



Annual Report and Financial Statements

Willow Park Housing Trust Limited

Year Ended 31 March 2020

Company Number: 03710937
Homes England Registration: L4219
Company Limited by Guarantee
Registered Charity Number: 1074481

WILLOW PARK HOUSING TRUST LIMITED

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Trust Highlights – Summary Financial Performance

For the year ended 31 March 2020	2020	2019
Statement of Comprehensive Income	£'000	£'000
Total Turnover	39,537	39,013
Income from social housing lettings	35,459	35,526
Operating surplus	5,578	5,978
Surplus/(Deficit) for the year	2,606	3,085
Statement of Financial Position		
Tangible Fixed Assets	222,030	216,546
Net current liabilities	(9,948)	(8,660)
Long Term Creditors	(77,757)	(77,914)
Pensions liability	(10,653)	(18,045)
Reserves		
Revenue	61,646	45,635
Revaluation	62,026	66,262
Restricted	30	30
Accommodation Figures		
Total General Needs housing properties owned at the year end (number of dwellings):		
Social housing	7,355	7,381
Affordable rent	353	341
Market rent	25	25
Shared ownership	119	106
Supported housing	86	86
	7,938	7,939

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Board Members, Executive Directors, Advisors and Bankers

Board

Chairman Nigel Sedman

Other Members: Robert Cressey
Bernadette Heanue resigned 29 July 2019
Sarah Russell
Sam Wilson
Eula Mesquita
Clare Flynn appointed 29 July 2019

Executive Officers

Chief Executive Nicholas Horne appointed 2 September 2019
Interim Chief Exec Kevin Lowry resigned 4 September 2019
Executive Director of Finance Richard Coughlan resigned 10 January 2020
Simon Morris appointed 2 January 2020
Director of Assets Paul Butterworth
Director of Development Andrea Lowman appointed 4 September 2019
Exec Director of Housing Jacque Allen resigned 31 March 2020
Paul Seymour appointed 26 May 2020
Exec Director of Resources Susan Richardson resigned 31 July 2019
Interim Exec Director of Resources Shahida Latif-Haider appointed 6 January 2020

Company Secretary

Shahida Latif-Haider

Registered Office

Wythenshawe House
8 Poundswick Lane
Manchester
M22 9TA

Registration Numbers

Company number 03710937
Homes England registration number L4219
Registered charity number 1074481
HMRC VAT registration number 163 8459 79 (Group)

External Auditors

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Internal Auditors

BDO LLP
3 Hardman Street
Spinningfields
Manchester
M3 3AT

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Board Members, Executive Directors, Advisors and Bankers (*continued*)

Solicitors

Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham
B3 2ES

Devonshires Solicitors
30 Finsbury Circus
London
EC2M 7DT

Bankers

National Westminster Bank PLC
Didsbury Branch
699 Wilmslow Road
Didsbury
Manchester
M20 6NW

Funders

M&G Limited
Laurence Poutney Hill
London
EC4R 0HH

The Royal Bank of Scotland
Global Banking & Markets
280 Bishopsgate
London
EC2M 4RB

WILLOW PARK HOUSING TRUST LIMITED

Report of the Board

The Board is pleased to present its report and the audited financial statements of Willow Park Housing Trust Limited ("Willow Park" or "the Trust") for the year ended 31 March 2020.

Principal activities

The Trust is a not-for-profit provider of social housing governed by a voluntary Board, under the Companies Act 2006 and is registered with the Regulator of Social Housing ("RSH") as a social landlord. The Trust is limited by guarantee and is a registered charity. The Trust is a Public Benefit Entity. The Trust is constituted under its Articles of Association.

The Trust is committed to achieving the long-term pledges outlined in the tenant consultation documents and to meet the requirements of the funders. These commitments include:

- Maintaining the Trust's housing properties in a sound state of repair;
- Financing long-term loan repayments in the future; and
- Achieving the surpluses and financial targets as outlined in the Trust's 30-year business plan.

The Trust's principal activities are the development and management of affordable housing.

Incorporation and Transfers

Willow Park Housing Trust Limited was formed to take the transfer of housing stock from the City Council. The Trust provides affordable housing in the Wythenshawe region and now manages 7,938 homes, comprising those homes received under the original transfer (East Wythenshawe), those transferred under the second transfer (Woodhouse Park and Moss Nook properties), those transferred from Guinness Northern Counties and newly built properties.

Manchester City Council transferred stock of 6,663 properties to the Willow Park Housing Trust Limited on the 29 March 1999.

A further transfer of 2,319 properties in the Woodhouse Park and Moss Nook area to Willow Park Housing Trust Limited took place on the 4 October 2004.

On the 19 January 2009, 120 general needs, 13 shared ownership and 6 commercial units were purchased from Guinness Northern Counties.

Willow Park Housing Trust Limited became a subsidiary of Wythenshawe Community Housing Group Limited from 1 April 2013, along with Parkway Green Housing Trust ("Parkway Green"). In 2017/2018 two new subsidiaries were established Garden City Design & Build Limited and Garden City Trading together these organisations form "The Group".

Business review

Details of the Group's performance for the period and future plans are set out in the Strategic Report that follows the Report of the Board. In addition certain other items requiring disclosure in the Report of the Board have been set out in the Strategic Report in accordance with s.414C(11) CA 2006.

Future developments

The Covid-19 pandemic is a key factor affecting the period since year end, with lockdown being announced by the Government shortly before the end of the financial year on 23 March 2020. The Group has responded strongly to the pandemic, and has revised its budget and thirty year business plan for its potential impact. The outcome of the revision is very much that the organisation has a resilient financial position as discussed further in the section on Going Concern on page 13.

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The Group has developed a new Corporate Plan to run two years to March 2022, rather than a more typical five years. This is in order to focus the activities of the organisation on further building our long term resilience and capability to support our tenants and the wider community in the wake of the Covid-19 pandemic. Later in 2020 we will extend our planning horizon to five years when we better understand the longer terms needs of our tenants, the community and our business.

The Board have approved a new build development strategy to deliver a pipeline of c.200 new units per annum over the next 5-6 year period. The new development will be focussed in the Group's key geographical areas, meeting the needs, demands and aspirations of both current and future residents across both the affordable and private markets. Whilst there have been some delays in current development schemes due to Covid-19, the Group remains confident the targets can be delivered. The newly formed Development Committee will closely review all proposals and monitor all future development activity across the Group.

The Group is working towards a potential Group restructure, which if goes ahead will result in the amalgamation/transfer of the three Housing Association entities into one and will entail conversion of the company limited by guarantee status of the new single entity to a Community Benefit Society, registered with the Financial Conduct Authority. Should it go ahead, the potential restructure is likely to occur within 12 months from the date of approval of the accounts, which could result in some entities no longer trading or even existing.

The Board and Executive Officers

The Board comprises up to six Non-Executive members and is responsible for managing the affairs of the Trust. They collectively have professional, commercial and local experience. The Board meets formally 6 times during the year to deal with company business, including performance, business planning and to discuss and formulate strategy.

The Board is responsible for the Trust's strategy and policy framework. It delegates the day-to-day management and implementation of that framework to the Group Chief Executive and other Executive Officers.

The Executive team comprises the Group Chief Executive, and five other Executive Directors. The Executive team met on a regular basis and attend all Board and Committee meetings.

The Executive Officers hold no interest in the Trust's shares and act within the authority delegated by the Board. They are directors as defined by the Accounting Direction 2019 so far as disclosure of interests and emoluments are concerned.

The Trust holds insurance to cover the liabilities of Board members and Executive Officers in relation to the Trust's activities.

Details of the present Board members and the Executive Officers of the Group, and those who served during the year are detailed on page 4.

Committees

All Group committees, except the Group Remuneration and Governance Committees, meet at least four times per year. The Group Remuneration and Governance Committees meet as and when required.

The Group Audit & Risk Committee has the responsibility of overseeing the Trust's audit functions, leading on matters of probity and risk, in addition to dealing with information, communication and technology issues.

The Tenant Committee oversees all involvement activity, and Committee Members are all residents of Wythenshawe Community Housing Group. The Committee sits within the Governance Structure of the organisation and receives management reports related to the

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delivery of all customer services. These will include all service delivery and performance management information, as well as any proposed policy development and major project work. It can:

- approve or reject report recommendations prior to any Board ratification; and
- trigger further investigative work where concerns are held about the quality and value for money being provided through current service delivery.

The Committee will also receive reports produced by the Trust's Service Review Panel, which is responsible for tenant led service reviews across the front line, to approve any recommendations for improvement prior to Board ratification.

The Group Remuneration & Governance Committee considers all matters of probity for Board members, employees or close relatives. It also reviews the skills and effectiveness of all the Board Members, interviews potential new members to the Board, ensures compliance with the Constitution, policies, the principles of good governance, regulatory or statutory requirements, and the Human Resources functions. The Committee recommends to the Board the Group's remuneration policy for its Executive Officers, as well as establishing the framework within which staff salaries are set.

At their meeting on 23 March 2020, the Board approved the Terms of Reference of a Development Committee, which will comprise of between four and six members and meet at least four times per year. The purpose of the Committee will be to provide oversight and review of the Development Strategy for the Trust.

The Willow Park Board and Group Committees obtain external specialist advice as required.

Employees

The Trust holds the prestigious IIP Platinum, IIP Health & Wellbeing and Top Employers Institute accreditations, and has successfully undertaken annual reviews affirming we continue to meet the desired standard. We are proud to be recognised for having excellent people practices to ensure that we attract and retain the best talent. The Trust is recognised for being a 'Disability Confident Employer' and is committed to employing, keeping and developing disabled people and those with long term health conditions, to provide opportunities to fulfil their potential and realise their aspirations. Our recruitment methods are inclusive and accessible; offering flexibility and providing opportunities for potential candidates who may have faced barriers to employment. We work with partner agencies including Access to Work to provide the right equipment; and where possible we will make adjustments to support individual's needs. Willow Park's core principles includes "Respect" and colleagues are trained on Equality and Diversity (E&D); and the fundamental principles of E&D are assessed within all our people practices and policies. Willow Park colleagues are given equal access to training and development opportunities; and understand these may need to be adjusted to meet different learning styles and capabilities. Career development is based on open discussions with all colleagues having regular individual performance appraisals; and through a range of in-house schemes: volunteering; job shadowing, secondments, informal mentoring; alongside Learning & Development opportunities.

Willow Park colleagues are passionate about the work of the Trust in serving the local community and this passion is echoed through the high levels of employee engagement activity within the Trust. For example, during the annual employee survey we regularly obtain a high response rate and we have a number of 'engaged groups' (e.g. Your Voice, the Sustainability Working Party, the Safeguarding Group and BeeWell) and use these groups to 'champion' ideas and cascade information or to act as channels for feeding back insight from across the Trust. Progress and change is celebrated with 'good suggestions' being recognised as part of our reward and recognition scheme. We use the Willow Park Intranet as the main source of information sharing; and encourage colleagues to ask questions or make suggestions based on information shared. The Trust has a performance framework in place so colleagues can understand our shared objectives, priorities and activities and understand how their role contributes to the overall performance of the Trust.

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Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Trust has a dedicated internal Health and Safety Department which oversees health and safety management across all functions, with additional external expertise where required. This includes comprehensive health and safety policies, procedures, risk assessments, training and an advisory service.

Resident involvement

We actively encourage residents' involvement in decision making by promoting mechanisms for residents to get involved in order to improve service quality and value. The Trust operates a tenant involvement structure that influences all front line services.

Tenant Involvement with the Trust exists to help "regulate" the business across the Regulatory Standards. There are five bespoke Service Panels of tenants who monitor performance against these standards on a quarterly basis. These Panels also help shape Policy and Strategy for the services that they represent. We also operate with three additional Panels, one responsible for coordination of tenant led events and conferences which allocates small grants to Community Groups up to £2.5k. We have a further panel which allows tenants to monitor services delivered locally within neighbourhoods.

We also have an independent "Complaints Panel" which is registered with the Housing Ombudsman, designed to intervene on complaints during the "Democratic Filter" which is part of the Localism Act.

The Tenant Committee oversees all involvement activity. The Committee sits within the Governance Structure of the organisation and is also responsible for approving Policy and Strategy for the Group that is shaped in the Panels, before submission to the Board. During 2019/20, Tenant Committee was particularly active in shaping the Allocations Policy and contributed to the implementation of changes to the policy which helped address local housing need.

Finally we also have a Service Review Group, which is responsible for tenant led service reviews across the front line. All review recommendations are submitted to the Tenant Committee for approval. In 2019/20, SRG reviewed the tenancy sign up process and recommended that sign-ups are conducted remotely. This has now been implemented and links directly to WCHG's response to the Covid-19 pandemic.

In 2019/2020 we engaged 1,225 tenants across the wider Group (2018/2019: 1,552). We have 118 individual tenants engaged with the Group. We also have a number of leaseholders and other local people who are not tenants involved.

Reserves Policy

As a registered charity that is also a social housing organisation, Willow Park Housing Trust has access to a significant level of secured loan facilities to fully fund its future operations, in accordance with its approved Business Plan. A proportion of its reserves is held as cash or cash equivalents, in accordance with the Group's Treasury Management Policy. This is currently defined as the maximum of either £10m or two months' operational expenditure. Levels of cash or cash equivalents held at 31 March 2020 were £1.910m (2019: £963k).

The Trust retains surpluses arising from its Business Plan within its revenue reserve. These surpluses are then reinvested in line with the Trust's purpose in existing homes, communities, services and planned new developments. Retention of reserves is also necessary to meet the repayment requirements of the Trust's loan facilities. The specific reserves held by the Trust are as follows:

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- Revenue reserve – The revenue reserve of £61.616m (2019: £45.637m) represents the accumulated surpluses/ (deficits) from the preceding and current financial years as detailed above. It also includes a transfer from the revaluation reserve of the depreciation charge in respect of the revaluation uplift of the housing properties.
- Revaluation reserve - The Revaluation reserve of £62.026m (2019: £66.261m) represents the difference on transition between the fair value of housing properties and the historical cost carrying value. Each year an element is transferred to reserves, being the depreciation charge in respect of the revaluation uplift of the asset. This is an accounting reserve, not a cash reserve.
- Restricted Reserve – The restricted reserve of £30k (2019: £30k) represents funds earmarked for a particular purpose and is subject to external restrictions.

Public Benefit Reporting

The organisation and its Board has complied with the Charity Commission's guidance on public benefit in exercising its powers and duties. Detailed elsewhere in this Report of the Board or accompanying Strategic Report is information in relation to the purpose and objectives of the organisation and significant activities undertaken and planned to achieve out its charitable purpose for the public benefit.

Streamlined Energy and Carbon reporting (SECR)

The Group is fully aware of the potential impact of its activities on the environment and takes its responsibilities very seriously in this regard. As such, an approach to long term carbon neutrality is to be developed as part of the new Corporate Plan 2020-22.

Our existing activities through our investment and maintenance activities has included a commitment to energy performance improvements and the Group has previously delivered;

- Promotions and information for customers and the community on developing an understanding of the carbon agenda;
- Delivered Carbon literacy training for over 500 colleagues to raise awareness and promote the adoption of a carbon reduction agenda;
- Launched our green fleet policy commitment and purchased our first electric van in April 2019;
- Implemented the removal of secondary heat sources across our housing stock;
- Procured the Group's energy provider to access green energy sources only;
- Reduced carbon emissions by installing LED lighting throughout communal areas in our blocks and offices;
- Delivered a year on year improved average SAP for the stock through a continued 750 home annual insulation improvement programme;
- Developed active partnerships with Greater Manchester Housing Providers and MCC on topics such as 'Green and Blue strategy', Low Carbon Network etc.;
- Commissioned and installed a trial scheme of air source heat pumps to replace carbon reliant heat sources in homes;
- Delivered A rated boilers across the housing stock;
- Retrofitted over 400 homes with PV panels;
- Retrofitted several High rise blocks with external wall insulation & district heating plant; and
- Commissioned Savills to inform and develop a detailed affordable long term carbon neutrality proposal

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The Group has commissioned consultants to help us better understand the potential impact of our activities (and those of our tenants) on the environment and we have identified a baseline position for 2019/20 for us to analyse and build a strategy upon to seek to deliver sustainable improvements. The baseline position covers greenhouse gas emissions/carbon footprint and energy usage and is reported in line with the recently introduced SECR disclosure requirements for large companies.

Greenhouse gas emissions	Emissions (tCO ₂)	Emissions per £1k turnover (tCO ₂)	Percentage
Scope 1 & 2	1,644	0.03	1.5%
Scope 3	104,322	1.63	98.5%
Total	105,966	1.66	100%

WCHG defines its organisational boundaries for its greenhouse gas emissions and carbon footprint as covering all its activities and facilities in which the Group operates. In the table above, scope 1 & 2 emissions cover energy consumption at offices and communal areas of properties, but also includes waste, expenditure, employee commuting, fleet mileage/fuel, grey fleet mileage and water supply, in that order of significance.

Scope 3 emissions are outside the Group's boundary of ownership and control and primarily relate to emissions from housing properties as operated by the Group's tenants (who have operational control of gas and electricity bills), which are by far the most significant source of emissions.

Energy Usage	Total	Average per property
Consumption (MW/h)	441,979	33.6
Cost (£k)	16,900	1.3

The scope 3 emissions were further analysed using a dynamic stock modelling platform, using the SAP 10.0 (2012) emissions methodology and the Group's own SAP rating data to produce the energy usage figures in the table above. The baseline analysis has identified potential targets for reducing energy usage which will be built into the future overall strategy.

Statement of Internal Controls

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

The Board has processes in place to

- Assess the principle and emerging risks facing the Trust
- Monitor the Trust's system of internal control (which includes the ongoing process for identifying, evaluating and managing risk); and
- Review the effectiveness of that system annually.

The Board has reserved certain matters to itself, including determining the long-term business objectives of the Trust and any material decisions. The Board annually review the formal scheme of delegation and financial regulations that set a framework for Board committees, the Chief Executive and Executive Team.

The Board has a number of mechanisms in place to support the Trust's systems of internal control. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health & safety, data and asset protection and fraud detection and prevention. Financial control is exercised through the setting of detailed budgets each year which feed into the financial planning process, coupled with a reporting and monitoring system that is driven by key performance indicators.

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There is an approved anti-fraud policy that covers the prevention, detection and reporting of fraud. Details of identified frauds are maintained in the fraud register, which is reviewed annually by the Audit & Risk Committee on behalf of the Board. There have been no reported cases of fraud during the year 2019/2020 with a financial loss of £nil (2018/2019 - £nil). The anti-bribery and corruption policy sets out guidelines for all staff to ensure the highest standards of conduct in business dealings. The Trust's whistleblowing policy enables employees to raise issues on a confidential basis and know that they will be properly investigated.

The Group Audit & Risk Committee meets four times a year and considers internal control and risk management at each meeting. The Committee meet with members of the Executive Team, and the internal auditors to review specific reporting and internal control matters, and to satisfy themselves that the internal control systems are operating effectively. All Board Members receive the minutes of all Group Audit & Risk Committee meetings.

The internal audit function is outsourced and has direct access to the Group Audit & Risk Committee. The Internal Auditors attend all meetings of the Committee and all recommendations for improvement made by the Internal Auditors are followed up. The internal audit programme of work is aligned to strategic objectives and risk. The work of the external auditors provides further independent assurance on the control environment as described in their audit report. The Trust also receives a letter from the external auditors identifying any internal control weaknesses which is considered by the Group Audit & Risk Committee and the Board.

The Board have reviewed the effectiveness of the system of internal control, including risk management, for the year to 31 March 2020, and up to the date of signing these financial statements. It has not identified any weaknesses in internal controls which resulted in material losses, contingencies or uncertainties that require disclosure in these financial statements.

Statement of compliance with the Governance & Financial Viability Standard

The Board formally reviewed compliance with the Governance and Financial Viability Standard as part of its annual formal review against the RSH's Regulatory Framework in May 2020; no areas of non-compliance were identified for the year ended 31 March 2020.

The RSH re-confirmed the Trust's Regulatory Judgement for Governance and Viability as G1 and V1 following an in depth assessment in June 2019.

The Trust complies with all relevant law.

Code of Governance

The National Housing Federation's (NHF) 2015 Code of Governance was formally adopted by the Trust in May 2016. Compliance with the adopted code is annually reviewed by the Board and was last reviewed on 21 May 2020 for the year ended 31 March 2020.

In accordance with the requirements, the Trust is pleased to report full compliance with the adopted code for the year ended 31 March 2020, and has identified no areas of non-compliance to report.

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

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

Company law requires the Board to prepare financial statements for each financial period. Under that law the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting

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Standards and applicable laws), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the Board must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the surplus or deficit of the Company for that period.

In preparing these financial statements the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing & Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is also responsible for taking reasonable steps to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Going concern

The Trust's activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report.

The Board originally approved the Trust's 2020/21 budget and thirty year Business Plan in March 2020 and were initially content that these plans were affordable and that the accounts should be prepared on a going concern basis.

However, the impact of the Covid-19 outbreak and its financial effect has meant that the Executive Team and Board agreed amended assumptions and a revised 2020/21 budget and business plan. This obtains assurance that the Trust remains a going concern over the period of twelve months from the approval of these financial statements. The Board reviewed a range of scenarios and stress tests in order to fully understand the potential impact on the business plan, including further reductions in rental income collected and changes to economic indicators such as inflation. The Board will continue to review the business plan with the Executive Team to make any necessary changes and continue to work with our customers and stakeholders to deliver exceptional services in an effective, solution-focused way.

The Government's decisions on social distancing have had a significant effect on our operations and hence our financial situation, which has resulted in an estimated £1.8m increase in operating surplus for 2020/21, followed by an estimated £1.4m reduction in operating surplus for 2021/22. This will not cause any entity within the Trust to breach its funders' covenants. The estimated impact has been felt across both income and expenditure, including rental income and property sales as we foresee difficulties for some tenants to pay their rent and a slowdown in sales transactions. However this is offset by delays to the major repairs investment programme and new build development; the increased surplus in 2020/21 is due to the deferral of expenditure is greater than the estimated reduction in income, which reverses across 2021/22 and, to a lesser degree, subsequent years.

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The length of the Covid-19 outbreak and the impact of the measures taken by the Government to contain this are unknown and outside of the Trust's control however the organization has implemented processes to manage cashflow on a weekly basis so that Board can regularly review financial stability as the situation progresses. As a minimum the Board will formally review the business plan as at the end of September 2020, and again in March 2021.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities, totaling £25m, both at 31 March 2020 and the date of signing the financial statements, the Board believe that, while uncertainty exists, this does not pose a material uncertainty that would cast significant doubt on the Trust's ability to continue as a going concern for a period of 12 months from the approval of the financial statements. The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

In addition, the Board has considered the anticipated impact of Brexit based on known information at this stage, assuming that the Brexit transition period will end on 31 December 2020. As a result, the Board do not expect Brexit, within a period of 12 months from the approval of these financial statements, to significantly impact the finances of the Trust in relation to the validity of the going concern assumption.

Annual general meeting

The annual general meeting will be held on 21 September 2020.

Statement as to disclosure of information to auditors

The board members confirm that:

- so far as each board member is aware, there is no relevant audit information of which the company's auditor is unaware;
- the board members have taken all steps they ought to have taken as board members to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

To the best of our knowledge:

- That the Trust's financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Report of the Board and Strategic Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

External auditors

Grant Thornton UK LLP has expressed their willingness to continue in office.

This report was approved by the Board on 27 July 2020 and signed on its behalf by:



Nigel Sedman
Chairman
27 July 2020

WILLOW PARK HOUSING TRUST LIMITED

Strategic Report

Activities

Willow Park Housing Trust Limited ('the Trust') is a stock transfer organisation established to manage and deliver major refurbishments and quality services to 7,938 homes in Wythenshawe. For the duration of 2019/2020 the Trust's head office was at Wythenshawe House, in Wythenshawe and all its properties are situated within five miles of the head office. The Trust has charitable status and operates primarily as a social landlord, providing affordable general needs housing.

Objectives and strategy

The new Corporate Plan sets out our actions over the period April 2020 to March 2022. These activities will build our long term resilience and capability and support our tenants and the wider community in the wake of the Covid-19 pandemic. Later in 2020 we will extend our planning horizon to five years when we better understand the longer terms needs of our tenants, the community and our business.

Wythenshawe is circa 8 miles south from Manchester City Centre and is home to circa 79,000 residents. There are many positive aspects to Wythenshawe which for many years have improved it as a place to live and work. The positives must be balanced with the downsides, most notably relatively high levels of deprivation and lower life expectancies.

Wythenshawe Community Housing Group is the largest Manchester based housing association responsible for circa 13,700 properties providing a home to circa 29,100 people – circa 37% of the Wythenshawe community. Some 50% of our 540 staff live in Wythenshawe and 20% are also our tenants. The Group has a critical role as a community based business that goes beyond housing. In Wythenshawe we are a major local employer, investor, support provider and enabler, building on the strengths of local people, organisations and the wider community.

The impact of the pandemic is expected to be significantly negative on the Wythenshawe area. In response to the changing needs of our tenants and the community we will rebalance our resources in partnership with others so as to have the most positive impact.

The Plan will be updated every three months with regular reporting to the Board on progress. Actions in the Plan are additional to our Business As Usual service delivery.

The Group's 30 year Business Plan shows a healthy financial performance as measured by the metrics of EBITDA, liquidity and gearing. Relatively low debt levels enable a strong EBITDA to be achieved despite relatively low operating margins.

The Plan includes efficiency targets and supporting actions to improve margins over the medium term. Unforeseen impacts from the pandemic are mitigated by flexibility in the timing of our investment spend and a strong cash balance supported by Board's policy to maintain a larger cash reserve.

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The Plan's **Golden Thread** links detailed actions with achievement of the Group's purpose.



The Group's **Purpose** is 'To create a community where people choose to live and work, having pride in their homes and services'. Purpose will be reviewed in 2020.

Guiding Principles support selection and delivery of the Plan actions and cover the impact of what we do, how we work and effective strategy implementation.

The heart of the Plan is four **Strategic Themes** each supported with delivery programmes and actions:-



- **More Homes:** The Group will play an active part to address the shortage of affordable homes. Our Development Strategy resources the delivery of up to circa.200 new homes per annum across all tenure types but with an emphasis on affordable homes for rent.
 - In addition to more new homes, key deliverables include improved scheme governance, appraisal and reporting systems and a more commercial sales and marketing service.
- **Living Well:** Through a range of service reviews, engagement with residents and partner and community programmes, we will continue to support tenants and the wider community. We will build on Wythenshawe's many strengths and as best we can mitigate existing challenges and the threats presented by the pandemic.

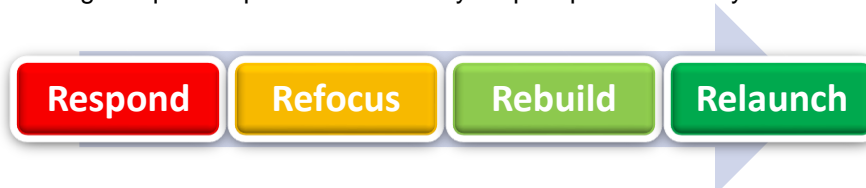
WILLOW PARK HOUSING TRUST LIMITED

- Key deliverables include a refocused suite of service offers informed by resident preferences; improved value for money for the Community Centres, Village 135 and other services; improved resident involvement and volunteering services and better use of customer insight to inform service delivery.
- **Great Places:** Service reviews and programmes of work balance the need for additional shorter term investment to improve the safety and amenity of our resident's homes with a longer term focus on improving estate quality and optimising the performance of our property portfolio.
 - Key deliverables include an updated Asset Management Strategy and investment plan; a revised programme of health and safety compliance works post Hackett & Grenfell; a low carbon and sustainability strategy; and an operating model that delivers improved value for money.
- **Smarter Business:** Organisational infrastructure, service efficiency and delivery capability will be improved through programmes across the key areas of Customer Contact; Culture and People; Data Governance; Service Design and Systems.
 - Key deliverables include a Digital Service Delivery strategy and Customer Access Strategy; a revised organisational purpose, values, behaviours and culture; a refreshed Board Membership and governance arrangements; a consolidated group structure; a revised People Strategy and modernised staff pay and conditions offer; ongoing investment to improve our agile working capabilities.

Supporting the capacity and motivation of all of our colleagues to fulfil their roles to the best of their abilities is a key objective during these changing times. Five People Principles guide our decision making and actions:



The Four Rs: Our four Rs model supports us in navigating through the pandemic period. It is an approach to thinking about the context in which the business is operating and proactively moving us through sequential phases of the two year plan period and beyond. The four Rs are:-



Detailed Actions and Outcomes

At the base level of the Golden Thread are the 180+ detailed plan actions and outcomes that colleagues across the business have identified as necessary to deliver the four strategic themes and hence our Purpose.

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Financial Performance and Performance Indicators

Financial overview

The Trust's Statement of Comprehensive Income and Statement of Financial Position are summarised in the Trust's Highlights (page 3) and the key features of the Group's financial position are set out below.

The financial statements report a reduction in operating surplus to £9.186m (2019: £10.849m), predominantly due to a fall in turnover, which includes the effect of the final year of 1% rent reductions and an overall reduction of £4.168m of first tranche shared ownership and outright sales. However to offset this there was an overall increase of £3.161m in the cost of properties for sale at year end as detailed in note 17.

The sales reduction resulted in part from a temporary slowing of the development programme, which has a substantial future pipeline, despite again some on site delays in 2020/21 due to the impact of Covid-19. Due to the slowing of the programme, no additional debt was drawn down during the year and cash and cash equivalents reduced by £1.219m to £13.045m. Cash inflows and outflows for the period are shown in the cashflow statement on page 39. The net cash inflow from operating activities in the period was £16.822m.

The end of the year has seen a substantial reduction in the pension deficit by £11.477m to £17.068m, based on the position reported by the Greater Manchester Pension Fund's actuaries. A significant element of this reduction has been sizeable 'remeasurement' items arising from the three yearly formal actuarial valuation as at 31 March 2019.

The impact of the Covid-19 pandemic has had no significant impact on the results for the year, with the Government announcing lockdown just over a week ahead of year end. The future potential impact is addressed in the going concern section on page 13.

Performance Indicators

The Group has had a strong performance year in 2019 / 2020 whilst services were impacted by changes from March 2020 onwards due to the Covid-19 pandemic. The table on page 19 compares 2019/20 performance to target and prior year. In addition, where the comparisons are available, we benchmark against the average of a range of other predominantly North West based RPs with similar stock size. RAG indicators are used to aid comparison of performance.

Key compliance indicators concerning Gas Safety were maintained as 100% compliant during 2019/2020. During April 2020 the Group took an informed decision to allow a number of properties to go overdue on Gas Servicing at the request of tenants shielding from Covid-19, also based on the intelligence the Group has on the age and condition of gas appliances.

Rental income collection has continued to improve year on year in a tough economic climate for the tenants of Wythenshawe. This will continue to be a key performance indicator of the Group as the long term impact of Covid-19 is felt across the economy and local community. Former Tenant Arrears collection fell just below the annual target, however this is in part due to loss of some productive time for rent officers as Covid-19 started to impact towards the end of March.

The Group has set a number of stretching targets in the delivery of its repairs service which is a key deliverable for tenants. A full review of the repairs service has been identified for delivery in 2020/2021 with an aim to improve its efficiency and effectiveness. During the year, the calculation method for right first time delivery was reviewed and this produced a more accurate and relevant definition and led to a reduction in the performance achieved. This will be revisited during the upcoming review.

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Void turnaround times remain upper quartile, however target was not achieved during the year, due to the type of voids presenting and level of works that were required. All voids are assessed to ensure that the most value for money process is followed and this may mean holding a void to make savings through works being completed by the in-house team, rather than gaining a few days extra rent but incurring higher costs through use of a sub-contractor.

Customer Access channels are closely monitored and satisfaction remains high with customer contacts and interactions with the Group. The indicators used to monitor all customer interactions will be reviewed and refreshed during 2020/2021 to better reflect the new strategic objectives for the Group.

During 2020/2021 the new Complaints Policy will be implemented which will see the streamlining of complaint handling services and a quicker resolution for tenants.

Overall sickness absence remains broadly in line with the sector average and was impacted by an increase in sickness during March 2020 as staff self-isolated without remote work having been fully implemented. This was quickly resolved through the delivery of remote working solutions to those who were having to self-isolate and who could continue to work remotely.

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Performance Indicators	March 2020	Target 2020	RAG	March 2019	RAG	Peer Group Average	RAG
Rent Arrears	2.6%	Not set		2.9%		2.9%	
Gas Safety	100%	100%		100%		99.98%	
Rent Collection	100.1%	Not set		100.8%		99.4%	
Former Tenant Arrears Collection	£182k	£185k		£154k		N/A	N/A
Percentage of Emergency Repairs completed within target	99.95%	99.95%		99.97%		N/A	N/A
Percentage of repairs completed on the first visit	92.63%	94.00%		93.26%		90.7%	
Percentage of customers satisfied with repairs	99.94%	99.50%		99.93%		88.86%	
Property Turnover Percentage	3.93%	5%		4.41%		7.4%	
Void turnaround time for properties let in the month (calendar days)	21.9 days	20.0 days		20.1 days		31.0 Days	
Percentage satisfaction with the ASB service	99.3%	99.75%		100%		84.45%	
Percentage lettings with fewer than 10 bids	0.7%	6%		1.4%		N/A	N/A
Percentage of complaints to receive a full response within 14 calendar days	99.2%	100%		100%		N/A	N/A
Percentage of complaints fixed first time	87.3%	95.0%		86.3%		N/A	N/A
Percentage of calls answered in 30 seconds	85.3%	90.0%		87.3%		N/A	N/A
Percentage of calls – fixed first time	87.8%	87.0%		87.1%		N/A	N/A
Percentage satisfaction with contact centre	99.0%	99.0%		99.1%		96.0%	
Sickness absence percentage	4.1%	2.75%		3.5%		3.7%	

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Value for money

Strategic approach to Value for Money

The Group is committed to delivering Value for Money (VFM) which underpins the delivery of the Group's Vision and Purpose. It is committed to ensuring that all the services that it delivers provide the right thing, at the right time, at the right price for its tenants. As part of this, the Group looks for opportunities to both improve services and reduce costs across the business. This is delivered in partnership with tenants in order to ensure that it is the right thing to do and that savings are reinvested into services. In doing so the Group aims to improve the overall service provided to tenants and increase satisfaction with the Group. The Group works with a wide range of partners and stakeholders in order to ensure that every pound that is invested in Wythenshawe has the maximum impact.

The Group's previous VFM Strategy covered the period to March 2020 and as part of the launch of the new two year corporate plan (see page 16), a new VFM strategy will be developed. However the new VFM strategy will be closely aligned to the process of recovery from the currently ongoing Covid-19 pandemic, in order to ensure that the services provided to tenants and produced the support offered to the wider community of Wythenshawe are both relevant and appropriate. Assessing VFM of services in the context of the pandemic may mean that some services are reduced or discontinued in favour of diverting more resource to other services, whilst still demonstrating VFM.

The five key objectives within the previous VFM Strategy are as follows:

- Continue to develop the understanding of staff and promote a VFM culture within the Group;
- Work with customers so that they shape VFM decisions and provide scrutiny of the VFM of the Group;
- Ensure that VFM services are delivered to customers;
- Ensure maximum benefit is obtained from resources and assets; and
- Ensure compliance with the Regulator's VFM Standard.

The Group's aim is to ensure VFM is fully integrated in its planning and performance management framework - examples of the VFM tools that the Group has used to help deliver and embed VFM are as follows:

- Zero based budgeting;
- Tenant involvement in procurement and tendering;
- Board VFM Champion;
- VFM Tracker to monitor savings;
- Staff training on VFM;
- Communication and reporting on VFM to tenants, residents and staff;
- Service Reviews;
- Scrutiny Review Groups;
- Active contract management;
- Benchmarking of services;
- Corporate Plan, Annual Plans and Service Plans clearly linked to VFM;
- Financial performance monitoring;
- Key Performance Indicator monitoring
- Local Offer Inspections on VFM;
- VFM section within all Board papers.

Board – The Board has ultimate responsibility for decision making and takes a lead role in challenging how the VFM Strategy is delivered. The Board recognises and acknowledges its overall ownership and responsibility for meeting the Regulator's VFM Standard.

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Tenants & Residents - The Tenant Committee is a formal part of the Group's governance structure and is responsible for ensuring VFM decisions are taken in the best interests of tenants, securing the expected levels of quality, cost and range of service delivery. The Committee provides a means for tenants to hold the Group accountable for the services delivered. The Committee receives management reports related to the delivery of all customer services, including all service delivery and performance management information, as well as any proposed policy development and major project work. This Committee has the power to trigger further investigative work where there are concerns about the quality and value for money being provided through current service delivery.

Future VFM objectives

The new Corporate Plan covering the two year period to 2022 identifies a range of high level Value for Money improvements. Most of the supporting VFM activities remain to be scoped out as part of the detailed actions underlining the plan. The high level VFM objectives within each of the four themes of the Corporate Plan are as follows:

- More Homes – delivering more new homes with demonstrable VFM;
- Living Well - seeking improved VFM across our community centres and Village 135 extra care scheme;
- Great Places – a new operating model that delivers improved VFM; and
- Smarter Business – 'invest to save' projects incorporating technology and infrastructure to deliver medium to long term VFM efficiencies.

The latest Business Plan includes a VFM improvement target of £2.3 million per annum by 2025, the aim being to improve the current low operating margins to a level more in line with sector peers and so improve both our financial resilience (to withstand shocks) and our financial capacity (to allow choice of where to re-invest surpluses).

Aligned to the two year Corporate Plan, we will scope out and commence a programme of VFM service reviews across the organisation, covering both income and expenditure, led by GLT members in their areas of responsibility. Property services, for example is a very significant service area that will be reviewed in the plan period with an expectation of delivering financial savings.

VFM Metrics

This section complies with the regulatory requirement to annually publish evidence to enable stakeholders to understand our performance against our own VFM targets and those metrics set out by the Regulator, and how that performance compares to peers.

In terms of peer benchmarking we have adopted two approaches, comparing as in previous years to the sector scorecard for the previous financial year (i.e. 2018/19), but also against a specific peer group of 10 other housing organisations of similar size and location, which are predominantly former stock transfers, in order to try to reflect similar social demographics and operating challenges.

The table below details the relevant metrics, followed by detailed explanations.

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					Target	Sector Scorecard- Median from	Peer Group Ranking (1 best, 11 worst)	Target				
Section	Indicator	2017/18	2018/19	2019/20	2019/20	2018/19	2018/19		2020/21	2021/22	2022/23	2023/24
Business Health	Operating Margin - Overall	6.1%	9.6%	7.2%	8.0%	25.5%	11		13.4%	11.9%	14.9%	16.8%
	Operating Margin - Social housing lettings	4.7%	7.0%	6.0%	5.3%	27.2%	11		14.0%	11.8%	14.6%	16.7%
	EBITDA MRI% Interest	53.2%	242.3%	180.3%	198.5%	197.9%	4		301.7%	203.0%	236.0%	253.0%
Development - capacity & supply	New supply % (social)	0.8%	1.2%	0.3%	0.9%	1.0%	7		0.6%	0.9%	0.9%	1.7%
	New supply % (non-social)	0.2%	0.1%	0.1%	0.2%	0.0%	2		0.4%	0.0%	0.0%	0.2%
	Gearing %	33.3%	30.0%	29.0%	33.8%	33.8%	5		25.3%	26.0%	32.0%	32.0%
Outcomes delivered	Reinvestment	6.9%	5.8%	5.6%	12.6%	5.4%	9		2.7%	8.9%	13.6%	8.3%
Effective asset management	Return on capital employed (ROCE)	2.1%	2.9%	2.4%	2.1%	3.2%	10		2.9%	2.7%	2.8%	3.2%
Operating efficiencies	Headline social housing cost per unit	£3,721	£3,614	£3,747	£3,654	£3,725	9		£3,239	£3,926	£3,899	£3,933
	Management cost per unit	£943	£882	£954	£902	£1,059			£887	£966	£925	£911
	Service charge cost per unit	£590	£502	£447	£539	£365			£398	£663	£629	£630
	Maintenance cost per unit	£766	£784	£799	£617	£951			£856	£820	£836	£854
	Major repairs cost per unit	£1,316	£1,330	£1,415	£1,455	£703			£979	£1,455	£1,486	£1,516
	Other social housing costs cost per unit	£106	£116	£132	£141	£218			£119	£23	£23	£23

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Business Health

Operating Margin – this metric is defined as the operating surplus divided by the turnover and demonstrates the profitability of operating assets. The regulatory requirement is to show the overall operating margin but also that of social housing lettings only.

The overall operating margin for the year at 7.2% is lower than the previous year and the target set for 2019/20. The predominant reasons are the surplus on first tranche shared ownership sales being at a lower level than originally expected both in terms of absolute value and margin. The surplus on non-social housing sales was also lower by some £500k. Whilst the margin on these latter sales was similar to the previous year, it was lower than target. 2019/20 was also the final year of required rent reductions, which adversely impacted the surplus from social housing lettings by some £883k from the previous year.

The operating margin – social housing lettings shows a similar pattern against the previous year broadly for the same reasons, however at 6% is slightly higher than the 5.3% target. The additional factor reflected here relates to lower major repairs spend reflected in the statement of comprehensive income.

Benchmarking:

- *The 2019 Sector Scorecard data indicate a national median of 25.50% for overall operating margins, and 27.20% for operating margin – social housing lettings.*
- *The organisation is aware that operating margin performance is significantly lower than the Sector Scorecard data and has been for some years. This has historically been due to the Group's strategic choice to focus additional investment in the wider community (e.g. tenant support services, financial inclusion services, apprenticeship programmes, etc.), the provision of discretionary services (e.g. environmental services, improvements beyond the Decent Homes Standard), which whilst reflected in social returns, significantly deflates the operating margins.*
- *Peer benchmarking against ten other RPs demonstrates the above, with the organisation having the lowest operating margins in the sample.*

As highlighted above, the Board and Executive team have set the organisation on a journey of improved operating margins over the next five years. The initial aim was to achieve a minimum (and sustainable) overall operating margin of at least 20% by the end of a five year period. Whilst the estimated future financial impact of the Covid-19 pandemic has decreased that level slightly, and indeed shows a reduction in target for 2021/22, the overall improvement can be seen in the table above and will be delivered through a range of initiatives including reviews of both core and discretionary services.

EBITDA MRI – this metric (the acronym standing for Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included) is defined as a key indicator of liquidity and investment capacity, as it seeks to measure the level of surplus that is generated compared to interest payable. The Regulator ratio is defined differently to our funders' required ratio of 'interest cover' which also seeks to measure liquidity.

EBITDA-MRI for the year 2019/20 at 180.3% is lower than the previous year and the target set for 2019/20. The main reason for this was the lower operating surplus as reflected in the operating margin comments above, but also total major repairs were £1.4m higher than the previous year.

Benchmarking:

- *The 2019 Sector Scorecard data indicate a national median of 197.90%.*
- *The Group's performance for 2019/2020, is slightly lower than the Sector Scorecard data, primarily due to lower operating surplus, but offset to an extent by comparably lower interest costs.*
- *Peer benchmarking shows a mid-range position, again as a result of lower interest costs generally than the sample, which offsets the lower operating surplus position*

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Future targets for EBITDA-MRI reflect the targeted operating surplus improvements described above. The target for 2020/21 at 301.7% is higher than the future years because of the deferral of some major repairs spend as a result of the impact on operations of the Covid-19 pandemic.

Development – Capacity & Supply

New supply delivered – this metric is defined as the units acquired or developed in the year as a proportion of existing stock. The Regulator requires that this metric be split to cover both social and non-social housing units.

The social housing units delivered in 2019/20 were lower in terms of both previous year and target, due to a temporary slowdown in the development programme, predominantly linked to significant changes in the executive and development teams, but also an element of contractor non-delivery. The Group developed 57 units in total against a budget of 166 units.

Future delivery of new supply is linked to a new development strategy, approved by Board in March 2020 and fully funded within the Business Plan, which will deliver over 1,000 new units over a six year period, increasing the ratio to 1.7% by 2023/24, well ahead of the sector median.

Gearing – this metric is defined as the proportion of borrowing in relation to the size of the asset base and is seen as a key indicator of potential growth. The Regulator ratio is different to the 'financial indebtedness' ratio required by our funders, which is an alternative measure of gearing.

The gearing ratio fell slightly to 29%, which was also lower than the target predominantly as a result of the temporary slowdown of the development programme as highlighted under new supply above.

Benchmarking:

- *The 2019 Sector Scorecard indicates a national median of 33.80%, which demonstrates the Group have underlying capacity to deliver extra new supply.*
- *In terms of the peer group, the gearing ratio sits mid-range, which again suggests some latent capacity to increase new supply.*

Future targets for gearing show a reduction in 2020/21 because of the deferral of development expenditure due to the estimated impact of the Covid-19 pandemic, followed by increases as the development programme gets fully underway.

Outcomes Delivered

Reinvestment – this metric is defined as the scale of investment into existing housing and acquisition or development of new housing in relation to the size of the asset base.

The reinvestment percentage at 5.6% is broadly in line with the previous year as a result of the ongoing significant major repairs programme but lower than the target for 2019/20, due to the temporary slowdown of the development programme as described above.

Benchmarking:

- *The 2019 Sector Scorecard indicates a national median of 5.4%, very similar to the performance of the Group.*
- *However in the peer benchmarking, the Group is ranked ninth out of eleven, which demonstrates the significant major repair programmes within the more recent stock transfer organisations, included in the benchmarked sample.*

Future reinvestment targets, after a reduction in 2020/21 due to the impact of Covid-19 on both major repairs and development, show an increase linked to the development plans over the next six years, which will place us significantly above the current sector median.

Effective Asset Management

Return On Capital Employed (ROCE) – this metric assesses the efficient investment of capital resources by comparing the operating surplus to total assets less current liabilities.

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The 2019/2020 ROCE figure dropped to 2.1% from the previous year due to the reduction in operating surplus (as explained above), but remained ahead of target due to a higher than expected surplus on right to buy sales.

Benchmarking:

- *The 2019 Sector Scorecard indicates a national median of 3.20%, which is higher than current performance and peer benchmarking ranks the Group tenth out of eleven; this is as a result of a lower surplus and operating margin.*

Future targets show an increase in ROCE in line with the plans to increase operating margin through the programme of efficiency reviews and the by target for 2023/24 the target is in line with the current national median.

Operating Efficiencies

Headline Social Housing Cost Per Unit – this metric uses the Regulator's definition of headline social housing cost per unit, which is then broken down into its key headings (management, maintenance, major repairs, service, other).

Overall social housing cost per unit at £3,747 is £133 higher than the previous year and £93 higher than the target. Whilst there are a number of contrasting factors within these variances, the change from the previous year is predominantly as a result of an overall increase in total major repairs spend by circa.£1.4m. The difference to target is linked to routine maintenance where the targeted reduction in maintenance cost per unit did not materialise due to the demand for repairs remaining high.

A small but significant part of the increase is as a result of lower property numbers overall, due to the number of right to buy sales exceeding the number of new units delivered through the development programme.

Benchmarking:

- *The 2018/19 Sector Scorecard indicates a national median of £3,725, just £22 lower than the Group figure. However, despite the peer benchmark rank of ninth from eleven RP's in the sample, there was a concentration of RPs around a similar level and the outcome was not too far from the median level.*

In relation to future targets, driven by an expected reduction in major repairs costs due to the Covid-19 pandemic, 2020/21 shows a reduction to £3,239 per unit. The following three years stay broadly consistent at around the £3,900 level, slightly higher than currently although part of that is due to catch up in major repairs spend over 4-5 years. However stripping out the effect of inflation shows an overall targeted decrease, which also links to the planned increase in operating margin.

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Assets

Our Asset Management Strategy sets the framework to drive value for money from our stock. We aim to increase the return on assets and have in place policies and standards that ensure assets are well maintained, comply with appropriate standards and are supported by management activities and interventions. The Trust invested in Savills SHAPE asset performance model that enables NPV values to be routinely established, monitored and intelligently influence our annual plans & interventions. Annually, we are able to review poor performing asset groups and apply ethical decisions on investment, intervention or disposal. This approach also enables considerable benchmarking to north-west RP's and the ability to develop realistic objectives and metrics. Through driving the return on assets, we are able to influence the value of our stock and future capacity of the business.

Our stock is formally surveyed by external Chartered Surveyors every 4 to 5 years; the most recent Stock Condition Survey was completed in August 2018 and results were consistent with our 30 year projections. The Trust continues to manage adherence to various standards such as Decent Homes compliance and energy performance standards from our Asset software system, Promaster. This approach is underpinned by live performance data which influences our day to day decisions on maintenance, empty homes management and preventative decision making. The Trust continues to drive upper quartile performance measures on turnover, demand, letting times, void costs and compliance.

Going forward the Trust will develop further its commitment to long term carbon neutrality across its assets which is a key commitment for Greater Manchester Registered Providers and contained within the Trust's long term corporate objectives.

Treasury Management and Capital Structure

The Trust utilises financial instruments in order to provide long term finance for the Trust's activities, which exposes the Trust to a range of financial risks. The Board approves a Treasury Policy and Annual Treasury Strategy, with guidance from independent treasury advisors, designed to mitigate the following financial risks:

Interest rate risk – The risk that changes to interest rates impacts on the financial viability of the Trust. This is managed by the use of an optimum balance of fixed and variable rate loan facilities, reviewed annually.

Liquidity / cash flow risk – The risk of running out of cash or available loan facilities necessary to meet the Trust's financial commitments. In order to manage this the Treasury Policy sets rules around the minimum holding of cash and instant access funds, along with a range of controls around cash flow forecasting. In addition to these minimum holdings, at 31 March 2020, the Trust had £25m of undrawn committed facilities.

Credit / counterparty risk – The risk of contracting financial instruments with organisations that are not of good financial standing resulting in loss of funds. The Treasury Policy requires that all counterparties have a prudent minimum credit rating, in order to ensure the security of the principal sums invested.

Refinancing risk – The risk that loan facilities cannot be refinanced at a market interest rate at the end of their term. The Trust manages this by closely monitoring the maturities of all loan facilities, planning any renewal or refinancing of facilities early, to maximise the ability to obtain competitive rates in the light of prevailing market conditions.

Currency risk – the risk that the Trust's viability is affected by adverse foreign exchange rate movements. However, the Trust borrows only in sterling and so is not exposed to such risk.

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The Group's current loan funding is as detailed below:

Trust	Funder	Loan Facility	Loans drawn	Current headroom	Security (2020 Valuations)	Asset Cover Ratio
PGHT	RBS	£36m	£21m	£15m	£63.5m	137% (110%)
PGHT	M&G	£25m	£25m	N/A	£39.5m	121% (105%)
PGHT	Total	£61m	£46m	£15m	£103m	169%
WPHT	RBS	£25m	N/A	£25m	£38.8m	128% (110%)
WPHT	M&G	£65m	£65m	N/A	£97.4m	115% (105%)
WPHT	Total	£90m	£65m	£25m	£136.2m	151%
Total		£151m	£111m	£40m	£239.2m	158%

**funding agreement covenants included in brackets*

Based on asset cover requirements of 110%, the Group has scope for additional funding of circa.£260m. The Group protects itself against the full impact of uncertainty and, in particular, interest rate increases by having an appropriate proportion of its debt at fixed rates - £90m of the above funding (from M&G) is at 3.4%, whilst the bank funding has a debt cost of 6.13%.

The Group's effective interest rate for 2019/20 was 3.92% which is lower than the sector's average effective interest rate of 4.8% for 2018/19 (RSH's Global Accounts).

Post Balance Sheet Events

Other than the ongoing impact of the Covid-19 pandemic, which is described elsewhere in these financial statements, there have been no other events since the year end that have had a significant effect on the Trust's financial position.

Section 172 statement

Willow Park Housing Trust is a not for profit, charitable Housing Association Trust which develops and manages affordable housing. Its current defined purpose is "to create a community where people choose to live and work, having pride in their homes and services".

As a company limited by guarantee without share capital, Willow Park Housing Trust does not distribute surpluses to shareholders, but instead has a wide range of stakeholders, of whom the Board gives due consideration in making significant decisions. The stakeholders considered are:

- Tenants and residents;
- The wider Wythenshawe community;
- Local Councillors and Local Authorities;
- Greater Manchester Combined Authority;
- Partner organisations in Wythenshawe and its surrounds (e.g. further education colleges);
- Significant local employers (Manchester Airport, Wythenshawe Hospital);
- The Regulator of Social Housing;
- The Trust's Funders;
- Internal & external auditors;
- The Executive and Leadership Teams, Managers and employees; and
- Suppliers (in particular those based locally).

When significant change is proposed to, for example, service delivery, the impact on stakeholders is considered and if appropriate, communication and/or consultation takes place so that implications can be understood and challenged if necessary, particularly in relation to

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the regulatory requirement to demonstrate value for money. There are a range of methods of communication:

- Face to face meetings and briefings;
- Formal consultation sessions; and
- Emails, e-briefings and social media

The Board have made significant decisions across a range of areas during the year. In particular, the impact of the Covid-19 pandemic, arising as it did at the end of the financial year, led to Board considering in depth the concept of Going Concern (see page 13) for the organisation. It also resulted in a narrowing of the scope of the new Corporate Plan to a two year time horizon from five years in order to ensure the appropriate focus on helping our tenants and wider community to manage the impact, which is likely to be far-reaching. The Board very much see our response to the pandemic as critical to the continued future success of the organisation and of Wythenshawe itself.

The Board have also considered the culture of the organisation during the year, in initiating an externally facilitated Culture and Governance review. A detailed action plan has been produced for the Board and Executive team to deliver against, which includes a review of the values and behaviours required across the organisation to develop and embed a culture change. This change will be coupled with a more agile way of delivering services post Covid-19. In addition, a range of Governance improvements have been approved by the Board to ensure best practice.

Principal risks and uncertainties

Risk management remains integral to the formulation, delivery and monitoring of corporate objectives and the business plan. The Board, the Group Audit & Risk Committee and the Executive Team considers the Regulator of Social Housing's annual sector risk profile and understands the particular risks that might affect the Trust. The programme of risk monitoring through the Strategic Risk Register has been maintained throughout the year and the Board approved a revised Risk Management Strategy in March 2020.

Whilst Brexit is not considered a separate risk on the strategic risk register, the potential impact is considered through all other risks. Risk-based stress testing is crucially important to the organisation's understanding of risk and a range of sensitivities are applied to the Business Plan, for example how the impact of changes to inflation, interest rates or a sharp drop in income might affect the future viability of the Trust. In addition the Board reviewed a multi-variate stress test relating to a severe impact of Brexit on the Business Plan and considered appropriate mitigations.

The Board has evolved its approach to risk appetite, with a new overarching risk appetite statement as follows:

"Willow Park Housing Trust is averse to risks that could cause a breach of regulation, legislation or loan covenants, or that could cause serious injury or loss of life. The Trust is open to innovation and new ways of working in service delivery. The Trust is open to opportunities to grow the business and housing stock through collaboration and development, but is cautious in taking risks that could put social housing assets at risk"

The principal risks and uncertainties currently facing the Group are detailed in the following table:

WILLOW PARK HOUSING TRUST

Risk area	Key factors and mitigations
<p>Impact of the global Covid-19 pandemic, including the risk to financial viability, but also in terms of the sufficiency of future resources to deliver the depth and breadth of services required by tenants in the Wythenshawe community during the next two year period</p>	<p>The principal uncertainty currently facing the Group is the impact of the ongoing global Covid-19 outbreak. The Board and Executive Team continue to monitor the course of the outbreak and Government advice, and acknowledge that the Group faces a prolonged period of uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the Group is in a good financial position to manage this risk, as detailed in the Going Concern section on page 13.</p> <p>Despite the overall risk being outside the Group's control, steps are being taken to minimise the impact on the Group's activities and the effect this may have on the organisation's finances and services to tenants. ICT systems are in place to allow staff to work remotely and our key priority is to continue to work with tenants and stakeholders to deliver exceptional services in an effective, solution-focused way.</p> <p>The Board regularly reviews its separate Covid-19 risk impact assessment, designed to capture potential impacts across the whole strategic risk register and the actions being taken or planned in response.</p> <p>Due to the pandemic, as the economic and social future of the UK, and crucially of Wythenshawe, is uncertain, the Group's new Corporate Plan covers the two year 2020-2022 period to focus on the capacity of the business to provide support to residents and the community in recovering from the impact of the crisis. We will review our strategic planning horizon during 2020/21 and extend the horizon out to five years once we are confident our plans for years' three to five will meet the needs of tenants, the community and our business at that time.</p> <p>Comments have been included below in relation to more specific risks that have been affected by the pandemic</p>
<p>Reduction in rental, service charge and other income received (including property and Right to Buy sales income), impacting on the ability to deliver services to tenants</p>	<p>Whilst rent arrears are currently at the lowest level for at least six years, there are added uncertainties brought by the Covid-19 pandemic that are potentially not being felt thus far. Whilst there are no current issues being highlighted from the close monitoring of income collection through a detailed monthly report to Board, any future sharp increase in unemployment (particularly given key local employers such as Manchester Airport) may lead to an increase in arrears and subsequently bad debts.</p> <p>The rent and financial inclusion team are well resourced in line with the high priority given to income collection by the Board and continue to support tenants through changes in their circumstances to help ensure they are able to sustain their tenancies, having experienced a large increase in Universal Credit claims in April and May 2020.</p> <p>The business plan has anticipated a sharp increase in bad debts in the short term and stress testing has identified the impact of potential longer term increases in arrears and bad debts.</p> <p>Whilst the Group does not have a large number of unsold properties, the future proposed development pipeline contains a number of outright sale and shared ownership</p>

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	<p>properties. Currently interest in existing properties has remained high and is being monitored closely, although any future reduction in the availability of mortgage finance will impact on this.</p> <p>The RTB pipeline remains strong and a number of sales have completed during the lockdown period.</p>
Failure to deliver expected Development programme within current planned resources	<p>The Board has approved a new development strategy and funds have been provided within the Business Plan for an increased development programme of over 1000 new units across a six year period, in line with the Group's stated risk appetite. The newly formed Development Committee will closely review all development proposals and monitor all future development activity and property sales.</p> <p>However the impact of the Covid-19 pandemic could lead to a number of factors which could lead to an increase in costs or other issues leading to difficulties in delivering the programme – for example, lower contractor availability leading to tender cost increases, or even contractor failure.</p> <p>The Group has invested in the Greater Manchester Joint Venture (GMJV) to deliver new units for sale across Greater Manchester (GM) (for an investment return) alongside nine other GM RPs and the Greater Manchester Combined Authority. Despite a slowing of initial schemes progressing to site due to the pandemic, WCHG remains fully committed to the GMJV.</p>
Impact of changes to Building regulations and Fire Safety requirements on continued compliance	<p>The Board has invested an additional £6m since 2017 on improvements to mitigate against fire safety risks. The Group has continued to appraise its assets over the last 3 years with a focus on improving compliance with fire safety requirements and worked closely with advisors & residents to ensure the safety of our customers remains a priority.</p> <p>The Group has also continued to assess buildings in preparation for the pending Fire Safety Bill which will further enhance compliance and strengthen occupier's safety. These assessments have considered Hackitt review recommendations and initial feedback from the Grenfell enquiry. Government announcements during the last 12 months on external wall materials and fire door compliance has been met by a programme of Fire Risk Assessments and fire engineers advice to review and enhance compliance on high rise buildings. Whilst the details of pending legislation are unknown, the Group has placed itself in a strong position to deal with the likely requirements and improvements.</p>
Failure to deliver effective responsive, cyclical and planned maintenance services within existing planned resources	<p>During the current Covid-19 crisis, non-essential repairs and planned repairs have been postponed and a number of staff furloughed. As lockdown provisions relax and these services recommence there will be a backlog to manage, which is likely to put increased pressure on the service. Budgets have been amended and programmes will be rescheduled accordingly in order to ensure effective delivery of services during the catch up period.</p> <p>Compliance testing and customer safety remained a high priority for the Group throughout the crisis with the majority of services and preventative maintenance routines continuing throughout.</p>

WILLOW PARK HOUSING TRUST

Approved by

A handwritten signature in black ink, appearing to read "Simon Morris".

Simon Morris
Executive Director of Finance

27 July 2020

WILLOW PARK HOUSING TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLOW PARK HOUSING TRUST LIMITED

Opinion

We have audited the financial statements of Willow Park Housing Trust Limited (the 'charitable company') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and the 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 charitable company's affairs as at 31 March 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – property valuation

We draw attention to Note 2 to the financial statements, which describes the basis for valuing investment property. Management engaged an expert to value investment property portfolio. The expert's valuation included a 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to management's valuation than would normally be the case. Our opinion is not modified in respect of this matter.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular.

WILLOW PARK HOUSING TRUST

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Board's conclusions, we considered the risks associated with the charitable company's business model, including effects arising from Brexit, and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the charitable company will continue in operation.

Other information

The Board is responsible for the other information. The other information comprises the information included in the Annual Report, set out on pages 6-32 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. 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during the course of the audit:

- the information given in the Strategic Report and the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Board have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Board.

WILLOW PARK HOUSING TRUST

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors remuneration specified by law are not made; or
- we have not received all the information and explanations we require 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 12, 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the charitable company 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.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Gary Jones (Senior Statutory Auditor)

For and on behalf of Grant Thornton UK LLP,
Statutory Auditor
Chartered Accountants
Manchester
M3 3EB

Dated: 29/7/2020

WILLOW PARK HOUSING TRUST**Statement of Comprehensive Income
for the year ended 31 March 2020**

	Note	2020 £000	2019 £000
Turnover	3	39,537	39,013
Cost of sales	3	(3,533)	(3,232)
Operating costs	3	(32,514)	(31,981)
Movement in fair value of investment properties	3	284	478
Surplus on sale of fixed assets – housing properties	6	<u>1,804</u>	<u>1,700</u>
Operating surplus		5,578	5,978
Interest receivable and other income	7	6	5
Interest payable and similar charges	8		
- Loan interest		(2,380)	(2,402)
- Non utilisation fees		(145)	(133)
Other finance charges	25	<u>(453)</u>	<u>(363)</u>
Surplus on ordinary activities before taxation		2,606	3,085
Tax on surplus/(deficit) on ordinary activities	11	<u>-</u>	<u>-</u>
Surplus for the financial year		2,606	3,085
Remeasurements in respect of pension schemes	25	<u>9,138</u>	<u>(3,736)</u>
Total comprehensive income for the year		<u>11,744</u>	<u>(651)</u>

The operating surplus for the year arises from continuing operations.

The accompanying notes on pages 40 to 66 form part of these financial statements.

The financial statements were authorised and approved by the Board on 27 July 2020 and are signed on its behalf by:



**Board Member
Rob Cressey**

WILLOW PARK HOUSING TRUST**Statement of Changes in Reserves
for the year ended 31 March 2020**

	Income and expenditure reserve	Restricted reserve – BIG Lottery Fund and ESF Building Better Opportunities	Revaluation reserve	Total
	£000	£000	£000	£000
Balance at 1 April 2018	43,808	21	68,750	112,579
Surplus for the year	3,085	-	-	3,085
Other comprehensive income for the year	(3,736)	-	-	(3,736)
Transfer from revaluation reserve to income and expenditure reserves	2,489	-	(2,489)	-
Transfer from income and expenditure reserves to restricted reserves	(9)	9	-	-
Balance at 1 April 2019	45,637	30	66,261	111,928
Surplus for the year	2,606	-	-	2,606
Other comprehensive income for the year	9,138	-	-	9,138
Transfer from revaluation reserve to income and expenditure reserves	4,235	-	(4,235)	-
Transfer from income and expenditure reserves to restricted reserves	-	-	-	-
Balance at 31 March 2020	61,616	30	62,026	123,672

The accompanying notes on pages 40 to 66 form part of these financial statements.

WILLOW PARK HOUSING TRUST**Statement of Financial Position– co no 03710937
as at 31 March 2020**

		2020	2019
	Note	£000	£000
Intangible fixed assets	12	-	-
Tangible fixed assets			
Housing properties	13	211,211	205,616
Investment properties	15	4,256	4,208
Other tangible fixed assets	14	6,563	6,722
Total fixed assets		222,030	216,546
Current assets			
Properties for sale	16	8,750	5,706
Debtors	17	1,351	1,395
Cash and cash equivalents		1,910	963
		12,011	8,064
Creditors: Amounts falling due within one year	18	(21,959)	(16,724)
Net current liabilities		(9,948)	(8,660)
Total assets less current liabilities		212,082	207,886
Creditors: amounts falling due after more than one year	19	77,757	77,914
Provision for liabilities:			
Defined benefit pension liability	25	10,653	18,045
		88,410	95,958
Total net assets		123,672	111,928
Capital and reserves			
Revenue reserve	27	61,616	45,637
Revaluation Reserve	28	62,026	66,261
Restricted reserve	29	30	30
Total reserves		123,672	111,928

The accompanying notes on pages 40 to 66 form part of these financial statements.

The financial statements were authorised and approved by the Board on 27 July 2020 and are signed on its behalf by:


Chairman
Nigel Sedman


Board Member
Rob Cressey


Company Secretary
Shahida Latif-Haider

WILLOW PARK HOUSING TRUST**Statement of Cash Flows
for the year ended 31 March 2020**

	Note	2020 £000	2019 £000
Net cash inflow from operating activities	30	12,185	23,678
Cash flow from investing activities			
Purchase and construction of housing properties		(14,301)	(16,473)
Purchase of other tangible fixed assets		-	-
Proceeds from sale of housing properties	6	2,570	2,741
Interest received		6	5
		(11,725)	(13,727)
Cash flow from financing activities			
Interest paid		(2,513)	(2,539)
Loans received		-	-
Loans received from group companies		3,000	(500)
Repayments of borrowings		-	(9,000)
		487	(12,039)
Net change in cash		947	(2,088)
Cash at beginning of the year		963	3,051
Cash at the end of the year		<u>1,910</u>	<u>963</u>

The accompanying notes on pages 40 to 66 form part of these financial statements.

WILLOW PARK HOUSING TRUST

Notes to the Financial Statements for the year ended 31 March 2020

1. Legal status

The Trust is registered under the Companies Act 2006 and is a registered provider of social housing. The Trust is limited by guarantee and is a registered charity. The guarantee is limited to £1 per member.

The Trust's registered office is Wythenshawe House, 8 Poundswick Lane, Manchester, M22 9TA.

2. Accounting Policies

Basis of accounting

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

In preparing these financial statements advantage has been taken of the following disclosure exemptions available in FRS102:

- Disclosures in respect of the company's financial instruments (including categories of financial instruments; items of income, expenses, gains or losses relating to financial instruments; and the exposure to and management of risk) have not been presented as equivalent disclosures but have been provided in respect of the Group as a whole; and
- Disclosures in respect of related party transactions with group entities in the basis of preparation.

This information is included in the consolidated financial statements of Wythenshawe Community Housing Group Limited and these financial statements may be obtained from 8 Poundswick Lane, Manchester, M22 9TA.

The Trust is a public benefit entity in accordance with FRS 102.

The financial statements are presented in sterling (£).

Going concern

The Trust's activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report.

The Board originally approved the Trust's 2020/21 budget and thirty year Business Plan in March 2020 and were initially content that these plans were affordable and that the accounts should be prepared on a going concern basis.

However, the impact of the Covid-19 outbreak and its financial effect has meant that the Executive Team and Board agreed amended assumptions and a revised 2020/21 budget and business plan. This obtains assurance that the Trust remains a going concern over the period of twelve months from the approval of these financial statements. The Board reviewed a range of scenarios and stress tests in order to fully understand the potential impact on the business plan, including further reductions in rental income collected and changes to economic indicators such as inflation. The Board will continue to review the business plan with the Executive Team to make any necessary changes and continue to work with our customers and stakeholders to deliver exceptional services in an effective, solution-focused way.

WILLOW PARK HOUSING TRUST

The Government's decisions on social distancing have had a significant effect on our operations and hence our financial situation, which has resulted in an estimated £1.8m increase in operating surplus for 2020/21, followed by an estimated £1.4m reduction in operating surplus for 2021/22. This will not cause any entity within the Trust to breach its funders' covenants. The estimated impact has been felt across both income and expenditure, including rental income and property sales as we foresee difficulties for some tenants to pay their rent and a slowdown in sales transactions. However this is offset by delays to the major repairs investment programme and new build development; the increased surplus in 2020/21 is due to the deferral of expenditure is greater than the estimated reduction in income, which reverses across 2021/22 and, to a lesser degree, subsequent years.

The length of the Covid-19 outbreak and the impact of the measures taken by the Government to contain this are unknown and outside of the Trust's control however the organization has implemented processes to manage cashflow on a weekly basis so that Board can regularly review financial stability as the situation progresses. As a minimum the Board will formally review the business plan as at the end of September 2020, and again in March 2021.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities, totaling £25m, both at 31 March 2020 and the date of signing the financial statements, the Board believe that, while uncertainty exists, this does not pose a material uncertainty that would cast significant doubt on the Trust's ability to continue as a going concern for a period of 12 months from the approval of the financial statements. The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

In addition, the Board has considered the anticipated impact of Brexit based on known information at this stage, assuming that the Brexit transition period will end on 31 December 2020. As a result, the Board do not expect Brexit, within a period of 12 months from the approval of these financial statements, to significantly impact the finances of the Trust in relation to the validity of the going concern assumption.

Significant judgements and estimates

Preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Significant management judgements

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

- i. **Capitalisation of property development costs** - the Trust capitalises development expenditure in accordance with the accounting policy set out in the notes to these financial statements. Initial capitalisation of costs is based on management's judgement that development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.
- ii. **Categorisation of housing properties** - the Trust has undertaken a review of the intended use of all housing properties. In determining the intended use, the Trust has considered if the asset is held for social benefit or to earn commercial rentals. The Trust has determined that market rented properties are investment properties.
- iii. **Classification of loans** – the Trust has reviewed the terms of loan agreements in accordance with the requirements of FRS 102. Following this it has been concluded all loans are considered basic and are held at amortised cost.

WILLOW PARK HOUSING TRUST

- iv. **Impairment** - As part of the Trust's continuous review of the performance of assets, management identify any homes, or schemes, that have increasing void losses, are impacted by policy changes or where the decision has been made to dispose of the properties. These factors are considered to be an indication of impairment. Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any impairment losses are charged to operating surpluses.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is provided below:

- i. **Tangible fixed assets** – other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate (see notes 13 and 14) The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles, maintenance programmes and changes to the decent homes standard (which may require more frequent replacement of key components) are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- ii. **Revaluation of investment properties** - the Trust carries its investment property at fair value, with changes in fair value being recognised in the statement of comprehensive income. The Trust engages independent valuation specialists to determine the fair value at each year-end. The valuer uses a valuation technique based on an open market basis. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 15. The valuer's instruction included a 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to management's valuation than would normally be the case. The directors have considered the material valuation uncertainty included in the independent expert's report, and while less certainty and a higher degree of caution needs to be attached to the valuation, the valuation can still be relied upon. The directors therefore consider the valuation included in the independent experts report to be an accurate reflection of the investment property fair value.
- iii. **Pension and other post-employment benefits** - the cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 25. The liability as at 31 March 2020 was £10.653m.
- iv. **Bad Debts and Write Offs** - The Trust provides against general debtors and rent arrears of current and former tenants to the extent that they are considered to be irrecoverable. An estimation of rent arrears that will not be recovered is made on the following basis:

Current tenants:	Arrears of up to 4 weeks	0%
	Arrears of 4 to 13 weeks	10%
	Arrears of 13 to 26 weeks	25%
	Arrears of 26 to 39 weeks	50%
	Arrears of 39 to 52 weeks	75%
	Arrears over 52 weeks	95%
Former tenants:	All arrears	100%

WILLOW PARK HOUSING TRUST

Turnover and revenue recognition

Turnover comprises rental and service charge income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale, other services provided at the invoice value (excluding VAT where recoverable) and revenue grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities. Revenue from non-social housing (mainly community centre activities) is recognised when the Trust is entitled to revenues, which is generally on receipt of takings.

Taxation

The Trust has charitable status and is registered with the Charities Commission and is therefore exempt from paying Corporation Tax on charitable activities.

Value Added Tax

The Trust is registered for VAT. A large proportion of its income, including rents and service charges, is exempt from VAT. The majority of expenditure is subject to VAT which cannot be reclaimed, and expenditure is therefore shown inclusive of VAT. Partial exemption has been obtained for some business activities and any VAT recovered through partial exemption rules is credited to the Statement of Comprehensive Income.

Interest Payable

Interest payable includes non-utilisation fees and break costs and is charged to the Statement of Comprehensive Income in the period.

Employee Benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Pensions

The Trust participates in the Greater Manchester Pension Fund (GMPF), a multi-employer defined benefits scheme. The assets of the scheme are held separately from those of the Trust.

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

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Remeasurements are reported in the Statement of Comprehensive Income.

The Group also operates a defined contribution pension scheme. Contributions to the scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

WILLOW PARK HOUSING TRUST

Intangible Fixed Assets

Intangible fixed assets represent licenses in respect of telecommunication masts purchased from Manchester City Council as part of the transfer. Licenses are amortised over ten years to reflect the period for which the licenses are held.

Financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS102 are accounted for under the amortised historical cost model.

The Trust has not applied hedge accounting.

The Trust does not have any non-basic financial instruments.

Housing Properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and shared ownership.

The Trust elected to apply a deemed costs to properties held at the date of transition to FRS 102 (1 April 2014). Since this date housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings and development costs incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Where the first tranche has been sold prior to the acquisition of the properties, these are included in fixed assets only.

Investment property

Investment property includes market rent and other properties not held for the social benefit of the Trust or for use in the business. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

Properties for Sale

Shared ownership first tranche sales, and property under construction are valued at the lower of cost and realisable value. Cost comprises materials, direct labour, and direct development overheads. Net realisable value is based on estimated sales prices after allowing for all further costs of completion and disposal.

WILLOW PARK HOUSING TRUST

Government Grants including Social Housing Grant

Government grants include grants receivable from Homes England (and its predecessor organisations), local authorities and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model. The Trust has taken advantage of transitional relief for deemed cost and as such grant up to date of transition has been treated under the performance model with subsequent grants treated under the accruals model.

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 the 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 amortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income.

Upon disposal of the associated property, the Trust is required to recycle grant proceeds and recognise them as a liability.

Other grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised as revenue when the grant proceeds are received or receivable. Where grant is received with specific performance-related requirements it is recognised as a liability until the conditions are met and then it is recognised as Turnover.

Depreciation of housing properties

No depreciation is provided on freehold land, or assets under construction.

Major components are treated as separable assets and depreciated over the expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates, on a straight line basis:

Structure	100 years
Land	NIL
Assets under construction	NIL
Windows	30 years
Doors	35 years
Kitchens	20 years
Bathrooms	30 years
Roof	70 years
Boilers	15 years
Central Heating	30 years
Wiring	40 years
Canopies	35 years
PV Panels	20 years

The Trust depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

WILLOW PARK HOUSING TRUST

Impairment

Annually housing properties are assessed 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 Trust, its recoverable amount is its fair value less costs to sell.

Other fixed assets are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to the statement of comprehensive income.

Other Tangible Fixed Assets

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis, at rates considered appropriate to write off the assets over their effective working lives as follows:

Freehold buildings	2%-4%
Long leasehold property	Over life of lease
Furniture, fixtures and fittings	10%
Computers and office equipment	25%
Motor vehicles	20%
Plant and machinery	20%
CCTV	20%
Land	Nil

Short-term debtors and creditors

Short term debtors are measured at transaction price, less any impairment. Extended payment arrangements for tenancy arrears (instalment plans) will be discounted to the net present value using an appropriate market rate of interest.

Where deferral of payment terms have been agreed at below market rate, and where material, the balance is shown at present value, discounted at a market rate.

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Disposal Proceeds Fund (DPF)

Up to 31 March 2017 receipts from the sale of SHG funded properties less the net book value of the property and the costs of disposal were credited to the DPF, this creditor is being carried forward until it is used to fund the acquisition of new social housing within the allotted time frames.

Holiday pay accrual

The Trust recognises an accrual for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

WILLOW PARK HOUSING TRUST

Intra-Group Recharges

Costs are incurred by the parent organisation, Wythenshawe Community Housing Group Limited, and recharged back to the Trust in accordance with the intra group agreement. Such costs are recognised by the Trust on notification from Wythenshawe Community Housing Group.

Reserves

The Trust establishes restricted reserves for specific purposes where their use is subject to external restrictions and designated reserves where reserves are earmarked for a particular purpose.

Revaluation Reserve

The difference on transition between the fair value of housing properties and the historical cost carrying value (net of capital grants and depreciation) is credited to the Revaluation Reserve.

Each year an element is transferred to reserves, being the depreciation charge in respect of the revaluation uplift of the asset.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Trust. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring surplus or deficit. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to expenditure in the statement of comprehensive income on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

WILLOW PARK HOUSING TRUST

3. Turnover, cost of sales, operating costs and operating surplus

Continuing activities

	2020					
	Turnover £000	Surplus on sale of social housing properties £000	Fair value £000	Cost of sales £000	Operating Costs £000	Operating Surplus £000
Social Housing Activities						
Income and expenditure from social housing lettings	35,459	-	-	-	(32,514)	2,945
Other Social Housing Activities						
First tranche shared ownership sales	2,031			(1,782)		249
Supported people contract income	-	-	-	-	-	-
Non Social Housing Activities	2,047			(1,751)		296
Movement in fair value of investment properties (note 15)	-	-	284	-	-	284
Surplus on sale of fixed assets – housing properties (note 6)	-	1,804	-	-	-	1,804
	<u>39,537</u>	<u>1,804</u>	<u>284</u>	<u>(3,533)</u>	<u>(32,514)</u>	<u>5,578</u>
	2019					
	Turnover £000	Surplus on sale of social housing properties £000	Fair value £000	Cost of sales £000	Operating Costs £000	Operating Surplus £000
Social Housing Activities						
Income and expenditure from social housing lettings	35,526	-	-	-	(31,981)	3,545
Other Social Housing Activities						
First tranche shared ownership sales	2,270			(2,221)		49
Supported people contract income	-	-	-	-	-	-
Non Social Housing Activities	1,217			(1,011)		206
Movement in fair value of investment properties (note 15)	-	-	478	-	-	478
Surplus on sale of fixed assets – housing properties (note 6)	-	1,700	-	-	-	1,700
	<u>39,013</u>	<u>1,700</u>	<u>478</u>	<u>(3,232)</u>	<u>(31,981)</u>	<u>5,978</u>

WILLOW PARK HOUSING TRUST

3. Turnover, cost of sales, operating costs and operating surplus (continued) Particulars of income and expenditure from social housing lettings

	2020			2019		
	General Housing £000	Supported Housing £000	Total £000	General Housing £000	Supported Housing £000	Total £000
Turnover from social housing lettings						
Rent receivable net of identifiable service charges	34,491	379	34,870	34,477	379	34,856
Service charges receivable	387	4	391	493	5	498
Net rental income	34,878	383	35,261	34,970	384	35,354
Amortised government grants	198	-	198	172	-	172
Turnover from social housing lettings	35,076	383	35,459	35,142	384	35,526
Expenditure on social housing lettings						
Management	(7,891)	(87)	(7,978)	(7,200)	(79)	(7,279)
Services	(3,745)	(41)	(3,786)	(4,198)	(46)	(4,244)
Routine maintenance	(6,234)	(68)	(6,302)	(6,131)	(67)	(6,198)
Planned maintenance	(909)	(10)	(919)	(1,090)	(12)	(1,102)
Major repairs expenditure	(4,010)	(43)	(4,053)	(2,879)	(32)	(2,911)
Regeneration expenditure	(942)	(10)	(952)	(853)	(9)	(862)
Bad debts	(225)	(2)	(227)	(158)	(2)	(160)
Depreciation and amortisation charged	(6,906)	(90)	(6,996)	(7,729)	(82)	(7,811)
Accelerated depreciation on disposal of components	(1,301)	-	(1,301)	(1,396)	(18)	(1,414)
Operating costs on social housing lettings	(32,163)	(351)	(32,514)	(31,634)	(347)	(31,981)
Operating surplus on social housing lettings	2,913	32	2,945	3,508	37	3,545
Void losses	(179)	(2)	(181)	(161)	(2)	(163)

3b Particulars of turnover from non-social housing lettings

4. Accommodation in management and development

	2020	2019
	Units	Units
General needs housing – social rent	7,355	7,381
affordable rent	353	341
Market rent	25	25
Shared ownership	119	106
Supported housing	86	86
Total units owned and managed	7,938	7,939
Developed in the period	21	66
Acquired in the period	8	11
Demolitions	-	(3)
Tenure transfer	(1)	-
Right to Buys in the period	(15)	(19)
Right to Acquires in the period	(11)	(11)
Full staircasing	(3)	(6)
Movement in period	(1)	38
Accommodation in development at the period end	150	181

WILLOW PARK HOUSING TRUST

5. Operating surplus

This is arrived at after charging:

	2020	2019
	£000	£000
Depreciation of tangible fixed assets - properties	6,839	7,653
Accelerated depreciation on disposal of components	1,301	1,414
Depreciation of tangible fixed assets – other	159	159
Amortisation of intangible fixed assets	-	-
Operating lease rentals		
- land and buildings	5	5
- vehicles	320	283
- office equipment	39	24
External Auditors' remuneration (excluding VAT)		
- fees payable to the Trust's auditors for the financial statements audit	20	19
- other services – tax compliance	6	19
-tax advisory	12	
-VAT advice	11	4
-employee benefits advice	2	7
	<u>2</u>	<u>7</u>

The liabilities for the operating leases sit within the parent company, Wythenshawe Community Housing Group, and the costs are recharged down to the Trust.

6. Surplus on sale of fixed assets – housing properties

	2020	2019
	£000	£000
Proceeds from disposals of housing properties	2,600	2,771
Carrying value of fixed assets	(766)	(1,041)
Other costs of sales	(30)	(30)
Surplus on sale of fixed assets	<u>1,804</u>	<u>1,700</u>

7. Interest receivable and other income

	2020	2019
	£000	£000
Interest receivable and similar income	6	5
	<u>6</u>	<u>5</u>

8. Interest payable and similar charges

	2020	2019
	£000	£000
Loan interest	2,380	2,402
Non utilisation fees	145	133
	<u>2,525</u>	<u>2,535</u>

WILLOW PARK HOUSING TRUST

9. Employees

The average number of persons employed during the period was:

	2020 Average Number	2019 Average Number
Administration	66	64
Asset management and development	206	200
Housing support and care	52	45
Regeneration	43	45
	367	354

The average number of people employed during the period expressed as full-time equivalents was:

	2020 Average FTEs	2019 Average FTEs
Administration	58	56
Asset management and development	203	197
Housing support and care	53	43
Regeneration	35	38
	349	334

Full time equivalents are calculated based on a standard working week of 35 hours.

The employment costs relating to the above employees were charged by the Trust to the parent organisation, Wythenshawe Community Housing Group Limited. Staff costs are then recharged to the Trust in line with the Intra Group Agreement. The staff costs shown below are charged from the parent company and are based on the average numbers detailed above.

Staff Costs:

	2020 £'000	2019 £'000
Administration	2,219	1,933
Asset management and development	6,920	6,628
Housing support and care	1,671	1,443
Regeneration	1,085	1,095
	11,895	11,099

WILLOW PARK HOUSING TRUST

9. Employees (cont.)

	2020	2019
	£000	£000
Wages and salaries	9,276	8,670
Social security costs	870	803
Other pension costs	1,749	1,626
	11,895	11,099

The Trust's employees were eligible to be members of the Greater Manchester Pension Fund (GMPF). Further information on the scheme is given at Note 25.

From 1 April 2013 all new employees were eligible to become members of a defined contribution pension scheme.

Employees who have not opted to join either of the above pension schemes were automatically opted into the Trust's NEST scheme from 1 November 2013.

10. Directors' and senior staff emoluments

The employment costs relating to the directors and senior staff employed by the Trust was charged to the parent organisation, Wythenshawe Community Housing Group Limited, and then a proportion recharged back to the Trust in line with the Intra Group Agreement.

The Directors and senior staff costs detailed below for 2020 and 2019 are the full costs to the Group.

The aggregate remuneration for key management personnel charges, which includes the Executive Directors and other members of the senior management team, in the year is:

	2020	2019
	£000	£000
Basic salary	531	582
Benefits in kind	48	57
Employers NI contributions	93	81
Pension contributions	84	113
	756	833

WILLOW PARK HOUSING TRUST

10. Directors' and senior staff emoluments (cont.)

	2020 £000	2019 £000
Emoluments of the highest paid Director, excluding pension contributions	107	116
Pension of highest paid Director	25	26
Benefits in kind of highest paid Director	10	10

Salary bandings for all FTE employees including Executive Directors, of the Group earning over £60,000:

	2020 Number	2019 Number
£60,000 to £70,000	1	-
£70,000 to £80,000	-	1
£80,000 to £90,000	2	4
£90,000 to £100,000	4	2
£100,000 to £110,000	-	1
£110,000 to £120,000	2	-
£120,000 to £130,000	-	3
£130,000 to £140,000	1	-
£140,000 to £150,000	-	1
£150,000 to £160,000	-	-
£160,000 to £170,000	-	-

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

No emoluments were paid to the Board members during the year (2019: £nil).

Expenses paid during the year to members of the Board amounted to £nil (2019: £27).

11. Taxation on surplus from ordinary activities

	2020 £000	2019 £000
Current taxation reconciliation		
Surplus on ordinary activities before taxation	2,606	3,085
Theoretical tax at UK corporation tax rate 19% (2019: 19%)	495	586
Effects of:		
- income not subject to corporation tax	(495)	(586)
Current taxation charge	-	-

WILLOW PARK HOUSING TRUST**12. Intangible fixed assets****Telecom
Licenses
£000****Cost**

At 1 April 2019 and 31 March 2020

79**Amortisation**

At 1 April 2019 and 31 March 2020

79**Net book value**

At 31 March 2020

-

At 31 March 2019

-

WILLOW PARK HOUSING TRUST

13. Tangible fixed assets – housing properties

	Housing properties held for letting £000	Shared ownership properties £000	Housing properties for letting under construction £000	Shared ownership properties under construction £000	Solar panels £000	Total £000
Cost						
As at 1 April 2019	231,703	5,492	3,397	3,116	2,335	246,043
Additions			2,566	3,238	-	5,804
Property Additions	1,078	57	-	-	-	1,135
Improvements	7,585	-	-	-	-	7,585
Transfers	-	-	25	(13)	-	12
Schemes completed	537	1,456	(537)	(1,456)	-	-
Disposals	(859)	(186)	-	-	-	(1,045)
Disposals of components	(2,866)	-	-	-	-	(2,866)
As at 31 March 2020	237,178	6,819	5,451	4,886	2,335	256,668
Depreciation						
As at 1 April 2019	39,353	251	-	-	819	40,423
Charged in the year	6,606	116	-	-	117	6,839
Disposals in the year	(157)	(10)	-	-	-	(167)
Depreciation on component disposal	(1,638)	-	-	-	-	(1,638)
As at 31 March 2020	44,164	357	-	-	936	45,457
Net book value as at 31 March 2020	193,014	6,462	5,451	4,885	1,399	211,211
Net book value as at 31 March 2019	192,350	5,241	3,397	3,116	1,516	205,616

WILLOW PARK HOUSING TRUST

Expenditure on works to existing properties:

	2020 £000	2019 £000
Improvement works capitalised	7,585	5,732
Amounts charges to income and expenditure account	4,053	2,910
Total	11,638	8,642

An independent valuation was carried out on the Trust's housing properties by Savills (UK) Limited as at the 31 March 2014. This value was used as the 'deemed cost' during the transition to FRS 102. The full valuation of the properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors as follows:

- i. £190 million Existing Use Value: Social Housing.
- ii. £216 million Assuming the sale of vacant properties as they arise

In valuing housing properties at 31 March 2014, discounted cash flow methodology was adopted with key assumptions including:

Discount rate	6.25%
Annual inflation rate	2.5% for year 1 2.25% for year 2 2% thereafter
Level of annual rent increase	CPI plus 1%

The carrying value of the housing properties that would have been included in the financial statements had the assets been carried at historical cost less SHG and depreciation is as follows:

	2020 £000	2019 £000
Historical cost	205,698	195,073
Depreciation and impairment	(75,889)	(70,855)
	129,809	124,218

Social housing assistance

	2020 £000	2019 £000
Total accumulated SHG received or receivable at 31 March:		
Recognised in the Statement of Comprehensive Income	24,764	24,566
Held as deferred income	12,664	12,700
	37,428	37,266

Housing properties book value, net of depreciation and grants comprises:

	2020 £000	2019 £000
Freehold land and buildings	211,211	205,616
	211,211	205,616

Impairment

The Trust considers individual schemes to be separate Cash Generating Units (CGU's) when assessing impairment, in accordance with the requirements of Financial Reporting 102 and SORP 2018. No impairment charge has been made this year.

Finance Costs

The Trust does not capitalise finance costs on development projects

WILLOW PARK HOUSING TRUST

14. Tangible fixed assets - other

	Freehold Land £000	Freehold Offices £000	Furniture, Fixtures & Fittings Office £000	Furniture, Fixtures & Fittings -Housing £000	Computers & Office Equipment £000	CCTV Shops and Industrial Estates £000	Total £000
Cost							
At 1 April 2019	372	8,748	521	62	900	1,287	11,890
At 31 March 2020	372	8,748	521	62	900	1,287	11,890
Depreciation							
Depreciation at 1 April 2019	-	2,398	521	62	900	1,287	5,168
Depreciation charge for the year	-	159	-	-	-	-	159
At 31 March 2019	-	2,557	521	62	900	1,287	5,327
Net book value							
At 31 March 2020	372	6,191	-	-	-	-	6,563
At 31 March 2019	372	6,350	-	-	-	-	6,722

WILLOW PARK HOUSING TRUST

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

	2020	2019
	£000	£000
At 1 April	4,208	2,750
Additions	2	980
Disposals	(238)	-
Increase in value	284	478
At 31 March	4,256	4,208

Investment properties were valued as at 31 March 2020. The Trust's investment properties have been valued by RSC Chartered Surveyors, professional external valuers. The full valuation of properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors.

The Trust's investment properties have been valued at market value and a market approach was taken by way of direct comparison. Market value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transactions after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

RSC's valuation included a 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to management's valuation than would normally be the case. The directors have considered the material valuation uncertainty included in the independent expert's report, and while less certainty and a higher degree of caution needs to be attached to the valuation, the valuation can still be relied upon. The directors therefore consider the valuation included in the independent experts report to be an accurate reflection of the investment property fair value.

16. Properties for Sale

	2020	2019
	£000	£000
Shared ownership properties:		
Completed properties	-	341
Work in progress	4,884	3,115
	4,884	3,456
Outright sale properties:		
Completed properties	1,480	-
Work in progress	2,386	2,250
	3,866	2,250
	8,750	5,706

WILLOW PARK HOUSING TRUST**17. Debtors**

	2020	2019
	£000	£000
Due within one year		
Rent and service charges receivable	2,238	2,353
Suspense account	304	-
Less: provision for bad and doubtful debts	<u>(1,489)</u>	<u>(1,489)</u>
	1,053	864
Other debtors	185	130
Loans due from Group companies	107	50
Prepayments and accrued income	<u>6</u>	<u>351</u>
Total due within one year	<u>1,351</u>	<u>1,395</u>

Amounts due from Group companies are unsecured and repayable on demand.

18. Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Rents and service charges received in advance	920	1,227
Other creditors	10	9
Deferred grant income (Note 22)	268	170
Loans due to Group companies	10,000	7,000
Amounts due to Group companies	9,102	6,420
Accruals and deferred income	1,659	944
Disposal Proceeds Fund (Note 21)	<u>-</u>	<u>954</u>
	<u>21,959</u>	<u>16,724</u>

Amounts due to Group undertakings from group companies are unsecured, repayable on demand and the loans due to group companies are subject to an interest rate of LIBOR +1.5%.

19. Creditors: amounts falling due after one year

	2020	2019
	£000	£000
Housing loans (Note 20)	65,000	65,000
Leaseholder sinking fund balances	361	384
Disposal Proceeds Fund (Note 21)	-	-
Deferred grant income (Note 22)	<u>12,396</u>	<u>12,530</u>
	<u>77,757</u>	<u>77,914</u>

WILLOW PARK HOUSING TRUST

20. Debt analysis

	2020 £000	2019 £000
Due within one year		
Bank loans	-	-
	<u>-</u>	<u>-</u>
Due after more than one year		
Bank loans	-	-
Other loans	65,000	65,000
	<u>65,000</u>	<u>65,000</u>

Housing loans are secured by specific charges on the Trust's housing properties.

On 5 May 2017 the Trust restructured its borrowing facilities. This was done to take advantage of lower, long term interest rates available in the market and lift restrictions and covenants, in particular cross lending restrictions.

The new facility is £90m, £65m as a note purchase agreement with a private investor, M&G Investments and the remaining £25m is on a revolving credit facility with Royal Bank of Scotland (RBS).

The loans are repayable on maturity, the first repayment is due in 2022 on the revolving credit facility with RBS. The revolving credit facility is at interest rates of LIBOR +1.25% and LIBOR +1.5%. The £65m held with M&G is at a rate of 3.4%.

As at 31 March 2020, the Trust had undrawn loan facilities of £25m (2019: £25m).

21. Disposal Proceeds Fund

	2020 £000	2019 £000
At 1st April	954	1,057
Transfer to group company	(1,272)	-
Interest accrued	2	5
Acquisition / development of dwellings for letting	<u>316</u>	<u>(108)</u>
Balance as at 31 March	<u>-</u>	<u>954</u>

During the year to 31 March 2020 £337k of the funds have been used for the development of Greenwood Road, £259k for Broadoak Road and £225k for Buyback properties (2019: £108k Woodhouse Lane). £1,272k (2019: £nil) of the funds have been transferred to Parkway Green Housing Trust for the development of properties.

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22. Deferred grant income

	2020	2019
	£000	£000
At 1 April	12,700	9,143
Grant received in the year	1,190	3,729
Grant disposed in the year	(1,028)	-
Released to income in the year	(198)	(172)
At 31 March	12,664	12,700

	2020	2019
	£000	£000
Amounts to be released within one year	268	170
Amounts to be released in more than one year	12,396	12,530
	12,664	12,700

23. Capital commitments

The Trust had no capital commitments to disclose at 31 March 2020 (2019: £nil). All capital commitments are shown in the Group accounts.

24. Contingent liabilities

The Trust had no contingent liabilities to disclose at 31 March 2020 (2019: £nil).

25. Pension Obligations

The Greater Manchester Pension Fund (GMPF) is a multi-employer pension scheme with more than one participating employer, which is administered by Tameside MBC under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The Trust commenced participation in the Fund at stock transfer in March 1999. Triennial actuarial valuations of the pension scheme are performed by a qualified, independent actuary using the projected unit method.

The most recent formal actuarial valuation was undertaken at 31 March 2020 in accordance with the financial assumptions required under FRS 102 by a qualified independent actuary.

Contributions

The employers' contributions to the GMPF by the Trust for the period 1 April 2019 to 31 March 2020 were £1,694k (2019: £1,606k). The employers' minimum contribution rate was 23.4% of pensionable pay for the year-ended 31 March 2020.

Assumptions

	2020	2019
	%pa	%pa
Rate of increase in salaries	2.6%	3.3%
Rate of increase in pensions in payment	1.8%	2.5%
Discount rate	2.3%	2.4%

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25. Pension Obligations (cont.)

Mortality assumptions

The post-retirement mortality assumptions used to value the benefit obligation at March 2020 are based on the PFA92 and PMA92 tables projected to calendar year 2020 for pensioners, and 2032 for non-pensioners.

The assumed life expectations on retirement at age 65 are as follows:

	At 31 March 2020	
	Males	Females
Current Pensioners	20.5 years	23.1 years
Future Pensioners	22.0 years	25.0 years

	At 31 March 2019	
	Males	Females
Current Pensioners	21.5 years	24.1 years
Future Pensioners	23.7 years	26.2 years

Fair value and expected return on assets

The major categories of plan assets as a percentage of total plan assets at 31 March 2020 are:

	31 March 2020	31 March 2019
	%	%
Equity	69%	69%
Bonds	15%	15%
Property	7%	8%
Cash	9%	8%

Employer's contributions for the year ended 31 March 2021 are predicted to be £1,600k.

There is no provision for unitising the assets of a Fund under the LGPS. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis.

	31 March 2020	31 March 2019
	£000	£000
Fair value of the above assets related to the Trust	58,895	64,266
Present value of liabilities	(69,548)	(82,311)
Deficit related to the Trust	(10,653)	(18,045)

Recognition in the Surplus or deficit

	31 March 2020	31 March 2019
	£000	£000
Current service cost	2,983	2,539
Past service cost	4	5
Interest income on plan assets	(1,567)	(1,602)
Interest cost	2,020	1,965
Curtailments and settlements	-	-
Total charged to the statement of comprehensive income	3,440	2,907

Of the costs above £2,987k (2019: £2,544k) has been charged to operating surplus and £453k (2019: £363k) has been charged to other finance/income costs.

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25. Pension Obligations (cont.)

Reconciliation of defined benefit obligation

	31 March 2020	31 March 2019
	£000	£000
Opening defined benefit obligation	82,311	71,913
Current service cost	2,983	2,539
Past service cost	4	5
Interest cost	2,020	1,965
Contributions by members	469	446
Actuarial losses/(gains)	(16,894)	6,545
Estimated benefits paid	(1,345)	(1,102)
Closing defined benefit obligation	69,548	82,311

Reconciliation of fair value of employer assets

	31 March 2020	31 March 2019
	£000	£000
Opening fair value of employer assets	64,266	58,905
Interest income on plan assets	1,567	1,602
Contributions by members	469	446
Contributions by the employer	1,694	1,606
Actuarial gains	(7,756)	2,809
Benefits paid	(1,345)	(1,102)
Closing fair value of employer assets	58,895	64,266

26. Share capital

The Trust is limited by guarantee and therefore has no share capital. Each member agrees to contribute £1 in the event of winding up.

	2020 No	2019 No
Number of members		
At 1 April 2019	6	6
Joined during the year	1	1
Leaving during the year	(1)	(1)
At 31 March 2020	6	6

27. Revenue Reserves

The revenue reserve of £61.616m (2019: £45.637m) represents the accumulated surpluses/ (deficits) from the preceding and current financial years as detailed above. It also includes a transfer from the revaluation reserve of the depreciation charge in respect of the revaluation uplift of the housing properties.

28. Revaluation Reserves

The Revaluation reserve of £62.026m (2019: £66.261m) represents the difference on transition between the fair value of housing properties and the historical cost carrying value. Each year an element is transferred to reserves, being the depreciation charge in respect of the revaluation uplift of the asset. This is an accounting reserve, not a cash reserve.

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29. Restricted Reserves

The restricted reserve of £30k (2019: £30k) represents funds earmarked for a particular purpose and is subject to external restrictions.

30. Reconciliation of surplus/(deficit) for the year to net cash inflow from operating activities

	2020 £000	2019 £000
Surplus/(Deficit) for the year	2,606	3,085
Depreciation of tangible fixed assets - properties	6,837	7,653
Accelerated depreciation on disposal of components	1,301	1,414
Depreciation of tangible fixed assets - other	159	159
Movement in fair value of investment properties	(284)	(478)
Pension current and past service cost	2,987	2,544
Pension contributions paid	(1,694)	(1,606)
Surplus on sale of fixed assets – housing properties	(1,804)	(1,700)
Carrying amount of tangible fixed asset disposals	39	252
Interest payable	2,525	2,535
Interest receivable	(6)	(5)
Pension interest costs	453	363
	13,119	14,216
Working capital movements		
Decrease /(Increase) in properties for sale	(3,044)	(2,557)
(Increase) /Decrease in debtors	44	2,017
(Decrease)/Increase in creditors	2,066	10,002
Net cash inflow from operating activities	12,185	23,678

30a. Analysis of changes in net debt

	At 1 April 2019 £000	Cashflows £000	At 31 March 2020 £000
Cash	963	947	1,910
Bank loans due greater than one year	(65,000)	-	(65,000)
Total	(64,037)	947	(63,090)

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31. Related parties

Willow Park Housing Trust is a member of JV North Limited, a Homes England development partnership. The Trust paid JV North £12k (2019: £53k) in membership fees during the year ended 31 March 2020. At the year-end there was a balance of £1,872 (2019: £nil) on the purchase ledger. During the year to 31 March 2020 the Trust received from Homes England £126k towards the Broadoak Road development.

Nicholas Horne is a Director of the Wythenshawe Forum Trust, Athena a GMHP delivery vehicle and is an Altius Trust (MEA) Director Board Member. Transactions with Wythenshawe Forum Trust amounted to £66k (2019: £59k) during the year, with a balance of £2,500 on the purchase ledger at 31 March 2020. Transactions with the Altius Trust (MEA) amounted to £40k (2019: £40k) during the year with no outstanding balance on the purchase ledger at 31 March 2020. There were no transactions with Athena during the year.

Cllr Sarah Russell is a local councillor and also a Board member, she does not have any contractual arrangements with the Trust.

The Trust has some contracts with Manchester City Council. The following transactions were undertaken with Manchester City Council during the year, sales £33.9k (2019: £37.8k), purchases £nil (2019: £nil). At 31 March 2020 Willow Park Housing Trust Limited owed £nil (2019: £nil) to Manchester City Council and were owed £78.7k (2019: £71.8k) by Manchester City Council.

Eula Mesquita
Clare Flynn

The above are or were tenant Board members during the year. Their tenancies are on normal commercial terms and they are not able to use their position to their advantage. At 31 March 2019 the aggregate value of rent arrears was £235.37 in credit.

The company has taken advantage of exemptions conferred by Financial Reporting Standard 8 from disclosing related party transactions with group entities in the basis of preparation.

32. Parent Undertaking

The Trust is a subsidiary of Wythenshawe Community Housing Group Limited, a company incorporated in England. Wythenshawe Community Housing Group Limited (parent) has full control over Willow Park Housing Trust Limited and is the ultimate controlling party. Copies of the company's accounts may be obtained from Wythenshawe Community Housing Group Limited, Wythenshawe House, 8 Poundswick Lane, Manchester, M22 9TA.