ANNUAL REPORT & STATEMENT OF ACCOUNTS

Year ended 31 March 2021

Charitable Registered Society number: 30939R

RSH Number: L4279

CONTENTS

BOARD, EXECUTIVE DIRECTORS AND ADVISORS

Charitable Registered Society number	30939R
Regulator of Social Housing registration number	L4279
Registered Office	8 Waldegrave Road, Teddington, Middlesex, TW11 8GT
Board	Suzanne Avery David Done OBE Jane Gallifent Jenine Langrish Christopher Ling Alex Molnar - appointed 20 December 2020 John Newbury (Chair) Toby D'Olier Stephen Speak Nigel Taylor (Senior Independent Director) Sarah Weller
Chief Executive	David Done OBE
Secretary	Lucy Graley
Executive Directors	Corinna Bishopp (Executive Director of Finance) Peter Cogan (Executive Director of Customer Services) Lucy Graley (Executive Director of People and Business Services) Tim Willcocks (Executive Director of Development)
Auditors	BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA
Legal Status	The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing (RSH) as a housing provider.

CHAIR AND CHIEF EXECUTIVE'S REPORT

THE LAST YEAR AND COVID-19

We are now hopefully coming out of the other side of what has undoubtably been one of the most difficult years in recent history. It has reminded us how important it is to have a safe, affordable and comfortable home, and we know how tough the pandemic has been for so many in the community we serve. At RHP we have worked hard to support our customers, focusing on the following 3 key areas.

WE ARE NOW HOPEFULLY COMING OUT OF THE OTHER SIDE OF WHAT HAS UNDOUBTABLY BEEN ONE OF THE MOST DIFFICULT YEARS IN RECENT HISTORY.

1 THE HEALTH, SAFETY AND WELL-BEING OF OUR CUSTOMERS AND EMPLOYEES

Maintaining our customers' safety and wellbeing was of paramount importance. We invested significantly throughout the pandemic in our cleaning regimes, ensuring all of our estates, and in particular our retirement schemes, were given special focus. We also regularly called our vulnerable customers to ensure they had the support they needed. Despite the challenges faced in the restrictions of lockdown, we continued our sprinkler installation programme to further enhance the fire safety of our homes and are pleased to confirm we have completed the second of a three-phase programme.

Keeping our employees safe was also important. All of our office-based staff were able to work from home within 48 hours and we invested in ensuring appropriate equipment and technology was available for all employees. We determined early in the pandemic that we would not furlough our staff, as maintaining the support and engagement of our teams was of critical importance. Through goodwill and great team relationships, our employees have been able to support each other through home schooling and illness and we hope to come out of the pandemic as culturally an even stronger organisation than before. Indeed, in support of this, despite lockdown, our Investors in People Platinum award was re-confirmed. This provides external validation of the work we have undertaken and our emphasis on our culture and people.

2 MAINTAINING SERVICES AND SUPPORT FOR CUSTOMERS

Our second area of focus was upon maintaining services and support for customers and we were pleased that despite all of the challenges we continued to provide good quality homes for local people, and to deliver essential services. We also invested in ensuring that those customers in economic hardship were supported through this period, helping them sustain their tenancies and providing guidance for those of our customers making the move over to Universal Credit. We set aside funds to support those in financial need, providing assistance with essential goods and furnishings and food vouchers. We also provided deep cleans to properties where customers were hospitalised.

3 MAINTAINING OUR FINANCIAL STRENGTH

Our third area of focus was ensuring we maintained our financial strength. We implemented more frequent financial forecasting and planning routines, which were reviewed at Board level. We also implemented daily and weekly reporting of core performance data and closely monitored additional spending required as a result of the pandemic. In order to ensure prudent levels of liquidity to manage the unknown, we obtained additional funding through our bond tap in September 2020 and due to our ongoing financial strength and clear business strategy, achieved very competitive levels of interest.

Overall, as a Group we have responded well to the financial and operational impacts of the pandemic. This has shown us to be a strong, resilient business capable of adapting to unexpected shocks and maintaining services. However, the outlook for the sector, the wider economy, and society remains uncertain. As the pandemic evolves, further impacts are likely to emerge, including to service delivery, tenant incomes, and the local housing market, however we are confident we have the strength and experience to meet these challenges. We will work hard to ensure ongoing support for our customers through the post-pandemic phase whenever this comes.

IN ORDER TO ENSURE PRUDENT LEVELS OF LIQUIDITY TO MANAGE THE UNKNOWN, WE OBTAINED ADDITIONAL FUNDING THROUGH OUR BOND TAP IN SEPTEMBER 2020 AND DUE TO OUR ONGOING FINANCIAL STRENGTH AND CLEAR BUSINESS STRATEGY, ACHIEVED VERY COMPETITIVE LEVELS OF INTEREST.

THE FUTURE AND EMERGING FROM COVID-19

Alongside these challenges there will also be opportunities because, despite the awful human cost of Covid-19, it has provided a catalyst for change. So, as a progressive organisation, it is important that we continue to explore what this could mean for RHP – whilst being mindful of and planning for the significant risks and challenges ahead. Some of the key issues we will need to be aware of are:

Economic impact: As we emerge from the pandemic, probably the biggest risk is the impact on our customers and business of a potentially deep recession with high unemployment.

Service delivery: Whilst the lockdown periods have been challenging for both us and for our customers, there is a lot we can learn from how services have been demanded and delivered during these periods. So there is a good opportunity for us to use this to review and improve our service offer. We can do this by building on customer insight work we have started in the year, using the impending opportunity of retendering our main repairs contractor to review the repairs service, and driving improvements in the service through the transformation projects we are starting in 2021/22.

Working practices and culture: The past year has shown us how effectively many people can work remotely from an office base. We have been using this time to develop the 'your work, your way' project, which aims to give employees greater choice and flexibility about how, where and when they work – not just during the pandemic / lockdowns but over the long-term. As such we do not expect everyone to return to the office 5 days a week and many will split their working time between home, the office and elsewhere.

Office space: Alongside the development of more flexible ways of working, we will need to consider what to do with our main office building, 8WR. As teams and managers decide where and how they want to work it seems likely that the office will be used as a more communal space, naturally suited to collaborative tasks, and with potential for greater community use. Collaboration and communication tools, and finding ways to support corporate culture will be priorities as we shift from the short-term crisis-planning of the pandemic to a longer-term, different style of working.

REVIEW OF THE YEAR

We are pleased to report another strong year of financial performance. Like most businesses, we started the year in the difficult position of not being able to predict the likely next weeks or months or consequences for our customers, staff or financial performance. However, despite the legacy of four years of rent reductions and significant additional investment in keeping our customers safe, we have delivered a positive overall financial performance. That said, the cost pressures faced by all social housing providers of delivering increasingly environmentally sustainable housing, improvements in fire safety and better living standards and service for our customers are now however causing financial pressure, which is expected to continue for the foreseeable future.

In order to ensure strong liquidity through the uncertainty of the pandemic and continue with our development ambitions, we sold a further £100m of our bond. We were able to generate very competitive interest in our sale and as a result have maintained low average cost of funds.

Delivered 60 Affordable Homes

(with 300 more in the pipeline)

We delivered 60 new affordable homes in the year for our local community at a cost of £18m and have 300 more in the pipeline. We are also excited to announce that our Ham Close regeneration programme has been progressing well and we have recently announced our partnership with Hill Group. This is to complete a 452-home scheme in the local area and we can confirm that 50% of these new homes will be for affordable housing.

We are maintaining our focus on developing affordable housing for rent and low cost home ownership. We have no open market sales in the programme and have therefore limited our exposure to market fluctuations. However, the uncertainties in the housing market and changing legislation relating to cladding and external wall surveys have led to slower shared ownership sales than anticipated. In some instances we have been able to mitigate this with a tenure switch to affordable rent. During the year we have had to terminate a contract with a developer due to their financial difficulties. As a result of these pressures we have taken this opportunity to review the carrying value of our development schemes and cautiously provided a £1.3m impairment.

Ensuring the safety of our customers is our top priority so we are pleased to have again received 5 stars in our review by the British Safety Council.

During the year we undertook 6,502 gas safety checks, fitted a further 62 new fire doors, completed 315 fire and 618 electrical remedial repairs and fitted a further 246 domestic hard wired smoke detectors. Due to customers shielding, we could not get access to complete gas safety checks on some properties and ended the year with 28 overdue gas services. These have since been completed or are going through due legal process.

During the year we invested £18.8m in maintaining and improving our existing homes. This is increasing year on year as we continue to fund safety related works and progress our improvement plan for environmentally sustainable housing. We delivered our new homes standard to all new customers, whether in a new home or a refurbished one which includes full decorations and carpeting throughout to ensure that when a customer moves in they have a place they can immediately call home. We are also pleased to confirm the completion of the second phase of a three-phase sprinkler installation programme.

Invested £18.8m Maintaining & Improving Homes

As part of our overall improvement programme to our properties we spent £1.8m on roof replacements and loft insulation and £0.2m on window replacements to increase property energy efficiency. We undertook substantial refurbishment work and spent £1.3m on new kitchens, bathrooms and internal decorations, £1.0m on structural works and installed adaptations in 51 homes to support our less able-bodied customers.

IIP Platinum EMPLOYER Winning A Second Time

One of the significant challenges faced in all organisations is the maintenance of a strong and cohesive corporate culture whilst working in disparate locations. Our strong culture supported excellent continued engagement across the organisation throughout the pandemic and we focused on ensuring the physical and mental wellbeing of our teams. We were excited that we retained our IIP Platinum status for the second time as evidence of our successful focus on our employees and culture.

Our plans for 2020/21 were to improve the customer journey and service experience for all of our customers. Despite the impact of the pandemic, we were pleased to have launched our new website during the year. This provides a great platform for further online service delivery for our customers.

Our new homeowner team has delivered the planned benefits for this group of customers with further improvements to follow.

Our tenant satisfaction remains good compared to other providers and we are delighted to have ended the year holding an excellent rating on Trustpilot. We do however recognise that we did not deliver our ambitions for a consistent tenancy service. This was driven in part by post lock down contact volumes as we reinstated a full customer offering. This particularly affected our responsive repairs service as customers sought to either follow up on repairs or book a new repair.

We are not complacent about this and our strategy continues to be to prioritise improving the quality of customer service. This includes improving customer journeys, investing in areas causing customer complaints and further improving our repairs service.

STRATEGY

We have used the experience of the last year to review and update our strategy and to accelerate the work we had already started. We do not believe that going back to old ways of working is right for us and are determined to use this as a positive opportunity to transform our organisation.

Our core focus continues to be upon delivering high quality services and high quality homes for our customers. We are keen to ensure we exceed the requirements of the White Paper and Building Safety Bill and tackle the need to deliver substantial improvements in environmental sustainability.

We are excited to have launched our IT, process and people transformation programme 'Rewire'. We recognise that in the evolution of our business, the changing environment, increasing customer expectations and improving technology requires us to continually rethink the way we work. The core areas of focus for Rewire in 2021/22 include data transformation, end to end customer centric service design and reconsideration of our service delivery model. We believe these programmes of work will deliver a sustained and long-term improvement in the way we handle all of our transactions and, more importantly, will meet our desire to deliver a personalised service to our customers.

Of critical importance in this transformation is ensuring we maintain a positive, engaged and diverse organisational culture and employees in order to provide great support to our customers.

Underpinning the transformational journey is the need to ensure we maintain strong financial health and good governance. Our financial results as detailed in this report show our year to 31 March 2021 performance, but also detail our longer term positive outlook. We are confident about our business as a going concern and our future financial and organisational strength. However we have been cautious in our modelling of the future, ensuring that we continually stress test our plans and forecasts as economic and business circumstances change, in order to keep our business, assets and services safe.

We would like to thank all our customers, employees and partners for their agility, resilience and support in these incredibly tough times.

REFLECTION ON STANDING DOWN AS CHAIR – JOHN NEWBURY

At this AGM I reach the end of my 9 year term as Chair of the RHP Group. It has been an amazing experience during which I have worked with great people throughout the organisation, both past and present.

I have had the privilege of joining a great organisation with a positive and can-do culture. In my time we have gone from delivering the stock transfer promises made to our customers through to being a developer of new homes and leader in innovation. All the time maintaining our focus on our customers.

I am proud of what the Board and all at RHP have achieved together. We are financially strong despite the challenges along the way, we have a positive presence within the sector and beyond and we punch well above our weight in the development of homes and innovative ways of providing services.

I am also proud of how our relationship with Richmond Council has developed. During my time the Council has supported our becoming an independent social business while at the same time our partnership has gone from strength to strength. One spectacular outcome of this partnership will be the creation of a new and attractive neighbourhood at Ham Close; and I look forward to watching this development progress, as a very interested bystander.

Most of all I will remember the great people I have worked with. I know they will continue to take RHP to its next step up and beyond in its exciting journey. My thanks and well-wishes to all.

John Newbury
Group Chair

David Done OBE
Group Chief Executive

YEAR IN REVIEW

GROUP TURNOVER
£64m

Group
OPERATING
SURPLUS OF
£19.1 MILLION

SOCIAL HOUSING
Operating
Cost per Unit
£3,903

RSH GOVERNANCE
AND VIABILITY
RATING OF
G1/V1

A+ (STABLE)
CREDIT RATING
(Standard & Poors)

60 NEW
AFFORDABLE
Homes completed

IIP
PLATINUM
employer

5★
BRITISH SAFETY
COUNCIL AWARD

BS9997
ACCREDITATION OF OUR
Fire Safety
Management
System

4.4
TRUSTPILOT
SCORE

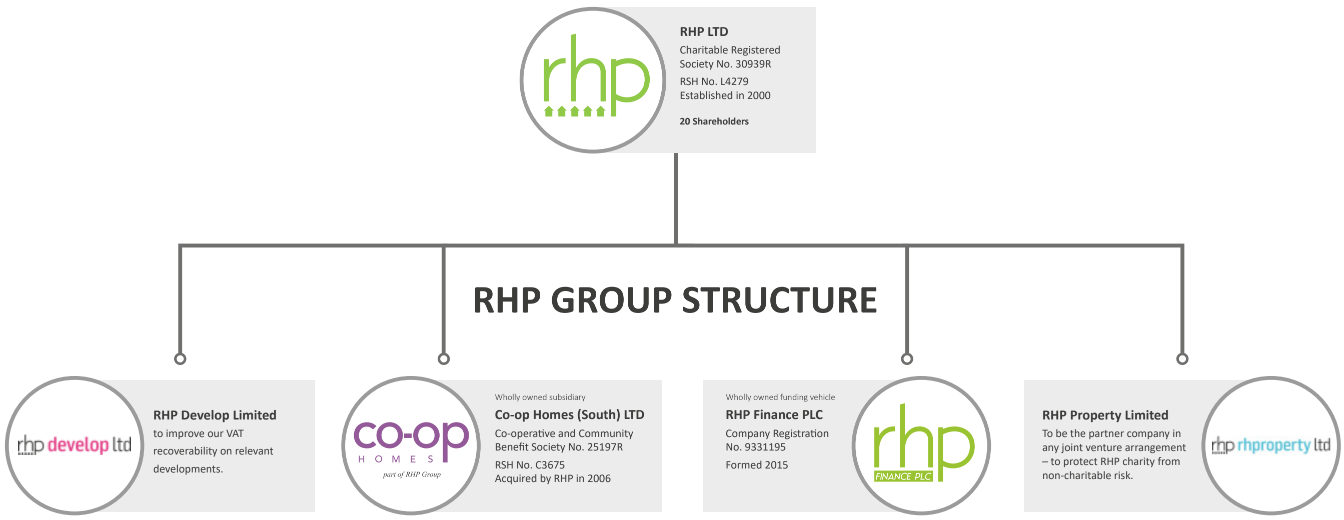
GLASSDOOR
SCORE
5.0

ABOUT rhp

OUR GROUP STRUCTURE

The RHP Group consists of five entities, with RHP (the parent Association) being a Registered Co-operative and Community Benefit Society and a provider of affordable housing. RHP has four subsidiaries:

1. Co-op Homes (South) Ltd, which is also a Registered Co-operative and Community Benefit Society, owns a small portfolio of homes and provides a comprehensive management service to Co-ops predominantly in London and the South East.
2. RHP Finance plc, which was established to raise funds from the capital markets for the Group.
3. RHP Develop Limited which started trading in support of our development activities in 2020.
4. RHP Property Limited, a dormant subsidiary.

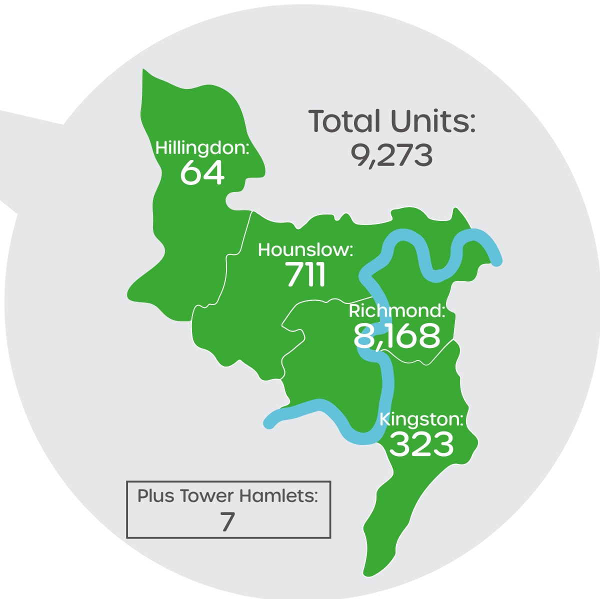


OUR PROPERTIES AND WHERE WE OPERATE

RHP Association operates principally in the four London Boroughs of Richmond, Kingston, Hounslow and Hillingdon in West and South West London. The map below illustrates the spread of our existing properties for the parent company only in our areas of operation. 84% of the Group's income is derived from social housing lettings. The Group also owns one office building, 18 shops, 5 halls and 912 garages.

Additionally we have a small number of properties we manage on behalf of others or are managed on our behalf.

Co-op Homes owns and manages 1,548 homes across West London, Slough and Reading.



HOUSING ASSETS

Housing properties owned and managed at year end (Association only):	2021	2020	2019
Total social housing stock owned at year end (number of dwellings) Including 172 shared ownership properties (2020: 129)	**7,283**	7,209	7,134
Leaseholder properties serviced	**1,990**	1,998	1,996
Total	**9,273**	9,207	9,130

A SOCIAL BUSINESS

RHP Group does not distribute its profits to shareholders. All surpluses from our core social housing activities are used to improve our services and provide capacity for us to build more new homes for current and future generations and to service debt.

All profits that we make from commercial activities such as the letting of office space, shops and garages and surpluses from the sale of tranches of shared ownership properties are re-invested to subsidise our development of new, affordable homes for rent and shared ownership.

WHAT WE DO

We seek to provide people with places they're proud to call home, along with modern services that make lives easier. Our key activities focus upon West and South West London, providing housing for rent, principally for individuals and families who are unable to rent or buy on the open market, and providing retirement housing for people who need additional housing related support. We also build homes for intermediate home ownership as part of our ongoing development programme.

WHY WE DO IT

The UK continues to have a chronic housing shortage. This is particularly acute in South West London, our area of operation. Demand outstrips supply for all forms of housing to meet the needs of people at all income levels. Property prices and market rental levels are some of the highest in the country, which creates significant affordability challenges for local people. We anticipate that demand for appropriate housing, that is affordable to local people, will grow further. Therefore, our social purpose is to use our financial strength to provide good quality homes and additional new homes at prices that people can afford.

We also believe that all customers should receive exceptional levels of customer service and should be able to access their housing provider in a way that is convenient to them. Our digital services enable customers to use our services 24/7 and on any device. We appreciate some of our customers are not able to access digital services and we continue to provide more traditional methods of contacting us such as the phone. This substantially reduces the cost of doing business while improving service access and responsiveness and enabling us to invest more money in building new homes and further improving our services.

STRATEGIC & FINANCIAL REPORT

OUR VISION IS TO BE ONE OF THE BEST SERVICE PROVIDERS IN THE COUNTRY AND AN EXCELLENT EMPLOYER.

4 CORE AREAS OF FOCUS

CUSTOMERS AT THE HEART OF EVERYTHING WE DO

Delivering a personalised service that really delights customers

HOMES CUSTOMERS FEEL PROUD OF

Investment in both new and existing properties, delivering smart, energy efficient and future proof new homes

BRILLIANT BUSINESS

Maintaining exceptional standards of governance and financial management, and a strong sustainable business able to continue growing through new development beyond 2026

INSPIRING AND INCLUSIVE EMPLOYEE EXPERIENCE

An employer of choice with a more diverse and inclusive workforce, and continually developing and growing our culture and working practices

Our vision and strategy

We have used the last year of significant upheaval to review and update our 5 year strategic plan, and accelerate the work we had already started. We do not believe that going back to old ways of working is right for us or the housing sector and are determined to use this as a positive opportunity to transform our organisation.

Our core focus continues to be delivering high quality services and high quality homes for our customers. We are keen to ensure we exceed the requirements of the White Paper and Building Safety Paper and tackle the need to deliver substantial improvements in environmental sustainability.

The focus of our strategy has been on 4 strategic pillars concerned with customers, homes, financial strength, and people. Whilst we want to retain these themes, we have revised the wording of these pillars so that they better reflect the new operating environment.

- **Customers at the heart of everything we do:** Changing the emphasis of the customer service related pillar so that it is focused upon delivering excellent customer service across all channels – whilst still retaining digital transformation and improving online services as priorities.
- **Homes to be proud of:** We have broadened the new homes goal to encompass asset investment in all properties - both for our existing housing stock and new homes. We believe this will help us achieve greater consistency across all the homes we provide, better integrate the use of new technology in asset management and help to embed decarbonisation and energy efficiency measures across all our asset investment.
- **Inspiring and inclusive employee experience:** Continuing to have a relentless focus on our culture being customer centric whilst evolving our people strategy to ensure it remains at the cutting edge of modern working practices - building on the inclusion and agility that 2020 has shown to be vital for any organisation.
- **Brilliant business:** Broadening the financial strength goal to incorporate other activities associated with maintaining the long-term success and resilience of our business, such as good governance.

CUSTOMERS AT THE HEART OF EVERYTHING WE DO

Providing customers with great service is about ensuring we understand their needs, keeping our promises and delivering consistently high standards. The key outcomes we are aiming to achieve are to:

- Deliver high quality services that delight our customers with each interaction across all channels. Ensure that customers are continually kept informed during their interactions with RHP.
- Lead the way with outstanding customer service by exceeding both the sector's consumer standard and customers' expectations. Specific focus on consistency of service, improving our repairs process and cross department hand-offs.
- Continually engage with our customers so that we are delivering a more personalised level of service that suits their individual requirements.
- Deliver a sector upper quartile performance for all our key operational metrics, demonstrating how we deliver the best service to our customers.
- Utilise our transformation programmes to further enhance our digital aspirations to deliver a 360 degree view of customers and properties, which means our customers can be better served, faster and in a more informed manner.

HOMES TO BE PROUD OF – HOMES THAT ARE SAFE, WARM, SMART AND GREEN

Our homes are at the heart of our customers' lives. A home provides security, a place to put down roots and create new opportunities. Our homes, both existing and new, will do exactly that, and will delight our customers. Our key areas of focus are as follows:

- Invest in both new and existing properties and estates, delivering the best homes we can for our customers.
- Deliver 1,500 more smart, energy efficient and future proof new homes over the next ten years.
- Ensure that our current homes are energy efficient and fit for the future, deliver our green agenda with particular focus on making sure our properties are compliant with the 2030 energy efficiency standard.
- Use property data and systems better, to intelligently and efficiently invest in our homes.
- Keep our homes and our customers safe, maintaining the highest possible standards of property compliance and be ready for changes in legislation.
- From this year we have also invested in increasing the standard of our void properties.

PROVIDING CUSTOMERS WITH GREAT SERVICE IS ABOUT ENSURING WE UNDERSTAND THEIR NEEDS, KEEPING OUR PROMISES AND DELIVERING CONSISTENTLY HIGH STANDARDS.

INSPIRING AND INCLUSIVE EMPLOYEE EXPERIENCE – TO DELIVER FOR OUR CUSTOMERS THROUGH AMAZING PEOPLE, ENABLED BY A STRONG CULTURE AND WORKING PRACTICES

We are a people business. We can only deliver excellence by having a culture of creativity, inclusion, self-discipline and responsibility that focuses on doing the best for our customers and each other. We create the best opportunities for our people, bringing out the best in each person. We are focused on the following:

- Be the employer of choice who attracts and retains brilliant and diverse talent, by being known for our leading employment practices.
- Grow a culture that supports our people to be the best versions of themselves, get the best out of their lives and do the best for our customers.
- Known for taking our jobs seriously, but never ourselves. We continue to grow and develop, making the most of our careers and time at RHP.
- Our people have the tools, data, technology, and facilities to do their roles to the best of their abilities.
- Maintain an unrelenting focus on the safety and wellbeing of our people whilst at work.

BRILLIANT BUSINESS – MAINTAIN BUSINESS STRENGTH FOR CURRENT AND FUTURE GENERATIONS

We want to maintain an excellent reputation with our stakeholders and strong financial performance. This will enable us to ensure the organisation can withstand external pressures and continue to provide excellent quality and safe homes for our customers for the long term while ensuring we can prosper, innovate and be a great employer. Our key outcomes over the next five years are:

- Maintain exceptional regulatory and governance standards to sustain a G1 grading and ensure the organisation is agile to changing business needs.
- Always deliver within defined and agreed long term financial guidelines, so we can withstand financial shocks and easily fund business growth.
- Value for money and efficiency integrated into all our decision making.
- Continually improve the data, insight and tools available to our employees to enable great decision making and customer service.
- Effectively manage and mitigate current and emerging risks and change programmes by implementing appropriate controls and monitoring mechanisms.

WE ARE A PEOPLE BUSINESS. WE CAN ONLY DELIVER EXCELLENCE BY HAVING A CULTURE OF CREATIVITY, INCLUSION, SELF-DISCIPLINE AND RESPONSIBILITY THAT FOCUSES ON DOING THE BEST FOR OUR CUSTOMERS AND EACH OTHER.

Strategic performance

CUSTOMERS AT THE HEART OF EVERYTHING WE DO

We recognise that although our service is good, we are not currently delivering a service to tenants that we believe is at the level we strive to achieve. Our service offering was adapted in line with government guidance throughout the year and we maintained an essential repairs service at all times. This did, however, result in a build-up of repairs through each phase of lockdown and a resultant backlog. This, coupled with difficulties in resolving and therefore repeat call volumes, has affected our tenant satisfaction levels.

We also experienced difficulties in void turnaround times in the year, in particular in the first lockdown, when the most stringent Government restrictions on movement were in place.

Our focus in 2020/21 has also been on supporting our customers through these difficult economic times. We have supported over 500 customers in their journey to Universal Credit and have maintained our focus on helping customers pay their rent to sustain their tenancies both through this last year and also into the economic uncertainty that we are inevitably moving towards. We are pleased to confirm maintenance of excellent rent collection levels. In addition, we created a customer hardship fund that was available to support our most vulnerable customers, this has been maintained in the financial year 2021/22.

We monitor and measure our performance on a monthly basis against targets, and through each lockdown on a daily and weekly basis in order to respond quickly to issues. The following shows our performance over 6 years:

KPIs	15/16	16/17	17/18	18/19	19/20	**20/21**
Customer interactions online	N/A	53%	70%	60%	67%	**60%**
Tenant satisfaction	78%	80%	84%*	88%**	83%	**74%*** **
Homeowner satisfaction	64%	63%	79%	72%	70%	**73%**
Tenant satisfaction with caretaking	85%	84%	87%	91%	86%	**71%**
Tenant satisfaction with repairs service	84%	76%	90%	92%	85%	**74%**
Occupancy rate	98.9%	99.9%	99.8%	99.8%	99.2%	**99.2%**
Rent collected from current and former tenants as % rent due	99.8%	99.2%	99.5%	100.2%	100.3%	**99.9%**

*In 2017/18 we introduced a combined tenant satisfaction metric equally weighting scores from three core services: call centre, repairs and caretaking.

**In 2018/19 we adopted a Likert scale for all satisfaction metrics counting scores of 4 and 5 as positive.

***Methodology change to satisfaction measures in 2020/21 to align with new STAR guidelines including option of confidential survey responses.

We have undertaken a significant piece of work in the year in researching in detail our customers' views of the service we provide and their views of their landlord. The results of this work will form an improvement programme in order to design and deliver a service that our customers are telling us is what they are hoping for.

We are also pleased to confirm the release of our new website platform in the year, which we know provides the basis for a step change in our customers' online journeys in their interactions with us.

Our investment in our homeowner team in the last year has resulted in a significant improvement in our homeowner satisfaction score and the feedback we receive is that we are shifting that service in a positive direction.

We have seen another strong year in how we manage our official customer complaints. Year on year, Stage 1 complaint numbers are reducing. Last year however we did see an increase in the number of Stage 1 complaints escalating to Appeal (2nd Stage) from 2 to 7 cases. This in turn has resulted in our first official Housing Ombudsman investigation since 2018. As a business we acknowledge that an area to focus on specifically is the repairs customer journey given that more often than not, this dissatisfaction plays out most frequently in our official complaint investigations. To proactively put measures in place to help improve this, we have recruited a Repairs Advisor who manages any repair case that has stalled or is taking longer than usual to resolve. This is a pivotal role, in that it not only helps improve the customer experience, in the moment, but also and arguably more crucially, is then fed directly into our senior teams regularly to play-back findings to drive service improvements. Customer feedback from this has been really positive, most notably from external praise from Richmond's Tenants' Champion service. Improvements last year following the issuing of the social housing white paper and the introduction of the Housing Ombudsman Code has led us to refresh our Complaints Policy to ensure that we make the process as clear and accessible as possible for all customers to be able to access our complaints process when things go wrong.

We launched our cross-organisation training programme 'Stellar' towards the end of 2020/21 into 2021/22. This programme is being delivered to all levels in the organisation including the Executive Team and gives all employees the skills and tools required to deliver amazing service and delight our customers with every interaction. It is also focused on breaking down cross team barriers and delivering exceptional internal service, which we believe is an important aspect of success in the ultimate customer interaction.

We believe that this ongoing focus on service improvements will enable us to deliver excellence against the requirements of the Government White Paper and to exceed those standards in all of our customer interactions.

WE LAUNCHED OUR CROSS-ORGANISATION TRAINING PROGRAMME 'STELLAR' TOWARDS THE END OF 2020/21 INTO 2021/22. THIS PROGRAMME IS DELIVERED TO ALL LEVELS IN THE ORGANISATION INCLUDING THE EXECUTIVE TEAM AND GIVES ALL EMPLOYEES THE SKILLS AND TOOLS REQUIRED TO DELIVER AMAZING SERVICE AND DELIGHT OUR CUSTOMERS WITH EVERY INTERACTION.

HOMES TO BE PROUD OF – HOMES THAT ARE SAFE, WARM, SMART AND GREEN

Our combined assets strategy covers our existing and new homes and has safe and sustainable homes at its heart. Our journey to deliver both the Building Safety and climate change requirements is front of mind. Our asset management strategy includes continuation of our rolling programme of investment in our properties. We review both the age and condition of our stock and the latest technology as we consider our 30-year investment and review this investment plan every 6 months.

OUR EXISTING PORTFOLIO

In 2020 we are proud to have created and delivered a new standard for our empty homes. Every property RHP now lets to customers is fully decorated and carpeted. This is an investment of circa £750,000 per annum, which we believe enables customers to move into their property and immediately feel that they can make it home.

During 2020/21, we completed the second phase of our three-phase programme of sprinkler installations and are moving into contract to remove the cladding on our one affected property in Summer 2021, having prioritised installation of sprinkler systems in that building. We are also proud to confirm we were awarded 5* British Safety Council award and BS9997 accreditation of our fire safety management system as a result of our focus on health and safety.

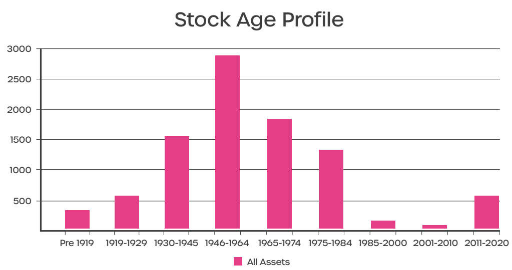
During the year we undertook 6,502 gas safety checks, fitted a further 62 new fire doors, completed 315 fire and 618 electrical remedial repairs and fitted a further 246 domestic hard wired smoke detectors. Due to customers shielding, we could not get access to complete gas safety checks on some properties and ended the year with 28 overdue gas services. These have since been completed or are going through due legal process.

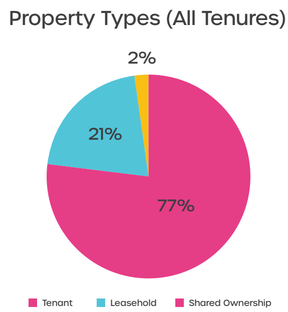
We also invested £18.8m in maintaining and improving our existing homes. This is increasing year on year as we continue to fund safety related works and safety programmes and progress our improvement plan for environmentally sustainable housing.

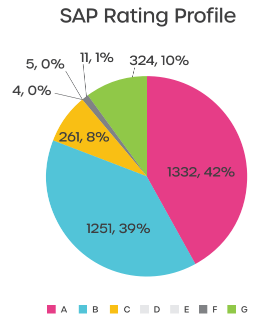
As part of our overall improvement programme to our properties we spent £1.8m on roof replacements including improving loft insulation and £0.2m on window replacements to increase property energy efficiency. We spent £1.3m on internal refurbishment work including new kitchens, bathrooms and internal decorations, £1.0m on structural works and installed adaptations in 51 homes to support our less able-bodied customers.

In 2020/21 we continued our work on our SMART and green homes agenda. Our SMART home and technology pilots including remote monitoring of lifts and communal lighting are continuing to deliver good results, and our data gathering and planning for delivery of carbon neutral and sustainable homes of the future is progressing well. We recognise the high level of investment required in order to deliver both the 2030 and 2050 environmental sustainability requirements and are currently modelling scenarios in our business plan to ensure we deliver the right balance of new development and delivery of improvements in our existing portfolio in relation to sustainable and excellent quality homes.

We appreciate the importance of understanding our stock portfolio and have an increasing programme of stock condition surveys, a transformation programme to replace our asset management system coupled with the work outlined above in relation to environmental sustainability. A brief snapshot of our assets is as follows:







OUR DEVELOPMENT PROGRAMME

We operate in some of the most expensive parts of outer London, and the affordability issue in our operating area is well documented. Unaffordable housing is one of the biggest challenges facing Londoners, and the lack of new homes is further driving prices out of reach for local people – house prices are nearly double the national average. With an affordability challenge, high levels of demand for affordable housing naturally follow. Waiting lists for rented housing remain long, and there is an ever-growing list of people waiting for intermediate housing offers.

Over the past eight years, RHP has added 785 homes to its stock, 186 homes acquired from other providers and 599 newly built homes (an average of 75 per year). We have undertaken a range of development projects, including office to residential conversion, land acquisition, s106 and package deals with contractors. We have over 200 new homes on site or in contract, and over 500 more homes in our forward pipeline.

KPIs	13/14	14/15	15/16	16/17	17/18	18/19	19/20	**20/21**
New homes completed	39	97	58	39	90	100	116	**60**
Homes acquired	-	-	-	186	-	-	-	**-**

WE ARE EXPANDING OUR DEVELOPMENT INTO FACTORY MANUFACTURED HOMES DELIVERED ON LAND THAT RHP OWNS OR ACQUIRES.

Most of our new homes will be affordable housing delivered through S106 agreements and package deals with contractors. These homes will be for affordable tenures as prescribed by local need, including Social Rent, London Affordable Rent, London Living Rent and Shared Ownership and will cover a range of sizes to meet local need. We do not and have no plans to undertake market sale development, substantially reducing the market risk we face as an organisation.

As part of the NHF sponsored 'Building Better' consortium, we are expanding our development into factory manufactured homes delivered on land that RHP owns or acquires. We recognise the challenges we have faced in implementing this key part of our strategy, but the Building Better consortium framework will enable us to move forward. Ahead of that we are on site with our first project of factory-built homes which will be delivered by Ilke Homes, and during Summer 2021 we will be submitting planning applications for our first RHP LaunchPod schemes.

Although at the inception of the COVID-19 outbreak, our development partners initially pulled off site, after careful review and introduction of new safeguarding measures, all resumed work within six weeks. Unfortunately, despite detailed monitoring and management controls, one of our development partners entered financial difficulties in the year and the contract has therefore been terminated and a financial impairment recognised. We expect to have a replacement contractor in place by July 2021.

The Shared Ownership market in our area of operation has been tough due to market and geographical conditions and constraints caused by the confusion around 'External Wall Fire Review forms (EWS1). We have been closely monitoring our Shared Ownership sales portfolio including the impact on speed of sales and market values. We sold 51 homes during the year, converted 16 homes from Shared Ownership to rented tenures and at the end of March 2021 we had 16 unsold shared ownership homes, of which 8 were reserved. We are cautiously optimistic about both values and a resumption in market activity.

As a result of a detailed and thorough tender exercise, we are excited to have announced our partnership with Hill Group to deliver a 452-home regeneration scheme replacing an existing RHP estate of 192 homes in Ham. This is an exciting development for the area, to be delivered in partnership with the London Borough of Richmond Council and unusually is expected to deliver a very high c.50% affordable properties.

INSPIRING AND INCLUSIVE EMPLOYEE EXPERIENCE

Critical to our ongoing success is maintaining and continuing to develop an inspirational organisational culture. We can only deliver excellence by having a culture of creativity, inclusion, self-discipline, and responsibility that focuses on doing the best for our customers and each other. We create the best opportunities for our people, bringing out the best in each person.

Over the past 20 years we have been very successful in making RHP one of the best employers in the country with UK leading levels of employee engagement - being ranked No 1 and No 7 in the 2016 and 2018 Great Place to Work Surveys (for medium sized companies). We are widely regarded as the most innovative social landlord – topping housing's Dolphin Index for a number of years. And in 2018/19, we achieved Investors in People (IIP) accreditation at the prestigious platinum level and IIP Employer of the Year award and in 2020/21 we were re-accredited with IIP Platinum, thereby retaining it for a further two years.

Given the challenges brought about by Covid-19, including disparate home working for teams and changing hours and responsibilities to keep our customers and staff safe; keeping staff engaged, energised and healthy was always going to be a challenge. We have worked incredibly hard in a virtual environment to maintain a sense of team and a great culture. We chose early in the year not to furlough our staff, instead using our resource in a flexible way to retain engagement across the organisation.

KPIs	15/16	16/17	17/18	18/19	19/20	**20/21**
Employees satisfied with working at RHP	N/A	97%	93%	96%	94%	**91%**
Short term sickness absence	1.0%	1.1%	1.1%	1.2%	1.2%	**0.5%**
Employee voluntary turnover	9.9%	11.4%	9.8%	8.1%	14.6%	**3.2%**

We are pleased that, alongside our external recognition in IIP Platinum, we have also retained exceptional employee satisfaction scores, lower sickness levels and lower turnover.

In 2019/20, we launched 'your work, your way', a programme encouraging flexible working for all of our employees. This work has accelerated as a result of enforced homeworking and we are now considering the next phase of this programme as we emerge from lockdown. This includes the future of our office building, the need for work, collaboration and meeting space including innovative and technology solutions to attract and retain the best talent.

Our aim is to be the place where people want to work because of our strong social purpose and the scale of our ambition. We want to be attracting talented people to work for us from a range of industries and backgrounds, and who might not normally consider working for a housing association. In doing so we want to bring diversity of thinking into what we do. Our culture is characterised by innovation and creativity – a place where ideas and bravery are valued, supported and encouraged, and where we get the very best out of people by playing to their strengths.

We now approach year 3 of our 'Luminous', our programme for leadership development. This has been externally recognised by the City and Guilds and a number of our managers have been accredited through this. This has made a tangible difference within RHP and demonstrates the strength of our line managers as shown by our engagement scores. This programme's focus was adapted in the year to support employee wellbeing and resilience in times of stress and has also been combined with the 'Stellar', our customer excellence programme to ensure a cohesive training programme throughout the organisation.

EQUAL OPPORTUNITIES

The Group has always been committed to promoting equality of opportunity in its employment practices from recruitment and selection, through learning and development, promotion and performance review to retirement. During the year, inspired by the 'Black Lives Matter' movement, we have launched our Inclusion and Diversity strategy, authored and endorsed by our Board and Executive Team and inspired by our Inclusion group made up of passionate individuals throughout the organisation. We have a number of key goals as part of this strategy including ensuring an inclusive organisation, recruiting and retaining diversity and integrating diversity into everything we do.

In the last year, the percentage of employees from a black or minority ethnic background was 24%, the percentage of female employees was 53%, and the percentage of employees who declare they have a disability was 7%. We regularly monitor our gender pay equality and are confident our levels of pay are fair with no gender pay gap. For 2020 our data shows that our mean gender pay gap is -2%, meaning we pay women slightly more than men.

The Group will fairly consider any employment applications made by disabled people. We will also make every effort to continue to employ individuals who become disabled during their employment. We focus particularly on mental health and wellbeing and have Mind Matters champions who support employees across the business.

EMPLOYEE INVOLVEMENT

Our aim is to recruit, retain and develop employees who share our passion for delivering great service to our customers. There is a culture of shared leadership, innovation and continual personal development across the Group.

We continue to aspire to be one of the best workplaces in the UK as we believe that this ensures that our employees remain engaged, committed and motivated to achieve our goals.

The Group considers that employee involvement is essential to its success and uses a wide range of methods to inform, consult and involve its employees including through our Engagement Champions, a group made up of employees from across the organisation.

WE HAVE A NUMBER OF KEY GOALS AS PART OF THIS STRATEGY INCLUDING ENSURING AN INCLUSIVE ORGANISATION, RECRUITING AND RETAINING DIVERSITY AND INTEGRATING DIVERSITY INTO EVERYTHING WE DO.

OUR FINANCIAL PERFORMANCE IN 2020/21 DELIVERED ROBUST RESULTS.

BRILLIANT BUSINESS

The financial effect of the pandemic has put stress on every sector of the economy with previously healthy businesses now coming under acute financial pressure. We consider ourselves fortunate that our legacy focus on financial strength and stability has allowed us to adapt our organisation to a more volatile environment in which profitability and cash flow are under simultaneous pressure.

Our management of liquidity, strong and effective governance arrangements and focus on key financial metrics are critical in managing risk and adapting to adverse events and changes in our operating environment. Financial resilience is crucial if operational resilience is to be maintained in order to take advantage of new opportunities, be innovative and drive further improvements in delivery of our strategy.

The uncertainty created for the organisation at the beginning of the pandemic led to an immediate attention and focus on forward looking financials. We reforecast our annual performance on a monthly basis, reconsidered our cashflow requirements weekly and re-modelled our 30 year business plan and stress testing every fortnight. Our Board's attention to these forecasts and liquidity levels ensured appropriate scrutiny in these difficult times. Our modelling included significant reductions in rent collected, reversals in government rent inflation legislation, significant cash requirements for failing developments or other supplier support and substantial slow downs in development and sales programmes.

This additional scrutiny has delivered some excellent lessons for the organisation and has proven our financial resilience under more extreme conditions.

As a result of the levels of uncertainty both through the last year and into the future, we enacted our next step in our long term treasury strategy and in September 2020 approached the bond market for a further £100m tap of our existing 2048 Bond. This was a heavily oversubscribed transaction and after concluding we would retain £25m for further funds in the future, delivered £97.1m of funds at an all-in yield of 1.787%.

Our financial performance in 2020/21 delivered robust results. Slower shared ownership sales and additional spend on cleaning activities to keep our customers safe put our operating margin under pressure, however strong ongoing rent collection levels and slower spend on development and void activity delivered a lower operating cost per unit than budget and only a small deterioration in operating margin performance.

As a result of the ongoing leaseholder and cladding crisis, the economic impact on our commercial tenants and the financial failure of one developer, we have taken the opportunity to review the carrying value of our development and commercial assets. We have recognised a £1.3m impairment in the year on our development portfolio and a £0.7m reduction in fair value on our commercial properties as a result of this cautious approach, however are pleased to confirm this does not affect our covenant performance adversely.

GROUP FINANCIAL HIGHLIGHTS

The Statement of Comprehensive Income below provides a 3-year summary of the RHP Group results.

Statement of Comprehensive Income (£'000)	2021	2020	2019
Turnover	64,330	58,079	58,155
Operating costs and cost of sales	(45,802)	(38,489)	(37,867)
Gain on sale of fixed assets	553	2,905	679
Operating surplus	**19,081**	**22,495**	**20,967**
Net interest charge	(6,837)	(18,612)	(7,849)
Movements in fair value	(749)	4	21
Surplus for the year	**11,495**	**3,887**	**13,139**
Actuarial gain/(loss) on pensions	(4,381)	3,427	(2,690)
Total comprehensive income	**7,114**	**7,314**	**10,449**
Operating margin	**29%**	**34%**	**35%**
EBITDA-MRI margin*	**29%**	**34%**	**36%**
Social Housing Operating cost per unit (restated)	**£3,903**	**£3,882**	**£3,699**

*Earnings before interest, tax, depreciation and amortisation, major repairs included, as a percentage of turnover is a measure of the level of net cash generated against interest payments.

Two factors have affected our overall results in 2020/21. The Social Housing Pension Scheme valuation results resulted in a £4.4m loss (2020: £3.4m gain) impact on our overall surplus. This is a substantial reversal of the prior year's gain on the year end pensions assessment which had been driven by unexpected higher discount rates and lower inflation rates.

We have conducted an impairment and fair value review of our development and commercial portfolios, considering economic conditions, changes to our projected income, prevailing void rates and any changes in use. We have recognised an impairment of £1.3m for three development schemes due to increases in fire safety costs or a reduction in shared ownership values.

THE GROUP'S OPERATING SURPLUS OF £19.7M (2020: £22.5M) AND OPERATING MARGIN OF 30% (2020: 34%) REMAIN STRONG.

We have also recognised a £0.7m reduction in fair value in our office building in Teddington due to current lower commercial occupation levels and are reviewing our ongoing approach to rental of this asset.

The Group's operating surplus of £19.1m (2020: £22.5m) and operating margin of 29% (2020: 34%) remain strong. Continued development has ensured we continue to grow our turnover, and the first tranche sales of shared ownership properties has contributed £6.0m (2020: £1.9m) to our turnover and £0.4m (2020: £0.8m) to our overall surplus.

Our EBITDA-MRI margin at 29% (2020: 34%) demonstrates that the core business is performing strongly and can comfortably cover the level of investment required to keep our homes in good condition.

Our social housing cost per unit of £3,903 (2020 restated: £3,882) measures the efficiency of our social housing business. This has increased slightly due to higher core operating spend during the year.

The Group's total comprehensive income was £7.1m (2020: £7.3m) and RHP's subsidiary, Co-op Homes (South) Limited has contributed £0.5m (2020: £1.7m) to this overall surplus.

STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position below provides a 3-year summary of the RHP Group results.

Statement of Financial Position (£'000)	2021	2020	2019
Housing Properties at cost less depreciation	402,325	387,451	364,848
Investment properties, other tangible and intangible fixed assets	15,628	15,498	15,183
Net current assets	61,034	4,950	6,497
Total assets less current liabilities	**478,987**	**407,899**	**386,528**
Creditors: amounts due after 1 year	341,588	281,613	263,985
Provision for liabilities	94	97	102
Net pension liability	9,682	5,680	9,246
Total net assets	**127,623**	**120,509**	**113,195**

*The net pension liability includes the liability for the Social Housing Pension Scheme as a result of the change in accounting treatment of the scheme in 2019.

Our statement of financial position reflects sound long term investment decisions, our considered approach to growth, a focus on ensuring that the Group has a strong liquidity position and the operation of a robust risk management framework.

The value of the Group's housing properties at depreciated historic cost increased by £14.8m (2020: £22.6m) over the last year to £402.3m (2020: £387.5m). £16.9m (2020: £24.2m) was spent on the development of new affordable housing with £6.6m (2020: £6.4m) invested in capital works to our existing properties.

TREASURY MANAGEMENT

Our Treasury Management activities focus upon ensuring that the Group has sufficient available liquidity to fund its operations for a minimum of 18 months, ensuring continued compliance with all loan covenants, managing the risk of adverse movements in interest rates and ensuring that any cash held is invested safely so that the capital is preserved. Treasury management and associated policies are governed by the Group Investment Committee (GIC).

A summary of RHP's loan portfolio as at 31 March 2021 is as follows:

Lender	Amount drawn	Total Facility	Facility Expiry
Lloyds	£23m	£90m	Aug 2024
MUFG	£0m	£35m	May 2024
RBS	£0m	£20m	Dec 2025
Listed bond (RHP Finance plc)	£250m	£275m	Feb 2048
Total	**£273m**	**£420m**	

During the year we were active in the capital markets, completing two major transactions. This was our first return to the bond markets since our inaugural issue in 2015.

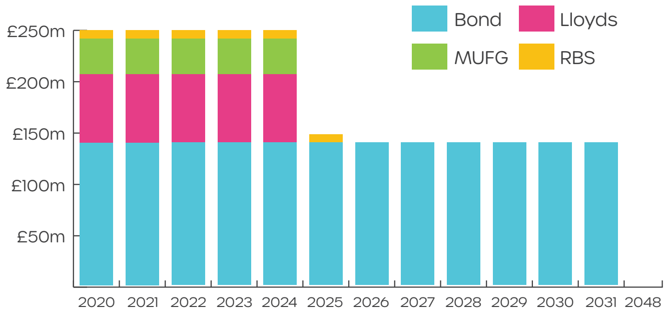
The first was a £100m tap issue (including £25m retained), which was another landmark transaction for RHP. It was the first time a housing association had used a tap issue to reset their secondary trading levels, which were higher than they should have been for an issuer of RHP's credit strength and bringing them in line with other A+ rated peers. The trade was closed on 8 September 2020 and the £75m of bonds sold raised proceeds of £97.1m at an all-in price of 1.787%. This was also among the most competitive prices achieved in the sector since the start of the coronavirus pandemic. £77m of these proceeds were immediately used to repay revolving credit facilities, which refinanced the legacy Dexia facility in February 2020.

The second was the sale of the previously held £35m of retained bonds, for which a forward purchase agreement was made in September 2019. This settled on 17 September 2020, with proceeds of £39.5m realised. This represented an all-in price of 2.568%.

RHP is now fully funded until at least August 2024, including all of our current planned or pipeline developments.

DEBT STRUCTURE AND AVAILABLE LIQUIDITY

The charts below provide details of RHP's current available liquidity and the debt repayment profile of the current drawn debt.



DURING THE YEAR WE WERE ACTIVE IN THE CAPITAL MARKETS, COMPLETING TWO MAJOR TRANSACTIONS. THIS WAS OUR FIRST RETURN TO THE BOND MARKETS SINCE OUR INAUGURAL ISSUE IN 2015.

CASH MANAGEMENT

Detailed 3 year rolling cashflow forecasts are prepared and reviewed each month and reviewed quarterly by our Group Investment Committee and the Board.

Longer term forecasts are also prepared in line with our business plan assumptions, and these are reviewed by the Board at least twice per year.

COUNTERPARTY RISK

At 31 March 2021 all cash investments were held with counterparties who meet the criteria set out in our Treasury Management Policy which requires that the Group seek to minimise the risk of financial loss or liquidity exposure resulting from the insolvency of any counterparty.

Counterparty risk from our development partners is actively monitored through checks with reputable agencies in addition to requiring various bonds and retentions depending on the contractor's profile.

INTEREST RATE RISK

The Group borrows from banks at both fixed and floating rates of interest with the levels agreed by the Board. At the year-end, 100% (2020: 68%) of the Group's borrowings including the listed bond were at fixed rates. The fixed rates of interest for RHP range from 0.79% to 3.25% while the fixed rates for Co-op Homes range from 1.56% to 10.5%.

Variable rate loans are at 3-month LIBOR. Our effective cost of borrowing was 2.57% at the year-end (2020: 2.58%).

The Group has not entered into any standalone interest rate swaps and so does not have any mark to market exposure. RHP did however execute a fix on £23m of drawn revolving credit facility in November 2019, which locked the debt at a rate of 0.73% until maturity in August 2024.

CREDIT RATING

Standard and Poor's (S&P) reviewed our credit rating and announced in June 2020 that it was being maintained at A+ (stable) despite the current economic uncertainty.

INTRAGROUP LOANS

The net proceeds from the 2015 bond issue, 2020 tap and retained bond sale have been on-lent by RHP Finance plc to RHP. At the year-end, RHP owed RHP Finance plc £273.4m (2020: £138.0m). This includes an amount of notional premium and capitalised issue costs of £23.4m, which are amortised annually and netted off against our annual financing costs.

The previous inter-company loan facility totalling £8.5m between RHP and its subsidiary Co-op Homes was fully repaid during the year. At 31 March 2021, £0.0m (2020: £1.0m) of this loan was outstanding. A new £11m intercompany loan facility was executed during the year, taking effect from 1 April 2021. This facility will expire on 1 April 2026.

LOAN COVENANT COMPLIANCE

The Group's loan covenants are based primarily on interest cover, asset cover and gearing ratios. Covenants are monitored monthly with performance reported to the Board quarterly and were comfortably met throughout the year and at the year-end for all loan facilities.

REPORTING ON TREASURY ACTIVITIES

The Board and the Group Investment Committee monitor treasury management and investment policies through a quarterly reporting cycle, together with interim reporting where risks emerge in between meetings. The Treasury Policy and Strategy and the Investment Policy are reviewed annually or more frequently when there are signs of a significant change in economic conditions.

Since the outbreak of COVID-19, we have been monitoring and reporting on cash and rent collection levels weekly in order to closely manage liquidity.

RESERVES

The Board has reviewed the reserves of the Group, taking into consideration the nature of the income and expenditure streams, and has concluded that the level of reserves shown at 31 March 2021 is commensurate with the performance and investment profile of a charitable housing provider.

VALUE FOR MONEY

Value for money

Delivering value for money (VfM) to our stakeholders is embedded within our organisational strategy. We strive to continually improve our business and service to customers and lead the sector with innovation that delivers VfM in everything we do.

We pride ourselves on the progress we have made over many years in driving efficiency improvements within our organisation and continue to benchmark in the top quartile of our peer group on operating cost per unit. We do however recognise that VfM is not about minimising costs, which could potentially damage the service we provide, but about ensuring that in all that we do, we consider 'how could we do this more efficiently in a way that delivers value to our customers'. We strive to achieve an important balance between delivering quality services for the short and medium term, with a drive for cost efficiency. We also believe that it is important to 'invest to save' to deliver longer term change and better VfM in all we do.

In 2020/21 we note the following significant improvements:

- Tap of our existing bond allowing us to maintain a low effective cost of borrowing at 2.57% (2020: 2.58%)
- Investment in our homeowner team to significantly improve the quality of service provided to that group of customers. As a result of this improvement in services and benchmarking of our fees charged, we have proposed an increase in these fees to average benchmarking levels and as a result improving the contribution towards available social housing funds.
- Continued focus on driving efficiencies in procurement delivering c.£0.1m in savings.
- Implementation of our strategic decision to invest more of our resources in our existing homes. Although this includes improvements in energy efficiency, we are also focused on an improvement in the quality of homes we let to ensure our customers can move in and immediately feel at home.
- Re-accreditation of IIP Platinum status. This external recognition of our focus on providing a great place to work and an inspirational employee culture enables us to attract exceptional talent to our organisation.
- Delivery of a further 60 new homes and entering into contract for our first factory manufactured homes and our Ham Close regeneration scheme delivering both replacement and additional affordable housing.

We are however acutely aware of the impact that Covid-19 has had on our delivery in 2020/21. This includes delays to development schemes, the termination of one development contract, slower than anticipated shared ownership sales and an impact on our customer satisfaction as a result of the turbulence in service delivery. We appreciate the impact that this has on the metrics shown below and particularly will make top quartile benchmarking for 2020/21 more challenging.

OUR ORGANISATIONAL AND VFM STRATEGY IS CENTRED AROUND OUR 4 STRATEGIC GOALS:

1. **Customers at the heart of everything we do:** Providing customers with great service is about ensuring we understand their needs, keeping our promises and delivering consistently high standards.
2. **Homes to be proud of:** Our homes are at the heart of our customers' lives. A home provides security, a place to put down roots and create new opportunities. Our homes, both existing and new, will do exactly that, and will delight our customers.
3. **Inspiring and inclusive employee experience:** We are a people business. We can only deliver excellence by having a culture of creativity, inclusion, self-discipline and responsibility that focuses on doing the best for our customers and each other. We create the best opportunities for our people, bringing out the best in each person.
4. **Brilliant business:** We want to maintain an excellent reputation with our stakeholders and strong financial performance. This will enable us to ensure the organisation can withstand external pressures and continue to provide excellent quality and safe homes for our customers for the long term while ensuring we can prosper, innovate and be a great employer.

For each of our strategic goals, we have targeted the improvements we aim to make over our 5-year strategy and beyond and these are detailed in the relevant sections below. We monitor our performance against the metrics used to measure these improvements both internally on a monthly basis and in our accountability to the Board quarterly.

The benchmarking tables below show our performance against the Sector Scorecard metrics. We aim to be in the top quartile compared to our London peer group in all that we do. A green scoring indicates we are in the top quartile, an amber scoring above the median and a red scoring notes we are below the median.

Our progress and next steps

1 CUSTOMERS AT THE HEART OF EVERYTHING WE DO

Providing customers with great service is about ensuring we understand their needs, keeping our promises and delivering consistently high standards.

We embarked on our digital journey six years ago delivering services to support our customers, enabling them to contact us at a time and in a way that suits them. We have delivered a 5% reduction in staffing costs across the business as a result. Continual improvement of these digital services for our customers and employees remained a key focus and in 2020/21 we delivered our new website platform after a delayed launch.

Our 2020/21 plans included returning to our previously experienced exceptional levels of service. These ambitions have not been delivered and we have unfortunately seen a further deterioration in our customer satisfaction. This is in part due to changing service levels and operative availability due to Covid and difficulties in our supply chain and managing customer expectations as a result.

We remain focused on delivering improved service levels and the following key areas are of focus:

- Dedicated complex repairs case team
- Increased number of operatives in our repairs and maintenance contractor
- Focus on ensuring customer communication is clear and expectations are managed
- Improvement in data and systems as noted below
- Review of call centre resourcing levels and patterns to improve our call answering and waiting times

WE EMBARKED ON OUR DIGITAL JOURNEY SIX YEARS AGO DELIVERING SERVICES TO SUPPORT OUR CUSTOMERS, ENABLING THEM TO CONTACT US AT A TIME AND IN A WAY THAT SUITS THEM.

We were also hopeful that we would have delivered a new service charge, rent administration system and upgraded finance system in the year, however as this project progressed, we discovered that our approach added complexity to an already complex systems platform, requiring a rethink of our approach.

We are therefore launching our 'Rewire' programme in 2021/22 which encompasses 2 key deliverables.

1. A new systems platform based around CRM Dynamics, enabling replacement of legacy un-integrated software. This will include a new service design approach to process and systems delivery
2. A focus on our data – to ensure compliance, enable insight and agile decision making and make our customers lives easier, we are embarking on an organisation wide data transformation programme.

Our main targets over our revised 5-year strategy are as follows:

STRATEGIC GOAL	Target by 2026	20/21 Results	20/21 Target	21/22 Target
Combined customer (tenant) satisfaction metric – in alignment with new STAR framework	Sector upper quartile (85%)	74%	80%	78%
Trustpilot rating	Excellent (4.3 stars or more)	4.4	4.8	Excellent (4.3 stars or more)
UK Customer Satisfaction Index (UKCSI) score	Top 10% for non-retail sector	61.1	N/A	77
Transactions online	85% of business transactions online	60%	70%	68%

Our performance against the Sector Scorecard metrics in relation to customers is detailed below. We note our deterioration against sector benchmarks for tenant satisfaction, although in 2019/20 we still remained at the upper quartile of performance and our action plan is detailed above.

In relation to investment in communities, in addition to previous activities undertaken, we have launched a hardship fund in 2020/21 to support customers in these increasingly difficult times. This hardship fund has supported customers providing assistance with essential goods and furnishings, food vouchers and deep cleans to properties where customers were hospitalised.

		17/18	18/19	19/20	20/21	19/20 benchmark results	
Outcomes delivered indicators	Measure	Group result	Group result	Group result	Group result	London peer group median	London peer group upper quartile
Tenants satisfied and very satisfied with the service provided	Provide an appropriate measure that indicates customer's view on their landlord providing value for money.	85%*	88%**	**83%**	74%***	73%	83%
Investment in communities	Demonstrates extent to which we are using our own money to invest in other areas which generate a social return.	N/A	£25,180	£128,635	£64,752	N/A	N/A

in top quarter | above the median | below the median | lower quartile

* In 2017/18 we introduced a combined tenant satisfaction metric equally weighting scores from three core services: call centre, repairs and caretaking.

** In 2018/19 we adopted a Likert scale for all satisfaction metrics counting scores of 4 and 5 as positive.

*** Methodology change to satisfaction measures in 2020/21 to align with new STAR guidelines including option of confidential survey responses.

2 HOMES TO BE PROUD OF

Our homes are at the heart of our customers' lives. A home provides security, a place to put down roots and create new opportunities. Our homes, both existing and new, will do exactly that, and will delight our customers.

In 2019/20 our Board assigned funds to deliver a significantly improved new homes standard enabling customers to move in and immediately have a place they can call home including carpets and redecoration. This programme of work has rolled out in 2020/21 and we are excited to note great feedback from customers in relation to these homes.

Our investment in fire safety activity and successful completion of phase two of our three-phase sprinkler programme continues to be a focus. We are investing in 2021/22 in replacement of cladding at our one ACM-clad scheme after a successful tender in 2020/21.

As part of our SMART home programme, we installed new communal emergency lighting at 63 locations, fitted with self-testing capability in order to reduce future spend on compliance checks, at a cost of £0.2m.

In 2020/21 we delivered 60 new homes – all of which are delivered as affordable housing, however we did not hit our targets in the year in part due to delays caused by Covid-19, the termination of one contract and slower than anticipated levels of new opportunities.

We currently have over 200 new homes on site or in contract, and over 500 more homes in our forward pipeline. We are proud of our contribution to solving the housing crisis in this difficult geographic area for development. We are progressing with our strategy to deliver modern methods of manufacture within our development programme and are proud to have led the National Housing Federation 'Building Better' project to bring this to reality. We believe this will drive real value for our local communities through delivery of high-quality homes for the middle market at sub-market rent. These will be more cost effective to deliver, manage, maintain and live in.

We are also excited to confirm that following year end we entered into contract with Hill Group to deliver the regeneration of the Ham Close estate, providing 452 new homes of which c. 50% will be affordable tenures.

Our focus over our revised 5-year strategy is on ensuring the right investment balance between new homes delivered and the quality of existing homes and as such we have re-set our targets as follows:

STRATEGIC GOAL	Target by 2026	20/21 Results	20/21 Target	21/22 Target
New homes completed	650 homes	60	84	95
New homes contracted	-	32	175	
Revised measure - Strong committed pipeline – number of homes under contract or on site	375 committed			375
Gas compliance	100%	99%	100%	100%
Energy efficiency of housing stock – percentage of tenanted stock at EPC band C or above	70%	52%	Not yet set	Not yet set

Our performance against our sector peer group and over the last 4 years is detailed below, separated between delivery of new homes and investment in existing:

		17/18	18/19	19/20	20/21	19/20 benchmark results	
Effective asset management indicators	Measure	Group result	Group result	Group result	Group result	London peer group median	London peer group upper quartile
Return on capital employed (ROCE)	Shows how well we use our capital and debt to generate a financial return. A commonly used ratio which compares the efficiency of capital usage across the sector.	5.9%	5.4%	**5.5%**	4.1%	2.55%	2.87%
Ratio of spend on repairs to planned maintenance	Effective planning based on detailed stock condition surveys would allow us to reduce reactive repairs spend in favour of planned maintenance.	0.29	0.29	**0.31**	0.29	0.61	0.49
Occupancy rate	Demonstrates how efficient we are at turning around empty homes.	99.4%	99.8%	**99.2%**	99.2%	99.3%	99.6%

in top quarter | above the median | below the median | lower quartile

We show a continued strong performance in relation to our return on capital employed and a good balance between planned work and reactive maintenance. We have however seen a deterioration in the year in relation to void turnaround time due to issues with our supply chain and have a renewed focus in 2021/22 on resolving this issue.

		17/18	18/19	19/20	20/21	19/20 benchmark results	
Development capacity and supply indicators	Measure	Group result	Group result	Group result	Group result	London peer group median	London peer group upper quartile
Units developed (absolute) social	Demonstrates the contribution to the supply of new social homes.	90	100	116	60	N/A	N/A
Units developed as a % of units owned (social)	This enables a comparison between providers of units developed in relation to size of stock.	1.3%	1.3%	**1.6%**	0.8%	1.47%	1.68%
Reinvestment %	Demonstrates extent to which we are using our own money to invest in housing supply.	12.0%	12.4%	**7.9%**	5.9%	4.7%	7.9%
Gearing	This shows the proportion of borrowing in relation to the size of our asset base. A low % can indicate capacity to leverage existing assets to fund investment in new homes. A high % could indicate too much borrowing putting assets at risk.	60%	59%	**59%**	58%	43.5%	40.1%

in top quarter | above the median | below the median | lower quartile

We have experienced delays in our development programme and sales in 2020/21 in part due to Covid-19, additional work required to ensure appropriate fire safety on developments and difficulties with one contractor resulting in us pulling out of a contract. This will adversely affect our benchmarking results for the year, however our pipeline remains strong.

Our legacy debt as a result of our LSVT origins affects our ability to impact our gearing ratio and this will continue to be in the lower quartile.

WE SHOW A CONTINUED STRONG PERFORMANCE IN RELATION TO OUR RETURN ON CAPITAL EMPLOYED AND A GOOD BALANCE BETWEEN PLANNED WORK AND REACTIVE MAINTENANCE.

3 INSPIRING AND INCLUSIVE EMPLOYEE EXPERIENCE

We are a people business. We can only deliver excellence by having a culture of creativity, inclusion, self-discipline and responsibility that focuses on doing the best for our customers and each other. We create the best opportunities for our people, bringing out the best in each person.

In 2021 we retained IIP Platinum, recognising our focus in this area. We have continued to focus on this excellent performance, investing in our people through tailored training and development, particularly in areas such as leadership, coaching, emotional resilience, customer service and financial awareness. We are proud to have obtained external assurance for our in-house training programme for leadership development from City and Guilds and ILM.

IN 2021 WE RETAINED IIP PLATINUM, RECOGNISING OUR FOCUS IN THIS AREA

We made the important decision at the beginning of the pandemic not to furlough our staff, but to focus on continued engagement, flexibility and support for our employees through this difficult time. This included extensive focus on mental and physical wellbeing including investment equipment to enable safe working from home and enhanced focus on resilience. As a result of this continued focus, we continued to maintain leading levels of employee engagement at 91%.

In 2019/20, we launched 'your work, your way', a programme encouraging flexible working for all of our employees. This work has accelerated as a result of enforced homeworking and we are now considering the next phase of this programme as we emerge from lockdown, including the future of our office building, the need for work, collaboration and meeting space including innovative and technology solutions to attract and retain the best talent.

Our results and targets against our revised strategic goals are as follows:

STRATEGIC GOAL	Target by 2026	20/21 Results	20/21 Target	21/22 Target
Industry leading levels of engagement – employee satisfaction with working for RHP	Level of employee satisfaction of 90% plus.	91%	90%	90%
Ranked in the top 10 of organisations to work for	Great Place to Work, Best Companies, IIP or similar	IIP Platinum	IIP Platinum	IIP Platinum
I would recommend RHP as an inspiring place to work	90% average	91%	90%	90%
People here are treated fairly regardless of their age, disability, race, ethnic origin, sex or sexual orientation	90% average	93%	90%	90%
Glassdoor rating	5.0	5.0	5.0	5.0

WE PERFORM VERY STRONGLY AGAINST SECTOR BENCHMARKS AND AIM TO CONTINUE TO DELIVER TOP QUARTILE PERFORMANCE AGAINST OUR LONDON PEER GROUP

4 BRILLIANT BUSINESS

Our ambition as an organisation is to ensure we maintain our financial strength to confidently withstand market changes and ensure we provide a secure and safe home for our existing customers and future customers both now and for future generations. We also strive to deliver efficiencies where possible through process review, elimination of waste and management of an efficient treasury portfolio. We perform very strongly against sector benchmarks and aim to continue to deliver top quartile performance against our London peer group.

We are proud that this legacy focus on financial strength has enabled us to withstand the impact of the pandemic and increasingly difficult environment very well indeed and enable our continued focus on delivering Value for Money for our customers and stakeholders.

The legacy of four years of rent reductions and the increasing cost pressures faced by all social housing providers due to our desire to deliver increasingly environmentally sustainable housing, improvements in fire safety and better living standards and service for our customers are now however causing increasing financial pressure, which is expected to continue for the foreseeable future.

This changing environment is reflected in our revised strategic approach. We will continue to focus on financial strength and efficiencies, it is critical that we get the right balance between our competing priorities as a group between delivery of new homes, improvement of existing and ensuring a strong and stable organisation for future generations.

Our more balanced strategic goals for a brilliant business are as follows:

STRATEGIC GOAL	Target by 2026	20/21 Results	20/21 Target	21/22 Target
Strong credit rating	Upper medium grade	A+ stable	A+ stable	A+ stable
Operating margin	Upper quartile	29%	34.3%	>28%
Operating cost per unit	Upper quartile	£3,903	<£4,000	<£4,000
Rent collected as a percentage of rent debit	98.8%	99.9%	98.8%	98.8%
Strong governance rating	G1	G1	G1	G1
Strong financial viability rating	V1	V1	V1	V1

In June 2020 S&P confirmed our credit rating at A+ (stable). We believe our rating reflects our organisational strength and aim to maintain this despite the current external economic environment.

At the outbreak of the pandemic, we were concerned about the economic impact on our customers. We recruited more resource to support our customers through their journey across to Universal Credit and support our customers through any financial hardship through implementation of our hardship fund. We are pleased that we have supported our customers to sustain their tenancies and continue to pay their rent, although are mindful of the end of the Furlough scheme and have detailed plans in place to provide support through this period.

Our performance against the Sector Scorecard metrics are detailed below.

		17/18	18/19	19/20	20/21	19/20 benchmark results	
Business health indicators	Measure	Group result	Group result	Group result	Group result	London peer group median	London peer group upper quartile
Operating margin	Measures surplus generated from turnover on day-to-day activities. This indicates operating efficiency and business health.	37%	35%	**34%**	29%	22%	26%
Operating margin (social housing lettings)	Measures surplus generated from turnover on day-to-day activities from social housing lettings only.	43%	39%	**37%**	36%	27%	34%
EBITDA MRI Interest cover	An approximation of cash generated, as a % of interest. This shows the level of headroom in meeting interest payments on outstanding debt.	216%	216%	**95.2% (excluding Dexia repayment 203%)**	249%	113%	145%

in top quarter | above the median | below the median | lower quartile

		17/18	18/19	19/20	20/21	19/20 benchmark results	
Operating efficiency indicators	Measure	Group result	Group result	Group result	Group result	London peer group median	London peer group upper quartile
Headline social housing cost per unit	The measure used by the RSH in unit cost analysis. This calculation uses the number of social housing units and specifically excludes leasehold properties. (restated)	£3,856	£3,699	**£3,882**	£3,903	£4,820	£4,399
Overheads as % of adjusted turnover	Shows the proportion of turnover required to pay for overheads. A high ratio could indicate potential cost savings by improving the efficiency of back office functions.	8%	9.4%	**9.5%**	6.6%	11.16%	9.25%
Rent collected	Demonstrates effectiveness of income management in collecting rent due and managing arrears levels.	99.8%	100.2%	**100.3%**	99.9%	99.8%	100.3%

in top quarter | above the median | below the median | lower quartile

We continue to benchmark positively in our efficiency and financial performance as indicated by the measures above.

We have a detailed improvement plan for further efficiency improvements into 2021/22 including areas of re-procurement savings and our transformation programme 'Rewire', however do note that the increasing focus as an organisation is on delivery of exceptional service and quality homes for customers, fire safety and tackling fuel poverty through investment in existing homes. Delivery of these low operating cost and high operating margins will be increasingly challenging as we balance these competing pressures.

WE HAVE A DETAILED IMPROVEMENT PLAN FOR FURTHER EFFICIENCY IMPROVEMENTS INTO 2021/22 INCLUDING AREAS OF RE-PROCUREMENT SAVINGS AND OUR TRANSFORMATION PROGRAMME 'REWIRE'

GOVERNANCE

VfM is embedded in the governance arrangements for the Group and the Board requires VfM to be considered in all matters reported to them. We regularly measure and report against our own VfM metrics within our management and governance reporting and compare our performance to benchmarks where available. Our progress on our VfM Strategy is scrutinised by the Board every six months.

Group Investment Committee (GIC) has a duty to appraise all significant projects across Development, Finance, IT and Asset Management and requires detailed appraisals and business cases, a minimum return on investment and reviews post completion evaluations. Our Board scorecard provides scrutiny on operating performance. Our approved budget targets specific savings and holds the organisation to delivery of those savings.

Purchasing – The Group's standing orders, financial regulations, procurement framework and purchase order systems provide a robust framework over the tendering of works, placing of orders, commitment to and the authorisation of expenditure – ensuring VfM is built into our purchasing processes.

Delivering strategy – The responsibility for delivery of the strategy and the action plan is through the Executive Group and Leadership Team. They ensure that the VfM Strategy is reviewed on a regular basis and suggest enhancements as appropriate.

Day to day management – Managers and budget holders are responsible for ensuring VfM in the day-to-day management of their service and in helping to consider VfM in any new proposals or reviews of their service area. They will also need to work with the Leadership Team and Executive Group to ensure that VfM is understood by all staff who are encouraged to contribute ideas to support this agenda.

All employees should endeavour to seek and achieve VfM in all activities and to bring to management's attention any opportunities for improvement or financial savings. The responsibility for providing VfM for our customers lies with everyone who works at RHP. It is not restricted to senior management or those with financial responsibilities.

VFM IS EMBEDDED IN THE GOVERNANCE ARRANGEMENTS FOR THE GROUP AND THE BOARD REQUIRES VFM TO BE CONSIDERED IN ALL MATTERS REPORTED TO THEM.

BOARD REPORT

BOARD MEMBERS

All RHP Group Board members are also Board members of RHP Develop Ltd and RHP Property Ltd.

JOHN NEWBURY

Chair of the Board

John is an experienced and qualified housing professional with 30 years of senior experience in housing and regeneration covering the public, commercial and not-for-profit sectors. He had a senior local government career in the West Midlands, Newcastle-upon-Tyne and London, including as Director of Housing Services for Hammersmith & Fulham Council. John then established Newbury King Consultants which was later acquired by Mouchel, and John became Mouchel's Director of Housing & Regeneration. John is a Fellow of the Chartered Institute of Housing.

Declared Interests: John is a non-executive director of LiveWest and is a Board member of RHP Finance plc.

DAVID DONE OBE

Chief Executive

David Done OBE is CEO of RHP, one of the most exciting and innovative social enterprises in the UK, and a winner of two UK Business Awards. RHP provides affordable housing to people in west London. It has a unique culture regarded as one the most inspirational places to work in the country holding IIP at the prestigious Platinum level. RHP is widely recognised as one of the most innovative housing associations working within the sector. David is a recognised thought leader in the sector ranked in the top 20 of 24 Housing's most influential people. His expertise is in business transformation and organisational development, driven by a passion for creating inspirational cultures capable of delivering great customer service.

Declared interests: David's partner is the Chief Executive of CDS Co-operatives. David's brother-in-law is the Chair of Robust Details Ltd, which is a private company carrying out sound testing including for social housing providers. David is a board member of Golding Homes and sits on the Group Board of Your Housing Group.

STEPHEN SPEAK

Board member

Stephen joined the RHP Board in June 2013. His background is in audit and finance and he has been a director of multiple businesses over the years. Currently he is a director of an internet retailer and of three RHP subsidiaries while also providing ad-hoc consulting services on a self-employed basis. He has lived in Richmond since 1988 and serves in a voluntary capacity on the committees of Richmond Society, Kew Society and London Forum. He was elected a Councillor for the London Borough of Richmond in 2012 and served on Richmond Council's Cabinet from 2014-2018.

Declared Interests: Stephen is a director of RHP Finance plc.

TOBY D'OLIER

Board member

Toby has been a RHP Homeowner for 10 years. He joined the Board in September 2013. He spent 15 years working in radio for Global, as well as the BBC and others as an Executive Producer and manager and has for the last 7 years been self employed as a Videographer, Audio Producer and editor, producing long and short form documentary and corporate video as well as podcasts & radio shows for a variety of clients.

Declared Interests: Webvid and Contraband Media. Toby is a member of the Kew Society.

ALEX MOLNAR

Board member

Alex was appointed to the Board in December 2020 and has been an RHP tenant for 9 years. He brings a wealth of experience of RHP's communities through his 12 years as a Police Community Support Officer in the local area.

Declared interests: Owner of Pro Gloss Detailing.

JENINE LANGRISH

Board member

Jenine spent around 25 years working in the City, mainly as a UK equity fund manager responsible for looking after charitable funds. More recently she has held a number of non-executive roles with a variety of not for profit organisations. This included 9 years on the Board of Town and Country Housing Group, a housing association based in Tunbridge Wells, where she chaired their Investment and Finance committee. Jenine has lived in the Borough of Richmond for over 30 years and is delighted to be on the Board of RHP, her local housing association.

Declared interests: Jenine is a member of a number of local organisations (the Richmond Society, Friends of Richmond Park, Friends of Kew Gardens, Richmond & Twickenham Friends of the Earth). She sits on a committee (the Active Travel Advisory Group) for Richmond Council.

NIGEL TAYLOR

Board member

Nigel joined the RHP Board in July 2015. A local resident, he has dedicated more than 30 years' service to the property and construction industries. Nigel is a founder and Managing Director of Senatus Partners and Built Asset Performance and Chair of The GDM Group and Populo Living, having previously held roles with Carillion, Tarmac, Bam and Wimpey. He is a fellow of the Royal Institution of the Royal Institution of Chartered Surveyors and a Royal Engineer in the Engineer and Logistics Staff Corps (V).

Declared Interests: Nigel is a Lieutenant Colonel in the Engineer and Logistics Staff Corps (V), Non-executive Chair of The GDM Group Limited and Populo Living Limited and a Director and joint owner of The GDM Group Limited, Senatus Partners Limited and Built Asset Performance Limited.

SARAH WELLER

Board member

Sarah is Co-founder of Element, a consultancy helping organisations build resilience through Purpose, Innovation and Leadership, all with a sustainable lens. Over the past 15 years, Sarah has worked for some of the biggest businesses in the world, down to the smallest, always focused on innovation and digital. Sarah spent three years as a Director at ?What if! where she focused on social housing and healthcare. Prior to this Sarah ran a digital agency focused on digital strategy and product development.

Declared Interests: Co-ownership of Element Collective Ltd innovation consultancy: weareelement.com.

SUZANNE AVERY

Board member

Suzanne has over 20 years' extensive experience at the forefront of the real estate and housing finance sectors, formerly as Managing Director of the London Real Estate Finance Group & Sustainability at RBS, where she built a significant business which was awarded some of the largest and most complex UK real estate debt and capital markets transactions. She is now engaged in a range of corporate and charitable initiatives in the UK and internationally.

Declared Interests: Having held various board appointments over the last decade in healthcare and property related sectors including at A2 Dominion, Suzanne is currently Trustee of LandAid, senior advisor with Centrus, a Church Commissioner and Non Executive Director of LondonMetric Property Plc. Suzanne cofounded and is vice chair of Real Estate Balance Ltd.

CHRIS LING

Board member

Chris is a highly experienced CFO with over 25 years of senior finance roles across a wide range of industries and companies. He is the Group CFO of Park Holidays, the largest operator of holiday parks in the South of England. Prior to Park Holidays, Chris worked in a number of large FTSE listed businesses including Centrica where he was the Finance Director of both the residential and commercial energy supply businesses. He is a Chartered Accountant with a degree in Physics from Imperial College.

Declared Interests: Companies which form part of the Tiger Group.

JANE GALLIFENT

Board member

Jane Gallifent is the Director of Development & Sales at Aster Group bringing 30 years of experience in the delivering new homes across a wide range of tenure throughout the South East and West of England. Jane leads a team responsible for a large development programme ranging from S106 opportunities, land acquisition, Joint Ventures, Partnerships and Community Land Trusts and is on track to deliver over 10,000 homes over the next 7 years for the Group.

Declared Interests: Employee of Aster Housing Group.

CORPORATE GOVERNANCE & BOARD COMMITTEES

The RHP Board, which is our ultimate governing body, sets the overall aims and objectives of the RHP Group and ensures that RHP and its subsidiaries are meeting these and keeping within their legal and ethical obligations. The Board is also responsible for protecting and ensuring the financial wellbeing of the Group.

Co-op Homes (South) Limited is a subsidiary of RHP. RHP has the right to appoint members to the Board of Co-op Homes and thereby exercises control over it as a subsidiary.

RHP Finance plc is a 100% owned subsidiary of RHP which was incorporated in November 2014. Its purpose is the raising of funds for the Group from the capital markets through an own name bond issue. The four Directors of RHP Finance plc were appointed by the Board of RHP and consist of two RHP Non-Executive Directors, the Group Chief Executive and the Executive Director of Finance.

RHP Develop Limited and RHP Property Limited are 100% owned subsidiaries of RHP and were incorporated in March and April 2018 respectively. RHP Property Limited is currently dormant and has not traded in the financial year, however RHP Develop Limited has started trading and has available company accounts.

The detailed arrangements by which RHP exercises control and oversight of Co-op Homes, RHP Finance plc and its other subsidiaries is set out in the Group Management and Control Framework which has been adopted by both the Boards of RHP and Co-op Homes. This framework covers governance controls, operational controls, financial controls and Group internal controls.

Through a quarterly meeting cycle, the work of the RHP Board is supported by committees (which also meet four times per year, apart from Governance & Reward which meets at least twice a year), a structure which allows in-depth scrutiny of important strategic issues. The committees are:

- Service Delivery Committee (SDC).
- Group Audit Committee (GAC).
- Group Investment Committee (GIC).
- Governance & Reward Committee (G&RC).

THE EXECUTIVE GROUP AND MANAGEMENT TEAM

The RHP Group is managed by an Executive Group, comprising the Chief Executive, the Executive Director of Finance, Executive Director of Development, Executive Director of Customer Services and the Executive Director of People and Business Services. The Executive Group is supported by a Leadership Team which consists of service directors and a number of Heads of Service. These groups meet regularly to review performance and delivery of the Group's objectives.

For salary disclosure purposes, the Chief Executive and Executive Directors are referred to as directors; however, with the exception of the Chief Executive who is a Board member, they are not regarded as directors for legal purposes.

GDPR

The new GDPR legislation came into effect from 25th May 2018. We can confirm we are in compliance with the legislation.

CODE OF GOVERNANCE

During the year the Governance and Reward Committee carried out of a review of our governance arrangements and assessed its compliance with the National Housing Federation (NHF) Code of Governance (2015) which was adopted from April 2016.

The Committee reported to the Board and is pleased to confirm full compliance with the code.

During the year the Board of Co-op Homes (South) Limited carried out a review of its governance arrangements and assessed its compliance with the National Housing Federation (NHF) Code of Governance (2015). The Board confirms compliance with the code.

The Group Board has agreed to adopt the new NHF Code of Governance (2020) with effect from 1 April 2021. We will be reporting on its compliance in next year's financial statements.

ANTI-FRAUD, MONEY LAUNDERING AND ANTI-BRIBERY, CORPORATE CRIMINAL OFFENCES

The Board has confirmed its zero tolerance policy to fraud, bribery, money laundering, tax evasion or corruption of any kind. The Group continually reviews its Anti-Fraud and Bribery Policy and approach to corporate criminal offences and carries out training sessions to ensure a culture of fraud, bribery, tax evasion and money laundering risk awareness is in place in the organisation, and that employee responsibilities are clear.

A fraud register is maintained and is reviewed by the Group Audit Committee on a quarterly basis. Any fraud or attempted fraud is reviewed according to the Group's Anti-Fraud and Bribery policy and reported to Group Audit Committee and subsequently to the Board, with plans and actions for areas sensitive to the fraud. We can confirm there have been no instances of fraud in the financial year.

MODERN SLAVERY AND HUMAN TRAFFICKING

The Group is committed to understanding modern slavery risks and ensuring that we comply with our legal and regulatory responsibilities, including the Modern Slavery Act 2015. We take care to ensure that slavery and human trafficking does not exist in any part of the Group or its supply chain. RHP's full statement on modern slavery is available to download from the RHP website.

INTERNAL CONTROLS ASSURANCE

The Board has overall responsibility for the system of internal control and risk management across the Group and for reviewing its effectiveness. The Group Audit Committee is responsible on behalf of the Board for monitoring this system and reporting on its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. It can only provide reasonable, and not absolute, assurance against material misstatement or loss.

KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL FRAMEWORK INCLUDE:

- Board approved terms of reference and delegated authorities for Group Audit, Group Investment, Governance & Reward and Service Delivery Committees.
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks. The Executive Directors regularly consider reports on these risks and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

The framework is made up of:

- Internal audit assurance. The Group's internal audit function is delivered through a specialist third party organisation which has a direct reporting line to the Group Audit Committee. The internal audit programme is designed to review key areas of risk.
- Robust strategic and business planning processes, with detailed financial budgets and forecasts. These are reviewed and approved by the Board and actual performance versus budget/forecast is monitored throughout the year by the Executive Directors, the Board and the Group Investment Committee.
- Regular reporting to the Executive Directors, the Group Investment Committee and the Service Delivery Committee on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes. These reports and the outcomes of these reviews are reported to the Board at each meeting throughout the year.
- Formal recruitment, retention, training and development policies for all employees.
- Established authorisation and appraisal procedures for all significant new initiatives and commitments.
- A Treasury Management Policy, reviewed by the Group Investment Committee on an annual basis.
- A Board approved Whistle-Blowing Policy.
- Board approved Anti-Fraud, Anti- Bribery and Anti-Money Laundering Policies, covering prevention, detection and reporting of fraud, and the recovery of assets.
- Policies on payments & expenses to employees and Board members.

The Board cannot delegate ultimate responsibility for the system of internal control, but has delegated authority to the Group Audit Committee to regularly review the effectiveness of the system of internal control. The Board receives quarterly reports from the Group Audit Committee together with minutes of Group Audit Committee meetings.

The Group Audit Committee and Board have received the Chief Executive's annual review of the effectiveness of the system of internal control for the Group, and the annual report of the internal auditor. In their annual report, the internal auditors confirmed that the Group's systems of internal control continue to demonstrate a strong internal control environment.

The Board has reviewed the effectiveness of the system of internal control, including risk management, for the year to 31 March 2021 and up to the date of signing these financial statements. It has not identified any weaknesses sufficient to cause material misstatement or loss which require disclosure in the financial statements.

BOARD MEMBERS AND EXECUTIVE DIRECTORS

The present Board members and the Executive Directors of the Association are set out on page 3. The Board members are drawn from a wide background bringing together professional, commercial and local experience. Our Board is committed to RHP's culture, ethos, values and objectives.

As at 31 March 2021, the Board comprised 11 members, including the Chief Executive, with all members selected based upon the skills and experience that they can contribute.

The policy for selecting and appointing Board members and for admitting new shareholders is contained within RHP's Standing Orders and Delegated Authority Policy, Recruitment and Selection of Board Members policy, and Shareholder Membership Policy.

The Group has insurance policies that indemnify its Board members and Executive Directors against liability when acting for the Group.

The table below provides details of the meeting attendance of the Group Board during the year to 31 March 2021.

	Board	Group Investment Committee	Group Audit Committee	Governance and Reward Committee	Service Delivery Committee
No. of Meetings	**4**	**4**	**4**	**5**	**4**
John Newbury (Chair)	4/4	4/4	-	5/5	-
Suzanne Avery	4/4	4/4	-	5/5	-
Jane Gallifent	4/4	4/4	3/4	-	-
Jenine Langrish	4/4	-	4/4	5/5	4/4
Christopher Ling	4/4	4/4	4/4	-	-
David Done OBE	4/4	3/4	-	4/5	-
Toby D'Olier	4/4	-	-	-	4/4
Stephen Speak	4/4	3/3	-	1/1 (observer)	4/4
Nigel Taylor (Senior Independent Director)	3/4	-	-	5/5	-
Sarah Weller	4/4	-	3/4	-	4/4
Alex Molnar – appointed 20 December 2020	2/2	-	-	-	2/2

EXECUTIVE GROUP - CONTRACTS OF EMPLOYMENT

The Chief Executive and other Executive Directors are employed on the same terms as other employees and all have notice periods of six months.

There is a Governance and Reward Committee consisting of four Board members, including the Chair and Deputy Chair of the Board. The role of this Committee is to determine a comprehensive remuneration policy for the RHP Group that is appropriate to its needs and objectives, to set the Chief Executive's remuneration package and to oversee those of the other Executive Directors.

When determining the remuneration levels of the Executive Directors, the Committee pays close attention to terms and conditions in the sector. Basic salaries are set with regard to each Executive Director's responsibilities and pay levels for comparable positions. At the end of each year the Executive Directors, in common with all employees, are eligible for a bonus of up to 10% of their salary depending upon an assessment of both their individual, and the company's performance.

PENSIONS

The Governance and Reward Committee and the Board undertook a consultation process with all employees, however after detailed consideration, made the decision to close the Social Housing Pension Scheme (SHPS or 'the Scheme') Defined Benefit scheme in the UK to future accrual for current and prospective active members with effect from 1 April 2021.

THERE IS A GOVERNANCE AND REWARD COMMITTEE CONSISTING OF FOUR BOARD MEMBERS, INCLUDING THE CHAIR AND DEPUTY CHAIR OF THE BOARD.

RISK MANAGEMENT FRAMEWORK

RISKS

RHP's Board, Executive Group and Management Team consider our risk management framework to be vitally important to maintain safe and comfortable homes and achieve our strategy. Our approach to risk is strong and has been subject to external scrutiny from risk practitioners and through our in-depth assessment by the Regulator of Social Housing in 2019. However, we commit to continuously improve our risk analysis and practices with an ongoing improvement plan.

Group Audit Committee receives regular reports on our operational risks and changes in our risk profile or approach to managing risk, ensuring that the Board obtains robust assurance that our risks are being managed and mitigated effectively. Our risk management framework is used to design our internal controls and determine our internal audit programme.

As a result of the rapidly changing external environment and pressures on the sector, we continue to enhance our consideration of our risk profile, each specific risk and our mitigating actions. We note that the risks we face as a business remain broadly as before, however the probability and impact of their occurrence have increased in recent years.

These are the main strategic risks to the Group and how they are mitigated:

Risk area	Risk detail	Comments and Risk Mitigation
Health and safety related risks.	We place huge importance on ensuring the safety of our customers' homes. A significant health and safety failure by RHP which leads to the death or serious injury of a customer, employee, supplier or member of the public is the most important risk for the Group to manage and would have severe consequences. Depending upon the nature of the incident, such an event would likely result in regulatory action being taken against RHP by the Health and Safety Executive who could impose a significant fine and reputational damage amongst customers and external stakeholders. During the recent lockdown a key risk to maintaining health and safety compliance has been customers providing access for essential Health and Safety work. We consider it essential to continue making every effort to complete all essential health and safety visits and remedial work. There is a risk that one or more of our key suppliers is unable to continue essential health and safety work and we are continually evaluating the likelihood of this and establishing mitigation plans.	We have a dedicated health and safety team in place, which provides guidance and support to the Group and active monitoring of our programme of compliance checks and remedial work. An employee Health and Safety Committee meets bi-monthly with the Management Team and Executive Group receiving a quarterly report, and the Board receiving monthly updates and an annual report. A comprehensive rolling cycle of statutory servicing takes place using appropriately accredited contractors with performance tracked through our performance reporting framework on a monthly basis. We are mindful of the importance of good quality data in order to ensure the robustness of this programme of works and continue our focus on the completeness and accuracy of this data. We ensure the safety of our customers and our employees through a rigorous process of health and safety management and training. Our procurement processes ensure that all contractors demonstrate competence in Health and Safety practices before appointment. Our internal audit programme covers key areas each year where we have a duty of care to our customers including fire and gas safety, water testing, asbestos recording and handling, safety on construction sites and electrical safety. We have provided a detailed and robust response to the tragic events at Grenfell with additional fire risk assessment activity, a programme of retro fitting of sprinklers and replacement of cladding on the one property in our portfolio that is affected. We are continually reviewing changes in legislation, guidance and regulation following the Grenfell review and aim to implement any required actions as quickly as possible. We are continuing fire safety improvements to homes and our programmes of safety checks during the current lockdown and are vigilant of any impact on our activity due to COVID-19. We are keeping detailed records of our attempts to access customers' homes during lockdown.

Risk area	Risk detail	Comments and Risk Mitigation
Income related risks.	The economic impact on so many individuals and families as a result of the current pandemic will have consequences for many years to come. The risk to our rental income collection remains for the foreseeable future as customers struggle to manage their budgets. We have seen a significant increase in the number of customers claiming Universal Credit since lockdown in March 2020 and anticipate that will continue to increase as the Furlough scheme comes to an end. The suspension of the eviction process is also resulting in a small number of customers who are allowing significant debts to build and despite our best efforts, we are not able to agree payment plans. In order to manage the nation's finances, we anticipate the government will consider future rent increase levels with the potential for a reduction in the level of future increases. As a result of current economic uncertainty and end of the stamp duty holiday, we retain a watchful eye on the property market, to ensure we implement any mitigation plans early on our shared ownership sales portfolio and have implemented tenure switch in 2020 in order to mitigate the risk of slower sales.	A detailed action plan for minimising arrears and helping customers sustain their tenancies is being delivered and we are adopting a flexible and empathetic approach for customers unable to pay their rent due to the impact of COVID-19. We maintain a focus on reducing arrears and continually improving our service to customers wanting to pay their rent. A robust process of cashflow forecasting is in place which covers the short, medium and long term requirements in order that liquidity requirements can be actively managed. We are always compliant with our treasury management policy and have facilities in place 12-18 months in advance of anticipated need with cashflow forecasts being reported monthly to the Executive Group and quarterly to the Board. We have carried out additional stress testing in the event of rent reductions being re-introduced and slower sales of our shared ownership properties as a result of the economic downturn. For developments where shared ownership is part of the tenure mix, we perform additional sensitivity testing on the impact of a downturn in the market and have detailed mitigation strategies for each development.
External political, policy and economic environment.	An uncertain and rapidly changing political and policy environment and an increasing political focus on housing makes it more problematic for organisations to make long term investment decisions. Housing is high on the political agenda and continuing changes are likely. Recent publications of the Social Housing White paper, Code of Governance 2020 and draft Building Safety Bill provide reassurance of direction of government policy and we are well placed to meet the demands of these changes, however need to ensure continually evolve our thinking and listen to our customers to avoid complacency.	The Board receives briefings on the external policy environment on a timely basis to enable them to consider how emerging policies might impact upon our strategic direction. RHP's annual treasury strategy considers the funding needs of the business in the context of wider market conditions with funds put in place well in advance of need in order to provide certainty for the future of the business.

Risk area	Risk detail	Comments and Risk Mitigation
Cost related risks including pension costs and inflation rates.	Due to the pandemic we face the risk of significant economic uncertainty and uncertain levels of inflation. The impact of Brexit on availability of components is an area of continued concern. This coupled with an increased demand for technology and resources to ensure improvement in our property portfolio in order to combat climate change will likely lead to an inflationary impact on key spend areas within the sector. We continue to see increasing costs of sustaining pensions arrangements for employees.	We have taken significant steps as a group to reduce our cost base to mitigate the impact of 2016-2020 rent reduction but also ensure we are lean and agile. Work continues to reduce costs through further automation and the use of collaborative procurement framework agreements. We monitor our cost base closely and report regularly to the Board through key performance indicators and management accounts. We have undertaken additional stress testing based on the outlook since the lockdown in March 2020. We are anticipating a significant increase in the cost of sustaining defined benefit pension schemes which has led to the difficult decision to close all defined benefit schemes in the group to future accrual.
Finance and funding risks including those associated with breaches of funder covenants.	Failure to comply with banking covenants for existing debt and an inability to be able to secure new funding well in advance of need are key risks for the Group as this would inhibit our ability to build new homes.	Compliance with funder covenants are closely monitored and are reported within the monthly management accounts and quarterly reports to the Group Investment Committee. We are not anticipating any breach in banking covenants in our short or long term planning. We do however undertake detailed stress testing to understand the impact on the business as a result of any of the risks facing the business becoming a reality. The potential mitigating actions required in order to deliver corrections are also then reviewed to ensure we know what actions we would need to take in order to restore financial viability if required. Our debt portfolio and minimum cash balance requirements ensure that we have sufficient liquidity at low rates of interest to deliver our committed development ambitions and keep our business safe. Our strong underlying credit rating and broader investor base now provide greater diversification of funding options for the organisation going forward.
Risks of loss of our organisational culture.	We continue to review and adjust our business and its delivery model. Any change leads to a degree of uncertainty amongst employees with the risk that RHP's culture and high levels of employee engagement are threatened. We intend the circumstances around COVID-19 to strengthen our culture and our employees have responded flexibly to ensure our workforce is utilised in a balanced way to address the restrictions and pressures in difference areas of our service.	We regularly test levels of employee engagement through employee engagement surveys and more frequent pulse checks. The results of these are then used to inform our activities aimed at protecting and enhancing our corporate culture and employee engagement levels. Our learning and development activities and approach to recruitment aim to develop talent internally with opportunities created to enable professional and personal development. Our particular focus in 2021 remains providing employees with the tools they require to maintain good mental health given the current strains of the pandemic. The clear "golden thread" from our strategic goals, annual priorities and individual objectives ensures that all employees have a clear connection with what the organisation is trying to achieve. Our individual and corporate bonus arrangement is clearly linked to achievement of both individual and corporate objectives. RHP regularly keeps its approach to recruitment and retention under review through its Governance and Reward Committee which meets three times a year. The risk to our employees from COVID-19 has been reduced wherever possible through remote working and altered hours of operation on our estates.

Risk area	Risk detail	Comments and Risk Mitigation
Reputational risk including those associated with a significant health and safety failure, the failure of a development scheme, or a poorly managed stock investment programme.	A significant health and safety failure, failure of a development scheme or adverse publicity regarding our stock investment programme could cause reputational damage to RHP Group. Depending upon the nature of the event this may lead to regulatory action being taken against the Group and the organisation becoming less attractive to funders and partners. As a result of the recent pandemic, there is an increased risk of insolvency of a key development partner and cashflow impact in order to finish a scheme.	Health and Safety activities are managed very closely with assurance provided to the Executive and Board through a range of measures. Our internal audit programme regularly reviews our internal controls across our business which in 2020/21 included: ▸ Health and Safety ▸ Treasury Management ▸ Contractor Management ▸ Rent and Service Charge Setting ▸ Stock Data Management ▸ Cyber Security, Disaster Recovery and Data Security Our development programme is managed by a skilled in-house team with the support of technical advisors as required. Procurement of contractors and consultants is robust, and we are reviewing our development partners business health on an ongoing basis. Our internal audit programme covers an aspect of our development function each year. Progress with our development programme is reported to our Executive Group monthly and our Group Investment Committee and Board on a quarterly basis.
Asset related risks.	Ensuring we have a complete and frequently updated assets and liabilities register is critical in terms of regulatory compliance. Our key asset is that of our stock portfolio. A robust understanding and close management of our portfolio including a cost-effective maintenance and stock investment programme are critical to ensuring adherence to the Home and other consumer standards and health and safety compliance.	We have an "Assets and liabilities data room" and policies and procedures to ensure it is kept up to date. Our asset management strategy and steering group provide further focus on effective management of this area. This includes stock condition surveys, thirty year capital replacement programme, continual improvement of data quality, effective management of voids and a disposals strategy. This steering group is leading the programme of activity in ensuring the required improvement in energy efficiency of our portfolio by 2030. These tools are used to implement our approach to selective property disposal, ensuring assets are only disposed of where this releases substantial capacity for developing new homes.
Data protection and IT security risks.	The pressure exerted by the external environment on our IT and data security continues to grow and become more sophisticated. Continued improvements in vigilance, protection systems, training and awareness are critical to protect our customers, employees and business continuity.	A detailed suite of activities are regularly undertaken to assess and improve our management of these threats. This includes third party penetration testing of our networks and other relevant external advice. A framework of service level agreements is in place with key suppliers and system providers to ensure there is an appropriate response in the event of failure of any part of our network. A robust business continuity plan is in place which is regularly tested. Regular training on data and cyber protection is provided to employees and managers with specific focus on those areas where personal customer and employee data is held. We have undertaken a detailed and robust review of our approach and processes to ensure compliance with the GDPR legislation, however ongoing vigilance, focus and improvements will be necessary to ensure this risk is well managed. Risks of phishing scams have increased during the lockdown and we maintain extra vigilance and redoubled our activity to keep employees appropriately trained and aware of the risks.

STATEMENT OF THE RESPONSIBILITIES OF THE BOARD

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

The Co-operative and Community Benefit Society Act 2014 requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) including the financial reporting standard 'FRS 102'.

Under the Co-operative and Community Benefit Society Act 2014 the Board must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Group and Association for that period. In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and accounting estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and the Housing SORP 2018, Statement of Recommended Practice Registered Housing for registered social housing providers, have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply 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. The Board is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on RHP's website in accordance with UK legislation governing the preparation and dissemination of financial statements. This may vary from legislation in other jurisdictions. The Group Board's responsibilities extend to the maintenance and integrity of the corporate and financial information included on the Group's website.

DONATIONS

The Group made no charitable or political donations during the year under review (2019: nil).

GOING CONCERN

The Board reviews RHP Group's business plan at least every 6 months and have been content that these plans are affordable and that the accounts should be prepared on a going concern basis.

The impact of the COVID-19 outbreak and its financial effect has meant that the Executive Team and Board have been reviewing revised financial plans for the next five years more frequently reflecting updated economic information to ensure RHP Group can remain a going concern. The uncertainty created for the organisation at the beginning of the pandemic led to an immediate attention and focus on forward looking financials. We reforecast our annual performance on a monthly basis, reconsidered our cashflow requirements weekly and re-modelled our 30 year business plan and stress testing every fortnight. Our Board's attention to these forecasts and liquidity levels ensured appropriate scrutiny in these difficult times. Our modelling included significant reductions in rent collected, reversals in government rent inflation legislation, significant cash requirements for failing developments or other supplier support and substantial slow downs in development and sales programmes.

This additional scrutiny has delivered some excellent lessons for the organisation and has proven our financial resilience under more extreme conditions.

As a result of the levels of uncertainty both through the last year and into the future, we enacted our next step in our long term treasury strategy and in September 2020 approached the bond market for a further £100m tap of our existing 2048 Bond. This was a heavily oversubscribed transaction and after concluding we would retain £25m for further funds in the future, delivered £97.1m of funds at an all-in yield of 1.787%.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities, totalling £122m, the Board believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Group'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.

The Group Board approves the RHP Group financial plan which is submitted annually to the Regulator in the form of a Financial Forecast Return (FFR). The Group Board is satisfied that the plan is robust and can maintain covenant compliance throughout. The plan can withstand composite risk events occurring without breaching lender covenants which confirms the future viability of the Group.

STATEMENT OF COMPLIANCE

The strategic report has been prepared in accordance with applicable reporting standards and legislation. The Group Board also confirms that the Group has complied with the RSH's Governance and Financial Viability Standard throughout the period and up to the date of this report.

AUDITOR

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 association'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. A resolution for the re-appointment of BDO LLP as auditors of the Association is to be proposed at the forthcoming Annual General Meeting.

ANNUAL GENERAL MEETING

The annual general meeting will be held via video conference on Thursday 28 July 2021.

The report of the Board was approved by the Board on 8 July 2021 and signed on its behalf by:

John Newbury
Group Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RHP

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 Richmond Housing Partnership 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 Reserves, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

INDEPENDENCE

Following the recommendation of the Group audit committee, we were appointed by the board on 16 March 2017 to audit the financial statements for the year ending 1 March 2017 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 5 years, covering the years ending 31 March 2017 to 31 March 2021.

We remain independent of the Group and the Parent 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 as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Association.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Board's assessment of the Group and the Parent Association's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's assessment that supports the Board's conclusions with respect to the disclosures provided around going concern;
- We considered the appropriateness of management's forecasts by reviewing and assessing assumptions applied by management, assessing historical forecasting accuracy and understanding management's consideration of downside sensitivity analysis;
- We obtained an understanding of the financing facilities from the finance agreements, including the nature of the facilities, covenants and attached conditions;
- We assessed the facility and covenant headroom calculations, and re-performed sensitivities and stress testing; and
- We reviewed the wording of the going concern disclosures, and assessed its consistency with management's forecasts.

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 entity'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.

OVERVIEW

Coverage	We audit all entities within the group: 100% (2020: 100%) of Group profit before tax 100% (2020: 100%) of Group revenue 100% (2020: 100%) of Group total assets		
Key audit matters		**2021**	**2020**
	Net realisable value of property developed for sale	Yes	Yes
	Going Concern	No	Yes
	Going concern is no longer considered to be a key audit matter as the impact of COVID-19 is no longer considered a significant risk to the entity.		
Materiality	**Group financial statements as a whole** £1.4m based on 7.5% of adjusted operating surplus. In 2020 financial statement materiality was £6.4m based on 1.5% of total assets and specific materiality was £1.6m based on 7.5% of adjusted operating surplus.		

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Board that may have represented a risk of material misstatement.

Audit work on all components was performed by BDO UK both for the purposes of reporting on the individual financial statements and for group/consolidation purposes.

We identified two components which, in our view required an audit of their complete financial information for group purposes due to their size or risk characteristics and were therefore considered to be significant components. RHP Finance PLC was identified as a significant component due to its risk characteristics and Co-Op Homes (South) Limited due to its size.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Net realisable value of property developed for sale and letting	As explained in the accounting policies as per Note 1A and 1B, properties developed for sale, including shared ownership first tranches and properties developed for outright sale, are measured at the lower of cost and net realisable value resulting in an amount recognised in the balance sheet of £10.8m. For properties in development at the balance sheet date, see Note 17, an assessment is needed of an anticipated selling price and a determination of the expected costs to complete. Due to the volume of properties developed for sale and letting and the level of judgement there is inherent estimation uncertainty for both sales proceeds and costs to complete we consider there is a significant risk that the carrying amount of properties developed for sale is misstated and was therefore a key audit matter.	Having obtained management's assessment of the net realisable value of properties developed for sale, we tested this on a sample basis. Our samples were chosen from the populations of items that represented both developments under construction as well as completed developments at year-end. For a sample of completed properties, we agreed the amounts involved to supporting documentation where the property was sold post year-end. Where the property was not yet sold we obtained third-party housing market information to confirm that properties were held at the lower of cost and net realisable value. For a sample of properties under development, we obtained details of the expected costs to complete from the scheme budget for that development and agreed the budgeted contracted cost of the development to the latest contract documentation. We examined supporting documentation for anticipated sales proceeds and we compared the incurred expenditure to the balance sheet date to the estimated amount at that date. We also assessed the accuracy of cost forecasting by looking at costs incurred to date post year end as well as outturn costs compared to budget on schemes that completed in the year. Key observations: Based on the evidence obtained we did not identify any indications that the assessments of the recoverable amount made by management were inappropriate.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	GROUP FINANCIAL STATEMENTS		PARENT ASSOCIATION FINANCIAL STATEMENTS	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Materiality	1,367	6,229	1,277	6,110
Basis for determining materiality	7.5% of adjusted operating surplus	1.5% of total assets	7.5% of adjusted operating surplus	1.5% of total assets
Performance materiality	1,025	1,178	958	1,106
Basis for determining performance materiality	75% of materiality	75% of materiality	75% of materiality	75% of materiality

RATIONALE FOR THE MATERIALITY BENCHMARK APPLIED

The benchmark used for the current year materiality is adjusted operating surplus. Adjusted operating surplus is of particular interest to the users of the financial statements as it is a term defined for the purposes of the entity's lending covenants. This involves adjusting operating profit for depreciation, amortisation, capitalised major works and the net profit/loss on non-outright sale properties.

SPECIFIC MATERIALITY

In the prior year, we also determined that for Richmond Housing Partnership Limited, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items based on 7.5% of adjusted operating surplus. We further applied a performance materiality level of 75% of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

COMPONENT MATERIALITY

A full scope statutory audit was carried out for each subsidiary. We set materiality for each component dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £17,000k to £430,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

REPORTING THRESHOLD

We agreed with the audit committee that we would report to them all individual audit differences in excess of £55k (2020:£63k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The board are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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 Strategic and Financial Report, the report on Corporate Governance and Board Committees, the report on Risk Management Framework and the Statement of Responsibilities of the Board and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

RESPONSIBILITIES OF THE BOARD

As explained more fully in the statement of responsibilities of the Board, set out on page 48, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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:

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to their registration with the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Accounting Direction for Private Registered Providers of Social Housing and tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including 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.

The audit procedures to address the risks identified included:

- Challenging assumptions made by management in their significant accounting estimates and judgements in relation to the impairment, useful lives of depreciable assets, fair value measurement of investment properties, shared ownership, recovery of properties developed for sale and pension defined benefit scheme obligations;
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management and journals posted after the year end;
- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud; and
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Regulator of Social Housing

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.

E Kulczycki

Elizabeth Kulczycki, Senior Statutory Auditor

For and on behalf of BDO LLP

Gatwick

United Kingdom

Date: 19 July 2021

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

STATEMENTS AND NOTES

Statement of Comprehensive Income

FOR THE YEAR TO 31 MARCH 2021

		GROUP		ASSOCIATION	
	Note	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Turnover	2	64,330	58,079	61,302	55,150
Cost of sales	2	(5,523)	(1,130)	(5,523)	(1,130)
Operating costs	2	(40,279)	(37,359)	(38,201)	(35,341)
Gain on sale of fixed assets	2,5	553	2,905	553	2,520
Operating surplus	2	**19,081**	**22,495**	**18,131**	**21,199**
Interest receivable and other income	7	41	102	50	114
Interest payable	8	(6,878)	(18,714)	(6,859)	(18,677)
Movement in fair value of investment properties	15	(749)	4	(749)	4
Surplus before tax		**11,495**	**3,887**	**10,573**	**2,640**
Taxation	11	-	-	-	-
Surplus for the year		**11,495**	**3,887**	**10,573**	**2,640**
Actuarial (loss)/gain on pensions	9	(4,381)	3,427	(3,975)	2,967
Total comprehensive income for the year		**7,114**	**7,314**	**6,598**	**5,607**

The results relate wholly to continuing activities.

The notes on pages 62 to 102 form part of these financial statements.

Statement of Financial Position

AS AT 31 MARCH 2021

		GROUP		ASSOCIATION	
		2021	2020	2021	2020
FIXED ASSETS	Note	£'000	£'000	£'000	£'000
Tangible fixed assets – housing properties	12	402,325	387,451	382,258	367,299
Other tangible fixed assets	13	5,920	6,622	5,894	6,583
Intangible fixed assets	14	2,472	1,475	2,472	1,475
Investment properties	15	7,236	7,401	7,236	7,401
Investments in subsidiaries	16	-	-	13	13
		417,953	**402,949**	**397,873**	**382,771**
CURRENT ASSETS					
Properties held for sale	17	10,759	13,648	10,759	13,648
Trade and other debtors	18	3,758	3,991	4,003	5,017
Cash and cash equivalents		62,941	7,090	61,466	5,796
		77,458	**24,729**	**76,228**	**24,461**
Creditors: amounts falling due within one year	19	(16,424)	(19,779)	(15,508)	(19,080)
Net current assets		**61,034**	**4,950**	**60,720**	**5,381**
Total assets less current liabilities		**478,987**	**407,899**	**458,593**	**388,152**
Creditors: amounts falling due after more than one year	20	(341,588)	(281,613)	(331,411)	(271,248)
Provision for liabilities	27	(94)	(97)	-	-
Net pension liability	9	(9,682)	(5,680)	(9,072)	(5,392)
Total net assets		**127,623**	**120,509**	**118,110**	**111,512**
RESERVES					
Share capital	28	-	-	-	-
Income and expenditure reserve		127,623	120,509	118,110	111,512
Total reserves		**127,623**	**120,509**	**118,110**	**111,512**

The notes on pages 62 to 102 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of directors on 8 July 2021 and signed on its behalf by:

John Newbury
Chair

Christopher Ling
Chair of Group Audit Committee

David Done OBE
Chief Executive

Lucy Graley
Company Secretary

Statement of Changes in Reserves

FOR THE REPORTING DATE TO 31 MARCH 2021

GROUP	Income and expenditure reserve £'000
Balance at 31 March 2019	**113,195**
Surplus for the year	3,887
Actuarial gain on defined benefit pension scheme	3,427
Balance at 31 March 2020	**120,509**
Surplus for the year	11,495
Actuarial loss on defined benefit pension scheme	(4,381)
Balance at 31 March 2021	**127,623**

ASSOCIATION	Income and expenditure reserve £'000
Balance at 31 March 2019	**105,905**
Surplus for the year	2,640
Actuarial gain on defined benefit pension scheme	2,967
Balance at 31 March 2020	**111,512**
Surplus for the year	10,573
Actuarial loss on defined benefit pension scheme	(3,975)
Balance at 31 March 2021	**118,110**

The notes on pages 62 to 102 form part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2021

CASH FLOWS FROM OPERATING ACTIVITIES	2021 £'000	2020 £'000
Operating surplus for the year	19,081	22,495
Depreciation charges and impairment	8,711	7,033
Decrease/(Increase) in properties for sale	2,889	(772)
Decrease in debtors	233	158
Difference between net pension expense and cash contribution	(379)	(139)
Release of social housing grant	(433)	(448)
Increase in creditors	23,238	(364)
Dilapidation provision released	(3)	(6)
Net cash generated from operating activities	**53,337**	**27,957**

CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase and improvement of housing properties	(22,269)	(27,699)
Social housing grant received	870	4,912
Purchase of other fixed assets	(1,556)	(968)
	(22,955)	**(23,755)**

CASH FLOW FROM FINANCING ACTIVITIES		
Interest received	41	102
Interest paid	(7,517)	(20,715)
Drawdown of loans	106,946	86,953
Repayments of borrowings	(74,000)	(74,000)
	25,470	**(7,660)**
Net change in cash and cash equivalents	**55,851**	**(3,458)**
Cash and cash equivalents at the beginning of the year	**7,090**	**10,548**
Cash and cash equivalents at the end of the year	**62,941**	**7,090**

The notes on pages 62 to 102 form part of these financial statements.

LEGAL STATUS

RHP is a Public Benefit Entity, registered in the United Kingdom under the Co-operative and Community Benefit Societies Act 2014 (No IP030939) and with the Regulator of Social Housing (L4279) as a social housing provider.

1A. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for RHP includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland," the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, the Accounting Direction for Private Registered Providers of Social Housing 2019.

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

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

The Board is satisfied that the current accounting policies are the most appropriate for the Group.

The financial statements are presented in Sterling (£).

PARENT COMPANY DISCLOSURE EXEMPTIONS

In preparing the financial statements of the parent company, the Association has taken advantage of the following disclosure exemptions available under FRS 102:

- only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the Association would be identical
- no cash flow statement has been presented for the Association
- disclosures in respect of the Association's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole
- no disclosure has been given for the aggregate remuneration of the key management personnel of the Association as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

BASIS OF CONSOLIDATION

The consolidated financial statements of the RHP Group incorporate the financial statements of RHP, Co-op Homes (South) Limited, another community benefit entity, RHP Finance Plc, a public limited company registered on the London Stock Exchange, RHP Property Ltd and RHP Develop Ltd as if they were a single entity. Intercompany transactions and balances between companies are eliminated in full.

GOING CONCERN

The Board reviews RHP Group's business plan at least every 6 months and have been content that these plans were affordable and that the accounts should be prepared on a going concern basis.

The COVID-19 outbreak and corresponding economic uncertainties has meant that the Executive Team and Board have been reviewing revised financial plans for the next five years more frequently reflecting updated economic information to ensure RHP Group can remain a going concern. RHP Group has modelled a number of scenarios based on current estimates of rent and collection levels, property sales and maintenance and development spend. The Board will continue to review mitigation plans with the Executive Team to make the necessary changes to continue to work with our customers and stakeholders to deliver exceptional services.

Although at time of writing we are exiting lockdown, we remain cautious about the ongoing economic uncertainty and continue to stress test our forward looking plans. These stress tests do however show RHP to be a going concern despite significant pressures and do not show a likely breach of banking and lending covenants. We are confident therefore to prepare the accounts on a going concern basis.

TURNOVER

Turnover comprises rental income receivable in the year, net of rent and service charge losses from voids, proceeds from shared ownership first tranche sales measured at the fair value of the consideration received or receivable, sales of properties built for sale and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

1A. ACCOUNTING POLICIES (CONTINUED)

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Government grants are accounted for using the accrual method and non-government grants are accounted for using the performance method. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

OPERATING SEGMENTS

There are publically traded securities within the Group and therefore a requirement to disclose information about the Group operating segments under IFRS8. Segmental information is disclosed in note 3 and as part of the analysis of housing properties in note 12. Information about income, expenditure and assets attributable to material operating segments are presented on the basis of the nature and function of housing assets held by the Group rather than geographical locations. As permitted by IFRS 8 this is appropriate on the basis of the similarity of the services provided, the nature of the risks associated, the type and class of customer and the nature of the regulatory environment across all of the geographical locations in which the Group operates. The Group Board do not routinely receive segmental information disaggregated by geographical location.

TAX

The tax expense for the period comprises current and deferred tax. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

VAT

RHP and Co-op Homes are registered as a VAT group. A large proportion of RHP's income comprises rental income, which is exempt for VAT purposes and gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT. Recoverable VAT arising from partially exempt activities is credited to the consolidated Statement of Comprehensive Income. RHP Develop Limited is registered with HMRC for VAT and sits outside the RHP VAT Group and the VAT is fully recoverable.

EMPLOYEE BENEFITS

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are shown as an operating expense in the surplus for the year during which the services are rendered by employees.

The Group participates in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and the Wandsworth Council Pension Fund (WCPF) (Previously London Borough of Richmond Pension Fund (LBRPF)).

There are 3 schemes provided by SHPS, final salary defined benefit and career average (CARE) and defined contribution. The former 2 schemes are closed to future accrual due to changes enacted with effect from 1 April 2021. The latter scheme is open to new members.

RHP was part of the London Borough of Richmond Upon Thames Pension Fund which has now merged with the Wandsworth Council Pension Fund, and so Richmond Housing Partnership participates in the merged Wandsworth Council Pension Fund. The WCPF is now closed to future accrual.

The employer contributions in respect of the defined contribution scheme are charged to the statement of comprehensive income as they are incurred.

For financial years ending on or after 31 March 2019, sufficient information is available to account for the obligations in SHPS on a defined benefit basis. The defined benefit schemes provided by SHPS and WCPF are accounted for using defined benefit accounting.

Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. Under defined benefit accounting, the current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

1A. ACCOUNTING POLICIES (CONTINUED)

HOLIDAY PAY ACCRUAL

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

HOUSING PROPERTIES

Housing properties which are either constructed or acquired are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest capitalised during the development period, directly attributable administration costs and expenditure incurred in improving or reinvesting in existing properties.

Housing properties for rent are split between land, structure and major components with a substantially different economic life. Housing properties in the course of construction are stated at cost and are not depreciated. They are transferred to completed properties when they are ready for letting or sale.

Shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset. The fixed asset portion is split between land and structure as the rights and obligations towards improving the property reside with the resident.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements. Only the direct overhead costs associated with new developments or improvements are capitalised. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Gains and losses on disposals of housing properties are determined by comparing the proceeds with the carrying amount and incidental costs of sales and recognised within gain/loss on disposal of fixed assets in the consolidated statement of comprehensive income.

Interest on borrowings is capitalised to housing properties during the course of construction up to the date of completion of each scheme. Where housing properties are in the course of construction, finance costs are only capitalised where construction is on-going and has not been interrupted or terminated. For the period ending 31 March 2021, interest has been capitalised at an average rate of 3.10% (2020: 3.57%) which reflects the weighted average effective interest rate on the Group's borrowing.

DEPRECIATION OF HOUSING PROPERTIES

Freehold land is not depreciated on account of its indefinite useful economic life. Depreciation is charged on a straight-line basis over the expected economic useful lives of each component part of housing properties.

The portion of shared ownership property retained or expected to be retained is not depreciated on account of the high residual value. Neither the depreciable amount nor the expected annual depreciation charge for such assets is considered material, individually or in aggregate.

The Group's housing properties held on leases are amortised over the life of the lease or their estimated useful lives in the business if shorter. Housing properties are split between the structure and the major components which require periodic replacement.

The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life on a straight-line basis as follows:

Structure	100 years
Kitchens and doors	20 years
Bathroom and windows	30 years
Central Heating and sprinklers	15 years
Electrical and water tanks	40 years
Lifts	25 years
Roofs	50 years

DONATED LAND

Land and other assets donated by local authorities and other government sources are added to cost at the fair value of the land at the time of the donation.

OTHER TANGIBLE FIXED ASSETS

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

1A. ACCOUNTING POLICIES (CONTINUED)

Depreciation is provided on a straight-line basis on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives which are as follows:

Office Building	95 years
Furniture, fixtures and fittings	8 years
Computers and office equipment	3 to 7 years
Motor vehicles	3 years

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

INTANGIBLE FIXED ASSETS

Intangible fixed assets are stated at cost less amortisation. Amortisation is provided on a straight-line basis on the cost of software to write them down to their estimated residual values over the expected useful lives of 3 to 7 years.

INVESTMENT PROPERTIES

Investment properties consist of commercial properties (shops) and other properties (rental space in main office building) not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in income or expenditure.

Under the original section 16, FRS102 required the Association to account for the floor space that its subsidiary, Co-op Homes (South) Limited, occupies at 8 Waldegrave Road as a tangible fixed asset. RHP has elected to account for the floor space as a tangible fixed asset in both the Association and Group accounts and to use the historical cost and depreciate as if the amount was always held at cost in both the Association and Group financial statements.

INVESTMENT IN SUBSIDIARIES

Investments in subsidiaries are measured at cost less accumulated impairment. RHP holds 50,000 £1 ordinary shares in RHP Finance Plc, part subscribed at 25p. RHP holds 1 £1 ordinary share in RHP Develop Limited and RHP Property Limited.

PROPERTIES FOR SALE AND STAIRCASING

Under low cost home ownership arrangements, the Group disposes of a long lease on low cost home ownership housing units for a share ranging between 25% and 75% of value. The Buyer has the right to purchase further proportions up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Low cost home ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover. The remaining element, "staircasing element", is classed as Property Plant and Equipment and included in completed housing property at cost less any provision for impairment.

Sales of subsequent tranches are treated as a part disposal of property and included in operating surplus. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

For shared ownership accommodation that the Group is responsible for, it is the Group's policy to maintain them in a continuous state of sound repair. Maintenance of other shared ownership properties is the responsibility of the shared owner. Any impairment in the value of such properties is charged to the Statement of Comprehensive Income.

FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial Instruments are initially recorded at transaction price less issue costs. Subsequent measurement depends on the designation of the instrument as follows: Bonds, loans, short term borrowings and overdrafts are held at amortised cost where they meet the relevant criteria of section 11 of FRS102.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at the undiscounted value of amounts expected to be received. Any losses arising from impairment are recognised in the income statement in other operating expenses.

1A. ACCOUNTING POLICIES (CONTINUED)

The bond is classified as a basic financial instrument as per Section 11, Financial Reporting Standard 102 (FRS 102). The bond will be held long term, is non-speculative, and has a positive fixed interest rate.

After the amounts are recognised at the initial transaction price, these loans are measured at amortised cost. The 2020 bond transactions were sold at a premium. This premium is held as a notional amount of loan on the balance sheet and amortised annually.

CASH

Cash and cash equivalents in the Group's Consolidated Statement of Financial Position consists of cash at bank, in hand, and deposits accounts with instant access.

SOCIAL HOUSING GRANT

Social housing grant (SHG) is receivable from the Greater London Authority (GLA). Grants received for housing properties are recognised as income over the useful life of the housing property structure and, where applicable, its individual components (excluding land).

SHG due from the GLA or received in advance is included as a current asset or liability. SHG is subordinated to the repayment of loans by agreement with the GLA. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grants Fund and included in the balance sheet in creditors.

OTHER GRANTS

Other grants include grants from local authorities. Grants in respect of revenue expenditure are credited to other comprehensive income when performance conditions are met, or entitlement occurs.

PROVISIONS

The Group has recognised provisions for liabilities of uncertain timing or amounts including those for major repairs on stock transfers, overage for gap funding and restructuring. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Co-op Homes leases for temporary social housing properties contain repair covenants relating to the upkeep of the properties. These lease covenants can give rise to dilapidation works or claims during or at the end of the related lease.

Co-op Homes accounts for these costs in accordance with FRS 102 (provisions and contingencies) which requires a provision to be recognised when there is an obligation at the reporting date regarding works or repairs at the related property.

CONTINGENT LIABILITIES

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

1B. SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

IMPAIRMENT

In considering whether there is an impairment of the Group's tangible and intangible assets, factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of larger cash generating unit, the viability and expected future performance of that unit.

Management have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. Management have also considered impairment based on their assumptions to define cash or asset generating units.

The impairment calculation is carried out on the units according to their tenure as this was the smallest identifiable group of assets within the scheme (each tenure deemed to be a cash generating activity in accordance with FRS102). The recoverable amount of an asset is considered by FRS102 to be the higher of its value in use and its fair value less costs to sell.

We have conducted an impairment review of our housing properties, considering economic conditions, changes to our projected income, prevailing void rates and any changes in use. We have recognised an impairment of £1.3m for Informer House, Onslow Mills and Staines Road. A review has been performed relating to the performance of all development schemes in 2020/21 and a valuation at 31 March 2021 determined that the MV-VP of the shared ownership units and the indicative EUV-SH valuation of the rented units were lower than the carrying values for these 3 schemes, resulting in impairment.

1B. SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

USEFUL LIVES OF DEPRECIABLE ASSETS

Management reviews its estimates of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent home standards which may require more frequent replacement of key components. The expenditure to retrofit sprinklers at our extra care scheme at Dean Road has been capitalised as a component with a useful life of 15 years.

FAIR VALUE MEASUREMENT – INVESTMENT PROPERTIES

Applying section 16.2 Financial Reporting Standard 102 (FRS 102), sub-leases with tenants at the head office and the small portfolio of commercial units are classified as investment properties.

After recognising the properties at their initial cost, each reporting period requires the properties to be measured at fair value. Management instruct a reputable valuation firm to carry out their assessment of value with any movement being recognised in other comprehensive income. The fair value of investment properties was £7.2m at 31 March 2021 (2020: £7.4m).

The outbreak of COVID-19, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Nevertheless, as

at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, the valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

SHARED OWNERSHIP

Our shared ownership viability assessments assume a first tranche portion based on affordability and expected sales forecasts. We complete a sensitivity analysis on each property to ensure that the homes are affordable. This means that in higher value areas we may need to reduce the assumed first tranche sale percentage in order to ensure that the homes meet the affordability criteria of the relevant local authority or the GLA's income caps. The resulting reduction in income is modelled to ensure that the scheme remains viable within RHP's approved financial parameters. If not, we will amend our offer for the scheme prior to submission to the developer or landowner.

RECOVERY OF PROPERTIES DEVELOPED FOR SALE

Properties developed for sale are carried on the statement of financial position at the lower of cost or net realisable value. Cost is taken as the production cost which includes an appropriate proportion of attributable overheads. Net realisable value is based on estimated sale proceeds after allowing for further costs to completion and selling costs.

PENSIONS

Key judgements have been made in respect of the critical underlying assumptions in relation to the estimate of the SHPS and LGPS defined benefit scheme obligations such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING EXPENDITURE AND OPERATING SURPLUS

GROUP 2021	Turnover £'000	Cost of sales £'000	Operating costs £'000	Gain on sale of fixed assets £'000	Operating surplus/(deficit) £'000
Social housing lettings (note 3)	53,768	-	(34,374)	-	**19,394**
Other social housing activities					
First tranche shared ownership sales	5,959	(5,523)	-	-	**436**
Development	-	-	(103)	-	**(103)**
Impairment	-	-	(1,314)	-	**(1,314)**
Management fees	929	-	(808)	-	**121**
Gain on sale of fixed assets	-	-	-	553	**553**
Total social housing activities	**60,656**	**(5,523)**	**(36,599)**	**553**	**19,087**
Non-social housing activities					
Leasehold services	1,981	-	(1,762)	-	**219**
Leasehold major repairs	-	-	(978)	-	**(978)**
Garages	932	-	(200)	-	**732**
Commercial	478	-	(549)	-	**(71)**
Other	283	-	(191)	-	**92**
Total	**64,330**	**(5,523)**	**(40,279)**	**553**	**19,081**

GROUP 2020	Turnover £'000	Cost of sales £'000	Operating costs £'000	Gain on sale of fixed assets £'000	Operating surplus/(deficit) £'000
Social housing lettings (note 3)	51,656	-	(32,580)	-	**19,076**
Other social housing activities					
First tranche shared ownership sales	1,882	(1,130)	-	-	**752**
Development	-	-	(449)	-	**(449)**
Management fees	858	-	(755)	-	**103**
Gain on sale of fixed assets	-	-	-	2,905	**2,905**
Total social housing activities	**54,396**	**(1,130)**	**(33,784)**	**2,905**	**22,387**
Non-social housing activities					
Leasehold services	1,510	-	(1,720)	-	**(210)**
Leasehold major repairs	387	-	(845)	-	**(458)**
Garages	927	-	(209)	-	**718**
Commercial	770	-	(612)	-	**158**
Other	89	-	(189)	-	**(100)**
Total	**58,079**	**(1,130)**	**(37,359)**	**2,905**	**22,495**

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING EXPENDITURE AND OPERATING SURPLUS

ASSOCIATION 2021	Turnover £'000	Cost of sales £'000	Operating costs £'000	Gain on sale of fixed assets £'000	Operating surplus/(deficit) £'000
Social housing lettings (note 3)	51,565	-	(33,141)	-	**18,424**
Other social housing activities					
First tranche shared ownership sales	5,959	(5,523)	-	-	**436**
Development	-	-	(104)	-	**(104)**
Impairment	-	-	(1,314)	-	**(1,314)**
Gain on sale of fixed assets	-	-	-	553	**553**
Total social housing activities	**57,524**	**(5,523)**	**(34,559)**	**553**	**17,995**
Non-social housing activities					
Leasehold services	1,981	-	(1,762)	-	**219**
Leasehold major repairs	-	-	(979)	-	**(979)**
Garages	932	-	(200)	-	**732**
Commercial	478	-	(549)	-	**(71)**
Other	387	-	(152)	-	**235**
Total	**61,302**	**(5,523)**	**(38,201)**	**553**	**18,131**

ASSOCIATION 2020	Turnover £'000	Cost of sales £'000	Operating costs £'000	Gain on sale of fixed assets £'000	Operating surplus/(deficit) £'000
Social housing lettings (note 3)	49,509	-	(31,363)	-	**18,146**
Other social housing activities					
First tranche shared ownership sales	1,882	(1,130)	-	-	**752**
Development	-	-	(449)	-	**(449)**
Gain on sale of fixed assets	-	-	-	2,520	**2,520**
Total social housing activities	**51,391**	**(1,130)**	**(31,812)**	**2,520**	**20,969**
Non-social housing activities					
Leasehold services	1,510	-	(1,720)	-	**(210)**
Leasehold major repairs	387	-	(845)	-	**(458)**
Garages	927	-	(209)	-	**718**
Commercial	770	-	(612)	-	**158**
Other	165	-	(143)	-	**22**
Total	**55,150**	**(1,130)**	**(35,341)**	**2,520**	**21,199**

3. INCOME & EXPENDITURE FROM SOCIAL HOUSING LETTINGS

GROUP	General needs housing £'000	Affordable housing £'000	Key workers £'000	Temporary housing £'000	Supported housing £'000	Shared ownership £'000	2021 £'000	2020 £'000
Rents receivable net of identifiable service charges	38,015	8,172	652	23	2,220	578	**49,660**	47,619
Service and other charges receivable	2,391	48	34	1	1,032	118	**3,624**	3,539
Charges for support services	-	-	-	-	52	-	**52**	52
Amortised government grants	216	140	2	-	45	29	**432**	446
Turnover from social housing lettings	**40,622**	**8,360**	**688**	**24**	**3,349**	**725**	**53,768**	**51,656**
Management	(6,112)	(795)	(89)	(31)	(400)	(169)	**(7,596)**	(7,665)
Service charge costs	(4,901)	(602)	(67)	(2)	(1,464)	(128)	**(7,164)**	(6,181)
Rents payable	-	-	-	(15)	-	-	**(15)**	(15)
Routine maintenance	(3,347)	(412)	(46)	(21)	(244)	(87)	**(4,157)**	(4,016)
Planned maintenance	(3,437)	(454)	(51)	-	(228)	(96)	**(4,266)**	(3,984)
Major repairs expenditure	(3,013)	(404)	(45)	-	(203)	(43)	**(3,708)**	(3,336)
Bad debts	(212)	(27)	(3)	4	(14)	(6)	**(258)**	(444)
Depreciation	(4,510)	(1,602)	(71)	-	(571)	(20)	**(6,774)**	(6,632)
Accelerated depreciation	(313)	(42)	(14)	-	(48)	-	**(417)**	(285)
Other costs	(16)	-	-	(3)	-	-	**(19)**	(22)
Operating costs on social housing lettings	**(25,861)**	**(4,338)**	**(386)**	**(68)**	**(3,172)**	**(549)**	**(34,374)**	**(32,580)**
Operating surplus/ (deficit) for social housing lettings	**14,761**	**4,022**	**302**	**(44)**	**177**	**176**	**19,394**	**19,076**
Void losses	(419)	(109)	(7)	(11)	(93)	(28)	**(667)**	**(431)**

3. INCOME & EXPENDITURE FROM SOCIAL HOUSING LETTINGS

ASSOCIATION	General needs housing £'000	Affordable housing £'000	Key workers £'000	Supported housing £'000	Shared ownership £'000	2021 £'000	2020 £'000
Rents receivable net of identifiable service charges	36,105	8,172	652	2,220	578	**47,727**	45,739
Service and other charges receivable	2,256	48	34	1,032	118	**3,488**	3,406
Charges for support services	-	-	-	52	-	**52**	52
Amortised government grants	82	140	2	45	29	**298**	312
Turnover from social housing lettings	**38,443**	**8,360**	**688**	**3,349**	**725**	**51,565**	**49,509**
Management	(5,913)	(795)	(89)	(400)	(169)	**(7,366)**	(7,344)
Service charge costs	(4,788)	(602)	(67)	(1,464)	(128)	**(7,049)**	(6,056)
Routine maintenance	(3,070)	(412)	(46)	(244)	(87)	**(3,859)**	(3,756)
Planned maintenance	(3,376)	(454)	(51)	(228)	(96)	**(4,205)**	(3,955)
Major repairs expenditure	(3,013)	(404)	(45)	(203)	(43)	**(3,708)**	(3,336)
Bad debts	(210)	(27)	(3)	(14)	(6)	**(260)**	(418)
Depreciation	(4,121)	(1,602)	(71)	(571)	(20)	**(6,385)**	(6,213)
Accelerated depreciation	(205)	(42)	(14)	(48)	-	**(309)**	(285)
Operating costs on social housing lettings	**(24,696)**	**(4,338)**	**(386)**	**(3,172)**	**(549)**	**(33,141)**	**(31,363)**
Operating surplus for social housing lettings	**13,747**	**4,022**	**302**	**177**	**176**	**18,424**	**18,146**
Void losses	(416)	(109)	(7)	(93)	(28)	**(653)**	**(425)**

4. UNITS OF HOUSING STOCK

Accommodation in management for each class of accommodation in the Group and the Association was as follows:

GROUP	Restated Opening balance	Additions	Disposals	Change in use	2021 Closing balance
Social housing – managed directly					
General needs housing	6,077	-	(3)	16	6,090
Affordable housing	754	24	-	-	778
Keyworkers	92	-	-	(5)	87
Supported housing	391	-	-	-	391
Shared ownership	130	36	(1)	-	165
Market – non-social	9	-	-	1	10
Total units in ownership	**7,453**	**60**	**(4)**	**12**	**7,521**
Accommodation managed on behalf of others	973	301	-	-	1,274
Accommodation managed on our behalf	37	-	-	(1)	36
Total units managed or owned	**8,463**	**361**	**(4)**	**11**	**8,831**
Leasehold	1,998	3	-	(11)	1,990
Total units in management (including Leasehold)	**10,461**	**364**	**(4)**	**-**	**10,821**

ASSOCIATION	Restated Opening balance	Additions	Disposals	Change in use	2021 Closing balance
Social housing – managed directly					
General needs housing	5,777	-	(3)	16	5,790
Affordable housing	754	24	-	-	778
Keyworkers	92	-	-	(5)	87
Supported housing	391	-	-	-	391
Shared ownership	130	36	(1)	-	165
Market – non-social	9	-	-	1	10
Total units in ownership	**7,153**	**60**	**(4)**	**12**	**7,221**
Accommodation managed on behalf of others	19	7	-	-	26
Accommodation managed on our behalf	37	-	-	(1)	36
Total units managed or owned	**7,209**	**67**	**(4)**	**11**	**7,283**
Leasehold	1,998	3	-	(11)	1,990
Total units in management (including Leasehold)	**9,207**	**70**	**(4)**	**-**	**9,273**

5. SURPLUS ON SALE OF FIXED ASSETS

GROUP & ASSOCIATION 2021	Shared ownership staircasing £'000	Right to acquire £'000	Other £'000	2021 Total £'000
Disposal proceeds	296	443	-	739
Cost of disposals	(138)	(42)	-	(180)
Selling costs	(3)	(1)	(2)	(6)
Surplus	**155**	**400**	**(2)**	**553**

GROUP 2020	Shared ownership staircasing £'000	Right to buy £'000	Right to acquire £'000	Other £'000	2020 Total £'000
Disposal proceeds	643	715	653	3,613	5,624
Amounts payable to LBRuT under RTB sharing agreement and trust deed	-	(624)	-	(1,230)	(1,854)
Cost of disposals	(315)	(62)	(36)	(369)	(782)
Selling costs	(4)	(2)	(1)	(76)	(83)
Surplus	**324**	27	**616**	**1,938**	**2,905**

ASSOCIATION 2020	Shared ownership staircasing £'000	Right to buy £'000	Right to acquire £'000	Other £'000	2020 Total £'000
Disposal proceeds	643	715	653	3,086	5,097
Amounts payable to LBRuT under RTB sharing agreement and trust deed	-	(624)	-	(1,230)	(1,854)
Cost of disposals	(315)	(62)	(36)	(251)	(664)
Selling costs	(4)	(2)	(1)	(52)	(59)
Surplus	**324**	**27**	**616**	**1,553**	**2,520**

6. OPERATING SURPLUS

This is arrived at after charging:

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Depreciation of housing properties	6,774	6,386	6,385	5,968
Accelerated depreciation on component replacements	417	642	309	548
Depreciation of other tangible fixed assets	263	383	246	383
Amortisation of intangible fixed assets	360	371	360	371
Impairment of housing properties	1,314	-	1,314	-
Operating lease rentals				
- Land and buildings	14	15	-	-
- Vehicles	66	55	66	55
- Office equipment and computers	63	60	63	60
Auditors' remuneration (excluding VAT)				
- For audit of statutory accounts	74	56	58	42
- For service charge audit	11	10	11	10
- For other assurance services	-	8	-	8

7. INTEREST RECEIVABLE & OTHER SIMILAR INCOME

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Interest receivable and other similar income	41	102	50	114

8. INTEREST PAYABLE

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Loans and bank overdrafts	7,121	9,364	7,107	9,344
Loan break costs	-	11,000	-	11,000
Disposal Proceeds Fund (Note 22)	-	11	-	11
Interest charge on pensions	56	147	51	130
Amortised finance costs	341	204	341	204
	7,518	**20,726**	**7,499**	**20,689**
Interest capitalised on construction of housing properties (Note 12,17)	(640)	(2,012)	(640)	(2,012)
Total	**6,878**	**18,714**	**6,859**	**18,677**

9. EMPLOYEES

	GROUP 2021	GROUP 2020 Restated	ASSOCIATION 2021	ASSOCIATION 2020 Restated
Average monthly number of employees:				
Administration	108	106	80	80
Development	12	12	12	12
Housing, support and care	159	149	159	149
Total	**279**	**267**	**251**	**241**
Average monthly number of employees expressed in full time equivalents:				
Administration	91	89	71	70
Development	12	11	12	11
Housing, support and care	149	139	149	139
Total	**252**	**239**	**232**	**220**

Full time equivalents are calculated based on a standard working week of 36 hours.

EMPLOYEE COSTS	GROUP 2021 £'000	GROUP 2020 £'000	ASSOCIATION 2021 £'000	ASSOCIATION 2020 £'000
Wages and salaries	9,551	8,785	8,776	8,032
Social security costs	941	825	862	745
Other pension costs	1,186	1,214	1,147	1,104
Total employee costs	**11,678**	**10,824**	**10,785**	**9,881**

PENSIONS COSTS	GROUP 2021 £'000	GROUP 2020 £'000	ASSOCIATION 2021 £'000	ASSOCIATION 2020 £'000
Regular employer contributions to SHPS and WCPF	707	653	676	574
Pension deficit payments to SHPS and WCPF	479	561	470	530
Total pensions costs	**1,186**	**1,214**	**1,146**	**1,104**

9. EMPLOYEES (CONTINUED)

PENSIONS COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	GROUP 2021 £'000	GROUP 2020 £'000	ASSOCIATION 2021 £'000	ASSOCIATION 2020 £'000
Actuarial (loss)/gain on SHPS pension	(4,041)	3,570	(3,635)	3,110
Actuarial (loss)/gain on WCPF pension	(340)	(143)	(340)	(143)
Total pensions costs	**(4,381)**	**3,427**	**(3,975)**	**2,967**

The Association's employees are members of the Social Housing Pension Scheme (SHPS) or of the Wandsworth Council Pension Fund (WCPF) (formerly London Borough of Richmond Pension Fund (LBRPF)). The employees of our subsidiary are members of the SHPS. Further information on each scheme is given below.

SOCIAL HOUSING PENSION SCHEME

DEFINED CONTRIBUTION PENSION SCHEME

Employer contributions in respect of this scheme are charged to the Statement of Comprehensive Income as incurred.

	GROUP 2021 £'000	GROUP 2020 £'000	ASSOCIATION 2021 £'000	ASSOCIATION 2020 £'000
Employer contributions	352	253	312	223

DEFINED BENEFIT PENSION SCHEME

The Governance and Reward Committee and the Board have closed the Social Housing Pension Scheme (SHPS of 'the Scheme') Defined Benefit scheme in the UK to future accrual for current and prospective active members with effect from 1 April 2021.

The Scheme is a multi-employer scheme which provides benefits to some 500 non-associated employers. 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 last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company 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.

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

9. EMPLOYEES (CONTINUED)

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme. For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive. Similarly, actuarial valuations of the scheme were carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

	GROUP		ASSOCIATION	
PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)	**2021 £'000**	**2020 £'000**	**2021 £'000**	**2020 £'000**
Fair value of plan assets	20,561	17,869	17,668	15,329
Present value of defined benefit obligation	(26,827)	(20,550)	(23,324)	(17,722)
Scheme deficit	(6,266)	(2,681)	(5,656)	(2,393)
Net defined benefit liability to be recognised	**(6,266)**	**(2,681)**	**(5,656)**	**(2,393)**

9. EMPLOYEES (CONTINUED)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION	GROUP 2021 £'000	ASSOCIATION 2021 £'000
Defined benefit obligation at start of period	20,550	17,722
Current service cost	305	274
Expenses	24	20
Interest expense	487	420
Contributions by plan participants	261	230
Actuarial losses/(gains) due to scheme experience	(359)	(330)
Actuarial losses/(gains) due to changes in demographic assumptions	92	78
Actuarial losses/(gains) due to changes in financial assumptions	5,727	5,065
Benefits paid and expenses	(260)	(155)
Defined benefit obligation at end of period	**26,827**	**23,324**

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS	GROUP 2021 £'000	ASSOCIATION 2021 £'000
Fair value of plan assets at start of period	17,869	15,329
Interest income	431	369
Gain on plan assets (excluding amounts included in interest income)	1,419	1,178
Contributions by the employer	841	717
Contributions by plan participants	261	230
Benefits paid and expenses	(260)	(155)
Fair value of plan assets at end of period	**20,561**	**17,668**

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £1,547k (2020: £954k) (RHP) and £1,850k (2020: £981k) (Group).

9. EMPLOYEES (CONTINUED)

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)	GROUP 2021 £'000	ASSOCIATION 2021 £'000
Current service cost	305	274
Expenses	24	20
Net interest expense	56	51
Defined benefit costs recognised in statement of comprehensive income (SoCI)	**385**	**345**

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	GROUP 2021 £'000	ASSOCIATION 2021 £'000
Gain on plan assets (excluding amounts included in net interest cost)	1,419	1,178
Experience gains arising on the plan liabilities	359	330
Losses arising from changes in the demographic assumptions	(92)	(78)
Losses arising from changes in the financial assumptions	(5,727)	(5,065)
Total loss recognised in other comprehensive income	**(4,041)**	**(3,635)**

9. EMPLOYEES (CONTINUED)

	GROUP		ASSOCIATION	
ASSETS	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Absolute return	1,135	931	975	799
Alternative risk premia	775	1,250	666	1,072
Corporate bond fund	1,215	1,019	1,044	874
Credit relative value	647	490	556	420
Distressed opportunities	593	344	510	295
Emerging markets debt	830	541	713	464
Fund of hedge funds	2	10	2	9
Global equity	3,278	2,614	2,817	2,242
Infrastructure	1,371	1,330	1,178	1,141
Insurance-linked securities	493	549	424	471
Liability driven investment	5,226	5,930	4,491	5,087
Long lease property	403	309	346	265
Net current assets	125	77	107	66
Opportunistic Illiquid credit	558	432	449	371
Private debt	490	360	421	309
Property	427	394	367	338
Risk sharing	748	604	643	518
Secured income	855	678	735	582
Liquid credit	246	7	211	6
High yield	87	-	529	-
Opportunistic Credit	79	-	484	-
Total assets	**19,583**	**17,869**	**17,668**	**15,329**

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

KEY ASSUMPTIONS	2021 %	2020 %
Discount rate	2.21	2.35
Inflation (RPI)	3.22	2.55
Inflation (CPI)	2.87	1.55
Salary growth	3.87	2.55
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

9. EMPLOYEES (CONTINUED)

Mortality assumptions adopted at 31 March 2021 imply the following life expectancies at the age of 65:

	2021	2020
Male retiring in 2021	21.6	21.5
Female retiring in 2021	23.5	23.3
Male retiring in 2041	22.9	22.9
Female retiring in 2041	25.1	24.5

WANDSWORTH COUNCIL PENSION FUND (WCPF)

The Wandsworth Council Pension Fund is a multi-employer scheme, which is administered by Wandsworth Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. RHP was part of the London Borough of Richmond Upon Thames Pension Fund which has now merged with the Wandsworth Council Pension Fund, and so Richmond Housing Partnership participates in the merged Wandsworth Council Pension Fund. This scheme is now closed to future accrual with a deficit management agreement in place with the scheme which enables RHP's share of the deficit to be managed without triggering a termination debt. We have used our office building as security to effectively manage future deficit contributions.

	2021 %	2020 %
Rate of increase in salaries	N/A	N/A
Rate of increase in pensions in payment	2.85	1.90
Discount rate	1.95	2.35

FAIR VALUE OF EMPLOYER ASSETS:	**2021 £'000**	**2020 £'000**
Equities	8,177	6,508
Gilts	246	404
Other bonds	1,793	1,429
Property	1,065	987
Cash	660	169
Multi asset fund	1,188	1,398
Total fair value of employer assets	**13,129**	**10,895**

9. EMPLOYEES (CONTINUED)

LIFE EXPECTANCY FROM AGE 65 (YEARS):	2021 £'000	2020 £'000
Retiring today		
Males	21.6	21.8
Females	24.3	24.4
Retiring in 20 years		
Males	22.9	23.2
Females	25.7	25.8

The post retirement mortality tables adopted are the S3PA tables with a multiplier of 110% for males and 105% for females. These base tables are then projected using the CMI 2020 model allowing for long term rate of improvement of 1.25%, smoothing parameter of 7.5 and an initial addition to improvements of 0.5% pa and a 2020 weighting of 25%.

NET PENSION LIABILITY AS AT:	2021 £'000	2020 £'000
Present Value of funded liabilities	(16,545)	(13,894)
Fair value of employer assets (bid value)	13,129	10,895
Net Liability in the Statement of Financial Position	**(3,416)**	**(2,999)**

THE AMOUNTS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME ARE AS FOLLOWS:	2021 £'000	2020 £'000
Net interest on the defined pension liability	70	68
Admin expenses	7	4
Total charged to current year Statement of Comprehensive Income	**77**	**72**

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION	2021 £'000	2020 £'000
Opening defined benefit obligation	13,894	14,679
Experience (loss)/gain on defined benefit obligations	(218)	680
Interest cost	321	348
Change in financial assumptions	3,133	(1,093)
Change in demographic assumptions	(148)	(353)
Estimated benefits paid	(437)	(367)
Closing defined benefit obligation	**16,545**	**13,894**

9. EMPLOYEES (CONTINUED)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF EMPLOYER ASSETS	2021 £'000	2020 £'000
Opening fair value of employer assets	10,895	11,826
Other actuarial gains	-	133
Contributions by the employer	-	69
Estimated benefits paid	(437)	(367)
Interest on assets	251	280
Admin expenses	(7)	(4)
Return on assets less interest	2,427	(1,042)
Closing fair value of employer assets	**13,129**	**10,895**

The total return on the fund assets for the year to 31 March 2021 is £2,678k (2020: £762k).

RECONCILIATION OF OPENING AND CLOSING SURPLUS	2021 £'000	2020 £'000
Movement in deficit during the year		
Association share of scheme liabilities at beginning of year	(2,999)	(2,853)
Movement in year:		
Current service cost	(7)	(4)
Contributions	-	69
Other finance costs	(70)	(68)
Actuarial losses	(340)	(143)
Association share of scheme liabilities at end of year	**(3,416)**	**(2,999)**

10. BOARD MEMBERS AND EXECUTIVE DIRECTORS

The executive directors are the key management personnel for RHP and the Group. Their emoluments (salaries, bonuses, and benefits in kind) are disclosed below together with those of non-executive Board Members.

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Executive directors' emoluments	832	842	737	745
Pension contributions in respect of services as directors	78	71	78	71
Amounts paid to non-executive directors	70	71	70	71
Total	**980**	**984**	**885**	**887**

The total amount payable to the Chief Executive, who is a Board member and is the highest paid director in respect of emoluments was £168k (2020: £176k). Pension contributions of £19k (2020: £18k) were paid to a defined benefit scheme on his behalf.

The pension entitlement of the Chief Executive is identical to those of other members.

The full time equivalent number of employees who received remuneration (including directors) earning over £60k (including salaries, bonuses and benefit in kind but excluding pension contributions) is shown below:

	GROUP		ASSOCIATION	
	2021 No.	2020 No.	2021 No.	2020 No.
£60,000 - £69,999	5	4	5	4
£70,000 - £79,999	6	6	6	6
£80,000 - £89,999	3	2	3	2
£90,000 - £99,999	2	1	2	-
£100,000 - £109,000	2	1	1	1
£110,000 - £139,000	2	1	2	1
£140,000 - £149,999	1	3	1	3
£150,000 - £179,000	2	1	2	1

11. TAXATION

	GROUP		ASSOCIATION	
UK CORPORATION TAX	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Surplus on ordinary activities before tax	11,574	3,887	10,573	2,640
Surplus on ordinary activities multiplied by the effective rate of:				
Corporation tax in the UK of 19% (2020:19%)	2,199	739	2,009	502
Exempt from corporation tax	(2,199)	(739)	(2,009)	(502)
Current tax charge for the year	-	-	-	-

12. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

	PROPERTIES HELD FOR LETTING		SHARED OWNERSHIP PROPERTIES		
GROUP	Completed £'000	Under construction £'000	Completed £'000	Under construction £'000	Total £'000
Historic Cost					
At 1 April 2020	376,379	32,104	10,805	30,977	450,265
Prior year adjustment	2,593	(2,593)	2,509	(2,509)	-
Restated balance as at 1 April 2020	**378,972**	**29,511**	**13,314**	**28,468**	**450,265**
Works to existing properties	6,624	-	12	-	6,636
Additions – construction costs	-	10,176	-	6,747	16,923
Schemes completed	6,786	(6,786)	6,747	(6,747)	-
Disposals	(198)	-	-	-	(198)
Disposals - components	(1,151)	-	-	-	(1,151)
At 31 March 2021	**391,033**	**32,901**	**20,073**	**28,468**	**472,475**
Depreciation					
At 1 April 2020	61,031	-	10	-	61,041
Depreciation charged in year	6,756	-	18	-	6,774
Released on disposal	(18)	-	-	-	(18)
Released on disposal – components	(734)	-	-	-	(734)
At 31 March 2021	**67,035**	**-**	**28**	**-**	**67,063**
Impairment					
At 1 April 2020	-	1,399	-	374	1,773
Impairment charged in the year	-	1,314	-	-	1,314
At 31 March 2021	**-**	**2,713**	**-**	**374**	**3,087**
Net Book Value					
At 31 March 2021	**323,998**	**30,188**	**20,045**	**28,094**	**402,325**
At 31 March 2020 (restated)	317,941	28,112	13,304	28,094	387,451

The impairment relates to the social rented and shared ownership units at Informer House, Onslow Mills and Staines Road and is detailed in note 1b significant judgements and estimates.

12. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

ASSOCIATION	PROPERTIES HELD FOR LETTING Completed £'000	PROPERTIES HELD FOR LETTING Under construction £'000	SHARED OWNERSHIP PROPERTIES Completed £'000	SHARED OWNERSHIP PROPERTIES Under construction £'000	Total £'000
Historic cost					
At 1 April 2020	352,279	32,104	10,805	30,977	426,165
Prior year adjustment	2,593	(2,593)	2,509	(2,509)	-
Restated balance as at 1 April 2020	**354,872**	**29,511**	**13,314**	**28,468**	**426,165**
Works to existing properties	6,212	-	12	-	6,224
Additions – construction costs	-	10,176	-	6,747	16,923
Schemes completed	6,786	(6,786)	6,747	(6,747)	-
Disposals	(198)	-	-	-	(198)
Disposals - components	(1,001)	-	-	-	(1,001)
At 31 March 2021	**366,671**	**32,901**	**20,073**	**28,468**	**448,113**
Depreciation					
At 1 April 2020	57,083	-	10	-	57,093
Depreciation charged in year	6,367	-	18	-	6,385
Released on disposal	(18)	-	-	-	(18)
Released on disposal – components	(692)	-	-	-	(692)
At 31 March 2021	**62,740**	**-**	**28**	**-**	**62,768**
Impairment					
At 1 April 2020	-	1,399	-	374	1,773
Impairment charged in the year	-	1,314	-	-	1,314
At 31 March 2021	**-**	**2,713**	**-**	**374**	**3,087**
Net book value					
At 31 March 2021	**303,931**	**30,188**	**20,045**	**28,094**	**382,258**
At 31 March 2020 (restated)	297,789	28,112	13,304	28,094	367,299

12. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES (CONTINUED)

	GROUP		ASSOCIATION	
HOUSING PROPERTIES	**2021 £'000**	**2020 £'000**	**2021 £'000**	**2020 £'000**
Freehold	375,002	370,128	357,232	352,379
Long leasehold	27,323	17,323	25,026	14,920
Total housing properties	**402,325**	**387,451**	**382,258**	**367,299**

	GROUP		ASSOCIATION	
INTEREST CAPITALISATION	**2021 £'000**	**2020 £'000**	**2021 £'000**	**2020 £'000**
Interest capitalised in the year	572	1,657	572	1,657
Cumulative interest capitalised to date	6,666	6,094	6,666	6,094
Effective interest rate used on interest capitalised in the year	3.10%	3.57%	3.10%	3.57%

13. OTHER FIXED ASSETS

GROUP	Freehold office £'000	Temporary social housing improvements £'000	Furniture, fixtures & fittings £'000	Computers, office equipment & vehicles £'000	Total £'000
Cost					
At 1 April 2020	7,988	100	2,108	489	10,685
Transfer to investment properties (note 15)	(767)	-	-	-	(767)
Additions	-	-	96	106	202
Disposals	(57)	-	-	-	(57)
At 31 March 2021	**7,164**	**100**	**2,204**	**595**	**10,063**
Depreciation & Impairment					
At 1 April 2020	1,895	92	1,722	354	4,063
Charged in the year	30	2	147	84	263
Transfer to investment properties (note 15)	(183)	-	-	-	(183)
Disposals	-	-	-	-	-
At 31 March 2021	**1,742**	**94**	**1,869**	**438**	**4,143**
Net book value					
At 31 March 2021	**5,422**	**6**	**335**	**157**	**5,920**
At 31 March 2020	6,093	8	386	135	6,622

13. OTHER FIXED ASSETS (CONTINUED)

ASSOCIATION	Freehold office £'000	Furniture, fixtures & fittings £'000	Computers, office equipment & vehicles £'000	Total £'000
Cost				
At 1 April 2020	7,988	2,018	407	10,413
Transfer to investment properties (note 15)	(767)	-	-	(767)
Additions	-	92	106	198
Disposals	(57)	-	-	(57)
At 31 March 2021	**7,164**	**2,110**	**513**	**9,787**
Depreciation & Impairment				
At 1 April 2020	1,895	1,630	305	3,830
Charged in the year	30	133	83	246
Transfer to investment properties (note 15)	(183)	-	-	(183)
Disposals	-	-	-	-
At 31 March 2021	**1,742**	**1,763**	**388**	**3,893**
Net book value				
At 31 March 2021	**5,422**	**347**	**125**	**5,894**
At 31 March 2020	6,093	388	102	6,583

14. INTANGIBLE FIXED ASSETS

GROUP & ASSOCIATION	Computer software £'000
Cost	
At 1 April 2020	3,296
Additions	1,357
Disposals	-
At 31 March 2021	**4,653**
Amortisation	
At 1 April 2020	1,821
Charged in the year	360
Disposals	-
At 31 March 2021	**2,181**
Net book value	
At 31 March 2021	**2,472**
At 31 March 2020	1,475

15. INVESTMENT PROPERTIES

GROUP & ASSOCIATION	£'000
At 1 April 2020	7,401
Transferred from other fixed assets	584
Additions	-
Movement in fair value	(749)
At 31 March 2021	**7,236**

RHP's investment properties are the commercial element of the office building and a small portfolio of shops. These were valued as at 31 March 2021 by Jones Laing LaSalle Limited (JLL), professional external valuers. The full valuation of properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors.

In valuing the commercial element of 8 Waldegrave Road, the investment method was adopted with the Net Initial Yield assumed at 2.50% and the Equivalent Yield assumed at 7.07%. This reflects a capital value of around £282 psf.

As a result of a number of our commercial tenants in 8 Waldegrave Road requesting a smaller rental space due to changes in requirements during the pandemic, we have recognised a reduction in the net present value of the future rental income as a reduction in fair value as recommended by JLL.

The remaining commercial properties have been valued on the basis of the existing commercial use, and a variety of capitalisation rates have been adopted dependent upon the characteristics of the individual assets These are described in the relevant sections of the valuation report prepared by JLL.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, their valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

16. INVESTMENTS IN SUBSIDIARIES

The financial statements consolidate the results of RHP Finance Plc and Co-op Homes (South) Limited (a Registered Provider), as required by statute, which were subsidiaries of the Association at the end of the year. For 2019/20 onwards, the results of RHP Property Ltd, which is a dormant subsidiary of the Association, and RHP Development Ltd have also been consolidated.

The Association has the right to appoint members to the Boards of the four subsidiaries and thereby exercise control over them. RHP is the ultimate parent undertaking.

RHP Finance Plc raises finance for the use of RHP and its subsidiaries. It is a company limited by shares with 100% shares held by the Association. As at 31 March, the Association had part-subscribed to all 50,000 £1 shares for £0.25p a share for a total of £12,500.

RHP Property Ltd was incorporated on 13 April 2018 and has not traded since that date. As at 31 March the Association held one £1 share in the Company.

RHP Develop Ltd was incorporated on 28 March 2018 and started trading in 2020. As at 31 March the Association held one £1 share in the Company.

ASSOCIATION	2021 £'000	2020 £'000
Investment in RHP Finance Plc	13	13
Investment in RHP Property Limited	-	-
Investment in RHP Develop Limited	-	-
Total	**13**	**13**

17. PROPERTIES HELD FOR SALE

GROUP & ASSOCIATION	2021 £'000	2020 £'000
Shared ownership properties:		
Work in progress	8,416	13,353
Completed properties held for sale	2,343	295
At 31 March	**10,759**	**13,648**
Capitalised interest included in the above	**423**	**355**

18. TRADE AND OTHER DEBTORS

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Debtors receivable within one year				
Rent and service charges receivable	3,302	2,428	3,065	2,193
Less: provision for bad and doubtful debts	(2,331)	(1,066)	(2,178)	(913)
	971	**1,362**	**887**	**1,280**
Other debtors	1,054	1,002	1,153	1,118
Amount owed from subsidiary undertaking	-	-	250	1,000
Prepayments and accrued income	1,733	1,627	1,713	1,619
Total Debtors	**3,758**	**3,991**	**4,003**	**5,017**

The Association provided Co-op Homes (South) Limited with a loan facility for £8.5m in 2005/06. The facility was fully repaid in January 2021 and as at 31 March 2021, £0m of this loan was outstanding (2020: £1m). A new £11m revolving facility has been made available to Co-op Homes, taking effect on 1 April 2021 and expiring in 2026. This is secured via a floating charge over Co-op Homes' assets.

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Bank loans (Note 21)	56	55	-	-
Trade creditors	436	255	366	148
Rent and service charges received in advance	1,364	-	1,205	-
Other taxation and social security	-	2	-	-
Disposal Proceeds Fund (Note 22)	-	1,076	-	1,076
Deferred capital grant (Note 24)	431	447	298	313
Amounts owed to subsidiary undertaking	-	-	1,283	686
Other creditors	2,808	4,308	2,556	4,079
Accruals and deferred income	11,329	13,636	9,800	12,778
Total	**16,424**	**19,779**	**15,508**	**19,080**

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Bank loans and borrowings (Note 21)	295,558	237,098	21,992	98,747
Recycled Capital Grant Fund (Note 23)	153	129	83	59
Amount owed to subsidiary undertaking	-	-	273,360	138,090
Deferred temporary social housing grant	3	4	-	-
Deferred capital grant (Note 24)	45,823	44,315	35,924	34,285
Commercial deposits	52	67	52	67
Total	**341,588**	**281,613**	**331,411**	**271,248**

21. LOANS AND BORROWINGS

GROUP 2021	Bank loans £'000	2048 Bond £'000	Total £'000
In one year or less, or on demand	56	-	56
In more than one year but not more than two years	61	-	61
In more than two years but not more than five years	23,067	-	23,067
More than five years	78	250,000	250,078
	23,262	**250,000**	**273,262**
Capitalised finance costs	(1,008)	-	(1,008)
Capitalised bond premium and issue costs	-	23,360	23,360
Total loans and borrowings	**22,254**	**273,360**	**295,614**

GROUP 2020	Bank loans £'000	2048 Bond £'000	Total £'000
In one year or less, or on demand	55	-	55
In more than one year but not more than two years	61	-	61
In more than two years but not more than five years	92,121	-	92,121
More than five years	8,079	140,000	148,079
	100,316	**140,000**	**240,316**
Capitalised finance costs	(1,253)	-	(1,253)
Capitalised bond issue costs	-	(1,910)	(1,910)
Total loans and borrowings	**99,063**	**138,090**	**237,153**

21. LOANS AND BORROWINGS

ASSOCIATION 2021	Bank loans £'000	Loan from RHP Finance Plc £'000	Total £'000
In one year or less, or on demand	-	-	-
In more than one year but not more than two years	-	-	-
In more than two years but not more than five years	23,000	-	23,000
More than five years	-	250,000	250,000
	23,000	**250,000**	**273,000**
Capitalised finance costs	(1,008)	-	(1,008)
Capitalised bond premium and issue costs		23,360	23,360
Total loans and borrowings	**21,992**	**273,360**	**295,352**

ASSOCIATION 2020	Bank loans £'000	Loan from RHP Finance Plc £'000	Total £'000
In one year or less, or on demand	-	-	-
In more than one year but not more than two years	-	-	-
In more than two years but not more than five years	92,000	-	92,000
More than five years	8,000	140,000	148,000
	100,000	**140,000**	**240,000**
Capitalised finance costs	(1,253)	-	(1,253)
Capitalised bond issue costs	-	(1,910)	(1,910)
Total loans and borrowings	**98,747**	**138,090**	**236,837**

Loans are secured by specific charges on the housing properties of the Group.

The 2048 bond was issued by RHP Finance Plc with the proceeds on-lent to RHP under the terms of a loan agreement at a coupon rate of 3.25%. In respect of the listed bond, the amount drawn reflects the net proceeds received. On 17 September 2019, we signed a forward purchase agreement for the sale of £35m of retained bonds, with the proceeds received on 17 September 2020. During the year there was also a £100m tap of the 2048 bond, with £75m sold and £25m retained. This settled on 15 September 2020 with proceeds of £97.1m realised. The premium received is held as a loan obligation and released to income annually until maturity.

At 31 March 2021 the Group had undrawn fully secured loan facilities of £122m (2020: £45m) plus £25m of retained bonds which could be sold to investors.

22. DISPOSAL PROCEEDS FUND

GROUP & ASSOCIATION	2021 £'000	2020 £'000
At 1 April	1,076	1,792
Interest accrued	-	11
Utilised in the year (Note 24)	(1,076)	(727)
Balance at 31 March	**-**	**1,076**

23. RECYCLED CAPITAL GRANT FUND

GROUP	2021 £'000	2020 £'000
At 1 April	129	-
Grant recycled on disposals (Note 24)	24	59
Grant recycled due to change of use (Note 24)	-	70
Utilised in the year	-	-
Balance at 31 March	**153**	**129**

ASSOCIATION	2021 £'000	2020 £'000
At 1 April	59	-
Grant recycled on disposals (Note 24)	24	59
Grant recycled due to change of use (Note 24)	-	-
Utilised in the year	-	-
Balance at 31 March	**83**	**59**

24. DEFERRED CAPITAL GRANT

	GROUP £'000	ASSOCIATION £'000
At 1 April 2020	44,764	34,598
Grant received in the year	870	870
Transfer from Disposal Proceeds Fund (Note 22)	1,076	1,076
Grant recycled on disposals (Note 23)	(24)	(24)
Grant recycled due to change of use (Note 23)	-	-
Released to income in the year	(432)	(298)
At 31 March 2021	**46,254**	**36,222**
Due within one year	431	298
Due after more than one year	45,823	35,924
At 31 March 2021	**46,254**	**36,222**

25. FINANCIAL ASSETS AND LIABILITIES

Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition, less principal repayments and plus or minus any amortised original premium or discount (calculated using the effective interest rate method).

BOND

The bond is accounted for as a basic financial instrument. Loan notes which are basic financial instruments are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method. Loan notes that are receivable within one year are not discounted.

INTERCOMPANY LOAN

Co-op Homes repaid their previous intercompany facility in January 2021. A new £11m revolving facility will be made available from 1 April 2021 at a margin of 1.23%. RHP has also issued a working capital loan to RHP Develop Ltd of £250k at a margin of 0.87% plus 3 month LIBOR.

FINANCIAL RISKS

The Group has a variety of controls in place to manage liquidity risk, credit risk, and exchange risk and minimise financial loss. The most important aspects are:

- For investments, where viable, all counterparties must meet the Group's minimum credit rating of A-1 long term and P-1 short term.
- There is no speculative use of derivatives, currency or other instruments.

The debt maturity profile is shown in note 21.

The fixed rate financial liabilities have a weighted average interest rate of 2.57% at 31 March 2021 (2020: 2.58%).

LIQUIDITY RISK

A detailed action plan for arrears and Universal Credit is being delivered and we are adopting a flexible approach for customers unable to pay their rent due to the impact of Covid-19. Our focus continues on cost reduction and liquidity management in order to mitigate these risks as far as possible.

A robust process of cashflow forecasting is in place which covers the short, medium and long term requirements in order that liquidity requirements can be actively managed. We have carried out additional stress testing in the event of impairment and slower sales of our shared ownership properties as a result of the current economic situation. Our treasury management policy requires cash or available loan facilities for committed activities to be in place 12-18 months in advance of anticipated need with cashflow forecasts being reported monthly to the Executive Group and quarterly to the Board.

FOREIGN CURRENCY RISK

Other than short-term debtors, the Group's financial assets comprise cash held in deposit accounts and cash at bank. They are sterling denominated and attract interest at rates that vary with bank rates.

CAPITAL RISK MANAGEMENT

All our debt agreements (bond and loan agreements) contain financial and information-based covenants which we are obliged to comply with. The bond contains financial covenants relating to asset cover whilst the loan agreements contain interest cover, gearing and asset cover-based covenants.

Compliance with funder covenants are closely monitored and are reported within the monthly management accounts and quarterly reports to the Group Investment Committee. We are not anticipating any breach in banking covenants as a result of the recent economic uncertainty, however have received exceptions to forward looking cashflow information requirements until such time that we have more economic certainty.

Our debt portfolio and minimum cash balance requirements ensure that we have sufficient liquidity at low rates of interest to deliver our committed development ambitions and keep our business safe. Capital markets activity in 2020 has seen the Group fully funded until at least August 2024.

Our strong underlying credit rating and broader investor base now provide greater diversification of funding options for the organisation going forward. We have been scenario modelling frequently as a result of the recent economic turbulence and do not anticipate any breach of our loan covenants in any of these scenarios considered.

INTEREST RATE RISK

The Group has minimal exposure to interest fluctuations due to 100% of its debt being at fixed rates (£250m bond and £23m fixed rate loan).

26. NET DEBT RECONCILIATION

GROUP & ASSOCIATION	1 April 2020 £'000	Cash flows	Amortisation	31 March 2021 £'000
Cash and cash equivalents:				
Cash	6,988	25,552	-	32,540
Cash equivalents	102	30,299	-	30,401
	7,090	**55,851**	**0**	**62,941**
Borrowings:				
Loans due within one year	(55)	(1)	-	(56)
Loans due after one year	(100,261)	77,055	-	(23,206)
Bond finance	(140,000)	(110,000)	-	(250,000)
Loan and bond arrangement fees	1,983	770	(387)	2,366
Bond discount	1,180	-	(42)	1,138
Bond premium	0	(26,489)	633	(25,856)
	(237,153)	**(58,665)**	**204**	**(295,614)**
Total Net Debt	**(230,063)**	**(2,814)**	**204**	**(232,673)**

27. PROVISION FOR LIABILITIES

PROVISION FOR END OF LEASE DILAPIDATIONS COSTS	GROUP £'000
Brought forward	97
Paid in year	(3)
At 31 March 2021	**94**

Provisions relate to costs associated with the upkeep of properties under repair covenants entered by Co-op Homes. Co-op Homes accounts for these costs in accordance with FRS 102 (provisions and contingencies) which requires a provision to be recognised when there is an obligation at the reporting date regarding works or repairs at the related property.

28. NON-EQUITY CAPITAL

The Association is a charitable registered society and therefore has no share capital. Each member agrees to contribute £1 in the event of the Association winding up.

NUMBER OF MEMBERS	2021	2020
At 1 April	19	18
Joining during the year	1	2
Leaving during the year	-	(1)
At 31 March	**20**	**19**

29. LEASES

Operating lease payments amounting to £144k (2020: £112k) are due within one year. The leases to which this relates are as follows:

GROUP	2021 Land & buildings £'000	2021 Vehicles, office equipment & computers £'000	2021 Total £'000	2020 Land & buildings £'000	2020 Vehicles, office equipment & computers £'000	2020 Total £'000
Lease payments						
Within one year	15	129	144	15	97	112
One to five years	34	181	215	46	140	186
Beyond five years	6	3	9	8	2	10
Total	**55**	**313**	**368**	**69**	**239**	**308**

ASSOCIATION	2021 Land & buildings £'000	2021 Vehicles, office equipment & computers £'000	2021 Total £'000	2020 Land & buildings £'000	2020 Vehicles, office equipment & computers £'000	2020 Total £'000
Lease payments						
Within one year	-	129	129	-	97	97
One to five years	-	181	181	-	140	140
Beyond five years	-	3	3	-	2	2
Total	**-**	**313**	**313**	**-**	**239**	**239**

30. CAPITAL COMMITMENTS

	GROUP & ASSOCIATION	
	2021	2020
	£'000	£'000
Commitments contracted but not yet provided for:		
Construction or purchase of housing properties	25,321	35,026
Commitments approved by the Board but not yet contracted for:		
Construction or purchase of housing properties	89,793	4,731
Total capital commitments	**115,115**	**39,757**
Capital commitments for the Group and Association will be funded as follows:		
Social Housing Grant	23,918	2,406
Cash and cash equivalents	62,941	7,008
Borrowings	28,256	30,343
Total capital commitments	**115,115**	**39,757**

31. CONTINGENT LIABILITIES

In 2017, 195 housing properties were acquired from another housing association. These properties have been accounted for using the performance model as required by SORP 2018. The associated grant of £6.033m has been recognised as a contingent liability to RHP. This contingent liability will be realised if the assets to which the grant relates are disposed and will be recycled appropriately.

32. RELATED PARTIES

During the year there was one tenant, Alex Molnar, and one leaseholder, Toby D'Olier, who were members of the Board. Mr Molnar paid £197.82 per week (2020: £194.85 per week) and had no amounts outstanding to RHP at 31 March 2021. Mr D'Olier paid service charges of £251.77 (2020: £248.05) and had no amounts outstanding to RHP at 31 March 2021. The tenancies and lease are on normal commercial terms and none of these individuals were able to use their position to their advantage.

Co-op Homes (South) Limited and RHP are both regulated by the Regulator of Social Housing.

TRANSACTIONS WITH UN-REGULATED SUBSIDIARY

RHP Finance Plc is an unregulated subsidiary of the Group. In 2015 RHP invested £12.5k in the share capital of its non-regulated subsidiary and received a £138.6m loan from this entity at a coupon rate of 3.25%. Audit fees of £9k and other administrative expenses of RHP Finance Plc are borne by RHP the immediate and ultimate parent undertaking.

RHP Property Ltd was incorporated as a subsidiary of RHP on 13 April 2018 and has not traded since that date. As at 31 March the Association held one £1 share in the Company.

RHP Develop Ltd was incorporated as a subsidiary of RHP on 28 March 2018 and started trading in 2020. As at 31 March the Association held one £1 share in the Company. RHP Develop Ltd has a working capital facility of £2m agreed with its parent, RHP Ltd. At 31 March 2021, £250k had been utilised (2020: Nil). Interest is payable quarterly at 0.87% margin plus 3-month LIBOR.