

We welcomed the simplified approach in the April 2018 Value for Money (VFM) Standard. The Board believes Rooftop has complied with the VFM Standard during 2020/21 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 2020/21, and these are the targets we included in our statement last year:

- **Following the implementation of the housing management system, investigate savings realised from efficiencies, particularly with the implementation of self-serve while ensuring there is sufficient resource to support the customers who do not have access to this via face to face or the telephone.**

The core Housing Management System was successfully implemented on 4 May 2020. Our new self-service app and Customer Portal are due to launch in the summer of 2021; other areas we are focussing upon are effective gathering and use of customer data.

- **Review Group Structure to ensure we have most efficient and effective model to allow the group to dispose of properties that are not part of its core activity**
  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 outside of our core area. It will also result in Corporation Tax and administrative savings in future years. This has allowed us to consolidate our borrowing and dispose of market rent homes held outside our core operating area where we were unable to effectively manage them.
  In June 2020 Rooftop Homes Limited was deregistered as a Registered Provider with the Regulator of Social Housing and is now a dormant company in the Group.
- **Business improvement: To develop a plan for Process Mapping of key services (income and repairs) and compliance areas, and to include identifying cashable and non-cashable savings from service improvements.**
  We have started to review our customer facing processes including Repairs and Income. The work will continue during 2021/22.
- **Budget Review/ Financial Business Plan Cost Review: Review of expenditure and identify proposed savings to ensure we meet our Sector Score Card targets.**
  Our Budget and Business Planning Processes are scrutinised by our Executive Team and Board. Areas of expenditure are challenged as part of the process and we have looked to reduce expenditure on consultancy in future years, however we have identified that some parts of the business need further resources to enable us to collect our income as well as keep our tenants safe, this was due to the impact of COVID-19 and an increased number of contacts from our customers regarding their payments and also an increased number of repairs were reported to us. Our budget set in March 2021 for the following financial year met 10 out of 15 of the sector score card targets. Our key focus for 2021/22 is to deliver exceptional customer service and to respond to the effects of COVID-19. Our business is well placed to do this, and to achieve this we plan to:

  Improve customer satisfaction by catching up on maintenance works. This was delayed in 2020/21due to the lockdown restrictions. The components budget for 2021/22 has been significantly increased to allow for works, which were not completed as planned in 2020/21.

  Maximise income and reduce bad debts. In 2020/21 the budget for bad debts was set at 3.2%, compared to a standard budget of 1.4% to allow for the potential effects of COVID-19. Actual performance for the year was 1.01%. This year's budget for bad debts has been set at 2.2%. We consider it will be unrealistic to set a lower budget due to Government forecasts for the economy and unemployment in 2020/21. However, for 2021/22 we are taking the following steps to improve our income collection:

  - We have restructured our Income Team to improve our performance.
  - We have introduced a new system, called RentSense to reduce the likelihood of rent arrears becoming bad debts.
  - We have taken steps to maximise cash collection by adopting prevention measures, and early intervention in arrears cases. This includes the development of a Tenancy Sustainment Team to engage with our customers and reduce high arrears.
  - We will increase pre-tenancy checks so that we only allocate homes to our tenants they can afford.
  - Bring inhouse our collection of Former Tenant Arrears to improve cash collection.
  - Improving the quality of our income collection data.

  However, this will remain a challenging area due to changes in Universal Credit and the ending of the Government's Furlough Scheme. Our Income Team continue to work with our tenants who are suffering financially due to the impact of COVID19.

  Achieve a voids budget of 2% for 2021/22. This is 13% lower than the budget for 2020/21. During the first quarter of 2020/21 it was not possible for us to accept any new residents at the older persons schemes.

However, with the anticipated lifting of lockdown restrictions by the summer, lettings at these schemes will become much easier.
Achieve a new property sales budget of £5 million. This is based on our normal sales activity. Despite the lockdown restrictions in 2020/21, we sold new properties to the value of £4 million.

- **In line with our Asset Management Strategy:**
    - Look to rationalise stock that is not in our core area over the next two years.
    - Review properties with a capital value more than five times present value to be considered for disposal.
    - Review properties with a current present value below £10k with potential for disposals.

  We have commissioned an external review which will be completed during 2021/22.
- **Review Support and Care costs and social value outcomes:**
    - Understand the true cost of Support and Care Service, including direct and indirect costs:

Scheme Name	Yates Court £000s	St Oswalds £000s	Dorothy Terry House £000s	Cherry Orchard House £000s	Parsons Gardens £000s	Dora Matthews House £000s	Older Person Schemes - General Need £000s	Young Peoples and Other Supported Housing £000s
Rent and Service Charge Income	945	1,386	447	642	408	544	1,520	1,287
Voids Costs	(109)	(19)	(165)	(82)	(39)	(72)	(35)	(223)
Net Income	**836**	**1,367**	**282**	**560**	**369**	**472**	**1,485**	**1,064**
Management Costs	6	2	18	11	11	5	2	72
Maintenance & Cyclical	127	237	60	45	21	28	166	131
Services and Support	327	475	225	303	244	166	206	414
Total Costs	**460**	**714**	**304**	**359**	**277**	**199**	**374**	**618**
Surplus / (Deficit) before Finance Costs	**376**	**653**	**(22)**	**201**	**92**	**273**	**1,111**	**446**

Note: The above table includes support income and costs directly attributable to the relevant schemes and excludes depreciation of the properties and any related financing costs.

- Understand the Social Value of the service provided.

We have commissioned an independent review of our Supported Housing Schemes, the findings of this are being reviewed. There are potential customer and financial implications that will need to be included in our long term plans.

We 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 2020/21 are set out below, with comparatives from 2019/20 and targets for 2020/21 and 2021/22. The targets are embedded in Rooftop's budget and performance processes.

Performance and future targets

Regulatory metrics	**2019/20 Result**	**2020/21 Target**	**2020/21 Result**	**2021/22 Target**
Metric 1 - Reinvestment Percentage	5.2%	11.1%	3.2%	10.5%
Metric 2a - New supply delivered (social housing units)	2.7%	2.3%	0.8%	3.7%
Metric 2b - New supply delivered (non-social housing units)	0.0%	0.1%	0.0%	0.0%
Metric 3 - Gearing	58.0%	61.0%	54.8%	62.0%
Metric 4 - EBITDA MRI as a percentage of interest	153.0%	154.0%	166.2%	137.0%
Metric 5 - Headline social housing cost per unit	£3,284	£3,391	£3,183	£3,898
Metric 6a - Operating Margin (overall)	32.0%	31.9%	32.2%	29.8%
Metric 6b - Social Housing operating margin	40.1%	40.3%	39.2%	36.2%
Metric 7 - Return on capital employed (ROCE)	4.3%	3.6%	3.8%	3.7%
Other Sector Scorecard metrics				
Customer satisfaction	89.2%	90.0%	85.0%	90.0%
£s invested for every £ generated from operations in communities	£0.04	£0.04	£0.04	£0.05
Occupancy	99.7%	99.2%	99.3%	99.2%
Ratio of responsive repairs to planned maintenance spend	0.66	0.60	0.85	0.50
Rent collected	97.9%	99.1%	99.9%	99.1%

Overheads as a % of adjusted turnover	12.8%	12.2%	11.2%	11.2%
Void loss as a % of rent debit (all tenures)	2.5%	2.3%	3.3%	2.0%

Because of the first COVID-19 Lockdown, where work on development sites and the replacement of components were not undertaken for the first quarter of 2020/21 the VFM metrics show that the **Reinvestment percentage** of 3.2% is much lower than the target of 11.1%**.** Overall, only 42% of component replacements were completed in this financial year due to the restrictions from two further national lockdowns. We are hoping to meet our target of 10.5% in this coming financial year following the anticipated lifting of all lockdown restrictions.

Our **New Supply Delivered of Social Housing** at 0.8% is lower than the target of 2.3%. Again, this is due to the reduced activity following the lockdown restrictions. We delivered 50 new homes during 2020/21 but have a higher target of 3.7% to be achieved for 2021/22.

Our **Social Housing Operating Margin** of 39.2% is lower than the target of 40.3%. This is largely as a result of delays caused by the pandemic; this includes a higher void income loss due to the difficulty of reletting properties particularly at the Older Persons Schemes, delays in the warden call project at our ExtraCare Scheme at St Oswald's and supporting the fixed labour costs of our Cost Sharing Vehicle with Platform Property Care.

For **Customer Satisfaction** our year end result was 85%, which was 5% below our ambitious target of 90%. Our analysis indicates that customer communication around repairs and the completion of repairs are the main causes of dissatisfaction. This dissatisfaction has been exacerbated by customer's expectations that normal service would resume swiftly after each lockdown; we are not operating in a vacuum, and the ability to have 'next day' delivery on a range of goods has altered consumer expectations of service providers. A drop of 5% is in a comparable range to the interim updates published by HouseMark for other Housing Associations, however hitting the 90% target will be a key focus for the year ahead.

Our **Rent Collected** for the year was 99.9% compared to a target of 99.1%. The improved result was due to the proactive measures adopted by our Income Team. These included introducing new systems where all of our Income Officers had the ability to take card payments over the phone, the implementation of recurring card payments and a Live Chat forum on our internet. The number of incoming and outgoing phone calls has increased significantly allowing many payment transactions to be completed by phone. In February 2021, the RentSense system was implemented, which will enable us to further improve our income collection rates in 2021/22.

Last year's performance targets

Due to a number of supported schemes being more difficult to let and relying on council referrals, our void turnaround of c20 days (all tenures) is higher than our target for the year. 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 meeting. This compared our costs in repairs to 80 organisations across the sector and showed that our costs were generally lower than the median in all areas, 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 2020/21	**Target 2020/21**	**Result 2020/21**	**Achieved? Y/N**
Percentage of repairs completed first time	85%	90.9%	Y
Average number of calendar days to complete non-emergency repairs	12 days	16.1 days	N
Average days to re-let	12 days	23 days	N
Rent arrears as a percentage of rent debit	3.5%	4.5%	N
Percentage staff sickness absence	4.5%	2.6%	Y
Benefits realised for tenants by money advice team	£2.2m	£3.2m	Y
Deliver 177 new homes	157	50	N
Secure land for new development, including market sales	170 units	196 units	Y

Peer Comparison 2019/20

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 January 2021. They have identified the peer group based on geographical location, stock size and similarity.

RP	**Reinvestment %**	**New supply delivered (social) %**	**New supply delivered (non-social) %**	**Gearing %**	**EBITDA %**	**Headline Social Housing Cost Per unit**	**SHL Operating Margin %**	**Overall operating margin %**	**ROCE %**
Rooftop Housing Group	5.2% (LQ)	2.7% (UQ)	0.0% (-)	58.0% (LQ)	153.0% (MQ)	£3,284 (UQ)	40.1% (UQ)	32.0% (UQ)	4.3% (UQ)
Thrive Homes Ltd	17.0%	2.3%	1.0%	75.8%	187.0%	£3,660	37.1%	35.6%	4.5%
Two Rivers Housing	15.7%	4.5%	0.0%	59.0%	192.0%	£3,484	23.1%	24.8%	3.8%
North Devon Homes Ltd	3.3%	1.8%	1.3%	58.4%	133.3%	£2,810	26.8%	21.2%	3.0%
Connexus	6.4%	1.4%	0.1%	72.4%	181.7%	£3,500	25.0%	26.2%	4.4%
Selwood Housing	6.8%	2.1%	0.0%	31.0%	320.0%	£4,100	23.0%	24.0%	2.6%
Westward Housing Group	4.7%	1.3%	0.0%	31.4%	218.1%	£3,009	32.8%	32.2%	3.4%
Gloucester City Homes	27.5%	1.3%	0.0%	56.3%	118.5%	£4,270	24.5%	21.3%	3.6%
Sector Average	**8.4%**	**1.8%**	**0.2%**	**46.4%**	**174.8%**	**£4,101**	**27.4%**	**23.7%**	**3.8%**

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

Reinvestment

We have a lower % of reinvestment than other peers and 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. We are also a member of a Cost Sharing Vehicle, which generates efficiency and VAT savings.

New supply delivered – Social housing

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

New supply delivered – non Social Housing

In 2020/21 seven properties were completed for outright sale; two remain unsold at the year end. The Board has decided not to develop any further homes in this category in the future.

Gearing/EBIDTA

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 is 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 results 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 2020/21

Successful Lives

Community Investment Strategy

A number of cross-team community events have taken place in our areas of operation that have 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 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 the 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.

We will continue to focus upon key themes outlined within the Social Housing White Paper 'The Charter for Social Housing Residents', the National Housing Federation's Together with Tenants Charter and our Customer Strategy and Housing Ombudsman's Complaint Handling Code.

During the second quarter of 2021/22 we will be developing our Customer Charter and specific service standards against which we will measure and report on customer service. In addition to this we will continue to strengthen our representation, engagement, and reporting to ensure that our customers voice is heard and acted upon. Our new Complaints policy will also go live.

We have recently launched our Community Investment Strategy which lays important foundations, recognising our role in strengthening community resilience, from which we will build trust, strengthen relationships, and develop stronger communities.

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.

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 we have the capacity to review four service areas per year.

Sustainability

Electric Vehicles

We are committed to finding innovative ways to improve our sustainability. 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 provides access to 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 are committed to Environmental Management and Efficiencies for the group and the people we do business with. This is reflected in a successful ISO14001 audit in January 2021 which confirmed that there were no major or minor-non conformities and that we retain our accreditation. We continue to make further environmental improvements across the organisation.

Our Homes

In 2021/22 we plan to achieve the following for our existing homes:

- Tackle the pandemic repairs backlog and implement an optimisation plan for the Cost Sharing Vehicle with Platform Property Care.
- Deliver £2.5 million of energy efficiency works to 170 of our homes.
- Define the Rooftop Living Homes standard for our existing homes and a fully costed plan to achieve energy Band C**.**

We aspire to achieve SAP level A on all our new homes, offering residents high levels of thermal comfort and reduced energy bills estimated to be around £350 per annum compared to a home built to standard building regulations.

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 we were 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 £7.0 million of grant 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 are designed to fund more social homes and to help meet the objectives of the group.

Of the 1,000 homes the group successfully completed 50 homes in 2020/21, against a target of 157. There are a further 229 new homes onsite and a further 255 homes due to go on site during 2021/22. We have now completed 417 homes towards our target of 1,000 homes by March 2023. We have sold 36 new shared ownership homes during the year, giving a surplus of £318,000. There is one scheme in Broadway which is an extra care scheme where we have not been able to sell the homes as planned. To make the most of that asset we are planning to convert the remaining seven unsold homes into rented homes up to March 2024, with the flexibility to sell the homes should the opportunity arise. We also sold five outright sale homes, generating a surplus of £25,000. There are two outright sale homes remaining to be sold.

Our Corporate Plan has been updated to complete 1,000 new homes from April 2021 to March 2026.

Our development team are progressing the replacement of 46 homes sold under the Voluntary Right to Buy Scheme and have £7.5 million of funds available in order to complete this over the next nine years. However, we are planning for these homes to be completed by March 2024. This will be a mix of homes for rent and shared ownership.
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. There are six homes that currently do not meet Decent Homes Standard, four of these are void.

During the year we invested £1.17 million in our existing homes to keep them up to standard. The two areas of highest spend were boilers and kitchens. In addition to this we spent a further £165,000 on revenue spend on the tarmacking of our sites.

Better Business

Following the simplification of our Group structure in March 2020, all our homes and loans are now in one company, Rooftop Housing Association, which enabled us start disposing of stock not within our core area. In 2020, ten poorly performing properties of traditional construction were demolished for a new development of 22 homes at one of our key villages in Middle Littleton. This was in consultation with our existing residents who have also been involved in the design of the new homes.

We have arranged a new bond for £50 million with THFC/(bLEND); £30 million was drawn in November 2020 and the remaining £20 million will be drawn in November 2021. In addition to this, an existing revolving credit facility for £25 million was extended for three years to June 2025. This has strengthened the availability of loan funding for our development programme and means we will not need to arrange new funding for another three years.

In November 2020, the Regulator of Social Housing confirmed Rooftop's continued rating of G1/V1 following the Annual Viability Assessment. 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	2020/21 Net rental yield	2019/20 Net rental yield	2018/19 Net rental yield	2017/18 Net rental yield
Biddulph – sold Sept 2020	£1,100,000	£34,555	6.28%	6.69%	6.11%	4.53%
Bridge Street	£1,277,125	£22,812	1.79%	1.26%	2.45%	1.19%
Warwick House	£365,000	£11,942	3.27%	3.31%	4.17%	2.41%
Nuneaton – sold Apr 2021	£847,000	£25,578	3.02%	2.42%	3.31%	4.52%
The Hawthorns	£3,530,000	£261,126	7.40%	7.43%	6.90%	6.70%

We have shown a positive return on each of the schemes over the last four years however, the return from Bridge Street remains lower. This is a listed building in Worcester which is spilt into flats that are used for Market Rent. The property has needed an increasing number of repairs which are more expensive due to its listed status.

In September 2020 we sold properties at Biddulph, and those at Nuneaton in April 2021, which were outside our core operating area. This followed the transfer of Assets and Liabilities from RHL to RHA in March 2020.

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 2020/21 we established a Risk Controls and Assurance Map to sit alongside our risk management system. In addition to 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 Board and Executive Team have continued to monitor risks in the context of the national lockdowns during 2020/21. There is a recognition that the association still faces a prolonged period of uncertainty created by the impact of the ongoing global COVID-19 outbreak.

The Group is in a good financial position to help manage this risk. Steps have been taken to minimise the impact on the Group's activities and the effect this may have on the organisation's residents and stakeholders.

Infrastructure has been put 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 2021 our risks within the context of COVID-19 as an over-arching and complex crisis with multiple impacts across the association, with a focus during 2021/22 on a recovery plan. This plan details areas of focus during the COVID–19 recovery period, set by the Government Roadmap that details the gradual lifting of social distancing and other restrictions up to June 2021.

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.	Completing 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. Rooftop recognises that this increases its exposure to the risk of house price variations in 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.
Ineffective ICT Systems / Data governance	Ineffective systems due to age, delayed upgrades, improper implementation, lack of system development to match business need, poor data quality, volume and integrity could lead to business inefficiency, additional costs and overspends	We implement our new Aareon QL system including data cleansing and reprocessing to enable improved business efficiency. The new ICT Strategy was agreed November 2020. An updated Data Strategy will be presented to the Board in July 2021.

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 G1 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 G1 grading.
Inability to access new borrowing	Maintaining access to cost effective forms of borrowing in a volatile finance market.	Funding Strategy has secured £50 million new funding during 2020. Maintain our V1 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 1 and 2, 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 only commence following the approval of an investment paper. Key deliverables and milestones are 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 in a crisis (COVID-19).	Development programme management with partners. Proactive contract management. Contingency plans in development. Business continuity impact and resilience policy reviewed. Proactive engagement with the Regulator of Social Housing.

By order of the Board

N. A. Inchbald,

Nicola Inchbald
Chair
14 July 2021

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

Opinion on the financial statements

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 2021 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.

We have audited the financial statements of Rooftop Housing Group Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2021 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 statement of cash flows 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).

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

In auditing the financial statements, we have concluded that the board members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and of the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the board with respect to going concern are described in the relevant sections of this report.

Other information

The board are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. 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; or
- adequate accounting records have not been kept by the parent Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent Association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the board

As explained more fully in the board members responsibilities statement, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We made enquiries of management and the Audit and Risk Committee. This included the following:

- how they have identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
- their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Association. These include, but are not limited to, compliance with Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

In addition, the Group and Association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Those Charged with Governance and other management and inspection of regulatory and legal correspondence if any.

We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Audit response to risks identified

- We reviewed the financial statement disclosures and sample tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- We made enquiries of the Audit and Risk Committee, management and Head of Governance;
- We read minutes of meetings of those charged with governance and the Board;
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- We challenged assumptions made by management in their significant accounting estimates in particular in relation to the assumptions related to the valuation of properties held for sale.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

Samantha Lifford (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Birmingham

Date:

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 2021

	Notes	**2021**	2020
		£'000	£'000
Turnover	2	**42,812**	43,056
Operating costs	2	**(29,010)**	(29,287)
Surplus on disposal of property, plant and equipment	4	**1,095**	1,363
Impairment of fixed assets	12	**(955)**	-
Operating surplus		**13,942**	15,132
Interest receivable	8	**20**	89
Interest and financing costs	9	**(9,763)**	(9,569)
Movement in the fair value of investment properties	12	**(44)**	343
Surplus before taxation	7	**4,155**	5,995
Taxation	10	**(40)**	(118)
Surplus for the year		**4,115**	5,877
Other comprehensive income: Remeasurement of Defined Benefit pension scheme liability	21	**(709)**	-
Total comprehensive income for the year		**3,406**	5,877

The notes on pages 45 to 74 form part of these financial statements.

Association Statement of Comprehensive Income

For the year ended 31 March 2021

	Notes	**2021**	2020
		£'000	£'000
Turnover	2	**8,993**	9,050
Operating costs	2	**(8,969)**	(9,031)
Operating surplus	2	**24**	19
Interest receivable	8	**-**	3
Surplus before tax	7	**24**	22
Taxation	10	**(5)**	(19)
Surplus for the year		**19**	3
Total comprehensive income for the year		**19**	3

The notes on pages 45 to 74 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 March 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	11	**1,089**	1,430
Housing properties	12	**355,107**	350,396
Investment properties	12	**3,340**	4,454
Other property, plant and equipment	12	**108**	176
		359,644	356,456
Current assets			
Inventories		**8**	8
Properties held for sale		**5,705**	5,830
Debtors receivable in one year	13	**4,487**	5,237
Current asset investment	15	**1,877**	-
Cash	14	**28,229**	9,934
		40,306	21,009
Creditors: Amounts falling due within one year	16	**(31,489)**	(28,266)
Net current assets / (liabilities)		**8,817**	(7,257)
Total assets less current liabilities		**368,461**	349,199
Creditors: Amounts falling due after more than one year	17	**(287,254)**	(272,008)
Provision for liabilities and charges			
Taxation	18	**(6)**	(1)
Defined Benefit Pension	21	**(1,128)**	(523)
Net assets		**80,073**	76,667
Capital and reserves			
Called-up share capital	19	**-**	-
Revenue reserve		**80,073**	76,667
Total reserves		**80,073**	76,667

The notes on pages 45 to 74 form part of these financial statements.

The financial statements were approved by the Board on 14 July 2021 and were signed on its behalf by:

Secretary	**Board Member**	**Board Member**
	N. A. Archibald	

Association Statement of Financial Position

At 31 March 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	11	**1,089**	1,430
Other property, plant and equipment	12	**108**	176
		1,197	1,606
Current assets			
Inventories		**8**	8
Debtors receivable in one year	13	**362**	299
Intercompany debtor – Defined Benefit Pension	21	**1,128**	523
Cash	14	**885**	(2)
		2,383	828
Creditors: Amounts falling due within one year	16	**(2,015)**	(1,498)
Net current assets / (liabilities)		**368**	(670)
Total assets less current liabilities		**1,565**	936
Provision for liabilities			
Taxation	18	**(6)**	(1)
Defined Benefit Pension	21	**(1,128)**	(523)
Net assets		**431**	412
Capital and reserves			
Share capital	19	**-**	-
Revenue reserve		**431**	412
Total reserves		**431**	412

The notes on pages 45 to 74 form part of these financial statements.

The financial statements were approved by the Board on 14 July 2021 and were signed on its behalf by:

Secretary	**Board Member**	**Board Member**
	M. A. Archibald	

Consolidated Statement of Changes in Reserves

For the year ended 31 March 2021

	Revenue reserve	Total
	£'000	**£'000**
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	70,790	70,790
Surplus for the year	5,877	5,877
Balance at 31 March 2020	76,667	76,667
Surplus for the year	4,115	4,115
In year actuarial movement of pension scheme	(709)	(709)
At 31 March 2021	**80,073**	**80,073**

The notes on pages 45 to 74 form part of these financial statements.

Association Statement of Changes in Reserves

For the year ended 31 March 2021

	Revenue reserve	**Total**
	£'000	**£'000**
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
Balance at 31 March 2020	412	412
Surplus for the year	19	19
At 31 March 2021	**431**	**431**

The notes on pages 45 to 74 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Net cash generated from operating activities	27	**17,513**	17,439
Cash flows from investing activities			
Purchase of tangible fixed assets		**(10,506)**	(19,558)
Purchase of intangible fixed assets		**(124)**	(1,004)
Proceeds from sale of tangible fixed assets		**4,344**	4,700
Grants received		**3,015**	10,751
Purchase of current asset investment		**(1,877)**	-
Interest received		**20**	89
Net cash flows from investing activities		**(5,128)**	(4,018)
Cash flows from financing activities			
Interest paid		**(9,752)**	(9,569)
Premium on loan and arrangement fees		**5,964**	-
New loans		**35,500**	8,000
Repayments of borrowings		**(25,802)**	(15,706)
Net cash flows from financing activities		**5,910**	(17,275)
Net increase / (decrease) in cash and cash equivalents		**18,295**	(3,854)
Cash and cash equivalents at beginning of year		**9,934**	13,788
Cash and cash equivalents at end of year		**28,229**	9,934

The notes on pages 45 to 74 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; a subsidiary 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 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.

The Board approved a budget for the financial year 2021/22 in March 2021 and approved the 40-year Financial Business Plan in May 2021. This included detailed stress testing with multi-variant scenarios.

The Board previously approved a Financial Business Plan in September 2020, this included a number of stress tests including a perfect storm, which created extreme results. The plan also contained a £5 million cash contingency for Development which can be released in adverse circumstances. Based on our Treasury Management Policy RHA holds minimum cash balances of £5 million or three months' net cash, whichever is the greater. When calculating the required cash balance an assumption is made that we will only receive two thirds of property sales in a period. This prudent approach and the available undrawn loan facilities will keep us viable during these difficult times.

The budget for 2021/22 was set taking into account the potential effects of COVID-19, and was approved by the Group's Board on 10 March 2021. Our key focus for 2021/22 is to deliver exceptional customer service and to respond to the effects of COVID-19. Our business is well placed to do this, and to achieve this we plan to:

Improve customer satisfaction by catching up on maintenance works. This was delayed in 2020/21 due to the lockdown restrictions. The components budget for 2021/22 has been significantly increased to allow for works, which were not completed as planned in 2020/21.

Maximise income and reduce bad debts. In 2020/21 the budget for bad debts was set at 3.2%, compared to a standard budget of 1.4% to allow for the potential effects of COVID-19. Actual performance for the year was 1.01%. This year's budget for bad debts has been set at 2.2%. We consider it will be unrealistic to set a lower budget due to Government forecasts for the economy and unemployment in 2021/22.

We have restructured our Income Team and introduced a new system, called RentSense to reduce the likelihood of rent arrears becoming bad debts. However, this will remain a challenging area due to changes in Universal Credit and the ending of the Government's Furlough Scheme. Our Income Team continues to work with our tenants who are suffering financially due to the impact of COVID-19.

Achieve a voids budget of 2% for 2021/22. This is 12% lower than the budget for 2020/21. During the first quarter of 2020/21 it was not possible for us to accept any new residents at the older persons schemes. However, with the anticipated lifting of lockdown restrictions by the summer, lettings at these schemes will become much easier.

Achieve a new property sales budget of £5 million. This is based on our normal sales activity. Despite the lockdown restrictions in 2020/21, we sold new properties to the value of £4 million.

The budget surplus for the Group was revised downwards once COVID-19 restrictions and the impact on activity and financial performance were fully assessed. At the end of the financial year, a Group post-tax surplus of £4,115,000 was achieved. The budget surplus for 2021/22 has been set at £4,536,000, an increase of £44,000 from the revised 2020/21 budget. There was a decision to redevelop an existing scheme in Bishops Cleeve, this resulting in an £800,000 impairment in our accounts, this was offset by additional sales in the year.

In May 2021, the Board approved an updated Financial Business Plan, which includes all of the decisions made by the Board. The Plan included the forecast completion of the Group's vision of 1,000 homes to be delivered by March as part of our updated Corporate Plan from 2021 to 2026. This includes a new Homes England Bid under the Matrix Housing Partnership. We are pleased to confirm there is sufficient cash available to support the business through any continued effects of COVID-19 and to comply with our funders' covenants.

In November 2020, we successfully arranged a bond for £50 million with THFC/(bLEND), with the assistance of our Treasury Advisors, Centrus; £30 million was drawn in November 2020 and the remaining £20 million will be drawn in November 2021. This has significantly reduced RHA's refinancing risk; new funding of £25 million will be required in June 2024. In addition to the bLEND funding, we have £82 million of undrawn revolving credit facilities at year end; this will support the current development programme.

Given the strength of the statement of financial position and availability and liquidity of undrawn loan facilities, the Board believe that while there may be some uncertainty in the future, 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.

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. RHL and RS&C have now been removed from this group.

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 21 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.

The Group has a policy for recognising the movement in the defined benefit pension scheme in Rooftop Housing Association Limited's financial statements as the Association is responsible for settling the deficit despite the pension scheme being in the name of the parent Association, Rooftop Housing Group Limited.

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

	2021			2020		
	Turnover	**Operating costs**	**Operating surplus/ (deficit)**	Turnover	Operating costs	Operating surplus/ (deficit)
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Group						
Social housing lettings	**36,751**	**(22,358)**	**14,393**	35,781	(21,443)	14,338
Other social housing activities						
Shared ownership sales	**3,989**	**(3,671)**	**318**	5,256	(5,030)	226
Supporting People	**771**	**(1,153)**	**(382)**	771	(1,215)	(444)
Other	**85**	**(1,318)**	**(1,233)**	68	(1,132)	(1,064)
	41,596	**(28,500)**	**13,096**	41,876	(28,820)	13,056
Activities other than social housing	**1,216**	**(510)**	**706**	1,180	(467)	713
Total	**42,812**	**(29,010)**	**13,802**	43,056	(29,287)	13,769
Surplus on disposal of property, plant and equipment	**-**	**-**	**1,095**	-	-	1,363
Impairment of fixed assets	**-**	**-**	**(955)**	-	-	-
Total	**42,812**	**(29,010)**	**13,942**	43,056	(29,287)	15,132
Association						
Other social housing activities						
Other	**8,993**	**(8,969)**	**24**	9,050	(9,031)	19
Total	**8,993**	**(8,969)**	**24**	9,050	(9,031)	19

3. Particulars of income and expenditure from social housing lettings

	General Needs	Supported Housing	Other	Total
Group 2021	**£'000**	**£'000**	**£'000**	**£'000**
Rent receivable net of identifiable service charges	**27,968**	**3,098**	**284**	**31,350**
Amortised government grant	**593**	**122**	**-**	**715**
Service charge income	**1,328**	**3,358**	**-**	**4,686**
Turnover from social housing lettings	**29,889**	**6,578**	**284**	**36,751**
Management	**5,373**	**163**	**64**	**5,600**
Services	**1,915**	**2,356**	**20**	**4,291**
Routine maintenance	**4,613**	**759**	**16**	**5,388**
Planned maintenance	**1,795**	**56**	**-**	**1,851**
Rent losses from bad debts	**387**	**-**	**-**	**387**
Depreciation of housing properties	**4,283**	**536**	**22**	**4,841**
Operating costs on social housing lettings	**18,366**	**3,870**	**122**	**22,358**
Operating surplus on social housing lettings	**11,523**	**2,708**	**162**	**14,393**
Rent losses from voids	**393**	**744**	**94**	**1,231**

Group 2020				
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
Turnover from social housing lettings	28,757	6,724	300	35,781
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
Operating costs on social housing lettings	17,191	4,114	138	21,443
Operating surplus on social housing lettings	11,566	2,610	162	14,338
Rent losses from voids	350	472	94	916

4. Surplus on disposal of property, plant and equipment

	Group		Association	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Sale of housing properties				
Receipts from sale of housing properties	**4,344**	4,700	**-**	-
Book value of properties sold	**(3,113)**	(3,022)	**-**	-
Other operating costs and costs of disposal	**(136)**	(315)	**-**	-
Surplus on sale of properties	**1,095**	1,363	**-**	-

5. Directors' emoluments and expenses

The directors are defined as the members of the Board and the executive officers as given on page 3. Board Member allowances paid during the year total £58,881 (2020: £56,878) which equates to 0.14% of turnover (2020: 0.13%).

RHG Board Member allowances were as follows:

	£
C Jones	6,170
N Inchbald	11,873
R Lathan	1,992
R Richmond	6,675
P Spooner	7,586
J Wallbank	4,319
C Goodchild	4,319
C Arthurs Payne	6,675
M Hrycyk	4,319
T Rollings	2,339
D Halford	2,614
	58,881

The emoluments of the executive officers were as follows:

	Group		Association	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Salaries and taxable benefits	**568**	598	**568**	598
Pension contributions	**41**	37	**41**	37
	609	635	**609**	635

The total amount of severance payments made in the year to executive officers was £0 (2020: £0).

The emoluments of the highest paid directors were as follows:	**Group**		**Association**	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Emoluments excluding pension – B Worrall	**147**	138	**147**	138
Emoluments excluding pension – J Crowe	**-**	152	**-**	152

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

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

	2021	2020
	Number	Number
£15,001 - £20,000	**-**	1
£80,001 - £85,000	**-**	1
£90,001 - £95,000	**1**	-
£100,001 - £105,000	**1**	1
£105,001 - £110,000	**1**	-
£110,001 - £115,000	**-**	1
£115,001 - £120,000	**1**	-
£135,001 - £140,000	**-**	1
£145,001 - £150,000	**1**	-
£150,001 - £155,000	**-**	1

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

	2021	2020
	Number	Number
£60,001 - £70,000	**1**	4
£70,001 - £80,000	**1**	1
£80,001 - £90,000	**1**	-

6. Employee information

The number of full-time equivalents (FTE 37 hours week) was:	**Group**		**Association**	
	2021	2020	**2021**	2020
	Number	Number	**Number**	Number
	FTE	FTE	**FTE**	FTE
Housing, support and care	**91.32**	109.10	**91.32**	109.10
Administration and development	**60.37**	60.30	**60.37**	60.30
Total at 31 March	**151.69**	169.40	**151.69**	169.40
Staff costs (for the above persons):	**£'000**	£'000	**£'000**	£'000
Wages and salaries	**5,583**	5,505	**5,583**	5,505
Social security costs	**595**	551	**595**	551
Pension costs	**453**	429	**453**	429
Total	**6,631**	6,485	**6,631**	6,485

The total amount of severance and redundancy payments made in the year was £35,292, (2020: £69,700). In the year, pension costs recharged to RHA were £114,830 (2020: £113k) which includes a SHPS pension contribution of £114,830 (2020: £113k).

7. Surplus before taxation

	Group		Association	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
The surplus before taxation is stated after charging:				
Depreciation	**5,053**	4,619	**145**	185
Amortisation of intangible assets	**465**	457	**465**	457
External auditor's remuneration (excluding value added tax)				
- in their capacity as auditor	**42**	37	**8**	7
- in respect of other services	**6**	5	**1**	1
Operating lease rentals – other	**9**	10	**9**	10
Operating lease rentals – land and buildings	**96**	92	**96**	92
Donations	**29**	9	**1**	-

8. Interest receivable

	Group		Association	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
From banks	**20**	89	**-**	3
Total	**20**	89	**-**	3

9. Interest and financing costs

	Group		Association	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts	**10,223**	10,186	**-**	-
Less: interest capitalised	**(460)**	(617)	**-**	-
Total	**9,763**	9,569	**-**	-

The rate used to calculate capitalised interest was 4.5% (2020: 4.7%) being the average rate of borrowing.

10. Taxation - group

	2021	2020
	£'000	£'000
Current tax:		
UK corporation tax on surplus for the year	**22**	171
Adjustment in respect of previous periods	**13**	(12)
Total current tax	**35**	159
Deferred tax:		
Origination and reversal of timing differences	**5**	(47)
Adjustment in respect of previous periods	**-**	(1)
Effect of changes in tax rate on opening liability	**-**	7
Total deferred tax	**5**	(41)
Tax on surplus	**40**	118

Factors affecting tax charge for the year

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK as explained below:

Surplus before tax	**4,155**	5,995
Surplus multiplied by the standard rate of corporation tax in the UK (19%) (2020: 19%)	**789**	1,138
Effects of:		
Fixed asset differences	**-**	(126)
Adjust deferred tax rate to average rate	**-**	(2)
Capital gains chargeable for the year	**-**	38
Charity income - not taxable	**(763)**	(909)
(Income)/Expenses not deductible for tax purposes	**1**	(16)
Adjustment in respect of previous periods	**13**	(5)
Total tax charge for the year	**40**	118

10. Taxation - association

	2021	2020
	£'000	£'000
Current tax:		
UK corporation tax on surplus for the year	**-**	-
Adjustment in respect of previous periods	**-**	1
Total current tax	**-**	1
Deferred tax:		
Origination and reversal of timing differences	**5**	19
Effect of changes in tax rate on opening liability	**-**	(1)
Total deferred tax	**5**	18
Tax on surplus	**5**	19

Factors affecting tax charge for the year

The tax assessed for the year is higher (2020: higher) than the standard rate of corporation tax in the UK as explained below:

Surplus before tax	**24**	22
Surplus multiplied by the standard rate of corporation tax in the UK (19%) (2020: 19%)	**5**	4
Effects of:		
Expenses not deductible for tax purposes	**-**	16
Adjust deferred tax rate to average rate	**-**	(2)
Adjustment in respect of previous periods	**-**	1
Total tax charge for the year	**5**	19

11. Intangible assets – group and association

	Software	Total
	£'000	£'000
Cost		
At 1 April 2020	2,769	2,769
Additions	124	124
Disposals	-	-
As at 31 March 2021	**2,893**	**2,893**
Amortisation		
At 1 April 2020	1,339	1,339
Charge for the year	465	465
Eliminated on disposals	-	-
As at 31 March 2021	**1,804**	**1,804**
Net book value		
As at 31 March 2021	**1,089**	**1,089**
As at 31 March 2020	1,430	1,430

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
Cost or valuation							
At 1 April 2020	11,052	367,965	16,093	4,454	1,096	4,506	405,166
Works to existing properties	-	1,170	-	-	-	-	1,170
Additions	271	99	119	20	3,953	5,757	10,219
Disposals	-	(515)	(324)	(1,090)	(101)	(145)	(2,175)
Transfer between categories	(1,571)	3,902	1,599	-	(1,599)	(2,331)	-
Impairment	-	(1,324)	-	-	-	-	(1,324)
Revaluation	-	-	-	(44)	-	-	(44)
At 31 March 2021	**9,752**	**371,297**	**17,487**	**3,340**	**3,349**	**7,787**	**413,012**
Depreciation							
At 1 April 2020	-	49,457	859	-	-	-	50,316
Charge for year	-	4,794	114	-	-	-	4,908
Transfer between categories	-	-	-	-	-	-	-
Impairment	-	(369)	-	-	-	-	(369)
Disposals	-	(270)	(20)	-	-	-	(290)
At 31 March 2021	**-**	**53,612**	**953**	**-**	**-**	**-**	**54,565**
Net book value at 31 March 2021	**9,752**	**317,685**	**16,534**	**3,340**	**3,349**	**7,787**	**358,447**
Net book value at 31 March 2020	11,052	318,508	15,234	4,454	1,096	4,506	354,850
Cost or valuation represented by:							
Gross cost	9,752	371,297	17,487	2,337	3,349	7,787	412,009
Revaluation	-	-	-	1,003	-	-	1,003
Total	**9,752**	**371,297**	**17,487**	**3,340**	**3,349**	**7,787**	**413,012**

Completed housing properties were valued as at 31 March 2021 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 £403.1 million.

12. Tangible fixed assets (continued)

Property, plant and equipment - other – group and association

	Office furniture and equipment	Computer equipment	Total
	£'000	£'000	£'000
Cost			
At 1 April 2020	1,020	707	1,727
Additions	-	77	77
Disposals	-	(446)	(446)
At 31 March 2021	**1,020**	**338**	**1,358**
Depreciation			
At 1 April 2020	937	614	1,551
Disposals	-	(446)	(446)
Charge for year	82	63	145
At 31 March 2021	**1.019**	**231**	**1,250**
Net book value at 31 March 2021	**1**	**107**	**108**
Net book value at 31 March 2020	83	93	176

Investment properties, which are all freehold, were valued to fair value at 31 March 2021 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 2021 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 net book value of social housing properties held on a long lease is £3.5 million (2020: £2.9 million).

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 – 5.75 % (real)
- Property sales — Forecasts of right-to-buy sales are based on analysis, past experience and current trends.

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:

	2021	2020
	£'000	£'000
Amounts capitalised:		
Replacement of components	1,170	2,305
Improvements	-	-
	1,170	2,305
Amounts charged to the statement of comprehensive income	1,867	1,383
	3,037	3,688

Gross expenditure on components was £1,170,000 and the net book value of replaced components written off was £394,000.

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 £2,022,000 and the amount held in current assets for shared ownership properties under construction is £3,242,000. There are no properties under construction for outright sale.

13. Debtors

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts receivable within one year				
Rents and service charges	2,141	2,136	-	-
Less: provision for doubtful debts	(1,029)	(642)	-	-
	1,112	1,494	-	-
Social housing grant receivable	948	520	-	-
Amounts due from subsidiaries	-	-	-	-
Other debtors	745	452	30	24
Corporation tax	-	-	-	-
Prepayments and accrued income	1,683	2,771	332	275
Total	4,488	5,237	362	299

14. Cash at bank and in-hand

There were no specific charges on RHG's cash at bank and in-hand at 31 March 2021 or 31 March 2020.

15. Current asset investments

	2021 **£'000**	2020 £'000
Cash Security Fund	**1,000**	-
Liquidity Reserve Fund	**877**	-
Total	**1,877**	-

The Cash Security Fund is a designated cash security account charged in respect of the bLEND facility to provide security against the drawn loan of £30 million. The cash will be released in November 2021, when the second tranche of £20 million will be drawn down and all loans will be fully charged with property security.

The Liquidity Reserve Fund is a designated interest bearing account charged in respect of the bLEND facility to cover 12 months interest. The Association is not able to access the fund.

16. Creditors: amounts falling due within one year

	Group		**Association**	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Housing loan repayable in one year	**5,159**	4,651	**-**	-
Recycled capital grant fund	**272**	458	**-**	-
Government grant	**12,463**	9,833	**-**	-
Trade creditors	**5,781**	4,445	**75**	6
Right-to-buy sale proceeds due to Wychavon District Council	**81**	3,129	**-**	-
Accruals in respect of repairs	**1,173**	1,097	**-**	-
Amounts payable on housing development and major repairs	**2,248**	639	**-**	-
Interest payable	**625**	659	**-**	-
Corporation tax	**21**	44	**-**	-
Other taxation and social security	**151**	177	**140**	171
Amounts due to subsidiaries	**-**	-	**1,465**	849
Premium on bonds	**243**	-	**-**	-
Other accruals	**3,272**	3,134	**335**	472
Total	**31,489**	28,266	**2,015**	1,498

17. Creditors: amounts falling due after more than one year

	Group		Association	
	2021	2020	**2021**	2020
Housing loans	**£'000**	£'000	**£'000**	£'000
Repayable between one and two years	**5,921**	5,857	-	-
Repayable between two and five years	**18,404**	27,929	-	-
Repayable, otherwise than by instalments, in five years or more	**195,283**	176,496	-	-
Total loans repayable	**219,608**	210,282	-	-
Premium on issue of bonds repayable in five years or more	**5,619**	-	-	-
Government grants	**62,027**	61,726	-	-
Total	**287,254**	272,008	-	-

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 2021 the agreed facility is £328.5 million of which £226.2 million (2020: £216.0 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 £13,179,000.

The original total value of grant received at 31 March 2021 is £83,382,000.

	2021	2020
Deferred income – Government grants - group	**£'000**	£'000
At 1 April	**71,559**	65,468
Grants receivable net of disposals	**3,646**	6,730
Amortisation to statement of comprehensive income	**(715)**	(639)
At 31 March	**74,490**	71,559
Due within one year	**12,463**	9,833
Due after one year	**62,027**	61,726

18. Provisions for liabilities and charges

	Group		Association	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Deferred taxation				
At 1 April	**1**	43	**1**	(16)
Charge for the year	**5**	(42)	**5**	17
At 31 March	**6**	1	**6**	1
The deferred taxation provision comprises:				
Accelerated capital allowances	**88**	(104)	**88**	(104)
Other timing differences	**(82)**	105	**(82)**	105
At 31 March	**6**	1	**6**	1

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.

19. Share capital

	Group		Association	
	2021	2020	**2021**	2020
	£	£	**£**	£
Shares of £1 each issued and fully paid				
At 1 April	**21**	26	**8**	9
Issued during the year	**4**	3	**3**	1
Cancelled during the year	**(3)**	(8)	**(1)**	(2)
At 31 March	**22**	21	**10**	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.

20. Capital commitments - group

	2021	2020
	£'000	£'000
Capital expenditure contracted for in respect of development expenditure but not provided for in the financial statements	**18,024**	17,324
Capital expenditure authorised by the Board but not contracted for in respect of development expenditure	**38,793**	18,185
Total	**56,817**	35,509
The Group expects to finance the above expenditure by:		
Social Housing Grant receivable	**7,127**	3,491
Property sales proceeds	**14,730**	10,249
Use of cash surplus plus loan funding	**34,960**	21,769
Total	**56,817**	35,509

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.

21. 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 £338,000 (2020: £317,000). 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)

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

	31 March 2021	**1 April 2020**
	(£000s)	**(£000s)**
Fair value of plan assets	3,971	3,576
Present value of defined benefit obligation	5,099	4,099
Deficit in plan	(1,128)	(523)
Defined benefit liability to be recognised	(1,128)	(523)

Reconciliation of opening and closing balances of the defined benefit obligation

	Period ended 31 March 2021 (£000s)
Defined benefit obligation at start of period	4,099
Expenses	6
Interest expense	96
Actuarial gains due to scheme experience	(181)
Actuarial losses due to changes in demographic assumptions	18
Actuarial losses due to changes in financial assumptions	1,119
Benefits paid and expenses	(58)
Defined benefit obligation at end of period	5,099

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

	Period ended 31 March 2021 (£000s)
Fair value of plan assets at start of period	3,576
Interest income	85
Experience on plan assets (excluding amounts included in interest income) – gain	247
Contributions by the employer	121
Benefits paid and expenses	(58)
Fair value of plan assets at end of period	3,971

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £332,000.

Defined benefit costs recognised in Statement of Comprehensive Income (SOCI)

	Period from 1 April 2020 to 31 March 2021 (£000s)
Expenses	6
Net interest expense	11
Defined benefit costs recognised in Statement of Comprehensive Income (SOCI)	17

Defined benefit costs recognised in other comprehensive income

	Period ended 31 March 2021 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) – gain	247
Experience gains and losses arising on the plan liabilities – gain	181
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – loss	(18)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – loss	(1,119)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – loss	(709)
Total amount recognised in other comprehensive income – loss	(709)

Key assumptions

	31 March 2021 % per annum	1 April 2020 % per annum
Discount Rate	2.20%	2.36%
Inflation (RPI)	3.25%	2.58%
Inflation (CPI)	2.87%	1.58%
Salary Growth	3.87%	2.58%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2021	21.6
Female retiring in 2021	23.5
Male retiring in 2041	22.9
Female retiring in 2041	25.1

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.

22. 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.

23. 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 £4,736 (2020: £5,465) and the arrears at 31 March 2021 were £0 (2020: £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 RHA was £8,993,000 (2020: £8,483,000).

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 £5,451,100 (2020: £6,573,000) and the balance owing at 31 March 2021 was £2,340,000 (2020: £269,000). 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 £44,988 in 20/21 and £46,708 in 19/20 for alarm monitoring services.

24. Portfolio of Homes

			2021	Movements in year			2020
	Owned and managed	**Managed by others**	**Total**	**Additions**	**Disposals**	**Transfers**	Total
Under development at the end of the year							
Units for rent	**164**	**-**	**164**	**72**	**-**	**(27)**	119
Units for shared ownership	**55**	**-**	**55**	**32**	**-**	**(16)**	39
Units for sale	**-**	**-**	**-**	**-**	**(7)**	**-**	7
	219	**-**	**219**	**104**	**(7)**	**(43)**	165
Under management at the end of the year							
General needs housing	**5,010**	**-**	**5,010**	**27**	**(13)**	**5**	4,991
Supported housing and housing for older people	**725**	**43**	**768**	**6**	**(3)**	**(5)**	770
Intermediate rent	**1**	**-**	**1**	**-**	**-**	**-**	1
Keyworker accommodation	**285**	**5**	**290**	**-**	**-**		290
Leasehold properties	**125**	**-**	**125**	**3**	**(1)**	**2**	121
Low cost home ownership accommodation	**305**	**-**	**305**	**17**	**(6)**	**(1)**	295
Managed on behalf of another landlord	**26**	**-**	**26**	**-**	**(4)**	**-**	30
Units for rent	**6,477**	**48**	**6,525**	**53**	**(27)**	**1**	6,498
Total units social housing	**6,696**	**48**	**6,744**	**157**	**(34)**	**(42)**	6,663
Market renting	**34**	**9**	**43**	**-**	**(15)**	**-**	58
Leasehold properties	**1**	**-**	**1**	**1**	**-**	**-**	-
Total units non-social housing	**35**	**9**	**44**	**1**	**(15)**	**-**	58
Keyworker – leased to Trust	**-**	**83**	**83**	**-**	**-**		83
Residential Care Home – leased to Shaw Homes	**-**	**46**	**46**	**-**	**-**	**-**	46
Extra Care properties – leased by Gloucester CC	**-**	**-**	**-**	**-**	**(2)**	**-**	2
Refugee properties - leased to Spring HA	**-**	**2**	**2**	**-**	**-**	**-**	2
St Oswald's properties – leased by Extra Care	**-**	**86**	**86**	**-**	**-**	**-**	86
Total units commercial	**-**	**217**	**217**	**-**	**(2)**	**-**	219
Total units	**6,731**	**274**	**7,005**	**158**	**(51)**	**(42)**	6,940
Retained freeholds and estate charges	**289**	**-**	**289**	**1**	**-**	**-**	288

25. 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.

Total future minimum lease payments under non-cancellable operating leases are as follows:		**Group**		**Association**
	2021	2020	**2021**	2020
Payments due:	**£'000**	£'000	**£'000**	£'000
- within one year	**114**	102	**114**	102
- between one and five years	**442**	12	**442**	12
- after five years	**963**	-	**963**	-
	1,519	114	**1,519**	114

26. Financial Instruments

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

		Group		**Association**
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Financial assets				
Measured at undiscounted amount receivable:				
Rent arrears and other debtors (see note 13)	**2,805**	2,466	**30**	24
Cash	**28,229**	9,934	**885**	(2)
Investments (note 14)	**1,877**	-	**-**	-
Amounts due from related undertakings (see note 13)	**-**	-	**-**	-
	32,911	12,400	**915**	22
Financial liabilities				
Measured at fair value through surplus or deficit:				
Loans payable (see note 16,17)	**-**	5,000	**-**	-
Measured at amortised cost:				
Loans payable (see note 16,17)	**224,767**	209,932	**-**	-
Measured at undiscounted amount payable:				
Trade and other creditors (see note 16)	**9,676**	6,840	**75**	478
Other accruals	**3,896**	3,134	**335**	-
Amounts owed to related undertakings (see note 16)	**-**	-	**1,465**	849
	238,339	224,906	**1,875**	1,327

Loans with Lenders Options are classified as non-basic financial instruments and totalled £5,000,000 in 2020. This loan has been fully repaid.

27. Statement of Cash Flows

	2021	2020
	£'000	£'000
Cash flow from operating activities		
Surplus for the year	**4,115**	5,877
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	**5,053**	4,619
Impairment of fixed assets	**955**	-
Amortisation of intangible assets	**465**	457
Taxation expense	**40**	-
Decrease / (increase) in Properties Held for Sale	**125**	(902)
Decrease / (increase) in trade & other debtors	**1,178**	2,749
Increase / (decrease) in trade & other creditors	**(875)**	(2,398)
(Increase) / Decrease in provisions	**-**	714
Movement in fair value of financial instruments	**-**	(58)
Decrease / (Increase) in fair value of investment property	**44**	(343)
Adjustment for other operating activities:		
Pension expense	**(104)**	-
Other financial charges	**(11)**	-
Adjustments for investing or financing activities:		
Government grants utilised in the year	**(698)**	(680)
(Profit) / loss on sale of fixed assets	**(2,459)**	(2,076)
Interest payable	**9,763**	9,569
Interest received	**(20)**	(89)
Cash generated by operations	**17,571**	17,439
Taxation paid	(58)	-
Net cash generated from operating activities	**17,513**	**17,439**

28. Net Debt Reconciliation

Analysis of changes in net debt	2020	Cash flows	Other non-cash changes	**2021**
	£'000	£'000	£'000	**£'000**
Cash and cash equivalents				
Cash	9,934	18,295	-	**28,229**
	9,934	**18,295**	**-**	**28,229**
Borrowings				
Debt due within one year	(4,651)	(623)	(128)	**(5,402)**
Debt due after one year	(210,282)	(9,575)	(5,370)	**(225,227)**
	(214,933)	**(10,198)**	**(5,498)**	**(230,629)**
Total	**(204,999)**	**8,097**	**(5,498)**	**(202,400)**

29. Post Balance Sheet Events

There are no post balance sheet events.

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 35 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.

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, Vice-Chair of Nominations and Performance Committee and Senior Independent Director)

Robin is a Chartered Accountant and MBA with extensive experience across a number of private and not for profit sectors.

Since leaving the private sector where he worked with listed companies in Healthcare, Property Development and Engineering, Robin has undertaken a wide range of project work and has held a number of non-executive directorships, including Worcestershire Mental Health Partnership NHS Trust, Heart of England Housing and Care, and the Orbit Group. Formerly a Trustee of the Midlands Air Ambulance Charity and Chair of Age Concern Worcester & District he is presently a volunteer with Cranfield Trust and continues to advise Midlands Air Ambulance Charity on a project basis.

Robin chaired the Audit and 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.

Paul Spooner (Independent, Chair of RHA)

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 non-executive member of the Football Foundation Grants Panel, supporting grass roots football projects.

In September 2020, Paul was appointed Chair of Rooftop Housing Association and is a co-optee member of the Audit and Risk Committee and represents Rooftop Housing Group on the Board of the Matrix Housing Partnership. He is the Board's representative for Development.

Claire-Elaine Arthurs Payne (Independent and 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. She is currently a Governor at Harvington CofE First and Nursery School.

From September 2020, Claire was appointed Chair of the Audit and Risk Committee and member of the Remuneration Committee. She is the Board's representative for Equality and Diversity.

Ceri Jones (Independent)

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 and was Chair of Rooftop Housing Association for one year from September 2019.

He is a member of the Nominations and Performance Committee and is the Board's representative for Customer Engagement.

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 Group Finance Director, Jonathan gained experience in both retail and manufacturing sectors. He headed up the European treasury function for the US retailer GAP Inc and, 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. During this time, 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.

From water, Colum moved into the gas sector working with National Grid and Cadent, on asset planning and investment programme management, overseeing around £600 million of investment per annum. He also produced Cadent's five-year, £4 billion, investment plan (RIIO-2), working closely with the regulator Ofgem.

Most recently Colum has moved into consultancy with Aqua, working with asset management organisations to reduce the total cost, carbon and energy impacts of asset ownership. He has gained extensive experience of customer research and engagement in service design and to support the development of strategic business plans.

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, Colum joined Rooftop in 2018. He is the Vice Chair of Rooftop Housing Association, Vice Chair of the Audit and Risk Committee, a member of the Nominations and Performance Committee and represents Rooftop Housing Group on the Board of Platform Property Care. He is the Board's representative for Environmental Sustainability.

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 Executives, 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, CDO 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, Digital and business transformation programmes, re-structured corporate IT operating models and delivered multiple ERP solutions. 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 Vice Chair of the Remuneration Committee and the Board's representative for Digital Transformation.

Daisy Halford (Tenant)

Daisy has lived in social housing since 2013 and became a Rooftop resident three years later with her husband and young son. She joined the Resident Excellence Panel, Rooftop's independent scrutiny group, in 2016 to help shape and improve the services we deliver to our customers. Daisy was Chair of the Panel until she joined the Boards of Rooftop Housing Group and Rooftop Housing Association in September 2020. Passionate about social housing and the rights of residents, Daisy is part of the National Housing Federation's "Together with Tenants" initiative created to support housing associations to play their part in rebalancing the relationship between residents and landlords. She is a member of the Tenant Advisory Panel which is working with the NHF to develop a new 'Together with Tenants Charter' which will set out in clear terms what residents can and should expect from their landlord.

A busy wife and mother, Daisy still manages to maintain an active presence in her community. She chairs a local community group and also volunteers for a local charity.

Daisy is a member of the Nominations and Performance Committee and Remuneration Committee and is the Board's health and safety representative.

Tessa Rollings (Independent)

Tessa is a fellow with the Institute of Chartered Accountants in England and Wales, qualifying as an accountant with a large accountancy firm. After spending several years auditing a variety of companies and not for profit organisations, she utilised the experience she had gained of the social housing sector and joined a large national housing and care group. Over several years she led the financial reporting function, accounted for complex transactions, headed up the finance team of a newly acquired business and was finance lead for the development and implementation of the group's new IT infrastructure.

More recently Tessa has been working in the charity sector at senior management level and currently leads the finance function at the Bumblebee Conservation Trust, a national science led conservation organisation. Tessa brings knowledge of accounting standards and regulatory requirements, risk management, IT transformation and project management to the Board.

Tessa is a member of the Audit and Risk Committee.

Rooftop Housing Group
70 High Street
Evesham
Worcestershire
WR11 4YD

Tel: 01386 420800
Email: enquiries@rooftopgroup.org

www.rooftopgroup.org

Rooftop Housing Association Limited

Annual Report and Financial Statements

2020 - 2021

Rooftop
Housing Group

Rooftop Housing Association Limited

Annual Report and Financial Statements

2020/21

Contents

Board, executive and advisors

Registered office	70 High Street Evesham WR11 4YD
Board	- Paul Spooner (Chair from16 September 2020) - Ceri Jones (Chair) (Retired as Chair16 September 2020 but continued as Board Member) - Colum Goodchild (Vice Chair from 16 September 2020) - Rachel Lathan (Vice Chair) (retired16 September 2020) - Jonathan Wallbank - Claire-Elaine Arthurs Payne - Daisy Halford (from 16 September 2020)
Executive officers	- Boris Worrall, Group Chief Executive - Caroline Dykes, Finance Director - David Hannon, Development Director - Claire Newman, People Director - Lisa Nicholls, Housing Director - Caroline Allen, Secretary
External auditor	BDO LLP Two Snowhill Birmingham B4 6GA
Bankers	Barclays Bank PLC 54 High Street Worcester WR1 2QQ
Internal auditors	Mazars LLP First Floor, Two Chamberlain Square Birmingham B3 3AX
Principal solicitors	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B2 2ES
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 Investment Management One Coleman Street London EC2R 5AA

	Santander Corporate & Commercial Banking 17 Ulster Terrace Regent's Park London NW1 4PJ
	bLEND Funding plc 3rd Floor 17 St Swithin's Lane London EC4N 8AL
Funding advisors	Centrus Senator House 85 Queen Victoria Street London EC4V 4AB
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
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 2021.

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 company. 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 G1 and V1 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 and re-confirmed in November 2020.

A detailed annual self-assessment against the Regulator's Standards is carried out in April each year and approved by the Board. The Board considers that the Group remains compliant with the standards. As part of this the Board recognised the following factors:

- The Board held a virtual strategy event on 2-3 October 2020 to review the 2018-23 Corporate Plan and refresh the plan. It also considered the proposed Environmental Sustainability and Land and Development strategies. In March 2021, a revised Corporate Plan 2021-26 and Annual Business Plan for 2021-22 was approved.
- The annual individual board member appraisals were held and the Board self-assessed its performance as a collective. The Board Member Learning and Development Plan captures the outcomes of the appraisals and a Board Improvement Plan ensures the focus remains on continuous improvement. The Board will be externally appraised in 2022 in line with a three-yearly cycle.
- The Board has approved a Succession Plan and this is regularly reviewed.
- During the year, RHA obtained a bond for £50 million with bLEND: £30 million was drawn in November 2020 and £20 million will be drawn in November 2021. The loan was used to repay existing revolving credit facilities, which will then be available to use up to 2025 to fund the development programme.
- At 31 March 2021 RHA has until June 2024 before new funding is required.
- All regulatory returns (FVA, SDR, Quarterly Returns, FFR, Fraud, Coronavirus Operational Response Survey) 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. The average net present value has increased since 2017 from an average of £52,326 to £59,490 in 2020.
- A Resident Excellence Panel scrutinises Rooftop services to its residents, through a programme of scrutiny and reports to each meeting of the Audit and Risk Committee with an annual report to the Group Board.
- 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 2020/21 and the 2020/21 final accounts timetable
    - Reviewed and recommended to the Board the annual Accounting Policy.

- Risk management process and framework
    - Reviewed and recommended to the Board the revised Risk and Assurance Policy and Framework
    - 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 2021/22
    - Approved the internal audit strategic plan for 2020/21 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 twelve (including compliance and data integrity) internal audit reports and noted the level of assurance given by the internal auditors as follows:

    - Substantial assurance (four): Value for Money, Asset and Liability Registers, Tenant Engagement and Empowerment, Risk and Assurance Management
    - Adequate assurance (two): Rent Setting and Amendments and Strategic Asset Management
    - Needs Improvement (none)
    - 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
    - The Committee also received a Follow Up of recommendations report and a Post Implementation Review of the Housing Management System project.

- 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 update and noted proposed 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 assessed its compliance against the National Housing Federation's Code of Governance (2015) and confirms that the organisation is fully compliant. On 10 March 2021, the Board formally adopted the revised National Housing Federation's Code of Governance (2020). An action plan has been produced to ensure a smooth transition from the previous version during 2021/22.

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.

- In March 2021 a Group Chair Designate was successfully recruited to take up the role in September 2021. The current Group Chair retires in September 2021 having served the maximum nine years as a board member.
- Two new board members were recruited in 2020. The Board was keen to retain direct customer experience following the retirement of the existing customer member and to increase the level of financial skills on the Board.

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. Rooftop is a dedicated equal opportunities employer, we treat people fairly, and with dignity, regardless of sex, age, disability, sexuality, race or belief.

We create a culture that promotes equality and diversity in all aspects of employment, including recruitment and selection, training and development and employment practices.

We want to encourage people from under-represented groups to apply for our jobs, so our workforce reflects the profile of the local communities and our residents. We also value the contribution that staff who consider themselves to have a disability make to our workforce.

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: Your Voice, company-wide briefings, formal consultation, departmental and individual meetings.

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. Minutes of meetings are made available to all employees, the Audit and Risk Committee and Board. 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.

The Board approved a budget for the financial year 2021/22 in March 2021 and approved the 40-year Financial Business Plan in May 2021. This included detailed stress testing with multi-variant scenarios.

The Board previously approved a Financial Business Plan in September 2020, this included a number of stress tests including a perfect storm, which created extreme results. The plan also contained a £5 million cash contingency for Development which can be released in adverse circumstances. Based on our Treasury Management Policy RHA holds minimum cash balances of £5 million or three months' net cash, whichever is the greater. When calculating the required cash balance an assumption is made that we will only receive two thirds of property sales in a period. This prudent approach and the available undrawn loan facilities will continue to keep us viable during these difficult times.

The budget for 2021/22 was set taking into account the potential effects of COVID-19 and was approved by the Group's Board on 10 March 2021. Our key focus for 2021/22 is to deliver exceptional customer service and to respond to the effects of COVID-19. Our business is well placed to do this, and to achieve this we plan to:

Improve customer satisfaction by catching up on maintenance works. This was delayed in 2020/21due to the lockdown restrictions. The components budget for 2021/22 has been significantly increased to allow for works, which were not completed as planned in 2020/21.

Maximise income and reduce bad debts. In 2020/21 the budget for bad debts was set at 3.2%, compared to a standard budget of 1.4% to allow for the potential effects of COVID-19. Actual performance for the year was 1.01%. This year's budget for bad debts has been set at 2.2%. We consider it will be unrealistic to set a lower budget due to Government forecasts for the economy and unemployment in 2020/21. We have restructured our Income Team and introduced a new system, called RentSense to reduce the likelihood of rent arrears becoming bad debts. However, this will remain a challenging area due to changes in Universal Credit and the ending of the Government's Furlough Scheme. Our Income Team continues to work with our tenants who are suffering financially due to the impact of COVID-19.

Achieve a voids budget of 2% for 2021/22. This is 12% lower than the budget for 2020/21. During the first quarter of 2020/21 it was not possible for us to accept any new residents at the older persons schemes. However, with the anticipated lifting of lockdown restrictions by the summer, lettings at these schemes will become much easier.

Achieve a new property sales budget of £5 million. This is based on our normal sales activity. Despite the lockdown restrictions in 2020/21, we sold new properties to the value of £4 million.

Originally, we anticipated that the RHA budgeted surplus for 2020/21 would reduce by £495,000 to £4,493,000, based on the COVID-19 restrictions being in place for three months. However, this was further reduced to £4,287,000 following the series of lockdowns. At the end of the financial year, a RHA surplus of £4,100,000 was achieved. The budget surplus for the Group was revised downwards once COVID-19 restrictions and the impact on activity and financial performance were fully assessed. At the end of the financial year, a Group post-tax surplus of £4,115,000 was achieved.

The Group budget surplus for 2021/22 has been set at £4,536,000, an increase of £44,000 from the revised 2020/21 budget resulting from increased rents, but also higher costs associated with better, greener homes.

In May 2021, the Board approved an updated Financial Business Plan, which includes all of the decisions made by the Board. The Plan included the forecast completion of the Group's vision of 1,000 homes to be delivered by March 2026, as part of our updated Corporate Plan from 2021 to 2026. This includes a new Homes England Bid under the Matrix Housing Partnership. We are pleased to confirm there is sufficient cash available to support the business through any continued effects of COVID-19 and to comply with our funders' covenants.

In November 2020, we successfully arranged a bond for £50 million with THFC/(bLEND), with the assistance of our Treasury Advisors, Centrus; £30 million was drawn in November 2020 and the remaining £20 million will be drawn in November 2021. This has significantly reduced RHA's refinancing risk; new funding of £25 million will be required in June 2024. In addition to the bLEND funding, we have £82 million of undrawn revolving credit facilities at year end; this will support the current development programme.

Given the strength of the statement of financial position and availability and liquidity of undrawn loan facilities, the Board believe that while there may be some uncertainty in the future, 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

During 2020/21, the majority of our staff have continued to work from home, and we have adhered to Government Guidelines to keep our residents and staff safe during these challenging times. Our Executive Team have held regular meetings to ensure our business continuity is maintained. Alongside continuing to deliver essential services to our residents, we continued to provide 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 15 September 2021.

By order of the Board

Paul Spooner
Chair
14 July 2021

Strategic Report

Why we exist

Our mission is to support **Successful Lives** and build **Great Homes** by being a **Better Business**. This annual Business Plan sets out what we will achieve during 2021-22; this is the first year of our five-year Corporate Plan, updated to run from 2021 to 2026.

During the financial year, 2020-21, the world faced an unprecedented global health crisis resulting from the COVID-19 pandemic. In England there were three lockdowns with restricted social activity between the lockdowns. This caused economic, social and personal hardship for many people. The Government is reviewing the possibility of lifting the lockdown in the summer of 2021, depending on the rate of infections. Our Corporate Plan is based on the latest situation, and what is 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**.

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

For 2020/21 our most significant challenge was responding to the impact of COVID-19, and the challenges it posed to the communities of South Worcestershire and North Gloucestershire. We have strong strategic and operational relationships with our key local authority partners, and we will continue to do all we can to work alongside them in following Government guidelines. In anticipation of the continued easing of lockdown restrictions, this year we will focus on the implementation of our new Asset Management Strategy and development programme.

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 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.

What we will deliver

Our key objectives for the 2021-2026 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.

We will continue to monitor these objectives as the lockdown restrictions for COVID-19 are eased, taking into consideration any potential implications over the short and long term.

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 at 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. We are committed to the Social Housing White Paper 'The Charter for Social Housing Residents'.

This year, as part of our Asset Management Strategy, we will be focussing on delivering £2.5 million of energy efficiency works to 170 of our homes. We will also define the Rooftop Living Homes Standard for our existing homes and will develop a fully costed plan to achieve energy level Band C by 2030 for all of our homes. We will also address the pandemic repairs backlog for replacement components in our homes. 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 is a unique set of standards developed by Rooftop to exceed the expected specification of the Government Future Homes Standard. We will report annually on the Environmental Management Standard which we have adopted. In 2020/21 we became an early adopter of the Sustainability Reporting Standard, and will be publishing our first Environmental, Social and Governance Report in September 2021.

During 2020/21 we supported our colleagues as they came to terms with the impact of COVID-19 and adapted to mobile working, as well as the rapidly changing needs of our customers and communities. This year we will be focussing on supporting our colleagues as they return to the option of working in the office as part of our agile working arrangements, whilst following Government guidelines. 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.

We have set ourselves a challenging target to deliver 1,000 homes between 2018 and 2023. This year, we are planning to deliver 133 new homes, and commence work on 255 new homes. 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.

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.

Key Priorities for 2021-22 linked to 2026 Corporate Plan

	Strategic objectives	Annual Objectives	Start	End
Great Homes	Rooftop Living Home Standard	Tackle the pandemic repairs backlog and implement an optimisation plan for the Cost Sharing Vehicle	Apr 2021	Dec 2021
		Deliver £2.5 million of energy efficiency works to 170 homes*	Apr 2021	Dec 2021
		Define the Rooftop Living Homes standard for existing homes and a fully costed plan to achieve energy Band C*	Apr 2021	Jan 2021
	1,000 New Homes	Deliver 133 homes and start 255 homes	Apr 2021	Mar 2022
		Maintain a rolling land bank of 170 plots	Apr 2021	Mar 2022
		Deliver sales income of £5.3 million	Apr 2021	Mar 2022
Successful Lives	Excellent Customer Service	Deliver 90% overall customer satisfaction	Apr 2021	Mar 2022
		Develop and implement new Customer Service Standard and Tone of Voice	Apr 2021	Feb 2022
	Building Stronger Communities	Deliver revised local offers that support investment in communities	Apr 2021	Mar 2022
		Achieve £300k of Social Return on Investment	Apr 2021	Mar 2022
Better Business	Leadership and Learning Excellence	Implement a new HR and payroll system*	Apr 2021	Jan 2022
		Deliver Leadership and Professional Development program	Jul 2021	Mar 2022
		Enhance and develop the Project Management Framework	May 2021	Dec 2021
	Digital by Design	Deliver the Housing Management System development plan to enhance customer service*	Apr 2021	Mar 2022
		Implement Microsoft Business Intelligence (BI) reporting to enhance data maturity	Apr 2021	Mar 2022
		Implement a new Finance system*	Apr 2021	Mar 2022*
		Implement a new Telephony system*	Apr 2021	Mar 2022

Strategy

- Development
- Sales and Marketing
- Environmental Sustainability
- Asset Management
- Health and Safety
- Supported Housing
- Customer
- Community Investment
- Income Collection and Maximisation
- Supported Housing
- Equality, Diversity and Inclusion
- People
- Communications
- Treasury
- Tax
- Value for Money
- ICT
- Data
- Procurement

***into 2022/23**

Responding to COVID-19

During the financial year 2020/21, the UK Government implemented three national lockdowns to manage the COVID-19 pandemic. Between the lockdowns a tiered system of social distancing measures was introduced. Following the third lockdown a phased lifting of restrictions was in place by 31 March 2021.

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, major component replacements such as kitchens and bathrooms and non-emergency repairs were postponed to early July 2020. However, following two more national lockdowns and a tiered system of social distancing, the programme of component replacements was 40% less than planned. We are planning to resume a full programme of replacements in 2021/22 and are ensuring that customers who have been affected are kept informed.
- Construction work began at our development schemes again in July 2020, following Government guidelines; 50 homes were completed in 2020/21. We anticipate that 133 homes will be completed in 2021/22.
- Continued with our program of Gas safety testing.
- Closed communal areas to protect customers from catching the virus through congregating in lounges.
- Ensured the same member of staff visited the same schemes to reduce incidents of cross contamination.
- Provided regular contact with older people and people who live with additional needs and vulnerabilities, 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 resulting in over £2.8 million extra in rightfully claimed benefits and support payments for Rooftop customers.
- Throughout the year, the majority of our staff worked from home, or worked on front line services where this was possible through social distancing measures.

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.
- Expenditure on PPE has increased to ensure the safety of those staff members that 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 such as the impact of COVID-19 on Defined Benefit (DB) investments. TPT, the provider of our defined benefit scheme, made the following statement on 19 June 2020:

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.

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 to define the Rooftop Homes Living Standard for our existing homes and to develop a fully costed plan to achieve Energy Efficiency Level Band C by 2030, deliver overall Customer Satisfaction of 90%, develop and implement a new Customer Service Standard, deliver the Housing Management System development plan to enhance customer service, and to implement a new HR and payroll system. For 2021/22, a budgeted surplus of £4.6 million has been set, which is £286k higher than the 2020/21 budget. The budget was set on the basis that there will be a limited impact from COVID-19 and that normal levels of business activity will resume.

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 2026 we will aim to deliver 1,000 homes, an average of 200 per year. For 2021/22 we plan to deliver 133 homes as the lockdown restrictions are gradually lifted.

Development Programme- Number of Homes				
	18/19	19/20	20/21	2021-26
Social Rents	20	17	7	455
Affordable Rents	117	98	20	151
Shared Ownership	45	62	16	374
Outright Sales	8	-	7	-
Rent to Buy	-	-	-	20
Total	**190**	**177**	**50**	**1,000**

2026 Corporate Plan – Summary			
	Great Homes	**Successful Lives**	**Better Business**
Strategic Objectives 2026	1,000 Homes	Excellent Customer Service	Leadership and Learning Excellence
	Rooftop Living Homes Standard	Building Stronger Communities	Digital by Design
Supporting Strategies	Development, Asset Management, Sustainability, Health and Safety	Customer, Supported Housing, Income Collection and Maximisation, Community Investment	Communications, People, Data, IT, Value for Money, Tax
Operating Plans	Living Homes Standard, Energy Rating Score of Band C, Stock Investment, Disposals	Community Led investment, Customer Satisfaction and complaints handling r	New Finance and HR/Payroll Systems, Investment in developing of people
Key Initiatives	Garden Village, Bishop's Cleeve Regeneration, ISO14001 accreditation	Tackling Homelessness, Domestic Abuse service, Community Projects, Develop Customer App and Website Portal	Leadership Development, Housing Management System, Rewards and Benefits, Your Voice Forum

Key Activities - Rooftop Housing Association Limited

RHA, the Group's core social housing provider, generated a surplus before taxation of £4.1 million (2020: £4.8 million). This was £200k less than RHA's budgeted surplus of £4.3 million.

However, there was a significant outperformance of the costs budgeted for bad debts, which was £848k less than forecast. In April 2020, the budget was increased to £1.24 million due to the uncertainties around the COVID-19 pandemic. This is due to the dedicated work of the Income Team, real-time collection has been in place since October 2020 for Universal Credit, and direct applications to Housing Authorities for Housing Benefit payments. Overall rent collected for 2020/21 stands at 99.9%.

The next most favourable contribution was in financing, with net interest cost £0.6 million lower as a result of lower interest rates and less loan drawdowns than anticipated due to the reduced development programme.

The budget for property sales was also better than forecast, achieving a favourable outperformance of £166k. In the year there were 36 shared ownership sale completions and five outright property sales. In addition 15 homes at Biddulph were sold in the year, following the transfer of assets and liabilities from Rooftop Homes Limited to Rooftop Housing Association. Five homes at Nuneaton were sold in April, which were also transferred.

Overall operating costs for lettings were £927k favourable due to lower bad debts, lower staffing costs, and lower depreciation costs. The maintenance budgets were £673k overspent; budgets were reduced for the impact of COVID-19. However, the fixed costs of Platform Property Care still had to be met. In addition all responsive repairs were still completed, despite the delay in the first quarter caused by the lockdown.

Net income from lettings was £1.2 million unfavourable due to £446k of lower rental income relating to deferred income, service charge income reduction of £380k due to the delayed implementation of programmed maintenance works, and £333k more voids primarily at our support schemes. The rent reduction of 1% per annum from 2016-20 introduced from the Welfare Reform and Work Act 2016 ended in March 2020. From April 2020, our rents were increased based on the Government's rent policy.

Impairment costs of £955k were incurred for the write down of costs relating to the refurbishment of existing homes at Bishop's Cleeve and a Supported Housing scheme for Older Persons at Almonry Close.

The higher than budgeted for voids during the year of £333k (2020 - £0.7million) resulted from higher void levels at ExtraCare schemes and other supported schemes for the elderly due to the restriction in lettings caused by the COVID-19 pandemic. In addition, the new void property assessment procedure caused delays in letting properties. However, the number of void properties was 29% higher in 2019/20 compared to this year, but the void turnaround is longer this year due to COVID-19.

The pension deficit for the year was £720k, compared to a budgeted deficit of £118k. This was due to an increase in the provision for the scheme at year end.

RHA's cash balance at year end was £27.3 million (2020: £9.9 million). The increase was due to the drawdown of £30 million from bLEND in November 2020 from a bond for £50 million, which was arranged in October 2020. This funding was used to repay existing revolving credit facilities so the facilities were again available to fund the development programme up to 2025.

Overall RHA has funded plans to complete 676 homes over the period from April 2021 to March 2023. Work in the first quarter of 2020/21 was temporarily suspended due to the COVID-19 crisis. However, work now continues at our development sites following the easing of lockdown restrictions.

Value for Money and Performance Report 2020/21

Summary

We have nine ambitious targets within our five year 2018 to 2023 Corporate Plan (a new plan has been approved for the period 2021 to 2026). These targets aim to ensure we deliver Value for Money maximising the impact of our resources in delivering our charitable objectives.

In 2020/21 we continued to make good progress in delivering our Corporate Plan objectives across the three streams of Successful Lives, Great Homes, 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.

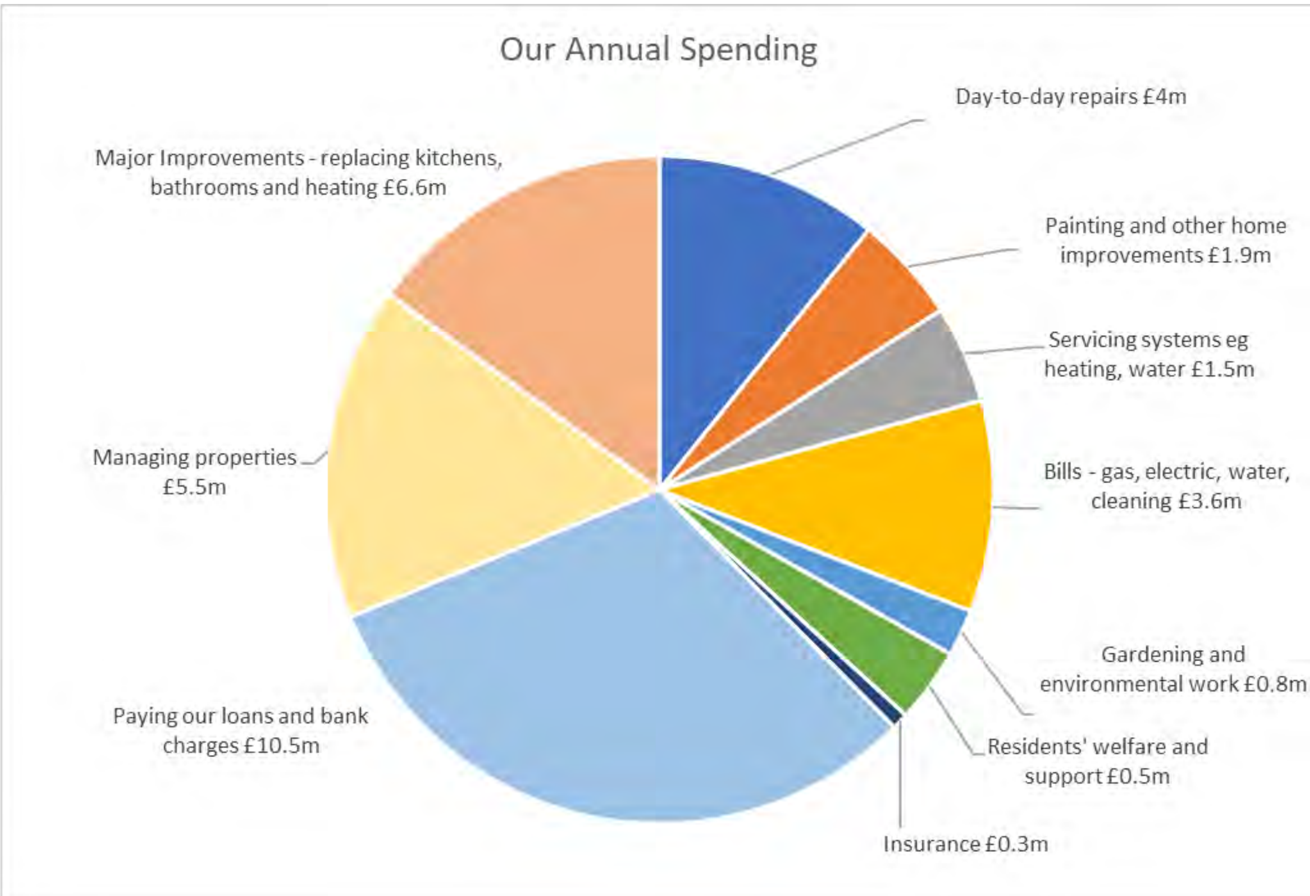
We continued to deliver against our wider 2023 targets around sustainability, supporting people and communities and business improvement during the year.

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 also appears on the Rooftop Housing Group website and in the Rooftop Customer Report. It shows a breakdown of how income was expended during the year to provide transparency.

How We Spend Our Money - 2021/22 Budget

The graph below shows a breakdown of our expenditure – the three areas covered in the bullet points represent 62% 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 for people in housing need.
- The next largest area is managing our homes, including tenancy management of our homes.
- Major Improvements are the third largest area including the replacement of kitchens, bathrooms and boilers. These improvements keep our homes up to and beyond the Decent Homes Standard.



Meeting the Value for Money Standard

We welcomed the simplified approach in the April 2018 Value for Money (VFM) Standard. The Board believes Rooftop has complied with the VFM Standard during 2020/21 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 2020/21, and these are the targets we included in our statement last year:

- **Following the implementation of the housing management system, investigate savings realised from efficiencies, particularly with the implementation of self-serve while ensuring there is sufficient resource to support the customers who do not have access to this via face to face or the telephone.**
  The core Housing Management System was successfully implemented on 4 May 2020. Our new self-service app and Customer Portal are due to launch in the summer of 2021; other areas we are focussing upon are effective gathering and use of customer data.
- **Review Group Structure to ensure we have most efficient and effective model to allow the group to dispose of properties that are not part of its core activity**
  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 outside of our core area. It will also result in Corporation Tax

and administrative savings in future years. This has allowed us to consolidate our borrowing and dispose of market rent homes held outside our core operating area where we were unable to effectively manage them.

In June 2020, Rooftop Homes Limited was deregistered as a Registered Provider with the Regulator of Social Housing and is now a dormant company in the Group.

- **Business improvement: To develop a plan for Process Mapping of key services (income and repairs) and compliance areas, and to include identifying cashable and non-cashable savings from service improvements.**

  We have started to review our customer facing processes including Repairs and Income. The work will continue during 2021/22.

- **Budget Review / Financial Business Plan Cost Review: Review of expenditure and identify proposed savings to ensure we meet our Sector Score Card targets.**

  Our Budget and Business Planning Processes are scrutinised by our Executive Team and Board. Areas of expenditure are challenged as part of the process and we have looked to reduce expenditure on consultancy in future years, however we have identified that some parts of the business need further resources to enable us to collect our income as well as keep our tenants safe, this was due to the impact of COVID-19 and an increased number of contacts from our customers regarding their payments and also an increased number of repairs were reported to us. Our budget set in March 2021 for the following financial year met 10 out of 15 of the sector score card targets. Our key focus for 2021/22 is to deliver exceptional customer service and to respond to the effects of COVID-19. Our business is well placed to do this, and to achieve this we plan to:

  Improve customer satisfaction by catching up on maintenance works. This was delayed in 2020/21due to the lockdown restrictions. The components budget for 2021/22 has been significantly increased to allow for works, which were not completed as planned in 2020/21.

  Maximise income and reduce bad debts. In 2020/21 the budget for bad debts was set at 3.2%, compared to a standard budget of 1.4% to allow for the potential effects of COVID-19. Actual performance for the year was 1.01%. This year's budget for bad debts has been set at 2.2%. We consider it will be unrealistic to set a lower budget due to Government forecasts for the economy and unemployment in 2021/22. However, for 2021/22 we are taking the following steps to improve our income collection:

  - We have restructured our Income Team to improve our performance.
  - We have introduced a new system, called RentSense to reduce the likelihood of rent arrears becoming bad debts.
  - We have taken steps to maximise cash collection by adopting prevention measures, and early intervention in arrears cases. This includes the development of a Tenancy Sustainment Team to engage with our customers and reduce high arrears.
  - We will increase pre-tenancy checks so that we only allocate homes to our tenants they can afford.
  - Bring inhouse our collection of Former Tenant Arrears to improve cash collection.
  - Improving the quality of our income collection data.

  However, this will remain a challenging area due to changes in Universal Credit and the ending of the Government's Furlough Scheme. Our Income Team continue to work with our tenants who are suffering financially due to the impact of COVID19.

  Achieve a voids budget of 2% for 2021/22. This is 12% lower than the budget for 2020/21. During the first quarter of 2020/21 it was not possible for us to accept any new residents at the older persons schemes. However, with the anticipated lifting of lockdown restrictions by the summer, lettings at these schemes will become much easier.

  Achieve a new property sales budget of £5 million. This is based on our normal sales activity. Despite the lockdown restrictions in 2020/21, we sold new properties to the value of £4 million.

- **In line with our Asset Management Strategy:**
  - Look to rationalise stock that is not in our core area over the next two years.
  - Review properties with a capital value more than five times present value to be considered for disposal.
  - Review properties with a current present value below £10k with potential for disposals.

  We have commissioned an external review which will be completed during 2021/22.

- **Review Support and Care costs and social value outcomes:**

- Understand the true cost of Support and Care Service, including direct and indirect costs:

Scheme Name	Yates Court £000s	St Oswalds £000s	Dorothy Terry House £000s	Cherry Orchard House £000s	Parsons Gardens £000s	Dora Matthews House £000s	Older Person Schemes - General Need £000s	Young Peoples and Other Supported Housing £000s
Rent and Service Charge Income	945	1,386	447	642	408	544	1,520	1,287
Voids Costs	(109)	(19)	(165)	(82)	(39)	(72)	(35)	(223)
Net Income	**836**	**1,367**	**282**	**560**	**369**	**472**	**1,485**	**1,064**
Management Costs	6	2	18	11	11	5	2	72
Maintenance & Cyclical	127	237	60	45	21	28	166	131
Services and Support	327	475	225	303	244	166	206	414
Total Costs	**460**	**714**	**304**	**359**	**277**	**199**	**374**	**618**
Surplus / (Deficit) before Finance Costs	**376**	**653**	**(22)**	**201**	**92**	**273**	**1,111**	**446**

Note: The above table includes support income and costs directly attributable to the relevant schemes and excludes depreciation of the properties and any related financing costs.

- Understand the Social Value of the service provided.

We have commissioned an independent review of our Supported Housing Schemes, the findings of this are being reviewed. There are potential customer and financial implications that will need to be included in our long term plans.

We 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 2020/21 are set out below, with comparatives from 2019/20 and targets for 2020/21 and 2021/22. The targets are embedded in Rooftop's budget and performance processes.

Performance and future targets

Regulatory metrics	**2019/20 Result**	**2020/21 Target**	**2020/21 Result**	**2021/22 Target**
Metric 1 - Reinvestment Percentage	5.2%	11.1%	3.2%	10.5%
Metric 2a - New supply delivered (social housing units)	2.7%	2.3%	0.8%	3.7%
Metric 2b - New supply delivered (non-social housing units)	0.0%	0.1%	0.0%	0.0%
Metric 3 - Gearing	58.0%	61.0%	54.8%	62.0%
Metric 4 - EBITDA MRI as a percentage of interest	153.0%	154.0%	166.2%	137.0%
Metric 5 - Headline social housing cost per unit	£3,284	£3,391	£3,183	£3,898
Metric 6a - Operating Margin (overall)	32.0%	31.9%	32.2%	29.8%

Metric 6b - Social Housing operating margin	40.1%	40.3%	39.2%	36.2%
Metric 7 - Return on capital employed (ROCE)	4.3%	3.6%	3.8%	3.7%
Other Sector Scorecard metrics				
Customer satisfaction	89.2%	90.0%	85.0%	90.0%
£s invested for every £ generated from operations in communities	£0.04	£0.04	£0.04	£0.05
Occupancy	99.7%	99.2%	99.3%	99.2%
Ratio of responsive repairs to planned maintenance spend	0.66	0.60	0.85	0.50
Rent collected	97.9%	99.1%	99.9%	99.1%
Overheads as a % of adjusted turnover	12.8%	12.2%	11.2%	11.2%
Void loss as a % of rent debit (all tenures)	2.5%	2.3%	3.3%	2.0%

Because of the first COVID-19 Lockdown, where work on development sites and the replacement of components were not undertaken for the first quarter of 2020/21 the VFM metrics show that the **Reinvestment percentage** of 3.2% is much lower than the target of 11.1%**.** Overall only 42% of component replacements were completed in this financial year due to the restrictions from two further national lockdowns. We are hoping to meet our target of 10.5% in this coming financial year following the anticipated lifting of all lockdown restrictions.

Our **New Supply Delivered of Social Housing** at 0.8% is lower than the target of 2.3%. Again, this is due to the reduced activity following the lockdown restrictions. We delivered 50 new homes during 2020/21 but have a higher target of 3.7% to be achieved for 2021/22.

Our **Social Housing Operating Margin** of 39.2% is lower than the target of 40.3%. This is largely as a result of delays caused by the pandemic; this includes a higher void income loss due to the difficulty of reletting properties particularly at the Older Persons Schemes, delays in the warden call project at our ExtraCare Scheme at St Oswald's and supporting the fixed labour costs of our Cost Sharing Vehicle with Platform Property Care.

For **Customer Satisfaction** our year end result was 85%, which was 5% below our ambitious target of 90%. Our analysis indicates that customer communication around repairs and the completion of repairs are the main causes of dissatisfaction. This dissatisfaction has been exacerbated by customer's expectations that normal service would resume swiftly after each lockdown; we are not operating in a vacuum, and the ability to have 'next day' delivery on a range of goods has altered consumer expectations of service providers. A drop of 5% is in a comparable range to the interim updates published by HouseMark for other Housing Associations, however hitting the 90% target will be a key focus for the year ahead.

Our **Rent Collected** for the year was 99.9% compared to a target of 99.1%. The improved result was due to the proactive measures adopted by our Income Team. These included introducing new systems where all of our Income Officers had the ability to take card payments over the phone, the implementation of recurring card payments and a Live Chat forum on our internet. The number of incoming and outgoing phone calls has increased significantly allowing many payment transactions to be completed by phone. In February 2021, the RentSense system was implemented, which will enable us to further improve our income collection rates in 2021/22.

Last year's performance targets

Due to a number of supported schemes being more difficult to let and relying on council referrals, our void turnaround of c20 days (all tenures) is higher than our target for the year. 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 meeting. This compared our costs in repairs to 80 organisations across the sector and showed that our costs were generally lower than the median in all areas, 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 2020/21	**Target 2020/21**	**Result 2020/21**	**Achieved? Y/N**
Percentage of repairs completed first time	85%	90.9%	Y
Average number of calendar days to complete non-emergency repairs	12 days	16.1 days	N
Average days to re-let	12 days	23 days	N
Rent arrears as a percentage of rent debit	3.5%	4.5%	N
Percentage staff sickness absence	4.5%	2.6%	Y
Benefits realised for tenants by money advice team	£2.2m	£3.2m	Y
Deliver 177 new homes	157	50	N
Secure land for new development, including market sales	170 units	196 units	Y

Peer Comparison 2019/20

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 January 2021. They have identified the peer group based on geographical location, stock size and similarity.

RP	Reinvestment %	New supply delivered (social) %	New supply delivered (non-social) %	Gearing %	EBITDA %	Headline Social Housing Cost Per unit	SHL Operating Margin %	Overall operating margin %	ROCE %
Rooftop Housing Group	5.2% (LQ)	2.7% (UQ)	0.0% (-)	58.0% (LQ)	153.0% (MQ)	£3,284 (UQ)	40.1% (UQ)	32.0% (UQ)	4.3% (UQ)
Thrive Homes Ltd	17.0%	2.3%	1.0%	75.8%	187.0%	£3,660	37.1%	35.6%	4.5%
Two Rivers Housing	15.7%	4.5%	0.0%	59.0%	192.0%	£3,484	23.1%	24.8%	3.8%
North Devon Homes Ltd	3.3%	1.8%	1.3%	58.4%	133.3%	£2,810	26.8%	21.2%	3.0%
Connexus	6.4%	1.4%	0.1%	72.4%	181.7%	£3,500	25.0%	26.2%	4.4%
Selwood Housing	6.8%	2.1%	0.0%	31.0%	320.0%	£4,100	23.0%	24.0%	2.6%
Westward Housing Group	4.7%	1.3%	0.0%	31.4%	218.1%	£3,009	32.8%	32.2%	3.4%
Gloucester City Homes	27.5%	1.3%	0.0%	56.3%	118.5%	£4,270	24.5%	21.3%	3.6%
Sector Average	**8.4%**	**1.8%**	**0.2%**	**46.4%**	**174.8%**	**£4,101**	**27.4%**	**23.7%**	**3.8%**

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

Reinvestment

We have a lower % of reinvestment than other peers and 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. We are also a member of a Cost Sharing Vehicle, which generates efficiency and VAT savings.

New supply delivered – Social housing

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

New supply delivered – Non Social Housing

In 2020/21 seven properties were completed for outright sale; two remain unsold at the year end. The Board has decided not to develop any further homes in this category in the future.

Gearing/EBIDTA

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 is 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 results 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 2020/21

Successful Lives

Community Investment Strategy

A number of cross-team community events have taken place in our areas of operation that have 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 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 the 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.

We will continue to focus upon key themes outlined within the Social Housing White Paper 'The Charter for Social Housing Residents', the National Housing Federation's Together with Tenants Charter and our Customer Strategy and Housing Ombudsman's Complaint Handling Code.

During the second quarter of 2021/22 we will be developing our Customer Charter and specific service standards against which we will measure and report on customer service. In addition to this we will continue to strengthen our representation, engagement, and reporting to ensure that our customers voice is heard and acted upon. Our new Complaints policy will also go live.

We have recently launched our Community Investment Strategy which lays important foundations, recognising our role in strengthening community resilience, from which we will build trust, strengthen relationships, and develop stronger communities.

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.

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 we have the capacity to review four service areas per year.

Sustainability

Electric Vehicles

We are committed to finding innovative ways to improve our sustainability. 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 provides access to 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 are committed to Environmental Management and Efficiencies for the group and the people we do business with. This is reflected in a successful ISO14001 audit in January 2021 which confirmed that there were no major or minor-non conformities and that we retain our accreditation. We continue to make further environmental improvements across the organisation.

Our Homes

In 2021/22 we plan to achieve the following for our existing homes:

- Tackle the pandemic repairs backlog and implement an optimisation plan for the Cost Sharing Vehicle with Platform Property Care.
- Deliver £2.5million of energy efficiency works to 170 of our homes.
- Define the Rooftop Living Homes standard for our existing homes and a fully costed plan to achieve energy Band C.

We aspire to achieve SAP level A on all our new homes, offering residents high levels of thermal comfort and reduced energy bills estimated to be around £350 per annum compared to a home built to standard building regulations.

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 we were 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 £7.0 million of grant 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 are designed to fund more social homes and to help meet the objectives of the group.

Of the 1,000 homes the group successfully completed 50 homes in 2020/21, against a target of 157. There are a further 229 new homes onsite and a further 255 homes due to go on site during 2021/22. We have now completed 417 homes towards our target of 1,000 homes by March 2023. We have sold 36 new shared ownership homes during the year, giving a surplus of £318,000. There is one scheme in Broadway which is an extra care scheme where we have not been able to sell the homes as planned. To make the most of that asset we are planning to convert the remaining seven unsold homes into rented homes up to March 2024, with the flexibility to sell the homes should the opportunity arise. We also sold five outright sale homes, generating a surplus of £25,000. There are two outright sale homes remaining to be sold.

Our Corporate Plan has been updated to complete 1,000 new homes from April 2021 to March 2026.

Our development team are progressing the replacement of 46 homes sold under the Voluntary Right to Buy Scheme and have £7.5 million of funds available in order to complete this over the next nine years. However, we are planning for these homes to be completed by March 2024. This will be a mix of homes for rent and shared ownership.

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. There are six homes that currently do not meet Decent Homes Standard, four of these are void.

During the year we invested £1.17 million in our existing homes to keep them up to standard. The two areas of highest spend were boilers and kitchens. In addition to this we spent a further £165,000 on revenue spend on the tarmacking of our sites.

Better Business

Following the simplification of our Group structure in March 2020, all our homes and loans are now in one company, Rooftop Housing Association, which enabled us start disposing of stock not within our core area. In 2020, ten poorly performing properties of traditional construction were demolished for a new development of 22 homes at one of our key villages in Middle Littleton. This was in consultation with our existing residents who have also been involved in the design of the new homes.

We have arranged a new bond for £50 million with THFC/(bLEND); £30 million was drawn in November 2020 and the remaining £20 million will be drawn in November 2021. In addition to this, an existing revolving credit facility for £25 million was extended for three years to June 2025. This has strengthened the availability of loan funding for our development programme and means we will not need to arrange new funding for another three years.

In November 2020, the Regulator of Social Housing confirmed Rooftop's continued rating of G1/V1 following the Annual Viability Assessment. 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	2020/21 Net rental yield	2019/20 Net rental yield	2018/19 Net rental yield	2017/18 Net rental yield
Biddulph – sold Sept 2020	£1,100,000	£34,555	6.28%	6.69%	6.11%	4.53%
Bridge Street	£1,277,125	£22,812	1.79%	1.26%	2.45%	1.19%
Warwick House	£365,000	£11,942	3.27%	3.31%	4.17%	2.41%
Nuneaton – sold Apr 2021	£847,000	£25,578	3.02%	2.42%	3.31%	4.52%
The Hawthorns	£3,530,000	£261,126	7.40%	7.43%	6.90%	6.70%

We have shown a positive return on each of the schemes over the last four years however, the return from Bridge Street remains lower. This is a listed building in Worcester which is spilt into flats that are used for Market Rent. The property has needed an increasing number of repairs which are more expensive due to its listed status.

In September 2020 we sold properties at Biddulph, and those at Nuneaton in April 2021, which were outside our core operating area. This followed the transfer of Assets and Liabilities from RHL to RHA in March 2020.

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 2020/21 we established a Risk Controls and Assurance Map to sit alongside our risk management system. In addition to 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 Board and Executive Team have continued to monitor risks in the context of the national lockdowns during 2020/21. There is a recognition that the association still faces a prolonged period of uncertainty created by the impact of the ongoing global COVID-19 outbreak.

The Group is in a good financial position to help manage this risk. Steps have been taken to minimise the impact on the Group's activities and the effect this may have on the organisation's residents and stakeholders.

Infrastructure has been put 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 2021 our risks within the context of COVID-19 as an over-arching and complex crisis with multiple impacts across the association, with a focus during 2021/22 on a recovery plan. This plan details areas of focus during the COVID–19 recovery period, set by the Government Roadmap that details the gradual lifting of social distancing and other restrictions up to June 2021.

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.	Completing 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. Rooftop recognises that this increases its exposure to the risk of house price variations in 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.
Ineffective ICT Systems / Data governance	Ineffective systems due to age, delayed upgrades, improper implementation, lack of system development to match business need, poor data quality, volume and integrity could lead to business inefficiency, additional costs and overspends	We implement our new Aareon QL system including data cleansing and reprocessing to enable improved business efficiency. The new ICT Strategy was agreed November 2020. An updated Data Strategy will be presented to the Board in July 2021.
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 G1 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 G1 grading.
Inability to access new borrowing	Maintaining access to cost effective forms of borrowing in a volatile finance market.	Funding Strategy has secured £50 million new funding during 2020. Maintain our V1 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 1 and 2, 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 only commence following the approval of an investment paper. Key deliverables and milestones are 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 in a crisis (COVID-19).	Development programme management with partners. Proactive contract management. Contingency plans in development. Business continuity impact and resilience policy reviewed. Proactive engagement with the Regulator of Social Housing.

By order of the Board

Paul Spooner
Chair
14 July 2021

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

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 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.

We have audited the financial statements of Rooftop Housing Association Limited ("the Association") for the year ended 31 March 2021 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).

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

In auditing the financial statements, we have concluded that the board members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the board with respect to going concern are described in the relevant sections of this report.

Other information

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We made enquiries of management and the Audit and Risk Committee. This included the following:

- how they have identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
- their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Association. These include, but are not limited to, compliance with Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

In addition, the Association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Those Charged with Governance and other management and inspection of regulatory and legal correspondence if any.

We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Audit response to risks identified

- We reviewed the financial statement disclosures and sample tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- We made enquiries of the Audit and Risk Committee, management and Head of Governance;
- We read minutes of meetings of those charged with governance and the Board;
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- We challenged assumptions made by management in their significant accounting estimates in particular in relation to the assumptions related to the valuation of properties held for sale.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

Samantha Lifford (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Birmingham

Date:

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 2021

	Notes	**2021**	2020
		£'000	£'000
Turnover	2	**42,812**	40,034
Operating costs	2	**(29,035)**	(27,991)
Surplus on disposal of property, plant and equipment	4	**1,095**	1,165
Impairment of fixed assets	11	**(955)**	-
Operating surplus		**13,917**	13,208
Interest receivable	8	**21**	310
Interest and financing costs	9	**(9,759)**	(8,907)
Movement in the fair value of financial instruments	25	**-**	-
Movement in the fair value of investment properties	11	**(44)**	175
Surplus before tax	7	**4,135**	4,786
Taxation	10	**(35)**	-
Surplus for the year		**4,100**	4,786
Other comprehensive income: Remeasurement of Defined Benefit pension scheme liability	19	**(709)**	-
Total comprehensive income for the year		**3,391**	4,786

The notes on pages 38 to 61 form part of these financial statements.

Statement of Financial Position

At 31 March 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Housing properties	11	**355,107**	350,396
Investment properties	11	**3,340**	4,454
		358,447	354,850
Current assets			
Properties held for sale		**5,705**	5,830
Debtors receivable in one year	12	**5,591**	5,785
Current asset investment	14	**1,877**	-
Cash	13	**27,344**	9,936
		40,517	21,551
Creditors: Amounts falling due within one year	15	**(30,937)**	(27,616)
Net current assets / (liabilities)		**9,580**	(6,065)
Total assets less current liabilities		**368,027**	348,785
Intercompany creditor – Defined Benefit pension	19	**(1,128)**	(523)
Creditors: Amounts falling due after more than one year	16	**(287,254)**	(272,008)
Provision for liabilities and charges			
Taxation	17	**-**	-
Net assets		**79,645**	76,254
Capital and reserves			
Share capital	18	**-**	-
Revenue reserve		**79,645**	76,254
Total reserves		**79,645**	76,254

The notes on pages 38 to 61 form part of these financial statements.

The financial statements were approved by the Board on 14 July 2021 and signed on its behalf by:

Secretary **Board Member** **Board Member**

Statement of Changes in Reserves

For the year ended 31 March 2021

	Note	**Revenue reserve**	**Total**
		£'000	**£'000**
Balance at 31 March 2019		66,968	66,968
Surplus for the year		4,786	4,786
Transfer from RHL		4,500	4,500
Balance at 31 March 2020		76,254	76,254
Surplus for the year		4,100	4,100
In year actuarial movement of pension scheme		(709)	(709)
At 31 March 2021		**79,645**	**79,645**

The notes on pages 38 to 61 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; a subsidiary 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 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.

The Board approved a budget for the financial year 2021/22 in March 2021 and approved the 40-year Financial Business Plan in May 2021. This included detailed stress testing with multi-variant scenarios.

The Board previously approved a Financial Business Plan in September 2020, this included a number of stress tests including a perfect storm, which created extreme results. The plan also contained a £5 million cash contingency for Development which can be released in adverse circumstances. Based on our Treasury Management Policy RHA holds minimum cash balances of £5 million or three months' net cash, whichever is the greater. When calculating the required cash balance an assumption is made that we will only receive two thirds of property sales in a period. This prudent approach and the available undrawn loan facilities will continue to keep us viable during these difficult times.

The budget for 2021/22 was set taking into account the potential effects of COVID-19 and was approved by the Group's Board on 10 March 2021. Our key focus for 2021/22 is to deliver exceptional customer service and to respond to the effects of COVID-19. Our business is well placed to do this, and to achieve this we plan to:

Improve customer satisfaction by catching up on maintenance works. This was delayed in 2020/21due to the lockdown restrictions. The components budget for 2021/22 has been significantly increased to allow for works, which were not completed as planned in 2020/21.

Maximise income and reduce bad debts. In 2020/21 the budget for bad debts was set at 3.2%, compared to a standard budget of 1.4% to allow for the potential effects of COVID-19. Actual performance for the year was 1.01%. This year's budget for bad debts has been set at 2.2%. We consider it will be unrealistic to set a lower budget due to Government forecasts for the economy and unemployment in 2020/21. We have restructured our Income Team and introduced a new system, called RentSense to reduce the likelihood of rent arrears becoming bad debts.

However, this will remain a challenging area due to changes in Universal Credit and the ending of the Government's Furlough Scheme. Our Income Team continues to work with our tenants who are suffering financially due to the impact of COVID-19.

Achieve a voids budget of 2% for 2021/22. This is 12% lower than the budget for 2020/21. During the first quarter of 2020/21 it was not possible for us to accept any new residents at the older persons schemes. However, with the anticipated lifting of lockdown restrictions by the summer, lettings at these schemes will become much easier.

Achieve a new property sales budget of £5 million. This is based on our normal sales activity. Despite the lockdown restrictions in 2020/21, we sold new properties to the value of £4 million.

Originally, we anticipated that the RHA budgeted surplus for 2020/21 would reduce by £495,000 to £4,493,000, based on the COVID-19 restrictions being in place for three months. However, this was further reduced to £4,287,000 following the series of lockdowns. At the end of the financial year, a RHA surplus of £4,100,000 was achieved. The budget surplus for the Group was revised downwards once COVID-19 restrictions and the impact on activity and financial performance were fully assessed. The surplus was reduced by £54,000 to £4,492,000. At the end of the financial year, a Group post-tax surplus of £4,115,000 was achieved. The primary reason for this was a £1,000,000 cost for property impairments and investment property revaluations.

The Group budget surplus for 2021/22 has been set at £4,536,000, an increase of £44,000 from the revised 2020/21 budget resulting from increased rents, but also higher costs associated with better, greener homes.

In May 2021, the Board approved an updated Financial Business Plan, which includes all of the decisions made by the Board. The Plan included the forecast completion of the Group's vision of 1,000 homes to be delivered by March 2026, as part of our updated Corporate Plan from 2021 to 2026. This includes a new Homes England Bid under the Matrix Housing Partnership. We are pleased to confirm there is sufficient cash available to support the business through any continued effects of COVID-19 and to comply with our funders' covenants.

In November 2020, we successfully arranged a bond for £50 million with THFC/(bLEND), with the assistance of our Treasury Advisors, Centrus; £30 million was drawn in November 2020 and the remaining £20 million will be drawn in November 2021. This has significantly reduced RHA's refinancing risk; new funding of £25 million will be required in June 2024. In addition to the bLEND funding, we have £82 million of undrawn revolving credit facilities at year end; this will support the current development programme.

Given the strength of the statement of financial position and availability and liquidity of undrawn loan facilities, the Board believe that while there may be some uncertainty in the future, 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.

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. RHL and RS&C have now been removed from this group.

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.

The Group has a policy for recognising the movement in the defined benefit pension scheme in Rooftop Housing Association Limited's financial statements as the Association is responsible for settling the deficit despite the pension scheme being in the name of the parent Association, Rooftop Housing Group Limited.

2. Particulars of turnover, operating costs & operating surplus

	2021			2020		
	Turnover	**Operating costs**	**Operating surplus/(deficit)**	Turnover	Operating costs	Operating surplus/(deficit)
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Social housing lettings	**36,751**	**(22,358)**	**14,393**	33,729	(20,489)	13,240
Other social housing activities						
Shared ownership sales	**3,989**	**(3,671)**	**318**	5,256	(5,030)	226
Supporting People	**771**	**(1,153)**	**(382)**	770	(1,214)	(444)
Other	**85**	**(1,343)**	**(1,258)**	68	(1,151)	(1,083)
Activities other than social housing	**1,216**	**(510)**	**706**	211	(107)	104
	6,061	**(6,677)**	**(616)**	6,305	(7,502)	(1,197)
Total	**42,812**	**(29,035)**	**13,777**	40,034	(27,991)	12,043
Surplus on disposal of property, plant and equipment	**-**	**-**	**1,095**	-	-	1,165
Impairment of fixed assets	**-**	**-**	**(955)**	-	-	-
Total	**42,812**	**(29,035)**	**13,917**	40,034	(27,991)	13,208

3. Particulars of income and expenditure from social housing lettings

				2021
	General needs	**Supported housing and housing for older people**	**Other**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Rent receivable net of identifiable service charges	**27,968**	**3,098**	**284**	**31,350**
Amortised government grant	**593**	**122**	**-**	**715**
Service charge income	**1,328**	**3,358**	**-**	**4,686**
Turnover from social housing lettings	**29,889**	**6,578**	**284**	**36,751**
Management	**5,373**	**163**	**64**	**5,600**
Services	**1,915**	**2,356**	**20**	**4,291**
Routine maintenance	**4,613**	**759**	**16**	**5,388**
Planned maintenance	**1,795**	**56**	**-**	**1,851**
Rent losses from bad debts	**387**	**-**	**-**	**387**
Depreciation of housing properties	**4,283**	**536**	**22**	**4,841**
Operating costs on social housing lettings	**18,366**	**3,870**	**122**	**22,358**
Operating surplus on social housing lettings	**11,523**	**2,708**	**162**	**14,393**
Rent losses from voids	**393**	**744**	**94**	**1,231**

				2020
	General needs	Supported housing and housing for older people	Other	Total
	£'000	£'000	£'000	£'000
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
Turnover from social housing lettings	26,973	6,724	32	33,729
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
Operating costs on social housing lettings	16,370	4,114	5	20,489
Operating surplus on social housing lettings	10,603	2,610	27	13,240
Rent losses from voids	196	472	17	685

4. Surplus on disposal of property, plant and equipment

	2021 £'000	2020 £'000
Disposal of properties		
Receipts from sale of housing property	**4,344**	4,055
Book value of properties sold	**(3,113)**	(2,589)
Other operating costs and costs of disposal	**(136)**	(301)
Surplus on sale of properties	**1,095**	1,165

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

	2021 £'000	2020 £'000
The surplus before taxation is stated after charging:		
Depreciation	**4,908**	4,548
External auditor's remuneration (excluding value added tax)		
- in their capacity as auditor	**34**	26
- in respect of other services	**5**	3
Donations	**28**	9

8. Interest receivable

	2021 £'000	2020 £'000
From banks	**21**	81
From loan to another group undertaking	**-**	229
Total	**21**	310

9. Interest and financing costs

	2021 £'000	2020 £'000
Bank loans and overdrafts	**10,219**	9,524
Less: interest capitalised	**(460)**	(617)
Total	**9,759**	8,907

The rate used to calculate capitalised interest was 4.5% (2020: 4.7%) being the average rate of borrowing. Total interest payable of £9.8 million includes £107,763 in respect of adjustments of basic financial instruments to effective interest rate.

10. Taxation

	2021 £'000	2020 £'000
Current tax:		
UK corporation tax on surplus for the year	**22**	-
Adjustment in respect of previous periods	**13**	-
Total current tax	**35**	-
Deferred tax:		
Origination and reversal of timing differences	**-**	-
Total deferred tax	**-**	-
Tax on surplus	**35**	-

Factors affecting tax charge for the year

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK as explained below:

	2021 £'000	2020 £'000
Surplus before tax	**4,135**	**4,786**
Surplus multiplied by the standard rate of corporation tax in the UK (19%) (2020: 19%)	**786**	**909**
Effects of:		
Adjustment in respect of previous periods	**13**	**-**
Charity income – not taxable	**(764)**	**(909)**
Total tax charge for the year	**35**	**-**

11. Tangible fixed assets

	Freehold Land	Housing Properties for Lettings	Shared Ownership	Investment Properties	Shared Ownership under construction	Properties under construction	Total properties
Cost or valuation	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2020	11,052	367,965	16,093	4,454	1,096	4,506	405,166
Works to existing properties	-	1,170	-	-	-	-	1,170
Additions	271	99	119	20	3,953	5,757	10,219
Disposals	-	(515)	(324)	(1,090)	(101)	(145)	(2,175)
Transfer between categories	(1,571)	3,902	1,599	-	(1,599)	(2,331)	-
Impairment	-	(1,324)	-	-	-	-	(1,324)
Revaluation	-	-	-	(44)	-	-	(44)
At 31 March 2021	**9,752**	**371,297**	**17,487**	**3.340**	**3,349**	**7,787**	**413,012**
Depreciation							
At 1 April 2020	-	49,457	859	-	-	-	50,316
Charge for year	-	4,794	114	-	-	-	4,908
Transfer between categories	-	-	-	-	-	-	-
Impairment	-	(369)	-	-	-	-	(369)
Disposals	-	(270)	(20)	-	-	-	(290)
At 31 March 2021	**-**	**53,612**	**953**	**-**	**-**	**-**	**54,565**
Net book value at 31 March 2021	**9,752**	**317,685**	**16,534**	**3,340**	**3,349**	**7,787**	**358,447**
Net book value at 31 March 2020	11,052	318,508	15,234	4,454	1,096	4,506	354,850
Cost or valuation represented by:							
Gross cost	9,752	371,297	17,487	2,337	3,349	7,787	412,009
Revaluation	-	-	-	1,003	-	-	1,003
Total	**9,752**	**371,297**	**17,487**	**3,340**	**3,349**	**7,787**	**413,012**

Investment properties, which are all freehold commercial properties, were valued to fair value at 31 March 2021 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 2021 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 £403.1 million.

The net book value of social housing properties held on a long lease is £3.5 million (2020: £2.9 million).

Total expenditure on works to existing properties:

	2021	2020
	£'000	£'000
Amounts capitalised:		
Replacement of components	**1,170**	2,267
Improvements	**-**	-
	1,170	2,267
Amounts charged to the Statement of Comprehensive Income	**1,867**	1,353
Total	**3,037**	3,620

Gross expenditure on components was £1,170,000 and the net book value of replaced components written off was £394,000.

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% - 5.75% (real)
• 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 £2,022,000 and the amount held in current assets for shared ownership properties under construction is £3,242,000.

12. Debtors

	2021	2020
	£'000	£'000
Amounts receivable within one year		
Rents and service charges	**2,141**	2,136
Less: provision for doubtful debts	**(1,029)**	(642)
	1,112	1,494
Social housing grant receivable	**948**	520
Amounts due from parent undertaking	**1,465**	847
Other debtors	**715**	428
Prepayment and accrued income	**1,351**	2,496
	5,591	5,785

13. Cash at bank and in-hand

There were no specific charges on RHA's cash at bank and in-hand at 31 March 2021 or 31 March 2020.

14. Current asset investments

	2021 £'000	2020 £'000
Cash Security Fund	**1,000**	-
Liquidity Reserve Fund	**877**	-
Total	**1,877**	-

The Cash Security Fund is a designated cash security account charged in respect of the bLEND facility to provide security against the drawn loan of £30 million. The cash will be released in November 2021, when the second tranche of £20 million will be drawn down and all loans will be fully charged with property security.

The Liquidity Reserve Fund is a designated interest bearing account charged in respect of the bLEND facility to cover 12 months interest. The Association is not able to access the fund.

15. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Housing loan repayable within one year	**5,159**	4,650
Recycled capital grant fund	**272**	458
Government grants	**12,463**	9,833
Trade creditors	**5,705**	4,439
Right-to-buy sale proceeds due to Wychavon District Council	**81**	3,129
Accruals in respect of repairs	**1,173**	1,097
Amounts payable on housing development and major repairs	**2,248**	639
Interest payable	**625**	659
Other taxation and social security	**11**	6
Corporation tax	**22**	44
Premium on issue of bonds	**243**	-
Other accruals	**2,935**	2,662
Total	**30,937**	27,616

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

	2021 £'000	2020 £'000
Housing loans		
Repayable between one and two years	**5,921**	5,857
Repayable between two and five years	**18,404**	27,929
Repayable, otherwise than by instalments, in five years or more	**195,283**	176,496
Total loans repayable	**219,608**	210,282
Premium on issue of bonds repayable in five years or more	**5,619**	-
Government grants	**62,027**	61,726
Total	**287,254**	272,008

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 2021 the agreed facility is £328.5 million of which £226.2 million (2020: £216.0 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 £13,179,000.

The original total value of grant received at 31 March 2021 is £83,382,000.

Deferred income – Government grants	**2021** **£'000**	2020 £'000
At 1 April	**71,559**	65,468
Grants receivable net of disposals	**3,646**	6,730
Amortisation to Statement of Comprehensive Income	**(715)**	(639)
At 31 March	**74,490**	71,559
Due within one year	**12,463**	9,833
Due after one year	**62,027**	61,726

17. Provisions

	2021 **£'000**	2020 £'000
Deferred taxation		
At 1 April	**-**	-
At 31 March	**-**	-
The deferred taxation provision comprises:		
At 31 March	**-**	-

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

	2021	2020
	£	£
Shares of £1 each issued and fully paid		
At 1 April	**13**	12
Issued during the year	**1**	1
Cancelled during the year	**(2)**	-
At 31 March	**12**	13

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. 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 £338,000 (2020: £317,000). 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)

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

	31 March 2021 (£000s)	1 April 2020 (£000s)
Fair value of plan assets	3,971	3,576
Present value of defined benefit obligation	5,099	4,099
Deficit in plan	(1,128)	(523)
Defined benefit liability to be recognised	(1,128)	(523)

Reconciliation of opening and closing balances of the defined benefit obligation

	Period ended 31 March 2021 (£000s)
Defined benefit obligation at start of period	4,099
Expenses	6
Interest expense	96
Actuarial gains due to scheme experience	(181)
Actuarial losses due to changes in demographic assumptions	18
Actuarial losses due to changes in financial assumptions	1,119
Benefits paid and expenses	(58)
Defined benefit obligation at end of period	5,099

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

	Period ended 31 March 2021 (£000s)
Fair value of plan assets at start of period	3,576
Interest income	85
Experience on plan assets (excluding amounts included in interest income) – gain	247
Contributions by the employer	121
Benefits paid and expenses	(58)
Fair value of plan assets at end of period	3,971

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £332,000.

Defined benefit costs recognised in the Statement of Comprehensive Income (SOCI)

	Period from 1 April 2020 to 31 March 2021 (£000s)
Expenses	6
Net interest expense	11
Defined benefit costs recognised in Statement of Comprehensive Income (SOCI)	17

Defined benefit costs recognised in other comprehensive income

	Period ended 31 March 2021 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) – gain	247
Experience gains and losses arising on the plan liabilities – gain	181
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – loss	(18)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – loss	(1,119)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – loss	(709)
Total amount recognised in other comprehensive income – loss	(709)

Key assumptions

	31 March 2021 % per annum	1 April 2020 % per annum
Discount Rate	2.20%	2.36%
Inflation (RPI)	3.25%	2.58%
Inflation (CPI)	2.87%	1.58%
Salary Growth	3.87%	2.58%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65
	(Years)
Male retiring in 2021	21.6
Female retiring in 2021	23.5
Male retiring in 2041	22.9
Female retiring in 2041	25.1

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

	2021	2020
	£'000	£'000
Capital expenditure contracted for in respect of development expenditure, but not provided for in the financial statements.	**18,024**	17,324
Capital expenditure authorised by the Board, but not contracted for in respect of development expenditure.	**38,793**	18,185
Total	**56,817**	35,509

RHA expects to finance the above expenditure by:		
Social Housing Grant receivable	**7,127**	3,491
Property sales proceeds	**14,730**	10,249
Use of cash surplus plus loan funding	**34,960**	21,769
Total	**56,817**	35,509

21. Portfolio of Homes

	Owned and managed	Managed by others	2021 Total	Movements in year Additions	Disposals	Transfers	2020 Total
Under development at the end of the year							
Units for rent	**164**	**-**	**164**	**72**	**-**	**(27)**	119
Units for shared ownership	**55**	**-**	**55**	**32**	**-**	**(16)**	39
Units for sale	**-**	**-**	-	**-**	**(7)**	**-**	7
	219	**-**	**219**	**104**	**(7)**	**(43)**	165
Under management at the end of the year							
General needs housing	**5,010**	**-**	**5,010**	**27**	**(13)**	**5**	4,991
Supported housing and housing for older people	**725**	**43**	**768**	**6**	**(3)**	**(5)**	770
Intermediate rent	**1**	**-**	**1**	**-**	**-**	**-**	1
Leasehold properties	**125**	**-**	**125**	**3**	**(1)**	**2**	121
Low cost home ownership accommodation	**305**	**-**	**305**	**17**	**(6)**	**1**	295
Managed on behalf of another landlord	**26**	**-**	**26**	**-**	**(4)**	**-**	30
Keyworker accommodation	**285**	**5**	**290**	**-**	**-**	**-**	290
Units for rent	**6,477**	**48**	**6,525**	**53**	**(27)**	**1**	6,498
Total units social housing	**6,696**	**48**	**6,744**	**157**	**(34)**	**(42)**	6,663
Market renting	**34**	**9**	**43**	**-**	**(15)**	**2**	56
Leasehold properties	**1**	**-**	**1**	**1**	**-**	**-**	-
Total units non-social housing	**35**	**9**	**44**	**1**	**(15)**	**-**	56
Extra Care properties – leased by Gloucester CC	**-**	**-**	**-**	**-**	**(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
Total units commercial	**-**	**217**	**217**	**-**	**(2)**	**-**	219
Total units	**6,731**	**274**	**7,005**	**158**	**(51)**	**(42)**	6,938
Retained freeholds and estate charges	**289**	**-**	**289**	**1**	**-**	**-**	288

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

A management fee of £8,993,000 (2020: £8,483,000) was charged by the immediate parent undertaking, Rooftop Housing Group Limited.

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 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 £5,451,000 (2020: £6,573,000) and the balance owing at 31 March 2021 was £2,340,000 (2020: £269,000). As a result of this arrangement, the Finance Director of RHG 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:

	2021	2020
	£'000	£'000
Financial assets		
Measured at undiscounted amount receivable:		
Rent arrears and other debtors (see note 12)	**2,775**	2,442
Cash	**27,344**	9,936
Investments (note 14)	**1,877**	-
Amounts due from related undertakings (see note 12)	**1,465**	847
	33,461	13,225
Financial liabilities		
Measured at fair value through surplus or deficit:		
Loans payable (see note 15,16)	**-**	5,000
Measured at amortised cost:		
Loans payable (see note 15,16)	**224,767**	209,932
Measured at undiscounted amount payable:		
Trade and other creditors (see note 15)	**9,751**	6,834
Other Accruals	**2,935**	2,662
Amounts owed to related undertakings (see note 15,16)	**-**	-
	237,453	224,428

Loans with Lenders Options are classified as non-basic financial instruments and totalled £5,000,000 in 2020. This loan has been fully repaid.

26. Post Balance Sheet Events

There are no post balance sheet events.

Biographies of Board Members

Paul Spooner (Independent, Chair of RHA)
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 non-executive member of the Football Foundation Grants Panel, supporting grass roots football projects.

In September 2020, Paul was appointed Chair of Rooftop Housing Association and is a co-optee member of the Audit and 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)
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 and was Chair of Rooftop Housing Association for one year from September 2019.

He is a member of the Nominations and Performance Committee and is the Board's representative for Customer Engagement.

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 Group Finance Director, Jonathan gained experience in both retail and manufacturing sectors. He headed up the European treasury function for the US retailer GAP Inc and, 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. During this time, 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.

From water, Colum moved into the gas sector working with National Grid and Cadent, on asset planning and investment programme management, overseeing around £600 million of investment per annum. He also produced Cadent's five-year, £4 billion, investment plan (RIIO-2), working closely with the regulator Ofgem.

Most recently Colum has moved into consultancy with Aqua, working with asset management organisations to reduce the total cost, carbon and energy impacts of asset ownership. He has gained extensive experience of customer research and engagement in service design and to support the development of strategic business plans.

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, Colum joined Rooftop in 2018. He is the Vice Chair of Rooftop Housing Association, Vice Chair of the Audit and Risk Committee, a member of the Nominations and Performance Committee and represents Rooftop Housing Group on the Board of Platform Property Care. He is the Board's representative for Environmental Sustainability.

Claire-Elaine Arthurs Payne (Independent and 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. She is currently a Governor at Harvington C of E First and Nursery School.

From September 2020 Claire was appointed Chair of the Audit and Risk Committee and member of the Remuneration Committee. She is the Board's representative for Equality and Diversity.

Daisy Halford (Tenant)

Daisy has lived in social housing since 2013 and became a Rooftop resident three years later with her husband and young son. She joined the Resident Excellence Panel, Rooftop's independent scrutiny group, in 2016 to help shape and improve the services we deliver to our customers. Daisy was Chair of the Panel until she joined the Boards of Rooftop Housing Group and Rooftop Housing Association in September 2020. Passionate about social housing and the rights of residents, Daisy is part of the National Housing Federation's "Together with Tenants" initiative created to support housing associations to play their part in rebalancing the relationship between residents and landlords. She is a member of the Tenant Advisory Panel which is working with the NHF to develop a new 'Together with Tenants Charter' which will set out in clear terms what residents can and should expect from their landlord.

A busy wife and mother, Daisy still manages to maintain an active presence in her community. She chairs a local community group and also volunteers for a local charity.

Daisy is a member of the Nominations and Performance Committee and Remuneration Committee and is the Board's health and safety representative.

Rooftop Housing Group
70 High Street
Evesham
Worcestershire
WR11 4YD

Tel: 01386 420800
Email: enquiries@rooftopgroup.org

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