Yorkshire Housing

Annual report and financial statements

For the year ended
31 March 2021

Co-operative and Community Benefit Societies Act 2014 (registered number 30443R)

Making it possible to have a place you’re proud to call home…

Annual report 2020-21:

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Chair's report:

Welcome to our annual report

The year to 31 March 2021 was inevitably overshadowed by the Covid pandemic, as it was for everyone. We swiftly adapted to a new way of working, with many of our colleagues working from home...

Will Lifford

Chair

Chair's report:

Welcome to our 2020-21 annual report

Visits to our customers' homes were undertaken with strict Covid protocols in place, to protect both our colleagues and our customers.

COVID-19 pandemic

I'm pleased to report that we were able to keep on top of emergency and urgent repairs and statutory safety inspections, despite the difficult working conditions. Whilst our rent arrears worsened compared to pre-pandemic levels, they were less than we had expected, and better than many other associations. As I write this report, we are cautiously emerging from the pandemic way of working, but very mindful that we have to move in ways that protect our customers and colleagues. None of us yet know the extent to which working practices will change permanently compared to pre-pandemic days, but change they will.

Regulatory status

I'm pleased to report that the Regulator of Social Housing raised our governance rating back to G1 in April – the highest governance rating. A lot of work was undertaken in the previous 12 months to address the issues that led to our 2020 governance downgrade, and our governance is now much stronger as a result.

Business strategy progress

Despite the pandemic, we have made steady progress in delivering our Business Strategy. In 2020/21 we completed 497 new homes in what was a challenging construction environment. We have also continued to develop and strengthen our infrastructure and systems in ways that will enable us to harness digital technology more effectively in the future and provide our customers with an improved service.

Climate change

There is much discussion about how society should respond to climate change, and the social housing sector has an important role to play. In common with many other associations, our housing stock contains some homes that fall below the Government's energy efficiency target. The costs and practicality of improving the energy efficiency of some of those properties will be very demanding over the next decade or so. That, coupled with the proposed replacement of gas central heating with non-fossil fuel alternatives, will be enormously expensive, and we await with interest to hear what Government support we can expect to receive. It is difficult to conceive how we can fund these future costs and at the same time deliver an ambitious house building programme without such support.

Changes to the Board

There are a number of changes to Board membership, and these are described elsewhere. I was delighted to welcome four new members to the Board last November, and they have strengthened the Board's experience and diversity. Sue Hall and Linda Christon retire at September's AGM, each having completed their second three year terms. Philip Severs has also decided to step down after completing 5 years and chairing the Group Business Assurance Committee. I thank all of them for the significant contributions they have made. I am also retiring from the Board at the AGM, and I welcome Ingrid Fife, who will be proposed at the AGM, as the next Chair. I wish her and Yorkshire Housing every success.

> *There is much discussion about how society should respond to climate change, and the social housing sector has an important role to play.*

Chief executive's report:

Welcome to our annual report

As we start to emerge from the pandemic it is clear that the housing crisis has worsened. That's why Yorkshire Housing remains committed to improving the quality of our existing homes and places, as well as providing the much-needed new homes for current and future generations...

Nick Atkin
Chief executive

Chief executive's report:

Welcome to our 2020-21 annual report

The response from Yorkshire Housing colleagues to the pandemic has continued to show the breadth and depth of talent across the business.

Our people

We have an excellent group of people who have the skills, energy and commitment to enable Yorkshire Housing to be one of the most forward-thinking, dynamic, and innovative housing associations in the country. We have continued to add to this talented group through our continued recruitment over the last year. This has resulted in a third of our 700 colleagues joining us since lockdown began.

Despite the varied stages of lockdown and restrictions we have continued to deliver services which were broadly in line with our plans and customer expectations.

This has only been made possible by our ability to adapt to a very different way of working. Fortunately, we had already started down this path and so we were well placed to respond to the lockdowns when introduced.

This has accelerated the plans we already had in place to modernise how the organisation operates – allowing us to provide a more flexible colleague offer (through our Hub, Home & Roam approach) whilst also using this to move towards the delivery of a great customer experience. We have used the opportunities presented by lockdown to progress at pace and we are now viewed as a sector leader in the 'Future of Work' debate.

Growth

The organisation has continued to grow and strengthen the foundations on which our future plans and continued success will be delivered. This has included overhauling and replacing many of our systems and processes and has resulted in a short-term reduction in our operating surplus. We have also increased capacity across the business, including a number of front-line roles as well as at leadership level.

We successfully returned to our G1 regulatory status and our new governance and management structures have started to deliver a number of changes. Our refinancing plans are progressing well, ensuring we have the funding in place on which to make long term investment decisions in both our existing homes and new homes.

Yorkshire region

The Yorkshire landscape is changing. Devolution, and the increased local decision making that this brings, has been rolled out at pace across the region. In South Yorkshire housing has become increasingly integral to the economic growth of the region.

In West Yorkshire we have a new Mayor and our role in the West Yorkshire Housing Partnership is already starting to see a new way of working emerging. In North Yorkshire the recent announcement will see new administrative arrangements being introduced from next year.

The future

At the heart of our approach and future plans is our Business Strategy. This is how we will continue to deliver against our vision of making it possible for you to have a place you're proud to call home. Delivering a great customer experience is at the top of the to do list for both myself and Yorkshire Housing colleagues.

Our customers are at the heart of what we do - they are the reason we exist. That's why we are listening to customers and designing services to meet their expectations. Key to supporting this approach has been the successful launch of our Customer Voice and Review Committee.

Our Business Strategy also signals the overhaul of the landlord service offer from an approach that reacts to things after they have happened to pre-empting what will happen and acting before they impact on our customers. Whilst this is a longer-term aim, work has already started through our continued investment in technology, data and real time customer insight.

We know that the next few years will see lots of change and a need for organisations to quickly adapt. The last two years have demonstrated how Yorkshire Housing has been increasingly able to respond to fast moving changes in the world around us, ensuring we continue to provide a great customer experience whilst also taking advantage of the opportunities that emerge.

We’re a landlord who really cares...

Strategic report:

Our business at a glance

We are Yorkshire Housing by name and Yorkshire is our focus. We own and manage nearly 20,000 homes – and are developing thousands more.

About us

Yorkshire Housing (YH) is one of the largest developing housing associations in Yorkshire. YH owns, manages and builds homes across Yorkshire and works to support sustainable communities. YH provides a range of services designed to help people live independently including community investment work and benefit and money advice.

YH has a broad-reaching portfolio across 20 local authorities throughout Yorkshire and owns and manages nearly 20,000 homes (and counting) with over 23,000 customers across Yorkshire and makes it possible for current and future customers to have a place they're proud to call home. We also support over 1,000 older customers to maintain their independence in their own homes.

The Group's primary activities are charitable, with further activities provided by a non-charitable subsidiary which rents and sells properties on the open market. All of the profits are reinvested so that we can do even more for our customers.

Our vision

Our vision is to make it possible for you to have a place you're proud to call home.

We aim to provide homes and communities where our customers are proud to live. We're a landlord who cares and wants people to thrive. So, we offer tailored services and additional support for those customers who need this.

We also provide a range of services so that people can live independently. As we grow and expand our development programme we want to become Yorkshire's first choice for anyone looking to rent or buy their home.

Our strategy and objectives

Our aim is to be the first choice in Yorkshire for anyone who wants to rent or buy a home. Our new strategy was implemented in 2020 and continues to shape the way we work in 2021. There are five priorities that will help us achieve our vision:

1. **Great Customer Experience**
2. **Homes and Places to be proud of**
3. **Growth**
4. **Employer of Choice**
5. **Strong, Resilient & Innovative Business**

> *Our vision is to make it possible for you to have a place you're proud to call home.*

Strategic report:
Objectives and performance

Great Customer Experience - ***We will listen to customers, design services to meet their expectations and provide targeted support where needed. We will use data and insight to help us take a proactive approach to delivering services.***

Where we are and what's to come

We want to be Yorkshire's first choice for people who want to rent or buy a home. They expect an excellent service from us and we want to meet their expectations. To achieve this we will use data, insight and the views of customers to shape our services.

We have established a Customer Voice and Review Committee (CVRC), covering all service areas and customer types enabling customers to scrutinise our service delivery and recommend improvements. The vast majority of our services are currently delivered in a very traditional way. As part of re-designing services, we will review our service offer by talking to, listening and working with customers. Customers will be part of a conversation which is fundamentally reviewing our hours of operation, where, when and how colleagues work and our "out of hours" services.

We have implemented the first part of a Microsoft Dynamics package to improve the way we deliver services to our customers.

The focus on technology will form a key part of a change in our offering to customers. It will allow us to move to an improved digital offering and a proactive approach to repairs. We will shift to a pre-emptive service model using real-time data to give actionable insights about our customers and the homes they live in. Analysis of this data over time will allow us to build predictive capabilities to pre-empt and prevent service failures, leading to lower urgent repairs and increased customer satisfaction.

We are continuing to review our service offer for older people, including the design of new developments and services currently provided in our independent living schemes. This will include looking at provision of assistive technology to enable more customers to remain independent.

We have been looking carefully at the proposals contained in the Social Housing White Paper to ensure we are well positioned to meet any future regulatory requirements. This includes ensuring that we comply with the Housing Ombudsman's complaint handling code, quarterly reviews of our compliance with Consumer Standards and, the development of our customer voice strategy through the CVRC. To ensure we remain compliant with the code we have completed a self assessment with our customer complaints forum (shared on our website) – this is refreshed every 6 months with details of what we'll do to make improvements.

We have implemented significant changes to improve how we deal with complaints during the year, with 93% of complaints being resolved within the target timescale. This includes the establishment of a complaints forum, with representation from our CVRC, focused on how we can learn more from complaints and make improvements to our service .

Delivering Great Customer Experience is intrinsically linked to the key themes in our Business Strategy, particularly delivering Homes and Places to be Proud of, and our Growth plan. Our aim is to invest in our homes and neighbourhoods providing quality and choice for existing and new customers. We will maintain our focus on providing a consistent supply of affordable, high quality, energy efficient and sustainable new homes.

Success measures

- *Customer satisfaction target of 90% (2021 actual - 85%).*
- *Services designed and delivered with customers – Established a Customer Voice and Review Committee.*

Our key measures

- *Top quartile performance in core operational services – repairs, lettings, arrears, compliance by 2024.*
- *Improved customer retention and lower turnover – target <7% on factors able to influence by 2024.*
- *High satisfaction with complaint outcomes > 75% by 2023.*

Strategic report:

Objectives and performance

Homes and Places to be proud of - ***We will provide high quality, safe, affordable homes that meet customer expectations and needs. We will reduce our reliance on fossil fuels and be one of the first UK housing associations to stop using gas heating and hot water systems.***

Where we are and what's to come:

We aim to be Yorkshire's landlord of choice providing great homes and services. We will provide high quality, safe and affordable homes that meet existing and new customer expectations, needs and demands. We aim to attract potential customers and retain existing customers.

We continue to work with customers to develop the Yorkshire Housing Standard. This will go beyond the decent homes standard and include the look, feel and kerb appeal of our homes. The YH Standard will be based around five key principles; homes should be in a good state of repair; safe and secure; adequately heated, fuel efficiency and well insulated; have modern kitchens and bathrooms and be adaptable to meet the specific customer needs where possible.

We will design out the use of gas in all our new homes and extend this over time to our existing homes. We will reduce our reliance on fossil fuels, promote green technologies and play our part in reducing effects of global warming on homes and places.

One of the most important priorities for our customers is the quality of the environment and neighbourhoods around our homes. As well as investing in our homes, we want our neighbourhoods to be attractive and sustainable places to live. This is not just about the physical space but also about feelings of safety and security in the home.

We will continue to invest in and focus on the safety of our customers and the buildings they live in. We are entering a new era of building safety, one which will see us manage and control residential buildings differently and where we will provide even more information to customers about the homes and buildings they live in. This is more important than ever as customers spend increasing amounts of time in their home. We will be accountable, continually review what we do and take independent expert advice as necessary.

In light of the Social Housing White Paper we have reviewed our building safety strategy and a revised version was approved by the Board in March 2021.

"We want to improve our 'right first time' approach and reduce reactive repairs"

We will review our responsive repair service. We want to improve our 'right first time' approach and reduce reactive repairs in favour of planned repairs. This will deliver a better customer experience and improve our efficiency. We have achieved a customer satisfaction rating of 88% for repairs in March 2021.

Despite the challenges faced by COVID-19 during the year we have managed to maintain full compliance on gas and fire safety and electrical compliance of over 98% (March 2021) against our policy (100% legal compliance).

Success measures

- *All our homes meet the Yorkshire Housing standard.*
- *First time fix for repairs of over 90% (2021 actual - 85%).*
- *Customer satisfaction with repairs over 90% (2021 actual - 88%).*
- *Reduce reliance on fossil fuels by eliminating them from new developments.*

Our key measures

- *Older persons accommodation which is fit for the future.*
- *Safe and secure homes with customer communication central to this.*
- *Enhanced 'right first time' approach – appointments, first time fix, pre-emptive service using data analytics.*
- *Eighty percent of all property related services undertaken in-house.*
- *Yorkshire's first choice for people who want to rent or buy a home.*

Strategic report:
Objectives and performance

Growth - ***We will deliver 8,000 new homes by 2030. We will provide smarter homes that are more energy efficient, sustainable and affordable to live in. We will renew our focus on social and affordable rented options.***

Where we are and what's to come

We are living in a housing crisis which has been exacerbated by the 2020 COVID-19 pandemic. As a long-established housing association, we will maintain our focus on providing a consistent supply of affordable, high quality, energy efficient and sustainable new homes.

Our target is to provide an additional 8,000 homes to 2030. There are now 5,000 new homes which remain to be delivered by 2030 to meet this target, which are included within the business plan. The pace of development will be determined by our financial capacity and maintaining our financial metrics. We are one of 23 strategic partners receiving long term grant funding from Homes England. We aim to bid for further grant support through the Affordable Homes Programme (AHP) in 2021 to deliver new homes up to 2028.

This year we have built 497 new mixed tenure homes and have a further 1,558 under construction. We have a growing pipeline of opportunities across the region.

To fund the development of new homes will take £1.6bn of investment and at least £200m grant funding received to build 8,000 homes by 2030. We will pursue opportunities to secure long term grant support through strategic partnerships and emerging regional and sub-regional organisations. There will be cross subsidy from the 15% of new homes that will be for market sale and up to 25% for low-cost home ownership.

We will continue to work in partnership and collaboration with other housing associations, the private sector and existing and emerging communities. In the previous year we established our SME house builder, Forge New Homes, owned jointly with other associations. We are also working collaboratively with associations across the North to develop our offer.

Success measures

- *8,000 homes by 2030 (over 3,100 under contract up to 31st March 2021).*
- *Provide a range of rented and low cost home ownership options.*

Our key measures

- *Our new homes will be delivered on time, on budget and to improve the overall quality of our new homes.*
- *High levels of customer satisfaction.*
- *Reduce defects within our new homes to a minimum and when they do occur deal with them in a timely manner.*
- *Meeting a range of needs and demands.*

Strategic report:

Objectives and performance

Employer of Choice - ***We will develop a reputation as an inclusive, innovative and market leading employer. We'll create an inspirational working culture, invest in our systems and recruit for values and behaviours. Our people will have choices in where, when and how they work, supported by a flexible and personalised employee offer.***

Where we are and what's to come

Our success is achieved through the hard work and efforts of our people. We need to be an employer of choice and a great place to work to attract and retain the very best people. To achieve this, we continue to invest in our systems and give people options in where, when and how they work. We need the right people in the right roles, with the right skills. This will enable us to deliver the right services, in the right place, at the right time.

We have developed an innovative approach to transform how we deliver our services supported by a fully flexible way of working that we call 'Hub, Home, Roam'. This enables colleagues to work flexibly and achieve a good work/life balance whilst ensuring they provide an excellent service to our customers. At the heart of our culture is the principle "work is something that you do, not somewhere that you go", and we will put into place the systems, ways of working and support to ensure that agile, flexible working gives people the freedom to get on with their jobs and are trusted to do the right things for the business and our customers. We have invested significantly in Information and Communications Technology (ICT) and will increase this to a total £1.2m over the next two years to support flexible and collaborative working. New devices have been rolled out to colleagues, supported by a comprehensive programme of digital fluency training and support and additional cyber security training to support remote working.

We want to make it easy for people to work and develop their careers at Yorkshire Housing, supported by the right leadership, management, learning opportunities, technology and information. We've implemented a self-service HR system that enables managers and colleagues to manage information remotely. In addition, a new performance management system has been piloted in the year which will enable great quality performance, development and wellbeing conversations and feedback when it is fully rolled out. We continue to focus our management development training on the skills that are needed to effectively manage and develop remote and agile teams.

We have invested in wellbeing at work to enable people to give their best and stay healthy and focused whilst living with the challenges and remaining impacts of COVID-19. All colleagues have access to a range of wellness and wellbeing support tools and training, and a colleague wellbeing group has been established to further develop our offer in this area. We continue to offer opportunities for personal growth and career development both inside and outside Yorkshire Housing. We are working on plans to develop organisational capability now and for the future and we've invested in the skills and structure of our People Team and ICT Teams to support this. Our learning and development offer is growing and enables more opportunities for colleagues to access high quality live learning remotely.

We will build on the strong foundations of our Apprenticeship and Graduate Programmes to create more new career opportunities for talented people across a range of disciplines, with emphasis on supporting people to develop a well-rounded knowledge of the housing sector. We have engaged with the GEM programme this year and have taken on four graduates who are on a two year housing course in partnership with the Chartered Institute of Housing.

Success measures

- *The right people, in the right roles with the right behaviours.*
- *High levels of engagement measured through a range of colleague experience and culture surveys (78% colleague engagement in 2021).*
- *A workforce stability index of between 75% - 85% (80% 2021).*
- *Above benchmark performance across other people performance indicators (incl. sickness absence and voluntary turnover).*

Our key measures

- *A suite of people performance indicators that will enable us to measure, understand and benchmark the impact of our people management activities.*
- *Colleague experience and culture pulse check surveys.*
- *Delivery of strategic success measures.*
- *Customer feedback improvements.*

Strategic report:

Objectives and performance

Strong, Resilient & Innovative Business - ***We will invest in the three business foundation pillars of Finance, ICT and People. We will influence policy and be a leading-edge organisation that others want to work with. We will be Yorkshire in name and nature, with a sustained focus on value for money.***

Where we are and what's to come

Yorkshire Housing has a strong reputation. Rather than wait for things to happen and respond to them, we need to build on our reputation to influence housing policy at a local, regional and national level by leading and not just following others. We will build upon our solid financial foundations and enhance our governance structures so that we can deliver our strategic priorities.

Yorkshire Housing has invested in growth and transformation of the customer facing parts of the business. This was a conscious choice to focus on the customer and potential customers to meet the growing need for quality homes people can afford.

We have reviewed our governance framework, improving and tightening powers reserved to the Board, clarified and streamlined the Scheme of Delegation, updated the terms of reference for Boards and Committees to give clearer accountabilities and put in place a new risk management framework that ensures there is a clear line of sight between our strategies and strategic risks.

There is a focus of investing in the support services of finance, IT and people. The additional investment has resulted in our governance rating of G1 being reinstated in the year as a direct result of a governance review and the investment in the three pillars and a focus on better control and use of our data which has built a stronger, more resilient business.

At the end of March 2021, we had sufficient liquidity to fund all activities of the group for 23 months. We are in the process of undertaking a refinancing exercise which is aimed at improving our overall liquidity and reducing the amount of interest we pay on existing debt. This will ensure we have sufficient funds to meet our strategic objectives, especially around growth and investment in homes and places to be proud of.

We will sustain a focus on value for money by maintaining an appropriate operating margin to support our business plan aspirations.

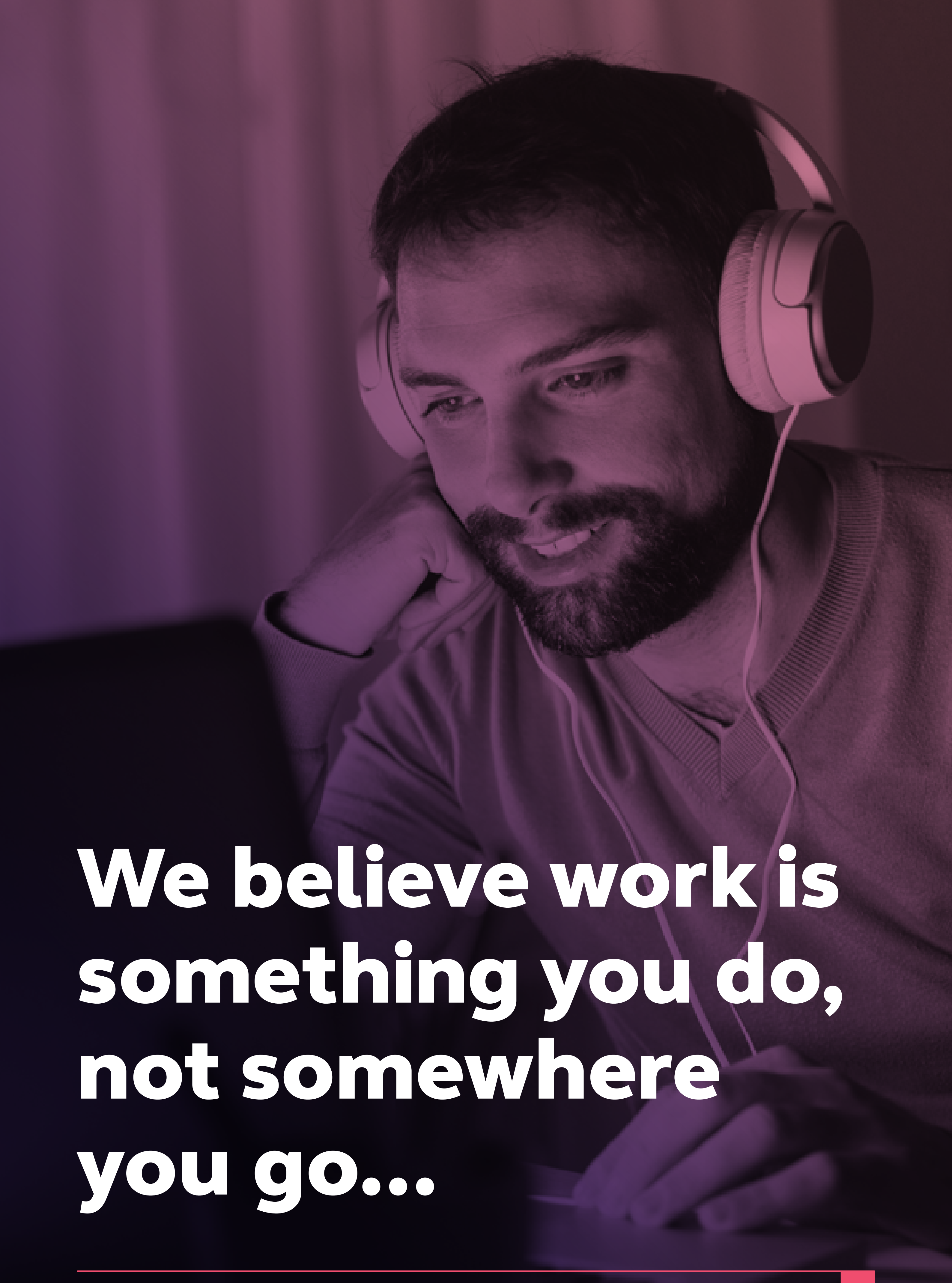
> *We'll invest in the three foundation pillars of Finance, ICT and People.*

Success measures

- *Investment in the pillars of finance, ICT and people.*
- *Be well governed.*
- *Lead not follow.*

Our key measures

- *Ensuring financial performance meets internal targets.*
- *Maintaining liquidity levels compliant with the Treasury Policy.*
- *Maintaining and improving our A3 stable Moody's credit rating.*
- *Maintaining a minimum V2 financial viability rating with the Regulator for Social Housing.*
- *Maintaining a G1 governance rating with the Regulator for Social Housing.*
- *Delivery of our key strategic priorities.*



We believe work is something you do, not somewhere you go...

Strategic report:

Environment, trends & future outlook

The coronavirus pandemic remains the most significant external factor impacting Yorkshire Housing, its customers, colleagues, suppliers and stakeholders.

The economy and COVID-19

We are operating in a changeable environment and will continue to do so as the UK follows the Government's roadmap out of the crisis. There is more uncertainty about the economy than in recent history due to the effects of the pandemic and the associated restrictions that dominated the year. The UK economy shrank 1.5% in the first quarter of 2021 but there were signs of recovery by March 2021 and the housing market remains buoyant.

Current macroeconomic conditions have wide implications for Yorkshire Housing. Yorkshire Housing is exposed to housing market fluctuations with approximately 15% of the development programme being open market sales through our commercial subsidiary Yorkshire Housing Residential. In addition, shared ownership makes up approximately 24% of the programme and therefore YH's income is sensitive on that front also, particularly on first tranche sales. The impact of the stamp duty holiday has meant that housing prices have continued to rise this year. Despite the pandemic the housing market has remained very strong with housing prices showing a 10.2% increase in the year to March 2021, the highest annual increase since the lead up to the financial crisis in August 2007.

There has been a shift in the kind of homes that buyers are looking for after the pandemic, which led to a home-working boom, and led to interest in larger homes with gardens outside city centres. That means the surge in home buying – and house prices – is likely to continue after government incentives such as the stamp duty holiday are wound down.

Some risk remains due to the impacts of lockdown and the increase in the unemployment rate in the UK (5.6% compared to 4.5% in 2020). Our tenant base includes a mix of tenancy payments including those on universal credit (30%) and those on Housing Benefit (29%).

Our current tenant arrears level has increased from 1.7% at the end of last year to 1.9% in March 2021 but have remained relatively flat throughout the year from 2% in June 2020 when the harshest impact was felt from the pandemic. We're providing additional tenancy coaching and support for our customers through this challenging time.

During the lockdown periods our teams were only able to carry out essential repairs to properties to protect both our customers and colleagues. However, as restrictions have eased there have been concerted efforts to catch up with these repairs and the team continue to work to resolve outstanding repairs. COVID-19 has had a major impact on all our lives since March 2020 and this is likely to continue for some time. The full economic consequences are not yet clear, but the pandemic is likely to continue to impact many of our customers' finances as well as the cost of some of our ongoing investment in new and existing customer homes.

The pandemic has also had an impact on the public finances. There has been a significant increase in government borrowing to support the economy during the pandemic and there is a risk that this will reduce the appetite and/or ability of government to contribute funds to the social housing sector.

Our business plan scenario testing shows that Yorkshire Housing can remain resilient despite these potential economic pressures and risks.

Brexit

A deal between the UK and EU was reached on 24th December 2020 and came into effect on 1st January 2021. Leaving the EU, even with a deal in place, still carries risks for YH due to the potential impact on the wider economy and the housing market.

There remain concerns also about the impact on certain construction related materials, many of which are sourced from overseas. Combined with the impact of the pandemic, we have seen increasing inflationary and supply pressures in raw materials used in the building sector and this is a situation we continue to monitor and seek to mitigate.

"The scenario testing which we carried out last year shows YH is well placed to deal with the outcomes of Brexit"

The scenario testing which we carried out last year shows YH is well placed to deal with the outcomes of Brexit. In preparing our latest business plan we have modelled potentially extreme economic impacts. Based on this we are confident that any outcomes can be mitigated and the risks managed.

Strategic report:
Environment, trends & future outlook

In the previous year the new Building Safety Regulator came into being through the Health and Safety Executive (HSE).

Customer and colleague safety

There will be a growing requirement on building owners to strengthen how they manage and control higher risk residential buildings, communicate with residents and record and store building safety information. We are fortunate to not own any high-rise properties with ACM/HPL type cladding. We do, however, have leasehold and other contractual arrangements for a small number of homes in blocks owned by others. Yorkshire Housing is treating each one individually depending on the specific circumstances with the priority always being customer safety.

The importance of the health and safety of our customers and colleagues means we aim to not just follow regulations but look for continuous improvements to safety and wellbeing. Throughout the pandemic we continued to carry out essential works to ensure a safe home environment, whilst protecting tenants and colleagues. As lockdown restrictions were eased improvement work and catch up to non-essential repairs were carried out. We remain fully compliant with gas, electrical, asbestos and legionella legislation.

Throughout the pandemic we carried out detailed risk assessments and provided personal protective equipment in line with Public Health England guidance. Where colleagues could work from home they have done and access to our office spaces remained closed except for essential use during much of the last year. As steps are taken by the UK government to ease lockdown restrictions, we have plans in place to ensure our colleagues can continue to work safely whilst providing our services to customers in a safe way.

Future developments

Our Business Strategy which was refreshed in summer 2020 continues to drive our business focus. We continue to work towards the revised target of 8,000 homes to 2030. Development has been slower during the year to comply with social distancing rules but we expect the pace to increase as we emerge from the pandemic.

The growth will be funded through a combination of cash from sales of properties, surplus generated from operations, grants and refinancing. The 7,000 homes to 2026 is supported by the grant funding through our successful Strategic Partnership with Homes England. The additional 1,000 remains aspirational at this stage and dependent on future economic circumstances.

When we are building new homes and communities for people we are building them so they are fit for the future. We're responding to the government's Future Homes Standard, which means installing only renewable heating systems from 2025, looking at the use of zero carbon heating systems and using modern methods of construction. We will continue to reduce our impact on the environment and recognise the important role we have to play in a low carbon future. Future developments on new build sites include a move away from gas boilers and the inclusion of charging points for electric cars.

"We will continue to reduce our impact on the environment"

“When we are building new homes and communities for people we are building them so they are fit for the future.”

The business will continue to evolve and build on recent improvements, including re-profiling the customer service offering of Microsoft Dynamics 365. We will continue to invest in the three pillars of IT, Finance and People as we look to make the most of technology and data. We are looking at how we organise ourselves to ensure we deliver services to our customers efficiently and effectively.

We are also looking at how we can best deploy new technology in customers' homes to improve the way that services are delivered and make them more proactive and less reactive. During the next year we will run small scale trials to understand what works and what doesn't.

Strategic report:

Financial performance

Our financial performance

The surplus before other comprehensive income was £16.6m (2020: £10.2m) with total comprehensive income for the group being £8.6m (2020: £17.2m) after adjustments in respect of pension schemes. During the year the group turnover has increased to £141.7m (2020: 115.7m).

Overall operating margin shows a decrease from 21.7% in 2020 to 20.7% in 2021. This reflected the strength of the Open Market Sale (OMS) performance which has a lower margin than other business areas. In addition, the Help to Buy contract concluded in the previous year which had a relatively high margin. This impact was partially offset because of cost savings within our operating expenditure.

The increase in turnover is in line with expectations and due to several factors including a number of sales which were deferred from the previous year due to COVID-19 and an acceleration in our growth strategy.

Demand for our OMS properties remains strong and reflects the growth in the housing market, particularly in the final quarter of the year where sales were even stronger than anticipated.

First tranche shared ownership sales also had an increase in demand and performed well during the year. The end to rent cuts and return to CPI linked rental increases have also improved turnover.

Cost of sales have increased due to a significant increase in OMS from 16 properties in 2020 to 102 properties in 2021.

Operating costs have seen some savings vs last year with lower expenditure required for our major investment projects. There were £2.3m of costs charged to the statement of comprehensive income in the prior year in relation to the our change programme as we reorganised our customer services directorate and invested in systems and training on those systems.

This continued in the current year but at a lower rate with £0.7m of spend, predominately relating to capital items. In the first half of the year, we had lower day to day repairs costs due to COVID-19 restrictions allowing only essential works to go ahead. However, since lockdown has lifted there has been a catch up on these works to ensure homes remain safe and in good condition.

Most of the operating surplus comes from our core business which is the rental of affordable social housing. In the table on page 19 the "non-social housing activity" includes:

- Sales of properties that were specifically built for sale on the open market.
- Facilities management services (repairs and environmental work) provided to homes on the Swarcliffe estate in Leeds under a PFI contract.
- Rent from a portfolio of 336 market rent properties.

£16.6m

Group surplus
(2020: £10.2m)

£8.6m

Comprehensive income for group
(2020: £17.2m)

£141.7m

Group turnover
(2020: £115.7m)

20.7%

Overall operating margin
(2020: 21.7%)

Strategic report:

Financial performance

Our financial performance

Yorkshire Housing Residential (YHR), the group's commercial arm, continues to generate a very healthy surplus across all of its business streams of £10.5m (2020: £3m) prior to gift aiding surpluses to the parent which provides important support to our new affordable homes development programme. The large increase is due to the increase in OMS in the year. YHR also benefited from revaluation gains on our investment properties (£3.1m in 2021 vs £0.5m in 2020). The operating surplus of YHR remained in line with the prior year at 28.2% (2020: 28.9%).

There was a £7.3m actuarial loss in respect of the SHPS pension scheme taken through other comprehensive income in the year. This was largely due to the performance of corporate bond yields and changes to expectations of future price inflation at 31st March 2021 compared to the prior year. The triennial valuation was due in the current year and the actuarial loss reflects the impact of this.

The group's balance sheet remains strong with net assets of £243m (2020: £234m.)

Ongoing investment in properties has continued in line with our ambitious growth program as shown in the increase in net book value of housing properties of £51m.

The increase in properties held for sale reflects an increase in properties under construction at the year end. In March 2020 there were 441 shared ownership properties in progress and in March 2021 we had 592. Similarly for market sale we had 218 last year and 268 in progress this year.

The group's statement of financial position also includes income from the group's investment in Yorkshire Housing Transformation Holdings Ltd (YTHL) and costs incurred on behalf of the Forge New Homes LLP joint venture. The PFI contract between YTHL and Leeds City Council is for facilities management and improvement of 1,313 homes (2020: 1,566) on the Swarcliffe Estate.

Forge New Homes is a joint venture with other housing associations for the development of homes in the Sheffield City Region. At 31st March 2021 the investment in Forge New Homes was £0.5m.

£10.5m

YHR surplus

(2020: £3m)

£243m

Groups net assets

(2020: £234m)

Group turnover and operating surplus by activity

	Turnover		Operating surplus	
Activity (£m)	**2021**	**2020**	**2021**	**2020**
General needs	77	76	17	20
Housing for older people	5	5	-	(1)
Supported housing and care homes	2	2	-	-
Shared ownership	2	2	1	1
Total from lettings	**86**	**85**	**18**	**20**
Non Letting – other social housing activity	15	15	2	3
Non-social housing activity	41	16	10	3
Valuation changes	-	-	3	-
Sale of fixed assets	-	-	2	1
Total	**142**	**116**	**35**	**27**

Strategic report:
Financial performance

Cashflow and financing

Cash inflows and outflows are set out in the consolidated cash flow statement. The major cash outflow remains the acquisition and construction of new housing properties of £68m in line with our increased development program. This was funded by £16m of grants, £39m generated from operating activities, property asset sales of £6m and the remainder from borrowing.

The group has detailed budgets in place as well as short and long-term cash flow projections which demonstrate that both current liquidity and long-term viability are assured. Loan funding facilities are available to cover cash requirements over the next two years. This continues to be closely monitored by the Board.

The loan portfolio is regularly reviewed by the Executive Director of Finance and Governance and the Board, who monitor covenant compliance and the cost of funds. At the end of the year, total borrowings were £571m (2020: £568m). In the year there was minimal additional borrowing, however we entered in to a new £50m RCF agreement. £200m (2020: £200m) of the borrowings are in publicly listed bonds; with the remainder borrowed from banks in the UK. All of the borrowings are in sterling.

The group is obliged by its funders to meet a series of loan covenants relating to asset values (asset cover), surpluses (interest cover) and total amount of debt (gearing). All loan covenants were met during the year and at the year end and are continuously reviewed.

In respect of bank loans, the group manages interest rate risk through the use of embedded fixed rates within its facilities, the terms of which permit all such loans to be classified as “basic” financial instruments under FRS102. At 31 March 2021 the group had no stand-alone swap arrangements.

The repayment profile of the debt at the year-end is shown in note 25.

The group is currently undertaking a refinancing exercise with a view to ensure there are sufficient funds available to meet its future strategic ambitions whilst minimising the amount of interest paid. Since the year end, the group has made a £7.5m early loan repayment and agreed £45m of new loan facilities. Work on the refinancing exercise is ongoing.

Credit rating

The association has a credit rating of A3 from Moody’s based on a number of credit strengths including a stable income stream and consistent profitability, moderate and stable debt and a simple corporate structure. Risks come from the increased development programme as well as the proportion of properties sold in the open market or on a shared ownership basis.

The social housing sector relies on potential government support in the case of any financial difficulty which is reflected on all credit ratings issued to housing associations.

Five year performance

The group’s five year performance shows the asset base increasing as we continue to develop homes and grow the business. The income and expenditure account has been impacted by a strong year of sales offset by ongoing investment in the future of the business.

The reported surplus over the five year period is also impacted by some significant actuarial gains and losses in respect of pensions.

£68m

On construction of new homes
(2020: £91m)

£571m

Total borrowings
(2020: £568m)

£200m

Borrowings are in publicly listed bonds
(2020: £200m)

A3

Credit rating from Moody’s
(2020: A3)

Strategic report:

Financial performance

The group's five year financial and operational performance

	2021	2020	2019	2018	2017
Income and expenditure account (£m)					
Total turnover	142	116	113	101	101
Operating surplus	35	27	35	33	41
Surplus for the year transferred to reserves	9	17	11	16	19
Statement of financial position (£m)					
Fixed assets	1,025	962	884	849	827
Net current (liabilities)/assets	106	139	69	91	(4)
Total assets less current liabilities	**1,131**	**1,101**	**953**	**940**	**823**
Long term loans	563	559	448	451	352
Social housing grant	301	290	279	282	282
Other creditors	23	18	9	1	1
Revaluation reserve	29	29	29	29	29
Revenue reserve	215	205	188	177	159
Group funds	**1,131**	**1,101**	**953**	**940**	**823**
Cash flow (£m)					
Net cash inflow from operating activities	39	22	25	28	39
Returns on investment and servicing of finance	(22)	(20)	(19)	(18)	(16)
Cash flow (£m)					
New homes (net of grant)	(52)	(62)	(40)	(26)	(29)
Existing homes improvements	(2)	(13)	(11)	(14)	(14)
Sales of homes	6	6	8	9	12
Other fixed assets	(9)	(6)	(1)	(1)	(1)
	(40)	(73)	(37)	(22)	(9)
New loans (net of repayments)	2	133	(1)	102	12
Increase/(decrease) in cash and deposits	**(38)**	**60**	**(38)**	**80**	**3**

We're all about making a positive difference in people's lives...

Strategic report:

Value for money

Yorkshire Housing has a vision that everyone should have a place they are proud to call home. The strategy for achieving that vision is set out above.

Value for money (VfM)

At the heart of that strategy is delivering homes to be proud of and serving our customers whilst growing and developing our business. A focus on VfM is integral to delivering that strategy. To continue to serve our customers and deliver our ambitious housing development programme, our business model is to utilise Open Market Sales (OMS) to subsidise the grant received for social and affordable rented homes.

The development programme requires significant funding (and therefore gearing) to sustain and comes with significant costs of borrowing, reducing interest cover in the short to medium term. The sales to open market and first tranche shared ownership sales often have a lower overall operating margin than that from rental income but offer a quick return on investment to build more rented homes which remains the core offering of Yorkshire Housing. The tenure mix of our schemes is balanced to meet our strategic objectives in the most effective way and to ensure we generate returns that can be reinvested in existing and new homes. This operating margin is closely tracked by the Board against agreed targets.

In addition to investing in new homes, we are also improving existing stock through investment in maintenance and health and safety to ensure homes remain a place to be proud of for years to come. We are in the process of reviewing our asset management strategy in light of the agenda to reduce carbon emissions. Delivery of minimum Energy Performance Certificate (EPC) rating by 2035 and zero carbon by 2050 are built into our thirty year business plan. Our procurement team continues to work closely with colleagues across the business and external advisors to deliver VfM.

The investment in technology continues as this will enable us to better deliver services to our customers as a Strong, Resilient and Innovative Business. Our strategic priorities remain underpinned by the aim of delivering value for stakeholders, whether they be our customers, the government, local authorities, or others in our communities. The strategic priorities have been combined into two categories, those considering investment in new or existing homes or those looking at investing in our customers, people and future of the business. These have been considered from a VfM perspective below.

Yorkshire Housing has a target for growth of 8,000 homes to 2030. We have stepped up our development plans in order to meet this target. We completed 497 homes in the year, despite the Covid related restrictions, and had a further 1,558 under construction as at 31 March 2021. In order to fund the extensive development programme Yorkshire Housing has required additional lending facilities. This and the utilisation of cash reserves have increased our gearing ratio. Whilst further borrowing is expected in order to meet our ambitious growth plans, the addition of housing assets will stabilise the gearing ratio and maintain it at around 50% in future years. This is in line with our business plan.

The additional borrowing in the previous year, combined with other factors, had a negative impact on Earnings Before Interest, Taxation, Depreciation and Amortisation Major Repairs and Investments (EBITDA MRI) interest cover. This ratio has increased significantly due to lower capitalised investment works in the year and a recovery in the operating surplus. The interest cover is in line with target levels for the year and is closely monitored by the Board.

Growth and homes and places to be proud of:

Metric set by the regulator?	VFM metric	YH2021 Target	YH2021 Actual	YH2020 Actual	Benchmark 2019 Median
Yes	New supply of social housing delivered	3.39%	2.44%	3.10%	1.47%
Yes	New supply of non-social housing delivered	0.44%	0.46%	0.20%	0.00%
Yes	Gearing	53.0%	51.2%	50.0%	44.0%
Yes	Reinvestment in new and existing homes	10.5%	7.2%	9.9%	7.2%
Yes	EBITDA MRI interest cover	156%	185%	120%	170%

Value for money

Investment in our customers, communities and the future of our business:

Metric set by the regulator?	VFM metric	YH2021 Target	YH2021 Actual	YH2020 Actual	Benchmark 2019 Median
Yes	Customer satisfaction	90%	85%	89%	N/A
Yes	Operating margin (overall)	19.0%	20.7%	21.7%	23.1%
Yes	Operating margin (social housing)	28.8%	20.7%	23.0%	25.7%
Yes	Headline social housing cost per unit	3,179	3,111	3,672	3,835
Yes	ROCE[4]	2.4%	2.8%	2.4%	3.4%

Value for money (VfM)

This borrowing has helped YH increase both the new supply of social and non-social housing delivered. Non-social supply is delivered through the Yorkshire Housing Residential (YHR) commercial subsidiary and generates returns to fund more affordable housing. The supply of affordable housing has dipped slightly however we expect to do even more in the year ended 31st March 2022.

Given YH's focus on delivering new homes, we expect that our gearing and interest cover will remain above the average of our peers but well within the levels required to fulfil our lenders covenants.

Reinvestment in new and existing homes has seen a reduction compared to the previous year, this is largely due to a fall in the amount of work to existing properties. This was due to COVID-19 restrictions impacting works within existing properties and forcing YH to carry out only essential repairs for part of the year. This is expected to return to normal during the next year with works planned as restrictions are lifting.

There are strict development appraisal parameters and hurdles in place to ensure that new homes add a positive value to the group's finances. The Board regularly review the hurdles and assumptions to make sure they are reflective of our current operating environment and ambition.

The tenure mix of our schemes is balanced to meet our strategic objectives in the most effective way. Our development programme is designed to maximise returns from any open market sales in order to fund the range of social and affordable tenures that is at the core of our offering, all whilst creating thriving, sustainable communities. Our development plans include homes that will be delivered under the new shared ownership model as well as rent to buy.

With this growth and the expansion of other tenures including open market sale comes additional risk. The Board manages this through its risk appetite, setting of the New Homes strategy, oversight of investment appraisals and performance monitoring.

We have a Strategic Asset Group (SAG) who review the financial performance of existing properties. Where we no longer feel we can get VfM out of an existing property these are disposed of with any grant recycled for use in new developments.

"85 - 90% customer satisfaction"

Customer satisfaction is a key target for YH as we strive to provide a great customer experience for our tenants. The measure above is for March 2021 with customer satisfaction averaging between 85% and 90% for most of the year. It continues to be an area we are focused on as a key part of our strategy.

We review various data inputs in respect of customer satisfaction including satisfaction with repairs, complaint handling time and tenancy sustainability. Each of these metrics is reviewed monthly by those responsible with the Executive Team to ensure any required actions are input quickly and efficiently.

We have continued with work to upgrade our technology to ensure our colleagues have the tools with which to perform their roles more efficiently. Removing system frustration will help reduce operating costs in the longer term. The second phase of the Microsoft Dynamics based customer relationship management system project has been delayed however it is in the process of a re-plan and when it is delivered it will provide quick and easy access for our customers and will streamline our customer services. This lays the foundation for further technological and data led improvements in the future.

The operating margin presented above excludes the gain on revaluation and gain on disposal of fixed assets. The decrease in underlying operating margin reflects the strength of the Open Market Sale (OMS) performance with the sale of 102 homes in 2021 which generated a gross margin of £6.6m on £34.1m of sales.

Strategic report:

Value for money

Value for money (VfM)

Operating margin for social housing has been impacted by an increase in void loss for the year. During the year there were significant periods of time when, due to lockdown restrictions, lettings were not permitted.

This has resulted in a higher than normal number of empty homes at the year end. We are focused on reducing the number of voids as quickly as possible to return to more normal levels of empty homes.

Our cost per unit has decreased compared to the previous year reflecting the impact of COVID-19 on repairs due to property access. We anticipate that the Cost per Unit will increase in the following year due to investment in our properties in line with the better homes standard but will remain in line with target.

ROCE remains low as we continue to invest in new development schemes. We expect our return on capital to be low in the next couple of years due to this investment, but will go back to higher levels of return as development is concluded. This is in line with our target figures as set by Board as is part of our strategic decision making.

We also generated a further £7.1m of income from market sale, 3rd party contracts and other non-social housing activities. These are monitored regularly to ensure their financial contribution is commensurate with the risk.

Throughout the next financial year operating margin will remain a challenge. The Board have agreed a lower KPI value for operating margin which takes in to account the impact OMS will have as we grow this side of the business to supplement our social housing income.

> *Throughout the next financial year operating margin will remain a challenge.*

However, COVID-19 continues to present a risk to the growth strategy as it risks further void repair delays and potentially stilting our ambitious new build quotas due to social distancing restricting building site numbers.

Strategic report:
Risk management

The delivery of our strategic priorities and the sustainable growth of our business is dependent on effective risk management.

Our approach to risk management

It also helps us to deliver our operations in a socially responsible manner. We regularly face business uncertainties and our structured approach to risk management helps us to mitigate key risks and embrace opportunities when they arise.

As with any business, risks and uncertainties are inherent in our business activities. These risks may have a financial, legal, operational or reputational impact. The operating environment for social housing providers, which is shaped by Government policy and budget announcements, remains challenging.

The Board is accountable for effective risk management, agreeing the principal risks facing our business and ensuring these are managed effectively. The Board also has responsibility for defining our risk appetite (i.e. the amount of risk we are willing to take in pursuit of achieving our strategic priorities). In 2020/21, our risk appetite was defined as follows:

	Risk appetite				
	Averse	Cautious	Balanced	Open	Hungry
Risk type			Legal Financial	Operational Reputational	

Other committees, including the Group Business Assurance Committee, provide oversight and challenge over our risk management framework on behalf of the Board. This includes monitoring of strategic risks, internal controls, and actions to mitigate risk.

We encourage our employees to consider risks within everything we do. We ensure that risk management is considered at all levels, through implementation of our business plan, projects and operationally. The more risk aware we are, the more effective we can be at mitigating significant risks before they crystallise.

In the prior year, the Regulator of Social Housing (‘RSH’) undertook an ‘In Depth Assessment’ (IDA) which highlighted several risk management improvement areas. During 2020/21, we delivered a ‘Post-IDA Improvement Action Plan’ and a ‘Risk Management Improvement Plan’ to help improve our risk management arrangements.

This included a review and update to our Risk Management Policy, improvements to our strategic risk articulation, ownership and reporting and a comprehensive review and update to our internal audit programme. We also undertook gap analysis of our principal risks against the RSH Sector Risk profile 2020 and Social Housing White Paper to ensure comprehensive risk identification.

> “We ensure that risk management is considered at all levels, through implementation of our business plan, projects and operationally.”

Strategic report:
Risk management

Approach to risk management
We undertook a review of risks facing the business as a result of the coronavirus pandemic and we monitored these and associated mitigations and actions through a COVID-19 risk register. We also reviewed our operational risks and developed a new headline operational risk register, which our senior management team monitor quarterly. We will continue to monitor all our principal risks during 2021-22, as COVID-19 lockdown restrictions continue to ease, and the UK economic recovery continues.

We remain committed to improving and embedding a mature risk culture that helps us to grow and become a more sustainable and resilient business. Our revised risk management framework will help us to better manage our risks, secure the right opportunities and deliver sustainable strategic priorities. Our risk management arrangements are intended to mitigate and reduce risk to a level consistent with the Board's risk appetite but cannot eliminate all the risks we face. The risk management processes provide reasonable but not absolute assurance against material misstatement or loss.

Going Concern
A 30 year business plan has been prepared and presented to Board which reflects the ambitions of the group but also includes multi variant stress testing to ensure the Group could continue to trade and remain compliant with covenants through potential downturns in the economy or crisis. Extensive multi variant stress testing has been carried out to model the impact of any economy downturn including the impact of Brexit and the ongoing COVID-19 pandemic. Whilst both COVID-19 and Brexit have the potential to trigger economic hardship and any downturn would limit the growth included within strategy, it highlights the Groups ability to continue trading through severe adverse conditions.

Brexit itself does not present any issues in terms of going concern. Impacts mapped out in the stress testing include a delay to sales activity, inflationary pressures, increases in bad debts and a cap on rental income increases. Mitigations of this scenario would require revenue/ capital spend reductions however whilst limiting growth of YHL it would allow the Group to continue trading.

On this basis the Board has reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. It remains appropriate to adopt the going concern basis for presenting the financial statements for the year ended 31 March 2021. The Group is in a strong position to continue to meet its debt servicing requirements and adhere to the loan covenants set out. Since the year end, the group has made a £7.5m early loan repayment and agreed £45m of new loan facilities securing its ability to fund additional growth.

Our principal risks and uncertainties
As part of the annual business planning process, the Executive Directors and Board consider and review the main risks that may prevent us from achieving our strategic priorities.

Committees of the Board monitor the specific strategic risks assigned to them. Risks are assessed in terms of their impact and likelihood. Major risks, presenting the greatest threats to us, are included in a strategic risk map and linked to our strategic priorities, whilst other risks are included in operational risk maps.

Our strategic risks as at 31 March 2021 are outlined in the table below. These are the principal risks which we believe are likely to have the greatest current or near-term impact on our strategic priorities and reputation. They include external risks, which may occur in the markets or environment in which we operate and internal risks, which relate to internal activity linked to our own operations and internal controls.

> *Extensive multi variant stress testing has been carried out to model the impact of any economy downturn including the impact of Brexit and the ongoing COVID-19 pandemic.*

Strategic report:

Risk management

Risk context and potential impact	Mitigations	Strategic priority
Adverse economic climate The macro and micro economic climates may experience significant, sudden and/or prolonged slow down which could lead to: - recession; - rising unemployment (which in turn increases UC claims and puts pressure on tenants' ability to pay their rent); - insolvency / liquidation of key suppliers and supply chain delays / service failures; - significant changes to legislation which compromise the current business model or increase costs significantly; - inaccurate Business Plan assumptions and inability to deliver BP priorities; - reduced business investment; - market volatility including significant slowdowns in the stock markets (which could adversely pension fund valuations) and the housing market (see separate risk); - increased treasury risk including cost of borrowing / reduced financial resilience (see separate risk); and - uncertainty and delays in decision making arising from significant economic events (eg COVID-19 / China-US trade tensions / Brexit).	Stress testing is undertaken based on Bank of England worst case scenarios which helps to validate our stability. In addition, business plan sensitivities are run to assess exposure to increasing costs and/or reduced income. Outcomes are reported to and reviewed by the Board. The Board approved an updated stress tested business plan in May 2021. The Treasury Policy sets thresholds for holding fixed and variable debt, with a high proportion fixed at low rates (this also carries downside risk in terms of reduced refinancing flexibility). The Board monitors key economic and market metrics and forecasts quarterly to help inform economic risk decisions. The Board monitors performance data (including arrears levels and customer complaints). We make prudent assumptions on property sales surpluses. We use framework agreements to mitigate significant cost increases from key suppliers. The Board approves 'Stress Testing Scenario Triggers' in relation to the development programme for Directors and the relevant Board / Committee to instigate a detailed review and consideration of any mitigations, as required.	Strong, resilient and innovative business
Non-compliance with Regulatory Standards We are required to comply with the requirements of the RSH economic and consumer standards. Non-compliance could occur due to include inadequate policies and processes, staff resource pressures and incomplete or inaccurate data. A significant regulatory breach could lead to 'serious detriment' to our customers, inaccurate rent charging, a regulatory downgrade to governance and/or viability ratings and restricted access to finance. It could also create reputational damage.	An annual review of regulatory compliance is reported to the Board. Customer standard checks are undertaken. A Data Governance Board operates to help shape the future for data management and resolve issues. An Assets and Liabilities Register is maintained to enable centralised oversight and understanding of YH assets and liabilities, including those liabilities that may have recourse to social housing assets. The Governance Team undertake an annual Governance and Financial Viability validation exercise.	Strong, resilient and innovative business

Strategic report:
Risk management

Risk context and potential impact	Mitigations	Strategic priority
Non-compliance with Regulatory Standards (continued)	Business critical processes are mapped, including compliance with loan covenants and the Governance & Financial Viability Standard. Qualified / skilled staff are recruited into key posts, including data and insight lead. The Homes and Places Committee undertake a review of a Customer Standards report. Management audits are conducted around the addition of properties onto the Orchard housing management system. The Internal Audit Plan includes Regulatory Standards compliance reviews.	Strong, resilient and innovative business
Customers' inability to afford / pay their rent Economic and/or financial hardship may make it difficult for our customers to afford or pay their rent. This may be due to: - rising unemployment leading to reduced / loss of income during periods of economic decline; - reduced spending power (for example where inflationary rent increases exceed real wage increases); and - an increase in universal credit ('UC') / reduction in housing benefit transactions which lowers our ability to rely on direct rent payments from local authorities and may reduce customers' willingness / ability to pay their rent. These factors could lead to: - reduction in rental cash flows / increased rent arrears; - increased debt management costs including bad debt provision and write-offs; - funding shortfalls in delivering Business Plan priorities; and - an adverse impact on YH's ability to remain a going concern.	Rent collection policies and procedures define how rent arrears are managed. Our Access to Homes Policy enables moves on affordability grounds. Our Income Team review rent arrears and accounts on a risk basis and escalate debt recovery action where necessary. We operate information campaigns for and interventions to support customers. A dedicated Money Coaching team identify and actively support customers through the transition to UC. Early interventions mean that UC debt is minimised during the period of a new claim. Direct debits are encouraged as a main payment method where appropriate. Rental income is monitored against budget with significant budget variances investigated and appropriate action taken. The impact of increased rent arrears on the business plan is modelled and reviewed regularly. Management and the Board monitor rent arrears using performance dashboards. In addition, a specific COVID-19 dashboard models the impact of the pandemic on arrears, including UC claimants. The Homes and Places Committee and Board review key economic metrics which can impact on customers' ability to pay rent. The Internal Audit Plan includes cyclical review of the design and operation of controls in relation to rent arrears.	Strong, resilient and innovative business

Strategic report:

Risk management

Risk context and potential impact	Mitigations	Strategic priority
Cyber threat Our systems and data may be protected inadequately against theft, loss and corruption arising from cyber security breach (e.g. hacking, phishing, spoofing, data breach, virus transmission, cyber extortion, sabotage, network downtime, human error and the spread of mis-information). This includes compromise of sensitive corporate information, intellectual property, and personally identifiable information (PII) / special category data (SCD) in relation to customers, suppliers, employees and other stakeholders. Cyber breach could lead to: - data loss; - non-compliance with data protection law / regulation (including GDPR & DPA 2018); - business interruption, including delivery of key services and rent collection; - compromised internal controls / increased fraud risk exposure; - litigation; - financial loss / fine; and - reputational damage.	We operate an ICT Strategy which the Board has approved during the year. Additionally, users are required to operate in line with our Acceptable Use Policy. Technological controls are applied to protect and monitor our systems and data including firewall, router, anti-virus and encryption software and intrusion prevention and detection systems. We use complex passwords and multi-factor authentication to control access to our systems. Controls are in place to back up data and prevent the installation of unapproved applications to devices. Data sharing agreements are in place with key suppliers. The ICT team undertake disaster recovery testing to ensure that systems can be recovered in the event of a significant event that leads to the failure of one or more business critical ICT systems. Recommendations are implemented to further develop and test our disaster recovery capability. The Internal Audit Plan includes review of the design and operation of controls in relation to cyber security.	Strong, resilient and innovative business
Third party / contractor failure Key contractors / third parties (eg a major supplier, bank, JV partner or systems provider) could suffer liquidity / insolvency issues meaning that they can no longer operate as a going concern. A lack of effective contingency plans could lead to and exacerbate: - failure to deliver our Business Plan priorities; - service delivery disruption / failure; - customer complaints; - work backlogs; - increased procurement and supplier costs to backfill contract gaps; - legislative / regulatory non-compliance; - financial penalty; - supply chain delays / failures; - unsustainable supplier relationships; and - reputational damage.	Our Treasury Policy defines the rules associated with third parties and is designed to restrict counter-parties and limit exposure. We obtain independent legal advice before entering into large contracts. Our use of framework contracts restricts reliance on a single supplier. Due diligence checks are undertaken on key contractors. We apply the NHBC insolvency guarantee to ensure that contractors' obligations to achieve NHBC Standards are met in the event of contractor insolvency. Joint ventures are subject to scrutiny and approval of the Board. The Internal Audit Plan includes cyclical review of the design and operation of controls in relation to procurement and contractors going into administration.	Strong, resilient and innovative business

Strategic report:

Risk management

Risk context and potential impact	Mitigations	Strategic priority
Housing market contraction An economic downturn could cause volatility, including a significant slowdown in the UK housing market which could adversely affect our open market sales and shared ownership revenues. This risk could lead to: - high interest rates / affordability issues (eg lack of mortgage availability); - reductions in asset sales / cash flows / valuations (including loan security) and profits; - overtrading; - asset impairment; and - compromised viability of our development schemes.	Our Growth and Investment Committee monitor development activity and the external environment, including a housing market tracker. Our Board also reviews development activity / performance. The Board of Yorkshire Housing Residential Limited (‘YHR’) reviews a separate risk register for YHR development and sales related activity. Each development scheme and disposal undergoes a risk-based appraisal which considers financial and non-financial criteria. Stress testing covers market downturn scenarios (linked to political uncertainty and economic change) and how we would control development expenditure in a crisis. We review Savills market analysis for developments. Director approval is required for developments and new business. We obtain RICS registered independent valuations for our property asset disposals.	Growth
Poor financial management Increased market volatility could result in an inability to manage liquidity and ensure access to sufficient borrowing and adequate security. Ineffective and/or non-compliance with treasury management arrangements could adversely impact our cash flow, liquidity and balance sheet leading to: - breach of loan covenants; - breach of Regulatory requirements; - failure to deliver Business Plan priorities; - inability to meet liabilities falling due; - credit rating downgrades; - reduced access to funding / increased financing costs; - limited ability to invest in operations; - Regulatory downgrade; and - financial penalties.	The Board reviews its risk appetite annually with regard to financial risk. We operate a comprehensive Treasury Management Policy which has been reviewed by Treasury Advisors and approved by the Board and is designed to protect liquidity. The Board reviews treasury updates which provide oversight of our liquidity position and loan covenant compliance. Our Finance Team monitor loan covenant compliance and liquidity management of subsidiaries. Monthly cash flow forecasting is undertaken to plan for fluctuations in liquidity. The business plan is stress tested to assess risk impacts on loan covenant compliance.	Strong, resilient and innovative business

Strategic report:

Risk management

<table>
<tr><th>Risk context and potential impact</th><th>Mitigations</th><th>Strategic priority</th></tr>
<tr><td>Transformation programme failure

Our ‘Today’s Yorkshire’ (‘TY’) transformation programme could be ineffective in identifying and measuring demonstrable benefits, articulating project cost / benefit analyses, designing and communicating a powerful business case for change, engaging and empowering key stakeholders to support change, assessing transformation risks and implementing appropriate and effective solutions.

Consequently, programme benefits may be negligible / not delivered and culturally there may be a lack of buy-in / ownership to support change.

This could also lead to:
- financial loss (eg where projects are unsupported / not cost effective);
- operational / service failure, including delays;
- reduced customer satisfaction / increase in complaints; and/or
- compromised internal controls / increased fraud risk.</td><td>Our governance structure has been designed to ensure adequate oversight and challenge of the TY transformation programme at key stages.

The Board has been involved in commissioning the programme, approving business cases and reviewing progress updates.

A specialist programme delivery team has been used to deliver the programme.

A TY Programme plan and processes have been used to manage / record TY programme risks, decisions, controls, change control.

A TY Programme mandate provides detailed explanation of the programme.

Directors review a monthly report, including programme status and financial spend against budget.

External assurance has been obtained at various stages of the programme including from ‘Big 4’ firms PWC and KPMG and a TY readiness assessment by iSay.

A Programme Board review the programme risk log.</td><td>Strong, resilient and innovative business</td></tr>
<tr><td>Growth plan failure

Ineffective and unprofitable delivery of our growth plan due to competition for land, shortages of key construction roles and materials and/or errors in option appraisal.

This could expose us to regulatory issues by not being able to demonstrate effective use of our asset base. It may also lead to financial performance issues and missed opportunities to do more.</td><td>We have a dedicated team to manage our development programme, including identifying land and selecting development partners.

Our development schemes are subject to option appraisal which utilises data on the cost to build and expected market value. Schemes and new business require director approval.

The Board reviews performance headlines, including information on new home completions and unsold homes. Performance data is also monitored by Directors and through Performance Clinics.

The Growth and Investment Committee monitor sales and development performance quarterly.

The YHR Board monitor development and sales risks.

We undertake stress testing and capacity modelling to help determine the scale and pace of delivery. Long term growth objectives are set with market conditions considered when determining pace of delivery.</td><td>Growth</td></tr>
</table>

Risk management

Risk context and potential impact	Mitigations	Strategic priority
Growth plan failure (continued)	The Internal Audit Plan includes cyclical review of the design and operation of controls in relation to development	Growth
Non-compliance with health and safety laws and regulations We could fail to comply with health and safety laws and regulations (including Health and Safety at Work Act 1974) or legal and regulatory changes, particularly those relating to the safe management of fire, legionella, electrical, gas, asbestos and lifting equipment. This may be due to lack of awareness, ineffective arrangements for incorporating legal compliance into the design and operation of our health and safety policies / procedures and failure to follow such policies. Non-compliance could lead to: - fatality / serious injury / disability; - litigation; - business disruption; - a 'serious detriment' regulatory judgement; - financial loss / fines; and - reputational damage.	We operate approved policies and procedures in relation to key health and safety areas and these are subject to ongoing review to ensure they reflect significant changes to legislation. We use qualified and skilled operatives to manage health, safety and compliance services and operations, including a Head of Service, with management audits commissioned to review specific areas. The Board monitors health and safety performance metrics. The Head of Service undertakes reviews to check that key activities comply with relevant laws. We obtain external assurance over health and safety compliance, for example from NICEIC and Corgi in relation to electrical and gas compliance respectively. In addition, our Internal Audit Plan includes review of the design and operation of controls in relation to key health and safety areas.	Strong, resilient and innovative business
Staff resourcing pressures (incl. recruitment) We require appropriate staff resource in order to run the business and deliver our strategic priorities and services effectively. Ineffective staff resource, recruitment and succession planning makes it difficult for us to recruit and/or retain high calibre leaders and people with the skills required to meet our strategic priorities and run departments, subsidiaries and projects effectively. This may lead to a loss of shared vision and direction and create a dysfunctional culture, resulting in: - poor customer service, service failure and inability to meet customer demand; - performance deterioration; - damage to 'employer of choice' reputation; - work backlogs; - increased employment costs to backfill skills gaps; - legislative / regulatory non-compliance; - untimely and ineffective decision making; and - compromised internal controls / increased fraud risk.	Our Governance and People Committee ('GPC') oversees the delivery of our People Strategy and people management related issues. Colleague engagement and satisfaction is monitored regularly with action plans agreed to address any issues. Management monitor monthly colleague absence and turnover rates, with voluntary turnover reported in a strategic dashboard and detailed people performance measures reviewed by GPC. This helps to identify areas of potentially significant resourcing pressure. GPC also review economic metrics which can impact on recruitment. A talent review process has assessed the performance and potential of the senior team and identified actions to strengthen leadership capability in key areas. Recruitment and selection processes have been updated to include assessment of both skills and behaviours. Salary benchmarking is undertaken to ensure advertised rates remain competitive. We also provide a range of colleague benefits and wellbeing support to help mitigate the risk of staff turnover.	Employer of choice

Strategic report:

Risk management

Risk context and potential impact	Mitigations	Strategic priority
Staff resourcing pressures (incl. recruitment) (continued)	Any significant changes in headcount are identified through a monthly reconciliation of payroll new starters against the Learning Management System, with exceptions actioned. Staffing expenditure is monitored against budget with significant budget variances investigated and appropriate action taken. Cross business Staff Focus Groups meet to identify and support resourcing issues.	Employer of choice
Political uncertainty We operate in a highly regulated sector and any significant changes to Government policy could have an adverse impact on our operations and/or finances. Such changes could result in: - an inability to access future government funding; - service disruption; - significantly restrict income and/or - a need for strategic change.	The Directors monitor Government policy announcements and implications and instigate actions as required (eg Covid business continuity plans and reporting). We undertake horizon scanning to help ensure that financially, the business is able to endure any sudden policy changes. Some of our employees attend sector conferences and seminars to help stay abreast of policy changes. We stress test our business plan to understand how the implications of disaster scenarios would impact the business and to inform the planning of appropriate mitigating actions. Stress triggers are reported to and reviewed by the Board. We maintain strong relations with key lobbying organisations at senior level. We also take a leading role in devolution discussions across West Yorkshire. We are a member of the National Housing Federation's Together with Tenants framework, designed to strengthen the approach to co-regulation in anticipation of any changes to consumer regulation in the Social Housing White Paper.	Strong, resilient and innovative business

Strategic report:

Internal control, environment and assurance

To ensure that the Board delivers upon its requirements for risk management it maintains overall responsibility for establishing and maintaining the system of internal control and for reviewing its effectiveness.

The internal control framework, which includes the above elements, is embedded within our culture and values, and is embraced by our colleagues. There is a strong awareness of the importance of internal controls, and they are a fundamental part of ensuring the integrity of the framework. The risk averse approach has been designed to manage the risk of failure to achieve business objectives. There is a continual process in place for identifying, evaluating, and managing the significant risks faced by the group, as well as monitoring the effectiveness of the controls put in place to mitigate them.

Key elements of the control framework include:

- Clear management structure with responsibility for control environment effectiveness built into senior staff role profiles.

- The corporate plan sets out key strategic and business planning considerations and includes financial and performance targets and forecasts. The plan is subject to rigorous testing and scrutiny from the Directors and Board.

- Independent assurance is obtained from BDO UK LLP (14 internal audits), Grant Thornton UK LLP (the annual external audit), Homes England (development scheme compliance and financial audits), Investors in People awarded a gold rating, Gas Safe and CORGI (consistently & continuously assess our gas work), NICEIC (assessing our compliance with electrical regulations), Local Authorities (review contracted services against Quality Assessment Framework) and Foundations (a Quality Mark from the national body for Home Improvement Agencies).

- Detailed financial regulations which cover authorisation levels, reconciliations, and segregation of duties. This is backed up by monthly performance reviews (financial and non-financial), reporting to directors and also presented periodically to the Group Business and Assurance Committee (GBAC).

- YH has a strong culture of integrity led from the Board and senior leadership team and supported by our code of conduct. Formal recruitment, retention, training and development policies are in place and agreed with the colleague forum which meets regularly with the Chief Executive. The fraud and whistle blowing registers are reviewed by the (GBAC) at least once a year. All cases of fraud are reported to the GBAC. There was one fraud loss event reported during the year (08/04/2020). No cases of whistle blowing were received and investigated during the year.

- A risk management process that considers strategic and operational risks within the relevant boards, committees and management meetings. This includes a gap analysis against the Sector Risk Profile published by the regulator.

The group also undertakes regular performance reporting including:

Business planning:
Reviewed by the executive team and the Board at least annually.

Management accounts:
Reviewed by the executive team monthly and the Board at least quarterly.

Key Performance Indicators (KPIs):
Reviewed by the executive and senior management at monthly performance clinics, and the Board at least quarterly.

Health and safety measures and incidents:
Reviewed by the executive team monthly within performance clinics, with major issues considered as urgent items.

Loan covenant compliance and liquidity:
Reviewed quarterly by the executive team and subsequently reported to lenders.

Will Lifford
Chair

Governance and compliance:
Board Members

The Yorkshire Housing Board works with the committees and Executive team to ensure that business is dealt with effectively, decisions are taken at the most appropriate level and the results of those decisions enhance our performance.

Will Lifford, Chair of the Board
Will is a chartered accountant and a former UK head of audit with accountants Grant Thornton. Since retiring, he has held a number of non-executive roles in the public, charity and not-for-profit sectors. He is a former trustee and Chair of Martin House Children's Hospice and is currently a Board member of the Independent Parliamentary Standards Authority. Will is a member of the Governance & People Committee.

Sue Hall, Vice chair
Sue has more than 30 years' leadership experience in IT transformation, risk management and consultancy. She was formerly director of information systems and strategy with leading global law firm, Linklaters LLP, and is the lead non-executive director and Board Chair at the Valuation Office Agency. Sue is chair of the Governance & People Committee.

Matthew Blake
Matthew is a Chartered Management Accountant and has over 15 years experience working in a variety of Treasury, Accounting and Analytical Roles within the Financial Services Industry. He was previously Director of Treasury for Together Financial Services Limited and is currently the Treasurer at Pepper Money UK Limited. Matthew is a member of the subsidiary Boards YH Residential Ltd and YH Finance Plc.

Linda Christon
Linda has 30 years' experience working in housing, health and social care. Formerly a regional director of the Commission for Social Care Inspection. Linda is chair of the Homes & Places Committee.

Jacqueline Esimaje-Heath
Jacqui is an architecturally trained, experienced real estate director, with a background of working within both the public and private sectors. She is currently Regional Development Director for London North at L&Q and has over 26 years proven experience. In her previous roles, she has held responsibility for the areas of residential property development, housing and management consultancy, regeneration, private sector renewal and residential sales & marketing. Jacqui is also an experienced non-executive director, with over 20 years' experience in providing strategic leadership in the not-for-profit sector. She has also acted as a mentor to individuals at both non-executive and operational levels. Jacqui is Chair of YH Residential Board and member of Growth & Investment Committee.

Governance and compliance:
Board Members

The Board is responsible for ensuring the success of the Yorkshire Housing Group through delivery of the Business Strategy. It is also responsible for gaining assurance that the organisation complies with all legal and regulatory obligations.

Richard Flanagan
Richard is a Chartered Surveyor with over 30 years' experience in property development, valuations and development consultancy. He currently runs his own property consultancy business and is a chair of RICS APC assessment panels, determining whether candidates are competent to practice. Richard is Chair of the Growth & Investment Committee.

Alison Hadden
Alison brings a wealth of housing experience to the Board as a former CEO of Paradigm Housing and a successful interim CEO and Executive at a number of housing associations. She is the former Chair of Stafford and Rural Housing and the Housing Plus Group successfully negotiating the merger of the two organisations. She is currently a Board Member of Peaks and Plains Housing and Civitas Social Housing REIT. Alison is a member of the Group Business Assurance Committee and the Governance & People Committee.

Leann Hearne
Leann is currently Chief Executive of Livv Housing Group (formerly First Ark Group). Having made the transition to social housing in 2008, she has held a range of senior operational and executive roles and brings a wealth of experience from the commercial, Not-for-profit and regulated sectors. Leann is also a trustee for the Shakespeare North Playhouse Trust. Leann is a member of Governance & People Committee and Group Business Assurance Committee.

Isabel Hunt
Isabel has nearly 20 years' executive level experience in service design, digital transformation and customer roles in both the public and private sectors. She is currently the executive director for innovation and insight at the National Heritage Lottery Fund and is a Board trustee of the Royal Institute for Blind People (RNIB). Isabel is a member of Growth & Investment Committee and Homes & Places Committee.

Philip Severs
Philip is a chartered accountant. He has substantial public and private sector experience and has held a number of non-executive roles throughout his career. He was formerly finance director of Sheffield Hallam University, a non-executive director of Chesterfield Royal Hospital Foundation Trust. He is strategy advisor in the educational leader recruitment sector. Philip is chair of the Group Business Assurance Committee.

Governance and compliance:

Executive team

Nick Atkin,

Chief Executive

Nick has a track record of leading organisations through transformational change, driving performance improvement, with a focus on maximising the untapped potential from businesses and people. Born and brought up in Doncaster he joined Yorkshire Housing in 2019. Since this time, he's delivered transformational change throughout the business to meet the future opportunities and challenges.

Nick has previously introduced a fully flexible/ remote working approach. He also led the move to 90% of customer led transactions to be delivered through online self-service channels. He is a keen advocate of innovation and uses digital as an enabler to drive fundamental change in how businesses operate. He is also a disruptor in the 'future of work' debate and has been paperless for 19 years. He writes regularly for Inside Housing as one of their columnists and tweets on a regular basis (@nickatkin_yh).

Cath Owston,

Executive Director Customer Experience

Cath joined Yorkshire Housing in 2018. Her thirty years in housing include working as a Customer Services Director at Rochdale Boroughwide Housing and New Charter Housing Trust Group. She was also previously transformation manager at Trafford Housing Trust. Cath is a Board member at Bolton at Home and chairs their Development Committee.

Andy Gamble,

Executive Director Growth and Assets

Andy joined Yorkshire Housing in June 2017 with responsibility for the development of new homes and the sale of shared ownership and market sale homes. He has recently taken on strategic asset management which will ensure our homes meet the Yorkshire Housing standard. Andy will also lead on our climate change response by reducing our reliance on fossil fuel and tackling fuel inequality in our existing homes. Andy has a BSc in Building Surveying and is a Member of the Chartered Institute of Housing and Royal Institution of Chartered Surveyors.

Andy has over 35 years' experience in the affordable sector working for and with public and private sector organisations. He began his career as an assistant mining surveyor with British Waterways Board, now the Canal & Rivers Trust. Andy has been a Board member of an ALMO and also a governor of Leeds College of Building and is currently the Chair of Harrogate Housing Association, a community based housing provider.

Andy Oldale,

Executive Director Finance and Governance

Andy is a finance professional with a wealth of experience in both housing and commercial sectors. Before moving to Yorkshire Housing, Andy was Corporate Services Director and Deputy CEO at Equity Housing Group where he steered Equity towards a merger with Great Places Housing Group in early 2020.

Before moving into the social housing sector, Andy had a variety of senior financial roles at The Co-operative Group in internal audit, Food and Funerals before moving into social housing in 2017. He was previously Treasurer of the Co-operative Family Credit Union for 18 years and has been an independent member of the Joseph Rowntree Audit & Risk Committee since early 2020.

Governance and compliance:

Legal and governance structure

Yorkshire Housing Limited

Incorporated under Co-operative & Community Benefit Societies No.30443R.

Charitable status (exempt charity). Registered provider of Social Housing - L4521.

Yorkshire Community Property Services Ltd

Incorporated under Companies Act 2006 No.04131362.

Dormant.

Company undertaking commercial activities for the benefit of YHL.

£1.4m ordinary shares.

Yorkshire Housing Finance plc

Incorporated under Companies Act 2006 No.09227343.

Finance vehicle for funding YHL.

£50k ordinary shares.

YH Residential Ltd

Incorporated under Companies Act 2006 No.04604866.

Company undertaking non-charitable activities (market sales and rent units) for the benefit of YHL.

£50m redeemable reference shares.

Yorkshire Transformations Holding Ltd

Incorporated under Companies Act 2006 No.05047771.

PFI Concessionaire for Yorkshire Transformations Project.

£33k ordinary shares. 33% Share.

Forge New Homes

Incorporated under LLP Act 2000 No.OC428954.

Joint Venture responsible for building new homes.

Up to £1m equity and £2m interest bearing loans. 20% Share.

Yorkshire Transformations Ltd

Incorporated under Companies Act 2006 No.4768921.

Company delivering PFI projects in Swarcliffe.

Share capital £1k ordinary shares. 100% owned by YTHL.

Group Business Assurance Committee

Growth and Investment Committee

Homes and Places Committee

Customer Voice and Review Committee

Governance and People Committee

Group Board

Subsidiary of Group Board (100% owned)

Group Share in holding company

Subsidiary of subsidiary / Holding Company

Board Committee

Governance and compliance:
Report of the Board

Governance
The Board of Yorkshire Housing Limited, as parent, has ultimate responsibility for the governance and performance of the Yorkshire Housing Group which includes its wholly owned subsidiary companies (YH Residential Limited, Yorkshire Community Property Services and Yorkshire Housing Finance plc) and its shared interest in several other legal entities.

The Board's central role is to determine strategic direction and policies, to establish and oversee control and risk management frameworks that will ensure Yorkshire Housing achieves its aims and objectives.

Board composition
During the year, the Board comprised ten members, four of whom will be formally elected by Shareholders at the 2021 Annual General Meeting

Membership of the Board comprises of 60% women and 20% members from the black and minority ethnic communities. There were no members who declared themselves disabled.

Delegation
The Board delegates its responsibility for the day-to-day management and leadership to the Chief Executive, supported by the Executive Directors team. The Board has also established four committees to oversee specific areas of the Group's work and sets the scope and responsibilities for each in approved terms of reference. There are also separate boards with oversight of YH Residential Ltd and YH Finance plc. Delegation from the Board may allow for decisions to be made or request that a committee consider and provide assurance to support the Board on decision making.

Yorkshire Housing Limited's Board / Committees and their respective responsibilities are depicted on page 39.

NHF Code of Governance
The National Housing Federation ("NHF") 2020 Code of Governance has been adopted by the Board as a formal framework to underpin its governance arrangements. This particular code of governance was selected as it is bespoke to the housing sector and it is a widely recognised example of best practice.

Compliance with this code ensures Yorkshire Housing will:

- Adhere to all relevant laws.
- Ensure that its constitutional documents are, and remain, fit for purpose. Be accountable to residents and relevant stakeholders.
- Safeguard taxpayers' interests and the reputation of the housing sector.
- Have an effective risk management and internal controls assurance framework.

The new Code of Governance was published in November 2020 and is based around the key values of – accountability, integrity, openness, and equality, diversity and inclusion. Yorkshire Housing was full compliant with the 2015 NHF Code of Governance up to the point where the new code came into effect. At this point gap analysis was carried out to assess compliance going forward with the new 2020 Code of Governance.

The Board adopted the NHF Code of Governance 2020 at a meeting in January 2021. We have done a gap analysis on areas where we need to take action to be compliant with the new code – this is being facilitated by the Governance Team. A Mid-year compliance report is going to Governance & People Committee at their next meeting in October. The aim is to be fully compliant with the new code by the end of the financial year for 2021.

Board and Committee effectiveness
The Board carried out an annual appraisal of its performance and an annual appraisal of individual Board and Committee Members. Each Board and Committee Member (excluding co-optees) is appointed for a fixed term of office of up to three years. Reappointment is possible for up to a maximum of two additional terms.

In accordance with our Code of Governance, the Board commissioned an external independent formal review of our Board and Committee effectiveness. That review made recommendations about constitutional, meetings, customer voice and housekeeping matters to improve our governance effectiveness.

An Action Plan has been put in place and is on schedule for completion. This includes new Terms of Reference for our Boards and Committees, revised Scheme of Delegation, and updates to key governance documents such as Standing Orders and Code of Conduct.

Compliance with the Governance and Financial Viability Standard
In preparing this report, the Board has followed the principles set out in Section 4 of the Housing SORP 2018 'Statement of Recommended Practice for Social Housing Providers' and 'The Accounting Direction for Private Registered Providers of Social Housing 2019 published by the Regulator of Social Housing (RSH).

The Board has undertaken an assessment of its compliance with the RSH's Governance & Financial Viability Standard and is satisfied that YH fully complies. In the financial year ended 31st March 2021 Yorkshire Housing has had its G1 rating reinstated by the regulator, reflecting the hard work and dedication to the improvement plan set out in the last financial year.

Report of the Board

Compliance with the Governance and Financial Viability Standard

There were instances during the year where Yorkshire Housing has been unable to carry out a small proportion of health and safety activity (including gas safety checks and fire risk assessments) because of access issues related to COVID-19. These were not at levels requiring self-reporting to the Regulator and at the 31st July 2021 had returned to a normal position.

Employees

Employees are at the heart of the group's ability to provide high quality services to its customers. Our People and Culture Strategy sets out the actions we are taking to create a positive experience for our colleagues, invest in skills and professional development and create opportunities for career growth. The group invests a significant sum in the training and development of its employees and encourages all employees to reach their potential.

A colleagues forum exists where colleague representatives meet with directors to discuss relevant topics and raise issues of concern. During the last year, this group has met quarterly, focusing on colleague restructures, the colleague survey action plan and HR policies. In addition, all colleagues are invited to monthly open Q&A sessions with our Chief Executive and senior team.

The organisation has conducted an annual colleague survey every year since 2009. We use this to understand what our colleagues need and where we can improve. We analyse our performance and put actions into place across the organisation and in local departments. In addition, we carry out regular 'pulse' surveys and focus groups with colleagues to give everyone a voice on important issues like how we work, diversity and inclusion and wellbeing. We listen to what our people say, and use this feedback to inform our plans.

Health and safety

The group takes the health and safety of its customers, employees and other people seriously. The Board has approved a health and safety policy that sets out how the group provides and maintains appropriate working conditions, equipment and systems of work for all employees. It recognises the group's responsibilities and those of employees to co-operate by always working safely and adhering to the procedures set down.

The upcoming major changes to the building and fire safety regulatory system and on-going requirement to maintain stock to the decent homes standard, means that there is a greater focus on safety and improvement now and in the future. We are consciously catching up with the improvement programme which was postponed during lockdown.

Key risk areas have been identified and have action plans in place to ensure compliance and best practice. A new health, safety and compliance service area has now been established and brought under the leadership of the Finance and Governance Directorate, recognizing the importance and business imperative for health, safety and compliance.

Key health and safety activities carried out in the year include:

- Follow up big six audit from original audit done in 2019 which covered, asbestos, legionella, fire, lifts, electrical and gas compliance which provided assurance around YH compliance.
- Continued significant involvement in the response to Coronavirus through a comprehensive suite of risk assessments and ensuring colleagues and customers are kept safe. This includes coordinating and distributing Personal Protective Equipment (PPE) for colleagues.
- In response to new working arrangement for colleagues we have overseen and put in place a homeworking Display Screen Equipment (DSE) offer to ensure colleague wellbeing whilst working from home.
- As part of our legionella monitoring YH have introduced a remote monitoring system for hot water temperature which enhances our ability to keep customers and colleagues safe.
- Risk assessments and surveys are in place for all communal areas for fire, asbestos and legionella with robust arrangement for delivering any required actions.
- 2020 saw the introduction of an enhanced online reporting system of accidents and near misses to ensure YH learn from these and make any necessary improvements.
- A significant project on loneworking and the use of lone working devices for colleagues was started at the end of the financial year.

Managers are responsible for the health and safety of their teams and for providing a safe environment for customers and the public. There is a strong focus on training our colleagues, including health and safety plans for all roles and mandatory e-learning modules for all staff to complete. This has become a much greater focus in the last year following the impact of the pandemic on our daily lives and ways of working.

The joint health and safety consultation group provides a forum where staff can review and approve policies and challenge any health or safety matters. This group is also working pro-actively to support and deliver our Wellbeing Strategy which aims to improve healthy living and reduce stress.

Governance and compliance:

Report of the Board

Health and safety

In response to the COVID-19 pandemic several procedures were changed to safeguard our customers and colleagues. This included reducing face-to-face interactions, not entering customers' homes where they were isolating, putting social distancing measures in place and also providing PPE where it was appropriate to do so.

We have implemented further measures to ensure the safety of our customers which includes welfare calls to all customers, risk assessments being carried out for additional activities where required, and clear communications with customers for protocol where emergency repairs and compliance safety checks are required and have been deemed safe to be carried out.

Safety measures remain in place to ensure we are compliant with the government's roadmap out of the pandemic and these will continue until a point where they are no longer needed.

Modern Slavery Act 2015

Yorkshire Housing has produced a Slavery and Human Trafficking Statement which can be accessed via Yorkshire Housing's website.

Gender Pay Gap Act 2010

Yorkshire Housing has produced a Gender Pay Gap Report which can be accessed via Yorkshire Housing's website.

Equality and diversity

Yorkshire Housing is committed to promoting equality of opportunity and creating a working environment that is inclusive and free from discrimination or harassment. This policy confirms our commitment to equality diversity and inclusion in employment and service delivery.

We value diversity and recognise the benefits of employing a diverse workforce. As an employer and through our work in providing homes and services, we will help ensure fair treatment for all members of the community regardless of race, ethnic origin, nationality, gender, disability, religion, marital status, maternity, sexuality or sexual orientation, or age.

Under the Equality Act 2010 we have a responsibility as a social housing provider to promote equality of opportunity. The Act makes discrimination unlawful in relation to the nine protected characteristics.

Yorkshire Housing aims to be open, inclusive and diverse. These principles guide our work. We believe everyone has a right to be treated with dignity, fairness and respect, and we:

- Value the diversity and talents of all individuals.
- Support and empower people to succeed in our organisation.
- Create a diverse workforce and inclusive workplace.
- Understand the diverse needs of our customers.
- Promote equality of opportunity in employment and services.
- Deliver appropriate, flexible and accessible services.
- Challenge prejudice discrimination and harassment.
- Promote equality diversity and inclusion with our customers, partners, stakeholders and supply chain.

We are committed to creating a positive and inclusive culture with a well-trained workforce. To help achieve a diverse workforce we monitor recruitment and progression against protected characteristics.

10%

BAME colleagues

Equality and diversity is included in training for all colleagues and Board Members and specific training is provided appropriate to roles. The Director of People is responsible for equality and diversity training.

We consider measures for example:

- Ensuring fair representation of minority communities in the workforce and governance structure.
- Setting targets for recruitment of under-represented groups, such as women in trade roles.
- As a disability confident employer support recruitment of people with disabilities.
- Use apprenticeships and other training opportunities to encourage applications from underrepresented groups.

Yorkshire Housing ethnicity make up (at 31 March 2021) was BAME 10%. Our gender split was 53.02% male and 46.54% female. Our Diversity and Inclusion Strategy is approved by the Board and sets out the actions we are taking and the targets we commit to over the next 5 years. The equality, diversity and inclusion policy is approved by the Board of Yorkshire Housing who, together with the Chief Executive, have overall responsibility for policy and compliance with equality legislation and regulation.

The Executive is responsible for implementation and monitoring of performance. The Colleague Forum is consulted on policy and practice.

Governance and compliance:

Report of the Board

Statement of the responsibilities of the Board for the report and financial statements

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

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (GAAP), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under the Co-operative and Community Benefit Society legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the association and group for that period

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of compliance

A key element of the Regulator for Social Housing's (RSH's) Governance and Financial Viability Standard is the requirement to comply with all relevant laws. Consequently, the Board has taken reasonable steps to seek necessary assurance and confirms that the group has complied with all relevant laws.

In the financial year ended 31st March 2021 Yorkshire Housing has had its G1 governance rating reinstated by the regulator, reflecting the hard work and dedication to the improvement plan set out in the last financial year. We remain compliant as a V2 in terms of financial viability which reflects our Board's appetite to build new affordable homes.

The Board confirms that the group complies with the requirements of the RSH Governance and Financial Viability Standard.

£4,336

Donations made

(2020: £2,553)

Donations

During the year, the group made charitable donations amounting to £4,336 (2021: £2,553).

Statement of disclosure to auditors

So far as each member of the Board is aware, there is no relevant audit information of which the group's auditors are unaware and each member has taken all the steps that he/she ought to have taken as a member in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board

Andrew Oldale
Company Secretary
16 September 2021

Yorkshire Housing Limited
Co-operative and Community Benefit Societies Act 2014
(registered number 30443R)

Independent auditor's report to the:

Members of Yorkshire Housing Limited

Opinion

We have audited the financial statements of Yorkshire Housing Limited (the 'parent association') and its subsidiaries (the 'group') for the year ended 31 March 2021, which comprise the Group and Association statement of comprehensive income, the Group and Association statement of changes in reserves, the Group and Association statement of financial position, the Group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent association's affairs as at 31 March 2021 and of the group's and parent association's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report.

We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent association's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or parent society to cease to continue as a going concern.

In our evaluation of the Board's conclusions, we considered the inherent risks associated with the group's and parent society's business model including effects arising from macro-economic uncertainties such as Brexit and COVID-19, we assessed and challenged the reasonableness of estimates made by the Board and the related disclosures and analysed how those risks might affect the Board's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent society'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.

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

The responsibilities of the Board with respect to going concern are described in the 'Responsibilities of Board for the financial statements' section of this report.

Other information

The Board is 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 and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

Independent auditor's report to the:

Members of Yorkshire Housing Limited

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 the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

Responsibilities of the Board for the financial statements

As explained more fully in the Statement of Board's Responsibilities (set out on page 43), the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Board is responsible for assessing the group's and parent society'sability 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 parent society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and association, and the sector in which it operates. We determined that the following laws and regulations were most significant; financial reporting legislation (Housing SORP 2018, United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102, the Accounting Direction for Private Registered Providers of Social Housing 2019), the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the NHF Code of Governance 2015. The engagement team remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

- We understood how the group and association is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of Board minutes and papers provided to the Group Business and Assurance Committee, and through our legal and professional expenses review.

- To assess the potential risks of material misstatement, we obtained an understanding of:
  - The group and association's operations, including the nature of its revenue sources, expected financial statements disclosures and business risks that may result in a risk of material misstatement; and
  - The group and association's control environment including the adequacy of procedures for authorisation of transactions.

Independent auditor's report to the:
Members of Yorkshire Housing Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

- We assessed the susceptibility of the group and association's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - Evaluating the processes and controls established to address the risks related to irregularities and fraud;
  - Testing journal entries, in particular journal entries relating to management estimates and journals entries deemed to relate to unusual transactions;
  - Challenging assumptions and judgements made by management in its significant accounting estimates;
  - Identifying and testing related party transactions; and
  - Completion of audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.

- The audit engagement team's communication in respect of potential non-compliance with laws and regulations and fraud including the potential for management override of controls.

- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the client operates, and its practical experience through training and participation with audit engagements of a similar nature.

- From the procedures performed we did not identify any material matters relating to non-compliance with laws and regulation or matters in relation to fraud.

Use of our report

This report is made solely to the society's members, as a body, in accordance with regulations made under Sections 87 and 98(7) of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
17 September 2021

"In our opinion, the financial statements: give a true and fair view of the state of the group's and parent association's affairs as at 31 March 2021 and of the group's and parent association's income and expenditure for the year then ended."

We'll create an inspirational workplace and culture...

Financial statements 2020-21:
Consolidated financial statements

Group statement of comprehensive income

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Turnover	3	141,699		115,693	
Operating costs	3	(112,295)		(90,644)	
Other income	3	3,131		480	
Gain on disposal of fixed assets	6	2,232		1,477	
Operating surplus			**34,767**		**27,006**
Interest receivable and dividends	7		235		889
Interest and financing costs	8		(18,438)		(17,625)
Surplus before taxation			**16,564**		**10,270**
Taxation	11		-		(1)
Deferred tax	11		(608)		(115)
Surplus for the year			**15,956**		**10,154**
Other comprehensive income					
Actuarial (loss)/gain in respect of pension schemes	32		(7, 275)		7,006
Total comprehensive income for the year			**8,681**		**17,160**

The consolidated results relate wholly to continuing activities. The accompanying notes form part of these financial statements. The financial statements were authorised and approved by the Board on 15 September 2021.

Will Lifford
Board Member

Philip Severs
Board Member

Andrew Oldale
Company Secretary

Date of approval: 15 September 2021
Yorkshire Housing Limited - Co-operative and Community Benefit Societies Act 2014 (registered number 30443R)

Financial statements 2020-21:

Consolidated financial statements

Association statement of comprehensive income

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Turnover	3	106,445		106,554	
Operating costs	3	(84,333)		(84,356)	
Other income	3	2,503		4,198	
Gain on disposal of fixed assets	6	2,232		1,477	
Operating surplus			**26,847**		**27,873**
Interest receivable and dividends	7		235		887
Interest and financing costs	8		(18,109)		(17,342)
Surplus before taxation			**8,973**		**11,418**
Taxation	11		-		-
Surplus for the year			**8,973**		**11,418**
Other comprehensive income					
Actuarial (loss)/gain in respect of pension schemes	32		(7,275)		7,006
Total comprehensive income for the year			**1,698**		**18,424**

The association's results relate wholly to continuing activities. The accompanying notes form part of these financial statements.
The financial statements were authorised and approved by the Board on 15 September 2021.

Will Lifford
Board Member

Philip Severs
Board Member

Andrew Oldale
Company Secretary

Date of approval: 15 September 2021

Yorkshire Housing Limited - Co-operative and Community Benefit Societies Act 2014 (registered number 30443R)

Financial statements 2020-21:

Consolidated financial statements

Group statement of changes in reserves

	Income and expenditure reserve	Restricted reserve	Revaluation reserve	Total reserves
	£'000	£'000	£'000	£'000
Balance at 1 April 2019	188,338	16	28,490	216,844
Surplus for the year	10,154	-	-	10,154
Actuarial gains on defined benefit pension scheme	7,006	-	-	7,006
Transfer on asset sale	-	-	(14)	(14)
Balance at 31 March 2020	**205,498**	**16**	**28,476**	**233,990**
Surplus for the year	15,956	-	-	15,956
Actuarial losses on defined benefit pension scheme	(7,275)	-	-	(7,275)
Balance at 31 March 2021	**214,179**	**16**	**28,476**	**242,671**

The accompanying notes form part of these financial statements.

Association statement of changes in reserves

	Income and expenditure reserve	Restricted reserve	Revaluation reserve	Total reserves
	£'000	£'000	£'000	£'000
Balance at 1 April 2019	178,747	16	28,490	207,253
Surplus for the year	11,418	-	-	11,418
Actuarial gains on defined benefit pension scheme	7,006	-	-	7,006
Transfer on asset sale	-	-	(14)	(14)
Balance at 31 March 2020	**197,171**	**16**	**28,476**	**225,663**
Surplus for the year	8,973	-	-	8,973
Actuarial losses on defined benefit pension scheme	(7,275)	-	-	(7,275)
Balance at 31 March 2021	**198,869**	**16**	**28,476**	**227,361**

The accompanying notes form part of these financial statements.

Financial statements 2020-21:

Consolidated financial statements

Group and association statements of financial position at 31 March 2021

		Group		Association	
	Note	2021 £'000	2020 Restated £'000	2021 £'000	2020 Restated £'000
Fixed Assets					
Intangible fixed assets	12	11,826	5,246	11,826	5,246
Tangible fixed assets – housing properties	13	970,121	918,976	970,454	918,976
Other tangible fixed assets	14	6,407	6,833	6,404	6,828
Investment properties	15	35,281	30,704	3,864	3,896
Homebuy loans receivable	19	1,244	1,367	1,244	1,367
Investments	18	500	-	51,453	51,453
		1,025,379	963,126	1,045,245	987,766
Current assets					
Properties held for sale	16	58,190	53,604	20,615	11,994
Trade and other debtors	17	12,478	12,263	15,766	17,985
Cash and cash equivalents	18	74,963	111,156	66,484	110,754
		145,631	177,023	102,865	140,733
Creditors: amounts falling due within one year	20	(40,129)	(38,883)	(36,303)	(35,527)
Net current assets		105,502	138,140	66,562	105,206
Total assets less current liabilities		1,130,881	1,101,266	1,111,807	1,092,972
Creditors: amounts falling due after more than one year	21	(876,000)	(861,740)	(873,244)	(862,173)
Provisions for liabilities					
Deferred tax provision	28	(1,008)	(400)	-	-
Pension liability	32	(11,202)	(5,136)	(11,202)	(5,136)
Total net assets		**242,671**	**233,990**	**227,361**	**225,663**
Reserves					
Income and expenditure reserve		214,179	205,498	198,869	197,171
Revaluation reserve		28,476	28,476	28,476	28,476
Restricted reserve		16	16	16	16
Total reserves		**242,671**	**233,990**	**227,361**	**225,663**

The accompanying notes form part of these financial statements.
The financial statements were approved by the Board on 15 September 2021

Will Lifford
Board Member

Philip Severs
Board Member

Andrew Oldale
Company Secretary

Date of approval: 15 September 2021
Yorkshire Housing Limited - Co-operative and Community Benefit Societies Act 2014 (registered number 30443R)

Consolidated financial statements

Group cash flow statement

	2021 £'000	2020 £'000
Net cash generated from operating activities (note 27)	38,948	21,572
Cash flow from investing activities		
Purchase of fixed assets - intangibles	(7,736)	(5,246)
Purchase of housing properties	(68,197)	(87,614)
Purchase of other fixed assets	(350)	(983)
Purchase of investment properties	(1,403)	(903)
Proceeds from sale of fixed assets	6,054	5,791
Grants received	15,790	14,452
Interest received	173	616
Interest and dividends from joint venture	62	272
Net cash used in investing activities	(55,607)	(73,615)
Cash flow from financing activities		
Interest paid	(22,133)	(20,299)
Bank loan drawn down	20,790	135,599
Repayments of borrowings	(18,191)	(3,001)
Net cash used in financing activities	(19,534)	112,299
Net change in cash and cash equivalents	**(36,193)**	**60,256**
Cash and cash equivalents at beginning of the year	111,156	50,900
Cash and cash equivalents at end of the year	74,963	111,156
Net change in cash and cash equivalents	**(36,193)**	**60,256**
Cash and cash equivalents		
Cash deposits	61,295	106,817
Cash at bank	13,668	4,339
Cash and cash equivalents as at 31 March	**74,963**	**111,156**

Financial statements 2020-21:

Notes to the financial statements

1. Legal status

Yorkshire Housing Limited was incorporated on 1 April 2008 and is registered in England and Wales under the Co-operative and Community Benefit Societies Act 2014 (registered number 30443R). The Company is a registered social housing provider (Homes England registration L4521) and a public benefit entity. The registered office is Dysons Chambers, 12-14 Briggate, Leeds, England, LS1 6ER.

The companies, Yorkshire Housing Limited and its subsidiaries, are referred to as "the group". Within the group there are two limited companies, a public limited company and two joint ventures. None of the subsidiaries are registered social housing providers. The principal activity of the group is the provision of social housing and housing management.

YH Residential Limited is a company limited by shares, registered with Companies House under the Companies Act 2006. The principal activity of the company is the provision of market rented properties and property management. The registered address is the same as parent company.

Yorkshire Community Property Services Limited is registered with Companies House under the Companies Act 2006. The Company is a non-trading company. The registered address is the same as parent company.

Yorkshire Housing Finance plc is registered with Companies House under the Companies Act 2006 and has listed debt on the London Stock Exchange. The principal activity of the company is to provide long term funding to the group. The registered address is the same as parent company.

Yorkshire Housing Limited owns a 33% share of Yorkshire Transformations Holdings Limited ("YTHL"). YTHL owns 100% of its subsidiary Yorkshire Transformations Limited ("YTL") which manages the maintenance and refurbishment of homes on the Swarcliffe estate for Leeds City Council under a private finance initiative ("PFI").

YH Residential Limited owns a 20% share of Forge New Homes LLP ("FNH LLP") which provides housing in the Sheffield city region.

Principal accounting policies

Basis of accounting

The consolidated financial statements of the Group and Association are prepared in accordance and are fully compliant with UK Generally Accepted Accounting Practice including Financial Reporting Standard 102 (FRS102) and the Housing Statement of Recommended Practice 2018 (SORP 2018) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The Public Benefit Entity sections of FRS102 have been applied. The financial statements are presented in sterling (£), which is also the functional currency.

The association has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by the FRS 102:

- The requirements of Section 7 to present a statement of cash flows and related notes.
- The requirement to present financial instrument disclosures.

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the financial statements of the group and all constituent subsidiaries.

Going concern

A 30 year business plan has been prepared and presented to Board which reflects the ambitions of the group but also includes multi variant stress testing to ensure the Group could continue to trade and remain compliant with covenants through potential downturns in the economy or crisis. The period to 31 March 2023 of the business plan forms the basis of our going concern assessment.

Extensive multi variant stress testing has been carried out to model the impact of any economic downturn including any global financial crisis and the ongoing COVID-19 pandemic. Whilst any such downturn would limit the growth included within our business strategy it highlights the Groups ability to continue trading through severe adverse conditions.

Impacts mapped out in the stress testing include a delay to sales activity, inflationary pressures as a result of labour and material shortages, increases in bad debts as customers find their income reduced and a potential cap on rental income increases. Mitigations of this scenario would require revenue / capital spend reductions however, whilst limiting the growth of YHL, it would allow the Group to continue trading.

YH is in a position where it has identified key risks to the business and has mitigations which can be utilised and put in place if required. The business plan proposed shows a viable plan for the Group and YHR to continue to meet the YH Strategic goals for the next 30 years. The proposed plan and stress testing shows that the Group can mitigate all 3 multi variant tests modelled and would be able to continue trading through adverse condition and meet all funders covenants.

Notes to the financial statements

Going concern

Implementation of mitigations would limit YHL's ability to meet all strategic goals within set time scales, however it would not present a Going Concern risk for the Group or YHR. In more extreme scenarios the level of mitigations required could necessitate significant structural changes to how the group operates. The Board have agreed trigger metrics for implementing mitigations and a clear prioritisation of mitigation measures.

The Group has sufficient liquidity, through cash reserves and unused credit facilities, to meet all liabilities for a period of 23 months after the Balance Sheet date. The Group is going through a refinancing exercise during 2021/22. This has not been factored into the above plan but will provide additional liquidity and head room on interest cover.

On this basis the Board has reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. Therefore, management believes it is appropriate to adopt the going concern basis for presenting the financial statements for the year ended 31 March 2021. The Group is in a strong position to continue to meet its debt servicing requirements and adhere to the loan covenants set out.

Basis of consolidation

The group consolidated financial statements include the results of Yorkshire Housing Limited's subsidiary companies Y H Residential Limited, Yorkshire Community Property Services Limited and YH Finance Plc plus a 33% share of Yorkshire Transformations Holdings Limited and a 20% share of Forge New Homes LLP both of which are joint ventures.

Details of the subsidiary undertakings are included in note 18 to the financial statements. All intragroup transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Investments in subsidiaries are accounted for at cost less impairment in the relevant company's financial statements.

Accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts where required or appropriate and other factors.

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:

a) Classification and identification of investment properties

The group has reviewed the classification of properties owned and where properties do not meet the criteria for social benefit these have been identified, classed as investment properties and valued at fair value. The group has determined that properties are for social benefit unless they are market rented, market sale, commercial properties including garages, which are investment properties. Judgement has been exercised in identifying these properties as investment properties.

The group has classified all properties as either held for social benefit or for investment purposes. Where properties meet the required criteria these are classed as investment properties and are held at fair value. Valued properties totalled £35.2m at 31 March 2021.

b) Judgements involved in making an assessment of impairment

As part of the group's continuous review of the sustainability of its properties, homes or schemes are assessed for impairment indicators. Long term voids, stock disposals, non-housing properties, properties held for sale including shared ownership properties and work in progress are all reviewed for signs of impairment. Where indicators are identified an assessment for impairment is undertaken comparing the asset's carrying amount to the recoverable amount and any impairment losses are charged to the statement of comprehensive income.

For the impairment indicator assessment review the following considerations have been made:

- Considered the extent to which a change in the current rent has materially impacted on the net income.
- Where there is a change in demand for properties that is considered to be irreversible i.e. increase in voids, exceeding budgeted levels which is not anticipated to change unless additional expenditure.
- Where there has been a material reduction in the value of properties where assets are intended or expected to be sold.
- Considered if there is obsolescence of properties or part of a property – i.e. regeneration of properties where they demolish and rebuild.
- Impact of COVID-19 on property valuations.

For each of these a judgement has been applied.

Notes to the financial statements

The COVID-19 pandemic has not in itself triggered a review of impairment across YH's housing stock. We have experienced an increase in the length of voids due to restricting access to properties to do works however we do not anticipate this to have a long-term impact and these properties will be re-let as soon as works are complete. There is no impairment indicator in respect of this. In addition, post year end we are continuing to sell properties and maintain margins on these sales.

Other assets are also reviewed for impairment if there is an indication that impairment may have occurred. There have been no impairment indicators identified (2020: £126K.)

c) Assessment of Joint Venture for consolidation

Management have considered the requirements under FRS 102 for the accounting treatment of joint ventures. Where joint ventures are making losses and these losses are in excess of the investment value the entity must stop recognising the investment once it has been reduced to zero. YTL's losses are in excess of the investment value after accounting for its cashflow hedge. The cashflow hedge is used to manage the interest rate risk of the company and is therefore linked to the operations of the Company. Over time it is expected the hedge will unwind and the joint venture will move into surplus.

For loans to joint ventures the Group has reviewed future projections for joint ventures to assess the likely recoverability of loans at the balance sheet date, this has required managements judgement regarding the recoverability of these loans. In addition the loss making position of the joint venture has resulted in it not being consolidated and these losses are taken in other comprehensive income.

d) Classification of loans

The group has a number of bank loans and a bond, all of which have been classified as basic financial instruments under the definition given in section 11 of FRS 102. The assessment of certain loans and interest rate fixes as basic financial instruments requires judgement. Certain loans have two way break clauses which are applicable where the loan is repaid early and could result in a break cost or a break gain.

Management have considered the terms of its loan agreements and concluded that they do meet the definition of a basic financial instrument and therefore are held at amortised cost. Judgements have been applied when assessing the classification of these loans as basic instruments.

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.

a) Useful lives of depreciable assets

Useful economic lives are reviewed by management at each reporting date based on the expected lives of the assets. Accumulated depreciation totalled £185.6m at 31 March 2021. The carrying amount of housing properties was £970.1m at the year ended 31 March 2021.

b) Capitalisation of development costs

The group capitalises development expenditure (allocating development costs to individual components upon completion) in accordance with the new build housing property accounting policy, this requires judgement on the period of time that interest can be capitalised against the build, deciding the point at which the build is complete with any future costs being written off and the value of staff time and overheads to be capitalised as part of the development.

Development costs of £1,145k and interest of £3,869k were capitalised in the year ended 31 March 2021.

c) Intangible assets

The group also capitalises software assets created. The Group capitalises software assets created whether purchased or internally generated where the costs are directly attributable and necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. There is some estimation involved in this and in particular how people costs are allocated for individuals involved in more than one aspect of projects.

People costs are allocated based on the nature of the role performed. Where there are capitalisable and non-capitalisable elements, a time sheet system has been used to allocate costs. The amount capitalised in the year was £11,826k (2020: £5,246k). Amortisation is charged in the first month following the implementation of any software.

Notes to the financial statements

d) Fair value measurement

Management uses valuation techniques to determine the fair value of assets which include commercial properties, investment properties and fixed asset investments. This involves developing estimates and assumptions consistent with how market participants would price the asset. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the latest information available. The annual valuation for investment properties is carried out by independent professional advisors, qualified by the Royal Institution of Chartered Surveyors to undertake valuations, using a market value short term tenancy basis of valuation. The increase in fair value in the year was £3,174k (2020: £497k) with an estimated discount rate of 6.5% used.

e) Pension costs

Estimates of the defined benefit obligation is determined using a number of actuarial valuations using underlying assumptions. These include discount rates, rates of inflation, future salaries and mortality rates. Variations in these assumptions may significantly impact the liability and the annual defined benefit expenses. An obligation of £11.2m was recognised at 31 March 2021 (2020: £5.1m). Key areas of estimation uncertainty are the discount rate applied in the calculations, the inflation rate used, and the average life expectancy

Segmental reporting

Due to the Group having listed debt on the London Stock Exchange, it must apply International Financial Reporting Standard 8 – Operating Segments (IFRS 8). Segmental reporting is reporting in the Group and Association's financial statements in respect of the Group's business segments, which are the primary basis of segmental reporting.

The business segmental reporting reflects the Group's management and internal reporting structure. Segmental results include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. Segmental reporting is presented in note 2 to the financial statements. As the Group has no activities outside of the UK, segmental reporting is not required by geographical region. The chief operating decision makers (CODM) have been identified as the Executive Management Team and the Board. The CODM review the Group's internal reporting to assess performance and allocate resources.

Management has determined the operating segments as housing services, development sales, asset sales and other. Housing services represents housing for social purposes and non-social housing lettings. Development sales includes 1st tranche, open market sales and sales & marketing costs. Other includes all other central costs incurred for example ICT, finance and corporate services. The Group do not provide a measure of total assets and liabilities to the chief operating decision maker, therefore have not been disclosed as part of the operating segment analysis.

Turnover and revenue recognition

The main source of revenue is rental and service charge income from lettings. Revenue is also generated from the sale of properties on the open market or through shared ownership. Other services included in turnover are contractual fees received in respect of private finance initiatives (PFIs), supporting people income, income from other support services, help to buy initiatives, home improvement agency fees, amortised government grants, sale of properties built or acquired for disposal, and other non-lettings income.

Revenue is recorded in respect of actual activity undertaken within each category. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred. Where activity has been delivered but the income has not been received in the financial year that income is included in turnover.

Rental income is recognised from the point when properties under development reach practical completion and are tenanted. Income from first tranche sales and sales of properties built for sale is recognised at the point when contracts are completed. Rental and service charge income is recognised on a straight line basis, in accordance with the terms of the tenancy agreement, on an accrual basis. Revenue grants are recognised when the conditions for receipt of agreed grant funding have been met. Revenue arising from the sale of property is recognised on legal completion. Revenue from contracts for support services is recognised in line with the contractual terms when the services are rendered. Revenue from shared ownership sales is recognised on the legal completion of the first tranche disposal.

If there is no requirement to recycle or repay the Government grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as turnover in the statement of comprehensive income. Third party contract revenue is recognised when the joint works are complete in line with the contract stipulations. The rechargeable repairs, lifecycle works and related income from the PFI is treated on the basis YH is a principal in the transaction.

Supported housing

Income and expenditure on housing accommodation is allocated on the basis of the number of units for each type of accommodation, except for staffing and running costs for which the level of expenditure is directly attributable.

Notes to the financial statements

Fixed assets and depreciation

a) New build

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale. The group's policy is to capitalise the costs associated with acquiring land and building, indirect costs directly attributable to the new build, interest costs and development expenditure including direct development staff cost.

b) Housing properties

Housing properties are stated at cost less accumulated depreciation. Properties acquired through merger, where they were previously stated at existing use value – Social Housing are stated at deemed cost on transfer to Yorkshire Housing Limited. The valuation at the merger date has been adopted as the deemed cost of acquisition of the properties. No depreciation is charged on land or for properties in the course of construction.

Where a housing property comprises two or more major components with substantially different useful economic lives ("UEL"s), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement of components is capitalised as incurred.

Existing schemes at the time of adoption had component values allocated based on a matrix produced by Savills. This was created to be used nationally by all housing associations. New schemes built by Yorkshire Housing since adoption have costs allocated using a local matrix produced by a third party which is reviewed and revised every five years based on construction costs.

Depreciation is charged by component from the date of acquisition until the date of disposal on a straight line basis over the UEL of the component. Useful economic lives for identified components are as follows:

Housing properties	Years
Heating	13
Kitchen	20
Solar panels	25
Bathroom	25
Windows	25
Roof	50
Structure	75
Freehold land is not depreciated	

c) Other tangible fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is charged by component from the date of acquisition until the date of disposal on a straight line basis over the UEL of the component. No depreciation is charged on land. Leased office premises are depreciated over the term of the lease.

Useful economic lives for other fixed assets are as follows:

Other fixed assets	Years
Motor vehicles – residual value £2k	5
Computer equipment	5
Computer data room	10
Fixtures and fittings	10
Freehold office and shops	60

d) Impairment

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

Annually housing properties are assessed for impairment indicators. This is done at property level by reviewing empty properties and long term voids. Where indicators are identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount, this is likely to be the value in use of the asset based on its service potential. The resulting impairment loss is recognised in the statement of comprehensive income under operating cost (note 3). Where an asset is currently deemed not be providing service potential to the association, its recoverable amount is its fair value less costs to sell.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and is included in surplus or deficit in the statement of comprehensive income.

e) Capitalisation of interest

Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development it represents.

Notes to the financial statements

f) Capitalisation of development costs
Costs directly attributable to bringing the asset to its working condition up to the date of completion are capitalised. Development labour and travel costs are allocated on the basis of property additions in the financial year including properties held in stock and work in progress but excluding capitalised major repairs. Development costs not capitalised are shown as other expenditure in note 3.

g) Capitalisation of maintenance costs
Any expenditure on an existing property that meets one of the following circumstances is capitalised into one of the housing property components:

- Replacement or restoration of a component of the property that has been previously treated separately for depreciation purposes and has been depreciated over its individual useful economic life.
- The economic benefits of the property have been enhanced in excess of the previously assessed standard of performance.

Any expenditure on an existing property that does not replace a component or result in an enhancement of the economic benefits of that property is charged to the Statement of Comprehensive Income.

Intangible assets
Intangible fixed assets are stated at cost less accumulated depreciation. The Group capitalises software assets created whether purchased or internally generated where the costs are directly attributable and necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the criteria as follows is met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and the expenditure attributable to the software during its development can be reliably measured.

Amortisation is charged over the useful economic life of the software, which is assumed to be no greater than 5 years. Amortisation is commenced in the first month following the implementation of any software.

Government grants
Government grants include grants receivable from the Homes England (previously the Homes and Communities Agency), local authorities, and other government organisations.

Government grants received for housing properties are recognised in income over the UEL of the housing property structure and where applicable its individual components (excluding land) under the accruals model, in the case of new build this will be when the properties are completed.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with Homes England. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a recycled capital grant fund and included in the statement of financial position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as turnover in the statement of comprehensive income.

Investment properties
Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end. Properties let at a commercial rent are carried at fair value. The valuation is carried out by an independent professional advisor qualified by the Royal Institution of Chartered Surveyors to undertake valuations. The basis of valuation is market value subject to tenancy. The properties are held as investment properties and are not subject to depreciation but re-valued annually. Any gains or losses are recognised in the statement of comprehensive income.

Financial statements 2020-21:
Notes to the financial statements

Properties held for sale
Shared ownership first tranche sales, and property under construction and completed properties for outright sale are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour, direct development overheads and borrowing costs. Net realisable value is based on estimated sales prices after allowing for all further costs of completion and disposal. All properties are held within current assets, under properties held for sale and stock.

Sale of tangible fixed assets
The surplus or deficit recognised on disposal of property assets that are deemed to be in the normal course of business will be included in operating activities and shown within operating surplus. These will include planned individual property sales, right to buy, right to acquire and stock rationalisation.

Where disposals are non-routine and outside the remit of normal business these will be treated as non-operating and any surplus/deficit will be disclosed below the operating surplus line.

Investments
Investments in group companies are held at cost less impairment.

Current assets investments
Current asset investments are available at short notice. They include monies held on deposit which are readily available or withdrawn without penalty.

Debtors and creditors
Short term debtors and creditors are measured at transaction values. Debtors are shown less any impairment. Where deferral of payment terms has been agreed below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

The debt service reserve has been reclassified this year as a debtor due after one year (previously cash) to better reflect the underlying nature of the balance. The debt service reserve is measured at fair value.

Homebuy
Homebuy loans are treated as concessionary loans and are recognised at the amount paid to the purchaser.

No interest is accrued and any impairment loss is recognised in the statement of comprehensive income. The associated Homebuy grant is recognised as deferred loan until the loan is redeemed.

Leasing
When entering into a lease which requires taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a “finance lease”. The asset is recorded on the statement of financial position as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors.

Rentals payable are apportioned between the finance element, which is charged to the statement of comprehensive income, and the capital element which reduces the outstanding obligation for future instalments. All other leases are classified as operating leases.

The rentals paid under an operating lease which is defined as any lease which is not a finance lease, are charged to the statement of comprehensive income on a straight line basis over the term of the lease. There are no finance leases as at 31st March 2021.

Operating lease income is recognised in turnover on a receivable basis over the lease term. This includes rental income from the Group/Association’s portfolio of social and non-social housing properties and income from the sublet of office properties, including investment properties.

Joint ventures
The Group’s interest in joint ventures are jointly controlled entities and the investment is accounted for using the equity method under FRS 102. The joint ventures are carried within the Group’s financial statements at the Group’s share of its net assets/liabilities and the Group recognises its share of the profits for the period. Both joint ventures have different accounting periods to the Group and this is considered at the reporting date as to the results that are incorporated.

Management deem that unless the difference is material then the year end results and position for the joint venture, at 31 December and 30 September respectively for the joint ventures, are used in the consolidation and/or investment value.

FRS 102 states that where a joint venture is making losses that are in excess of the investment value, the entity must stop recognising the investment once it has been reduced to zero. Management have taken this position to include other comprehensive income. The joint venture is currently in a net liability and generating losses including other comprehensive income as a result of a cashflow hedge held within the joint venture to receive fixed interest rates against a variable rate loan.

Notes to the financial statements

Restricted reserve

Yorkshire Housing Limited maintains a restricted reserve for specific amounts donated to a hardship fund.

Revaluation reserve

The difference on transition between the organisation assets that have been revalued and the historical cost carrying value is credited or debited to the revaluation reserve. The reserve is only applicable to housing assets held at deemed cost.

Agency managed schemes

In addition to its own directly managed schemes, Yorkshire Housing Limited owns a number of schemes that are run by outside agencies.

Where Yorkshire Housing Limited carries the financial risk, all of the scheme's income and expenditure is included in the Statement of Comprehensive Income. Where the agency carries the financial risk, only the turnover and costs which relate solely to Yorkshire Housing Limited is included. Other turnover and costs of schemes in this category are excluded from the statement of comprehensive income.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date.

A deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable surpluses against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax relating to investment property that is measured at fair value is measured using the tax rates and allowances that apply to the sale of the asset, except for investment property that has a limited useful life and is held in a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is measured on an undiscounted basis.

Current taxation

The tax currently payable is based on taxable surplus for the year. Taxable surplus differs from net surplus as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current liability is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Value Added Tax

The group charges value added tax ("VAT") on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the group and not recovered from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Financial instruments

All financial instruments meet the criteria of a basic financial instrument as defined in section 11 FRS102. Financial instruments are held in the statement of financial position at gross proceeds less the cost of raising the funds which are amortised over the life of the loan and are accounted for in accordance with FRS102.

The financial instruments are initially recorded at amortised cost, adjusted for transaction costs. Subsequent measurement is as follows:

Financial liabilities

- Bonds and loans are classified as "financial liabilities" under FRS102 and are held at amortised cost using the effective interest rate method to allocate costs of issue, including the discount on issue.
- Accrued interest payable on the Bond is also classified as "other financial liabilities" and held at amortised cost.

Financial assets

- Financial assets such as cash, current asset investments and receivables are classified as "loans and receivables" under FRS 102 and are held at amortised cost using the effective interest rate method to allocate cost of issue, including the discount on issue.
- Accrued interest receivable on loans advanced to Yorkshire Housing Limited is classified as "loans receivables" and held at amortised cost as debtors due within one year.

Loan finance issue costs are written off evenly over the expected minimum life of the associated loan. Loans are stated in the statement of financial position at the gross amount less the unamortised portion of the associated issue costs.

Financial statements 2020-21:

Notes to the financial statements

Service charge sinking funds and service costs

Unutilised contributions to service charge sinking funds and over-recovery of service costs which are repayable to tenants or leaseholders or are intended to be reflected in reductions to future service charge contributions 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.

Where there has been an under-recovery of leaseholders' or tenants' variable service charges and recovery of the outstanding balance is virtually certain, the balance is recognised in the statement of financial position as a trade receivable. Debit and credit balances on individual schemes are not aggregated as there is no right of set-off.

Pension costs

The company has applied defined benefit accounting from 2018 onwards. The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income. As at 31 March 2021, the net defined benefit pension liability was £11.2m. Refer to Note 32 for more details.

Investment in Preference Shares

The investment in preference shares comprises of the preference shares issued by YH Residential Limited, a wholly owned subsidiary of Yorkshire Housing Limited. The investment is held as a fixed asset in the parent accounts and is a basic financial instrument and is measured at cost less impairment. It is held as a creditor due in less than one year in YH Residential Limited.

Gift Aid Policy

Yorkshire Housing Limited receives gift aid from its subsidiary undertaking, YH Residential Limited. This gift aid is received in the year following the year end in which it relates to and therefore Yorkshire Housing only recognise this income once YH Residential has created an obligation to pay it. This obligation is created at the point of payment.

£11.2M

Net defined benefit pension liability
(as at 31 March 2021)

Notes to the financial statements

2. Group segmental reporting 2021

	Housing services 2021 £'000	Development sales 2021 £'000	Asset sales 2021 £'000	Other 2021 £'000	Total 2021 £'000
Income from housing lettings	88,091	-	-	-	88,091
Development sales	-	48,344	-	-	48,344
Third party contracts	-	-	-	3,874	3,874
Home Improvement Agencies	-	-	-	1,102	1,102
Other income	-	-	-	288	288
Turnover	**88,091**	**48,344**	**-**	**5,264**	**141,699**
Other income	**-**	**-**	**6,178**	**3,131**	**9,309**
Service charge costs	(6,415)	-	-	-	(6,415)
Bad debts	(21)	-	-	-	(21)
Management	(18,965)	(1,802)			(20,767)
Routine maintenance	(14,685)	-	-	-	(14,685)
Planned maintenance	(6,582)	-	-	-	(6,582)
Major repairs expenditure	(6,020)	-	-	-	(6,020)
Major repairs expenditure (capitalised)	2,359	-	-	-	2,359
Depreciation of housing properties	(16,978)	-	-	-	(16,978)
Accelerated depreciation	(123)	-	-	-	(123)
Property leasing costs and agency fees	(125)	-	-	-	(125)
Third party contracts operating expenditure	-	-	-	(2,957)	(2,957)
Home improvement agencies operating expenditure	-	-	-	(1,222)	(1,222)
Costs of development sales	-	(38,759)	-	-	(38,759)
Cost of housing fixed asset sales	-	-	(3,946)	-	(3,946)
Operating costs	**(67,555)**	**(40,561)**	**(3,946)**	**(4,179)**	**(116,241)**
Operating surplus	**20,536**	**7,783**	**2,232**	**4,216**	**34,767**
Interest payable	-	-	-	(18,438)	(18,438)
Interest receivable	-	-	-	235	235
Total operating surplus (per SOCI)	**20,536**	**7,783**	**2,232**	**(13,987)**	**16,564**

Notes to the financial statements

2. Group segmental reporting 2020

	Housing services 2020 £'000	Development sales 2020 £'000	Asset sales 2020 £'000	Other 2020 £'000	Total 2020 £'000
Income from housing lettings	87,573	-	-	-	87,573
Development sales		22,137	-	-	22,137
Third party contracts	-	-	-	4,183	4,183
Home Improvement Agencies	-	-	-	1,334	1,334
Other income	-	-	-	466	466
Turnover	**87,573**	**22,137**	**-**	**5,983**	**115,693**
Other income	**-**	**-**	**6,083**	**480**	**6,563**
Service charge costs	(6,562)	-	-	-	(6,562)
Bad debts	(834)	-	-	-	(834)
Management	(14,897)	(803)	-	(10)	(15,710)
Routine maintenance	(12,853)	-	-	-	(12,853)
Planned maintenance	(7,854)	-	-	-	(7,854)
Major repairs expenditure	(20,396)	-	-	-	(20,396)
Major repairs expenditure (capitalised)	13,396	-	-	-	13,396
Depreciation of housing properties	(16,644)	-	-	-	(16,644)
Impairment of housing properties	(126)	-	-	-	(126)
Property leasing costs and agency fees	(597)	-	-	-	(597)
Third party contracts operating expenditure	-	-	-	(3,557)	(3,557)
Home improvement agencies operating expenditure	-	-	-	(1,666)	(1,666)
Costs of development sales	-	(17,241)	-	-	(17,241)
Cost of housing fixed asset sales	-	-	(4,606)	-	(4,606)
Operating costs	**(67,367)**	**(18,044)**	**(4,606)**	**(5,233)**	**(95,250)**
Operating surplus	**20,206**	**4,093**	**1,477**	**1,230**	**27,006**
Interest payable	-	-	-	(17,625)	(17,625)
Interest receivable	-	-	-	889	889
Total operating surplus (per SOCI)	**20,206**	**4,093**	**1,477**	**(15,506)**	**10,270**

Notes to the financial statements

3. Particulars of turnover, operating costs and operating surplus 2021

	2021			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Group turnover and costs				
Social housing lettings	85,989	-	(66,376)	19,613
Other social housing activities				
First tranche shared ownership sales	14,218	(11,752)	-	2,466
Other	288	-	(1,753)	(1,465)
	14,506	(11,752)	(1,753)	1,001
Non social housing activities				
Non social lettings	2,102	-	(703)	1,399
Open market sales	34,125	(27,004)	(525)	6,596
Help to Buy initiatives	1	-	(3)	(2)
Third party contracts	3,874	-	(2,957)	917
Home improvement agencies	1,102	-	(1,222)	(120)
Total	**141,699**	**(38,756)**	**(73,539)**	**29,404**

	2020			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Group turnover and costs				
Social housing lettings	85,358	-	(65,778)	19,580
Other social housing activities				
First tranche shared ownership sales	13,921	(11,108)	-	2,813
Other	466	-	(814)	(348)
	14,387	(11,108)	(814)	2,465
Non social housing activities				
Non social lettings	2,214	-	(1,588)	626
Open market sales	6,076	(5,284)	-	792
Help to Buy initiatives	2,141	-	(849)	1,292
Third party contracts	4,183	-	(3,557)	626
Home improvement agencies	1,334	-	(1,666)	(332)
Total	**115,693**	**(16,392)**	**(74,252)**	**25,049**

Notes to the financial statements

3. Particulars of turnover, operating costs and operating surplus (continued)

Group other income and gains	2021 £'000	2020 £'000
Revaluation gain on investment properties	3,174	497
Loss on current asset investments	(43)	(17)
	3,131	**480**

Association turnover and costs	2021			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Surplus £'000
Social housing lettings	85,989	-	(66,376)	19,613
Other social housing activities				
First tranche shared ownership sales	14,218	(12,028)	-	2,190
Other	1,236	-	(1,750)	(514)
	15,454	(12,028)	(1,750)	1,676
Non social housing activities				
Non social lettings	26	-	-	26
Third party contracts	3,874	-	(2,957)	917
Home improvement agencies	1,102	-	(1,222)	(120)
Total	**106,445**	**(12,028)**	**(72,305)**	**22,112**

Association turnover and costs	2020			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Surplus £'000
Social housing lettings	85,358	-	(65,715)	19,643
Other social housing activities				
First tranche shared ownership sales	13,921	(11,108)	-	2,813
Other	1,731	-	(2,310)	(579)
	15,652	(11,108)	(2,310)	2,234
Non social housing activities				
Non social lettings	27	-	-	27
Third party contracts	4,183	-	(3,557)	626
Home improvement agencies	1,334	-	(1,666)	(332)
Total	**106,554**	**(11,108)**	**(73,248)**	**22,198**

Notes to the financial statements

3. Particulars of turnover, operating costs and operating surplus (continued)

Group operating activities	2021					2020
Turnover and costs from social housing lettings	General needs £'000	Housing for older people £'000	Supported housing and care homes £'000	Shared ownership £'000	Total £'000	Total £'000
Turnover from lettings						
Rent receivable	69,726	2,828	1,255	1,725	75,534	74,257
Supporting people income	438	409	500	-	1,347	1,556
Service charges receivable	2,743	1,284	399	401	4,827	4,975
Amortised government grants	3,851	266	132	32	4,281	4,570
Turnover from lettings	**76,758**	**4,787**	**2,286**	**2,158**	**85,989**	**85,358**
Cost of lettings						
Management	(16,378)	(893)	(1,001)	(162)	(18,434)	(14,338)
Service charge costs	(3,625)	(1,456)	(493)	(195)	(5,769)	(6,432)
Routine maintenance	(13,395)	(874)	(378)	(38)	(14,685)	(12,563)
Planned maintenance	(5,277)	(1,066)	(213)	(25)	(6,581)	(7,768)
Major repairs expenditure	(3,601)	(127)	67	-	(3,661)	(6,959)
Bad debts	(18)	(1)	(1)	-	(20)	(818)
Property leasing costs and agency fees	(119)	-	-	(6)	(125)	(132)
Depreciation of housing properties	(15,643)	(678)	(304)	(353)	(16,978)	(16,642)
Accelerated depreciation	(115)	(3)	(5)	-	(123)	-
Impairment of housing properties	-	-	-	-	-	(126)
Operating cost of lettings	**(58,171)**	**(5,098)**	**(2,328)**	**(779)**	**(66,376)**	**(65,778)**
Operating surplus/ (deficit) on lettings	**18,587**	**(311)**	**(42)**	**1,379**	**19,613**	**19,580**
Void losses	**1,533**	**253**	**148**	**2**	**1,936**	**774**

Notes to the financial statements

3. Particulars of turnover, operating costs and operating surplus (continued)

Association operating activities	2021					2020
Turnover and costs from social housing lettings	General needs £'000	Housing for older people £'000	Supported housing and care homes £'000	Shared ownership £'000	Total £'000	Total £'000
Turnover from lettings						
Rent receivable	69,726	2,828	1,255	1,725	75,534	74,257
Supporting people income	438	409	500	-	1,347	1,556
Service charges receivable	2,743	1,284	399	401	4,827	4,975
Amortised government grants	3,851	266	132	32	4,281	4,570
Turnover from lettings	**76,758**	**4,787**	**2,286**	**2,158**	**85,989**	**85,358**
Cost of lettings						
Management	(16,378)	(893)	(1,001)	(162)	(18,434)	(13,708)
Service charge costs	(3,625)	(1,456)	(493)	(195)	(5,769)	(6,432)
Routine maintenance	(13,395)	(874)	(378)	(38)	(14,685)	(12,563)
Planned maintenance	(5,277)	(1,066)	(213)	(25)	(6,581)	(7,768)
Major repairs expenditure	(3,601)	(127)	67	-	(3,661)	(6,959)
Bad debts	(18)	(1)	(1)	-	(20)	(819)
Property leasing costs and agency fees	(119)	-	-	(6)	(125)	(132)
Depreciation of housing properties	(15,643)	(678)	(304)	(353)	(16,978)	(16,642)
Accelerated depreciation	(115)	(3)	(5)	-	(123)	-
Impairment of housing properties	-	-	-	-	-	(126)
Other expenses	-	-	-	-	-	(566)
Operating cost of lettings	**(58,171)**	**(5,098)**	**(2,328)**	**(779)**	**(66,376)**	**(65,715)**
Operating surplus/ (deficit) on lettings	**18,587**	**(311)**	**(42)**	**1,379**	**19,613**	**19,643**
Void losses	**1,533**	**253**	**148**	**2**	**1,936**	**774**

Notes to the financial statements

3. Particulars of turnover, operating costs and operating surplus (continued)

Association other income and gains	2021 £'000	2020 £'000
Revaluation gain on investment properties	(32)	56
Loss on current asset investments	(43)	(17)
Gift Aid	2,578	4,159
	2,503	**4,198**

4. Yorkshire Housing property portfolio

	Group Number of units		Association Number of units	
	2021	2020	2021	2020
Housing properties				
General needs	9,551	9,508	9,551	9,508
Housing for older people	836	835	836	835
Affordable Properties	4,246	4,105	4,246	4,105
Shared ownership	735	594	735	594
Intermediate rent	1,284	1,266	1,284	1,266
Market rent	336	327	-	-
Supported housing and care homes	185	205	185	205
Total managed	**17,173**	**16,840**	**16,837**	**16,513**
Accommodation owned, managed by other bodies	**235**	**244**	**235**	**244**
Properties awaiting sale	**44**	**87**	**23**	**38**
Properties in development at the year end	**1,558**	**1, 342**	**1,279**	**1,107**

Notes to the financial statements

5. Operating surplus

Operating surplus is stated after charging	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Depreciation of housing properties	16,978	16,642	16,978	16,642
Impairment of housing properties	-	126	-	126
Depreciation of other tangible fixed assets	660	510	657	507
Loss on disposal of other tangible fixed assets	(116)	(108)	(116)	(108)
Operating lease rentals				
- land and buildings	607	690	607	690
- office equipment and computers	251	246	251	246
- vehicles	406	17	406	17
Auditors' remuneration (excluding VAT)				
- audit services for the parent	120	76	120	76
- audit services for the subsidiaries	60	44	60	44
Auditors' remuneration for non audit services				
- other advisory services	4	4	4	4
Total audit and non-audit services	**184**	**124**	**184**	**124**

6. Gain on disposal of housing properties

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Housing property				
Disposal proceeds	4,843	5,032	4,843	5,032
Carrying value of fixed assets	(3,238)	(3,744)	(3,238)	(3,744)
Costs associated with disposal	(116)	(286)	(116)	(286)
	1,489	**1,002**	**1,489**	**1,002**
Shared ownership (staircasing)				
Disposal proceeds	1,335	1,052	1,335	1,052
Carrying value of fixed assets	(584)	(570)	(584)	(570)
Costs associated with disposal	(8)	(7)	(8)	(7)
Surplus	**743**	**475**	**743**	**475**
Total	**2,232**	**1,477**	**2,232**	**1,477**

Notes to the financial statements

7. Interest receivable and other income

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Interest receivable from cash deposits	173	617	173	615
Joint venture dividends and deposits	62	272	62	272
Total	**235**	**889**	**235**	**887**

8. Interest payable and financing costs

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Payable on bank loans	22,217	21,170	13,919	13,921
On amounts payable to group companies	-	-	8,409	6,965
Defined benefit pension scheme	105	293	105	293
Unwinding amortised bond issue costs	11	(553)	(389)	(553)
Other amortised loan costs	81	-	41	-
Bond cost	(107)	43	(107)	43
	22,307	20,953	21,978	20,669
Less: Interest capitalised on housing properties	(3,869)	(3,328)	(3,869)	(3,327)
Total	**18,438**	**17,625**	**18,109**	**17,342**

Interest has been capitalised at an average rate of 3.75% in 2021 (2020: 3.92%).

Notes to the financial statements

9. Remuneration of the Board and directors

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Aggregate emoluments payable to Board and Committee Members	112	121	112	110
Aggregate emoluments payable to executive directors	1,172	809	1,172	809
Aggregate remuneration of key management personnel (including Employers' National Insurance)	1,261	907	1,261	907

Board

Board and Committee Members received emoluments of £112k (2020: £121k).

Remuneration by non-executive Board Member (excludes Committee Members):	2021 £'000	2020 £'000
Will Lifford (Chair)	21	18
Sue Hall (Vice Chair)	11	12
Linda Christon	10	10
Richard Flanagan	8	8
Alison Hadden	8	7
Keith Hollway	0	5
Naz Parker	4	7
David Perry	4	8
Phillip Severs	10	10
Jacqueline Esimaje-Heath	4	0
Isabel Hunt	3	0
Leann Hearne	3	0
Matthew Blake	3	0
Total	**89**	**85**

Directors

The emoluments paid to the directors of the group were £1,172k (2020: £809k).

Emoluments paid to the highest paid director (Interim Finance Director), were £358k for fees paid to services rendered and included agency fees and VAT. In 2020 emoluments paid to the highest paid director were £202k.

The Chief Executive is a member of the Social Housing Pension Scheme. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The association does not make any further contribution to an individual pension arrangement for the Chief Executive.

Key management personnel

Key management personnel are considered to be the executive directors of the Group.

The aggregate remuneration of key management personnel (including employers' national insurance contributions) for the financial year was £1,261k (2020: £907k). This sum includes executive directors only. Remuneration for Board and Committee Members is as shown above.

During the year the aggregate compensation for loss of office of key management personnel was £96k (2020: £68k).

Notes to the financial statements

10. Employee information

	Group		Association	
	2021 No.	2020 No.	2021 No.	2020 No.
The average monthly number of employees (including the Chief Executive) expressed as full-time equivalents (FTE) of 35 hours per week. Employed during the financial year was:	616	599	616	599

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Staff costs (for the above person including Board Members on payroll)				
Wages and salaries	21,246	20,858	20,522	19,808
Social security costs	1,987	1,869	1,914	1,775
Other pension costs	942	903	913	856
Total	**24,175**	**23,630**	**23,349**	**22,439**

19 FTE (2020: 39 FTE) were employed on a joint contract between Y H Residential Limited and the Association, remunerated by the Association and recharged at £826k (2020: £1,190k) to Y H Residential Limited.

Figures above exclude national insurance rebates for sick and maternity pay.

The number of employees including directors who received emoluments in the following ranges	2021 No.	2020 No.
£200,001 to £210,000	1	1
£140,001 to £150,000	2	1
£130,001 to £140,000	1	-
£120,001 to £130,000	1	2
£110,001 to £120,000	-	2
£100,001 to £110,000	-	-
£90,001 to £100,000	3	-
£80,001 to £90,000	9	3
£70,001 to £80,000	1	7
£60,001 to £70,000	17	6

Notes to the financial statements

11. Taxation

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Current tax	**-**	**1**	**-**	**-**
Deferred tax:			**-**	**-**
Origination and reversal of timing difference	608	81	-	-
Changes in tax rates	-	34	-	-
Adjustment in respect of previous periods	-	-	-	-
Total deferred tax	**608**	**115**	**-**	**-**
Tax per income statement	**608**	**116**	**-**	**-**

The charge for the year can be reconciled to the surplus shown in Statement of Comprehensive Income statement as follows:

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Surplus on ordinary activities before tax	16,564	10,270	8,973	11,418
Tax on surplus at standard UK rate of 19% (2020 : 19%)	3,147	1,951	1,705	2,169
Factors affecting total tax charge for the current period:				
Expenses deductible	-	-	-	-
Income not taxable	(2,539)	(1,869)	(1,705)	(2,169)
Losses	-	-	-	-
Tax rate change	-	34	-	-
Gains	-	-	-	-
Qualifying charitable donations	-	-	-	-
Adjustment from previous periods	-	-	-	-
	608	**116**	**-**	**-**

Notes to the financial statements

12. Intangible fixed assets

Group and association	Computer software £'000	Total £'000
Cost		
At 1 April 2020	5,246	5,246
Additions	7,736	7,736
Disposals	-	-
At 31 March 2021	**12,982**	**12,982**
Depreciation and impairment		
At 1 April 2020	-	-
Depreciation charged in year	1,156	1,156
Eliminated in respect of disposals	-	-
At 31 March 2021	**1,156**	**1,156**
Net Book Value at 31 March 2021	**11,826**	**11,826**
Net Book Value at 31 March 2020	**5,246**	**5,246**

Notes to the financial statements

13. Tangible fixed assets – housing properties

Group and Association	Social housing properties held for lettings £'000	Housing properties for letting under construction £'000	Shared ownership properties under construction £'000	Completed shared ownership housing properties £'000	Total housing properties £'000
Cost					
At 1 April 2020	986,499	43,736	18,752	40,225	1,089,212
Additions	-	36,958	32,748	-	69,706
Works to existing properties	2,359	-	-	-	2,359
Schemes completed	29,254	(29,254)	(12,014)	12,014	-
Disposals (note 6)	(6,283)	-	-	(655)	(6,938)
At 31 March 2021	**1,011,829**	**51,440**	**39,486**	**51,584**	**1,154,339**
Depreciation and impairment					
At 1 April 2020	168,604	-	-	1,632	170,236
Depreciation charged in year	16,564	-	-	413	16,977
Released on disposal (note 6)	(2,923)	-	-	(72)	(2,995)
At 31 March 2021	**182,245**	**-**	**-**	**1,973**	**184,218**
Net book value at 31 March 2021	**829,584**	**51,440**	**39,486**	**49,611**	**970,121**
Net book value at 31 March 2020	**817,895**	**43,736**	**18,752**	**38,593**	**918,976**

Housing properties are assessed annually for impairment indicators. Where indicators are identified, an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount.

Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell.

Notes to the financial statements

13. Tangible fixed assets – housing properties (continued)

Development costs have been capitalised amounting to £1,145k (2020: £1,011k).

Interest has been capitalised at a rate of 3.75% (2020: 3.823%) during the financial year and amounted to £3,869k (2020: £3,327k).

Housing properties are shown	2021 £'000	2020 £'000
At cost	1,083,075	1,017,948
At valuation	71,264	71,264
	1,154,339	**1,089,212**

The association acquired 6,337 units of housing stock through mergers with Ryedale Housing in 1999 and Brunel Housing in 2005. Ryedale included their housing stock at Existing Use Value – Social Housing Value (EUV – SH), with the resulting increase in carrying value arising from the valuation transferred to a revaluation reserve. Brunel included their housing stock at cost. Yorkshire Housing Ltd includes its directly acquired and developed housing property in its balance sheet at cost less depreciation less any impairment losses. The property transferred from Ryedale Housing and Brunel Housing is stated in the Yorkshire Housing Ltd balance sheet at deemed cost; being the EUV – SH value at the respective dates of merger. The corresponding revaluation reserves were transferred to Yorkshire Housing Ltd and are amortised over the useful life of the assets associated with the reserve. The total value of assets included in the balance sheet at 31 March 2021 at deemed cost is £71,264k.

Group expenditure on works to existing properties during the year amounted to £27m (2020: £40m) of which £2m (2020: £13m) was capitalised and included as works to existing properties.

	2021 £'000	2020 £'000
Total grant received for existing properties	288,326	355,797
Less amortised through the statement of comprehensive income	(71,929)	(67,471)
Total deferred grant in the statement of financial position	**216,397**	**288,326**

Notes to the financial statements

14. Other tangible fixed assets

Group	Freehold offices £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2020	6,268	3,619	515	1,381	11,783
Additions	-	348	2	-	350
Disposals	-	-	(31)	(800)	(831)
At 31 March 2021	**6,268**	**3,967**	**486**	**581**	**11,302**
Accumulated depreciation					
At 1 April 2020	1,229	2,285	360	1,076	4,950
Depreciation charged in year	95	472	33	60	660
Eliminated in respect of disposals	-	-	(22)	(693)	(715)
At 31 March 2021	**1,324**	**2,757**	**371**	**443**	**4,895**
Net book value at 31 March 2021	**4,944**	**1,210**	**115**	**138**	**6,407**
At 31 March 2020	**5,039**	**1,334**	**155**	**305**	**6,833**

Association	Freehold offices £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2020	6,268	3,534	479	1,381	11,662
Additions	-	348	2	-	350
Disposals	-	-	(31)	(800)	(831)
At 31 March 2021	**6,268**	**3,882**	**450**	**581**	**11,181**
Accumulated depreciation					
At 1 April 2020	1,229	2,202	329	1,074	4,834
Depreciation charged in year	95	472	31	60	658
Eliminated in respect of disposals	-	-	(22)	(693)	(715)
At 31 March 2021	**1,324**	**2,674**	**338**	**441**	**4,777**
Net book value at 31 March 2021	**4,944**	**1,208**	**112**	**140**	**6,404**
At 31 March 2020	**5,039**	**1,332**	**150**	**307**	**6,828**

Notes to the financial statements

15. Investment properties non-social housing and commercial properties held for letting

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
At 1 April	30,704	28,253	3,896	3,840
Additions	1,403	1,955	-	-
Increase in value	3,174	496	(32)	56
Total	**35,281**	**30,704**	**3,864**	**3,896**

Investment properties consist of market rented housing properties, garages and commercial units. In accordance with the group accounting policy, investment properties have been included at their market value. The properties were valued as at 31 March 2021 by Jones Lang LaSalle Ltd, Chartered Surveyors. The valuation was undertaken on the basis of market value and in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors, the NHF financial reporting SORP and represents the aggregate of all the units, assuming phased disposal without deduction of costs or incentives. No allowances were made for the vendor's sale costs or for any tax liabilities, which may arise upon the property disposal.

In valuing investment properties, a discounted cash flow methodology was adopted with key assumptions:

Discount rate	6.5%
Exit yield	5.0%
Annual rental growth (nominal)	1.0% (Year 1); 3.0% (Years 2+)
Stamp Duty Land Tax	At the prevailing rates

Underlying inflation was excluded from the cashflow model therefore the income and cost increases noted here are above inflation increases. This has been factored in when selecting the appropriate discount rates.

16. Properties held for sale and stock

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Van stock - materials	418	360	418	360
Completed properties held for sale				
First tranche shared ownership	1,305	2,212	1,305	2,212
Properties for market sale	6,588	12,089	-	-
Partially completed properties				
First tranche shared ownership	18,892	9,240	18,888	9,240
Properties for market sale	30,987	29,703	4	182
Total	**58,190**	**53,604**	**20,615**	**11,994**

Notes to the financial statements

17. Debtors

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Due within one year				
Arrears of rent and service charges	2,583	2,270	2,548	2,243
Less: provision for bad and doubtful debts	(1,391)	(1,396)	(1,362)	(1,368)
	1,192	874	1,186	875
Prepayments and accrued income	3,034	3,169	2,542	2,433
Other debtors	7,537	7,462	7,097	7,222
Amounts owed by group undertakings	-	-	4,226	6,697
	11,763	**11,505**	**15,051**	**17,227**
Due after more than one year				
Debt service reserve fund cost	605	605	605	605
Increase in fair value	110	153	110	153
	715	**758**	**715**	**758**
Total	**12,478**	**12,263**	**15,766**	**17,985**

The debt service reserve fund is held for an issued bond and is invested in stock under the management of the Royal Bank of Canada Global Markets. The investments are stated at fair value and the overall control of the account is with THFC.

18. Investments, cash and cash equivalents

Fixed asset investments: Association	2021 £'000	2020 £'000
Investment in group undertakings	900	900
Investment in group undertakings – Preference Shares	50,000	50,000
Investment in Yorkshire Transformations Holdings Limited	553	553
	51,453	**51,453**

YHL owns 33% of Yorkshire Transformations Holdings Limited ["YTH"] as at 31 March 2021. The Group financial statements do not recognise the value of the investment in YTH. As at 31 December 2020 YTL had net liabilities of £7,546k (2019: £8,558k). In accordance with FRS102 no investment has been recognised when the Group's share is in deficit.

In March 2017, Y H Residential Limited issued 32,000,000 £1 preference shares. The shares are non-voting redeemable preference shares of £1 each in the capital of Y H Residential designated as a Preference Share. The preference shares are redeemable at 5 days' notice at the behest of the parent company.

The preference shares are non-convertible and are a basic financial instrument measured at cost less impairment. There are no dividend or interest commitments in respect of these preference shares. There is no fixed maturity or redemption date.

As at 31 March 2021, 50,000,000 of these shares have been called up and fully paid (2020: 50,000,000 shares).

All investments consolidate out at the group level with the exclusion of the Forge New Homes investment made in the year ended 31 March 2021 for £500k (2020: £nil) held by YH Residential Limited.

The Board believe that the carrying value of the investments is supported by their underlying net assets.

Notes to the financial statements

18. Investments, cash and cash equivalents (continued)

Cash and cash equivalents	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Cash deposits	61,295	106,817	61,295	106,817
Cash at bank	13,668	4,339	5,189	3,937
Total	**74,963**	**111,156**	**66,484**	**110,754**

The cash deposits are deposited with building societies and banks but are not available for immediate access.

19. Homebuy loans

Group and association	2021 £'000	2020 £'000
At 1 April	1,367	1,398
Redeemed in the year	(123)	(31)
At 31 March	**1,244**	**1,367**

No interest was payable or receivable on Homebuy loans in either financial year.

20. Creditors: amounts falling due within one year

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Borrowings (note 25)	7,895	9,178	7,895	8,143
Bank loan interest	5,966	5,447	2,261	2,033
Trade creditors	5,730	6,660	5,683	6,572
Rent and service charges received in advance	4,388	4,105	4,172	3,838
Other taxation and social security costs	790	886	784	900
Accruals and deferred income	9,034	7,035	6,838	6,236
Amounts owed to group undertakings	-	-	2,344	2,233
Deferred capital grant	6,326	5,572	6,326	5,572
Total	**40,129**	**38,883**	**36,303**	**35,527**

Notes to the financial statements

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

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Borrowings (note 25)	563,463	558,872	358,463	357,268
Amounts owed to group undertakings	-	-	200,000	200,000
Recycled capital grant fund (note 23)	8,260	7,405	8,260	7,405
Held on behalf of leaseholders	1,539	1,308	1,539	1,308
Homebuy grant	1,244	1,367	1,244	1,367
Deferred capital grant (note 24)	292,653	282,754	292,653	282,754
	867,159	**851,706**	**862,159**	**850,102**
Less bond issue costs (note 25)	8,841	10,034	(1,544)	(959)
Less issue costs owed to group undertakings	-	-	12,629	13,030
Total	**876,000**	**861,740**	**873,244**	**862,173**

The amounts owed to group undertakings of £200,000,000 represents the on lending of the Public Bond that was issued by YH Finance Plc, a wholly owned subsidiary. Full details of the associated instrument are given in Note 25. Loans are secured against 15,147 properties, with a further 1,575 units available for security.

The bond issue costs disclosed above relate to the three bonds included within note 25.

22. Disposal proceeds fund

	Group		Association	
Movements in the Disposal Proceeds fund (DPF) were as follows:	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Opening balance as at 1 April	-	255	-	255
Withdrawals	-	(255)	-	(255)
Closing balance as at 31 March	**-**	**-**	**-**	**-**

Withdrawals from the disposal proceeds fund have been used for the purchase and development of new housing schemes for letting.

Notes to the financial statements

23. Recycled Capital Grant Fund

	Group		Association	
Movements in the recycled capital grant fund were as follows:	**2021 £'000**	**2020 £'000**	**2021 £'000**	**2020 £'000**
Opening balance as at 1 April	7,405	7,673	7,405	7,673
Grants recycled	1,862	1,758	1,862	1,758
Homebuy grants recycled	126	31	126	31
Interest accrued	7	56	7	56
Withdrawals	(1,140)	(2,113)	(1,140)	(2,113)
Closing balance as at 31 March	**8,260**	**7,405**	**8,260**	**7,405**

Recycled grant is repayable to Homes England if not recycled within three years, but no repayments were required in the year (2020: £nil).

24. Deferred grant income

Group and association	**2021 £'000**	**2020 £'000**
Opening balance at 1 April	288,326	277,922
Grant received in the year	15,656	14,366
Grant transferred from recycled capital grant fund	1,140	2,111
Grant transferred from disposals proceeds fund	-	255
Released to income in the year – Amortisation	(4,458)	(4,365)
Released to income in the year – Disposal	177	(205)
Released to recycled capital grant fund	(1,862)	(1,758)
Closing balance at 31 March	**298,979**	**288,326**

Group and association	**2021 £'000**	**2020 £'000**
Amounts to be released within one year	6,326	5,572
Amounts to be released in more than one year	292,653	282,754
	298,979	**288,326**

Notes to the financial statements

25. Debt analysis

	Group		Association	
Borrowings	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Due within one year				
Bank loans	7,895	9,179	7,895	8,143
Total due within 1 year	**7,895**	**9,179**	**7,895**	**8,143**
Due after more than one year				
Bank loans	303,342	308,750	298,342	307,147
Other loan	10,121	121	10,121	121
THFC bond	30,000	30,000	30,000	30,000
Public bond	200,000	200,000	-	-
AHF Bond	20,000	20,000	20,000	20,000
Total due after more than 1 year	**563,463**	**558,871**	**358,463**	**357,268**
Total borrowings before costs, discount and premium on issue	**571,358**	**568,050**	**366,358**	**365,411**
Loan and bond costs, discount and premium on issue				
THFC bond	(2,669)	(2,780)	(2,669)	(2,780)
Public bond	10,478	10,993	-	-
AHF bond	1,765	1,821	1,765	1,821
Loan transaction costs	(733)	-	(640)	-
	8,841	**10,034**	**(1,544)**	**(959)**
Total borrowings	**580,199**	**578,084**	**364,814**	**364,452**

Terms of repayment and interest rates

Bank loans have various repayment profiles with the final maturity date of 2039. The loans have fixed and variable interest rates ranging from 0.78% to 11.30% and a weighted average rate of 4.09%.

As at 31 March 2021 the group had undrawn loan facilities of £55m (2020: £16m).

The 'other loans' are held with the Bradford Health Authority and a new addition of £10m from Bromley Local Authority in the year. There is no interest payable; but on disposal of the properties the surplus realised is shared between the lender and Yorkshire Housing. There are six properties linked to the Bradford Health Authority Loan. No properties have been linked to the Bromley Local Authority loan.

On 31 October 2014 Yorkshire Housing Finance Plc issued a secured bond for £200m at a coupon rate of 4.13% ("the bonds") due to mature 31 October 2044 which are guaranteed by defined assets within Yorkshire Housing Limited. In 2014 the Company placed £140m bonds at an issue price of 98.2% giving an effective yield of 4.23%. In 2020 the Company placed the remaining £60m bonds at an issue price of 126.5% giving an effective yield of 2.70%.

On 30th July 2008 Yorkshire Housing Limited issued a secured bond of £30m with The Housing Finance Corporation ("THFC") attracting 5.13% interest due to mature in 2035. On 28th March 2017 Yorkshire Housing Limited issued a guaranteed secured bond of £20m to the AHF attracting 2.89% interest and due to mature in 2043.

All loans are secured on housing stock, which covers the value of outstanding liabilities.

Notes to the financial statements

25. Debt analysis (continued)

Public bond	2021 £'000	2020 £'000
Bond	200,000	200,000
Less: unamortised discount on issue	12,629	13,030
Total bond less discount on issue	212,629	213,030
Less: unamortised issue cost	(2,151)	(2,037)
Total	**210,478**	**210,993**

Housing loans from banks are secured by fixed charges on 15,147 (2020: 14,211) of the group's housing properties and repayable at varying rates of interest and instalments.

Capital loan repayments made within the year were £11,692k (2020: £3,001k).

		Group		Association
Maturity of financial liabilities	2021 £'000	2020 £'000	2021 £'000	2020 £'000
In less than one year	7,895	9,178	7,895	8,143
In more than one year but less than two years	18,362	8,929	18,362	7,895
In more than two years but less than five years	33,242	28,104	28,242	27,535
In more than five years	511,859	521,839	311,859	321,838
Total	**571,358**	**568,050**	**366,358**	**365,411**

The total group borrowings of £571,358k are split between £483,226k fixed and £88,132k variable rate debt. The maturity analysis above does not include the issue costs disclosed within note 21.

Analysis of changes in debt	1 April 2020 £'000	Cash flows £'000	Non cash movement £'000	31 March 2021 £'000
Cash	4,339	9,329	-	13,668
Money market deposits at call, seven day or monthly floating rates	106,817	(45,522)	-	61,295
	111,156	(36,193)	-	74,963
Bank loans due within one year	(9,178)	(7,646)	8,929	(7,895)
Bank loans due greater than one year	(558,872)	4,338	(8,929)	(563,463)
Total	**(456,894)**	**(39,501)**	**-**	**(496,395)**

26. Share capital

Shares of £1 each, allotted and fully paid	2021 £	2020 £
As at 1 April	125	140
Net issues less retirements	(5)	(15)
As at 31 March	**120**	**125**

The shares are non-transferable, non-redeemable and carry no rights to receive either income or capital payments. They are thus classified as non-equity shares.

Notes to the financial statements

27. Cash flow from operating activities

	2021 £'000	2020 £'000
Surplus for the year	16,564	10,270
Depreciation of housing assets	16,978	16,642
Depreciation of other tangible fixed assets	660	510
Amortisation of intangible assets	1,156	-
Impairment of fixed assets	-	126
Gain on investment assets	(3,174)	(496)
Gain from sale of housing properties	(2,232)	(1,477)
Loss on disposal of other fixed assets	117	108
Increase in stock	(4,586)	(18,236)
Increase in trade and other debtors	(215)	(521)
Increase in trade and other creditors	1,253	3,735
Pension costs	(37)	(37)
Pension contributions paid	(1,458)	(1,217)
Release of capital grants	(4,281)	(4,570)
Interest charge	18,438	17,624
Interest received	(235)	(889)
Tax charge	-	-
Net cash generated from operating activities	**38,948**	**21,572**

28. Provision for liabilities – other provisions

Group deferred tax	2021 £'000	2020 £'000
Deferred tax (assets)/liabilities		
Provision at start of period	399	285
Adjustment in respect of prior years	-	-
Deferred tax charge to the SOCI for the period	608	114
Deferred charge to OCI for the period	-	-
Provision at end of period	**1,007**	**399**
Fixed assets timing difference	1,013	404
Short term timing difference	(5)	(5)
	1,008	**399**
Deferred tax (assets)		
Recoverable within 12 months	(5)	(5)
	(5)	**(5)**
Deferred tax liabilities		
Payable within 12 months	1,013	404
	1,013	**404**

The provision of deferred tax relates solely to the trading subsidiary.

Notes to the financial statements

29. Capital commitments

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Capital expenditure contracted for less certified at the year end	199,212	101,998	197,907	99,394
Capital expenditure authorised by the Board but not contracted at the year end	45,562	157,330	45,562	157,330
Total	**244,774**	**259,328**	**243,469**	**256,724**

It is proposed that the above commitment will be funded as follows (which covers a number of years):	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Borrowing and operating activities	219,626	232,835	218,321	230,232
Grant	25,148	26,493	25,148	26,492
Total	**244,774**	**259,328**	**243,469**	**256,724**

Our Board approved development program takes us up to March 2026 is forecast as follows:	2021 £'000	2020 £'000
Units in the development pipeline	6,951 units	4,449 units
Projected pipeline cost	1,354,768	670,372
Projected source of funding:		
Social housing grants	231,323	75,923
Proceeds from sales	403,989	298,857
Surplus and borrowing	719,456	295,592
Total	**1,354,768**	**553,180**

The revised growth strategy of the Group is to March 2030, however, the development programme post 2026 remains aspirational and is not yet committed.

30. Contingent assets/liabilities

The group and association have no contingent liabilities.

Notes to the financial statements

31. Operating lease commitments

The Company was committed to making the following remaining lease payments under non-cancellable operating leases:

	Land and buildings		Equipment and vehicles	
Group	**2021 £'000**	**2020 £'000**	**2021 £'000**	**2020 £'000**
Operating leases which expire				
Within one year	503	656	576	309
Between two and five years	1,795	1,782	1,824	686
In over five years	1,748	2,158	-	-
	4,046	**4,596**	**2,400**	**995**

	Land and buildings		Equipment and vehicles	
Association	**2021 £'000**	**2020 £'000**	**2021 £'000**	**2020 £'000**
Operating leases which expire				
Within one year	503	656	576	309
Between two and five years	1,795	1,782	1,824	686
In over five years	1,748	2,158	-	-
	4,046	**4,596**	**2,400**	**995**

32. Pensions

The association participates in SHPS, a multi-employer pension scheme which provides benefits to non-associated participating employers. The scheme is classed as a defined benefit scheme in the UK. The scheme is classified as a last man standing' arrangement. Therefore, the association 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.

On 1 April 2018, sufficient information is available for the association in respect of SHPS to account for its obligation on a defined benefit basis. This change on transition resulted in a re-measurement difference of £4,722k, which has been recognised at the relevant date of application, 1 April 2018, in other comprehensive income.

The SHPS triennial funding valuation has been carried out in the current financial year and is reflected in the numbers below.

Notes to the financial statements

32. Pensions (continued)

Reconciliation of opening and closing balances of the present value of scheme liabilities	31 March 2021 £'000	31 March 2020 £'000
Opening scheme liabilities as at start of period	**43,996**	**51,002**
Current service cost	-	-
Expenses	37	37
Interest expense	1,028	1,180
Actuarial losses (gains)	10,326	(7,272)
Benefits paid and expenses	(1,209)	(951)
Defined benefit obligation at end of period	**54,178**	**43,996**

Reconciliation of opening and closing balances of the fair value of plan assets	31 March 2021 £'000	31 March 2020 £'000
Fair value of plan assets at start of period	38,860	37,864
Interest Income	923	887
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	2,946	(157)
Contributions by employer	1,458	1,217
Benefits paid and expenses	(1,209)	(951)
Fair value of plan assets at end of period	**42,978**	**38,860**

Amounts recognised in surplus or deficit	31 March 2021 £'000	31 March 2020 £'000
Current service cost	-	-
Expenses	37	37
Net interest expense	105	293
Defined benefit costs recognised in statement of comprehensive income (SoCI)	**142**	**330**

Defined benefit costs recognised in other comprehensive income	31 March 2021 £'000	31 March 2020 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	2,946	(157)
Experience gains and (losses) arising on the plan liabilities	714	813
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain (loss)	(195)	439
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain (loss)	(10,845)	6,020
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) gain (loss)	**(7,380)**	**7,115**
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-	-
Total amount recognised in other comprehensive income	**(7,380)**	**7,115**

Notes to the financial statements

32. Pensions (continued)

Assets	31 March 2021 £'000	31 March 2021 %	31 March 2020 £'000	31 March 2020 %
Global Equity	6,850	16%	5,684	15%
Absolute Return	2,372	6%	2,026	5%
Distressed Opportunities	1,241	3%	749	2%
Credit Relative value	1,352	3%	1,066	3%
Alternative risk premium	1,619	4%	2,717	7%
Fund of Hedge Funds	5	0%	23	0%
Emerging Markets Debt	1,735	4%	1,177	3%
Risk Sharing	1,565	4%	1,312	3%
Insurance linked securities	1,032	2%	1,194	3%
Property	893	2%	856	2%
Infrastructure	2,866	7%	2,892	7%
Private Debt	1,025	2%	783	2%
Opportunistic Liquid Credit	1,093	3%	940	2%
High Yield	1,287	3%	0	0%
Opportunistic Credit	1,178	3%	0	0%
Corporate Bond Fund	2,539	6%	2,216	6%
Liquid Credit	513	1%	16	0%
Long Lease Property	842	2%	672	2%
Secured Income	1,787	4%	1,474	4%
Liability Driven Investments	10,923	25%	12,897	33%
Net Current Assets	261	1%	166	0%
Total Assets	**42,978**	**-**	**38,860**	**-**

Key Assumptions	31 March 2021 % per annum	31 March 2020 % per annum
Discount Rate	2.19	2.37
Inflation (RPI)	3.26	2.60
Inflation (CPI)	2.87	1.60
Salary Growth	3.87	2.60
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:	Life expectancy at 65 (Years)
Male retiring in 2020	21.6
Female retiring in 2020	23.5
Male retiring in 2040	22.9
Female retiring in 2040	25.1

Notes to the financial statements

33. Group undertakings and related parties

Company	Legal status	RSH Regulated		Basis of control
Yorkshire Housing Limited	Cooperative and Community Benefit Society Act 2014	Registered with RSH	Registered provider	Group company
Yorkshire Community Property Services Limited	Companies Act	Non RSH regulated	Non registered provider	100% share
Y H Residential Limited	Companies Act	Non RSH regulated	Non registered provider	100% share
Yorkshire Housing Finance PLC	Public Limited Company	Non RSH regulated	Non registered provider	100% share
Yorkshire Transformations Holdings Limited	Companies Act	Non RSH regulated	Non registered provider	33% share
Forge New Homes LLP	Companies Act	Non RSH Regulated	Non Registered Provider	20% share

All subsidiaries are incorporated or registered in England and Wales.

Yorkshire Housing Limited had the following transactions with unregistered related parties during the years:

Notes to the financial statements

33. Group undertakings and related parties (continued)

Y H Residential Limited	2021 £'000	2020 £'000
Received from related group entities:		
Interest receivable	107	158
Management charge for central services	390	630
Rent and service charges	99	169
Gift Aid	2,578	4,159
	3,174	**5,116**
Paid to related group entities:		
Fee for managing group properties	-	566
Fee for selling group properties on the open market	277	410
Interest payable	2	29
	279	**1,005**

Y H Residential Limited owns and manages the market rented homes portfolio. Yorkshire Housing Limited calculates the Y H Residential management charge on a combination of FTE and turnover apportionment basis.

Yorkshire Housing Finance Plc	2021 £'000	2020 £'000
Paid to related group entities:		
Interest payable	8,038	6,606

Yorkshire Housing Finance PLC is a wholly owned subsidiary of Yorkshire Housing Limited providing long term finance through a bond issue.

Yorkshire Housing Finance Plc issued a £140m bond in October 2014 and a further issue of £60m in September 2020; the cash raised has been lent to Yorkshire Housing Limited.

Yorkshire Community Property Services Limited	2021 £'000	2020 £'000
Paid to related group entities:		
Interest payable	1	6

Yorkshire Community Property Services Limited is currently not trading.

Notes to the financial statements

34. Related party transactions

Yorkshire Transformations Holdings Limited is a joint venture which undertakes the refurbishment, maintenance and financing of homes in the Swarcliffe area of Leeds under a Private Finance Initiative with BOS Infrastructure (No3) Limited and DIF Infra 3 Limited.

Forge New Homes LLP ("FNH") is a Limited Liability Partnership which was formed to provide housing in the Sheffield city region and is a partnership between Cube Homes Ltd, Guiness Homes Ltd, Together Commercial Ltd, Syha Enterprises Ltd and YH Residential Ltd.

Related party transactions with Yorkshire Transformations Limited were as follows:

Related party transactions with Yorkshire Transformations Limited	2021 £'000	2020 £'000
Contractual income		
Income received 2020/21	3,107	2,806
Other income		
Repayment of subordinated debt	-	-
Directors fees	64	63
Subordinated debt interest	62	62
Dividend	-	210
Total income	**3,233**	**3,141**
Trading debtor at 31 March	**54**	**919**

During the year Yorkshire Housing Limited transacted with its non-regulated subsidiaries, Y H Residential Limited and Yorkshire Community Property Services Limited. These transactions were conducted on an arm's length basis and were eliminated on consolidation within the group's financial statements.

Yorkshire Housing Finance Plc is a wholly owned subsidiary of Yorkshire Housing Limited providing long term finance through a bond issue.

Yorkshire Transformations Holdings Limited is a joint venture which undertakes the refurbishment, maintenance and financing of homes in the Swarcliffe area of Leeds under a Private Finance Initiative with Leeds City Council.

Forge New Homes LLP is a joint venture by Y H Residential Limited for the development and sale of residential property in the Sheffield city region.

Yorkshire Community Property Services Limited owned the organisation's York office, Yorkshire House, which had been provided to Yorkshire Housing Limited until its disposal in 2013.

Further details of these transactions can be found within the financial statements of the subsidiary company.

Customer Board Members

A small number of Committee Members are customers of the group and reside in the group's property. The terms of the tenancy arrangements are consistent with those offered to other customers of the Group and they are not able to use their position to their advantage. Total rental income from these members is £13k, no balances were outstanding at the year end.

Notes to the financial statements

35. Financial assets and liabilities

The Board policy on financial instruments is explained in the strategic report as are references to financial risks

Financial assets	2021 £'000	2020 £'000
Debtors at amortised cost	8,729	8,337
Debt service reserve investments at fair value	715	758
Cash at amortised cost	74,963	111,157
	84,407	**120,252**

Financial Liabilities	2021 £'000	2020 £'000
Trade and other creditors at amortised cost	22,269	20,451
Loans at amortised cost	571,358	568,049
	593,627	**588,500**

Financial assets

Financial assets are made up of short term debtors, such as trade debtors and other debtors, current investments at fair value and cash at amortised cost.

Financial liabilities

Financial liabilities consist of Trade and other creditors and include loans at amortised cost.

36. Prior year restatement

The 2020 Statement of Financial Position has been restated to present the Investment properties under construction as fixed assets rather than current assets in line with the requirements of the Statement of Recommended Practice for Social Housing Providers 2018. This has been done for consistency of presentation and there is no impact on the reported result for the year. Total value of the restatement was £1,051k.

37. Post Balance Sheet Events

The group is currently undertaking a refinancing exercise with a view to ensure there are sufficient funds available to meet its future strategic ambitions whilst minimising the amount of interest paid. Since the year end, the group has made a £7.5m early loan repayment and agreed £45m of new loan facilities.

There are no other material post balance sheet events.

Financial statements 2020-21:

Company information

Registrations

Co-operative and Community Benefit Society registered number: 30443R

Homes England registered provider number: L4521

Secretary

Andrew Oldale

Registered office

Dysons Chambers, 12 -14 Briggate, Leeds, England, LS1 6ER

Independent auditors

Grant Thornton UK LLP

No 1 Whitehall Riverside, Leeds, LS1 4BN

Financial statements

Will Lifford – *Chair*

Sue Hall – *Vice Chair*

Linda Christon

Richard Flanagan

Alison Hadden

Philip Severs

Isabel Hunt – *(Appointed by YHL Board 25th November 2020)*

Leann Hearne – *(Appointed by YHL Board 25th November 2020)*

Matthew Blake – *(Appointed by YHL Board 25th November 2020)*

Jacqueline Esimaje-Heath – *(Appointed by YHL Board 25th November 2020)*

Naz Parkar – *(Resigned 29th September 2020)*

David Perry – *(Resigned 29th September 2020)*

Executive Directors

Nick Atkin – *Chief Executive*

Andrew Gamble – *Executive Director Growth and Assets*

Andrew Oldale – *Executive Director Finance and Governance (Appointed 8th June 2021)*

Cath Owston – *Executive Director Customer Experience*

David Bolton – *Director of Property Services (Resigned 25th January 2021)*

Barry Nethercott – *Director of Finance (Appointed 20 March 2020 and resigned 8th June 2021)*

Michelle Gregg – *Director of Business Transformation (Resigned 24th July 2020)*

Making it possible to have a place you're proud to call home.

Yorkshire Housing

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