

Rooftop Housing Group Limited
Annual Report and Financial Statements
2021/22

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Board, executive and advisors

Registered office	70 High Street Evesham WR11 4YD
Board	<ul style="list-style-type: none"> - Sally Higham (appointed Chair from 15 September 2021) - Colum Goodchild (appointed Vice Chair and Senior Independent Director from 15 September 2021) - Ceri Jones - Paul Spooner - Jonathan Wallbank - Claire-Elaine Arthurs Payne - Myron Hrycyk - Daisy Halford - Tessa Rollings - Nicola Inchbald (Chair) (retired on 15 September 2021) - Robin Richmond (Vice Chair and Senior Independent Director)
Executive officers	<ul style="list-style-type: none"> - Boris Worrall, Group Chief Executive - Caroline Dykes, Finance Director to 30 September 2021 - Sam Morgan, Finance Director from 1 October 2021 - David Hannon, Development Director - Claire Newman, People Director to 18 February 2022 - Lisa Nicholls, Housing Director - Caroline Allen, Secretary
External auditor	BDO LLP Two Snowhill Birmingham B4 6GA
Bankers	Barclays Bank Plc 54 High Street Worcester WR1 2QQ
Internal auditors	Mazars LLP First Floor, Two Chamberlain Square Birmingham B3 3AX
Principal solicitors	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B2 2ES
RML Board details (Dormant company)	- Boris Worrall
Other legal advisors	Trowers & Hamlins 3 Bunhill Row London EC1Y 8YZ

Lenders

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

Lloyds Banking Group
25 Gresham Street
London
EC2V 7HN

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

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

bLEND Funding plc
3rd Floor
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London
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Funding advisors

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85 Queen Victoria Street
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Insurance brokers

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Ireland

Taxation advisors

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Performance analysis

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Report of the Board

The Board is pleased to present the Report of the Board, the Strategic Report and the audited financial statements for the year ended 31 March 2022.

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

Group structure

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

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

Rooftop Homes Limited (RHL) is a non-asset holding subsidiary. This company became dormant on 31 March 2020. It was deregistered with the Regulator of Social Housing as a Registered Provider in June 2020.

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

Principal activities

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

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

Regulatory framework for social housing

The Board considers it a priority to comply with the regulatory framework and to maintain GI and VI ratings from the Regulator of Social Housing under the Governance and Financial Viability Standard. These were formally assessed by the Regulator through the In Depth Assessment process in January 2020 and re-confirmed in November 2020 and October 2021.

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

- The Board held a virtual strategy event in June 2021, looking at affordability, culture and self assessment of the Board. In October 2021, the Board held an in-person strategy day which included a session on Digital by Design and a risk workshop.
- On 10 March 2021, the Board formally adopted the revised National Housing Federation's Code of Governance (2020). An action plan to ensure a smooth transition from the previous version during 2021/22 was produced and completed in March 2022.
- The annual individual board member appraisals were held and the Board self-assessed its performance as a collective. The Board Member Learning and Development Plan captures the outcomes of the appraisals. The Board will be externally appraised in 2022 in line with a three-yearly cycle.
- The Board has approved a Succession Plan and this is regularly reviewed throughout the year.
- During the year, the final £20 million of the £50 million bLEND loan was drawn down. This was used to repay existing revolving credit facilities, which will then be available to use up to 2025 to fund the development programme.
- At 31 March 2022, RHA has until June 2024 before new funding is required.
- All regulatory returns (FVA, SDR, Quarterly Returns, FFR, Fraud, Coronavirus Operational Response Survey) have been submitted to the regulator's deadline.
- A Resident Excellence Panel scrutinises Rooftop services to its residents, through a programme of scrutiny and reports to each meeting of the Audit and Risk Committee with an annual report to the Group Board.
- A Customer Engagement Framework including the Customer Charter was approved in January 2022. The Customer Charter is a document that is made up from individual elements which form the basis of what our customers can expect from our staff, services, and core service functions. The elements of the Charter have been developed by incorporating requirements, content and recommendations of the RSH Consumer Standards, Together with Tenants survey, Social Housing White Paper, and NHF Code of Governance.
- The Sector Scorecard is now embedded as our core key performance metrics supported by a range of operational indicators.

Internal controls

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

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

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

Financial reporting, including the integrity and appropriateness of financial statements

- Reviewed the statutory accounts and external audit findings.
- Reviewed the performance of the external auditors (BDO) during 2021/22 and the 2021/22 final accounts timetable.
- Reviewed and recommended to the Board the annual Accounting Policy.

Risk management process and framework

- Discussed and recommended for Board approval segmentation of Strategic, Business and Operational risks.
- Discussed the quarterly report on significant risks and sought assurance on the accuracy of the assessments and the controls.

Internal and external audit functions

- Approved the Audit and Risk Committee annual reporting cycle for 2021/22.
- Approved the internal audit strategic plan for 2022/23.
- Approved the report on the annual review of the Internal Auditor which showed a satisfactory level of performance.

Having assessed the scopes of the internal audits each quarter to ensure that the work being undertaken addressed key business risks, the Audit and Risk Committee reviewed 12 (including compliance) internal audit reports during 2021/22 and noted the level of assurance given by the internal auditors as follows:

Substantial assurance (three): Rent Setting Health Check, ICT and Cyber Security and Treasury Management

Adequate assurance (four): Electrical Safety, Income Management, Data Integrity and Managing Agents and Contracts

Needs Improvement (one): Fire Risk Assessments

Limited assurance (none)

The compliance audits (three) - Landlord Health and Safety, Information Technology and Finance Controls and Human Resources, Safeguarding and Housing Management - had a range of assurance levels for each audit. The Committee also received a Follow Up of recommendations report.

Compliance, Whistleblowing, Fraud, Anti-bribery, Asset and Liability Registers and Stress Testing

- Discussed the Compliance report and the actions being taken to address areas requiring improvement.
- Reviewed the Asset and Liability Registers report and noted asset, loan and other liabilities position in the Group.
- Reviewed the Fraud Registers (tenancy and general) and noted that there were no exceptional items.
- Reviewed the Gifts and Hospitality Register and noted that there were no exceptional items.
- Reviewed the Major Incident Policy updates and noted progress.
- Reviewed the work and performance of the Audit and Risk Committee including its terms of reference.

Resident Excellence Panel

- Approved the Resident Excellence Panel's proposed topics for scrutiny reviews 2021-22.
- Reviewed the Resident Excellence Panel's scrutiny reviews action plan and noted progress with the actions.

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

General Data Protection Regulation

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

Rooftop is mindful of the requirement to comply with the UK General Data Protection Regulation (UK GDPR) and Data Protection Act 2018 and has taken steps to ensure our staff and partners are aware of our

obligations, by undertaking mandatory training and increasing awareness at all levels within the organisation. We have ensured our third party partners, who process personal data on our behalf, have security and compliance at the forefront of their work for us by way of legal agreements and audit of their systems.

We have reviewed our own compliance with the UK GDPR and Data Protection Act 2018 and are of the view that there has been no material non-compliance with the legislation following implementation.

Notwithstanding, and in line with good practice, Rooftop continues to keep the organisation's compliance under review. This included an internal audit during October 2019 which resulted in 'adequate' assurance.

Code of governance

The Board has formally assessed its compliance against the National Housing Federation's Code of Governance (2020) and confirms that the organisation is fully compliant.

Governance

RHG is governed within the framework set by its rules as a Registered Society. These state that RHG will have a Board and determine its membership. In making appointments to the Board, the Group seeks members with a range of skills that it requires to effectively govern its business. As a result of the adoption of the NHF Code of Governance (2020) the Rules were amended in September 2021.

Board Members are carefully selected to make sure that they have the mix of skills and experience appropriate to their roles within the Group. A Skills Audit is refreshed annually and prior to any new appointment to the Board.

- In September 2021 a new Group Chair joined the Board.
- Membership to the Board is now limited to a maximum of 6 years.

As of 31 March 2022, the Board of RHG had nine members of which four are female and five are male with an average age of 51.5 years. One member is registered disabled. The biographies of the board members are available at the end of these statements.

Board Members' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2014 (updated 2018) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and association will continue in business.

The Board Members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and association's transactions and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies

(Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the group and association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2014 (updated in 2018).

Financial statements are published on the group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group and association's website is the responsibility of the Board Members. The Board Members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

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

BDO LLP have audited Rooftop Housing Group for five years, with the 2021/22 Financial Statements being the last in their current contract. There will be a full market tender for external audit services taking place in summer 2022.

Anti-Slavery and Human Trafficking Statement

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

Employees

Within the Group structure, all employees are employed by RHG, the Group parent. Rooftop is a dedicated equal opportunities employer, we treat people fairly, and with dignity, regardless of sex, age, disability, sexuality, race or belief.

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

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

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

Equality, Diversity and Inclusion

We are an organisation that values diversity, champions equality and demonstrates inclusion. We demonstrate this through the activities and the services we provide, and our aim is to achieve positive outcomes for potential and existing customers, our colleagues, and the wider community. We continue to build on our inclusive culture and workplace where difference is accepted and celebrated. We do not tolerate discrimination or prejudicial treatment of any kind and challenge and act on it if required.

Our three-year Equality, Diversity and Inclusion Strategy was approved by the Group Board in November 2021 and a new Inclusion Alliance has launched to assist us in delivering our commitments. In 2022, we will be assessed by the Housing Diversity Network and we will use this feedback to develop our approach.

Health and safety

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

Insurance

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

Going concern

The Board considers that it has adequate resources to continue in operation for the foreseeable future. For this reason, it continues to adopt the 'going concern' principle in the financial statements.

The Board approved the 40-year Financial Business Plan in May 2022. This included detailed stress testing with multi-variant scenarios.

The Board previously approved a Financial Business Plan in May 2021 which included a number of stress tests including a perfect storm, which created extreme results. The plan also contained a £5 million cash contingency for Development which can be released in adverse circumstances. Based on our Treasury Management Policy, RHA holds minimum cash balances of £5 million or three months' liquid funds, whichever is the greater. When calculating the required cash balance an assumption is made that we will only receive two thirds of property sales in a period. This prudent approach and the available undrawn loan facilities will keep us viable during these difficult times.

The budget for 2022/23 was approved by the Group's Board on 23 March 2022. The challenges for the year ahead will remain significant for Rooftop and its customers as the shockwaves of the pandemic and Brexit continue to have an impact on service delivery.

The labour and skills shortages which limited our ability to consistently deliver a high-quality repairs service for customers are set to continue for some time. Therefore, our top priority for the year is to make improvements and deliver efficiencies in this critical service area.

Inflation and rising costs will present a second major challenge and we will focus on realising efficiencies from our expanding digital platforms by providing more automation and the ability for customers and colleagues to self-serve where they can.

As ever, we will formally monitor progress of delivery of this plan on a quarterly basis with the Board, and provide customers with a half-year update in the autumn.

At the end of the financial year, a Group post-tax surplus of £3,570,000 was achieved. The budget surplus for 2022/23 has been set at £4,089,000, a decrease of £500,000 from the revised 2021/22 budget. This reflects the continued rising costs of maintaining our stock.

At 31 March 2022, the Group held £40 million cash and short-term investments, of which £29 million is available at short notice. In addition, we have £82 million of undrawn revolving credit facilities at year end; this will support the current development programme. We are pleased to confirm there is sufficient cash available to support the business and to comply with our funders' covenants.

Given the strength of the statement of financial position and availability and liquidity of undrawn loan facilities, the Board believe that while there may be some uncertainty in the future, this does not pose a material uncertainty that would cast doubt on the Association's ability to continue as a going concern. The Board therefore consider it appropriate for the accounts to be prepared on a going concern basis.

COVID-19

During 2021/22, we have adhered to Government Guidelines to keep our residents and staff safe during these challenging times. Our Executive Team have held regular meetings to ensure our business continuity was maintained as we moved towards a post-pandemic norm. Alongside continuing to deliver essential services to our residents, we continued to provide guidance to any resident who faced financial difficulties.

By order of the Board

A handwritten signature in black ink, appearing to be 'Sally Higham', written over a light blue horizontal line.

Sally Higham
Chair
8 August 2022

Strategic Report

Who we are

Rooftop is a place-based Housing Association which manages around 7,000 homes, mainly in the rural communities of South Worcestershire and North Gloucestershire.

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

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

We deliver around 150 new homes a year, the majority of which are low-carbon and built to the highest energy efficiency rating of 'A' to address fuel poverty and climate change.

Partnership is critical to our success, and we work closely with the district councils of Wychavon, Malvern, Tewkesbury and Gloucester City. We are delighted to be a strategic partner with Homes England, through the Matrix Housing Partnership.

Why we exist

Our mission is to support **Successful Lives** and build **Great Homes** by being a **Better Business**. The annual Business Plan sets out what we will achieve during 2022-23, the second year of our five-year Corporate Plan, updated to run from 2021 to 2026.



Corporate Plan			
	Great Homes	Successful Lives	Better Business
Strategic Objectives 2026	Up to 1,000 Homes	Excellent Customer Service	Leadership and Learning Excellence
	Rooftop Living Homes Standard	Building Stronger Communities	Digital by Design
Supporting Strategies	Development, Asset Management, Sustainability, Health and Safety	Customer, Supported Housing, Income Collection and Maximisation, Community Investment	Communications, People, Data, IT, Value for Money, Tax
Annual Objectives 2022/23	Rooftop Living Homes Standard implementation St. Oswald's urban village Band C investment programme year 1 Review of the Repairs service	Implement the Customer Charter Develop additional local offers for four groups Implement CIH Professional Standards Framework	Review our business operating model Implement the new finance system Digitisation of housing networks

How we work

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

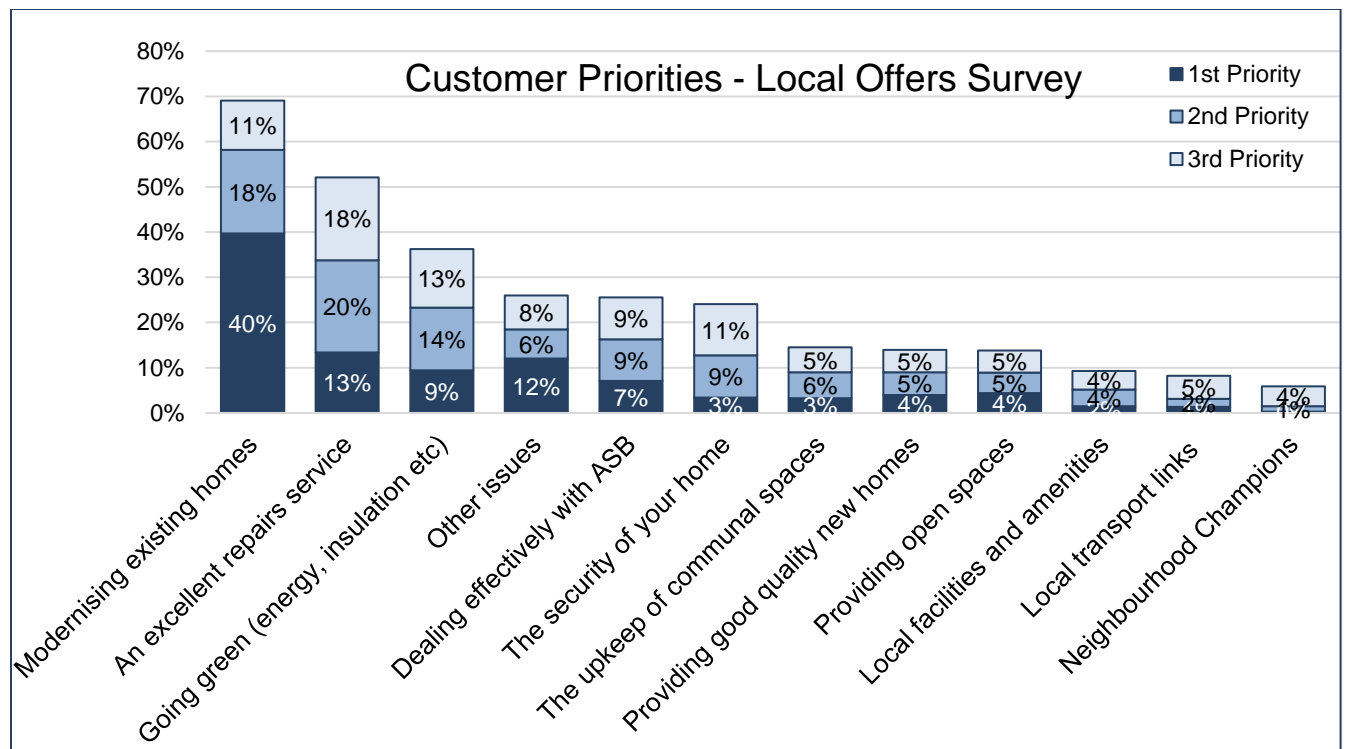
We work together – we talk, we listen, we network

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

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

What customers tell us they want

In late 2021, we asked more than 4,000 customers their views on what mattered most to them. The analysis of the 700+ responses is set out below. Repairs was a clear top priority and that is in part why this is such a key focus for us in the year ahead. These responses have been analysed into different neighbourhoods so that we can develop local offers in different areas. The headline results were similar across all areas and are summarised below.



What we will deliver

Our plans for the year ahead are summarised below alongside specific Annual Objectives and Key Performance Indicators for 2022-23.

Successful Lives

Although customer satisfaction levels fell during the pandemic across many areas of the public sector and business, we believe it right that we retain our target of 90% customer satisfaction and focus on that as a priority. Our biggest measure of success remains to be an effective landlord, as rated by our customers. An important part of this will be achieved through the launch of our Customer Charter, with new service standards, and the work of our new Customer Experience team.

We will also continue our work in developing 'local offers' based on the feedback of people living in the different neighbourhoods where we manage a significant number of homes. This year, a key project will be to develop plans for all sheltered scheme alarms to be switched to digital by 2025 to ensure residents have a modern and robust system fit for the future. We will also complete a major 'housekeeping' exercise by reviewing all tenancy and tenure agreements to ensure that they are up to date.

Supporting people into jobs and training, as well as community investment activity and the health and well-being activities we provide will remain an important area of our work in helping local people to live happy and healthy lives.

Great Homes

During the year we will confirm costed investment plans for achieving Band C energy ratings in all Rooftop homes by 2030, as part of a wider commitment to develop a 'Rooftop Living Homes Standard' for all homes. This Standard will set out what you can expect from us in terms of the quality of your home as we plan investment for the years ahead; this is an aspiration which is stretching and will take time to deliver for all customers.

Our overall investment in existing homes this year will total £12 million, with around £4.5 million expected to be spent on responsive repairs and £7.5 million on planned investment in important areas such as kitchen and bathroom replacement. We also know customers have frustrations about how some repairs are delivered and 'repair or replace' policies and we will complete a fundamental review of repairs and planned investment during the Spring. An extra £350,000 will also be invested in tackling repairs jobs which are outstanding to bring waiting times back to pre-pandemic levels by the autumn.

This year we will submit a planning application to deliver up to 300 new homes on a brownfield site next to Gloucester City centre with around 180 of those homes for rent and Shared Ownership. Our aspiration is to deliver this as a Net Zero Carbon housing development. Alongside this, we will continue to develop affordable homes for local people in the areas where we work with a target to complete 140 homes in the 12-month period.

Better Business

With Rooftop's overall costs rising higher than inflation in areas such as repairs and maintenance, we will this year continue to push ahead with the digitisation of systems to make our organisation more efficient and effective. We will continue to develop our new Human Resources system, implement a new finance system and roll-out hand-held devices for our Housing team so that they can service customers out in the community with less paperwork or the need to return to offices in order to log updates onto our systems. To ensure we deliver high-quality and consistent housing services for customers we will, for the first time, provide front-line staff with formal Chartered Institute of Housing training and accreditation relevant to their role.

Annual Objectives for 2022-23

	Annual Objective	Corporate Plan
1	Implement our new Customer Charter and service standards	Successful Lives
2	Develop in depth local offers for two Neighbourhoods, Gypsy Romany Travellers and the Military Covenant	Successful Lives
3	Implement CIH Professional Standards Framework to improve front-line services	Successful Lives
4	Review our long-term property investment programme to achieve the Rooftop Living Homes Standard	Great Homes
5	Submit planning for the 300-home St Oswald's urban village in Gloucester	Great Homes
6	Invest £1 million in upgrading 125 homes to a minimum of Band C energy performance	Great Homes
7	Review and digitalisation of supported housing alarm systems to support customers independence	Great Homes
8	Review and improve our repairs and planned maintenance service	Great Homes
9	Review our business operating model to improve service delivery and efficiency	Better Business
10	Implement the new Finance System	Better Business

New homes

Rooftop is committed to continuing to deliver as many new homes as it can. The table below sets out the number of homes we aim to deliver over the next six years:

Development Programme – up to 1,000 new homes			
	2021-22	2022-28	Total
Social Rents	31	538	569
Affordable Rents	46	41	87
Shared Ownership	39	305	344
Total	116	884	1,000

Key Activities – Group Performance

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

In 2021/22, the group generated a surplus of £3.0 million (2021: £4.1 million). The core purpose of the group is social housing lettings activity, representing 86% of Rooftop's turnover (2021: 86%). The next most significant elements of the business are shared ownership sales which is 9% of turnover (2021: 9%) and supporting people (2% of turnover; 2021: 2%). Other activities are negligible.

At 31 March 2022, the group held £40 million in cash and short term investments (2021: £28 million). The increase in cash held is due to the drawdown of bLEND bond of £20 million in November 2021. The loan was used to repay existing revolving credit facilities, which will then be available to use up to 2025 to fund the development programme.

Rooftop Housing Association Limited

RHA, the Group's core social housing provider, generated a surplus before taxation of £3.0 million (2021: £4.1 million). This was £1.6 million less than RHA's budgeted surplus of £4.6 million.

The biggest positive variance relates to the surplus on property sales. Disposal of three schemes, Abberley Street, Old Bath Road and Lower Sapey, generated £1.2 million more than budgeted. These properties were either outside of our core operating area or required substantial investment to bring up to the Rooftop Living Homes Standard.

There was a significant outperformance of the costs budgeted for bad debts, which was £826k less than forecast. In April 2021, the budget was decreased to £875k as we began to settle into a post-pandemic norm. The continued dedicated work of the Income Team and investment in digital solutions have resulted in a reduction in arrears and much lower bad debt costs. Overall rent collected for 2021/22 stands at 102.2%.

The sale of 37 Shared Ownership units was less than the target of 42 with the shortfall due to late handovers, pushing completion into 2022/23. Due to higher average sales values, the budget surplus deficit was just £62k. Staircasing sales are difficult to predict and as a result, we recognised a surplus of £395k in this area with eight units completing against four budgeted.

Repairs and Maintenance were our biggest challenge in 2021/22 and resulted in an overspend of £1.76 million due to an increase in labour costs, shortage of staff and further inflationary pressures on material costs. Budgets for 2022/23 have increased accordingly but with this includes greater productivity targets and instigated closer monitoring of performance to ensure Value for Money.

The higher than budgeted for voids during the year of £755k (2021 - £333k) resulted partly due to a delay in void re-let works. In addition, there has been difficulty in reletting properties particularly at the Older Persons Schemes where concerns around COVID-19 led to a reluctance for some to move in. A Voids Action Plan is in place to tackle this strategically in 2022/23.

The Defined Benefit pension deficit liability was remeasured and resulted in a gain of £528k in year, compared a loss in 2020/21 of £709k. Actuarial gains and losses fluctuate annually and the gain relates to a combination of greater performance of assets and a reduction in liabilities.

RHA's cash balance at year end was £38.9 million (2021: £27.3 million). Much of the increase relates to the drawdown of second tranche of bLEND funding in November 2021 for £20 million, arranged in October 2020. This funding was to repay existing revolving credit facilities and fund the future development programme.

Value for Money and Performance Report 2021/22

Summary

We have set five ambitious targets within our five year 2021 to 2026 Corporate Plan. These targets aim to ensure we deliver Value for Money maximising the impact of our resources in delivering our charitable objectives.

In 2021/22 we continued to work towards our Corporate Plan objectives across the three streams of Successful Lives, Great Homes, and being a Better Business. In summary:

- We are making good progress to deliver up to 1,000 new homes
- We invested in a customer service team
- We continue to invest in digital solutions to improve processes

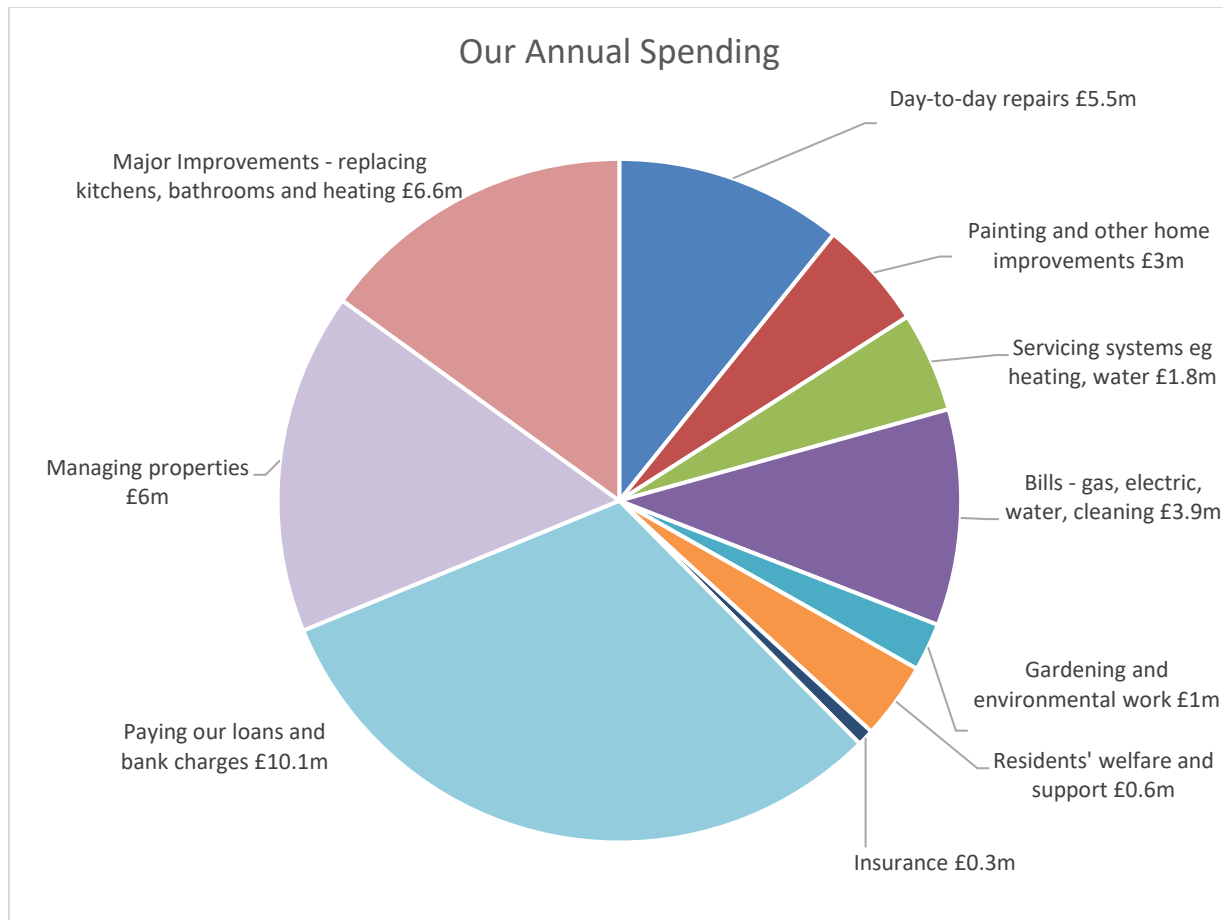
We continued to deliver against our wider 2026 targets around sustainability, supporting people and communities and business improvement during the year.

Ensuring customers and stakeholders are aware of our impact, costs and delivery of our plans is important to us. A copy of our simple published 'VFM and performance' summary is included in this report; it also appears on the Rooftop Housing Group website and in the Rooftop Customer Report. It shows a breakdown of how income is expended during the year to provide transparency.

How We Will Spend Our Money - 2022/23 Budget

The graph below shows a breakdown of our expenditure – the three areas covered in the bullet points represent 58% of total expenditure:

- The largest area of expenditure is around servicing our loans. This will increase as we continue to draw down more funding to improve our homes and build new homes for people in housing need.
- Major Improvements is the second largest area including the replacement of kitchens, bathrooms and boilers. These improvements keep our homes up to and beyond the Decent Homes Standard.
- The next largest area of spend is on the day-to-day repairs of our homes.



Meeting the Value for Money Standard

We welcomed the simplified approach in the April 2018 Value for Money (VFM) Standard. The Board believes Rooftop has complied with the VFM Standard during 2021/22 and continues to challenge the Executive Team to drive forward this agenda for the future.

The Corporate Plan for 2021 to 2026 is monitored and reported against the targets to Board on a quarterly basis. The Board also monitors an annual Value for Money Action Plan setting out the specific improvements and projects Rooftop aims to deliver each year.

The following strategic projects were at the heart of our Value for Money Strategy for 2021/22:

- **In line with our Asset Management Strategy, look to rationalise our stock outside of our core operating area and review properties with no business case to retain.**

In 2021/22, we disposed of three schemes which were either located outside of Worcestershire and Gloucestershire or that were uneconomical to bring up to our Rooftop Living Standard. This generated a surplus of £1.2 million which can be reinvested into our core area.

- **To look at the efficiencies of working with our partner, Platform Property Care, by reviewing the cashable savings of our Cost Sharing Vehicle.**

In November 2020, we concluded an options appraisal and concluded that the Cost Sharing Vehicle continues to be the most appropriate delivery model. During 2021/22, an HMRC Compliance Check confirmed our approach to CSV VAT savings. We have begun a joint project with Platform Property Care to review performance and establish efficiencies which will include an independent review in 2022/23 to ensure Value for Money.

- **Reduction in arrears and bad debts following digital investment.**

In 2021/22, we implemented software designed to aid reporting, prioritisation of arrears and automating phone calls. Along with an increase in staffing levels, the level of arrears has reduced by £430,000 with overall rent collection at 102.2% for the year. The Income Team is now well equipped in 2022/23 to address the challenge of cost of living pressures on our customers.

- **Pursuant to our Digital by Design objective, procure and implement new HR/Payroll system to streamline processes, improve reporting and reduce waste between teams.**

The new Your Vibe system went live in March 2022 with further modules due in 2022/23. In addition, in 2021/22, a new Finance system was procured and scoped with implementation due towards the end of 2022/23. It is thought that both systems will bring about efficiencies and aid decision-making through self-service and enhanced reporting.

- **Maximising income from homes by reducing void loss.**

A comprehensive approach has been taken to addressing void performance that has resulted in improvements with general needs and older persons accommodation. A specific approach for targeting Extra Care void challenges is in place, through the Voids Action Plan. Despite these actions, void loss for 2021/22 was £755k over budget, compared to £333k in 2020/21. This will be a key area of focus in 2022/23.

- **Provide excellent customer service through targeted work on the void standard, processes and tenancy sustainment.**

A Task and Finish group is in place with a range of process improvements secured. A new lettable standard has been outlined in partnership with Platform Property Care and is now in operation. In addition, a new team focussed upon Tenancy Sustainability is due to launch in 2022/23 which will focus upon affordability and letting to the right tenant first time, reducing costs as a result.

The Value for Money Strategy was updated in March 2022 to reflect the refreshed Corporate Plan 2021-26 and include commitment to our customers. The associated action plan was streamlined to flag the most strategic actions, summarised below:

- Repairs Efficiency Review
- Maximising Income through review of voids
- Business Improvement through review of Core Operating Model
- Asset Rationalisation
- Measurement of Social Value.

Progress made towards these defined outcomes will be reported in the 2022/23 Value for Money Statement.

Delivering Value for Money

Rooftop's Financial Statements include an annual self-assessment of how we are achieving Value for Money in delivering our annual and long-term Corporate Plan objectives and complying with the regulatory Value for Money standard. Our assessment is based on the 'Sector Scorecard' metrics, which include key performance indicators covering customer satisfaction, financial security and our effectiveness as a business. This year we will again strengthen our Value for Money strategy and detailed annual Action Plan.

The Sector Scorecard includes the nine metrics specified by the Regulator of Social Housing. The group-wide results for 2021/22 are set out below, with comparatives from 2020/21 and targets for 2021/22 and 2022/23. The targets are embedded in Rooftop's budget and performance processes.

Performance and future targets

Regulatory metrics	2020/21 Result	2021/22 Target	2021/22 Result	2022/23 Target
Metric 1 - Reinvestment Percentage	3.2%	10.5%	6.4%	12.6%
Metric 2a - New supply delivered (social housing units)	0.8%	3.7%	1.9%	2.7%
Metric 2b - New supply delivered (non-social housing units)	0.0%	0.0%	0.0%	0.0%
Metric 3 - Gearing	54.8%	62.0%	56.3%	56.0%
Metric 4 - EBITDA MRI as a percentage of interest	166.2%	137.0%	122.3%	128.0%
Metric 5 - Headline social housing cost per unit	£3,183	£3,898	£4,083	£4,100
Metric 6a - Operating Margin (overall)	32.2%	29.8%	25.7%	27.4%
Metric 6b - Social Housing operating margin	39.2%	36.2%	29.8%	31.7%
Metric 7 - Return on capital employed (ROCE)	3.8%	3.7%	3.4%	3.3%

Other Sector Scorecard metrics				
Customer satisfaction	85.0%	90.0%	81.9%	90.0%
£s invested for every £ generated from operations in communities	£0.04	£0.05	£0.04	£0.04
Occupancy	99.3%	99.2%	99.0%	99.2%
Ratio of responsive repairs to planned maintenance spend	0.85	0.50	0.68	0.60
Rent collected	99.9%	99.1%	102.2%	100.0%
Overheads as a % of adjusted turnover	11.2%	11.2%	12.0%	11.8%
Void loss as a % of rent debit (all tenures)	3.3%	2.0%	3.9%	2.2%

The Value for Money metrics show that the **Reinvestment percentage** of 6.4% is much lower than the target of 10.5%, reflecting both the new supply issues and the struggle with construction resources, particularly labour availability. The target of 12.6% for 2022/23 reflects the ramping up of development activity as we move towards our up to 1,000 homes objective.

Our **New Supply Delivered of Social Housing** at 1.9% is lower than the target of 3.7%. The target was based upon the September 2020 Financial Business Plan which planned for a more condensed programme of our up to 1,000 homes objective. Following on from our new Development Strategy, 1,000 homes will now be delivered by 2028 instead of the 2023 plan. The target of 2.7% for 2022/23 will be achieved by delivering the 145 homes in the new development programme.

Our **Social Housing Operating Margin** of 29.8% is lower than the target of 36.2%. This is largely driven by increased repairs and maintenance charges, where inflation, staff and labour shortages all contributed to higher costs and void turnarounds. There is also a higher void income loss due to the difficulty of reletting properties particularly at the Older Persons Schemes where nervousness around COVID-19 led to a reluctance for some to move in. The sector average in 2020/21 was 27.7% so we accept that our reduced performance in this area is reflective of the pressures felt elsewhere. The target for next year of 31.7% is similar to that achieved in 2021/22 but achieving this will be increasingly difficult should inflation continue to rise.

For **Customer Satisfaction** our year end result was 81.9%, which was 9.1% below our ambitious target of 90%. Our analysis indicates that customer communication around repairs and the completion of repairs are the main causes of dissatisfaction. This drop is considered reasonable for other Housing Associations based on evidence available, however hitting the 90% target will be a key focus for the year ahead. Our new Tenancy Support and Customer Experience teams will improve customer communication and complaints handling.

Our **Rent Collected** for the year was 102.2% compared to a target of 99.1%. The improved result was due to the proactive measures adopted by our Income Team. These included introducing new systems where all of our Income Officers had the ability to take card payments over the phone, the implementation of recurring card payments and a Live Chat forum on our internet. In 2021/22, the RentSense system was implemented, which enabled us to further improve our income collection rates through better reporting and prioritisation of cases. In light of cost of living pressures, the target for 2022/23 of 100% will be a challenging focus.

Other Key Metrics – targets for 2021/22	Target 2021/22	Result 2021/22	Achieved? Y/N
Percentage of repairs completed first time	85%	87.8%	Y
Average number of days to complete responsive repairs	14.0	29.4	N
Average days to re-let	20.0	22.8	N
Rent arrears as a percentage of rent debit	4.0%	3.3%	Y
Percentage staff sickness absence	4.5%	3.7%	Y
Benefits realised for tenants by money advice team	£2.3 million	£3.2 million	Y
% of colleague turnover	13.0%	24.8%	N

Due to a number of supported schemes being more difficult to let and relying on council referrals, our average days to re-let of 22.8 days (all tenures) is higher than our target for the year. To address this issue, we have carried out detailed analysis and implemented an Action Plan which will accelerate how quickly we re-let void properties and ensure that we are making the best use of our Assets by targeting more challenging schemes for improvement. We work closely with Partners, Platform Property Care, who provide a repairs service on our behalf, and are monitoring their performance in this area.

Peer Comparison 2020/21

As part of the Value for Money Standard we must include data around peer comparison and have had a piece of work carried out by Vantage, presented to our Board in January 2022. They have identified the peer group based on geographical location, stock size and similarity.

RP	Reinvestment %	New supply delivered (social) %	New supply delivered (non-social) %	Gearing %	EBITDA %	Headline Social Housing Cost Per unit	SHL Operating Margin %	Overall Operating Margin %	ROCE %
Rooftop Housing Group	3.2%	0.8%	0.0%	54.8%	166.2%	£3,183	39.2%	32.2%	3.8%
Thrive Homes Ltd	16.6%	1.7%	0.0%	73.3%	200.3%	£3,730	37.7%	38.6%	4.9%
Two Rivers Housing	5.6%	2.0%	0.0%	55.3%	224.2%	£2,970	28.3%	28.8%	4.8%
Connexus	8.7%	1.6%	0.0%	64.0%	192.7%	£3,158	25.8%	26.4%	4.5%
North Devon Homes Ltd	2.4%	0.8%	0.3%	57.0%	154.4%	£2,880	28.6%	26.4%	3.5%
Westward Housing Group	4.6%	0.8%	0.0%	30.9%	241.3%	£2,890	28.3%	27.0%	3.1%
Selwood Housing	5.4%	1.8%	0.0%	31.0%	420.0%	£3,750	26.0%	24.0%	2.2%
Gloucester City Homes	16.0%	2.0%	0.0%	51.0%	140.0%	£3,990	24.9%	21.1%	2.8%
Trent & Dove Housing	8.9%	2.4%	0.0%	58.5%	187.1%	£3,171	22.6%	20.1%	4.0%
Peer Average	8.5%	1.6%	0.0%	52.6%	220.0%	£3,317	27.8%	26.5%	3.7%
Sector Average	6.9%	1.4%	0.2%	45.5%	208.9%	£4,082	27.7%	24.3%	3.9%

Reinvestment

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

New supply delivered – Social housing

We delivered 50 new homes in 2020/21 but incurred delays following lockdown-related restricted activity. While this was below the sector average, 0.8% was comparable to many of our peers.

New supply delivered – Non Social Housing

The Board has decided not to develop any further homes in this category.

Gearing/EBIDTA

The Board monitors this performance closely but accepts the results are weaker compared to peers. This is due to a large number of legacy debts created at the time of transfer from the local council, and also increased borrowing in recent years to enable Rooftop to achieve its ambitions in the supply of new homes.

Operating Margin (Social and Overall)

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

Return on Capital Employed

In this area we currently rank close to sector and peer averages. We are pleased to be able to maximise the use of our assets.

What we have achieved in 2021/22

Successful Lives

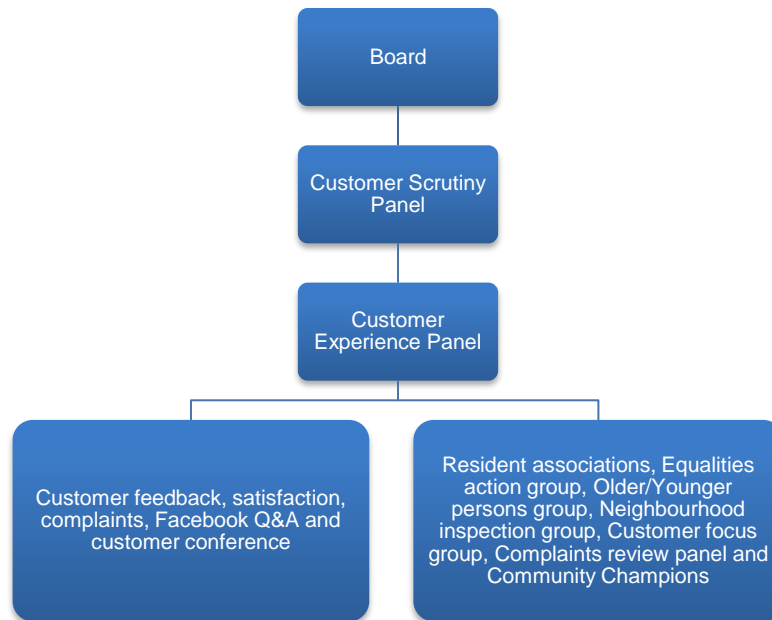
Supporting Customers

We recognise that some of our customers are experiencing financial hardship particularly in light of cost of living pressures and we continue to proactively support in the following areas:

- Our Emergency Assistance Fund was increased following a £30k grant from Wychavon District Council and we used this to assist customers by paying for food, white goods and household fuel.
- Our Money Advisors had an exceptional year helping 1,940 customers apply for additional income entitlement of £3.2 million.
- Our Building Better Opportunities job coaches continue to support and have this year worked closely with Job Centre Plus partners to identify specific training based around upskilling to maximise opportunities in finding employment.

Customer Charter

This year, we launched our Customer Charter outlining our Customer Promise, measurable service standards and new Customer Engagement Framework. This new Customer Engagement Framework offers a range of ways customers can be involved either on a formal or informal basis, as well as offering a range of focus groups. As part of this work, we will implement a new Customer Experience Panel in Q1 2022/23 that will have direct links to scrutiny, as per below:



Customer Experience

As part of our commitment to Excellent Customer Service, we have invested in a Customer Experience Team with a new Customer Experience Manager starting in March 2022. The key priorities for this area will be the development of a consistent quality approach to customer service, complaints management, customer satisfaction and development of a new Customer Experience Panel. Work is now underway to develop 'First Point Contact Resolution' which will be launched in 2022/23 alongside a complaints triaging system.

Great Homes

In May 2021, the Board approved a Corporate Plan which included their vision to build up to 1,000 homes. This includes Homes England Strategic Partnerships Grant Funding secured following successful bid submissions through Matrix Partnership. The additional grant rate and the profile of receiving the grant has helped Rooftop to be able to meet its vision to provide more homes for local people. The grant due to Rooftop across both funding programmes is £31.3 million. This can be claimed in line with capital expenditure and ahead of start on site, which delays borrowing requirements and therefore reduces interest costs. We have received £7.6 million of grant to date.

Within the 1,000 homes are a mixture of social rent, affordable rent and shared ownership. The Development Strategy does allow for the delivery of a small number of homes for outright sale with the proceeds allocated to fund more social homes and to help meet the objectives of the group.

Of the 1,000 homes, the group successfully completed 116 homes in 2021-22. There are a further 339 new homes onsite with 145 homes expected to handover in 2022-23.

We have sold 37 new shared ownership homes during the year in addition to shared ownership staircasing and strategic disposals.

In 2021-22, our development team started on site to deliver 43 homes for social rent to replace those sold under the Voluntary Right to Buy Scheme on a one for one basis. There is £7.5 million funds available to build the replacement homes, as part of the 1,000 homes programme.

Better Business

As part of our commitment to reducing the levels of staff turnover following the pandemic, hybrid working has now been promoted across the majority of roles. This blended approach of working from home and in the office has been well received and we continue to promote this offering in recruitment. In addition, a full review of Rewards and Benefits will be carried out in 2022/23.

We have recently implemented a new HR/Payroll software with the first payroll run in March 2022. Feedback on Your Vibe has so far been very positive and in 2022/23, we will launch additional modules such as Performance Management and Learning and Development. This new system will bring about efficiencies and aid decision-making through self-service and enhanced reporting.

In line with our Leadership and Learning Excellence objective, we launched a Leadership and Management Development Programme in September 2021. The aim of 'Leader In You' is to develop leaders to be future proof, enhancing our culture and for positive impact on service to be felt by our customers. In addition, the sessions have been mapped against the Chartered Institute of Housing Professional Standards and designed to actively embed our values and enhance Equality, Diversity and Inclusion. This programme draws to a close in early 2022/23 and we hope to see the impact in all areas across the business.

In November 2021, the remaining £20 million of our £50 million THFC/(bLEND) bond was drawn, strengthening funding for our development programme.

In 2021/22, a property charging exercise was carried out in order to release security of properties identified for disposal. The substitution of additional properties increased surplus security and satisfied our interest cover covenant.

The QL Self-Serve app went live in August 2021 and is proving to be a useful tool to push out notifications to customers about urgent issues, such as the process for repairs following poor weather warnings. We also went live with the customer portal which enables customers to report repairs, make payments and manage their account online. We will be upgrading the app and portal to a new version in 2022/23.

Electric Vehicles

We are committed to finding innovative ways to improve our sustainability. In 2018/19, we leased an electric car for staff to use for business trips. All staff are encouraged to use the electric car as their first port of call instead of their own petrol or diesel vehicles, thus promoting a healthier environment. During 2019/20 we extended this further and leased an electric van for our handymen to use. Employees are also welcome to use the charging point at our Evesham office for their own electric vehicles.

Our newly built properties contain an electric vehicle charging point and we also have set up a car club at a scheme in Gloucester, which is available for the residents to join free of charge providing access to an electric car for use. The site has limited parking available and this allows residents the freedom to hire a car only when required. This is now also being considered at potential future developments.

ISO14001 Certified

We are committed to improving our environmental performance for the group and the people we do business with. This is reflected in a successful ISO14001 audit in March 2022 which confirmed that there were no major or minor-non conformities and that we retain our accreditation. We continue to make further environmental improvements across the organisation. Rooftop also holds ISO9001 Quality Management System accreditation, and it has been decided to merge the two standards into an integrated management system (IMS).

Performance of our non-social assets

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

Scheme	Scheme valuation	2021/22 Net rental yield	2020/21 Net rental yield	2019/20 Net rental yield	2018/19 Net rental yield	2017/18 Net rental yield
Bridge Street	£1,198,293	1.54%	1.79%	1.26%	2.45%	1.19%
Warwick House	£160,236	6.86%	3.27%	3.31%	4.17%	2.41%
The Hawthorns	£3,542,000	7.48%	7.40%	7.43%	6.90%	6.70%

We have shown a positive return on each of the non-social housing schemes however, the return from Bridge Street remains lower. This is a listed building in Worcester which is split into flats that are used for Market Rent. The property has needed an increasing number of repairs which are more expensive due to its listed status. The rental yield for Warwick House has increased following a reduction in the scheme's market valuation.

Not included above is our scheme in Nuneaton which we sold in April 2021. As with Biddulph, disposed of in 2020/21, these properties were outside of our core operating area.

Principal risks and uncertainties faced

We have a comprehensive and well-established risk management system, which allows risks to be identified for all parts of the business. Risks are assessed, prioritised and control measures are implemented. The risk process is dynamic with risks being reviewed quarterly. During 2021/22 we reviewed our corporate risks into three risk registers: Strategic, Business and Operational within our risk management system. This has given the Board additional clarity of the principal risks that could impact the achievement of business objectives.

The Board and Executive Team have continued to monitor risks in the context of the unprecedented uncertainty caused by post Brexit labour shortages, record fuel and energy price increases, and rapid inflation of the cost of living exacerbated by the Russian invasion of Ukraine in March 2022.

The Group is still in a sound financial position to mitigate these risks and steps have been taken to maximise the support we can offer to residents and stakeholders.

The health and safety of our customers and colleagues remains one of our top risks monitored at every Audit and Risk Committee and Board meeting. We have been working with our partner Platform Property Care to address the back log of routine repairs during 2021/22, there remains a strong correlation between customer satisfaction with repairs and overall satisfaction. There is a recognition that an increasing number of our customers face a prolonged period of financial difficulty, this could potentially impact income collection in 2022/23. We have initiated a decarbonisation project during the financial year and have a funding strategy in place to meet our 2030 target. In addition work continues to mitigate risks which arise from poor stock condition and asset investment.

Below we have summarised five of the strategic risks within our framework:

Title	Description	Mitigation
Safety of Customers / Colleagues	Our number one objective is to continue to maintain a high level of safety for our customers, colleagues, and other stakeholders.	Rooftop Health and Safety Strategy. Continuous improvement of controls and assurance framework, robust oversight by the Executive Team and Board.
Poor repairs service reduces customer satisfaction	Partnership with Platform Property Care (PPC) is no longer able to deliver an appropriate repairs service for Rooftop customers.	Optimisation plan in place with PPC. Continuation of a review of the Cost Sharing Vehicle (CSV) with PPC and refreshing our Plan B contingency for repairs.
Inflation costs impact financial viability including income loss due to economic difficulties	The economic after-effects of the pandemic, exacerbated by the conflict in the Ukraine lead to unprecedented inflation levels, rises in the cost of living, food, fuel and utility bills.	Continuation of a robust Income Collection and Maximisation Strategy. Dedicated income / tenancy sustainment team, including money advisors. Stress testing in Financial Business Plan (FBP) for inflation informing the Defensive Action Plan.
Failure to meet decarbonisation (Band C) targets	EPC Band C target (corporate plan objective) by 2030 cannot be met due to lack of appropriate levels of finance, failure to procure appropriate / competent contractors to carry out the work, under performance of contractors to deliver Band C improvements to specification or timescales, leading to severe reputational damage.	Asset Management Strategy and FBP - funding strategy in place. Corporate decarbonisation Band C project established.
Poor stock condition and asset investment	Ensuring that all properties are appropriately maintained in terms of capital investment and planned maintenance to ensure every Rooftop home is fit for	Data led approach to asset investment based on quality stock condition data. Asset Management Strategy and Investment Programme for

	habitation, environmentally sustainable and affordable (meeting the Home Standard).	component replacement. Alignment of Rooftop Living Homes Standard to existing stock.
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By order of the Board



Sally Higham
Chair

8 August 2022

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

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of Association's affairs as at 31 March 2022 and of the Group's and of Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We have audited the financial statements of Rooftop Housing Group Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of financial position, the consolidated and Association statement of changes in equity, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

The board are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Strategic Report, Report of the Board and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the

financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the board

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

In addition, the Association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law and data protection. In order to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, we made enquiries of management and those charged with governance about whether the entity is in compliance with such laws and regulations and we inspected any relevant regulatory and legal correspondence.

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

Audit response to risks identified

We reviewed the financial statement disclosures and sample tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;

We made enquiries of the Audit and Risk Committee, management and Head of Risk;

We read minutes of meetings of those charged with governance and the Board;

In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and

We challenged assumptions made by management in their significant accounting estimates in particular in relation to the assumptions related to the valuation of properties held for sale.

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

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

Use of our report

This report is made solely to the members of the parent Association, as a body, in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the parent 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 parent Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Kyla Bellingall
A11A16013DD84AC...

Kyla Bellingall (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Birmingham

8 August 2022

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

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
Turnover	2	44,691	42,812
Operating costs	2	(33,221)	(29,010)
Surplus on disposal of property, plant and equipment	4	1,854	1,095
Impairment of fixed assets	12	(48)	(955)
Operating surplus		13,276	13,942
Interest receivable	8	61	20
Interest and financing costs	9	(9,834)	(9,763)
Movement in the fair value of investment properties	12	(468)	(44)
Surplus before taxation	7	3,035	4,155
Taxation	10	7	(40)
Surplus for the year		3,042	4,115
Other comprehensive income/(loss): Remeasurement of Defined Benefit pension scheme liability	21	528	(709)
Total comprehensive income for the year		3,570	3,406

The notes on pages 43 to 73 form part of these financial statements.

Association Statement of Comprehensive Income

For the year ended 31 March 2022

		2022	2021
	Notes	£'000	£'000
Turnover	2	9,761	8,993
Operating costs	2	(9,744)	(8,969)
Operating surplus	2	17	24
Interest receivable	8	-	-
Interest and financing costs	9	(5)	-
Surplus before tax	7	12	24
Taxation	10	7	(5)
Surplus for the year		19	19
Total comprehensive income for the year		19	19

The notes on pages 43 to 73 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 March 2022

		2022	2021
	Notes	£'000	£'000
Fixed assets			
Intangible assets	11	690	1,089
Housing properties	12	371,191	355,107
Investment properties	12	2,059	3,340
Other property, plant and equipment	12	208	108
Investment cash	13	1,461	-
		375,609	359,644
Current assets			
Inventories		4	8
Properties held for sale		6,232	5,705
Debtors receivable in one year	14	3,774	4,487
Current asset investment	16	11,019	1,877
Cash	15	29,004	28,229
		50,033	40,306
Creditors: Amounts falling due within one year	17	(36,147)	(31,489)
Net current assets		13,886	8,817
Total assets less current liabilities		389,495	368,461
Creditors: Amounts falling due after more than one year	18	(305,346)	(287,254)
Provision for liabilities and charges			
Taxation	19	-	(6)
Defined Benefit Pension	22	(506)	(1,128)
Net assets		83,643	80,073
Capital and reserves			
Called-up share capital	20	-	-
Revenue reserve		83,643	80,073
Total reserves		83,643	80,073

The notes on pages 43 to 73 form part of these financial statements.

The financial statements were approved by the Board on 13 July 2022 and were signed on its behalf by:

Secretary



Board Member



Board Member



Association Statement of Financial Position

At 31 March 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	11	690	1,089
Other property, plant and equipment	12	208	108
		898	1,197
Current assets			
Inventories		4	8
Debtors receivable in one year	14	465	362
Intercompany debtor – Defined Benefit Pension	22	506	1,128
Cash	15	1,095	885
		2,070	2,383
Creditors: Amounts falling due within one year	17	(1,958)	(2,015)
Net current assets		112	368
Total assets less current liabilities		1,010	1,565
Creditors: Amounts falling due after one year	18	(54)	-
Provision for liabilities			
Taxation	19	-	(6)
Defined Benefit Pension	22	(506)	(1,128)
Net assets		450	431
Capital and reserves			
Share capital	20	-	-
Revenue reserve		450	431
Total reserves		450	431

The notes on pages 43 to 73 form part of these financial statements.

The financial statements were approved by the Board on 13 July 2022 and were signed on its behalf by:

Secretary



Board Member



Board Member



Consolidated Statement of Changes in Reserves

For the year ended 31 March 2022

	Revenue reserve	Total
	£'000	£'000
Balance at 31 March 2020	76,667	76,667
Surplus for the year	4,115	4,115
In year actuarial movement of pension scheme	(709)	(709)
Balance at 31 March 2021	80,073	80,073
Surplus for the year	3,042	3,042
In year actuarial movement of pension scheme	528	528
At 31 March 2022	83,643	83,643

The notes on pages 43 to 73 form part of these financial statements.

Association Statement of Changes in Reserves

For the year ended 31 March 2022

	Revenue reserve	Total
	£'000	£'000
Balance at 31 March 2020	412	412
Surplus for the year	19	19
Balance at 31 March 2021	431	431
Surplus for the year	19	19
At 31 March 2022	450	450

The notes on pages 43 to 73 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Note	2022	2021
		£'000	£'000
Net cash generated from operating activities	28	16,396	17,513
Cash flows from investing activities			
Purchase of tangible fixed assets		(24,294)	(10,506)
Purchase of intangible fixed assets		(82)	(124)
Proceeds from sale of tangible fixed assets		5,618	4,344
Grants received		6,515	3,015
Purchase of current asset investment		(10,603)	(1,877)
Interest received		61	20
Net cash flows from investing activities		(22,785)	(5,128)
Cash flows from financing activities			
Interest paid		(10,137)	(9,752)
Premium on loan and arrangement fees		3,101	5,964
New loans		20,000	35,500
Repayments of borrowings		(5,871)	(25,802)
New finance lease		85	-
Capital element of finance lease repaid		(14)	-
Net cash flows from financing activities		7,164	5,910
Net increase in cash and cash equivalents		775	18,295
Cash and cash equivalents at beginning of year		28,229	9,934
Cash and cash equivalents at end of year		29,004	28,229

The notes on pages 43 to 73 form part of these financial statements.

Notes to the Financial Statements

1. Principal accounting policies

Basis of accounting

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

Group accounts

The consolidated financial statements for Rooftop Housing Group Limited incorporate the financial statements of Rooftop Housing Association Limited; a subsidiary within the meaning of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Localism Act 2011.

Year end

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

Going concern

The Board considers that it has adequate resources to continue in operation for the foreseeable future. For this reason, it continues to adopt the 'going concern' principle in the financial statements.

The Board approved the 40-year Financial Business Plan in May 2022. This included detailed stress testing with multi-variant scenarios.

The Board previously approved a Financial Business Plan in May 2021 which included a number of stress tests including a perfect storm, which created extreme results. The plan also contained a £5 million cash contingency for Development which can be released in adverse circumstances. Based on our Treasury Management Policy, RHA holds minimum cash balances of £5 million or three months' liquid funds, whichever is the greater. When calculating the required cash balance an assumption is made that we will only receive two thirds of property sales in a period. This prudent approach and the available undrawn loan facilities will keep us viable during these difficult times.

The budget for 2022/23 was approved by the Group's Board on 23 March 2022. The challenges for the year ahead will remain significant for Rooftop and its customers as the shockwaves of the pandemic and Brexit continue to have an impact on service delivery.

The labour and skills shortages which limited our ability to consistently deliver a high-quality a repairs service for customers are set to continue for some time. Therefore, our top priority for the year is to make improvements and deliver efficiencies in this critical service area.

Inflation and rising costs will present a second major challenge and we will focus on realising efficiencies from our expanding digital platforms by providing more automation and the ability for customers and colleagues to self-serve where they can.

As ever, we will formally monitor progress of delivery of this plan on a quarterly basis with the Board, and provide customers with a half-year update in the autumn.

At the end of the financial year, a Group post-tax surplus of £3,570,000 was achieved. The budget surplus for 2022/23 has been set at £4,089,000, a decrease of £500,000 from the revised 2021/22 budget. This reflects the continued rising costs of maintaining our stock.

At 31 March 2022, the Group held £41 million cash and short-term investments, of which £29 million is available at short notice. In addition, we have £82 million of undrawn revolving credit facilities at year end; this will support the current development programme. We are pleased to confirm there is sufficient cash available to support the business and to comply with our funders' covenants.

Given the strength of the statement of financial position and availability and liquidity of undrawn loan facilities, the Board believe that while there may be some uncertainty in the future, this does not pose a material uncertainty that would cast doubt on the Association's ability to continue as a going concern. The Board therefore consider it appropriate for the accounts to be prepared on a going concern basis.

Turnover

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

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

Service charges

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

Right to buy income and sales

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

Outright sale properties

Properties developed for outright sale are included in current assets.

Shared ownership properties

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

Housing properties

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

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

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

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

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

Freehold land is not depreciated.

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

Component accounting

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

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

The carrying amount of any replacement component is derecognised.

Impairment

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

Other fixed assets and depreciation

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

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

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

Intangible assets

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

Computer software	5 years
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A full year's amortisation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

Social Housing Grant (SHG) and other government grants

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

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

Recycling of capital grant

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

Capitalisation of interest

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

Supported housing schemes managed by agents

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

Investments

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

Major and cyclical repairs and maintenance

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

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

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

Provisions

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

Pensions

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

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

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

Current service costs and costs from settlements and curtailments are charged against operating surplus. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the

expected return on scheme assets are included net in other finance costs/income. Actuarial gains and losses are reported in the statement of comprehensive income.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality bond rates. The net deficit is presented separately from other assets on the Statement of Financial Position. A net surplus is recognised only to the extent that it is recoverable by the Group.

Leased assets

Rentals paid under operating leases are charged to the statement of comprehensive income in the period to which they relate.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower the present value of minimum lease payments) at the inception of the lease. The corresponding liability is included in the statement of financial position within long-term creditors. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Rental payments are charged as expenses in the periods in which they are incurred.

Value Added Tax (VAT)

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

Deferred taxation

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

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

Financial instruments

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

Service charge sinking funds

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

Bad debt provision

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

Significant management judgements and key sources of estimation uncertainty

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

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

Significant management judgements

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

Impairment of social housing properties

The Group must make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. Management have also considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment.

Development expenditure

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

Estimation uncertainty

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

Fair value measurement

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

Pension costs

The defined benefit accounting liability for the SHPS pension scheme has been provided by the scheme administrator, The Pensions Trust (TPT). The accounting liability has been formulated based on a series of assumptions which are set out in Note 21 to the financial statements. TPT provide a standard set of assumptions which it deems are appropriate, however, these are adjustable by individual providers to meet their own circumstances. The standard assumptions have been adopted by the Association as they are judged to be appropriate and reasonable. If the discount rate was lower, and/or the inflation rates and life expectancy rates were higher, then the liability would increase. Conversely, if the discount rate was higher, and/or the inflation rates and life expectancy rates were lower, then the liability would decrease.

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

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

	2022			2021		
	Turnover	Operating costs	Operating surplus/ (deficit)	Turnover	Operating costs	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Group						
Social housing lettings	37,597	(26,396)	11,201	36,751	(22,358)	14,393
Other social housing activities						
Shared ownership sales	4,384	(3,865)	519	3,989	(3,671)	318
Supporting People	697	(1,227)	(530)	771	(1,153)	(382)
Other	206	(1,219)	(1,013)	85	(1,318)	(1,233)
Grant	605	(225)	380	-	-	-
	43,489	(32,932)	10,557	41,596	(28,500)	13,096
Activities other than social housing	1,202	(289)	913	1,216	(510)	706
Total	44,691	(33,221)	11,470	42,812	(29,010)	13,802
Surplus on disposal of property, plant and equipment	-	-	1,854	-	-	1,095
Impairment of fixed assets	-	-	(48)	-	-	(955)
Total	44,691	(33,221)	13,276	42,812	(29,010)	13,942
Association						
Other social housing activities						
Other	9,761	(9,744)	17	8,993	(8,969)	24
Total	9,761	(9,744)	17	8,993	(8,969)	24

3. Particulars of income and expenditure from social housing lettings

	General Needs	Supported Housing	Other	Total
	£'000	£'000	£'000	£'000
Group 2022				
Rent receivable net of identifiable service charges	28,577	2,873	255	31,705
Amortised government grant	628	122	-	750
Service charge income	1,457	3,685	-	5,142
Turnover from social housing lettings	30,662	6,680	255	37,597
Management	6,167	198	2	6,367
Services	2,043	2,741	5	4,789
Routine maintenance	6,100	1,120	19	7,239
Planned maintenance	2,538	165	-	2,703
Rent losses from bad debts	53	(5)	1	49
Depreciation of housing properties	4,721	528	-	5,249
Operating costs on social housing lettings	21,622	4,747	27	26,396
Operating surplus on social housing lettings	9,040	1,933	228	11,201
Rent losses from voids	454	943	112	1,509
Group 2021				
Rent receivable net of identifiable service charges	27,968	3,098	284	31,350
Amortised government grant	593	122	-	715
Service charge income	1,328	3,358	-	4,686
Turnover from social housing lettings	29,889	6,578	284	36,751
Management	5,373	163	64	5,600
Services	1,915	2,356	20	4,291
Routine maintenance	4,613	759	16	5,388
Planned maintenance	1,795	56	-	1,851
Rent losses from bad debts	387	-	-	387
Depreciation of housing properties	4,283	536	22	4,841
Operating costs on social housing lettings	18,366	3,870	122	22,358
Operating surplus on social housing lettings	11,523	2,708	162	14,393
Rent losses from voids	393	744	94	1,231

4. Surplus on disposal of property, plant and equipment

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Sale of housing properties				
Receipts from sale of housing properties	5,618	4,344	-	-
Book value of properties sold	(3,616)	(3,113)	-	-
Other operating costs and costs of disposal	(148)	(136)	-	-
Surplus on sale of properties	1,854	1,095	-	-

5. Directors' emoluments and expenses

The directors are defined as the members of the Board and the executive officers as given on page 3. Board Member allowances paid during the year total £58,325 (2021: £58,881) which equates to 0.13% of turnover (2021: 0.14%).

RHG Board Member allowances were as follows:

	£
C Jones	4,500
N Inchbald	5,442
S Higham	6,464
R Richmond	3,059
P Spooner	8,501
J Wallbank	4,500
C Goodchild	5,684
C Arthurs Payne	6,675
M Hrycyk	4,500
T Rollings	4,500
D Halford	4,500
	58,325

The emoluments of the executive officers were as follows:

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Salaries and taxable benefits	590	568	590	568
Pension contributions	45	41	45	41
	635	609	635	609

The total amount of severance payments made in the year to executive officers was £13,500 (2021: £0).

The emoluments of the highest paid directors were as follows:

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Emoluments excluding pension – B Worrall	144	147	144	147

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

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

	2022	2021
	Number	Number
£50,001 - £55,000	1	-
£55,001 - £60,000	1	-
£90,001 - £95,000	-	1
£100,001 - £105,000	2	1
£105,001 - £110,000	-	1
£115,001 - £120,000	-	1
£130,001 - £135,000	1	-
£140,001 - £145,000	1	-
£145,001 - £150,000	-	1

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

	2022	2021
	Number	Number
£60,001 - £70,000	5	1
£70,001 - £80,000	-	1
£80,001 - £90,000	-	1

6. Employee information

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

	Group		Association	
	2022	2021	2022	2021
	Number	Number	Number	Number
	FTE	FTE	FTE	FTE
Housing, support and care	113.86	91.32	113.86	91.32
Administration and development	56.62	60.37	56.62	60.37
Total at 31 March	170.48	151.69	170.48	151.69
Staff costs (for the above persons):	£'000	£'000	£'000	£'000
Wages and salaries	6,029	5,583	6,029	5,583
Social security costs	613	595	613	595
Pension costs	469	453	469	453
Total	7,111	6,631	7,111	6,631

The total amount of severance and redundancy payments made in the year was £29,838, (2021: £35,292). In the year, pension costs recharged to RHA were £117,126 (2021: £114,830) which includes a SHPS pension contribution of £117,126 (2021: £114,830).

7. Surplus before taxation

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
The surplus before taxation is stated after charging:				
Depreciation	5,329	5,053	80	145
Amortisation of intangible assets	481	465	481	465
External auditor's remuneration (excluding value added tax)				
- in their capacity as auditor	38	42	8	8
- in respect of other services	6	6	1	1
Operating lease rentals – other	9	9	9	9
Operating lease rentals – land and buildings	135	96	135	96
Donations	46	29	-	1

8. Interest receivable

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
From banks	61	21	-	-
Total	61	21	-	-

9. Interest and financing costs

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	10,434	10,223	5	-
Less: interest capitalised	(600)	(460)	-	-
Total	9,834	9,763	5	-

The rate used to calculate capitalised interest was 4.4% (2021: 4.5%) being the average rate of borrowing.

10. Taxation - group

	2022 £'000	2021 £'000
Current tax:		
UK corporation tax on surplus for the year	-	22
Adjustment in respect of previous periods	-	13
Total current tax	-	35
Deferred tax:		
Origination and reversal of timing differences	(8)	5
Adjustment in respect of previous periods	-	-
Effect of changes in tax rate on opening liability	1	-
Total deferred tax	(7)	5
Tax on surplus	(7)	40
Factors affecting tax charge for the year		
The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK as explained below:		
Surplus before tax	3,035	4,155
Surplus multiplied by the standard rate of corporation tax in the UK (19%) (2021: 19%)	577	789
Effects of:		
Fixed asset differences	(18)	-
Remeasurement of deferred tax for change in tax rates	(3)	-
Movement in deferred tax not recognised	11	-
Amounts not taxable	(574)	(763)
(Income)/Expenses not deductible for tax purposes	-	1
Adjustment in respect of previous periods	-	13
Total tax charge for the year	(7)	40

10. Taxation - association

	2022	2021
	£'000	£'000
Current tax:		
UK corporation tax on surplus for the year	-	-
Adjustment in respect of previous periods	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	(7)	5
Effect of changes in tax rate on opening liability	-	-
Total deferred tax	(7)	5
Tax on surplus	(7)	5
Factors affecting tax charge for the year		
The tax assessed for the year is higher (2021: higher) than the standard rate of corporation tax in the UK as explained below:		
Surplus before tax	12	24
Surplus multiplied by the standard rate of corporation tax in the UK (19%) (2021: 19%)	2	5
Effects of:		
Fixed asset differences	(18)	-
Remeasurement of deferred tax for changes in tax rates	(2)	-
Movement in deferred tax not recognised	11	-
Total tax charge for the year	(7)	5

11. Intangible assets – group and association

	Software	Total
	£'000	£'000
Cost		
At 1 April 2021	2,893	2,893
Additions	82	82
Disposals	(118)	(118)
As at 31 March 2022	2,857	2,857
Amortisation		
At 1 April 2021	1,804	1,804
Charge for the year	481	481
Eliminated on disposals	(118)	(118)
As at 31 March 2022	2,167	2,167
Net book value		
As at 31 March 2022	690	690
As at 31 March 2021	1,089	1,089

12. Tangible fixed assets

Housing properties & land – group

	Freehold	Housing Properties for Lettings	Shared Ownership	Investment Properties	Shared Ownership under construction	Properties under construction	Total properties
	Land	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2021	9,752	371,297	17,487	3,340	3,349	7,787	413,012
Works to existing properties	-	3,331	-	21	-	-	3,352
Additions	2,402	789	133	-	4,023	13,237	20,584
Disposals	-	(1,708)	(704)	(834)	-	-	(3,246)
Transfer between categories	(3,885)	11,608	4,072	-	(4,072)	(7,723)	-
Transfer to held for sale	-	(320)	-	-	-	(490)	(810)
Impairment	-	(143)	-	-	-	-	(143)
Revaluation	-	-	-	(468)	-	-	(468)
At 31 March 2022	8,269	384,854	20,988	2,059	3,300	12,811	432,281
Depreciation							
At 1 April 2021	-	53,612	953	-	-	-	54,565
Charge for year	-	5,113	136	-	-	-	5,249
Transfer between categories	-	-	-	-	-	-	-
Impairment	-	(95)	-	-	-	-	(95)
Disposals	-	(647)	(41)	-	-	-	(688)
At 31 March 2022	-	57,983	1,048	-	-	-	59,031
Net book value at 31 March 2022	8,269	326,871	19,940	2,059	3,300	12,811	373,250
Net book value at 31 March 2021	9,752	317,685	16,534	3,340	3,349	7,787	358,447
Cost or valuation represented by:							
Revaluation							
Gross cost	8,269	384,854	20,988	1,775	3,300	12,811	431,997
Revaluation	-	-	-	284	-	-	284
Total	8,269	384,854	20,988	2,059	3,300	12,811	432,281

Investment properties, which are all freehold commercial properties, were valued to fair value at 31 March 2022 based on a valuation undertaken by Avison Young, Chartered Surveyors. The valuation was carried out in accordance with the RICS Valuation – Professional Standards manual.

Housing properties for lettings and shared ownership properties are accounted for at historic cost but have been valued for funders' purposes as follows:

Completed housing properties were valued as at 31 March 2022 on the basis of existing use value - social housing (EUV - SH). The existing use value for social housing assesses the dwellings on the basis that they would be managed and owned by an organisation committed to the provision of rented accommodation let at an affordable rent, and that the vacant units would be re-let on similar terms rather than sold into the open market. The total value of properties valued on a EUV-SH basis for funders' purposes is £428.9 million.

The net book value of social housing properties held on a long lease is £3.6 million (2021: £3.5 million).

Total expenditure on works to existing properties:

	2022	2021
	£'000	£'000
Amounts capitalised:		
Replacement of components	3,352	1,170
Improvements	-	-
	3,352	1,170
Amounts charged to the Statement of Comprehensive Income	2,935	1,867
Total	6,287	3,037

Gross expenditure on components was £3,352,000 and the net book value of replaced components written off was £627,000.

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

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

- Discount rate 5.25% (real)
- Property sales Forecasts of right-to-buy sales are based on analysis, past experience and current trends.

Shared ownership properties

Shared ownership properties both completed and under construction are proportionally split between current and fixed assets, determined by the percentage of the properties to be sold under the first tranche sales. The amount held in current assets for completed shared ownership properties and properties held for outright sale is £2,550,000 and the amount held in current assets for shared ownership properties under construction is £3,683,000.

12. Tangible fixed assets (continued)

Property, plant and equipment - other – group and association

	Office furniture and equipment	Computer equipment	Total
	£'000	£'000	£'000
Cost			
At 1 April 2021	1,020	338	1,358
Additions	155	25	180
Disposals	(186)	-	(186)
At 31 March 2022	989	363	1,352
Depreciation			
At 1 April 2021	1,019	231	1,250
Disposals	(186)	-	(186)
Charge for year	36	44	80
At 31 March 2022	869	275	1,144
Net book value at 31 March 2022	120	88	208
Net book value at 31 March 2021	1	107	108

13. Fixed asset investments

	2022 £'000	2021 £'000
Liquidity Reserve Fund	1,461	-
Total	1,461	-

The Liquidity Reserve Fund is a designated interest-bearing account charged in respect of the bLEND facility to cover 12 months' interest. The Association is not able to access the fund. The monies held in the Liquidity Reserve Fund will be repaid to RHA in 2054, when the loan is due to be repaid.

14. Debtors

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts receivable within one year				
Rents and service charges	1,996	2,141	-	-
Less: provision for doubtful debts	(1,100)	(1,029)	-	-
	896	1,112	-	-
Social housing grant receivable	109	948	-	-
Amounts due from subsidiaries	-	-	-	-
Other debtors	1,109	745	24	30
Corporation tax	-	-	-	-
Prepayments and accrued income	1,660	1,682	441	332
	3,774	4,487	465	362

15. Cash at bank and in-hand

There were no specific charges on RHG's cash at bank and in-hand as at 31 March 2022 or 31 March 2021.

16. Current asset investments

	2022	2021
	£'000	£'000
Cash Security Fund	1,000	1,000
Liquidity Reserve Fund	-	877
95 Day Investment Account	10,019	-
Total	11,019	1,877

The Cash Security Fund held in 2021 was a designated cash security account charged in respect of the bLEND facility to provide security against the drawn loan of £30 million. The cash was released in November 2021, when the second tranche of £20 million was drawn down and all loans were fully charged with property security. However, the cash continues to be invested in the Cash Security Fund to achieve a higher return on the investment.

The Liquidity Reserve Fund is a designated interest-bearing account charged in respect of the bLEND facility to cover 12 months' interest. The Association is not able to access the fund. The monies held in the Liquidity Reserve Fund will be repaid to RHA in 2054, when the loan is due to be repaid. For 2022 this has been transferred to Note 13: Fixed Asset Investment.

The 95 Day Investment Account is a short term investment account for surplus cash.

17. Creditors: amounts falling due within one year

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Housing loan repayable in one year	5,921	5,159	-	-
Recycled capital grant fund	548	272	-	-
Government grant	15,158	12,463	-	-
Finance lease repayable in one year	15	-	15	-
Trade creditors	6,186	5,781	114	75
Right-to-buy sale proceeds due to Wychavon District Council	243	81	-	-
Accruals in respect of repairs	1,138	1,173	-	-
Amounts payable on housing development and major repairs	3,378	2,248	-	-
Interest payable	651	625	-	-
Corporation tax	-	21	-	-
Other taxation and social security	167	151	145	140
Amounts due to subsidiaries	-	-	1,357	1,465
Premium on bonds	369	243	-	-
Other accruals	2,373	3,272	327	335
Total	36,147	31,489	1,958	2,015

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

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Housing loans				
Repayable between one and two years	6,065	5,921	-	-
Repayable between two and five years	20,538	18,404	-	-
Repayable, otherwise than by instalments, in five years or more	206,400	195,283	-	-
Total loans repayable	233,003	219,608	-	-
Premium on issue of bonds repayable in one year or more	8,295	5,619	-	-
Finance lease	54	-	54	-
Government grants	63,994	62,027	-	-
Total	305,346	287,254	54	-

Housing loans are secured by specific charges on certain of RHA's housing properties. The interest rates are fixed between 2.92% and 6.6% or vary with market rates. As at 31 March 2022 the agreed facility is £322.8 million of which £240.4 million (2021: £226.2 million) has been drawn down by RHA to date. The final loan is due for repayment in 2054.

The Group has one finance lease with Xerox Finance.

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Finance lease				
Repayable between one and two years	17	-	17	-
Repayable between two and five years	37	-	37	-
Total finance lease repayable	54	-	54	-

The Group has one finance lease with Xerox Finance, which was taken out in April 2021.

Government grants relating to properties under construction total £15,908,000 (2021: £13,179,000).

The original total value of grant received at 31 March 2022 is £88,805,000 (2021: £88,382,000).

	2022	2021
	£'000	£'000
Deferred income – Government grants - group		
At 1 April	74,490	71,559
Grants receivable net of disposals	5,417	3,646
Amortisation to statement of comprehensive income	(755)	(715)
At 31 March	79,152	74,490
Due within one year	15,158	12,463
Due after one year	63,994	62,027

19. Provisions for liabilities and charges

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Deferred taxation				
At 1 April	6	1	6	1
Effect of tax rate changing on opening balance	1	-	1	-
Charge for the year	(7)	5	(7)	5
At 31 March	-	6	-	6
The deferred taxation provision comprises:				
Accelerated capital allowances	117	88	117	88
Other timing differences	(117)	(82)	(117)	(82)
At 31 March	-	6	-	6

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

20. Share capital

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Shares of £1 each issued and fully paid				
At 1 April	22	21	10	8
Issued during the year	2	4	1	3
Cancelled during the year	(9)	(3)	(2)	(1)
At 31 March	15	22	9	10

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

21. Capital commitments - group

	2022	2021
	£'000	£'000
Capital expenditure contracted for in respect of development expenditure but not provided for in the financial statements	42,171	18,024
Capital expenditure authorised by the Board but not contracted for in respect of development expenditure	32,044	38,793
Total	74,215	56,817

The Group expects to finance the above expenditure by:

Social Housing Grant receivable	14,141	7,127
Property sales proceeds	19,206	14,730
Use of cash surplus plus loan funding	40,868	34,960
Total	74,215	56,817

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

22. Pension obligations

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

CARE

For the defined contribution scheme, the amount charged to the Statement of Comprehensive Income in respect of pension costs is the contributions payable in the year which total £330,000 (2021: £338,000). This is charged to RHG and apportioned to subsidiaries via the Group Membership Agreement.

SHPS

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

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

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

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

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

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2020. This actuarial valuation showed assets of £3.971 million, liabilities of £5.099 million and a deficit of £1.128 million. The scheme's previous valuation was certified on 30 September 2019 and showed assets of £3.576 million, liabilities of £4.099 million and a deficit of £0.523 million. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions (Prior year disclosure)

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

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	31 March 2022	1 April 2021
	(£000s)	(£000s)
Fair value of plan assets	3,986	3,971
Present value of defined benefit obligation	4,402	5,099
Deficit in plan	(506)	(1,128)
Defined benefit liability to be recognised	(506)	(1,128)

Reconciliation of opening and closing balances of the defined benefit obligation

	Period ended
	31 March 2022
	(£000s)
Defined benefit obligation at start of period	5,099
Expenses	6
Interest expense	106
Actuarial gains due to scheme experience	146
Actuarial losses due to changes in demographic assumptions	(66)
Actuarial losses due to changes in financial assumptions	(361)
Benefits paid and expenses	(528)
Defined benefit obligation at end of period	4,402
Reconciliation of opening and closing balances of the fair value of plan assets	

	Period ended
	31 March 2022
	(£000s)
Fair value of plan assets at start of period	3,971
Interest income	83
Experience on plan assets (excluding amounts included in interest income) – gain	247
Contributions by the employer	123
Benefits paid and expenses	(528)
Fair value of plan assets at end of period	3,896

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £330,000.

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

	Period from
	1 April 2021 to
	31 March 2022
	(£000s)
Expenses	6
Net interest expense	23
Defined benefit costs recognised in Statement of Comprehensive Income (SOCl)	29

Defined benefit costs recognised in other comprehensive income

	Period ended
	31 March 2022
	(£000s)
Experience on plan assets (excluding amounts included in net interest cost) – gain	247
Experience gains and losses arising on the plan liabilities – loss	(146)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	66
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	361
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain	528
Total amount recognised in other comprehensive income – gain	528

Key assumptions

	31 March 2022	1 April 2021
	% per annum	% per annum
Discount Rate	2.79%	2.20%
Inflation (RPI)	3.51%	3.25%
Inflation (CPI)	3.16%	2.87%
Salary Growth	4.16%	3.87%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2022	21.1
Female retiring in 2022	23.7
Male retiring in 2042	22.4
Female retiring in 2042	25.2

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

23. Legislative provisions

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

24. Related party transactions

Transactions with tenant Board Members are at arms-length on normal commercial terms and they cannot use their position to their advantage. Rent charged to Board Members in the year was £4,807 (2021: £4,736) and the arrears at 31 March 2022 were £0 (2021: £0).

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

Intra-group management fees are receivable by RHG from subsidiaries to cover the running costs incurred on behalf of managing the subsidiaries. The management fee is calculated on an individual entity basis with varying methods of allocation. The management fees charged to RHA was £9,760,000 (2021: £8,993,000).

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

From October 2013, RHA became a shareholder in Fortis Property Care Limited, now known as Platform Property Care, which provides property services to the Group including responsive repairs, planned maintenance, grounds maintenance and gas servicing. The services are provided at cost and the amount charged to RHA during the year was £9,422,000 (2021: £5,451,100) and the balance owing at 31 March 2022 was £2,316,000 (2021: £2,340,000). As a result of this arrangement, the Housing Director of RHG is a Director of Platform Property Care Limited.

The Group is a shareholding member of Worcestershire Telecare, a Co-operative and Community Benefit Society. The Organisation's core purpose is to provide community alarms and related services to people with support needs. RHG paid Worcestershire Telecare in £20,156 21/22 and £44,988 in 20/21 for alarm monitoring services.

25. Portfolio of Homes

			2022	Movements in year			2021
	Owned and managed	Managed by others	Total	Additions	Disposals	Transfers	Total
Under development at the end of the year							
Units for rent	249	-	249	162	-	(77)	164
Units for shared ownership	109	-	109	93	-	(39)	55
Units for sale	-	-	-	-	-	-	-
	358	-	358	255	-	(116)	219
Under management at the end of the year							
General needs housing	5,067	-	5,067	77	(16)	(4)	5,010
Supported housing and housing for older people	730	43	773	0	(6)	11	768
Intermediate rent	1	-	1	-	-	-	1
Keyworker accommodation	285	5	290	-	-	-	290
Leasehold properties	129	-	129	8	-	(4)	125
Low cost home ownership accommodation	328	-	328	39	(12)	(4)	305
Managed on behalf of another landlord	20	-	20	-	(6)	-	26
Units for rent	6,560	48	6,608	124	(40)	(1)	6,525
Total units social housing	6,918	48	6,966	379	(40)	(117)	6,744
Market renting	35	-	35	-	(9)	1	43
Leasehold properties	1	-	1	-	-	-	1
Total units non-social housing	36	-	36	-	(9)	1	44
Keyworker – leased to Trust	-	83	83	-	-	-	83
Residential Care Home – leased to Shaw Homes	-	46	46	-	-	-	46
Refugee properties - leased to Spring HA	-	2	2	-	-	-	2
St Oswald's properties – leased by Extra Care	-	86	86	-	-	-	86
Total units commercial	-	217	217	-	-	-	217
Total units	6,954	265	7,219	379	(49)	(116)	7,005
Retained freeholds and estate charges	299	-	299	10	-	-	289

26. Contingent liabilities and financial commitments

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

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

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Payments due:				
- within one year	153	114	153	114
- between one and five years	594	442	594	442
- after five years	1,147	963	1,147	963
	1,894	1,519	1,894	1,519

27. Financial Instruments

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

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Financial assets				
Measured at undiscounted amount receivable:				
Rent arrears and other debtors (note 14)	2,114	2,805	24	30
Cash	29,004	28,229	1,095	885
Fixed asset investments (note 13)	1,461	1,877	-	-
Current asset investments (note 16)	11,019	-	-	-
Amounts due from related undertakings (note 14)	-	-	-	-
	43,598	32,911	1,119	915
Financial liabilities				
Measured at amortised cost:				
Loans payable and finance leases (notes 17 and 18)	238,993	224,767	69	-
Measured at undiscounted amount payable:				
Trade and other creditors (note 17)	11,352	9,676	114	75
Other accruals	2,372	3,896	327	335
Amounts owed to related undertakings (note 17)	-	-	1,357	1,465
	252,717	238,339	1,867	1,875

28. Statement of Cash Flows

	2022	2021
	£'000	£'000
Cash flow from operating activities		
Surplus for the year	3,042	4,115
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	5,329	5,053
Impairment of fixed assets	48	955
Amortisation of intangible assets	481	465
Taxation expense	(7)	40
Decrease / (increase) in Properties Held for Sale	(207)	125
Decrease / (increase) in trade & other debtors	(124)	1,178
Decrease / (increase) in stocks	4	-
Increase / (decrease) in trade & other creditors	1,012	(875)
(Increase) / Decrease in provisions	-	-
Movement in fair value of financial instruments	-	-
Decrease / (Increase) in fair value of investment property	468	44
Adjustment for other operating activities:		
Pension expense	(94)	(104)
Other financial charges	-	(11)
Adjustments for investing or financing activities:		
Government grants utilised in the year	(738)	(698)
(Profit) / loss on sale of fixed assets	(2,570)	(2,459)
Interest payable	9,834	9,763
Interest received	(61)	(20)
Cash generated by operations	16,417	17,571
Taxation paid	(21)	(58)
Net cash generated from operating activities	16,396	17,513

29. Net Debt Reconciliation

Analysis of changes in net debt	2021	Cash flows	Other non-cash changes	2022
	£'000	£'000	£'000	£'000
Cash and cash equivalents				
Cash	28,229	775	-	29,004
	28,229	775	-	29,004
Borrowings				
Debt due within one year	(5,402)	(1,159)	271	(6,290)
Debt due after one year	(225,227)	(16,071)	-	(241,298)
	(230,629)	(17,320)	271	(247,588)

30. Post Balance Sheet Events

There are no post balance sheet events.

Biographies of Board Members

Sally Higham (Independent, Chair of RHG and Chair of Nominations and Performance Committee)

Sally is a senior business leader with a strong sense of social purpose. She is a strategist committed to supporting start-ups, communities, youth services, social housing, education, charities and social enterprises to grow and has significant experience in strategic advisory relationships across public, third and private sector organisations. Sally is an experienced CEO, social housing Group NED Board member (previously at the Aster Group and Bromford Housing) including roles as Chair of Risk Committee and member of Audit and Rem and Noms Committees; recent Chair of the Inspiring Impact Committee (a coalition of several UK charitable organisations and funded by the National Lottery Fund), current Advisory Member to the Growth Impact Fund; ex-charity Chair, previous Guardian Professional writer and a current and active volunteer in multiple community settings.

Sally supports and mentors entrepreneurs, particularly in the social sectors, and is a guest lecturer at Bristol University on entrepreneur business courses, a mentor for the Alacrity Foundation, a regular conference speaker, panellist and 'awards' judge.

She joined Rooftop in September 2021 as Group Chair and Chair of the Nominations and Performance Committee.

Colum Goodchild (Independent, Vice Chair of RHG, Chair of Remuneration Committee, Vice-Chair of Nominations and Performance Committee and Senior Independent Director)

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

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

Most recently Colum has moved into consultancy with Aqua, working with asset management organisations to reduce the total cost, carbon and energy impacts of asset ownership.

He has gained extensive experience of customer research and engagement in service design and to support the development of strategic business plans.

Colum took on a non-executive director role at Durham City Homes in 2015 and, following its merge with County Durham Housing Group, became vice chair of their Operations Committee in 2017.

Following his move to the Midlands, Colum joined Rooftop in 2018. In 2021 he became Vice Chair of RHG and the nominated Senior Independent Director. He is the Board's representative for Environmental Sustainability

Paul Spooner (Independent, Chair of RHA)

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

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

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

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

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

Claire-Elaine is a Solicitor who specialises in risk management and resolution of property-related disputes. She is also a Chartered Manager, CEDR Accredited Mediator and qualified Business Strategy Consultant.

She has a passion for problem-solving and a long history of working with Social Housing Providers, Developers and Private Landlords. Claire-Elaine holds a BAHons in Cultural Studies and Sociology from the University of Birmingham and undertook her postgraduate GDL and LPC legal training at the University of Law. She studied Business at Warwick University and the De Broc School of Business and holds an MSc in Strategic Business Management.

Claire-Elaine is currently a Partner with challenger law firm, Gunnercooke LLP. As well as managing a national property dispute resolution team, she supports Executives and Boards in the development of their Leadership and Management skills. She also sits as a Judge in the First-tier Tribunal Property Chamber and Employment Tribunal.

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

Ceri Jones (Independent)

After more than 30 years in teaching, Ceri retired from his post as Head Teacher of Bishop's Cleeve Primary School in 2000. The following year he was elected to Gloucestershire County Council as the member for Bishop's Cleeve and, in that role, has served on many committees both in Gloucester and locally. He was a member of the Council of the University of Gloucestershire for eight years and a Chairman of Cleeve Colts Football Club for 10 years. He has also chaired the Rooftop Residents Association in Bishop's Cleeve, which meets with both tenants and owner occupiers to discuss issues of interest and concern. In May 2013, Ceri decided to step down from the County Council. Ceri was Chair of Rooftop Support and Care before it was transferred to Rooftop Housing Association in 2018 and was Chair of Rooftop Housing Association for one year from September 2019.

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

Ceri will retire from the Board on 15 May 2022 having served the maximum length of service.

Jonathan Wallbank (Independent)

Jonathan is a qualified accountant and spent a number of years in financial services before moving into corporate finance. Prior to joining a large housing association in 2015, where he is currently Group Finance Director, Jonathan gained experience in both retail and manufacturing sectors. He headed up the European treasury function for the US retailer GAP Inc and, in addition, he was responsible for cash management for both GAP Hong Kong and Taiwan.

He brings a wealth of experience and expertise, including merger implementation, regulatory frameworks, adoption of new accounting standards, robust financial management and management of risk. All of which will support Rooftop as we move forward to build good quality, affordable homes.

Jonathan is a member of the Audit and Risk Committee.

Myron Hrycyk, MBA, CITP – (Independent)

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

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

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

Myron was appointed Vice Chair of Rooftop Housing Association and a member of the Audit and Risk Committee from September 2021 and continues to be Vice Chair of the Remuneration Committee. He is the Board's representative for Digital Transformation.

Daisy Halford (Tenant)

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

A busy wife and mother, Daisy still manages to maintain an active presence in her community. She chairs a local community group and is governor to a local high school.

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

Tessa Rollings (Independent)

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

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

Tessa was appointed Vice Chair of the Audit and Risk Committee in 2021.