

ForHousing 

Annual Report and  
Financial Statements

**2020/21**

FCA reg no: 30483R  
RSH reg no: L4528

# ForHousing Limited – Annual Report & Financial Statements 2020/21

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**ForHousing Limited - Annual Report & Financial Statements 2020/21**  
**Directors, Executive Officers and Advisors**

**Non-Executive Directors**

<b>Director</b>	<b>ForHousing Position</b>	<b>Group Board &amp; Committee Roles</b>	<b>Changes in the Year</b>
Stephen Reuben	Chair of the Board	Deputy-Chair of ForViva Board Member of Investment Committee	
Helen Rourke	Board Member	Chair of Audit & Risk Committee Co-optee, ForViva Board	To 12 <sup>th</sup> November 2020
David Lamb	Board Member	Member of Audit & Risk Committee Member of Development Committee Member of Impact Hub	To 8 <sup>th</sup> September 2020
Judith Neilson	Board Member	Member of Remuneration & Staffing Committee	
Lawrence McIntosh	Board Member	Member of Remuneration & Staffing Committee Member of Development Committee Member of Impact Hub	
Michael Sale	Board Member	Member of Audit & Risk Committee Member of Investment Committee	
Councillor James Dawson	Board Member		To 11 <sup>th</sup> March 2021
Councillor Samantha Bellamy	Board Member		To 11 <sup>th</sup> March 2021
Christine Barker	Board Member	Member of Audit & Risk Committee	
Paul Butterworth	Board Member	Member of Audit & Risk Committee Member of Development Committee	
Carol Mawers	Board Member	Chair of Remuneration & Staffing Committee Member of Nominations Committee Member of Impact Hub	
James Barclay	Board Member	Chair of Audit & Risk Committee (from 12 <sup>th</sup> November 2020) Member of Investment Committee Chair of Strategic Business Review Working Group Co-optee, ForViva Board	
Claire Harris	Board Member	Member of Audit & Risk Committee	
Steve Bentley	Senior Independent Director	Chair of Nominations Committee Senior Independent Director ForViva Board	From 6 <sup>th</sup> May 2020
Nora-Ann Heery	Co-optee	Member of ForViva Board Member of Nominations Committee Member of Investment Committee Member of Remuneration & Staffing Committee	From 6 <sup>th</sup> May 2020

**ForHousing Limited - Annual Report & Financial Statements 2020/21  
Directors, Executive Officers and Advisors**

**Executive Officers and Company Secretary:**

<b>Name</b>	<b>Position</b>	<b>Changes in the Year</b>
Colette McKune MBE	Chief Executive Officer	
Mike Parkin	Chief Operating Officer	
Henry Terefenko	ForHousing Managing Director Housing Management Contract Managing Director	To 9 <sup>th</sup> April 2020 From 9 <sup>th</sup> April 2020
Mark Bradshaw	Director of Finance	
Martyn Hague	Director of Neighbourhoods	
Jenny Chapman	Director of Innovation & Excellence	
Jenny Neville	Executive Director	
Mark Sullivan	Director of ICT	
Nigel Sedman	Director of Homes	
Debbie Attwood	Director of People	
David McGovern	Company Secretary	To 13 <sup>th</sup> August 2021
Catherine HardySmith	Company Secretary	From 13 <sup>th</sup> August 2021

**Company Details and Advisors**

Company Registration Numbers:	L4528 Regulator of Social Housing 30483R Co-operative and Community Benefit Society
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Registered Office:	52 Regent Street Eccles Manchester, M30 0BP
External Auditors:	RSM UK Audit LLP 9 <sup>th</sup> Floor 3 Hardman Street Spinningfields Manchester M3 3HF
Internal Auditors:	BDO LLP 3 Hardman Street Spinningfields, Manchester, M3 3AT

**ForHousing Limited - Annual Report & Financial Statements 2020/21  
Directors, Executive Officers and Advisors**

**Company Details and Advisors (continued)**

Bankers:	Barclays Bank 1 <sup>st</sup> Floor 3 Hardman Street Spinningfields Manchester M3 3AT
Solicitors:	Bevan Brittan LLP Fleet Place House 2 Fleet Place London, EC4M 7RF

## **ForHousing Limited – Annual Report & Financial Statements 2020/21 Report of the Board**

The Board presents its audited financial statements for the year ended 31<sup>st</sup> March 2021.

### **Principal activities**

ForHousing Limited's (ForHousing's) principal activities are the development and management of social housing. As at 31<sup>st</sup> March 2021 ForHousing owned and managed 23,564 homes across the North West of England.

### **Legal status**

ForHousing, a subsidiary of the ForViva Group, was created on 1<sup>st</sup> April 2019 following the merger of City West Housing Trust, Villages Housing Association, and Villages Community Housing Association into a single entity to streamline the provision of services to tenants, and to simplify the governance arrangements within the organisation (from a legal entity perspective, ForHousing was created following the renaming City West Housing Trust).

ForHousing Limited was formed under the Co-Operative and Communities Benefit Societies Act 2014 (previously the Industrial and Provident Societies Act 1965), registration number 30483R, with charitable objectives. ForHousing is a Registered Provider of Social Housing, registration number L4528, and is affiliated to the National Housing Federation.

ForCapital Limited, a wholly owned subsidiary of ForHousing, was incorporated on 23<sup>rd</sup> February 2017. ForCapital is a Special Purpose Vehicle which was created to manage the ForHousing's loan facilities and commenced trading on 19<sup>th</sup> May 2017. As a result of the change in company structure outlined above, from 1<sup>st</sup> April 2019 ForCapital Limited became a subsidiary of ForHousing Limited, as all the assets and liabilities within the entity are secured against the assets ForHousing, the new parent entity. Previously ForCapital was a subsidiary of ForViva Limited, which is the ultimate Group parent company.

### **Governance**

ForHousing is governed by a Board of Non-Executive Directors, led by the Chair, Stephen Reuben. The Directors of ForHousing who served during the year and up to the date of the signing of these financial statements are listed on page 1.

The Board confirms that the Group was compliant with the principles of the National Housing Federation (NHF) Code of Governance (2015) during the year. Compliance with the Code is reviewed and self-assessed on an annual basis. There was a single area of non-compliance during the year with D4, which related to the appointment of the Chair of ForHousing and the time taken between retiring from the board and being re-elected to the board. This was deemed in the interests of the business during a Strategic Business Review. During 2021/22, the Board continues to adopt the NHF Code 2015 while working towards compliance with the updated NHF Code of Governance (2020) with formal adoption of that updated code from the 1<sup>st</sup> April 2022. Assessment against the 2020 Code will be provided in the accounts for the financial year 2022/23.

The Board is responsible for establishing and overseeing ForHousing's control and risk management frameworks, and ensuring the organisation achieves its aims and objectives. Decision making is by collective consensus, and all Board Members act in the best interests of ForHousing and have equal responsibilities and liabilities, representing the Board as a whole.

The Members of the Board have a range of skills and experience enabling them to make effective decisions and monitor the organisation's performance. The Board have met 6 times during the year, all meetings have attained the necessary quorum, and decision making has remained in-line with the organisation's Rules.

# **ForHousing Limited – Annual Report & Financial Statements 2020/21**

## **Report of the Board**

### **Governance (continued)**

Board Members take part in an annual appraisal exercise, accompanied by a skills assessment and an overall board effectiveness review which ensures there is a targeted training and development programme for individuals and for the Board as a whole. New Board members undergo a formal induction programme which includes background information about the organisation and its strategy.

The term of service of Board Members is currently limited to a maximum of nine years, although this will reduce to six years following the adoption of the 2020 Governance Code from April 2022. Board Members each retire by rotation in accordance with the organisation's Rules and can offer themselves for re-election. From time to time the Board may seek to attract new Board Members and undertake an open and appropriate skills-based process for appointment.

The subsidiary, ForCapital Limited, has a Board of two Executive Directors.

### **Board and Executive Officers Remuneration**

Non-Executive Directors receive remuneration from ForHousing, as well as reimbursement of expenses incurred. The Board's remuneration is based on independent national and sector benchmarking, is approved by the Remuneration & Staffing Committee, and is in-line with the organisation's Remuneration Policy.

The remuneration of the Executive Directors is determined by the Board, and is subject to independent review every three years. Salaries for Executive Directors are set having regard to each director's responsibilities and pay levels for comparable corporate positions.

### **Shareholders**

ForHousing has 86 shareholding members, all of whom have purchased one share at a cost of 1p as per the organisation's Rules. During the financial year one share was issued and twelve were surrendered.

The shareholding body is invited to the Annual General Meeting, of which it forms the quorum, and votes on resolutions to approve the annual report and accounts and appoint Board Members.

ForViva, the parent organisation, has one share which cannot be cancelled. Tenants and Leaseholders of ForHousing who are 16 years of age or above, and who have not been previously expelled as a shareholder, are eligible to apply for membership, and all Board Members are shareholders. The Board reviews and publishes its policies and objectives for admitting new shareholders.

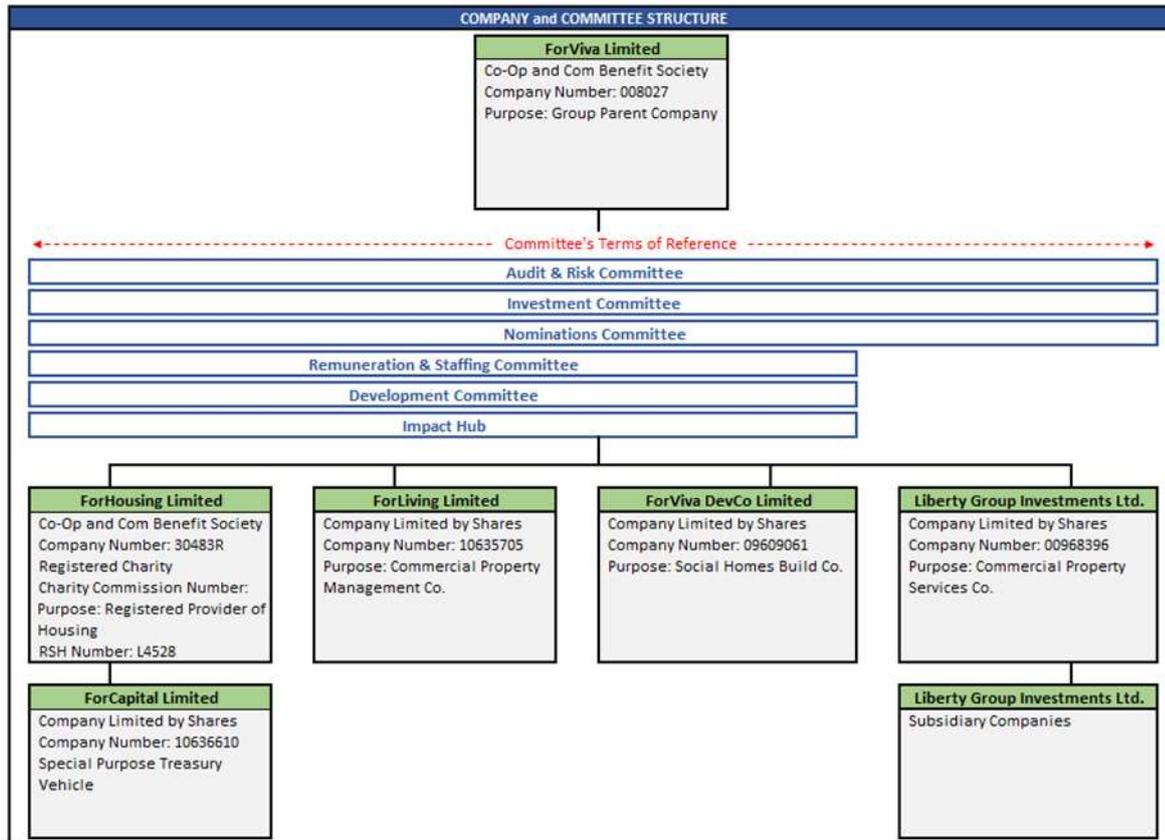
### **Board Delegation**

In order to operate effectively and ensure appropriate attention to certain areas of business, the Board adopts a Committee structure. The Group Structure and Committee Structure is shown below.

# ForHousing Limited – Annual Report & Financial Statements 2020/21

## Report of the Board

### FORVIVA GROUP LIMITED



The Board delegates authority to the Committees to perform specific functions on its behalf. The tasks delegated are defined in the Committees' terms of reference. The Committees are listed below including how many times they met during the year:

Committee	Number of Meetings During 2020/21
Audit and Risk Committee	5
Remuneration and Staffing Committee	3
Development Committee	5
Investment Committee	2
Nominations Committee	2
Impact Hub	3

Following a Strategic Business Review during the year, the Committee structured will be revised during 2021/22 to further strengthen the organisation's governance arrangements.

### Internal Control Assurance

The Board acknowledges its overall responsibility for establishing and maintaining the organisation's system of internal control and for reviewing its effectiveness.

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

# ForHousing Limited – Annual Report & Financial Statements 2020/21

## Report of the Board

### Internal Control Assurance (continued)

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls, which are embedded within the day to day management and governance processes. This approach includes the regular evaluation of the nature and extent of the risks to which ForHousing is exposed.

A process for identifying, evaluating and managing the significant risks faced by ForHousing is ongoing, and has been in place throughout the year, up to the date of the approval of the annual report and financial statements. The Audit and Risk Committee regularly receives and considers reports from senior management and the Internal Auditors about risk management and internal control arrangements.

The arrangements adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework, are set out below.

#### Corporate Planning and Budgeting

The corporate planning and budgeting processes are used to set objectives, agree action plans and allocate resources. ForHousing's progress towards meeting the strategic and annual objectives is regularly monitored.

The 30-year Business Plan was approved by the Board prior to the start of the 2020/21 financial year.

#### Performance and Compliance Monitoring

At every Board and Committee meeting, reports outlining the latest operational and financial results compared to the target for the year, and statutory compliance reports, are presented to enable the Board to maintain oversight of ForHousing's strategic performance and ongoing compliance.

#### Audit and Risk Committee

The Audit and Risk Committee reports to the Board on internal controls and alerts them to any emerging issues. The Audit and Risk Committee ensures that corrective action is taken in relation to any significant control issues highlighted by the Internal and External Auditors. As part of its review of the organisation's internal control system, the Committee oversees the performance of the internal and external auditors. The Audit and Risk Committee provides advice to the Board and provides an annual review to them, through the Internal Auditors, which focusses on the effectiveness of the internal control system, including the systems for managing risk.

#### Internal Audit Programme

Internal Audit is an important element of the internal controls process. Internal Audit is responsible for the independent and objective review of the effectiveness of the internal control system within the organisation.

BDO were reappointed as the Internal Auditors from September 2018 following a tendering exercise. The internal audit programme for 2020/21 generated recommendations for action, which have helped ForHousing to improve its internal control environment.

The Audit and Risk Committee considered the Internal Audit Annual Report for 2020/21 at its meeting on 22<sup>nd</sup> July 2021.

Overall, BDO stated that ForHousing's risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable, but not absolute assurance, that the related risk management, control and governance objectives were achieved for the period under review.

# ForHousing Limited – Annual Report & Financial Statements 2020/21

## Report of the Board

### Internal Control Assurance (continued)

#### External Audit

External Audit provides feedback to the Board on the operation of the internal financial controls reviewed as part of the annual audit of the year-end accounts and financial statements. The external audit process includes an interim and a year-end audit.

Each year, after the year-end audit, a management letter is presented to the Board and subsequently submitted to the Regulator of Social Housing.

RSM UK Audit LLP were appointed as the external auditors at the AGM on 21<sup>st</sup> September 2018. A resolution to reappoint RSM UK Audit LLP as ForHousing's auditors for 2021/22 will be proposed at the Annual General Meeting.

#### **Employees**

The strength of ForHousing, and its ability to meet its corporate objectives and its commitments to customers lies in the quality, commitment and contribution of its employees.

ForHousing provides information to its employees throughout the year on its objectives, progress and activities through regular team meetings, and briefings from the Chief Executive. The organisation has a People Strategy in place, which recognises the importance and contribution of the employees to the ongoing success of the organisation.

We are committed to equality of opportunity for all employees, and to having a diverse workforce that reflects the communities within which we operate. We are also committed to supporting disabled people, both in recruitment and in retention of employees who become disabled whilst employed. ForHousing ensures that staff recruitment, discipline and development issues are dealt with equally and that all employees are treated equitably.

The Board is aware of its responsibilities on all matters relating to health and safety. ForHousing has detailed health and safety policies and a robust safety management system in place and provides training and education to all staff on health and safety matters appropriate to their role.

The Chief Executive is responsible for the day-to-day running of the business. The Chief Executive is appointed by, and reports directly to, the Board, and works closely with the Board to develop and execute ForHousing's strategic objectives. This is supported by a range of key performance indicators set by and reported to the Board at each meeting.

#### **Regulatory Compliance**

Following the merger of City West Housing Trust, Villages Housing Association, and Villages Community Housing Association to create ForHousing Limited on 1st April 2019 the Regulator of Social Housing (RSH) issued an interim regulatory judgement for ForHousing as V1 (the highest rating) for Financial Viability, and G2 (compliant) for Governance. The interim governance rating was issued on the basis that the constitutional changes were significant, and at that time the RSH did not have the assurance that the previous published governance grading for the parent company ForViva was appropriate for the new entity (ForHousing).

#### **Gradings Under Review (GUR)**

ForHousing was placed on the GUR list by the Regulator of Social Housing in November 2019. Following engagement with the Regulator, the GUR process concluded in October 2020, and the subsequent regulatory judgement confirmed that ForHousing retained its V1 and G2 ratings. This judgement replaced the previous interim assessment published in May 2019.

## **ForHousing Limited – Annual Report & Financial Statements 2020/21 Report of the Board**

### **Fraud**

ForHousing complies with the Regulator's requirements with respect to fraud and has a clear anti-fraud policy that has been approved by the Board.

The policy requires a register to be maintained of all actual and attempted fraud. All such cases are reported to the Board through the Audit and Risk Committee, and all cases are reported to the Regulator of Social Housing. There were no instances of fraud during the year.

### **Whistleblowing**

In September 2020, the organisation received a number of allegations via a whistle-blower, which related to a previous set of whistleblowing allegations that were received in 2019. As with the allegations received previously, the allegations received in 2020 were fully and independently investigated by a third party and were determined to be unfounded. As a result of the independent investigation, the Board sought to enhance existing policies, procedures and controls.

A further set of whistleblowing allegations was received in March 2021, which related again to the allegations received previously. A further independent investigation was undertaken, and the allegations were again determined to be unfounded.

The allegations, the approach, and the outcomes of the separate investigations were disclosed to the Regulator of Social Housing and were reported to the Audit and Risk Committee. All actions were also overseen and monitored by the Audit and Risk Committee.

### **Directors' and Officers' Liability Insurance**

ForHousing has insurance policies in place which indemnify its Board members and Executive Directors against liability when acting on behalf of the organisation.

### **Political and Charitable Donations**

During the year ForHousing made no political contributions and any charitable contributions were made within the normal activities.

### **Charitable Status**

ForHousing Limited is a Community Benefit Society which has been assigned charitable status for tax purposes.

### **Modern Slavery Act**

The Board is aware of its responsibilities under the Modern Slavery Act 2015 and can confirm that they are not aware of any modern slavery or human trafficking incidents having occurred within ForHousing or its supply chain during 2020/21 but will continue to act vigilantly in line with the Act.

### **Health and Safety**

The Board is aware of its Health and Safety responsibilities and has a policy statement in place, supported by a robust framework of policies and procedures and receives regular reports on health and safety issues arising from across the organisation.

### **Criminal Finances Act 2017**

The Board is aware of its responsibilities under the Criminal Finances Act 2017 and is committed to promoting the highest standards of probity in the business activities that ForHousing carry out directly, and those that are associated through our procurement arrangements and supply chains. The practices that are already in place to detect and prevent any form of fraud, corruption and money laundering, have been built upon in order to prevent the criminal facilitation of tax evasion in line with the Act.

## **ForHousing Limited – Annual Report & Financial Statements 2020/21 Report of the Board**

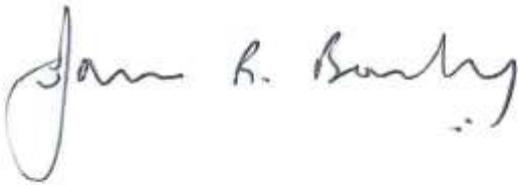
### **Disclosure of Information to Auditors**

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware:

- there is no relevant audit information of which the auditors are unaware; and
- each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Board confirms there has been no breakdown in internal control resulting in material losses, contingencies or uncertainties which would require disclosure in the financial statements during the year and up to the date of the signing of these accounts.

This report was approved by the Board on 14<sup>th</sup> September 2021 and signed on its behalf by:



.....  
James Barclay  
**Board Member and Chair of Audit & Risk Committee**

# ForHousing Limited – Annual Report & Financial Statements 2020/21

## Strategic Report

### Strategic Objectives

As outlined in the Report of the Board on page 3, ForHousing is a subsidiary of the ForViva Group - all of the organisations within the ForViva Group are aligned with the common purpose of *Improved Lives*. ForViva is a force for good, reinvesting profits to have a positive impact on ForHousing communities and improve lives.

ForHousing's 2020-2025 Corporate Plan, and the supporting strategies, set the objectives and outcomes for the key themes of Homes (through the Asset Management Strategy, the Development Strategy and the Green Strategy), and Communities (through the Wellbeing Strategy). The key strategies are under-pinned by cross-cutting strategies for:

- Value for Money;
- People;
- Tenant Voice; and
- Data & ICT.

The 2020-25 Corporate Plan focusses on the two themes of homes and communities because:

- homes are the first building block on the journey to a better life, and everyone deserves a safe, warm and comfortable place to call home; and
- communities influence the wellbeing of people who live and work there, and everybody deserves to be part of a thriving community where they can realise their potential and contribute.

Corporate Plan Theme	Corporate Plan Outcomes
<p><b>Homes</b> – provide quality homes and places</p>	<p>Together we will invest in homes and places that deliver real lasting change to achieve the following positive outcomes:</p> <ol style="list-style-type: none"> <li>1. Sustainable – Well designed, truly affordable:               <ul style="list-style-type: none"> <li>• Commitment to well designed, truly affordable homes that people want to live in, and in places they want to live;</li> <li>• Extending the supply and type of homes to widen the options for people to choose where they want to live;</li> <li>• Functional, well-maintained homes and places offer the right standard of living for tenants to be proud of where they live;</li> <li>• Good design ensures these places are distinctive and visually attractive, offering green areas and amenities, making places desirable to live and work in;</li> <li>• Being appropriate and flexible ensures homes and places meet the housing need of current and future generations;</li> <li>• Ensuring these are inclusive and well connected facilitates healthy, active and integrated communities.</li> </ul> </li> <li>2. Safe – Protecting People:               <ul style="list-style-type: none"> <li>• Tenants are more involved in decisions to improve building safety, and are assured buildings they live in are safe, and through effective management, will remain safe;</li> <li>• All landlord compliance is delivered in a robust and consistent manner and tenants have a clear understanding of obligations in relation to maintaining the safety of their homes;</li> <li>• Procurement practices prioritise high-safety, low-risk options and value for money outcomes. Full life cycle costs are fully understood</li> </ul> </li> <li>3. Green – Reduced Environmental Impact:               <ul style="list-style-type: none"> <li>• New build standards reduce carbon emissions and energy costs for tenants;</li> <li>• Lower fuel bills offer affordable warmth to address fuel poverty;</li> </ul> </li> </ol>

**ForHousing Limited – Annual Report & Financial Statements 2020/21  
Strategic Report**

Corporate Plan Theme	Corporate Plan Outcomes
<b>Homes</b> (continued)	<ul style="list-style-type: none"> <li>• Homes and places include clean energy, whilst waste is reduced or managed through sustainable and environmentally sound practices.</li> </ul>
<p><b>Communities</b> – make more things possible for more people</p>	<p>Working in partnership, we will prioritise the right conditions and activities for communities to achieve the following positive outcomes:</p> <ol style="list-style-type: none"> <li>1. Stable Homes: <ul style="list-style-type: none"> <li>• A secure tenure of a well-maintained home is essential for putting down roots in a community and getting the most out of life opportunities;</li> <li>• Advice and support enables successful tenancies</li> <li>• People who are homeless access services they need to move on into stable accommodation, which we believe to be the first building block on the journey to a better life.</li> </ul> </li> <li>2. Continually Learning: <ul style="list-style-type: none"> <li>• People are supported to acquire the skills and knowledge they need for life and work;</li> <li>• Crucial to our very existence, learning ensures people can successfully adapt in a changing world;</li> <li>• Access to education and training, builds skills, confidence and self-esteem, enabling people to take up further opportunities, such as pathways to work and better-paid, long-term employment.</li> </ul> </li> <li>3. Digitally Able: <ul style="list-style-type: none"> <li>• Technology is embedded in day-to-day life and equal access and use ensures everyone can actively participate;</li> <li>• Digital access closes the digital divide between people who are digitally able and people who are not;</li> <li>• This includes affordable and effective access to the internet and digital devices, and skills needed to make the most of these resources.</li> </ul> </li> <li>4. Person Centred: <ul style="list-style-type: none"> <li>• People influence decisions on what most likely works for them, feeling empowered and respected;</li> <li>• Individuals mutually agree activities and interventions.</li> <li>• This autonomy, the freedom to make choices, listens to and respects their personal priorities;</li> <li>• Keeping the tenant at the heart of everything we do enables us to deliver and develop services that people want and need.</li> </ul> </li> <li>5. Prosperous: <ul style="list-style-type: none"> <li>• Reduced poverty and increased wealth;</li> <li>• Financial resources ensure access to goods and services which affect wellbeing, such as healthy food, utilities and being able to socialise;</li> <li>• Activities provide options to potentially increase income and reduce all forms of poverty, including financial, fuel and food poverty;</li> <li>• This includes training to improve employability and career prospects, options to reduce and avoid debt, access to affordable accommodation and access to affordable warmth.</li> </ul> </li> <li>6. Healthy: <ul style="list-style-type: none"> <li>• Improved physical and mental health;</li> <li>• Physical health can influence when we develop illness and if well managed it can extend the quality of life for longer;</li> <li>• Mental health influences how we feel and act, what choices we make and how we handle stress and relationships with others;</li> </ul> </li> </ol>

## ForHousing Limited – Annual Report & Financial Statements 2020/21 Strategic Report

Corporate Plan Theme	Corporate Plan Outcomes
Communities (continued)	<ul style="list-style-type: none"> <li>• Activities provide options to access and sustain personally rewarding employment, be physically and mentally active, live independently and safely and access green spaces</li> </ul> <p>7. Connected:</p> <ul style="list-style-type: none"> <li>• Increased community cohesion;</li> <li>• After the essential needs of safety, security and shelter are met, people need to connect with others to have a sense of belonging;</li> <li>• This includes valuing the diversity and similarities of different backgrounds and being active citizens in matters of local importance;</li> <li>• People inspired to build strong and positive relationships at home, out in the community and at work are more likely to succeed within these supportive networks;</li> <li>• Activities involve co-designing priorities for investment, assistance to directly deliver activities considered important and options to give through fundraising and volunteering.</li> </ul>

Our ten priority areas (3 Homes, 7 Communities) are outcome based, and they set out the difference that the organisation needs to make, why this is important and what the areas of focus will be to make this happen.

The Corporate Plan was widely researched and consulted on, including:

- feedback from 2,380 ForHousing tenants consulted through the last STAR survey;
- extensive national research on priorities for housing and wellbeing such as the 1,000 tenant interviews and 7,000 tenant online submissions which informed the green paper; and
- consultation and input from the Board and the Executive Management Team.

During the year, the ForHousing Board owned and led a Strategic Business Review (SBR) relating to the wider Group. This included a review of the following aspects of the Group in the context of the relevance, benefits and risks to ForHousing:

- the Group's strategic purpose;
- the legal structure of the Group;
- the governance structure of the Group; and
- ForHousing's commercial (non-social housing) activities.

The review was undertaken to ensure the Group - its purpose, and legal and governance structure - continued to support the delivery of ForHousing's strategic objectives, and to ensure ForHousing's non-social housing activities continued to deliver their commercial objectives. The recommendations from the SBR were approved by the ForHousing Board in June 2021 and will be implemented by the Board during 2021/22. The recommendations include a G2 to G1 improvement plan, which has been shared with the Regulator of Social Housing.

As an early outcome of the SBR, during 2020/21 the Group Boards worked together to create four strategic principles to underpin the Purpose, Vision and Values of the ForViva Group, and to drive the outcomes from ForHousing's Corporate Plan, which are:

- Agility;
- Customer Focus;
- Economic Value Creation; and
- Social Value Creation.

## ForHousing Limited – Annual Report & Financial Statements 2020/21 Strategic Report

### Risks and Uncertainties

The main factors and influences that will have an effect on the future performance of ForHousing are considered regularly by the Executive Management Team and the Board. Those events or risks that could prevent the strategic plans from being achieved are recorded and monitored for each area of the business.

The key controls required to manage each risk, together with the person responsible for the control are also recorded. The risks are then assessed against the Board's risk appetite, according to the probability of the risk occurring and the potential impact given the current control environment. The key risks monitored by the Board are shown below.

Strategic Risk	Mitigating Actions being taken
Ineffective identification and management of Safety and Compliance obligations	<ul style="list-style-type: none"> <li>• The Health &amp; Safety Policy sets out the Board's approach to Health &amp; Safety, supported by procedures and a training matrix to embed an effective safety management culture;</li> <li>• Asset compliance policies, including Gas, Fire, Electrical, Asbestos, Legionella and Lift Safety are in place that support the robust framework for compliance monitoring and assurance; and</li> <li>• Health &amp; Safety performance is tracked and monitored to ensure that ForHousing meets its obligations as a landlord and employer.</li> </ul>
The on-going impact of the Coronavirus Pandemic (COVID-19) on the business, our customers and our staff	<ul style="list-style-type: none"> <li>• Our Business Continuity plans were implemented effectively in March 2020 following the outbreak of the pandemic in the UK, and continued to be implemented effectively as required during the second and third waves during the year;</li> <li>• Service delivery to tenants continued in-line with the government's restrictions during the different levels of the pandemic;</li> <li>• Our modern technology solutions continue to enable all staff to work remotely;</li> <li>• We have started to develop remobilisation plans for the business, which will incorporate the new ways of delivering services to tenants and new ways of working for staff that will result in a more agile and efficient business for the future; and</li> <li>• Our financial plans continue to be stress-tested, and they remain suitably prudent and resilient to enable them to absorb the impact and continue to meet the Board's golden rules and the funder's covenants.</li> </ul>
Rental income is lower than expected due to the continued roll-out of Universal Credit over the next few years, and the impact of COVID-19	<ul style="list-style-type: none"> <li>• The business remains informed and effective at understanding, modelling and managing the impact of Universal Credit and COVID-19 on ForHousing's tenants and residents;</li> <li>• The potential impact of government policy announcements on the business is constantly monitored;</li> <li>• Our intelligent systems enable us to actively engage with customers who will be affected by the roll-out of Universal Credit, and with customers whose payment patterns have changed since the outbreak of COVID-19;</li> <li>• We are closely monitoring the potential impact of the end of the Job Retention (Furlough) Scheme on customers during 2021/22;</li> <li>• We will continue to review and reduce the organisation's expenditure to ensure our financial plans remain viable;</li> <li>• The business plan includes prudent assumptions for rent collection and voids to absorb the impact of future under-performance, and the business plan has been stress-tested to understand the impact of rental income being lower than expected; and</li> </ul>

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<b>Strategic Risk</b>	<b>Mitigating Actions being taken</b>
Rental income is lower than expected (continued)	<ul style="list-style-type: none"> <li>• Risk Mitigation Strategies and Financial Golden Rules have been developed to ensure the Board is able to take appropriate action if rent collection performance deteriorates.</li> </ul>
Failure to manage our long-term financial resilience	<ul style="list-style-type: none"> <li>• ForHousing has robust financial planning and stress-testing in place;</li> <li>• The Board regularly reviews the financial plan to ensure there are adequate resources available;</li> <li>• Our development and growth aspirations seek to ensure our long-term future is sustainable through approved Golden Rules; and</li> <li>• ForHousing and ForCapital have engaged with treasury advisors and reviews the debt requirements on at least an annual basis with a Treasury Strategy and Treasury Policy presented to the Board as part of the financial planning process.</li> </ul>
The increasing employer costs associated with the defined benefit pension schemes, which pose a long-term financial risk in terms of increasing contribution levels and ultimate termination debt payment	<ul style="list-style-type: none"> <li>• The long-term exposure has been mitigated by closing the schemes to new entrants;</li> <li>• A comprehensive review of the ForViva Group's employee pension provision will be commissioned in 2021/22, which will result in a pensions strategy being presented to the Board for consideration during the year; and</li> <li>• The Business Plan includes sufficient headroom and contingency to deal with increased employer contribution rates and increased deficit liability, should those costs materialise.</li> </ul>
Data governance, including ongoing compliance with the General Data Protection Regulations (GDPR) – this risk has increased due to teams working at home following COVID-19	<ul style="list-style-type: none"> <li>• Data Governance Manager in place to provide advice and support around GDPR;</li> <li>• Regular staff updates and briefings over the Intranet, and mandatory e-learning in place for all staff; and</li> <li>• Data Protection Policy in place, and data protection systems and processes are regularly reviewed and updated.</li> </ul>
Failure to maintain the effective tenant and stakeholder relationships	<ul style="list-style-type: none"> <li>• Our values define us - we endeavour to operate with openness and respect, and adhere to legal and regulatory requirements;</li> <li>• Business Continuity and Disaster Recovery arrangements are in place to ensure we are able to maintain effective relationships and respond to incidents that could affect the services we deliver including any Cyber Security issues;</li> <li>• We seek to maximise engagement with tenants and stakeholders through our formal and informal processes; and</li> <li>• Our Tenant Voice Strategy seeks to maximise tenant engagement and to strengthen relationships with them.</li> </ul>
Failure to create a positive and motivated workforce environment across ForHousing	<ul style="list-style-type: none"> <li>• The Board recognises that our current and future employees are key to our success;</li> <li>• Our People Strategy, Leadership Programmes and Learning &amp; Development offer seek to support employee development; and</li> <li>• An employee reward and benefits system has been developed during the year and is being rolled-out to staff in 2021/22.</li> </ul>
The impact of the UK leaving the European Union (Brexit) – The UK and EU Parliaments agreed a Withdrawal Agreement and from the 31st January 2020, the UK and EU entered an 11-month transition period to negotiate the terms of a trade deal.	<ul style="list-style-type: none"> <li>• The business plan stress-testing includes a range of Brexit-related scenarios - ForHousing is mitigated against many of the Brexit risks as it has long-term funding in place, significant cash balances and the majority of the loans are at fixed interest rates;</li> <li>• There remains, however, exposure to inflation, house price reductions, supply chain risks and the impact that a negative trade deal may have on tenants;</li> <li>• The Board will keep a watching brief on the political and economic landscape as the terms of Brexit trade deals unfold,</li> </ul>

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Strategic Risk	Mitigating Actions being taken
Brexit (continued)	and through our funding advisors will pay particular attention to Brexit as we develop the strategy to fund our future growth ambitions.
Ineffective Governance arrangement across the Group – ForCapital is a member of the ForViva Group and the parent company is not registered with the Regulator of Social Housing	<ul style="list-style-type: none"> <li>• During the year the Board established a Board Working Group to undertake a comprehensive strategic review of the business to ensure the structure of the ForViva Group and the governance arrangements across the Group remain appropriate to deliver the Purpose, Vision and Mission, and to protect ForHousing’s social housing assets;</li> <li>• The ForHousing Board considered and approved the recommendations of the Strategic Business Review Working Group at their meeting in June 2021, and those recommendations will be implemented during 2021/22;</li> <li>• The NHF Code of Governance has been adopted, a Board skills matrix is in place and appointments are based on skills and competencies; and</li> <li>• Intra-Group Agreements and Schemes of Delegation are in place to ensure the governance arrangements within the ForViva Group operate effectively.</li> </ul>
Stock condition and asset management - continued investment in the existing homes to maintain the high-quality offer to new and existing customers	<ul style="list-style-type: none"> <li>• A robust approach to asset management is in place which balances stock investment with option appraisals and disposals, and which helps ensure we make informed decisions on whether to hold stock in its current form, dispose of it; and</li> <li>• The results of the stock condition surveys are fed into the 30-year business plan to ensure the resources required to maintain our properties and asset values are available when required.</li> </ul>
Decarbonisation of ForHousing’s properties - the Government has set a target for the UK to have net-zero carbon emissions by 2050, which requires significant investment	<ul style="list-style-type: none"> <li>• Due to the high levels of stock investment in recent years the Standard Assessment Procedure (SAP) rating of the existing housing stock is top quartile in the sector, which means less investment is required to achieve net-zero carbon;</li> <li>• A comprehensive assessment of the housing stock has been undertaken, which has enabled the Board to have a good understanding of the financial impact of achieving Energy Performance Certificate (EPC) Band C by 2030, and achieving net-zero carbon by 2050;</li> <li>• The Board has recognised the additional investment requirement in its 2021/22 Treasury Strategy, and has committed to fund the first 3 years of its new homes Development Strategy until the future funding of the decarbonisation landscape becomes clearer; and</li> <li>• Conversations have commenced with the funders to outline the impact of the additional investment requirement on future loan covenant compliance, and to understand whether the decarbonisation costs can be carved out of the covenant calculations.</li> </ul>
The Building Safety Bill published in July 2020 will see the biggest change to building safety for 40 years - a new Building Safety regulator has been established in the wake of the Grenfell Tower disaster and following recommendations in the ‘Building a Safer Future’ report by Dame Judith Hackett	<ul style="list-style-type: none"> <li>• Compliance with existing decent home standard is already achieved and reported regularly to the Board;</li> <li>• Previous Aluminium Composite Material (ACM) cladding replacement works and the fitting of sprinklers to all blocks have been undertaken so significant Building Safety works have already been addressed. Further stock surveys are being undertaken in 2021; and</li> <li>• A Building Safety Manager and a dedicated Building Safety Team have been appointed. The Building Safety Manager is the Responsible Officer for compliance with the Building Safety Bill</li> </ul>

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Strategic Risk	Mitigating Actions being taken
Failure to deliver the development programme	<ul style="list-style-type: none"> <li>• A control framework is in place to ensure the programme can be delivered in-line with the strategic objectives - these controls are subject to regular audit in order to provide appropriate assurance;</li> <li>• The development programme is built into our long-term financial plan, and the Board works closely with its Treasury advisors to ensure that funding is available for the programme and the financial plan remains suitably strong to meet financial targets, golden rules and funders covenants; and</li> <li>• Progress against development targets is monitored and reported at appropriate levels and frequencies.</li> </ul>
Not achieving the business operational and financial performance targets	<ul style="list-style-type: none"> <li>• The Board and the Executive Team monitor financial and operational performance throughout the year; and</li> <li>• Robust action plans are put in place at an early stage if performance starts to display an adverse trend.</li> </ul>
Fail to understand the political environment and develop collaborative relationships with key partners and stakeholders	<ul style="list-style-type: none"> <li>• ForHousing has an on-going commitment to positively impact the communities in which it works, by <i>Improving Lives</i>.</li> <li>• The Executive team and senior leaders across the organisation attend and actively participate at key forums and multi-agency steering groups and work closely with key stakeholders to integrate local housing, health, homelessness and justice strategies;</li> <li>• Stakeholder analysis of potential impact of any decisions, particularly on stakeholder relationships and reputation;</li> <li>• Communications strategy in place to ensure key messages are communicated to stakeholders and public relations plans and approaches signed off by Executive Management Team;</li> <li>• Key messages agreed by Executive Management Team and Senior Leadership Teams at entity level to ensure corporate vision, brand purpose, strategy and culture are all aligned; and</li> <li>• Regular scanning of media to identify any potentially negative stories as early as possible; and</li> <li>• Robust checks and reviews of all publications and articles before publication.</li> </ul>
Fail to develop an effective strategic response to Social Housing White Paper	<ul style="list-style-type: none"> <li>• The new Tenant Voice Strategy is aligned to the Social Housing White Paper and the national Together with Tenants Project, which aims to 'strengthen' our relationship with tenants, influence by tenants and accountability to tenants;</li> <li>• Our Tenant Voice and Redress Policy allow for tenant voices to be heard within the organisation;</li> <li>• During the year ForHousing was awarded the Pro Landlord Accreditation by national tenant engagement experts TPAS;</li> <li>• Community Conversations were held during the year to inform Local Offers and Community Voice Groups focused on community impact and local service delivery in our main areas of operation;</li> <li>• Compliance with the Consumer Standards is regularly monitored through self-assessments and performance management;and</li> <li>• An Executive-led Tenant Involvement and Engagement Thematic Group was established during the year to further enhance oversight and maintain compliance.</li> </ul>
Cyber-security	<ul style="list-style-type: none"> <li>• A range a security management tools have been implemented using Artificial Intelligence technologies to manage cyber threats;</li> <li>• Cyber security training has been delivered to staff and Board members through our eLearning systems and masterclasses;</li> </ul>

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Strategic Risk	Mitigating Actions being taken
Cyber-security (continued)	<ul style="list-style-type: none"> <li>• Implementation of multi factor authentication across business systems and installation of new next generation firewalls;</li> <li>• Monthly Security Operations Centre (SOC) to manage and discuss current and emerging threats;</li> <li>• Business Continuity Plans in place and disaster avoidance technologies adopted;</li> <li>• Regular security tests and vulnerability scans undertaken across the infrastructure; and</li> <li>• Extended the remit of the Audit &amp; Risk Committee to include Cyber Security and Data Protection (GDPR).</li> </ul>

### Performance during the year

A performance management framework is in place, which enables all aspects of operational and financial performance to be scrutinised quarterly by the Board and monthly by the Executive Management Team. A suite of key performance indicators (KPIs), targets and tolerances are reviewed and agreed annually by the Board to ensure regulatory and legislative requirements are achieved as a minimum, and to set expectations for service delivery and service improvement.

Of the 18 KPIs reported to the Board which have a target, 16 (89%) achieved the target for the year or were within the tolerance set by the Board, with the majority (15 of the 16) demonstrating an improvement on the performance in 2019/20, or stayed the same where the target was 100%. The 2 KPIs which didn't achieve the target (and were outside of the Board's tolerance), were Current Tenant Arrears and Time Taken to Re-let Empty Properties, both of which were significantly affected by the COVID-19 pandemic, as outlined in the Value for Money section below.

ForHousing's year-end performance is a testament to the commitment and hard work of frontline staff and support teams, which continues to demonstrate the strength of the organisation. Despite the significant challenges presented by COVID-19 during the year, the dedication of the staff and their flexibility to continue to deliver services during the pandemic has enabled ForHousing to adapt in such a way that the organisation has been able to deliver exceptional performance.

The key operational KPIs for the year, aligned to the corporate plan priorities, are provided in the Value for Money section on page 19.

Tenant and staff safety remain a priority, and ForHousing was fully compliant with all of its asset and safety legislation obligations during the year.

### Financial Performance

For 2020/21, rents were set in accordance with the Regulator of Social Housing Rent Standard and the Welfare Reform and Work Act 2016. This meant that the rents on social and affordable properties were increased by 2.7% for the year.

During the year we invested £39.2m ( see Note 12 £50.6m additions less £11.4m of investment works to existing properties) in the development of new homes – 176 new homes were completed during the year, and a further 435 were on-site for completion in future years.

Operating Costs were lower than the original Business Plan, achieving an operating surplus of £23.0m (2020: £25.8m) – the 2019/20 performance includes the prior-year adjustment for the accounting treatment of Right to Acquire sales, the underlying performance for 2019/20 is £19.1m. The main reasons for the improved operating performance during the year are a significant improvement in the performance of the commercial contract with Cheshire West & Chester, despite a small reduction in the contract income, and increased margin on social housing lettings as a result of the April 2020 rent increase.

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Taking the above factors into account, the operating margin for the year was 22.9% (2020: 26.0%, underlying 19.3%). The operating margin provides an indication of how efficient we are at running the business; and the operating surplus shows the net income generated, which is used to fund our borrowings, capital investment and to provide reserves for future years.

Continued investment in the existing housing stock resulted in asset management expenditure of £12.4m (2020: £14.1m), the change in the year being due to the restrictions that we placed on works inside tenant's homes to protect our staff and our customers from COVID-19. £1.6m (2020: £1.8m) of the stock investment programme was charged to the Statement of Comprehensive Income in the year.

Total net assets stand at £176m an increase of £1m over the course of the year, mainly due to the continued focus on development and stock investment which led to the net value of fixed assets increasing by £35.2m to £476.6m, including £10.8m (2020: £12.3m) capital investment in the existing housing stock during the year (the change in the year is due to the COVID-19 restrictions outlined above).

The combined deficit on the Group's Defined Benefit pension schemes increased by £17.0m to £27.4m during the year as a result of the actuarial valuations. The Board commissioned First Actuarial Limited to carry out an independent review of the year-end actuarial assumptions, which provided assurance that the assumptions adopted were within a reasonable range. During 2021/22 First Actuarial will work with the Board to review of the Group's pension provision, which will provide the Board with options for its future pensions strategy.

### Capital Structure and Treasury Policy

ForCapital, a wholly owned subsidiary of ForHousing, is a Special Purpose Vehicle which manages ForHousing's treasury activities. Loans are drawn by ForCapital and subsequently on lent to ForHousing. The loans are secured by way of first fixed charge over assets of ForHousing, which acts as Guarantor.

As at 31<sup>st</sup> March 2021, ForCapital had £222.1m (2020: £222.4m) of committed debt funding, of which £182.9m (2020: £179.1m) had been drawn.

<b>Funder</b>	<b>Total Facility</b>	<b>Total Drawn</b>
	<b>£m</b>	<b>£m</b>
Barclays	89.6	71.9
RBS	82.5	61.0
Barings	50.0	50.0
<b>Total Available Facility</b>	<b>222.1</b>	<b>182.9</b>

The weighted average interest rate of the ForCapital loans as at 31<sup>st</sup> March 2021 is 3.75% (2020: 4.33%). To mitigate exposure to interest rate risk, the drawn loans are split between fixed of £135.7m (2020: £119.6m) and variable of £87.8m (2020: £59.5m).

The Board's policy is to borrow sufficient monies to meet its known and reasonable contingent requirements for liquidity. The Board will ensure that it has adequate cash resources, borrowing arrangements, overdraft and revolving credit to enable it to meet its business and service objectives.

The Treasury Strategy and Treasury Policy is set annually and approved by the Board. The significant factor influencing the amount and timing of borrowings is the pace of the investment and development programmes.

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ForHousing and ForCapital borrow only in sterling and do not have any currency risk. Surpluses are invested in approved UK institutions and the Board monitors investment returns. All loans are secured by fixed charges over ForHousing's housing properties.

The financial performance in 2020/21 satisfied all funder covenants.

In March 2021 the Board approved a Treasury Strategy for 2021/22 which includes the refinancing of the Business Plan. The refinancing project will see the Board:

- refinance the existing loans, which have significant repayment tranches due over the next three years in line with the original loan profiles; and
- increase the available funding facilities to enable the Board to deliver its 2021-2025 Development Strategy, and to start to deliver the requirements of the decarbonisation agenda

The refinancing project is anticipated to be completed by December 2021.

### *Cash flows*

Cash inflows and outflows for the year are set out in the cash flow statement on page 46. Net cash inflows from operating activities are from the management of housing stock and amounted at £30.5m (2020: £28.2m). The cash inflows were invested in tangible fixed assets and the replacement of other fixed assets. The movement on financing activities shows the amounts incurred on interest charges being £7.9m (2020: £8.0m) and the repayment of loans which amounted to £0.2m (2020: £14m). The cash balance at the end of the financial year was £6.2m (2020: £12.4m).

### **Investing in the future**

In June 2021, the Board approved a new business plan which included the resources to fund the strategic objectives. ForHousing will continue to build new affordable homes across the North West - our new Business Plan includes the resources to develop 1,300 new homes and to continue to invest in communities over the next 5 years.

The Board anticipates developing around 1,800 new homes over the next 5 years through the delivery of its 2021-2025 Development Strategy - 1,300 homes are included in the current Business Plan, as the Board has taken a prudent view to its 2021/22 Treasury Strategy in response to the emerging decarbonisation agenda. Following a detailed review of the requirements to deliver their decarbonisation commitments by 2050, the Board decided that it needs to better understand the emerging decarbonisation landscape before committing long-term financial capacity to the development of new homes. This prudent approach allows ForHousing to continue to deliver the strategic priorities for the short to medium term, whilst obtaining a better understanding of the longer-term decarbonisation obligations, and any available funding, for Registered Providers.

We will also continue to invest in the existing housing stock. The 2021 business plan includes £93m over the next 5 years to ensure the existing homes remain attractive, sustainable and meet the needs of tenants now and in the future, plus an additional £3.3m to kick-start the move towards the decarbonisation of the existing homes.

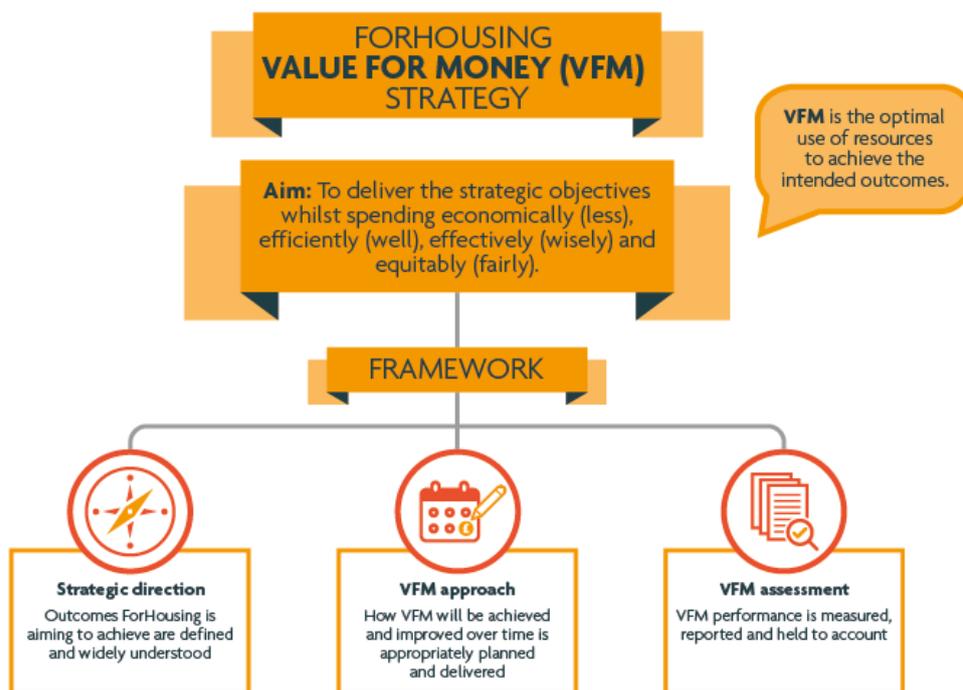
We already have a strong track record of being a force for good in communities, and through our new Wellbeing Strategy we will work with tenants and partners to create the best possible environment for people and communities to thrive and fulfil their potential.

### **Value for Money**

In May 2020, to support the 2020-2025 Corporate Plan, the Board approved a new 2020-2025 Value for Money (VfM) strategy which outlines the commitments shown below.

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## Strategic Report



This self-assessment reports against the first year of the 2020-2025 VfM Strategy and its key aim to deliver the strategic objectives. Savills have undertaken an independent review of the VfM self-assessment on behalf of the Board and have concluded that the self-assessment meets the requirements of the VfM Standard.

Our VfM approach is under-pinned by the adoption of a 5-year budget, which sets annual efficiency targets so we can continue to demonstrate improved VfM to our stakeholders and create additional financial capacity to reinvest into our strategic objectives. Operating Margin is a key Value for Money (VfM) indicator however it is also the primary driver of Interest Cover, which is our tightest loan covenant. Optimising the operating margin will enable ForHousing to demonstrate improved VfM, whilst also increasing the capacity within the Business Plan, enabling the Board to reinvest any margin improvements into the strategic priorities. The Operating Margin for 2020/21 shown below demonstrates that the 2020/21 efficiency targets were achieved.

During the year, as part of the wider Strategic Business Review and the organisation's response to the COVID-19 pandemic, the Board took stock of their previous efficiency and VfM agenda and developed a ForHousing Transformation Programme. The Transformation Programme is aligned to the new strategic principles that are outlined on page 11-12, and will support the organisation to become truly agile, whilst providing a very clear customer focus. The programme is anticipated to deliver £1.4m annual efficiency savings by 2024, generating economic value to be reinvested into the strategic priorities that create social value.

In addition to the Transformation Programme, the Board has also set a 1% efficiency target for the key operating cost areas of Management Costs and Repairs & Maintenance, which means that, over the next 5 years, our aim is to reduce our operating costs by 2.3% (£1.9m) whilst delivering 1,400 new homes. The efficiency agenda will optimise our financial capacity by improving our operating margin to 24.4% (2021: 22.9%), allowing the Board to increase future investment in new and existing homes, and into services that people and communities want and need.

ForHousing has signed up to the Sector Scorecard, an initiative established by the social housing sector to measure, benchmark and demonstrate VfM using a range of indicators. The Scorecard provides a basis for accountability to tenants, customers and stakeholders and provides a mechanism for the Board to assess its VfM performance and identify where any actions should be

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focussed. In addition, as outlined on page 24 below, the Board also monitors a suite of internal KPIs to further demonstrate VfM performance against the strategic priorities.

ForHousing's VfM performance for 2020/21, against the Sector Scorecard indicators is shown in the table below. Our performance is compared to the latest median performance for a bespoke peer group of 20 providers which includes all national Housing Associations who have between 10,000 and 20,000 homes in management, plus a number of other selected organisations who have a similar tenant base and geography. This group has been chosen because it closely aligns to the characteristics of ForHousing. The peer group information shown below is for the financial year 2019/20, which is the latest information available at the time the accounts were being prepared.

Sector Scorecard - Value for Money KPI's		Sector Median	Median Peer Group	Actual 2018/19	Actual 2019/20	Target 2020/21	Actual 2020/21	Trend from 2019/20	Target 2021/22
Business Health	Operating Margin (overall)*	24.6%	19.5%	19.2%	18.4%	18.9%	20.6%	↑	17.4%
	Operating Margin (Social Housing Lettings)*	26.8%	22.1%	24.7%	22.2%	20.3%	23.3%	↑	19.3%
	EBITDA MRI (as % Interest)*	170.8%	133.4%	169.7%	217.1%	198.7%	282.5%	↑	211.5%
Development Capacity & Supply	New Supply - Social Housing Units*	1.4%	1.0%	0.8%	0.8%	1.1%	1.0%	↑	0.6%
	New Supply - Non-Social Housing Units*	0.0%	0.0%	0.7%	0.0%	0.7%	0.3%	↑	1.5%
	Gearing*	44.5%	47.1%	38.1%	33.4%	44.0%	31.0%	↑	38.8%
Outcomes delivered	Customer Satisfaction	86.9%	85.2%	87.7%	86.6%	86.5%	88.8%	↑	86.5%
	Reinvestment*	6.9%	6.9%	15.8%	11.4%	12.1%	15.2%	↑	10.2%
Efficient Asset Management	Return on Capital Employed*	3.5%	3.4%	4.5%	4.1%	3.7%	4.6%	↑	3.5%
	Occupancy	99.3%	99.2%	99.6%	99.2%	99.0%	99.6%	↑	99.0%
	Ratio Responsive Repairs to Planned Maintenance	0.64	0.70	0.57	0.68	0.55	0.68	→	0.62
Operating efficiencies	Headline Social Housing Cost per Unit*	£3,711	£3,819	£3,300	£3,263	£3,357	£3,168	↑	£3,529
	Rent Collected	99.8%	99.9%	98.4%	99.7%	100.1%	99.8%	↑	100.1%

Key: \* - denotes the VfM Indicators required by the RSH

First Quartile	Second Quartile	Third Quartile	Fourth Quartile
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Compared to Peer Group Organisations

During the year, as part of the response to COVID-19, the Board approved a reforecast budget which reduced the target operating margin (Overall) to 14.8% and increased the targeted Headline Social Housing Cost per Unit to £3,520. The revised target included additional expenditure on homelessness prevention, staff and tenant welfare, and significant investment in agile working for staff, which ensured we could continue to deliver services to customers and run the business during the pandemic. The table above demonstrates that the original targets were exceeded; the year-end performance is significantly better than the Board's revised targets.

Further explanation of the 2020/21 VfM performance against the Sector Scorecard is provided below:

- Business Health – measures how successful we run the business whilst fulfilling our social mission:
  - as a result of the Board's focus on efficiency, aligned to expenditure reductions due to the new ways of working as a result of COVID-19, our operating margins during the year improved to 22.9% (Overall) and 23.3% (Social Housing Lettings), which is second quartile compared to our peer group. The 2020/21 performance exceeded the stretch target set by the Board, demonstrates a significant in-year improvement, and sets a clear direction of travel compared to the previous two years. It is important to balance efficiency with effectiveness, so the Board's financial strategy reflects the vision of *providing quality homes and places, and to make more things possible for more people*, which the Board accepts may not be deliverable as a lowest cost organisation.

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- We know that our operating margin (Overall) is diluted by an under-recovery of service charges (which will be reviewed during 2021/22), and because the margin on the management of the homes for Cheshire West & Chester was 3.1% during the year, which was above the target set by the Board but is significantly below the 20.6% margin (Overall). These two items dilute our operating margin (Overall) by around 3%, therefore our underlying operating margin (Overall) would be around 23%, which would move us closer to the first quartile for our peer group (i.e. 24.6%).
- the 5-year budget, which was approved in March 2021, and is set out in the Future Value for Money Targets section below, includes an efficiency agenda that will result in our operating margins improving further, creating additional financial capacity for investment in homes and services.
- the target for 2021/22 includes the cost of the Board's Transformation Programme, which is an investment that will support the delivery of the strategic principles whilst supporting the delivery of the 5-year efficiency targets that are set out in the Future Value for Money section below;
- the improved operating performance has a positive impact on EBITDA-MRI (as a % of interest), and our top quartile performance includes significant headroom to the loan covenant requirement (i.e. 110%), demonstrating the financial strength of the organisation.
- Development Capacity & Supply – measures our performance in the delivery of new homes:
  - the Board is proud of ForHousing's track record for developing new homes, we have developed and acquired 1,456 new homes over the last 8 years (through City West Housing Trust prior to April 2019) covering a diverse mix of tenures, and our performance is ahead of many of our peers;
  - during the year we completed 176 social housing units, which was only 2 below the target for the year, with a further 59 homes on site for delivery in future years (the 2021-2025 Development Strategy includes the development of 928 social housing units over the next 5 years) – further details are provided in the Homes section of the Corporate Plan Priorities below;
  - The in-year performance on the delivery of non-social housing units is due to the completion of 58 homes for market sale through our commercial development company, ForLiving. 56 of the 58 properties were sold during the year, enabling the ForLiving Board to Gift Aid its £1.5m profits to ForHousing for reinvestment into social housing activities;
  - We optimise the value of our existing housing assets to continue to invest in new and existing homes – our gearing ratio demonstrates the strength of the ForHousing Business Plan, which maintains strong levels of financial capacity and interest cover headroom;
  - over the next 5 years our aim is to deliver a further 1,400 new homes, including 928 social housing units, which further demonstrates the Board's commitment to the provision of high-quality affordable homes in the areas within which we operate; and
  - The 'Future Value for Money Targets' section on page 21 shows that, over the next 5 years, the successful delivery of our Corporate Plan and the achievement of our VfM targets will see ForHousing move to the first or second quartile for all of the sector scorecard indicators, as well as demonstrating significant improvements against our internal VfM targets.
- Outcomes delivered – measures how we balance building homes with delivering services, specifically the outcomes delivered to existing tenants and customers:
  - our reinvestment performance remains strong, and provides further evidence that we are using the borrowing capacity generated through the value of our housing assets to reinvest into new and existing social housing;
  - our customer satisfaction levels have improved during the year and are now in the first quartile compared to our peer group, which we feel reflects how well ForHousing responded to the challenges of service delivery during the COVID-19 pandemic,

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- including supporting community co-ordinated initiatives to ensure people remained healthy and safe in their homes, with access to welfare benefits advice
- the readers of these accounts should note the customer satisfaction performance reported above for 2018/19, 2019/20 and 2020/21 is taken from independent transactional surveys, and not the Satisfaction of Tenants & Residents (STAR), so is not directly comparable with the benchmark. We have completed the STAR survey in 2020/21 however, as the methodology is new, we are undertaking an independent assessment of the results to validate that this is an effective approach for measuring perception satisfaction.
- our new Redress Policy, which launched in October 2020, will further strengthen our relationship with tenants, including how we listen to and learn from them, act on their feedback and ensure genuine oversight arrangements. This is supported by our Tenant Voice Strategy, which included extensive community conversations during 2020/21.
- Efficient Asset Management – measures how we look after the assets we manage to ensure they provide good quality homes that people want to live in, now and in the future:
  - the Return on Capital Employed (ROCE) is a direct function of the operating margins outlined above – the performance will reduce over the next 2 years as a result of the Board's investment in Transformation, following which it will start to return to the 2020/21 level as a result of the efficiency agenda;
  - occupancy levels were first quartile during the year, which we know is linked to the COVID-19 pandemic which led to restrictions on both tenant's ability to move home and landlord's ability to pursue breaches of tenancy agreements through the courts. During the pandemic, and going forward, we remain focussed on our commitment to avoid unnecessary evictions, which will increase the number of sustainable tenancies and improve occupancy levels;
  - the ratio of responsive repairs to planned maintenance is amongst the best in our peer group, which demonstrates that our on-going proactive investment in the existing housing stock is having a positive impact on the volume of day to day repairs;
  - In 20/21 we invested £20m to continue to maintain and improving our existing homes, which enabled us to maintain 100% compliance with the Decent Homes Standard. Our proactive active asset management approach is further evidenced by the £9.2m investment we have made over the last few years in cladding replacement and sprinkler installation to enhance fire safety in high-rise homes, with further investment in sprinklers planned for our Extra-Care and Sheltered schemes during 2021/22. Our proactive approach to asset management is outlined further in the Homes section below.
- Operating efficiencies – measures how we deliver VfM through our strategic and operational choices:
  - our performance is again strong in this area compared to our peers – the Headline Social Housing Cost per Unit improved to first quartile in 2020/21. Although the cost per unit is budgeted to increase in 2021/22, that is a direct result of the Board's investment in the ForHousing Transformation Programme, which as outlined above will embed the strategic principles and deliver improved financial and VfM performance over the next 5 years; and
  - our strategies provide the focus on maintaining excellent services and rent collection levels in the challenging areas that we operate in. Despite the COVID-19 restrictions during the year our rent collection performance remained strong. Whilst our reported performance (99.8%) is in the third quartile, we know that this is due to Housing Benefit (HB) payments that were only received in April 2021. If the HB payments had been received in the year, the performance would have achieved the internal target (100.1%) which would place us in the second quartile compare to our peers.

The table below provides the 2020/21 performance for the internal VfM indicators, which are monitored monthly by the Executive Management Team and quarterly by the Board.

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Corporate Plan Theme	Key Performance Indicator	Actual 2018/19	Actual 2019/20	Average Peer Group	Target 2020/21	Actual 2020/21
Homes	% Properties Achieving Decent Homes Standard	100.0%	100.0%	n/a	100.0%	100.0%
	% Properties with a Valid Gas Safety Certificate	100.0%	100.0%	100.0%	100.0%	100.0%
	Number of new homes developed	118	149	Internal Target	178	176
	Average SAP (Energy) Rating of our Homes	74.0	74.6	71.5	74.8	74.84
Communities	% Current Tenant Arrears	3.3%	3.5%	3.5%	3.5%	3.8%
	% Tenancy Turnover	7.0%	6.2%	8.2%	6.5%	5.7%
	Average Days to Re-Let Empty Properties (excluding properties undergoing major repairs) **	14.8	15.8	25.7	16.3	25.0
	Net Promoter Score	48.3	48.6	N/A	47.5	53.7
Other	Employee Satisfaction *	90.0%	92.0%	64.0%	96.0%	96.4%
	Employee Turnover	15.3%	12.8%	13.8%	15.4%	9.5%
	Employee Sickness (short-term)	3.6%	4.1%	Internal Target	3.5%	3.2%
	Cheshire West & Chester Contract - % contractual KPI's achieved or within tolerance	100.0%	100.0%	Internal Target	100.0%	100.0%

\* The Employee Satisfaction benchmark is UK wide, not just the housing sector

Further explanation of the 2019/20 VfM performance against the Sector Scorecard, in the context of our strategic objectives, is provided below:

- Homes:
  - It is pleasing to report that all of our internal Homes KPI's were in line with the targets set by the Board, and all of the KPI's showed achieved the target % ;
  - Although the number of new homes developed was marginally below the target, there were 547 new homes on site and in progress at the end of the year, which will convert into additional new properties for customers in future years;
  - The Board is particularly proud of the continued performance on gas safety, particularly considering the challenges presented by COVID-19 during the year. We continue to take a zero-tolerance approach to health and safety compliance; and
  - Further evidence of the delivery against our strategic Homes priority is provided in the Delivery of our Corporate Plan Priorities section below.
- Communities:
  - The % of Current Tenant Arrears was 0.3% above the target set for the year, which was mainly due to increased arrears at the start of the COVID-19 pandemic, as tenants set money aside for emergencies or were not able to work. As outlined above, the Board is focussed on their commitment to avoid unnecessary evictions, therefore we continue to work with and support tenants who have been affected by the pandemic, and it is pleasing to report that payment arrangements have been put in place for the majority of the tenants who fell behind with their payments during the year. We will closely monitor the end of the Government's Job Retention (Furlough) scheme during 2021/22, and the potential impact on tenant's ability to continue to pay their rent. The Board has made prudent assumptions for rent collection in the 2021/22 Business Plan to mitigate the risk of increased rent arrears due to the on-going impact of the pandemic;
  - Tenancy Turnover was lower than the target, and lower than the performance in previous years, mainly due to the COVID-19 restrictions during the year;
  - The Average Number of Days to Re-Let Empty Properties was significantly above the target set for the year, and above the performance in previous years, although it remains better than the average performance of our peers. COVID-19 restrictions prevented non-essential lettings between 23<sup>rd</sup> March and 13<sup>th</sup> May for all properties, and until 13<sup>th</sup> July for Extra-Care properties, which resulted in the overall relet time

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being significantly longer than before the pandemic. The letting of Extra Care and Supported Housing homes remains challenging, with applicants unable to move if they are shielding or self-isolating, in addition to awaiting the outcome of allocation panels for Extra Care vacancies. We are also unable to let properties within these schemes if there has been a positive COVID-19 case, until we have had a 28-day infection-free period.

- The Net Promoter Score (NPS) is a leading metric for measuring customer loyalty, i.e. the willingness of ForHousing’s tenants to recommend our services to others (a score of 50 or above is considered to be excellent performance). Our NPS performance has improved consistently over the last 3 years and, the score for the year (53.7) demonstrates the delivery of consistent and high-quality customer services during the year.
- Other:
  - The Board is proud of our Employee Satisfaction performance - the 96.4% performance for the year is significantly above the UK average of 64%. The Board recognises that the strength of ForHousing, and our ability to meet the corporate objectives and the commitments made to customers lies in the quality, commitment and contribution of our staff, therefore we will continue to set ourselves high-performance targets in this area.
  - Employee Turnover has reduced again during the year, although the performance is likely to be impacted by the COVID-19 pandemic. As the UK bounces back from the pandemic’s impact on employment, we have started to see an impact on our Employee Turnover rates across the ForViva Group. Ensuring ForHousing’s People Strategies continue to demonstrate our commitment to employee retention remains a key focus for the Board.
  - Employee short-term sickness levels are now the lowest they have been for the last 3 years. Our response to the pandemic saw employees being able to operate with increased agility, which is likely to have had a positive impact on staff attendance.
  - Continued high-performance on the Cheshire West and Chester contract demonstrates high quality services to the tenants in those homes, and real social value to the Ellesmere Port area.

The table below links our Corporate Plan priorities to our Value for Money (sector scorecard) performance.

Corporate Plan Theme	Corporate Strategy	Outcomes	Value for Money Regulatory Metrics							Sector Scorecard Metrics			
			1	2	3	4	5	6	7	8	9	10	11
			Reinvestment	New supply delivered	Gearing	EBITDA MRI Interest Cover	Headline Social Housing Cost per Unit	Operating Margin	Return on capital employed	Customer Satisfaction	Occupancy	Ratio of Responsive Repairs to Planned Repairs	Rent Collected
Corporate Plan Theme - Homes	Asset Management	Safe, high quality homes	Green	Grey	Red	Red	Red	Red	Red	Green	Green	Green	Green
	Development	1,400 New Homes	Green	Green	Red	Red	Green	Green	Green	Green	Green	Green	Green
	Green	Net Zero Carbon by 2050	Green	Red	Red	Red	Red	Red	Red	Green	Green	Green	Green
Corporate Plan Theme - Communities	Wellbeing	Sustainable Tenancies, Social Impact	Grey	Grey	Grey	Grey	Red	Red	Red	Green	Green	Grey	Green
Cross-Cutting Themes	Value for Money	Economy, Efficiency, Effectiveness, Equitable	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
	People	Investment in our Teams to deliver more Value	Grey	Grey	Grey	Grey	Green	Green	Green	Green	Green	Green	Green
	Tenant Voice	Customer Satisfaction	Grey	Grey	Grey	Grey	Green	Green	Green	Green	Green	Green	Green
	Data & ICT	Customer focussed services delivered efficiently	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green

Key:

Positive Impact on Metric	No Material Impact on Metric	Adverse Impact on Metric
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The table above shows that:

- Corporate Plan Theme – Homes:
  - the continued focus on investment in the existing homes will result in a deterioration of a number of the key regulatory VfM metrics, however we think it is important to maintain our homes to a high standard which has a positive impact on the Sector Scorecard metrics of satisfaction, occupancy, responsive repairs expenditure and rent collection;
  - the delivery of the Green Strategy will not only meet our long-term net-zero carbon objectives, it will also mean our homes are more economical to run for our customers leading to increased satisfaction levels, and will put more money in tenants' pockets to improve their ability to pay their rent. The significant investment in net-zero will however have a material impact on the financial capacity available to develop new homes over the long-term;
  - whilst the continued development of new Homes requires upfront investment, increasing our gearing and reducing interest cover, the investment improves the longer-term Value for Money performance across the full range of sector scorecard metrics;
- Corporate Plan Theme – Communities:
  - the Board's investment in the Well-Being Strategy will see a marginal deterioration of several financial metrics, but will significantly improve the key Sector Scorecard metrics of satisfaction, occupancy and rent collection;
- Cross-Cutting Themes:
  - the cross-cutting strategies will have a positive impact across the full range of our future Value for Money performance.

### **Delivering our Corporate Plan Priorities 2020/21**

The achievements against the 2020/21 Corporate Plan priorities, and the areas that we have identified for improvement, are outlined below.

#### **Corporate Plan Priority - Homes**

The main assets of ForHousing are the homes that we own. Whilst our social purpose is a key driver for the organisation, it is critical that we understand and optimise the use of our asset base. We have a long-established and robust approach to asset management which balances stock investment and divestment, which helps ensure we make informed decisions on whether to hold stock in its current form, dispose of it, invest in it, or convert it to another tenure. Decisions around stock investment, viability and sustainability are made through our asset management net present value (NPV) module, which uses 30-year expenditure and income streams to inform our decision making and ensure that we maximise the return on our asset investments. NPV's are held at individual asset level – the current average 30-year NPV for the 17,779 homes that we own is £29,937.

Our asset management strategy and 30-year business plan identify the resources required to maintain and enhance our existing homes. We survey 10% of our stock each year and undertake a full independent stock condition survey and validation exercise every 5 years to ensure our stock data and associated investment requirements remain up to date. All investments have defined target rates of return.

During the year we have continued to further improve the intelligence driving the management of our homes, which will provide an improved understanding of the financial and social return on our assets. Using high quality asset performance data to generate the NPVs alongside a robust set of neighbourhood indicators will enable us to identify properties and schemes which may be becoming unsustainable or are no longer fit for purpose. The intelligence will be used to trigger our options appraisal process, ensuring we make informed asset management investment decisions.

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During 2021/22 a comprehensive NPV evaluation of the owned housing stock will be undertaken, identifying the financial and social return of each property, block and estate to inform the Board's future asset investment strategy. The analysis will be presented to the Board in the second half of the year.

<b>Key outcomes for Homes in 2020/21</b>	
<b>Outcome: Sustainable</b>	
100%	Decent Homes Compliance – 100% compliance has been maintained in line with our target, following £12.3m investment works during the year including 1,793 component replacements such as roofs and kitchens
46,093	responsive repairs added a further £7.8m of investment in existing homes – this was lower than last year due to COVID-19 restrictions
10,191	emergency repairs (100%) were completed on time within the 24 hours target
145	affordable rent homes completed - including 88 extra care homes enabling people to live independently and transforming a disused site into 48 one-and two-bedroomed apartments
27	sub-social rent homes completed - targeting homelessness prevention
4	shared ownership homes were completed as part of our 58 home market sales scheme in Trafford, supporting more customers to get on the property ladder
547	new homes on site and in progress at the end of the year, which will convert into additional new properties for customers in future years
531	grounds maintenance sites were maintained in common areas, with 16 outdoor spaces improved with an investment of £51k
520	homes adapted, valued at £275k, enabling tenants to live independently in their existing home
<b>Outcome: Safe</b>	
	a new fire risk assessment management system, improved recording assessments and recommendations for improvements
	block safety noticeboards were installed to display information and checks, giving residents assurance we are doing everything we can to ensure their building is safe
	agreed our approach to meeting the requirements of the Building Safety Bill
97.6%	valid certificates for electrical checks, an increase of 2% (372 homes) during the year by 372, ending the year
100%	of properties had a valid gas safety certificate at the end of the year
<b>Outcome: Green</b>	
74.84	average SAP rating (out of 100), which measure energy efficiency, which is better than the target (74), first quartile performance compared to our peers, and a further improvement during the year (2020: 74.6)
ISO14001	accreditation for driving improvement in environmental management systems was maintained
70	homes are taking part in a NetZero Collective pilot to monitor energy usage and develop insight into our current carbon impact

We recognise that having a home is the first building block on the journey to a better life, and the Board has enhanced its aspirations through the Asset Management Strategy, which takes into account the emerging priorities identified through, for example, the Green Paper: A New Deal for Social Housing, the Independent Review of Building Regulations and Fire Safety, and the UK government's target of net zero carbon emissions by 2050.

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As outlined above we have been on site developing 723 new homes during the year, of which 176 were completed and handed over. We are proud of all of our development schemes, but two schemes which we are particularly proud of are outlined below as examples of the significant impact our *Homes* theme has on *Communities*:

- *Jackson Gardens – an extra care scheme in the heart of Stockbridge Village in Knowsley which provides 64 apartments and 26 bungalows, allowing tenants to maintain their health and wellbeing whilst living independently. The homes are spacious with high quality equipment and have balconies or patio areas to enable easy access to outside space, which has become increasingly important due to the COVID-19 pandemic. Staff are available 24/7 to provide support to those who need it, and the scheme feels like a true community, with a range of facilities including a bistro, laundry room, communal lounges, scooter storage and a hair and beauty room. Tenants can also use the landscaped garden and bowling green for outdoor activities. With wellbeing in mind, activities will be delivered that connect tenants, and being in the heart of the community means tenants have easy access to local amenities to maintain their independence.*
- *Preventing homelessness: sub-social rent scheme – two further new build schemes were developed on unused garage sites during the year. The schemes were based on a concept we've developed to provide shorter-term accommodation, seen as 'entry level' homes, for a period of 2 years. The Compact 31m<sup>2</sup> apartments enable the rent to be set at a lower sub-social level, and includes the costs of electricity and water, as well as WiFi. The properties come ready furnished, so tenants can just move in. Not only did this make better use of our assets, it provided much needed truly affordable homes to people at risk of becoming homeless.*

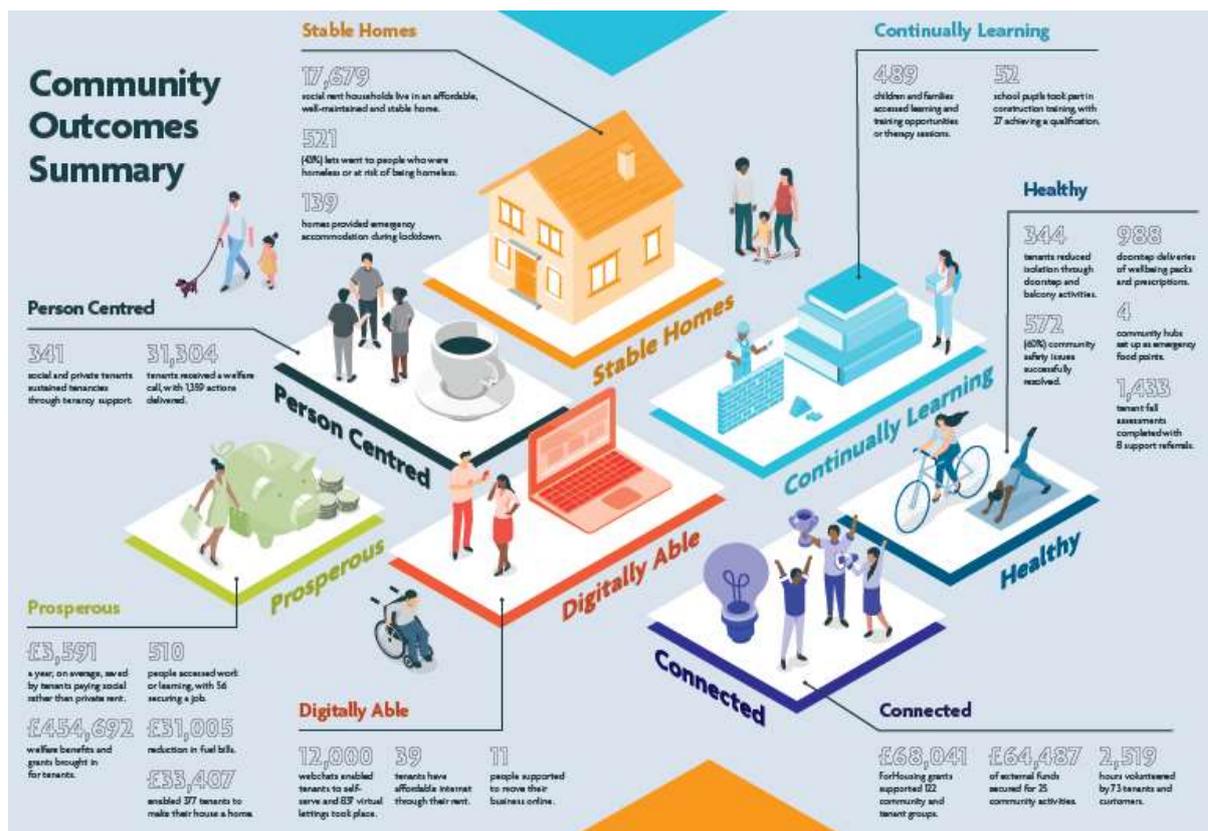
### Corporate Plan Priority - Communities

The Wellbeing Strategy set the framework for how we delivered social impact during the year. All of our community impact activity is governed by the Impact Hub, a committee of the Board, which includes members of the ForHousing Board. The Impact Hub will normally liaise directly with the stakeholders who are involved in making a difference to communities, which brings the activities to life whilst evidencing outcomes (this wasn't possible during 2020/21 due to the COVID-19 restrictions, however will resume as soon as it is safe to do so).

The Impact Hub adopts a business case and outcome statement approach when considering and approving community investment - each business case includes outcome targets, and an outcome statement is subsequently presented to the Hub for approval upon completion of each scheme. The outcome statements include the cost and social value ratings, which incorporate the learning from previous programmes.

Social value is evaluated using recognised proxies such as HACT, TOMs (Targets, Outputs, Measures) and New Economy Manchester. We also measure the difference made to participants through recognised survey techniques such as Warwick-Edinburgh Mental Wellbeing Scales and Outcomes Star. All social impact activity evaluations include at least one case study which reports the impact in a participants or partners own words. The full evaluation is published in the ForHousing Annual Report for tenants.

Overall, 25 out of 31 (81%) wellbeing activities scheduled to take place during the year have been delivered successfully. Considering the challenging circumstances of delivering activities during the COVID-19 pandemic the Board is pleased with this high delivery rate. There continues to be a wide-range of activities taking place to improve the wellbeing of tenants and customers – since the end of the year the Hub has received six business cases justifying investment in new activities, some of which are a direct response to the impact of COVID-19. The key outcomes from our Communities Corporate Plan priority are provided below.



Key outcomes for Communities 2020/21	
<b>Outcome: Stable Homes - a secure tenure of a well-maintained home</b>	
1,219	households had their housing need met by signing up to a tenancy, with 521 (43%) previously homeless or rough sleeping
139	furnished homes provided emergency accommodation for homeless people during the COVID-19 pandemic, with 43 converted into tenancies for people who otherwise may not have made this progression into a stable home
107	exchanges enabled tenants to find their own housing solution, such as moving closer to work or family, or finding a more suitably sized home
<b>Outcome: Digitally Able - equal access and use of technology</b>	
39	tenants had Wi-Fi included in the sub-social low-cost rent, and are able to get internet access without worrying about the cost
2	virtual visiting rooms opened in our extra care schemes, for tenants to connect with friends and family
12,000	live chats were carried out by our website chat bot named Zippy, enabling tenants to self-serve through the internet
11	people were supported to move their business offer online
<b>Outcome: Continually Learning - skills and knowledge needed for life and work</b>	
312	children accessed healthy, fun and creative online activities during the school holidays and closures
145	families attended family clubs to access education and training
16	primary school children attended our restorative and therapeutic programme
52	school pupils attended construction skills training
16	children attended one to one counselling for children and young people affected by domestic abuse

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<b>Outcome: Person Centred - empowered and respected to influence decisions</b>	
341	social and private tenants accessed our tenancy sustainment services and sustained their tenancy
31,304	successful tenant welfare calls in response to the pandemic and with partners delivered 1,359 actions to provide support in areas such as food, income and wellbeing
<b>Outcome: Healthy - improved physical and mental health</b>	
344	tenants in our supported and extra care schemes reduced isolation by taking part in social activities
572	(60%) community safety issues were resolved, following 5,037 complainant contacts and 1,643 perpetrator contacts
469	wellbeing packs were delivered to tenants identified as needing a lift in lockdown
519	prescriptions were collected and delivered to patients self-isolating
4	community hubs were utilised as emergency food distribution and collection points as part of the community COVID-19 response
<b>Outcome: Prosperous - reduced poverty and increased wealth</b>	
£733k	social value was created through supporting people of all ages to improve employability. We invested £717k in this key activity (of which 60% was funded by income from programmes delivered on behalf of our partners). This means each £1 invested returned £1.02 in social value, and this is expected to increase over time as participants go on to use their new skills to move into work or progress in their career
£1.3m	invested in our rent collection and arrears recovery services, to support tenants to meet their rent obligations and avoid debt
£3,591	a year, on average, was saved by tenants living in social and affordable housing compared to private sector housing
510	people received support to access work or learning - 207 had complex barriers to work.
175	people improved their employability by completing training or a work placement, also achieving 43 qualifications
56	people went on to secure a job or started to move into self-employment
£455k	was brought in for tenants through welfare benefits, grants and vouchers
504	tenants received fuel advice / provider switching advice, reducing fuel bills by a total of £31k
£22k	of decoration vouchers assisted 259 tenants to reduce financial difficulties when improving the appearance of their new home
£11k	supported 118 tenants to set up a new home using furniture vouchers from the charity Mustard Tree
30	participants attended our virtual Cash Chats workshops, which offer information on how to feel more in control of finances
4,449	affordable repayment agreements were made with tenant in rent arrears, with 57% (2,535) maintained
£47k	worth of donations were secured for tenant including books, food vouchers, Christmas presents and community centre improvements

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<b>Outcome: Connected - increased community cohesion</b>	
£60k	of ForHousing grants supported 110 groups and their volunteers to deliver activities in their community, with 1,387 tenants and residents benefitting
£64k	in external funds were secured with community groups and external partners to deliver 25 activities
2,519	hours were volunteered by 73 tenants and customers, including 24 new volunteers
£8k	supported 12 tenants and residents' groups to pay for running costs so they could deliver COVID safe activities in their communities
38	families took part in doorstep photography as a memory of the first lockdown
95	tenants took part in our Community Conversations to co-produce investment priorities and influence Local Offers

We are proud of all of the activity that we carry out in our communities as part of our Wellbeing Strategy, but to bring the work that our teams do on a daily basis to life, a few of our many case studies are provided below:

- *Allocations and lettings - Mr A is one of the ten Armed Forces veterans who signed a tenancy agreement with us during the year. Mr A was made homeless by his previous landlord whose intimidating behaviour eventually forced Mr A into leaving his home and as Mr A has dogs, finding temporary accommodation was difficult and he resorted to living in a tent in the countryside for a short while. ForHousing offered Mr A temporary accommodation and then a permanent home. Mr A said "Having the security of a life-time tenancy has made a massive difference to my life. I absolutely love my flat and I intend to stay here for a very long time. I've made friends with lots of my neighbours which has really boosted my mental health and my stress levels have reduced hugely too".*
- *Virtual visiting rooms in extra care - Although Mrs B speaks to her daughter regularly on the telephone, she hadn't seen her for over a year as she lives in Texas, USA. The Scheme Manager arranged a Zoom meeting in the new virtual waiting room with both the daughter and tenant to ensure everything went smoothly. Mrs B and her daughter were overjoyed to be able to see each and, to make this story even more heart-warming, Mrs B met her great grandchild for the first time too. It really is amazing the difference technology can make to the quality of somebody's life.*
- *Motiv8 key worker support - "I can't really put into words how much I appreciate and have benefitted from being in contact with you, and via your support. Only four weeks ago I was homeless, sofa surfing and sometimes sleeping in a friend's shed. I had no idea where to turn. And as hard as it is to admit, I was close to the edge. How things have changed since I've had your support. I now have a place to call home. I've been in regular contact with Healthy Minds, Achieve, Shelter and the HEN Project. My life has been turned on its head for all the right reasons. I feel safe, I feel comfortable and my mental health is in such a better place. I feel honoured to have been graced with the support you have provided. You quite literally have saved my life. And I can't thank you enough."*
- *Smart Choices (personal development support for primary school children) delivered over ten sessions, pupils are supported to express their feelings and given tools to manage their reactions in a classroom environment. Our Learning and Development team delivered a session on mindfulness and relaxation techniques and tools to manage emotions and behaviour. The children filled a bottle with water, glue and glitter, shook it and imagined that the glitter was their mind when they are stressed or upset. This demonstrated that when you are angry or upset your brain is like the glitter, you can't think clearly. The group were then shown exercises to provide coping strategies. J told his mother he enjoys Smart Choices as the facilitator "gets him". His mother said there has been a "marked improvement in his behaviour at home" and "he is socialising a bit more". The school family worker said*

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*she has “not heard him swearing as much”. J particularly enjoyed the session on the brain and stress (mindfulness session) as it made sense to him that he struggled to calm down because he wasn’t always given the time to “stop being mad”. The session allowed him to visualise the effect of “being still” long enough to allow the brain to calm down.*

### Commercial Investments

During 2020, and in line with the strategic design principle of *economic value creation*, the ForHousing Board undertook a review of the organisation’s commercial (non-social housing) activities. Supported by KPMG, the Board undertook a detailed diagnostic assessment which included an ‘outside-in’ (external investor) and ‘inside out’ (management and Board) perspective to inform the creation of a robust approach to investment management. As a result of the review, the Board has set the following objectives for its commercial investments over the next three years:

- Each investment will deliver an enhanced margin which is sustainable over the medium to long term;
- Commercial growth will be focused on proven and profitable core investment areas; and
- Any additional investment will further strengthen the enhanced and sustainable margins.

Alongside the commercial review, the Board developed and approved a new Investment Policy during the year, which sets the parameters and the target returns for its current and future commercial investment activity. The Investment Policy will further strengthen the Board’s oversight and control. The existing commercial investments are outlined below.

- *Liberty Group Investments Limited (LGIL)* – in 2016, through on-lending from ForHousing, the ForViva Group acquired LGIL, a multi-disciplinary property services company providing construction and gas services to clients across the UK. This was a mixed motive investment, firstly to secure the safety of its assets (LGIL provided gas safety services to ForHousing (previously City West Housing Trust) at the time of acquisition), and secondly to produce a financial return which would allow ForHousing to further its strategic objectives. During 2019/20, the ForHousing Board approved further investment into LGIL to provide working capital to fund growth.
  - ForHousing benefits from on-going VAT savings (because Liberty is part of the ForViva VAT Group, ForHousing does not pay VAT on the labour element of the works carried out by Liberty). The VAT saving represents a 2.8% annual return on the Board’s investment;
  - Following a challenging period of consolidation and transformation since acquisition, and the unforeseen impact of COVID-19 during 2020/21, Liberty are expected to make dividend payments (in the form of Gift Aid) to ForHousing from March 2022. In line with the Investment Policy, the ForHousing Board will decide the level of annual dividend payable by Liberty;
  - The Investment Policy forecasts the return for ForHousing from Liberty over the next four years will be 18.4%;
  - In addition to the cashable return, Liberty’s continued growth and margin improvements will improve the capital value of the company, ultimately improving the value of ForHousing’s investment; and
  - Liberty continued to deliver 100% gas servicing compliance during the year, securing the on-going safety of ForHousing’s assets and customers.
- *ForLiving Limited* – ForLiving is the ForViva Group’s commercial property development company, established in 2017 to develop and manage homes for outright sale and market rent.
  - During the year ForLiving completed the 58 unit Simpsons site in Urmston, Trafford, which resulted in the repayment of the £8m loan to ForHousing in December 2020, plus a £1.5m Gift Aid payment to ForHousing in March 2021, representing an 18.8% return on the £8m investment; and

## ForHousing Limited – Annual Report & Financial Statements 2020/21 Strategic Report

- ForLiving also manages the ForHousing market rent properties – during the year the market rent properties generated rental income of £1.1m.
- Housing Management Contract - on 1<sup>st</sup> July 2017 ForHousing (formerly City West Housing Trust) secured a 10-year commercial contract to manage and maintain over 5,300 homes in Ellesmere Port and Neston for Chester West & Chester Borough Council.
  - The contract also delivers social value to the tenants and residents of Ellesmere Port;
  - During the year the contract delivered a 3.1% financial return for ForHousing; and
  - The forecast financial return over the remaining life of the contract is 4.6%.

### Future Value for Money Targets

The Board recognise that, whilst our overall VfM performance is relatively strong compared to our peers (11 out of 13 VfM Sector Scorecard indicators are in the first or second quartile for 2020/21), we want to improve further. The new 5-year budget that the Board approved in March 2021, aligned to the ForHousing Transformation Programme, clearly sets out the Board's VfM improvement targets, and over the next 5 years our aim is to reduce our real-terms operating costs by 6.3%, whilst delivering 1,400 new homes. The efficiency agenda will optimise our financial capacity by improving our operating margin to 24.4% (2021: 20.6%), allowing the Board to increase future investment in new and existing homes, and into services that people and communities need. Our 5-year VfM targets are shown below.

### Sector Scorecard VfM Targets:

Sector Scorecard - Value for Money KPI's		Median Peer Group	Target 2021/22	Forecast - Future Years			
				2022/23	2023/24	2024/25	2025/26
Business Health	Operating Margin (overall)*	19.5%	17.4%	20.1%	23.6%	24.3%	24.4%
	Operating Margin (Social Housing Lettings)*	22.1%	19.3%	20.9%	24.6%	25.6%	25.3%
	EBITDA MRI (as % Interest)*	133.4%	211.5%	235.6%	270.7%	338.7%	322.5%
Development Capacity & Supply	New Supply - Social Housing Units*	1.0%	0.6%	0.8%	1.4%	1.0%	1.1%
	New Supply - Non-Social Housing Units*	0.0%	1.5%	0.6%	0.2%	0.2%	0.2%
	Gearing*	47.1%	36.8%	39.0%	35.9%	36.4%	33.5%
Outcomes delivered	Customer Satisfaction	85.2%	86.5%	87.0%	88.0%	89.0%	90.0%
	Reinvestment*	6.9%	10.2%	12.7%	7.5%	9.8%	9.0%
Efficient Asset Management	Return on Capital Employed*	3.4%	3.5%	3.9%	4.4%	4.3%	4.3%
	Occupancy	99.2%	99.0%	99.1%	99.2%	99.3%	99.4%
	Ratio Responsive Repairs to Planned Maintenance	0.70	0.62	0.52	0.49	0.59	0.55
Operating efficiencies	Headline Social Housing Cost per Unit*	£3,819	£3,529	£3,761	£3,661	£3,578	£3,626
	Rent Collected	99.9%	100.1%	100.1%	100.1%	100.1%	100.1%
<b>Key:</b> * - denotes the VfM Indicators required by the RSH				First Quartile	Second Quartile	Third Quartile	Fourth Quartile

Compared to Peer Group Organisations

# ForHousing Limited – Annual Report & Financial Statements 2020/21

## Strategic Report

### Internal VfM Targets:

Corporate Plan Theme	Key Performance Indicator	Actual 2020/21	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/25	Target 2025/26
Homes	% Properties Achieving Decent Homes Standard	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	% Properties with a Valid Gas Safety Certificate	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	Number of new homes developed	176	385	270	304	233	235
	Average SAP (Energy) Rating of our Homes	74.84	75.0	75.0	75.0	75.0	75.0
Communities	% Current Tenant Arrears	3.8%	3.5%	3.5%	3.2%	3.0%	3.0%
	% Tenancy Turnover	5.7%	6.5%	6.4%	6.2%	6.1%	6.0%
	Average Days to Re-Let Empty Properties (excluding properties undergoing major repairs) **	25.0	15.5	15.5	15.5	15.5	15.5
	Net Promoter Score	53.7	50.0	50.0	50.0	50.0	50.0
Other	Employee Satisfaction *	96.4%	96.0%	96.0%	96.0%	96.0%	96.0%
	Employee Turnover	9.5%	15.4%	15.0%	15.0%	15.0%	15.0%
	Employee Sickness (short-term)	3.2%	3.5%	3.5%	3.5%	3.5%	3.5%
	Cheshire West & Chester Contract - % contractual KPIs achieved or within tolerance	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

\* The Employee Satisfaction benchmark is UK wide, not just the housing sector

\*\* The target for Average days to relet empty properties for 2021/22 excludes Extra-Care properties, as the lettings in those properties will remain challenging until we return to some kind of normality following the COVID-19 pandemic. Subject to the pandemic restrictions being lifted, it is anticipated the target from 2022/23 onwards will apply to all properties again.

The tables above shows that, over the next 5 years, the successful delivery of our Corporate Plan and the achievement of our VfM targets will see ForHousing move to the first or second quartile for all of the sector scorecard indicators, as well as demonstrating significant improvements against our internal VfM targets.

As outlined above, our VfM strategy reflects ForHousing's purpose, which is to provide quality homes and places, and to make more things possible for more people, which the Board recognises may not be deliverable as a lowest cost organisation.

Further work was carried out by the Board in 2020/21 to set the long-term targets for the new Corporate Plan, however this work was impacted by COVID-19. Our Community Conversations engaged with 95 tenants to find out what is important to them as part of our Tenant Voice project. The Community Conversations included six digital storytelling sessions, four sensemaking sessions to identify key themes, and a classroom activity with 15 school children to talk about their local area. Phase three of the project will look to target engagement in under-represented groups, which will enable us to further demonstrate the Value for Money and the positive social impact of ForHousing's activities.

Over the next 5 years, as part of the annual review of the Corporate Plan, the Board may choose to reinvest some of the efficiency savings into improved services or additional wellbeing activity. Any changes to the targets will be reported in future VfM statements.

Considering the actions and initiatives set out above, the Board believes that ForHousing complies with the requirements of the Value for Money standard. The Corporate Plan targets and the Value for Money Strategy demonstrate the Board's strategic approach to Value for Money, and we feel that the current and future plans will continue to optimise the economic and social value that ForHousing delivers to its customers and other stakeholders.

### Future Prospects

The future prospects for ForHousing remain positive. A skilled and experienced Board is in place, and the Board has approved a five-year corporate plan and financial plan which set out the aims, objectives and targets for the business.

## **ForHousing Limited – Annual Report & Financial Statements 2020/21 Strategic Report**

Governance and risk management processes are in place ensuring ForHousing complies with its legal and regulatory duties and can deliver its objectives.

The financial plans have been stress-tested, and the results demonstrate that the organisation has the capacity to withstand a wide range of adverse economic scenarios and remain viable. In March 2021 the Board approved a Treasury Strategy for 2021/22 which includes the refinancing of the Business Plan. The refinancing project will see the Board:

- refinance the existing loans, which have significant repayment tranches due over the next three years in line with the original loan profiles; and
- increase the available funding facilities to enable the Board to deliver its 2021-2025 Development Strategy, and to start to deliver the requirements of the decarbonisation agenda

The refinancing project is anticipated to be completed by December 2021.

The government's rent policy provides revenue certainty, with social and affordable rents increasing by CPI +1% per annum up to March 2026. The business plan includes the resources to deliver 1,300 new homes over the next 5 years, however a further 500 homes are included in the aspirational 2021-2025 Development Strategy - the Board has taken a prudent view to its 2021/22 Treasury Strategy in response to the emerging decarbonisation agenda.

### **COVID-19**

During the year the Board successfully navigated the business through the coronavirus pandemic (COVID-19). The Board met regularly to review the impact of the pandemic on the organisation, including the financial impact on the business plan. Although the long-term effects of the pandemic remain uncertain, including the unknown impact of the end of the Job Retention (Furlough) Scheme on ForHousing's tenants' ability to continue to pay their rent, the financial plans remain strong with prudent assumptions for voids and bad debts over the next few years meaning the plan is able to absorb a downturn in performance. It is pleasing to report that, despite the COVID-19 pandemic, we out-performed our financial targets during the year and the significant majority of our operational targets were achieved, the only exceptions relating to access to properties due to customer and staff safety considerations.

### **Going Concern**

The Board is confident that ForHousing remains a going concern for the following key reasons:

- The ongoing preparation of detailed financial forecasts and business plans:
  - during 2020/21, as a result of the COVID-19 pandemic, the Board met regularly to discuss the impact of the pandemic on the organisation, including the financial impact;
  - the 5-year budget and the 30-year business plan were reviewed, and the Board undertook additional detailed sensitivity analysis and stress-testing of the Business Plan during the year to understand the specific impact of a number of COVID-19 related scenarios;
  - the performance of the organisation during 2020/21 was strong – despite the COVID-19 pandemic, we out-performed our financial targets during the year and the significant majority of our operational targets were achieved, the only exceptions relating to access to properties due to customer and staff safety considerations;
  - In March 2021, the Board approved a 5-year budget and 30-year Business Plan for 2021/22, both of which demonstrate the strong performance will continue – the 5-year targets outlined in the Value for Money section on page 33 show that our efficiency programme will increase the operating margins to 24.4%, creating additional financial capacity with the Business Plan;

## ForHousing Limited – Annual Report & Financial Statements 2020/21 Strategic Report

- The 2021/22 Business Plan remains within the existing funding facilities and facilitates the completion of the Board's 2017-2021 Development Strategy; and
- The 2021/22 Business Plan contains 19 months liquidity from October 2021 (i.e. the month after the date of the signing of the accounts).
- The on-going sensitivity analysis and stress testing of the prudent Business Plan demonstrates that:
  - The Plan contains sufficient headroom to absorb a significant downturn in financial performance;
  - the organisation has sufficient cash and is able to continue to meet the financial covenants within the loan facilities; and
  - risk mitigation strategies are in place should a significant economic downturn lead to further corrective actions being required.
- ForHousing, through ForCapital, has access to undrawn Revolving Credit Facilities of £39.2m and the 2021/22 Business Plan shows the Board retains adequate liquidity and has appropriate controls in place for 19 months from October 2021 – the Board has approved that this meets their Treasury Management Policy requirements;
- The Board has approved a Treasury Strategy for 2021/22 which includes the refinancing of the Business Plan. The additional loan facilities will:
  - increase the available liquidity period shown above;
  - enable the Board to deliver its 2021-2025 Development Strategy;
  - allow the Board to start to deliver the requirements of the decarbonisation agenda.Whilst the refinancing is not required to demonstrate ForHousing remains a going concern, at the time of the signing of the accounts the refinancing project is underway and is anticipated to be completed by December 2021;
- Open dialogue is maintained with our funders and bankers, and all of our funders have reaffirmed their commitment to continue to support ForHousing to meet the short-term and long-term cash and funding requirements; and
- Whilst the Statement of Financial Position shows net current liabilities of £38.8m (2020: £20.9m), it also shows that ForHousing has net assets of £175.9m (2020: £175.0m), including a closing cash and cash equivalents position of £6.3m (2020: £12.4m). The net liabilities include £46.3m (2020: £32.2m) for the repayment obligations for Revolving Credit Facilities.

Having assessed the current and forecast economic environment, and all the factors as set out above, the Board is confident that ForHousing has adequate resources to continue in operational existence for the foreseeable future and has therefore adopted the going concern basis in these financial statements.

### Statement of Compliance

The Board confirms that the Board Report, Strategic Report and the financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), Financial Reporting Standard 102 (FRS102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Statement of the Board’s Responsibilities in respect of the Report of the Board and the Financial Statements**

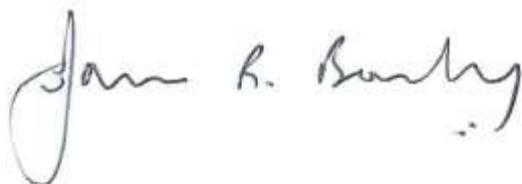
The Board of Directors are responsible for preparing the Report of the Board, the Strategic Report and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Registered Provider and of the surplus or deficit for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Registered Provider 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 RP and to enable it 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. It has general responsibility for taking reasonable steps to safeguard the assets of the RP and to prevent and detect fraud and other irregularities.

The report of the Board was approved by the Board on 14<sup>th</sup> September 2021 and signed on its behalf by:



.....  
**James Barclay**  
**Board Member and Chair of Audit & Risk Committee**

## **Independent Auditors Report to the Members of ForHousing Limited**

### **Opinion**

We have audited the financial statements of ForHousing Limited (the 'Association') and its subsidiaries (the "Group") for the year ended 31 March 2021 which comprise the Consolidated Statement of Comprehensive Income, the Association Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Association Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Reserves, the Association Statement of Changes in Reserves, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group and the Association's affairs as at 31 March 2021 and of the income and expenditure of the Group and the income and expenditure of the Association for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-Operative and Community Benefit Societies Act 2014, Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

### **Basis for opinion**

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

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

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

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

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives

## **Independent Auditors Report to the Members of ForHousing Limited**

rise to a material misstatement in the financial statements themselves. 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 the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of the Board**

As explained more fully in the Board's responsibilities statement set out on page 38, 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 determines 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's 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 intends to liquidate the company or to cease operations, or has 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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

## Independent Auditors Report to the Members of ForHousing Limited

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Co-Operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included, reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are Health and Safety at Work Act 1974 and the Regulator of Social Housing Regulatory Standards (both Economic and Consumer standards). We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements are most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

The engagement principal on the audit resulting in this independent auditor's report is John Guest.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at: <https://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 Association's members as a body, in accordance with Part 7 of 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 Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

RSM UK Audit LLP  
Statutory Auditor  
Chartered Accountants  
3 Hardman Street  
Manchester, M3 3HF

30 September 2021

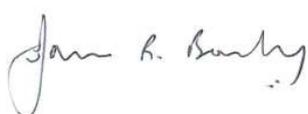
**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Consolidated Statement of Comprehensive Income**

	Note	Year Ended 31 <sup>st</sup> March 2021 £'000	Restated Year Ended 31 <sup>st</sup> March 2020 £'000
<b>Turnover</b>	<b>3</b>	<b>101,331</b>	<b>99,039</b>
<b>Operating Expenditure</b>			
Operating Costs	3	(80,739)	(80,821)
Costs of Sales		(210)	-
Gain on Disposal of Property, Plant and Equipment	6	1,680	3,266
Movement on Fair Value of Investment Properties	14	624	26
<b>Operating Surplus</b>		<b>22,686</b>	<b>21,510</b>
Gift Aid Receivable		1,487	-
Discharge of Defined Benefit pension liability	24	-	425
Interest Receivable	7	1,635	2,545
Interest Payable and Financing Costs	8	(8,008)	(9,011)
<b>Surplus Before Taxation</b>		<b>17,800</b>	<b>15,469</b>
Taxation on Profit on Ordinary Activities	11	17	(14)
<b>Surplus for the Year</b>		<b>17,817</b>	<b>15,455</b>
<b>Other Comprehensive Income</b>			
Remeasurements Gain/(Loss) in Respect of Pension Schemes	24	(16,842)	8,030
<b>Total Comprehensive Income for the Year</b>		<b>975</b>	<b>23,485</b>

*All amounts relate to continuing activities.*

The notes on pages 48 to 102 form part of these financial statements.

The financial statements were authorised for issue and approved by the Board on 14<sup>th</sup> September 2021 and signed on its behalf by:



.....  
**James Barclay**  
**Board Member and**  
**Chair of Audit & Risk**  
**Committee**



.....  
**Catherine HardySmith**  
**Company Secretary**



.....  
**Paul Butterworth**  
**Board Member**

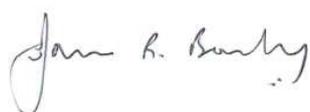
**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Association Statement of Comprehensive Income**

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Interest Payable and Financing Costs	8	(8,008)	(8,973)
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**Board Member and  
 Chair of Audit & Risk  
 Committee**



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 Catherine HardySmith  
**Company Secretary**



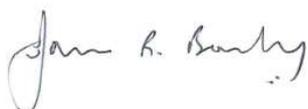
.....  
 Paul Butterworth  
**Board Member**

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Consolidated Statement of Financial Position**

	Note	Year Ended 31 <sup>st</sup> March 2021 £'000	Restated Year Ended 31 <sup>st</sup> March 2020 £'000
<b>Fixed Assets</b>			
Tangible Fixed Assets - Housing Properties	12	403,451	405,973
Investment Properties	14	66,203	27,978
Tangible Fixed Assets – Other	13	6,876	7,409
Long Term Investments	15	35	35
		<b>476,565</b>	<b>441,395</b>
<b>Long Term Debtors</b>	17	<b>37,488</b>	<b>51,231</b>
<b>Current Assets</b>			
Trade and Other Debtors	17	28,088	23,313
Cash and Cash Equivalents		6,281	12,363
		<b>34,369</b>	<b>35,676</b>
<b>Creditors: Amounts Falling Due Within One Year</b>	18	(73,211)	(56,537)
<b>Net Current (Liabilities)</b>		<b>(38,842)</b>	<b>(20,861)</b>
<b>Total Assets Less Current Liabilities</b>		<b>475,211</b>	<b>471,765</b>
<b>Creditors: Amounts Falling Due After More Than One Year</b>	19	(271,838)	(286,329)
<b>Provisions for Liabilities</b>			
Pension Liability	24	(27,428)	(10,466)
<b>Total Net Assets</b>		<b>175,945</b>	<b>174,970</b>
<b>Reserves</b>			
Share Capital	25	-	-
Income and Expenditure Reserve		175,945	174,970
<b>Total Reserves</b>		<b>175,945</b>	<b>174,970</b>

The notes on pages 48 to 102 form part of these financial statements.

The financial statements were authorised for issue and approved by the Board on 14<sup>th</sup> September 2021 and signed on its behalf by:



.....  
 .....  
 James Barclay  
**Board Member and  
 Chair of Audit & Risk  
 Committee**



.....  
 .....  
 Catherine HardySmith  
**Company Secretary**



.....  
 .....  
 Paul Butterworth  
**Board Member**

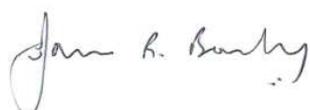
Registered Number: 30483R

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Association Statement of Financial Position**

	Note	Year Ended 31 <sup>st</sup> March 2021 £'000	Restated Year Ended 31 <sup>st</sup> March 2020 £'000
<b>Fixed Assets</b>			
Tangible Fixed Assets - Housing Properties	12	403,451	405,973
Investment Properties	14	66,203	27,978
Tangible Fixed Assets – Other	13	6,876	7,409
Long Term Investments	15	35	35
		<b>476,565</b>	<b>441,395</b>
<b>Long Term Debtors</b>	17	<b>37,488</b>	<b>51,231</b>
<b>Current Assets</b>			
Trade and Other Debtors	17	28,087	23,265
Cash and Cash Equivalents		6,280	12,357
		<b>34,367</b>	<b>35,622</b>
<b>Creditors: Amounts Falling Due Within One Year</b>	18	(73,205)	(56,483)
<b>Net Current (Liabilities)</b>		<b>(38,838)</b>	<b>(20,861)</b>
<b>Total Assets Less Current Liabilities</b>		<b>475,215</b>	<b>471,765</b>
<b>Creditors: Amounts Falling Due After More Than One Year</b>	19	(271,842)	(286,329)
<b>Provisions for Liabilities</b>			
Pension Liability	24	(27,428)	(10,466)
<b>Total Net Assets</b>		<b>175,945</b>	<b>174,970</b>
<b>Reserves</b>			
Share Capital	25	-	-
Income and Expenditure Reserve		175,945	174,970
<b>Total Reserves</b>		<b>175,945</b>	<b>174,970</b>

The notes on pages 48 to 102 form part of these financial statements.

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Chair of Audit & Risk  
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Catherine HardySmith  
**Company Secretary**



.....  
Paul Butterworth  
**Board Member**

Registered Number: 30483R

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Consolidated Statement of Cash Flows**

	Year Ended 31 <sup>st</sup> March 2021 £'000	Restated Year Ended 31 <sup>st</sup> March 2020 £'000
<b>Net Cash Generated from Operating Activities</b>	<b>31</b> <b>30,422</b>	<b>28,173</b>
<b>Cash Flow from Investing Activities</b>		
Purchase and Refurbishment of Tangible Fixed Assets - Housing Properties	(50,598)	(31,994)
Purchase and Refurbishment of Other Tangible Fixed Assets	(30)	(364)
Proceeds from Sale of Tangible Fixed Assets	3,657	6,298
Grants Received	6,113	4,805
Interest Received	1,635	48
<b>Cash Flow from Financing Activities</b>		
Interest Paid	(7,890)	(8,076)
New Secured Loans/Financing costs	3,630	32,052
Loan to Group Entities	-	(8,025)
Loan repaid from Group Entities	7,230	-
Repayment of Borrowings	(251)	(14,127)
<b>Net Change in Cash and Cash Equivalents</b>	<b><u>(6,082)</u></b>	<b><u>8,790</u></b>
<b>Reconciliation of Net Cash Flow to Movement in Net Debt</b>		
<b>Opening Net (Debt)</b>		
Cash and Cash Equivalents	12,363	3,573
Loans	(180,368)	(162,372)
	<b><u>(168,005)</u></b>	<b><u>(158,799)</u></b>
<b>Changes in Net Debt Arising from:</b>		
Cash Flows from Entity	(6,082)	8,790
<b>Movement in Net (Debt):</b>	<b><u>(6,082)</u></b>	<b><u>8,790</u></b>
<b>Closing Net (Debt):</b>		
Cash and Cash Equivalents	6,281	12,363
Loans	(184,116)	(180,368)
<b>Closing Net (Debt):</b>	<b><u>(177,835)</u></b>	<b><u>(168,005)</u></b>

The notes on pages 48 to 102 form part of these financial statements.

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Consolidated Statement of Changes in Reserves**

	<b>Income and Expenditure Reserve £'000</b>	<b>Total Reserves £'000</b>
<b>Balance as 1<sup>st</sup> April 2019 as previously stated</b>	<b>147,224</b>	<b>147,224</b>
Prior Period Adjustment	4,260	4,260
Surplus for the Year as restated	15,456	15,456
Other Comprehensive Income for the Year	8,030	8,030
<b>Balance as 1<sup>st</sup> April 2020</b>	<b><u>174,970</u></b>	<b><u>174,970</u></b>
Surplus for the Year	17,817	17,817
Other Comprehensive Income for the Year	(16,842)	(16,842)
<b>Balance at 31<sup>st</sup> March 2021</b>	<b><u><u>175,945</u></u></b>	<b><u><u>175,945</u></u></b>

**Association Statement of Changes in Reserves**

	<b>Income and Expenditure Reserve £'000</b>	<b>Total Reserves £'000</b>
<b>Balance as 1<sup>st</sup> April 2019 as previously stated</b>	<b>147,224</b>	<b>147,224</b>
Prior Period Adjustment	4,260	4,260
Surplus for the Year as restated	15,456	15,456
Other Comprehensive Income for the Year	8,030	8,030
<b>Balance as 1<sup>st</sup> April 2020</b>	<b><u>174,970</u></b>	<b><u>174,970</u></b>
Surplus for the Year	17,817	17,817
Other Comprehensive Income for the Year	(16,842)	(16,842)
<b>Balance at 31<sup>st</sup> March 2021</b>	<b><u><u>175,945</u></u></b>	<b><u><u>175,945</u></u></b>

The notes on pages 48 to 102 form part of these financial statements

# **ForHousing Limited – Annual Report & Financial Statements 2020/21**

## **Notes to the Financial Statements (continued)**

### **1. Legal Status**

ForHousing Limited is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 (registration number 30483R) at 52 Regent Street, Eccles, Salford M30 0BP. ForHousing is also registered with the Regulator of Social Housing (registration number L4528).

ForHousing became a ForViva Group member on 1<sup>st</sup> June 2015 at which point it was called City West Housing Trust (CWHT). The organisation became ForHousing as of 1<sup>st</sup> April 2019 when the two other registered providers of social housing within the Group, Villages Housing Association and Villages Community Housing Association, merged into CWHT and the organisation was renamed to ForHousing. At the same time the entire issued share capital of ForCapital Limited was transferred to ForHousing Limited.

In the opinion of the Board, both these transactions constitute a group reorganisation and consequently the transaction has been accounted for using the principles of merger accounting.

As such, the results and cashflows of all the combining entities have been brought into the consolidated financial statements of the group from 1st April 2019.

As of the 1st April 2019, the ForViva Group began operating a new governance structure. The parent company ForViva Group Limited was deregistered as a registered provider of social housing and re-constituted as a Community Benefit Society.

### **2. Accounting Policies**

#### **Basis of accounting**

The financial statements of the Association have been prepared in accordance with Financial Reporting Standard 102: Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018 (Updated). The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regenerations Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. ForHousing is classed as a Public Benefit Entity under FRS102. The financial statements are presented in Sterling and rounded to the nearest £1,000, except where otherwise indicated.

The Association being a subsidiary of ForViva Group Limited has taken advantage of the exemption from disclosing the following information, as permitted by the reduced disclosure regime within FRS102:

- Key management personnel compensation as per section 33 paragraph 33.6
- Related party transactions as per section 33 paragraph 33.9
- Financial instruments as per section 11 and 12
- Cash flow statement and related notes as per section 7

## ForHousing Limited – Annual Report & Financial Statements 2020/21 Notes to the Financial Statements (continued)

### Accounting Policies (Continued)

ForViva Group Limited's financial statements in which ForHousing's financial statements are consolidated can be obtained from the registered address 52 Regent Street, Eccles, Salford M30 0BP.

### Going Concern

The Board is confident that ForHousing remains a going concern for the following key reasons:

- The ongoing preparation of detailed financial forecasts and business plans:
  - during 2020/21, as a result of the COVID-19 pandemic, the Board met regularly to discuss the impact of the pandemic on the organisation, including the financial impact;
  - the 5-year budget and the 30-year business plan were reviewed, and the Board undertook additional detailed sensitivity analysis and stress-testing of the Business Plan during the year to understand the specific impact of a number of COVID-19 related scenarios;
  - the performance of the organisation during 2020/21 was strong – despite the COVID-19 pandemic, we out-performed our financial targets during the year and the significant majority of our operational targets were achieved, the only exceptions relating to access to properties due to customer and staff safety considerations;
  - In March 2021, the Board approved a 5-year budget and 30-year Business Plan for 2021/22, both of which demonstrate the strong performance will continue – the 5-year targets outlined in the Value for Money section on page 33 show that our efficiency programme will increase the operating margins to 24.4%, creating additional financial capacity with the Business Plan;
  - The 2021/22 Business Plan remains within the existing funding facilities and facilitates the completion of the Board's 2017-2021 Development Strategy; and
  - The 2021/22 Business Plan contains 19 months liquidity from October 2021 (i.e. the month after the date of the signing of the accounts).
- The on-going sensitivity analysis and stress testing of the prudent Business Plan demonstrates that:
  - The Plan contains sufficient headroom to absorb a significant downturn in financial performance;
  - the organisation has sufficient cash and is able to continue to meet the financial covenants within the loan facilities; and
  - risk mitigation strategies are in place should a significant economic downturn lead to further corrective actions being required.
- ForHousing, through ForCapital, has access to undrawn Revolving Credit Facilities of £39.2m and the 2021/22 Business Plan shows the Board retains adequate liquidity and has appropriate controls in place for 19 months from October 2021 – the Board has approved that this meets their Treasury Management Policy requirements;
- The Board has approved a Treasury Strategy for 2021/22 which includes the refinancing of the Business Plan. The additional loan facilities will:
  - increase the available liquidity period shown above;
  - enable the Board to deliver its 2021-2025 Development Strategy;
  - allow the Board to start to deliver the requirements of the decarbonisation agenda.

## ForHousing Limited – Annual Report & Financial Statements 2020/21 Notes to the Financial Statements (continued)

### Going Concern (continued)

Whilst the refinancing is not required to demonstrate ForHousing remains a going concern, at the time of the signing of the accounts the refinancing project is underway and is anticipated to be completed by December 2021;

- Open dialogue is maintained with our funders and bankers, and all of our funders have reaffirmed their commitment to continue to support ForHousing to meet the short-term and long-term cash and funding requirements; and
- Whilst the Statement of Financial Position shows net current liabilities of £38.8m (2020: £20.9m), it also shows that ForHousing has net assets of £175.9m (2020: £175.0m), including a closing cash and cash equivalents position of £6.3m (2020: £12.4m). The net liabilities include £46.3m (2020: £32.2m) for the repayment obligations for Revolving Credit Facilities.

Having assessed the current and forecast economic environment, and all the factors as set out above, the Board is confident that ForHousing has adequate resources to continue in operational existence for the foreseeable future and has therefore adopted the going concern basis in these financial statements.

### Critical judgements in applying accounting policies

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

The following judgements have had the most significant effect on amounts recognised in the financial statements:

- *Capitalisation of Development Schemes*  
Determining the point at which a scheme is more than likely to continue, allowing capitalisation of associated development costs (including capitalised wages and salaries), requires judgement. After capitalisation, management monitors the asset and considers whether changes indicate that impairment is required. Management make a judgement to determine the appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership properties between current and fixed assets.
- *Costs to Complete*  
The anticipated costs to complete on a development scheme based on anticipated construction cost, the effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, management then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the best estimate of sales value based on economic conditions within the area of development.

## ForHousing Limited – Annual Report & Financial Statements 2020/21 Notes to the Financial Statements (continued)

### 2. Accounting Policies (Continued)

#### Critical judgements in applying accounting policies (Continued)

- *Impairment*

Whether there are indicators of impairment of ForHousing's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. When indicators of impairment are identified management will be required to complete an impairment review. The Board have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on Existing Use Value – Social Housing (EUV-SH) or depreciated replacement cost.

- *Investment Properties*

The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset. Investment properties are professionally valued annually by an external firm of chartered surveyors on the basis of either Market Value – Vacant Possession (MV-VP) or Market Value – Subject to Tenancies (MV-ST).

The rental income of each property has been individually assessed and for certain properties it has been ascertained that in arriving at MV-ST no deduction from the prevailing MV-VP needs to be made.

#### Critical estimates and assumptions in applying accounting policies

The following estimates and assumptions have had the most significant effect on amounts recognised in the financial statements:

- *Tangible Fixed Assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. See note 13 for the net book value of tangible fixed assets.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components. See note 12 for the net book value of housing properties.

- *Defined Benefit Pension Schemes*

The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation are standard rates of inflation, mortality, discount rates 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.

# ForHousing Limited – Annual Report & Financial Statements 2020/21

## Notes to the Financial Statements (continued)

### 2. Accounting Policies (Continued)

#### **Basis of Consolidation**

The consolidated financial statements include the financial statements of the ForHousing Limited and its subsidiary undertaking ForCapital, to 31<sup>st</sup> March 2021.

Control is established when the Group has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Investments in associates are accounted for at cost less impairment in the individual financial statements.

As noted under legal status the principles of merger accounting have been adopted for Group reconstructions.

#### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable. The Association generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting);
- First tranche sales of Low Cost Home Ownership housing properties and other properties developed for sale;
- Service charge receivable;
- Revenue grants;
- Proceeds from the sale of land;
- Commission receivable for the provision of property management services to external providers

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

In an agency relationship whereby the Association collects rental income and service charges on behalf of a customer only the commission received for performing this service is recognised as revenue for the entity.

#### **Service Charges**

The Association has both fixed and variable service charges for its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable.

# ForHousing Limited – Annual Report & Financial Statements 2020/21

## Notes to the Financial Statements (continued)

### 2. Accounting Policies (Continued)

#### **Social Housing and Other Government Grants**

Grants in respect of revenue expenditure are credited to the Statement of Comprehensive Income (SOCl) when the conditions for receipt of agreed grant funding are met. The grant is recognised over the same period that the expenditure relates to.

Government grants include grants receivable from Homes England, local authorities, and other Government organisations. Grants in relation to newly acquired or existing housing properties are accounted for using the accruals model. Grants are carried as deferred income in the Statement of Financial Position and released to the Statement of Comprehensive Income on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with the SORP the useful life of the housing property structure has been used and, where applicable, its individual components (excluding land).

Where a social housing grant (SHG) funded property is sold or other relevant event occurs, the grant can become repayable or recyclable under certain conditions. If the grant is recyclable it is transferred to a recycled capital grant fund (RCGF) until it is reinvested in a project approved by Homes England (formally the Homes and Communities Agency). SHG may have to be repaid if certain conditions are not met. If there is no requirement to recycle or repay the grant on disposal of the assets or other relevant event then any grant remaining within creditors is released and recognised as revenue within the Statement of Comprehensive Income. In the case of proceeds from right to acquire (RTA) sales only the attributed grant is recyclable through the RCGF. The net proceeds are then reinvested in line with the Association's objectives and purpose.

SHG received in advance from Homes England is included as a current or long-term liability in line with the capitalisation and depreciation of the associated capital spend. This is credited to the SOCl.

#### **Property Managed by Others**

Where the Association carries the financial risk on property managed by others, all the income and expenditure arising from the property is included in the SOCl of the Association. Where the agency carries the financial risk, the SOCl includes only that income and expenditure which relates to the Association. In both cases, where revenue grants are claimed by the Association, these are included as income in the SOCl and expenditure to the extent that they are passed to the agent.

#### **Interest**

Interest payable is charged to the SOCl on an accrual basis in the year and any interest receivable is credited to the SOCl in the year.

#### **Taxation**

No corporation tax is payable on the surpluses of the charitable activities of the Association. Those activities that are not deemed to be for charitable purposes are liable to corporation tax.

## ForHousing Limited – Annual Report & Financial Statements 2020/21 Notes to the Financial Statements (continued)

### 2. Accounting Policies (Continued)

#### Current & Deferred Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the SOCI, except that a change attributable to an item of income and expense is recognised as other comprehensive income or equity.

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 United Kingdom.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred tax liability is measured using tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### Value Added Tax (VAT)

ForHousing is part of the ForViva Group Limited VAT Group which is VAT registered. However, a large proportion of its income, rents and service charges, is exempt for VAT purposes thus giving rise to a partial exemption calculation. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

#### *VAT Shelter Agreement*

ForHousing has an HMRC approved VAT Shelter with Salford City Council (the Council) which commenced on 6<sup>th</sup> October 2008 and will cease on the 30<sup>th</sup> September 2023. As a result, a large proportion of VAT incurred on the Investment Programme under this arrangement is expected to be recovered in full, with the Council sharing the proceeds thereafter. The current accounting rules allow ForHousing to recognise the net effect of this agreement in the financial statements. FRS 102 requires these agreements to be shown gross – this means in effect that ForHousing will need to recognise both a prepayment (debtor) and a payment in advance (creditor) for the VAT Shelter amount. The agreement with The Council was based on works of £483,404,436. A cumulative calculation is carried out each year to 31<sup>st</sup> March to determine the closing balance entries on the short term and long-term creditors and debtors.

## **ForHousing Limited – Annual Report & Financial Statements 2020/21**

### **Notes to the Financial Statements (continued)**

#### **2. Accounting Policies (Continued)**

##### *VAT Shelter Agreement (Continued)*

Works to existing properties which replace a component that has been treated separately for depreciation purposes are capitalised. 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.

##### **Existing Housing Assets**

Housing properties are principally properties which are available for rent and are stated at cost less depreciation and impairment. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements. This is not a change in policy compared to previous years.

The Association capitalises major repairs expenditure on housing properties which results in an enhancement of economic benefit of the asset, subject to a de minimis level of expenditure of £500. Costs will be capitalised when they result in an enhancement in economic benefit of the asset. This could include:

- an increase in rental income;
- a reduction in maintenance costs; or
- a significant extension of the life of the property.

These improvement works are capitalised upon completion. Any direct staff time spent on schemes up to completion are capitalised to the respective scheme during the year. Depreciation commences at the date of capitalisation and is then calculated over the economic life of the improvements.

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

##### **New Housing Assets**

###### *Development*

Housing properties in the course of construction are held at cost in 'Assets Under Construction' and are not capitalised and depreciated until completed and occupied. Only development costs that arise directly from the construction of a property are capitalised. Those costs that cannot be directly attributable are charged to the SOCI in the year in which they are incurred.

###### *Acquisitions*

Only costs that arise directly from the acquisition of a property are capitalised. Those costs that cannot be directly attributable are charged to the SOCI in the year in which they are incurred. Any grant funding received will be amortised over the life of the asset.

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**2. Accounting Policies (Continued)**

**Depreciation – Housing Assets**

The Association separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

Where properties have been purchased since transfer the total acquisition costs will be split between Land (30%) and Property Structural (70%) components and depreciated over their relevant expected economic life shown in the table below.

The Association depreciates the major components of its housing properties at the following annual rates:

Component	UEL in Years
General Structure	80
Roofs	Flat 20 Bay 25 Pitch 60
CCTV, Door Entry, Stairlifts, Hoists	10
Boilers	15
Kitchens, Ramps	20
Flooring	25
Bathrooms, Heating Systems, Windows, Doors, Lifts, External Render, Balconies, PV Panels	30
Drainage	40

*Freehold land is not depreciated.*

**Shared Ownership**

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

Shared ownership properties are split proportionally 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. The remaining element is classed as Property Plant and Equipment (PPE) and included in completed housing properties at cost less depreciation and impairment.

Sales of subsequent tranches are treated as a part disposal of PPE. 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.

**Properties Held for Sale**

Shared ownership first tranche sales, completed properties for outright sale and properties under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal. They are also reviewed for impairment as part of determining the net realisable value.

# ForHousing Limited – Annual Report & Financial Statements 2020/21

## Notes to the Financial Statements (continued)

### 2. Accounting Policies (Continued)

#### Investment properties

Investment properties consist of commercial properties and other properties not held for the social benefit or for use in the ordinary course of business.

Investment properties are measured at cost on initial recognition i.e. the purchase price plus any directly attributable expenditure and then subsequently measured at fair value at each reporting date with changes in fair value recognised in the SOCI. The valuation is determined annually by external valuers.

#### Other Fixed Assets

Other fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. 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. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Other Fixed Asset Class	UEL in Years
Computer Equipment & Software	3
Fixtures & Fittings	4
Vehicles	4
Plant & Machinery	3-5
Freehold & Leasehold Property & Improvements	30-60

Useful economic lives of all tangible fixed assets are reviewed annually across the Group.

#### Impairment

The housing property portfolio for the Association is assessed for indicators of impairment at each Statement of Financial Position date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or Cash Generating Units (CGUs) for which impairment is indicated to their recoverable amounts. Initially the Association compares the fair value less costs to sell by reference to 'Existing Use Value as Social Housing' (EUV-SH). If this is lower than the net book value, the CGUs are then assessed for their value in use by calculating a Depreciated Replacement Cost (DRC) for each CGU.

The DRC will be based upon the lower of:

- the cost of constructing an equivalent asset on the same site together with the original land costs; or
- the cost of acquiring an equivalent asset on the open market.

The Association defines CGUs as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger generating units. Where the recoverable amount of an asset or CGU is lower than its carrying value, the impairment is charged to the SOCI.

## **ForHousing Limited – Annual Report & Financial Statements 2020/21**

### **Notes to the Financial Statements (continued)**

#### **2. Accounting Policies (Continued)**

##### **Short-term Debtors and Creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses.

##### **Provision for Bad & Doubtful Debt**

The Association estimates the recoverable amount of rental and other receivables and impairs the debtor by appropriate amounts. Former tenant arrears are fully provided for in the financial statements at the point that the tenant leaves the property. Current tenant arrears are provided for at specific rates according to the age of the debt.

Bad debts will be charged to SOCI in the year in which they are incurred. A provision for bad and doubtful debts will be made on an estimation of those debts that will not be recovered at the Statement of Financial Position date.

##### **Arrangements to Pay**

The Association has made arrangements with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

The Association has reviewed its social housing rent arrears where a formal repayment schedule is in place and has determined that the net book value adjustment for these arrangements are not material so no adjustment has been made for these other than any bad debt provision provided.

##### **Holiday Pay Accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the Statement of 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.

##### **Property Disposals**

###### *Right to Buy – Sharing Agreement with Salford City Council*

The surpluses or deficits arising from disposal of properties under the Right to Buy (RTB) legislation are disclosed on the face of the Statement of Comprehensive Income. For ForHousing, the surpluses or deficits are net of any sums payable to Salford City Council under the terms of the Transfer Agreement dated 6<sup>th</sup> October 2008.

###### *Right to Acquire - Disposal Proceeds Fund (DPF)*

Prior to 6<sup>th</sup> April 2017 receipts from Right to Acquire (RTA) sales were required to be retained in a ring-fenced fund that could only be used for providing replacement housing. The sales receipts less eligible expenses were credited to the Disposal Proceeds Fund (DPF).

As of 6<sup>th</sup> April 2017 there was no longer a requirement to show new proceeds from relevant disposals in a DPF. The Association continues to comply with the regulator's requirements until this fund is exhausted and the funds have been used or allocated in accordance with the requirements.

## **ForHousing Limited – Annual Report & Financial Statements 2020/21**

### **Notes to the Financial Statements (continued)**

## **2. Accounting Policies (Continued)**

### **Property Disposals (Continued)**

#### *Demolitions*

In the event that a property has been considered and selected for demolition, such as long term voids or development scheme proposals the initial asset cost and related depreciation to the date of demolition and therefore disposal are charged to the SOCI.

### **Financial Instruments**

Financial instruments which meet the criteria of a basic financial instrument as defined in section 11 of FRS 102 are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost. Loans that are payable within one year are not discounted.

Non-basic financial instruments are recognised at fair value i.e. normally transaction price adjusted for transaction costs except in the initial measurement of financial assets and liabilities that are subsequently measured at fair value through profit or loss. At each year end, the instruments are revalued to fair value and changes are recognised through profit or loss (unless hedge accounting is applied or a reliable measure of fair value is unavailable).

### **Loan Fees**

The cost of raising loan finance is initially capitalised and offset against the loan principal and is amortised to the SOCI on a straight line basis over the term of the loan.

### **Retirement Benefits**

ForHousing participates in three funded multi-employer defined benefit pension schemes.

- Greater Manchester Pension Fund (GMPF)
- Cheshire Pension Fund (CPF)
- The Social Housing Pension Scheme (SHPS)

Contributions are charged at the current funding rate on an accruals basis.

For the GMPF and CPF schemes, scheme assets are measured at fair values. 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. A net surplus is recognised only to the extent that it is recoverable by the group through reduced contributions or through refunds from the plan.

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.

# ForHousing Limited – Annual Report & Financial Statements 2020/21

## Notes to the Financial Statements (continued)

### 2. Accounting Policies (Continued)

#### Retirement Benefits (Continued)

Contributions are charged at the current funding rate on an accruals basis.

Due to the nature of SHPS, it was not previously possible to identify the share of underlying assets and liabilities belonging to individual participating employers. However, from the 2018/19 financial year sufficient information became available to account for its obligations on a defined benefit basis. When defined benefit (DB) accounting is applied, any liability recognised for the present value of the social landlord's deficit funding agreement is derecognised. The difference between the deficit funding agreement liability that social landlords currently recognise for SHPS, and the net DB deficit for SHPS, will be recognised in other comprehensive income (OCI).

#### Provisions

Provisions are recognised when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that the Association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

The Association will only charge against the provision expenditure for which the provision was initially recognised.

#### Contingent Assets & Liabilities

A contingent liability is a potential liability that may occur, depending on the outcome of an uncertain future event. A contingent liability is recorded in the accounting records if the contingency is probable and the amount of the liability can be reasonably estimated. If both of these conditions are not met, the liability may be disclosed in a footnote to the financial statements or not reported at all.

A contingent asset is a potential economic benefit dependent solely on future events that can't be controlled by the association. Due to the uncertainty of the future events, these assets are not placed on the balance sheet. However, upon meeting certain conditions, contingent assets are reported in the financial statements in the accompanying notes.

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**3. Particulars of Turnover, Cost of Sale and Operating Surplus**

Group	Year Ended 31 <sup>st</sup> March 2021				Year Ended 31 <sup>st</sup> March 2020			
	Turnover £'000	Cost of Sales £'000	Operating Expenditure £'000	Operating Surplus* £'000	Turnover £'000	Cost of Sales £'000	Operating Expenditure £'000	Operating Surplus* £'000
<b>Social Housing Lettings</b>	<b>81,478</b>	<b>-</b>	<b>(63,111)</b>	<b>18,367</b>	<b>79,734</b>	<b>-</b>	<b>(62,021)</b>	<b>17,713</b>
<b>Other Social Housing Activity</b>								
First Tranche Shared Ownership								
Sales	374	(210)	-	164	-	-	-	-
Charges for Support Services	632	-	(817)	(185)	730	-	(839)	(109)
Managed for Others Services	12,267	-	(11,796)	471	12,451	-	(13,000)	(549)
Other	3,754	-	(3,294)	460	3,464	-	(3,319)	145
	<b>17,027</b>	<b>(210)</b>	<b>(15,907)</b>	<b>910</b>	<b>16,645</b>	<b>-</b>	<b>(17,158)</b>	<b>(513)</b>
Activities Other than Social Housing	2,826	-	(1,721)	1,105	2,660	-	(1,642)	1,018
<b>Total</b>	<b>101,331</b>	<b>(210)</b>	<b>(80,739)</b>	<b>20,382</b>	<b>99,039</b>	<b>-</b>	<b>(80,821)</b>	<b>18,218</b>

\*Operating surplus is stated before fair value gains and fixed asset disposals.

All turnover, cost of sales and operating surplus generated by ForCapital Limited is internal to the ForHousing Group and therefore adjusts out on consolidation.

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**3a. Particulars of Income and Expenditure from Social Housing Lettings**

Group			Year Ended	Year Ended
	General Needs Housing	Supporting Housing	31 <sup>st</sup> March 2021 Total	31 <sup>st</sup> March 2020 Total
	£'000	£'000	£'000	£'000
Rent Receivable Net of Identifiable	66,712	5,587	72,299	70,906
Service Charges Income	3,222	270	3,492	3,348
Income for support services	-	707	707	660
Amortised Government Grants	3,556	298	3,854	3,703
Government Grants Taken to Income	-	-	-	(40)
Other Income	1,039	87	1,126	1,157
<b>Turnover from Social Housing Lettings</b>	<b>74,529</b>	<b>6,949</b>	<b>81,478</b>	<b>79,734</b>
	General Needs Housing	Supporting Housing	Year Ended 31 <sup>st</sup> March 2021 Total	Year Ended 31 <sup>st</sup> March 2020 Total
	£'000	£'000	£'000	£'000
<b>Expenditure</b>				
Management	19,531	1,594	21,125	19,934
Routine Maintenance	11,726	982	12,708	12,916
Planned Maintenance	5,151	431	5,582	4,974
Major Repairs Expenditure	1,380	116	1,496	1,789
Service Costs	3,565	299	3,864	3,632
Care and Supported costs	-	690	690	490
Bad Debts	1,071	90	1,161	1,733
Depreciation on Housing Properties	13,132	1,100	14,232	13,919
Depreciation on Other Fixed Assets	506	42	548	785
Other Costs	1,192	100	1,292	1,552
Growth	-	-	-	70
Commercial Contracts	381	32	413	227
<b>Total Expenditure on Lettings</b>	<b>57,635</b>	<b>5,476</b>	<b>63,111</b>	<b>62,021</b>
<b>Operating Surplus on Letting Activities</b>	<b>16,894</b>	<b>1,473</b>	<b>18,367</b>	<b>17,713</b>
Voids	837	70	907	699

As at 31<sup>st</sup> March 2021, ForHousing had 16,168 (31<sup>st</sup> March 2020, 16,175) General Needs properties and 1,354 Supported Housing (31<sup>st</sup> March 2020, 1,213) and 5,567 Managed for Others Social Housing properties (31<sup>st</sup> March 2020, 5,609).

ForCapital Limited does not generate any income or expenditure from social housing lettings.

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**4. Accommodation in Management and Development**

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

	Year Ended 31 <sup>st</sup> March 2021 No of Properties	Year Ended 31 <sup>st</sup> March 2020 No of Properties
<b>Social Housing</b>		
General Housing:		
- Social Rent	14,995	15,058
- Affordable Rent	1,173	1,117
<b>Supported Housing:</b>		
- Social Rent	1,201	1,148
- Affordable Rent	153	65
Shared Ownership	100	97
Other Social Housing Arrangements	157	145
<b>Total Social Housing Owned</b>	<b>17,779</b>	<b>17,630</b>
Social Housing – Managed for Others	5,567	5,609
<b>Total Social Housing Owned and Managed</b>	<b>23,346</b>	<b>23,239</b>
<b>Non-Social Housing</b>		
Market Rent	218	121
<b>Total Owned and Managed</b>	<b>23,564</b>	<b>23,360</b>
<b>Accommodation in Development at Year End</b>	<b>557</b>	<b>613</b>
<b>Owned (included above) Managed by Others</b>		
Managed by Others - Social Housing	39	39
Managed by Others - Other Social Housing	127	99
Managed by Others - Non Social Housing	118	120
<b>Total Managed by Others</b>	<b>284</b>	<b>258</b>

During the financial year to 31<sup>st</sup> March 2021, ForHousing held 284 properties which were managed by other entities.

ForCapital Limited does not own or manage any housing stock.

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**5. Operating Surplus**

<b>Group</b>	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
<b>The Operating Surplus is Arrived at After Charging:</b>		
Depreciation of Housing Properties	14,234	13,919
Depreciation of Other Tangible Fixed Assets	564	809
(Gain) on Disposal of Housing Assets	(1,910)	(3,406)
Operating Lease Rentals		
-Land and Buildings	392	73
-Other - White Goods	267	73
<b>Auditor's remuneration (excluding VAT):</b>		
-Fee Payable to the Auditors for the Audit of the Financial Statements	37	35

<b>Association</b>	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
<b>The Operating Surplus is Arrived at After Charging:</b>		
Depreciation of Housing Properties	14,234	13,919
Depreciation of Other Tangible Fixed Assets	564	809
(Gain)on Disposal of Housing Assets	(1,910)	(3,406)
Operating Lease Rentals		
-Land and Buildings	392	73
-Other - White Goods	267	73
<b>Auditor's remuneration (excluding VAT):</b>		
-Fee Payable to the Auditors for the Audit of the Financial Statements	33	33

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**6. Surplus on Sale of Fixed Assets**

Group	Year Ended 31 <sup>st</sup> March 2021 £'000			Restated Year Ended 31 <sup>st</sup> March 2020 £'000		
	Proceeds	Cost of Sales	Surplus / (Deficit)	Proceeds	Cost of Sales	Surplus / (Deficit)
AHO/LCHO Staircasing	141	(75)	66	162	(91)	71
RTB/RTA Sales	3,489	(1,643)	1,846	6,126	(2,736)	3,390
Other Social Housing Sales	-	3	3	-	(55)	(55)
Sale of Other Assets	27	(262)	(235)	10	(150)	(140)
<b>Surplus on Sale of Fixed Assets</b>	<b>3,657</b>	<b>(1,977)</b>	<b>1,680</b>	<b>6,298</b>	<b>(3,032)</b>	<b>3,266</b>

The proceeds received from Right to Acquire disposals has been included within Other Creditors with the SOFP (Note 18) since 2017. The net proceeds arising from prior year disposals amounted to £3.4m and a prior year adjustment (Note 33) has been made to 2019/20 comparative results.

The net proceeds for the current period totalled £1.8m.

ForCapital Limited did not sell any fixed assets in financial year 2019/20 or 2020/21.

**7. Interest Receivable and Other Income**

Group	Year Ended 31 <sup>st</sup> March 2021 £'000	Year Ended 31 <sup>st</sup> March 2020 £'000
	Bank Interest Receivable and Similar Income	1
Income from Intragroup Loan	1,634	2,497
	<b>1,635</b>	<b>2,545</b>

Association	Year Ended 31 <sup>st</sup> March 2021 £'000	Year Ended 31 <sup>st</sup> March 2020 £'000
	Bank Interest Receivable and Similar Income	1
Income from Intercompany Loan	1,634	2,497
	<b>1,635</b>	<b>2,507</b>

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**8. Interest and Financing Costs**

<b>Group</b>	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
Finance Costs	156	128
Defined Benefit Pension Interest Costs	240	422
Interest on Loans Repayable in Less Than Five Years	3,448	3,801
Interest on Loans Repayable in More Than Five Years	3,668	4,285
Non-Utilisation Fee	496	375
	<b><u>8,008</u></b>	<b><u>9,011</u></b>

<b>Association</b>	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
Finance Costs	156	128
Defined Benefit Pension Interest Costs	240	422
Interest on Loans Repayable in Less Than Five Years	3,448	3,763
Interest on Loans Repayable in More Than Five Years	3,668	4,285
Non-Utilisation Fee	496	375
	<b><u>8,008</u></b>	<b><u>8,973</u></b>

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**9. Employees**

All Group services employees are included in Note 9 of the ForViva Group accounts.

Average monthly number of employees expressed as full time equivalents, calculation on the basis of a 36 hour week:

	<b>Year Ended 31<sup>st</sup> March 2021 No.</b>	<b>Year Ended 31<sup>st</sup> March 2020 No.</b>
Housing Management	157	169
Property Maintenance Services	3	16
Support Services – Inc Back Office	253	184
Senior Management Team	8	10
Asset Management	65	59
	<b>486</b>	<b>438</b>

Note - the increased employee numbers during the year is due to the Group reorganisation, which resulted in staff moving into ForHousing from ForViva (the previous employing entity)

The full time equivalent number of staff who received remuneration over £60,000 (excluding Directors):

	<b>Year Ended 31<sup>st</sup> March 2021 No.</b>	<b>Year Ended 31<sup>st</sup> March 2020 No.</b>
£60,001 - £70,000	7	6
£70,001 - £80,000	3	3
£80,001 - £90,000	4	3
>£90,001	1	1
	<b>15</b>	<b>13</b>

**Employee Costs:**

	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
Wages and Salaries	15,232	13,061
Social Security Costs	1,467	1,209
Pension Costs	1,403	1,137
	<b>18,102</b>	<b>15,407</b>
Share of ForViva Restructuring Costs	239	160
<b>Total Employee Costs</b>	<b>18,341</b>	<b>15,567</b>

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**10. Key Management Personnel**

The remuneration paid to the Directors of ForHousing (the Board and other Executive Officers) for the year ended 31<sup>st</sup> March 2021 was:

	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
Aggregate Emoluments Payable to Directors (Excluding Pension Contributions and Including Benefits in Kind)	1,529	1,394
Pension Contributions	177	172
<b>Aggregate Emoluments Payable to Directors (including pension contributions and benefits in kind)</b>	<b>1,706</b>	<b>1,566</b>
Aggregate Emoluments Payable to Executives (Including Pension Contributions and Benefits in Kind)	1,551	1,412
Aggregate Emoluments Payable to Non-Executives (Including Pension Contributions and Benefits in Kind)	156	154
	<b>1,706</b>	<b>1,566</b>
Emoluments Payable to the Highest Paid Director in the year (excluding pension contributions and including benefits in kind)	189	188
Loss of Office Payments	-	-

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**10. Key Management Personnel (Continued)**

The Emoluments disclosed in the above table, disclose the Board and Key Management Personnel on Page 1 of these Financial Statements.

During the year, the Highest Paid Director, the Chief Executive, received an employers pension contribution of 20% (£37k), 2020 (£37k), towards a Personal Pension Plan, which is in line with the employers contribution rate paid to other staff within the organisation

The number of Directors, including the highest paid Director and Board Members, who received emoluments (excluding pension contributions) in the following ranges, was as follows:

	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
£0 - £20,000	12	13
£20,001 - £60,000	1	1
£60,001 - £70,000	-	2
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
£90,001 - £100,000	-	1
£100,001 - £200,000	10	7
	<b>23</b>	<b>24</b>

The increase in the number of Directors in the £100k to £200k range during the year is because:

- the 2 roles in the £60k to £70k range in 2019/20 reflected the part-year effect of Directors who started during the year; and
- the 1 role in the £90k to £100k range in 2019/20 moved into the £100k to £200k range following a reorganisation of Director roles during the year.

<b>Number of Directors to Whom Retirement Benefits are Accruing in Respect of Qualifying Services</b>	<b>10</b>	<b>10</b>
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**11. Tax on Surplus on Ordinary Activities**

The main activity of ForHousing is to provide charitable activities. ForHousing has been granted exempt charitable status and therefore no corporation tax is payable on any surplus from these activities. Any activities that generate a profit, that are not deemed to be within the charitable activity of the association, will be subject to 19% tax charge.

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**11. Tax on Surplus on Ordinary Activities (Continued)**

<b>Group</b>	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
<b>Current Tax</b>		
UK Corporation Tax on Surplus for the Year	-	14
Adjustment Prior Year	(17)	-
<b>Total Current Tax</b>	<u>(17)</u>	<u>14</u>
<b>Deferred Tax</b>		
Current Year	-	-
<b>Total Deferred Tax</b>	<u>-</u>	<u>-</u>
<b>Total Tax on Results in Ordinary Activities</b>	<u>(17)</u>	<u>14</u>

**Factors Affecting the Tax Charge for the Year**

The tax assessed for the year is higher/lower than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
Surplus on ordinary activities before tax	<u>17,801</u>	<u>13,104</u>
	<b>17,801</b>	<b>13,104</b>
Tax on surplus on ordinary activities at standard CT rate of 19%	3,450	2,489
<b>Effects of:</b>		
Profits Exempt from Tax Due to Charitable Exemption	(3,447)	(2,475)
Adjustment to Tax Charge in Respect of Previous Period	(17)	-
Deferred Tax Not Recognised	(3)	-
<b>Current Tax for the Period</b>	<u>(17)</u>	<u>14</u>

\* UK Corporation tax charge 19% (2020: 19%)

**Factors affecting future tax charges**

The rate of UK corporation tax will remain at 19% from April 2021 to March 2023, increasing to 25% from April 2023.

ForCapital Limited does not generate any tax on surplus on ordinary activities.

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**12. Fixed Assets – Housing Properties**

**Group**

	<b>Completed Social housing properties held for letting</b>	<b>Social housing properties for letting under construction</b>	<b>Completed Shared ownership properties</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Housing Properties</b>				
<b>Cost</b>				
<b>At 1<sup>st</sup> April 2020</b>	468,975	35,328	5,038	<b>509,341</b>
Additions	11,152	39,094	352	<b>50,598</b>
Disposal	(1,510)	-	(206)	<b>(1,716)</b>
Reclassification – Developments Completed	8,806	(8,806)	-	-
Reclassification of Investment Properties	-	(37,601)	-	<b>(37,601)</b>
<b>At 31<sup>st</sup> March 2021</b>	<b>487,424</b>	<b>28,015</b>	<b>5,184</b>	<b>520,622</b>
<b>Depreciation and impairment</b>				
<b>At 1<sup>st</sup> April 2020</b>	102,856	-	512	<b>103,368</b>
Depreciation Charged in the year	14,113	-	120	<b>14,233</b>
Disposals	(428)	-	(2)	<b>(430)</b>
Reclassification of Investment Properties	-	-	-	-
<b>At 31<sup>st</sup> March 2020</b>	<b>116,541</b>	<b>-</b>	<b>630</b>	<b>117,171</b>
<b>Net Book Value at 31<sup>st</sup> March 2021</b>	<b>370,882</b>	<b>28,015</b>	<b>4,554</b>	<b>403,451</b>
<b>Net Book Value at 31<sup>st</sup> March 2020</b>	<b>366,119</b>	<b>35,328</b>	<b>4,526</b>	<b>405,973</b>

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**12. Fixed Assets – Housing Properties (Continued)**

	<b>Completed Social housing properties held for letting £'000</b>	<b>Social housing properties for letting under construction £'000</b>	<b>Completed Shared ownership properties £'000</b>	<b>Total Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Total Year Ended 31<sup>st</sup> March 2020 £'000</b>
<b>Social Housing Grants</b>					
Cumulative Grant Recognised in the SOCI	45,342	-	45	45,387	41,533
Held in Deferred Income (See Note 21)	115,417	9,226	-	124,643	122,221
<b>Total Accumulated Social Housing Grant as at 31<sup>st</sup> March 2021</b>	<b>160,759</b>	<b>9,226</b>	<b>45</b>	<b>170,030</b>	<b>163,754</b>
<b>Expenditure on Works To Existing Properties</b>					
Components Capitalised	11,360	-	-	11,360	12,309
Amounts Charged to SOCI	1,500	-	-	1,500	1,791
	<b>12,860</b>	<b>-</b>	<b>-</b>	<b>12,860</b>	<b>14,100</b>

The total expenditure on housing properties for the year ended 31<sup>st</sup> March 2021 was £12.9m of which £11.4m was capitalised and £1.5m was charged directly to the Statement of Comprehensive Income.

ForCapital Limited does not hold any housing stock as at 31<sup>st</sup> March 2021.

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**12. Fixed Assets – Housing Properties (Continued)**

**Asset Impairment Financial Disclosure**

In accordance with paragraphs 14.43 to 14.45 of the Statement of Recommended Practice for Registered Housing Providers 2018 (SORP 2018), ForHousing is required to make the following disclosure in relation to impairment:

ForHousing calculated the Value in Use for the transferred stock and Depreciated Replacement Cost (DRC) of each new social housing development property scheme using appropriate construction costs and land prices. Comparing the results to the carrying amount of each scheme, there was no indications of impairment of ForHousing's social housing properties.

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**13. Tangible Fixed Assets - Other**

	Office Accommodation £'000	Vehicles £'000	IT Equipment £'000	Plant & Equipment £000	Total £'000
<b>Cost</b>					
<b>At 1<sup>st</sup> April 2020</b>	9,200	46	7,547	70	16,863
Additions	21	-	9	-	30
<b>At 31<sup>st</sup> March 2021</b>	<b>9,221</b>	<b>46</b>	<b>7,556</b>	<b>70</b>	<b>16,893</b>
<b>Less: Depreciation</b>					
<b>At 1<sup>st</sup> April 2020</b>	3,275	22	6,087	70	9,454
Charge for the Year	162	6	395	-	563
<b>At 31<sup>st</sup> March 2021</b>	<b>3,437</b>	<b>28</b>	<b>6,482</b>	<b>70</b>	<b>10,017</b>
<b>Net Book Value at 31<sup>st</sup> March 2021</b>	<b>5,784</b>	<b>18</b>	<b>1,074</b>	<b>-</b>	<b>6,876</b>
<b>Net Book Value at 31<sup>st</sup> March 2020</b>	<b>5,925</b>	<b>24</b>	<b>1,460</b>	<b>-</b>	<b>7,409</b>

ForCapital Limited does not own any other tangible fixed assets as at 31<sup>st</sup> March 2021.

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**14. Investment Properties Non-Social Housing Properties Held for Letting**

<b>Group</b>	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
<b>Balance at 1<sup>st</sup> April 2020</b>	<b>27,978</b>	<b>27,084</b>
Additions/Reclassifications	-	142
Reclassification of Assets	-	726
Reclassification of Assets – Under Construction	37,601	-
Fair Value Gain on Commercial Units	624	26
<b>Balance at 31<sup>st</sup> March 2021</b>	<b><u>66,203</u></b>	<b><u>27,978</u></b>

ForCapital Limited does not own any investment properties as at 31st March 2021.

The Associations investment properties are held at fair value.

Included within investment properties are properties valued at £66.2k (2020: £22.5k) which were revalued at 31<sup>st</sup> March 2021 by the external valuer, Thomson Associates, a firm of independent qualified valuers in accordance with the Royal Institution of Chartered Surveyors Valuation – Professional Standards 2020 (the latest “red book”) at this balance sheet date.

The Valuer has confirmed that there are no material movements in this years accounts , due to the COVID-19 Pandemic, as it is no longer a regulatory requirement of the RICS. The Valuer has taken the decision not to revalue the market rent and residential properties this year, due to the nationwide impact of COVID-19 on the rental market. The Valuer has revalued the garage units.

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**15. Long Term Investments**

	Year Ended 31 <sup>st</sup> March 2021 £'000	Year Ended 31 <sup>st</sup> March 2020 £'000
Equity Loans	11	11
Other Investments	24	24
<b>Total Investments</b>	<b>35</b>	<b>35</b>

ForHousing has invested £24k in a debt aggregator vehicle called MORHomes. MORHomes has access to raise finance on the bond market and lend it on to housing associations that have invested into the initiative.

ForCapital Limited does not have any long-term investments as at 31st March 2021.

**16. Properties Held for Sale**

	Year Ended 31 <sup>st</sup> March 2021 £'000	Year Ended 31 <sup>st</sup> March 2020 £'000
<b>Shared Ownership Properties</b>		
Completed Properties	-	-
Disposals	-	-
	-	-

There were no shared ownership units sold in 2020/21 and there are no shared ownership units held for sale as at 31st March 2021.

ForCapital Limited does not have any properties held for sale as at 31st March 2021.

**17. Debtors**

Group	Year Ended 31 <sup>st</sup> March 2021 £'000	Year Ended 31 <sup>st</sup> March 2020 £'000
<b>Amounts Due Within One Year:</b>		
Rent and Service Charges Receivable	9,188	7,252
Less: Provision for Bad and Doubtful Debts	(5,835)	(4,601)
<b>Net Rental Arrears</b>	<b>3,353</b>	<b>2,651</b>
Other Debtors	1,485	70
Prepayments & Accrued Income	10,618	7,039
Amounts Owed from Group	6,590	7,617
VAT Shelter	6,028	5,920
Corporation Tax	14	16
<b>Total Debtors</b>	<b>28,088</b>	<b>23,313</b>
<b>Due After More Than One Year</b>		
VAT Shelter	12,666	19,180
Amounts Owed from Intra-Group Loans	24,822	32,052
	<b>37,488</b>	<b>51,232</b>

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**17. Debtors (Continued)**

Association	Year Ended 31st March 2021 £'000	Year Ended 31st March 2020 £'000
<b>Amounts Due Within One Year:</b>		
Rent and Service Charges Receivable	9,188	7,252
Less: Provision for Bad and Doubtful Debts	<u>(5,835)</u>	<u>(4,601)</u>
<b>Net Rental Arrears</b>	<b>3,353</b>	<b>2,651</b>
Other Debtors	1,485	71
Prepayments & Accrued Income	10,617	6,983
Amounts Owed from Group	6,590	7,624
VAT Shelter	6,028	5,920
Corporation Tax	14	16
<b>Total Debtors</b>	<b>28,087</b>	<b>23,265</b>
<b>Due After More Than One Year</b>		
VAT Shelter	12,666	19,180
Amounts Owed from Group – Loans	<u>24,822</u>	<u>32,052</u>
	<b>37,488</b>	<b>51,232</b>

**18. Creditors: Amounts Falling Due Within One Year**

Group	Year Ended 31 <sup>st</sup> March 2021 £'000	Restated Year Ended 31 <sup>st</sup> March 2020 £'000
<b>Amounts Falling Due Within One Year:</b>		
Obligations Under Financing and Loans (Note 23)	46,252	32,251
Amounts Owed to Group	7,628	5,795
Deferred Grant Income (Note 21)	3,882	3,790
Prepaid Income	1,122	1,199
Corporation Tax	-	34
VAT Creditor	-	94
Other Creditors	2	1
Accruals	3,955	2,973
Trade Creditors	1,112	1,686
Rent Advance Payments	2,974	2,641
Retentions	180	97
VAT Shelter	6,028	5,920
Land Proceeds	76	56
	<b>73,211</b>	<b>56,537</b>

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**18. Creditors: Amounts Falling Due Within One Year (Continued)**

<b>Association</b>	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
<b>Amounts Falling Due Within One Year:</b>		
Obligations Under Financing and Loans (Note 23)	15	13
Amounts Owed to Group	7,691	5,805
Deferred Grant income (Note 21)	3,882	3,790
Prepaid Income	1,122	1,199
Corporation Tax	-	33
VAT Creditor	-	94
Other Creditors	2	3
Accruals	3,891	2,915
Trade Creditors	1,112	1,686
Rent Advance Payments	2,974	2,640
Retentions	180	97
VAT Shelter	6,028	5,920
Amounts Owed to Group – Loan (Note 23)	46,232	32,232
Land Proceeds	76	56
	<b><u>73,205</u></b>	<b><u>56,483</u></b>

**19. Creditors: Amounts Falling Due After More Than One Year**

<b>Group</b>	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
Retentions	1,428	1,414
Obligations Under Financing and Loans (Note 23)	87,860	98,117
Bond	50,000	50,000
Deferred Income (Note 21)	120,619	118,431
Recycled Capital Grant Fund (Note 22)	44	64
VAT Shelter	12,666	19,180
Loan Set Up Costs (Note 23)	(1,048)	(943)
Other Creditors	33	28
VAT Creditor	236	38
	<b><u>271,838</u></b>	<b><u>286,329</u></b>

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**19. Creditors: Amounts Falling Due After More Than One Year (Continued)**

<b>Association</b>	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
Retentions	1,427	1,414
Obligations Under Financing and Loans	1,204	1,219
Deferred Income (Note 21)	120,619	118,431
Recycled Capital Grant Fund (Note 22)	44	64
VAT Shelter	12,666	19,180
Amounts Owed to Group – Loan (Note 23)	136,662	146,898
Loan Set Up Costs (Note 23)	(1,048)	(943)
Other Creditors	32	28
VAT Creditor	236	38
	<b><u>271,842</u></b>	<b><u>286,329</u></b>

**20. Disposal Proceeds Fund**

	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
Opening Balance	-	-
Withdrawals from Fund	-	-
Contributions to Fund	-	-
	<b><u>-</u></b>	<b><u>-</u></b>

As at March 2021, there are no amounts are due for repayment to Homes England.

There is no disposal proceeds fund within ForCapital Limited.

**21. Deferred Income**

<b>Group and Association</b>	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
<b>Opening Balance</b>	<b>122,221</b>	<b>121,173</b>
Grant Received in Year	6,113	4,805
Grant Reclassification	21	(94)
Released Management Grant to Income in Year	-	-
Released Government Grant to Income in Year	(3,854)	(3,663)
	<b><u>124,501</u></b>	<b><u>122,221</u></b>

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**21. Deferred Income (Continued)**

	Year Ended 31 <sup>st</sup> March 2021 £'000	Year Ended 31 <sup>st</sup> March 2020 £'000
Amounts to be Released Within One Year	3,882	3,790
Amounts to be Released in More Than One Year	120,619	118,431
	<u>124,501</u>	<u>122,221</u>

**Government Grants**

Government grants include grants receivable from Homes England, local authorities and other government organisations. Grant in relation to newly acquired or existing housing properties are accounted for using the accruals model set out in FRS 102 and the Housing SORP 2018. Grant is carried as deferred income in the SOFP and is released to the SOCI on a systematic basis over the useful economic life of the asset for which it was received. In accordance with the SORP the useful life of the housing property structure has been used and, where applicable, its individual components (excluding land).

There is no deferred income within ForCapital Limited.

**22. Recycled Capital Grant Fund**

Group and Association	Year Ended 31 <sup>st</sup> March 2021 £'000	Year Ended 31 <sup>st</sup> March 2020 £'000
<b>Opening Balance</b>	<b>64</b>	<b>96</b>
Grants Recycled	65	94
Withdrawals	(85)	(126)
Grant Reclassification	-	-
	<u>44</u>	<u>64</u>

As at 31<sup>st</sup> March 2020, there are no amounts due for repayment to Homes England. These amounts will be re-invested, within the required 3-year period, into a Homes England priority.

There is no recycled capital grant fund within ForCapital Limited.

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**23. Debt Analysis**

**Group**

<b>Due Within One Year</b>	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
Bank Loans	42,252	32,251
	<b><u>46,252</u></b>	<b><u>32,251</u></b>

<b>Due After More than One Year</b>	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
Bank Loans	87,866	98,117
Bond	50,000	50,000
Less Loan Set Up Costs	(1,048)	(943)
<b>Total Loans</b>	<b><u>136,812</u></b>	<b><u>147,174</u></b>

Based on the lenders' earliest repayment date, borrowings are repayable as follows:

	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
Within One Year or on Demand	46,252	32,251
One Year or More but Less than Two Years	1,504	10,252
Two Years or More but Less than Five Years	42,567	43,993
Five Years or More	93,795	93,872
	<b><u>184,118</u></b>	<b><u>180,368</u></b>

**Association**

<b>Due Within One Year</b>	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
Bank Loans	15	13
Other Loans	46,232	32,232
	<b><u>46,247</u></b>	<b><u>32,245</u></b>

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**23. Debt Analysis (Continued)**

<b>Due After More than One Year</b>	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
Bank Loans	1,204	1,219
Other Loans	136,657	146,898
Less Loan Set Up Costs	(1,048)	(943)
<b>Total Loans</b>	<b>136,812</b>	<b>147,174</b>

Based on the lenders' earliest repayment date, borrowings are repayable as follows:

	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
Within One Year or on Demand	46,252	32,245
One Year or More but Less than Two Years	1,504	10,252
Two Years or More but Less than Five Years	42,567	43,993
Five Years or More	93,795	93,872
	<b>184,118</b>	<b>180,362</b>

**Loan Facilities**

Other loans are loans on lent from ForCapital and are part of the total group facility as shown below. ForHousing Limited is the guarantor of the ForCapital loans. Loans are with Barclays Bank PLC and RBS, with agreed facilities of £223.4m. The loans are secured by way of first fixed charge over the assets of ForHousing. Loans are drawn by ForCapital and subsequently on lent to ForHousing.

Interest rates range between 1.18% and 7.76% on the different tranches.

**Private Placement**

- A private placement with Barings Bank of £50m is in place on a 20 year term, repayable in one instalment in 2037;
- Fixed interest is paid at a rate of 3.7%; and
- The facility is secured on the assets of ForHousing which acts as the Guarantor.

The weighted average interest rate of the ForCapital loans as at 31<sup>st</sup> March 2021 is 3.75% (2020: 4.33%). To mitigate exposure to interest rate risk, the drawn loans are split between fixed of £135.7m (2020: £119.6m) and variable of £87.8.0m (2020: £59.5m).

The assets of ForHousing act as security through a trust arrangement with Prudential Trustee Company Limited.

**Loan issue costs**

The cost of raising loan finance is initially capitalised and offset against the loan principal and is amortised to the income statement on a straight-line basis over the term of the loan, calculated to be 9 years on the bank loans and 20 years on the Private Placement.

**23. Debt Analysis (Continued)**

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**Financial Instruments**

Financial instruments which meet the criteria of a basic financial instrument as defined in section 11 of FRS 102 are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost. Loans that are payable within one year are not discounted.

Non-basic financial instruments are recognised at fair value i.e. normally transaction price adjusted for transaction costs except in the initial measurement of financial assets and liabilities that are subsequently measured at fair value through profit or loss. At each year end, the instruments are revalued to fair value and changes are recognised through profit or loss (unless hedge accounting is applied, or a reliable measure of fair value is unavailable).

All of the loans within the existing loan facilities meet the criteria of basic financial instruments as defined in section 11 of FRS102.

**Loan Covenants**

As part of the loan facilities, the covenants are tested at the 'Obligor' level (i.e. the consolidated position of ForHousing and ForCapital). The loan covenants are as follows:

<b>Loan Covenant</b>	<b>Description</b>
<b>Interest Cover</b>	<p>Interest Cover measures the company's ability to meet debt repayments. The calculation is based on:</p> <p>EBITDA-MRI (<b>E</b>arnings <b>B</b>efore <b>I</b>nterest, <b>T</b>axation, <b>D</b>epreciation and <b>A</b>mortisation – <b>M</b>ajor <b>R</b>epairs <b>I</b>ncluded) to Total Interest</p> <p>The loan covenant requirement is a minimum level of 1:1:1 (110%)</p>
<b>Gearing</b>	<p>Gearing measures of the assets of the organisation compared to its debts. The calculation is based on:</p> <p><b>RBS:</b> Based on a Historic Cost measure of gearing The loan covenant requirement is a maximum rate of 50%</p> <p><b>Barclays and Barings:</b> Based on a Net Book Value measure of gearing The loan covenant requirement is a maximum rate of 70%</p> <p>Each lender had a different requirement for its gearing covenant, and the level of headroom has been negotiated and agreed with each lender to ensure the headroom under each covenant is comparable</p>
<b>Asset Cover</b>	<p>Asset Cover measures the value of the properties held as security for each loan. The calculation is based on:</p> <p><b>RBS and Barings:</b> 110% based on EUV-SH<sup>1</sup> and 125% based on MV-T<sup>2</sup></p> <p><b>Barclays:</b> 115% based on EUV-SH<sup>1</sup> and 135% based on MV-T<sup>2</sup></p> <p>Note 1 - Existing Use Value - Social Housing Note 2 - Market Value subject to Tenancy</p>

**23. Debt Analysis (Continued)**

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**Overdraft**

ForHousing has an agreed overdraft facility of £0.5m (2020: £0.5m) which is unutilised and does not require the security of a charge over ForHousing's properties.

**24. Retirement Benefits**

**Local Government Pension Schemes**

**Pension Liability**

<b>Group and Association</b>	<b>Greater Manchester Pension Fund £'000</b>	<b>Cheshire Pension Fund £'000</b>	<b>Total Consolidated £'000</b>
<b>Opening Balance 1<sup>st</sup> April 2020</b>	<b>5,728</b>	<b>1,488</b>	<b>7,216</b>
Current/Past Service Costs	1,101	412	1,513
Net Interest	137	34	171
Employer Contributions	(638)	(487)	(1,125)
Changes in Financial Assumptions	19,891	5,010	24,901
Return on Assets	(11,496)	(1,970)	(13,466)
<b>Closing Balance 31<sup>st</sup> March 2021</b>	<b>14,723</b>	<b>4,487</b>	<b>19,210</b>

**GMP Equalisation and McCloud Judgement**

The Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension.

The Actuarial Valuation does include an allowance for the approximate impact of the McCloud judgement in the previous financial year. The GMPF valuation has historically reflected this adjustment through 'Other Experience Costs' within the OCI.

The adjustment within the CPF Pension Fund has been reflected through the Service Costs which has been reflected through the SOCI.

**Greater Manchester Pension Fund (GMPF)**

The GMPF, administered by Tameside Metropolitan Borough Council under the regulations governing the Local Government Pension Scheme, is a funded defined benefit final salary pension scheme where contributions payable are held in a trust separately for ForHousing.

The most recent triennial valuation of the Fund was as at 31<sup>st</sup> March 2019 for ForHousing and the assumptions for these have been rolled forward, allowing for the different financial assumptions required under FRS 102, to 31<sup>st</sup> March 2021 by a qualified independent actuary to be as follows:

Valuation Date	31 <sup>st</sup> March 2019
Valuation Method	Projected unit credit method
Market Value of Assets	£23.844 billion
Investment Return	3.6%

**24. Retirement Benefits (Continued)**

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

The employer's contributions to the GMPF by ForHousing for the year ended 31<sup>st</sup> March 2021 were £638k (2020: £668k). The employers' contribution rate for the year ending 31<sup>st</sup> March 2021 has been set at 19.7%. Estimated employer's contributions to the Greater Manchester Pension Fund during the accounting period commencing 1<sup>st</sup> April 2021 are £638k.

<b>Principal Actuarial Assumptions</b>	<b>Year Ended 31<sup>st</sup> March 2021</b>	<b>Year Ended 31<sup>st</sup> March 2020</b>
<b>Financial Assumptions</b>	<b>%</b>	<b>%</b>
Pension Increase Rate (CPI)	2.9	1.9
Salary Increase Rate	3.6	2.7
Discount Rate	2.0	2.3

**Mortality Assumptions**

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

The assumed life expectations on retirement at age 65 are:

	<b>Year Ended 31<sup>st</sup> March 2021</b>	<b>Year Ended 31<sup>st</sup> March 2020</b>
	<b>No. of Years</b>	<b>No. of Years</b>
<b>Current Pensioners:</b>		
Males	20.5	20.5
Females	23.3	23.1
<b>Future Pensioners:</b>		
Males	21.9	22.0
Females	25.3	25.0

<b>Amounts Recognised in Surplus or Deficit</b>	<b>Year Ended 31<sup>st</sup> March 2021</b>	<b>Year Ended 31<sup>st</sup> March 2020</b>
	<b>£'000</b>	<b>£'000</b>
Current Service Cost	(1,101)	(1,495)
Past Service Cost (Including Curtailments)	-	-
<b>Amounts Charged to Operating Costs</b>	<b>(1,101)</b>	<b>(1,495)</b>
Net Interest		
Interest Income on Plan Assets	1,385	1,613
Interest Cost on Defined Benefit Obligation	(1,522)	(1,816)
<b>Amounts Charged to Other Finance Costs</b>	<b>(137)</b>	<b>(203)</b>
<b>Total Recognised in Surplus or Deficit</b>	<b>(1,238)</b>	<b>(1,698)</b>

**24. Retirement Benefits (Continued)**

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

	Year Ended 31 <sup>st</sup> March 2021 £'000	Year Ended 31 <sup>st</sup> March 2020 £'000
<b>Amounts Taken to Other Comprehensive Income</b>		
Actual Return on Scheme Assets Excluding Amount Included in net Interest	11,497	(8,179)
Other Actuarial Gains and Losses	(19,891)	11,479
<b>Total Remeasurements Recognised in Other Comprehensive Income</b>	<b>(8,394)</b>	<b>3,300</b>

**Reconciliation of Opening and Closing Balances of the Present Value of Scheme Liabilities**

	Year Ended 31 <sup>st</sup> March 2021 £'000	Year Ended 31 <sup>st</sup> March 2020 £'000
<b>Opening Scheme Liabilities</b>	<b>(66,149)</b>	<b>(76,593)</b>
Current Service Costs	(1,101)	(1,495)
Past Service Costs (Including Curtailments)	-	-
Interest Cost	(1,522)	(1,816)
Remeasurements	(19,891)	11,479
Plan Participants' Contributions	(243)	(258)
Benefits Paid	1,198	1,118
Defined Benefit Obligation Eliminated	-	1,416
<b>Closing Scheme Liabilities</b>	<b>(87,708)</b>	<b>(66,149)</b>

**Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets**

	Year Ended 31 <sup>st</sup> March 2021 £'000	Year Ended 31 <sup>st</sup> March 2020 £'000
<b>Opening Fair Value of Plan Assets</b>	<b>60,420</b>	<b>68,169</b>
Interest Income	1,385	1,613
Return on Plan Assets (in Excess of Interest Income)	11,497	(8,179)
Contributions by Employer	638	668
Plan Participants' Contributions	243	258
Benefits Paid	(1,198)	(1,118)
Defined Benefit Obligation Eliminated	-	(991)
<b>Closing Fair Value of Plan Assets</b>	<b>72,985</b>	<b>60,420</b>
<b>Total GMPF Defined Benefit Scheme Pension Liability as at 31<sup>st</sup> March 2021</b>	<b>(14,723)</b>	<b>(5,729)</b>

**24. Retirement Benefits (Continued)**

**Major Categories of Plan Assets as a percentage of Total Plan assets**

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

	<b>2021</b>	<b>2020</b>
	%	%
Equities	72	69
Bonds	12	15
Properties	7	7
Cash	9	9

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

<b>Changes in Assumptions at 31<sup>st</sup> March 2021</b>	<b>Approximate Increase to Employer</b>	<b>Approximate Monetary Amount</b>
	%	£'000
0.5% Decrease in Real Discount Rate	11	9,925
0.5% Increase in the Salary Increase Rate	1	1,249
0.5% Increase in the Pension Increase Rate (CPI)	10	8,441

**Cheshire Pension Fund (CPF)**

The CPF, administered by Cheshire West and Chester Council under the regulations governing the Local Government Pension Scheme, is a funded defined benefit final salary pension scheme where contributions payable are held in a trust separately for ForHousing.

The most recent triennial valuation of the Fund was as at 31<sup>st</sup> March 2019 for ForHousing and the assumptions for these have been rolled forward, allowing for the different financial assumptions required under FRS 102, to 31<sup>st</sup> March 2021 by a qualified independent actuary to be as follows:

Valuation Date	31 <sup>st</sup> March 2019
Valuation Method	Projected unit credit method
Market Value of Assets	£5.583 billion
Investment Return	3.2%

The employer's contributions to the CPF by ForHousing for the year ended 31<sup>st</sup> March 2021 were £487k (2020: £410k). The employers' contribution rate for the year ending 31<sup>st</sup> March 2021 has been set at 30.9%. Estimated employer's contributions to the Cheshire Pension Fund during the accounting period commencing 1<sup>st</sup> April 2021 are £488k.

<b>Principal Actuarial Assumptions</b>	<b>Year Ended 31<sup>st</sup> March 2021</b>	<b>Year Ended 31<sup>st</sup> March 2020</b>
<b>Financial Assumptions</b>	%	%
Pension Increase Rate (CPI)	2.80	1.80
Salary Increase Rate	3.50	2.50
Discount Rate	2.05	2.30

**24. Retirement Benefits (Continued)**

**Mortality Assumptions**

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

The assumed life expectations on retirement at age 65 are:

	<b>Year Ended 31<sup>st</sup> March 2021 No. of Years</b>	<b>Year Ended 31<sup>st</sup> March 2020 No. of Years</b>
<b>Current Pensioners:</b>		
Males	21.4	21.2
Females	24.0	23.6
<b>Future Pensioners:</b>		
Males	22.4	21.9
Females	25.7	25.0

**The Amounts Recognised in the Statement of Comprehensive Income:**

<b>Amounts Recognised in Surplus or Deficit</b>	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
Current Service Cost	(412)	(583)
Past Service Cost (Including Curtailments)	-	(81)
<b>Amounts Charged to Operating Costs</b>	<b>(412)</b>	<b>(664)</b>
Net Interest		
Interest Income on Plan Assets	325	327
Interest Cost on Defined Benefit Obligation	(359)	(407)
<b>Amounts Charged to Other Finance Costs</b>	<b>(34)</b>	<b>(80)</b>
<b>Total Recognised in Surplus or Deficit</b>	<b>(446)</b>	<b>(744)</b>

<b>Amounts Taken to Other Comprehensive Income</b>	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
Actual Return on Scheme Assets Excluding Amount Included in Net Interest	1,970	(56)
Other Actuarial Gains and Losses	(5,010)	2,135
<b>Total Remeasurements Recognised in Other Comprehensive Income</b>	<b>(3,040)</b>	<b>2,079</b>

**24. Retirement Benefits (Continued)**

**Reconciliation of Opening and Closing Balances of the Present Value of Scheme Liabilities**

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

	Year Ended 31 <sup>st</sup> March 2021 £'000	Year Ended 31 <sup>st</sup> March 2020 £'000
<b>Opening Scheme Liabilities</b>	<b>(15,468)</b>	<b>(16,709)</b>
Current Service Costs	(412)	(583)
Past Service Costs (Including Curtailments)	-	(81)
Interest Cost	(359)	(407)
Remeasurements	(5,010)	2,135
Plan Participants' Contributions	(83)	177
Benefits Paid	212	-
<b>Closing Scheme Liabilities</b>	<b><u>(21,120)</u></b>	<b><u>(15,468)</u></b>

**Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets**

	Year Ended 31 <sup>st</sup> March 2021 £'000	Year Ended 31 <sup>st</sup> March 2020 £'000
<b>Opening Fair Value of Plan Assets</b>	<b>13,980</b>	<b>13,476</b>
Interest Income	325	327
Return on Plan Assets (in Excess of Interest Income)	1,970	(56)
Contributions by Employer	487	410
Plan Participants' Contributions	83	90
Benefits Paid	(212)	(267)
<b>Closing Fair Value of Plan Assets</b>	<b><u>16,633</u></b>	<b><u>13,980</u></b>
<b>Total CPF Defined Benefit Scheme Pension Liability as at 31<sup>st</sup> March 2021</b>	<b><u>(4,487)</u></b>	<b><u>(1,488)</u></b>

**Major Categories of Plan Assets as a Percentage of Total Plan Assets**

	2021 %	2020 %
Equities	45	38
Bonds	41	46
Properties	10	8
Cash	4	8

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

**24. Retirement Benefits (Continued)**

	Approximate Increase to Employer	Approximate Monetary Amount
<b>Changes in Assumptions at 31<sup>st</sup> March 2021</b>		

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

	%	£'000
0.5% Decrease in Real Discount Rate	11	2,414
0.5% Increase in the Salary Increase Rate	1	285
0.5% Increase in the Pension Increase Rate (CPI)	10	2,077

**The Pensions Trust – Social Housing Pension Scheme (SHPS)**

When defined benefit (DB) accounting is applied, any liability recognised for the present value of the social landlord's deficit funding agreement will be derecognised. The difference between the deficit funding agreement liability that social landlords currently recognise for SHPS, and the net DB deficit for SHPS, is recognised in other comprehensive income (OCI).

**Pension Liability**

	Year Ended 31 <sup>st</sup> March 2021 £'000	Year Ended 31 <sup>st</sup> March 2019 £'000
<b>Opening Balance 1<sup>st</sup> April 2020</b>	<b>3,249</b>	<b>5,973</b>
Current/Past Services Costs	547	823
Net Interest	69	139
Employer Contributions	(1,055)	(1,035)
Changes in Financial Assumptions	6,415	(2,166)
Return on Assets	(1,007)	(485)
<b>Closing Balance 31<sup>st</sup> March 2021</b>	<b><u>8,218</u></b>	<b><u>3,249</u></b>

<b>Key Assumptions</b>	Year Ended 31 <sup>st</sup> March 2021	Year Ended 31 <sup>st</sup> March 2020
<b>Financial Assumptions</b>	<b>%</b>	<b>%</b>
Discount Rate	2.2	2.3
Inflation (RPI)	3.2	2.5
Inflation (CPI)	2.9	1.5
Salary Growth	3.9	2.5
Allowance for Commutation of Pension for Cash at Retirement	75% of Maximum Allowance	75% of Maximum Allowance

**24. Retirement Benefits (Continued)**

**Mortality Assumptions**

The mortality assumptions adopted at 31<sup>st</sup> March 2021 imply the following life expectancies:

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

The assumed life expectations on retirement at age 65 are:

	Year Ended 31 <sup>st</sup> March 2021 No. of Years	Year Ended 31 <sup>st</sup> March 2020 No. of Years
<b>Current Pensioners:</b>		
Males	21.6	21.5
Females	23.5	23.3
<b>Future Pensioners:</b>		
Males	22.9	22.9
Females	25.1	24.5

<b>Present Values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Asset (Liability)</b>	Year Ended 31 <sup>st</sup> March 2021 £'000	Year Ended 31 <sup>st</sup> March 2020 £'000
Fair Value of Plan Assets	19,767	17,101
Present Value of Defined Benefit Obligation	(27,985)	(20,350)
<b>(Deficit) in Plan</b>	<b>(8,218)</b>	<b>(3,249)</b>
Unrecognised Surplus	-	-
<b>Defined Benefit (Liability) to be Recognised</b>	<b>(8,218)</b>	<b>(3,249)</b>

**Amounts Recognised in the Statement of Comprehensive Income:**

	Year Ended 31 <sup>st</sup> March 2021 £'000	Year Ended 31 <sup>st</sup> March 2020 £'000
<b>Amounts Recognised in Surplus or Deficit</b>		
Current Service Cost	(518)	(790)
Expenses	(29)	(33)
<b>Amounts Charged to Operating Costs (Loss)</b>	<b>(547)</b>	<b>(823)</b>
Net Interest		
Interest Income on Plan Assets	411	375
Interest Cost on Defined Benefit Obligations	(480)	(514)
<b>Amounts Charged to Other Finance Costs (Loss)</b>	<b>(69)</b>	<b>(139)</b>
<b>Defined Costs Recognised in the SOCI</b>	<b>(616)</b>	<b>(962)</b>
<b>24. Retirement Benefits (Continued)</b>		
<b>Amounts Taken to Other Comprehensive Income</b>		

Year Ended 31 <sup>st</sup> March 2021	Year Ended 31 <sup>st</sup> March 2020
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**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

	£'000	£'000
Experience on Plans Assets (excluding Amount Included in Net Interest Cost) – Gain	1,007	485
Experience (Gains)/Losses Arising on the Plan Liabilities	567	(949)
Effects of Changes in Demographic Assumptions Underlying the Present Value of the Defined Benefit Obligation – (Loss)/Gain	(90)	183
Effect of Changes in the Financial Assumptions Underlying the Present Value of the Defined Benefit Obligation (Loss)/Gain	(6,892)	2,932
<b>Total Amount Recognised in the OCI – (Loss)/Gain</b>	<b>(5,408)</b>	<b>2,651</b>

**Reconciliation of Opening and Closing Balances of the Defined Obligation**

	Year Ended 31 <sup>st</sup> March 2021 £'000	Year Ended 31 <sup>st</sup> March 2020 £'000
<b>Opening Scheme Liabilities</b>	<b>(20,350)</b>	<b>(21,160)</b>
Current Service Costs	(518)	(790)
Expenses	(29)	(33)
Interest Expense	(480)	(514)
Contributions by Plan Participants	(422)	(407)
Actuarial Gains Due to Changes in Scheme Experience	567	(949)
Actuarial (Losses) due to Changes in Demographic Assumptions	(90)	183
Actuarial Losses due to Changes in Financial Assumptions	(6,892)	2,932
Benefits Paid and Expenses	229	388
<b>Closing Scheme Liabilities</b>	<b>(27,985)</b>	<b>(20,350)</b>

**Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets**

	Year Ended 31 <sup>st</sup> March 2021 £'000	Year Ended 31 <sup>st</sup> March 2020 £'000
<b>Opening Fair Value of Plan Assets</b>	<b>17,101</b>	<b>15,187</b>
Interest Income	411	375
Experience on Plan Assets (In Excess of Interest Income) – Gain	1,007	485
Contributions by Employer	1,055	1,035
Contributions by Plan Participants	422	407
Benefits Paid and Expenses	(229)	(388)
<b>Closing Fair Value of Plan Assets</b>	<b>19,767</b>	<b>17,101</b>
<b>Total SHPS DB Pension Liability as at 31<sup>st</sup> March 2021</b>	<b>(8,218)</b>	<b>(3,249)</b>

**24. Retirement Benefits (Continued)**

**Plan Assets**

Year Ended 31 <sup>st</sup> March	Year Ended 31 <sup>st</sup> March
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**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Global Equity	3,150	2,501
Absolute Return	1,091	892
Distressed Opportunities	571	329
Credit Relative Value	622	469
Alternative Risk Premia	744	1,196
Fund of Hedge Funds	2	10
Emerging Market Debt	798	518
Risk Sharing	720	577
Insurance-Linked Securities	475	525
Property	411	377
Infrastructure	1,318	1,273
Private Debt	471	345
Opportunistic Illiquid Credit	503	414
High Yield	592	-
Opportunistic Credit	542	-
Corporate Bond Fund	1,168	975
Liquid Credit	236	7
Long Lease Property	387	296
Secured Income	822	649
Liability Driven Investments	5,024	5,675
Net Current Assets	120	73
<b>Total Assets</b>	<b>19,767</b>	<b>17,101</b>

**25. Non-Equity Share Capital**

<b>Non-Equity Share Capital</b>	<b>ForHousing Group Year Ended 31<sup>st</sup> March 2021</b>	<b>ForHousing Limited Year Ended 31<sup>st</sup> March 2021</b>	<b>ForHousing Group Year Ended 31<sup>st</sup> March 2020</b>	<b>ForHousing Limited Year Ended 31<sup>st</sup> March 2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Shares of £1 each Issued and Fully Paid</b>				
At Beginning of Year	97	97	103	103
Issued During the Year	-	-	7	7
Surrendered During the Year	(12)	(12)	(10)	(10)
<b>At End of Year</b>	<b>85</b>	<b>85</b>	<b>97</b>	<b>97</b>

The Associations shares are not transferable or redeemable. Payment of dividends or other benefits to shareholders is forbidden by the Association's rules.

**26. Capital Commitments**

<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
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**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

Capital Expenditure that has Been Contracted for but has not been Provided for in the Financial Statements.	39,336	8,340
Capital Expenditure that has Been Authorised by the Board of Management but has not yet been Contracted for.	21,860	110,425
	<u>61,196</u>	<u>118,765</u>

ForCapital Limited has no capital commitments to report.

**27. Leasing Commitments**

The total future minimum operating lease payments which ForHousing are committed to make under non-cancellable operating leases are as follows:

	Year Ended 31 <sup>st</sup> March 2021 £'000	Year Ended 31 <sup>st</sup> March 2020 £'000
Within One Year	537	196
One to Five years	1,305	594
Over Five Years	19	66
	<u>1,861</u>	<u>856</u>

ForCapital Limited has no leasing commitments to report.

**28. Contingent Liabilities**

	Year Ended 31 <sup>st</sup> March 2021 £'000	Year Ended 31 <sup>st</sup> March 2020 £'000
Great Places Acquisition	1,069	1,083
Development Grants (Less Amortisation)	33,857	28,371
	<u>34,926</u>	<u>29,454</u>

The contingent liability is relating to the Homes England grant received as part of the Development Programme which would be paid back if certain conditions are not met.

ForCapital Limited has no contingent liabilities to report.

**29. Related Parties**

The Board of non-executive directors includes three tenants of ForHousing, who are listed below:

- Christine Barker
- David Lamb

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

- Carol Mawers

<b>Board Member Tenant</b>	<b>Rent Debit Charged to 31<sup>st</sup> March 2021</b>	<b>Rent Debit Charged to 31<sup>st</sup> March 2020</b>	<b>Credit/(Arrears) Balance at 31<sup>st</sup> March 2021</b>	<b>Credit/(Arrears) Balance at 31<sup>st</sup> March 2020</b>
Christine Barker	£4,496	£4,470	(£918)	(£832)
David Lamb	£5,982	£5,755	£316	£229
Carol Mawers	£3,785	£3,764	£9	£41

*The above balances are in £'s*

The Board also includes two directors who have a close relative that is a tenant in the ForViva Group Structure, these are listed below:

- David Lamb
- Carol Mawers

The terms of the tenant Board Member's tenancies are consistent with those offered to other tenants.

The Board includes two Directors who are elected members of Salford City Council, these are listed below:

- Samantha Bellamy
- James Dawson

ForHousing undertakes transactions with the Salford City Council in the normal course of business. The nature and value of the transactions with Salford City Council in the year to 31<sup>st</sup> March 2021 are detailed below:

<b>Category</b>	<b>£'000</b>	<b>Description</b>
Sales	£596	Rental Income from Sanctuary, TAP and gateway Properties
	£4	Rental income from commercial properties
Purchases	£1,032	Mainly council tax and business rates, gas safety inspections, contributions to disabled adaptations and environmental works
	£1,038	RTB Clawback 2021

**30. Intra Group Transactions**

	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Year Ended 31<sup>st</sup> March 2020 £'000</b>
Summary of Transactions in the Year to 31st March 2021:		
Intragroup Sales	47	5
Intragroup Costs	(47)	(5)

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

Interest Receivable	7,451	8,291
Interest Payable	(7,451)	(8,291)

These amounts have been adjusted on the consolidation of the ForHousing Consolidated SOCI.

Summary of Transactions in the Year to 31st March 2021:

Debtor Balances	(17)	(310)
Creditor Balances	17	310
Interco Loan from Group Members	(182,894)	(18,312)
Interco Loan to Group Members	182,894	18,312

These amounts have been adjusted on the consolidation of the ForHousing Consolidated SOFP.

**31. Net Cash Generated from Operating Activities**

<b>Group</b>	<b>Year Ended 31<sup>st</sup> March 2021 £'000</b>	<b>Restated Year Ended 31<sup>st</sup> March 2020 £'000</b>
<b>Cash Flow from Operating activities</b>		
Surplus for the Year	17,817	15,455
<b>Adjustments for Non-Cash Items:</b>		
Depreciation of Housing Properties	14,232	13,919
Depreciation of Other Fixed Assets	565	809
Amortisation of Grants	(3,854)	(3,663)
(Increase)/Decrease in Trade and Other Debtors	(4,733)	(4,178)
Increase/(Decrease) in Trade and Other Creditors	2,446	3,526
Increase in Properties Held for Sale	-	-
Investment Property Revaluation	(624)	(26)
Pension Costs Less Contributions Payable	(120)	(869)
<b>Adjustments for Investing or Financing Activities:</b>		
Net Loss/(Gain) on Sale of Fixed Assets	(1,680)	(3,266)
Interest Payable	8,008	9,011
Interest Receivable	(1,635)	(2,545)
<b>Net Cash Generated from Operating Activities</b>	<b><u>30,422</u></b>	<b><u>28,173</u></b>

**32. Ultimate Parent Company and Parent Company of Larger Group**

The Association's ultimate controlling party and parent company is ForViva Group Limited, a non-charitable registered provider. The accounts on behalf of the ForHousing Group, are the smallest set of consolidated financial statements prepared. Copies of the consolidated financial statements can be obtained from its registered office: 52 Regent Street, Eccles, M30 0BP.

**33. Prior Period Adjustment**

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**Association**

**RTA Disposal Proceed Fund**

The proceeds rising from the Right to Acquire disposals from the financial year 2017, has been included within creditors as a provision for future development projects. The net proceeds of £2,366k relates to disposal during the financial years 31<sup>st</sup> March 2020, which have been adjusted through a Prior Year Adjustment to the 2020 comparative results. The RTA proceeds prior to 2019 have been adjusted through opening reserves which have been restated in the Statement of Changes in Reserves on page 47

The net proceeds for the current financial period of £974k, have been released to the SOCI during the financial period.

The impact of the adjustment has been to increase reserves and to reduce the net liabilities for the year ended 31<sup>st</sup> March 2020 by £2,366k. The reserves as at 1<sup>st</sup> April 2019 have been restated by £4,260k.

The changes made to the below statements have been reflected in the notes to the financial statements.

**33. Prior Period Adjustment (Continued)**

**Statement of Comprehensive Income**

The prior period adjustment has had the following impact on the Association's statement of comprehensive income as at 31<sup>st</sup> March 2020:

<b>Association as Previously Reported</b>	<b>Adjustment</b>	<b>Association as Restated</b>
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**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Turnover	99,039	-	99,039
Operating Costs	(80,821)	-	(80,821)
Costs of Sales	-	-	-
Movement on Fair Value of Investment Properties	26	-	26
Gain on Disposal of Property, Plant and Equipment	900	2,366	3,266
<b>Operating Surplus</b>	<b>19,144</b>	<b>2,366</b>	<b>21,510</b>
Defined Benefit Obligation Eliminated	425	-	425
Interest Receivable	2,507	-	2,507
Interest Payable and Financing Costs	(8,973)	-	(8,973)
<b>Surplus Before Taxation</b>	<b>13,103</b>	<b>2,366</b>	<b>15,469</b>
Taxation of Profit on Ordinary Activities	(14)	-	(14)
<b>Surplus for the Year</b>	<b>13,089</b>	<b>2,366</b>	<b>15,455</b>

**Other Comprehensive Income**

Remeasurements Loss in Respect of Pension Schemes	8,030	-	8,030
<b>Surplus for the Year</b>	<b>21,119</b>	<b>2,366</b>	<b>23,485</b>

**33. Prior Period Adjustments (Continued)**

**Statement of Comprehensive Income**

The prior period adjustment has had the following impact on the Group's statement of comprehensive income as at 31<sup>st</sup> March 2020:

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

	<b>Group as Previously Reported £'000</b>	<b>Adjustment £'000</b>	<b>Group as Restated £'000</b>
Turnover	99,039	-	99,039
Operating Costs	(80,821)	-	(80,821)
Costs of Sales	-	-	-
Movement on Fair Value of Investment Properties	26	-	26
Gain on Disposal of Property, Plant and Equipment	900	2,366	3,266
<b>Operating Surplus</b>	<b>19,144</b>	<b>2,366</b>	<b>21,510</b>
Defined Benefit Obligation Eliminated	425	-	425
Interest Receivable	2,545	-	2,545
Interest Payable and Financing Costs	(9,011)	-	(9,011)
<b>Surplus Before Taxation</b>	<b>13,103</b>	<b>2,366</b>	<b>15,469</b>
Taxation of Profit on Ordinary Activities	(14)	-	(14)
<b>Surplus for the Year</b>	<b>13,089</b>	<b>2,366</b>	<b>15,455</b>

**Other Comprehensive Income**

Remeasurements Loss in Respect of Pension Schemes	8,030	-	8,030
<b>Surplus for the Year</b>	<b>21,119</b>	<b>2,366</b>	<b>23,485</b>

**ForHousing Limited – Annual Report & Financial Statements 2020/21**  
**Notes to the Financial Statements (continued)**

**33. Prior Period Adjustments (Continued)**

**Statement of Financial Position**

The prior period adjustment has had the following impact on the Association's statement of Financial Position as at 31<sup>st</sup> March 2020:

	<b>Association as Previously Reported £'000</b>	<b>Adjustment £'000</b>	<b>Association as Restated £'000</b>
Tangible Fixed Assets – Housing Properties	405,973	-	405,973
Tangible Fixed Assets – Other	7,409	-	7,409
Investment Properties	27,978	-	27,978
Long Term Investments	35	-	35
	<b>441,395</b>	<b>-</b>	<b>441,395</b>
<b>Long Term Debtors</b>	<b>51,231</b>	<b>-</b>	<b>51,231</b>
<b>Current Assets</b>			
Trade and Other Debtors	23,265	-	23,265
Cash and Cash Equivalents	12,357	-	12,357
	<b>35,622</b>	<b>-</b>	<b>35,622</b>
Creditors: Amounts Falling Due Within One Year	(63,109)	<b>6,626</b>	(56,483)
<b>Net Current (Liabilities)</b>	<b>(27,487)</b>	<b>-</b>	<b>(20,861)</b>
<b>Total Assets Less Current Liabilities</b>	<b>465,139</b>	<b>6,626</b>	<b>471,765</b>
Creditors: Amounts Falling Due After More Than One Year	(286,329)		(286,329)
Pension Liability	(10,466)	-	(10,466)
<b>Total Net Current Assets</b>	<b>168,344</b>	<b>6,626</b>	<b>174,970</b>
	-	-	-
Income and Expenditure Reserve	168,344	6,626	174,970
<b>Total Reserves</b>	<b>168,344</b>	<b>6,626</b>	<b>174,970</b>

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**33. Prior Period Adjustments (Continued)**

**Statement of Financial Position**

The prior period adjustment has had the following impact on the Group's statement of Financial Position as at 31<sup>st</sup> March 2020:

	<b>Group as Previously Reported</b>	<b>Adjustment</b>	<b>Group as Restated</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Tangible Fixed Assets – Housing Properties	405,973	-	405,973
Tangible Fixed Assets – Other	7,409	-	7,409
Investment Properties	27,978	-	27,978
Long Term Investments	35	-	35
	<b>441,395</b>	<b>-</b>	<b>441,395</b>
<b>Long Term Debtors</b>	<b>51,231</b>	<b>-</b>	<b>51,231</b>
<b>Current Assets</b>			
Trade and Other Debtors	23,313	-	23,313
Cash and Cash Equivalents	12,363	-	12,363
	<b>35,676</b>	<b>-</b>	<b>35,676</b>
Creditors: Amounts Falling Due Within One Year	(63,163)	<b>6,626</b>	(56,537)
<b>Net Current (Liabilities)</b>	<b>(27,487)</b>	<b>-</b>	<b>(20,861)</b>
<b>Total Assets Less Current Liabilities</b>	<b>465,139</b>	<b>6,626</b>	<b>471,765</b>
Creditors: Amounts Falling Due After More Than One Year	(286,329)	-	(286,329)
Pension Liability	(10,466)	-	(10,466)
<b>Total Net Current Assets</b>	<b>168,344</b>	<b>6,626</b>	<b>174,970</b>
	-	-	-
Income and Expenditure Reserve	168,344	6,626	174,970
<b>Total Reserves</b>	<b>168,344</b>	<b>6,626</b>	<b>174,970</b>

**34. Events After the Reporting Period**

In August 2021 the Social Housing Pension Scheme (SHPS) announced the results of its latest triennial valuation, which assesses the value of the scheme's assets and liabilities to identify any shortfall between the projected value of member contributions and the amount which has been committed to paying to pension holders.

As widely anticipated, the 2021 valuation identified an increase in the overall pension fund deficit, mainly due to changes in the economic and financial markets having an adverse impact on the fund's anticipated investment returns.

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**Notes to the Financial Statements (continued)**

**34. Events After the Reporting Period (Continued)**

As a result of the 2021 valuation, from April 2022 ForHousing's average SHPS contributions are anticipated to increase from 17% to 26%, a 53% increase. The change in contributions can be shared between the employer and the employee at ForHousing's discretion. In addition, ForHousing's contribution to the past deficit liability is also anticipated to increase by 17% from April 2022.