Mosscare St Vincent’s Housing Group Limited

Report and Financial Statements

Year Ended 31 March 2020

Community Benefit Society (FCA) number: 7609

Registered Provider (RSH) number: 4857

Mosscare St Vincent's Housing Group Limited

Report and Financial Statements
for the year ended 31 March 2020

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Mosscare St Vincent's Housing Group Limited

Executives and Advisors
for the year ended 31 March 2020

Board		Appointed	Resigned
Martin McNally	Chair	21 July 2017	
Jon Lord	Vice Chair	21 July 2017	
Nicholas Cole		21 July 2017	
Grace McCorkle		21 July 2017	
Richard Morris		21 July 2017	31 December 2019
Tracy Neil		21 July 2017	
Nicole Kershaw		14 June 2018	3 October 2019
Paul Seymour		14 June 2018	12 September 2019
Susan Goodman		27 September 2018	
Ian Clayton		13 June 2019	
Gareth Hall		18 March 2020	
Kam Urwin		18 March 2020	
Tim Edwards		18 March 2020	

Executive Directors

Charlotte Norman	Chief Executive	21 July 2017	
Tola Adesemowo	Executive Director of Neighbourhoods & Wellbeing	21 July 2017	9 September 2019
Yvonne McDermott	Executive Director – Growth (job share from 1 October 2019)	21 July 2017	
Patrick Nolan	Executive Director of Assets & Property Services	21 July 2017	30 June 2019
Rachel Taylor	Interim Finance Director	11 December 2018	13 December 2019
Andy Gay	Executive Director – Growth (job share)	1 October 2019	
Helen Rourke	Executive Director – Finance	7 October 2019	
Matt Jones	Executive Director - Customers	18 December 2019	

Secretary

Joanne Tucker	27 September 2018	

Registered Office
7th Floor, Trafford House, Chester Road, Stretford, Manchester M32 0RS

External Auditors
BDO LLP, 3 Hardman Street, Spinningfields, Manchester M3 3AT

Internal Auditors
Beever and Struthers LLP, St George's House, 215-219 Chester Road, Manchester M15 4JE

Principal Bankers
Barclays Bank PLC, 51 Mosley Street, Manchester M60 3DQ

Mosscare St Vincent's Housing Group Limited

Chair's Statement
for the year ended 31 March 2020

I am pleased to provide a statement covering a year that has been both challenging and rewarding for Mosscare St Vincent's. The organisation delivered on its objectives as part of our corporate plan 'The MSV Way', and also began to work on a new plan from 2020, very much focussed on our social purpose. We firmly believe that everyone has the right to a decent home that they can afford, in a community that feels safe, and with access to opportunities, and we will always champion social justice.

Prior to the unprecedented events that ended this financial year, MSV had achieved a great deal and was able to respond to the Covid-19 pandemic impacts swiftly and with compassion, including a concerted effort to support our residents and local communities, support people who had been rough sleeping into secure accommodation (the 'everyone in' project), shifting the operating approach for the whole workforce and continuing with business in very unusual circumstances.

As a North West based organisation working in a broad geography and as a proud Placeshaper, we have worked in partnership in 18 local authority areas to deliver the best outcomes for our customers and communities. We are proud to have contributed to the overarching ambition to deliver for the residents of Greater Manchester, working in partnership with the GM Housing Providers Group and the GM Combined Authority, and in particular, our strategic work with the GM Health and Social Care Partnership and GM Mental Health Trust.

We were also delighted to work with partners on a new set of pledges to support care experienced young people into quality homes and with the support and access to opportunities that they need. We also continued to develop a range of supported and independent living schemes that make a big difference, including schemes such as Pottinger Street in Tameside for care leavers, our new extra care scheme and a new project with the Maytree Trust to support people at risk of suicide.

As a major community anchor in Moss Side, we continued our investment in the area – supporting the community, building much needed new homes and investing in our existing customer's homes. Our work on the flagship 'stagecoach' site progressed successfully and we are very proud to be in a position to hand over 61 new social rent extra care homes, high quality shared ownership homes and another new HAPPI scheme, helping people into homes that meet their needs now and into the future.

I am proud that MSV is an organisation that prides itself in equality and inclusion, and during the year, we undertook the journey to become an accredited Investor in Diversity. Reflecting the diversity of our communities and workforce, Equality and Inclusion will also be a key strand underpinning our new corporate plan 2020-2022.

During the year, as well as a focus on doing the basics brilliantly (including a plan to significantly improve our repairs service), we developed our approach to achieving carbon reduction within our homes and operations. A new sustainability strategy was developed and investment plans included within the financial business plan, linked to our new themes of People, Planet and Place.

During the year, we undertook a complete review of our governance and also recruited new members to our board – I am very pleased to welcome Kam Urwin, Tim Edwards and Gareth Hall to our Board.

The year ended with an existential challenge faced by the whole world, and our plans have been reset in order to recover well from the impacts of Covid-19, to reimagine the way we work and deliver services and to ensure the future resilience of the business and the communities we serve.

Martin McNally
Chair

The Board presents its Strategic Report and the audited Financial Statements for the year ended 31 March 2020.

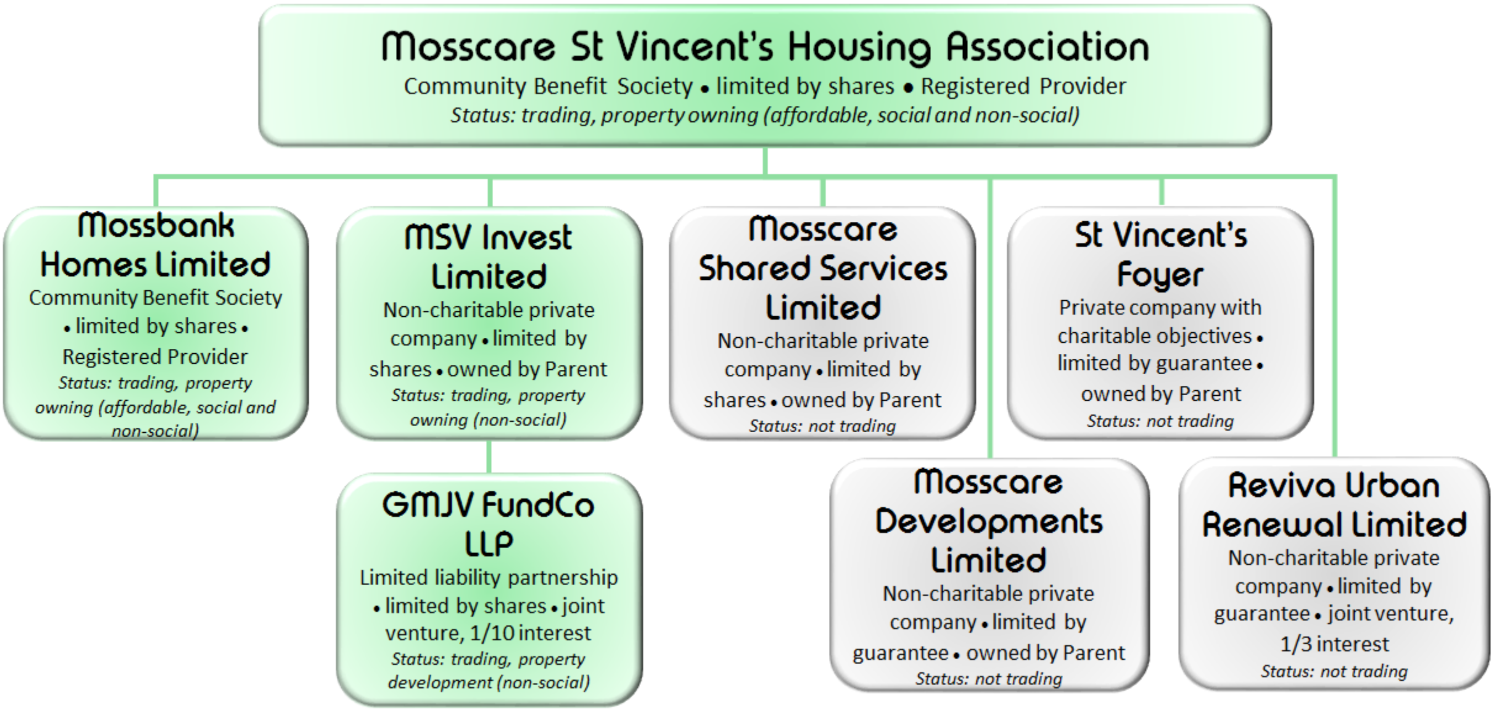
Principal Activities

The Group's principal activities are the management and development of affordable good quality housing for rent and shared ownership, the provision and management of supported housing, and social investment work.

Mosscare St Vincent's Group Structure

Mosscare St Vincent's Housing Group Limited ("MSV"/"the Association") was formed on 21 July 2017 as a result of the merger of Mosscare Housing Limited ("MHL") and St Vincent's Housing Association ("SVHA").

The whole stock, property and other assets and all other engagements of MHL and SVHA became vested in MSV and MSV undertook all the obligations affecting SVHA and MHL and there was no dissolution or division of the funds of MHL or SVHA. All the subsidiaries of MHL and SVHA became subsidiaries of MSV from the date of merger, 21 July 2017. Details of the entities within the Group are as follows:



Active Entities

Mosscare St Vincent's HA continues to be a Community Benefit Society, and is the Group parent. MSV is a Registered Provider and owns the majority of the social housing assets of the Group.

Mossbank Homes Ltd (MBH) is a Community Benefit Society subsidiary Registered Provider. MBH owns the majority of the Group's social housing assets in the Stockport area, and was formed through a large-scale voluntary transfer from Stockport Council.

MSV Invest Ltd (MSVI) was formed to hold the Group's commercial housing asset portfolio. It is the investing body in GMJV FundCo LLP on behalf of the Group.

Inactive Entities

Mosscare Shared Services Ltd was established pre-merger as a cost sharing vehicle between MHL and SVHA and their subsidiaries to undertake repairs and maintenance services. There has been no trading activity during 2019/20.

Mosscare Developments Ltd was established pre-merger as a subsidiary of MHL to undertake housing development activity. There has been no trading activity during 2019/20.

St Vincent's Foyer was a pre-merger subsidiary of SVHA, originally set up to act as a charitable investment

GMJV FundCo LLP (FundCo) is an equal joint venture with nine other Registered Providers who, along with the Greater Manchester Combined Authority, created Hive Homes (Greater Manchester) LLP, the aim of which is to undertake property development for market sale. MSVI does not control FundCo.

vehicle. There has been no trading activity in 2019/20 (or in any year since its formation).

Reviva Urban Renewal Ltd (Reviva) is an equal joint venture between MSV and two other Registered Providers. Reviva was set up to work with Manchester Council to deliver physical regeneration and provide neighbourhood management services. MSV does not control Reviva.

All of the entities have a financial reporting date to 31 March.

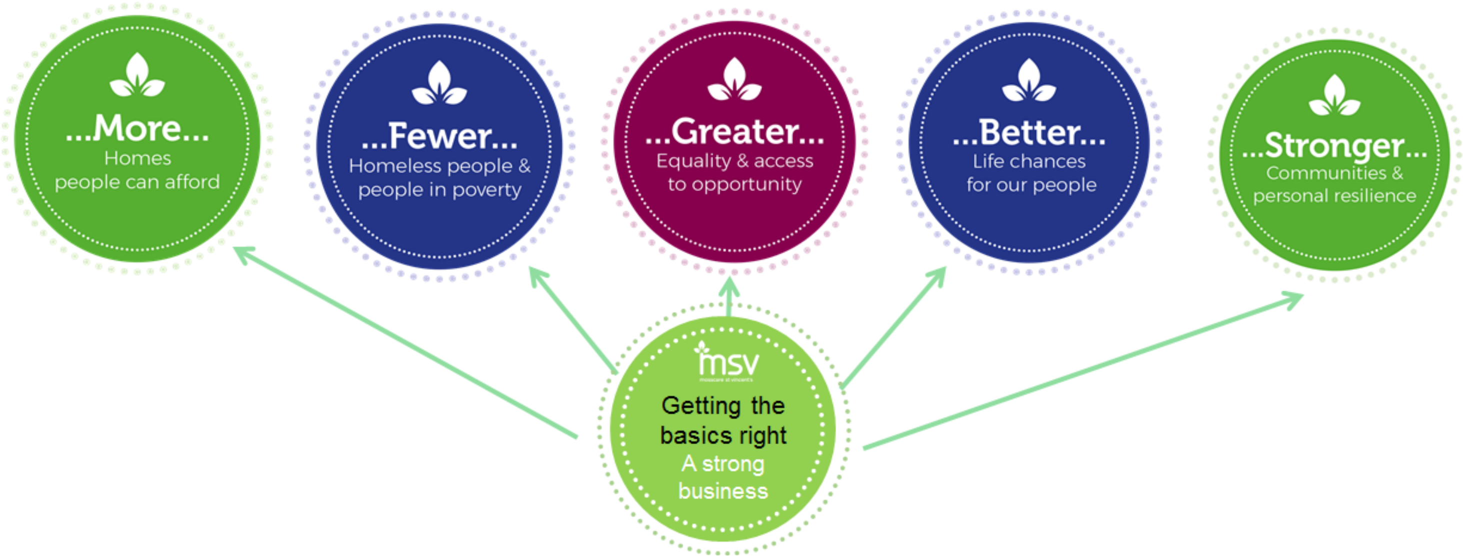
In respect of inactive entities, it is intended that all wholly-owned companies will be wound up following distribution of residual balances to MSV. Reviva, a 1/3 joint venture, will be wound up once all residual warranties have expired (anticipated during 2020/21). The residual balance once all liabilities have been settled will be evenly distributed between the three investors.

MSV is clear that to achieve more it is important to work with other organisations, and has an interest in several formal and informal partnerships for a range of purposes, such as strategic housing management on a local, regional and national level.

Vision, Strategy, Objectives and Values

We are an ambitious organisation with a strong social purpose, driven by our vision of creating an environment to flourish.

In 2017 we published our three-year Corporate Plan, "The MSV Way", which set out six strategic objectives to work towards this vision:



First and foremost we are a community-based landlord. We continue to work with customers and partners across the North West to create thriving neighbourhoods, filled with opportunity and purpose. In order to achieve our strategic objectives and maximise our impact, we:

- **provide affordable homes** for people who need them
- **help people** with work and life opportunities
- **are a 'go to' organisation focusing on partnerships** – we do the decent thing with a personal touch

- are genuinely **focussed on people**
- **support independent living** and unlocking potential
- are a **Placeshaper** organisation
- are **helping those** with the **worst start** to get the **best future**
- are **known for our strengths and values** – equality, neighbourhoods, helping the most vulnerable
- are **local and regional** with a national reputation

As we look to the future, we have built the next iteration of The MSV Way Corporate Plan for 2020-2022. We feel it is important to retain the above priorities – all the issues they are aimed at tackling are still present, and arguably issues such as homeless, poverty, societal inequality and the lack of good quality, affordable housing are more prevalent than ever. However we also recognise that the world has changed in recent months, particularly as a result of the Covid-19 pandemic, and that prior to lockdown the impending climate crisis was gaining momentum as a key global issue. Our new Corporate Plan will be centred around three themes of ***People, Place and Planet****,* with additional objectives linked to sustainability and embracing a 'new normal' way of working that is more agile, flexible and keeps our people safe.

Our values define who we are and how we work, and are at the core of everything we do:

We work across 18 local authority areas, including eight of the 10 areas within the Greater Manchester conurbation, and continue to be an anchor organisation in many of these areas. We continue to be a leading supported housing provider across the North West, and a key developer of new housing across the region. As part of the MSV Way we committed to the development of 1,200 new homes and have made good progress with this – since merger, at the end of 2019/20 we had delivered 138 homes for social and affordable rent, and 73 shared ownership and rent to purchase homes. Thirty five of these homes were designed to provide tailored supported living environments for those who need them, including homelessness provision, housing for refugees fleeing persecution and specialist housing for adults with learning disabilities. Our commitment to delivering supported living solutions remains a USP of MSV. But we build more than just homes – we build communities and places where people can thrive. Through our Community Investment Offer, we work with over 2,000 customers to create opportunities to improve health and wellbeing, gain employment, upskill, and help to reduce social isolation and support those people who are financially excluded.

Each Group entity has its own 30-year Business Plan, including asset management, treasury and service delivery plans which are reviewed and revised annually. Each part of the business has a robust, healthy financial plan with capacity to continue to develop and grow into the future. Covid-19 has clearly impacted these plans, and we have looked at our financial resilience and ability to deal with the economic uncertainty of the coming months and years. Whilst there are risks on the horizon, such as the impact on employment, the economy, and the question of how the Government measures implemented in response to the pandemic will be funded, we remain confident that we have sufficient financial resilience to weather the challenges ahead and continue to provide homes and services to our customers and communities, work with partners to achieve better outcomes, and develop and build new homes for the future.

Business and Financial Review

Overview of the year

This has been another year of strong performance, and our continued financial strength provides a strong platform upon which to continue to grow the value of the organisation and invest in our people, the services we provide and the development of new homes for rent and shared ownership.

As part of the Regulator of Social Housing's regular stability checks, in November 2019 we had our G1 V1 ratings renewed, the highest possible ratings for both Governance and Viability. This confirms the Regulator's continued confidence in MSV and our ability to function with robust management and governance arrangements in place. We maintain a positive relationship with the Regulator, and embrace the coregulatory approach to managing our affairs.

Our financial results for the year have been positive. As a Group, we have made a net surplus of £4.3m (excluding pension movements), including surpluses of £279k from shared ownership sales (excluding apportioned overheads) at a margin of 10.1%, indicating that we are building high-quality homes where people want to live. The Group's operating margin remains strong at 23.8% (2018/19: 28.6%) and demonstrates that there is capacity being created through our day-to-day activities. The split of operating and net surpluses across the Group is as follows:

	MSV Group	MSV Housing	Mossbank Homes	MSV Invest
Operating Surplus	11.5	9.9	1.5	0.1
Operating Margin	23.8%	22.7%	28.1%	73.2%
Net Surplus	4.3	3.6	0.6	0.1
Net Margin	9.5%	8.8%	13.1%	41.9%

At the end of the year the Group has combined drawn funding of £162.9m from multiple facilities across six lenders, and held cash balances totalling £13.1m (MSV Housing £6.0m, MBH £7.0m, MSVI £0.1m). The Group's Treasury Policy requires a minimum of £2.0m available cash be held by each entity at all times, and that each entity has sufficient available funding to cover two years' net cashflows. In addition the Treasury Policy sets a 'Golden Rule' EBITDA-MRI Interest Cover requirement of 120% (relating to MSV Housing), to provide headroom against the tightest funder's covenant of 110%. The Group remained comfortably compliant with all loan covenants and Treasury Policy requirements in 2019/20.

The economic environment continues to be challenging; despite signs of economic recovery, many of our customers have continued to face financial difficulties. This has been exacerbated in many cases by the Covid-19 pandemic, which has resulted in an unprecedented increase in customers claiming Universal Credit, as customers in unstable, low paid or self-employment have been hit hardest financially. We have been successful in diverting our resources to provide support through the lockdown period, both in terms of signposting to debt and welfare advice services and providing financial support to community-based charitable and voluntary organisations supporting the most vulnerable in our communities, whilst maintaining a robust focus on rent collection. At the end of 2019/20 our overall rent collection performance was 101.0% across the Group, with MSV achieving 101.0% and MBH 100.9%. At the signing date overall collection was being maintained at around 100% into 2020/21, despite the impact of Covid-19.

Delivering services to our customers

We are committed to delivering high-quality, cost-effective services to our customers. We regularly seek feedback from our customers to gain insight into what our customers think about the services we provide. During 2019/20 we introduced a new way of collecting feedback from customers; we now use an independent company to conduct telephone surveys each month to obtain 'in-the-moment' feedback, rather than undertaking one big postal survey. Since adopting this new approach in November 2019, we have spoken to around 800 customers, and are using their feedback to continuously refine and improve services.

A significant proportion of our customers tell us they are happy with the quality of their home (80.1%) and neighbourhood (85.5%). Since the formation of MSV we have invested almost £45m in maintaining and improving our existing homes, and plan to invest over £81m over the next five years.

During the year we carried out 36,605 repairs in our customers' homes, and a further 1,266 customers had improvements to their homes, such as kitchens, bathrooms, etc. In the final months of 2019/20 our improvement works programme had to be suspended as a result of the Covid-19 lockdown, however we have plans in place to deliver the works we were unable to complete in 2020/21 once lockdown eases. We have also been able to reprofile our programme over the coming years to bring forward external improvements, such as roofing replacements, which can be undertaken safely with social distancing.

At 68.1%, satisfaction with our responsive repairs service is lower than we would strive for. We recognise that there is work to be done to improve this service, and to address the challenges of delivering a consistent quality of service over such a broad geography. In 2019/20 commenced a significant project to fundamentally review and overhaul how the end-to-end service operates. This project will continue throughout 2020/21, and we are working with customers to help shape the new service model. We would expect to see improvements in satisfaction towards the latter part of 2020/21 and beyond.

The customer voice is invaluable in understanding what customers value in our services, and where improvement is needed, to ensure our homes are places people want to live. In 2019/20 overall customer satisfaction with their neighbourhood was 85.5%, and during the year over 160 residents engaged with us through community-based initiatives such as Tenant Voice, mystery shopping, scrutiny and readers groups. We have formal resident associations operating within our communities which provide us with vital 'on-the-ground' insight, and a further four active social groups providing a range of services and activities for local people.

Despite the Government announcing 'an end to austerity', many of our customers still face financial pressures, and the need to provide support has never been greater. Over recent years we have seen social and economic policy changes disproportionately impact many of our customers, many of whom are the most vulnerable in society, such as people who are homeless or who require specialist support to live independently. During 2019/20 we provided financial and welfare support to over 1,300 customers, including supporting individuals to claim the benefits to which they are entitled. In common with most housing associations, over recent years we have seen a steady rise in the number of people transitioning to Universal Credit (UC), which presents challenges as customers become responsible for paying the rent themselves. In 2019/20 we collected 101.0% of the rent charges, which benchmarks strongly across the sector, and we must ensure this remains a key performance focus. Rental income (including supporting people funding) accounts for over 90% of our total income (excluding property sales), and so is the lifeblood of the Group.

Our Money Management Team make contact with all new UC claimants to ensure they have the knowledge needed to complete their claims, and understand the processes that affect their income. We also help customers to access grants for furniture and essential items and signpost customers to organisations providing free support to manage multiple debts. Our Wellbeing Officers will, when appropriate, contact relevant health agencies on behalf of customers who need extra support and services. This activity is all targeted at making sure our customers have the best start in their tenancies, and are able to successfully sustain them.

In recent months, as a result of the Covid-19 pandemic we have seen an unprecedented increase in the number of UC claimants; over the 10 months prior to lockdown we averaged around 45 new claimants per month; since lockdown this has grown to around 120 new claimants per month, an increase of over 160%. We expect this to continue throughout 2020/21, and have robust processes in place to both support people into this new way of managing their money, and also ensuring we maintain strong rent collection performance. At the time of writing we are beginning to emerge from the Covid-19 lockdown, and it is pleasing to see that our rent collection has held strong at around 100% throughout the period. However we are not complacent; we recognise that as support measures such as the Government's Job Retention Scheme begin to withdraw, many of our customers will be facing uncertainty around job and financial security, and unemployment is expected to rise significantly across the country. We remain focussed on supporting customers to pay their rent, differentiating between those who can't pay and those who choose not to pay, and taking prompt and robust enforcement action in respect of the latter.

Managing our housing assets

Across the Group we currently own and manage 8,029 homes for rent across 18 Local Authority areas, as well as 297 shared ownership homes, 174 market rent homes, 130 leasehold properties, plus a portfolio of commercial rent properties (mainly within MSV Invest). We have a pipeline of 400 new homes for rent and shared ownership, and intend to increase our asset portfolio by around 5% over the next two years.

This year we invested £18.3m in maintaining and improving the quality of our homes. All our homes meet the Decent Homes Standard and are maintained in a good condition. Decisions on how much to invest in our existing portfolio each year are based on an independent Stock Condition Survey, supplemented by our local and detailed knowledge of the assets. Over the next five years we intend to invest over £80m in our existing housing portfolio, including a programme of sustainability works to bring our homes to a minimum EPC C standard and improve fuel efficiency for our customers.

As part of our proactive Asset Management Strategy, we have identified certain properties for disposal as and when they become void. During the year we took the decision to sell five individual properties on the open market, generating capital receipts of £221k and a surplus of £92k.

New development and sales

During 2019/20 we invested £25.5m in the development of new homes and successfully completed 102 new homes, bringing total completions since merger to 211. This year's completions included 60 homes for social and affordable rent, 30 shared ownership homes and 12 homes for rent to purchase. We have a pipeline to deliver a further 400 homes of varying tenures over the next two years, and a Business Plan which aims to deliver against the 1,200 new homes commitment by 2027/28. This is a slightly extended timescale than that originally envisaged; this is because we have taken a conscious decision to utilise some of the organisation's capacity to deliver against priorities such as building safety, sustainability of our existing homes, digitalisation and enhanced support services.

At the end of 2019/20 we had schemes on-site which will deliver 80 homes for social and affordable rent and 78 homes for affordable home ownership over the next two years. A further 15 sites are currently in the pipeline but not yet on-site, and forecast to deliver a further 242 homes over the next two years. The remainder of the development programme is forecast to be delivered between 2022/23 and 2027/28, averaging 103 new homes per year.

In 2019/20 we sold 30 new build homes through first tranche shared ownership, generating cash proceeds of £2.4m and net surpluses of £228k. The average proportion of equity sold at first tranche sale was 47%, outperforming the prudent scheme appraisal assumption of 35%, and delivering a profit margin of 9.5%.

Achieving targets and value for money

Value for money (VfM) underpins decisions made across all areas of the organisation and supports the delivery against our vision and strategic objectives. Our Corporate Plan, The MSV Way, provides the golden thread through the heart of everything we do, linking operational delivery and performance to strategic intent. It gives the organisation the focus for delivering VfM in all aspects of our work.

In September 2018 the Board approved MSV's comprehensive VfM Strategy, which has continued in place throughout 2019/20. Launched as the Strong Business Campaign last financial year, the Strategy embedded the principle of "we will save more, so we can do more" throughout the organisation.

Throughout the year we measure performance using a suite of KPIs and operational PIs, categorised under six broad headings:

- Business Health
- Development Capacity & Supply
- Outcomes Delivered
- Effective Asset Management
- Operating Effectiveness
- Health & Safety

Within these headings, we also report against the Key VfM Metrics as set out in the Regulator's Value for Money Standard.

In 2018/19 a decision was made to withdraw from the Housemark benchmarking club based on an assessment of cost/benefit. As such, we now compare operational KPI performance against targets and previous years' performance, and use sector knowledge to assess results. For VfM Metrics, we obtain benchmarking data from the Housing Quality Network, and have compared our results to:

- HQN Members: 32 Registered Providers across England
- Placeshapers: Registered Provider Members of both HQN and Placeshapers
- Size: Registered Provider Members with between 5,000 to 9,999 homes
- Location: Registered Provider Members with at least 50% stock in the North West

a) *Business health*

	Median Benchmarks (2018/19 Data)								
Measure	**Placeshapers**	**HQN Members**	**Similar Size RPs**	**Local RPs**	**Actual 2018/19**	**Target 2019/20**	**Actual 2019/20**	**Against Target**	**Trend**
VfM Metrics									
Operating Margin – Social Lettings only	**29.1%**	**28.6%**	**28.2%**	**26.1%**	**29.2%**	**28.1%**	**25.0%**		⇓
Operating Margin – Overall Group	**25.2%**	**25.0%**	**23.7%**	**23.7%**	**28.6%**	**29.6%**	**23.8%**		⇓
Interest Cover – EBITDA MRI	**194.3%**	**186.6%**	**196.2%**	**175.2%**	**196.2%**	**160.3%**	**143.1%**		⇓

VfM Metrics

Our Operating Margin falls at the low end of the benchmark group, however this is due to the benchmark data relating to the previous year; our results therefore reflect the impact of another year of -1% rent reductions. When comparing like-with-like, we compare favourably against the peer benchmark group, largely as a result of the robust cost management indicated in the Operating Effectiveness section below. Our results are particularly impacted by the Government's Rent Policy as the vast majority of our income is from rents and shared ownership sales, and we have taken the positive, risk-based decision not to undertake open market sale or other commercial activity to generate alternative income streams.

The level of interest cover headroom at the end of 2019/20 is linked to the profile of debt drawdown and spend. Whilst there is a reasonable amount of headroom our interest cover is low compared to peers, this is again reflective of our reduced income from rents. MSV has not yet fully drawn all facilities, and makes effective use of revolving credit facilities to manage cashflows. Interest cover is, and will continue to be, our tightest loan covenant, and the Board have set a prudent requirement of 120% interest cover (based on funders' definitions). The Business Plan projects the continued drawing of existing facilities over the coming years, and in 2022/23 interest cover is predicted to reach its lowest point of 120%. The headroom reflected in the above results is therefore due to timing rather than under-utilisation of capacity.

b) Development capacity and supply

	Median Benchmarks (2018/19 Data)								
Measure	**Placeshapers**	**HQN Members**	**Similar Size RPs**	**Local RPs**	**Actual 2018/19**	**Target 2019/20**	**Actual 2019/20**	**Against Target**	**Trend**
VfM Metrics									
New Supply Delivered – Social Housing	**0.8%**	**1.2%**	**2.7%**	**0.5%**	**0.6%**	**1.4%**	**1.2%**	●	⇑
New Supply Delivered – Non Social Housing	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	●	⇔
Gearing	**39.4%**	**42.5%**	**41.4%**	**30.8%**	**38.3%**	**42.1%**	**40.2%**	●	⇑

VfM Metrics

The results for new housing supply reflect our commitment to delivering new affordable homes. In terms of delivery by local Registered Providers, MSV ranks second in the benchmark dataset having delivered new social housing supply equivalent to 1.2% of total housing assets.

All units developed during 2019/20 were for social rent, affordable rent or low-cost home ownership. As such, non-social supply results were 0%, in line with our development plans. The highest result across the benchmark group was just 0.7%, indicating this remains a relatively low area of activity across the whole benchmark group.

Our gearing result is fairly low; rather than indicating under-utilisation of capacity, this is a reflection of where we are currently in relation to our overall ambitions for developing new homes. This result confirms there is capacity to secure further funding, and we are working with Savills, our Treasury Advisors, to secure funding for the next stage of our development plans. We expect new funding to be in place by the end of 2020/21.

c) Outcomes delivered

	Median Benchmarks (2018/19 Data)								
Measure	**Placeshapers**	**HQN Members**	**Similar Size RPs**	**Local RPs**	**Actual 2018/19**	**Target 2019/20**	**Actual 2019/20**	**Against Target**	**Trend**
VfM Metrics									
Reinvestment	**6.4%**	**6.4%**	**6.1%**	**7.4%**	**6.0%**	**6.9%**	**8.4%**	●	⇑
Other KPIs									
Overall Customer Satisfaction					85%	88%	78.3%	●	⇓
Repairs Satisfaction*					N/A	80%	68.1%	●	N/A
Neighbourhood Satisfaction***					N/A	90%	85.5%	●	N/A
Complaints Responded to Within Timescales					39.3%	100%	46.2%	●	⇑
ASB Satisfactory Resolution***					N/A	90%	67.1%	●	N/A
Emergency Repairs % Completed on Time					98.1%	100%	100%	●	⇑
% Repairs Appointments Kept (including March 2020)**					89.7%	90%	87.5%	●	⇓
% Repairs Appointments Kept (excluding March 2020)**					N/A	90%	89.4%	●	N/A

** during 2019/20 we moved to a more meaningful methodology for collecting satisfaction data, so previous years' results are not comparable*
*** results shown including and excluding March, as Covid-19 lockdown meant a number of March appointments had to be cancelled, skewing the results*
**** this KPI was not measured in 2018/19*

VfM Metrics

In terms of reinvestment, MSV consistently benchmarks slightly below the median. This is partly due to us being a traditional Registered Provider, not formed as a result of a Local Authority stock transfer (known as LSVTs). As a result, our SOFP property values tend to be higher than those of LSVTs; when just compared against traditional Registered Providers within the benchmark dataset, we have the third highest rate of reinvestment.

Other KPIs

Our customer intelligence tells us that much of the customer dissatisfaction expressed in the results above is rooted in the level of dissatisfaction with the repairs service; although we have delivered 100% of emergency repairs in line with timescales, the overall service quality falls short of expectations. As stated above, the significant project to fundamentally review and overhaul the repairs service will continue into 2020/21, and we will be working closely with our staff and customers to significantly improve satisfaction.

Whilst there has been an improvement in 2019/20, there remains much work to do to improve our performance in respect of complaints management. During 2019/20 we have redesigned the complaints process, making it simpler for customers to access and simplifying the internal process for staff dealing with complaints. The new Policy was launched in May 2020, and there is now an increased focus on ensuring complaints are dealt with promptly and appropriately.

d) Effective asset management

	Median Benchmarks (2018/19 Data)								
Measure	**Placeshapers**	**HQN Members**	**Similar Size RPs**	**Local RPs**	**Actual 2018/19**	**Target 2019/20**	**Actual 2019/20**	**Against Target**	**Trend**
VfM Metrics									
Return on Capital Employed	**4.2%**	**3.9%**	**3.6%**	**5.1%**	**3.6%**	**3.3%**	**3.0%**	●	⇓
Other KPIs									
Void Loss %					1.79%	1.50%	1.89%	●	⇑
Satisfaction with Quality of Home***					N/A	90%	80.1%	●	N/A

**** this KPI was not measured in 2018/19*

VfM Metrics

Our Return on Capital Employed is at the lower end of the benchmarking group, largely due to a combination of choosing to invest in the types of housing that are more resource-intensive, such as supported and specialist housing, and choosing not to undertake development for open market sale and/or adopt an aggressive asset rationalisation strategy.

Other KPIs

Void rent loss has increased slightly during 2019/20, and is intrinsically linked to the relet days KPI within Operational Effectiveness below.

Satisfaction with quality of home if fairly high at 80.1%, although lower than target. As described below, our customer intelligence indicates that dissatisfaction with repairs in particular is having a knock-on effect on other satisfaction metrics. We have in place a significant programme of planned investment works for our existing homes every year, underpinned by an independent Stock Condition Survey and in-house insight into specific property requirements.

e) Operational Effectiveness

	Median Benchmarks (2018/19 Data)								
Measure	**Placeshapers**	**HQN Members**	**Similar Size RPs**	**Local RPs**	**Actual 2018/19**	**Target 2019/20**	**Actual 2019/20**	**Against Target**	**Trend**
VfM Metrics									
Headline Social Housing Cost Per Unit	**£3,451**	**£3,531**	**£3,362**	**£3,402**	**£3,028**	**£3,369**	**£3,504**		⇑
Other KPIs									
Rent Collected %					102.63%	100.05%	101.0%		⇓
Current Rent Arrears %					2.87%	3.10%	3.7%		⇑
Former Tenants Arrears %					1.61%	1.89%	2.4%		⇑
Void Turnaround Days – All Stock					22.9	22	34.7		⇑
Void Turnaround Days – General Needs Stock					10.0	10	16.1		⇑
Bad Debt %					0.34%	1.5%	0.4%		⇑

VfM Metrics

The results show that our operating cost per unit benchmarks well against our peers, indicating that we are managing costs effectively and operating efficiently. There has been some increase in operating costs during 2019/20, predominantly due to staffing structures stabilising post-merger, and decisions to invest in key areas such as mental health support, supported housing provision, and the finance function.

Other KPIs

Whilst there has been a slight decline in results compared to the previous year, rent collection has continued to hold up well throughout 2019/20, exceeding target and remaining above 100% at the end of the year. This is not an unexpected result; austerity measures, welfare reforms and transition to Universal Credit all impact our customers disproportionately compared to the general population, and make the collection of rent more difficult. We have robust processes in place to collect rent, and also significant resource dedicated to providing support and signposting to those customers who experience financial difficulties. This is also reflected in our arrears results, which although higher than target remain within our prudent Business Plan assumptions.

The time taken to relet empty properties was higher than target for 2019/20. This is in large part due to the specific challenges associated with some of our sheltered and supported housing provision, and the nominations and allocations processes associated with ensuring specialist housing is matched to tenants best suited to the specific provision within each scheme. The results for General Needs average relets are significantly lower at 16.1 days, and whilst this is slightly higher than target, this nonetheless represents good performance.

f) Health & Safety

Measure	Target 2019/20	Q1		Q2		Q3		Q4	
		Actual	Against Target	Actual	Against Target	Actual	Against Target	Actual	Against Target
% gas safety certificate completed within 12 months	100%	99.99%	🔴	99.97%	🔴	100%	🟢	99.74%	🔴
% valid communal electricity certificates	100%	100%	🟢	100%	🟢	100%	🟢	100%	🟢
% domestic electrical safety certificates within 10 years*	100%	83.2%	🟡	87.6%	🟡	89.6%	🟡	97.3%	🟡
% domestic electrical safety certificates within 5 years**	N/A	68.9%	N/A	74.3%	N/A	77.3%	N/A	87.3%	N/A
% legionella inspections due and undertaken	100%	100%	🟢	100%	🟢	100%	🟢	100%	🟢
% asbestos surveys due and undertaken	100%	100%	🟢	100%	🟢	100%	🟢	99.3%	🟡
% passenger lifts with a valid LOLER certificate	100%	97.2%	🔴	100%	🟢	100%	🟢	100%	🟢
% domestic lifts with a valid LOLER certificate	100%	Not collected		100%	🟢	85.7%	🔴	34.6%	🔴
% compliant fire safety certificates	100%	99.8%	🔴	100%	🟢	100%	🟢	100%	🟢

** note this is good practice and not a statutory requirement*
*** no target for <5 years – transitioning from a 10-year cycle to a 5-year cycle*

Keeping our customers safe is a top priority and is reflected in our results. As a result of Covid-19, we have in recent months experienced challenges in being able to undertake servicing (such as gas and domestic lifts) in people's homes, either because tenants are shielding, or just do not feel safe having people visit their homes. We have taken all the necessary precautions to ensure safety works can be undertaken safely, including providing operatives with appropriate PPE, antibacterial wipes and sanitiser, as well as advising customers that they need to maintain social distancing when our staff visit their homes. However through the lockdown period we found that, despite these measures, there were around 120 customers who did not want to grant us access to their home. Given the suspension of court activity, and our desire to respect where customers feel at risk, we have had no option but to remain in contact with these customers and not undertake the servicing work legally required. Where we have been unable to undertake gas servicing, we have issued customers with carbon monoxide monitors to help ensure they remain safe until the gas service can be undertaken.

g) Other VfM activity

During 2019/20 actions which have underpinned our VfM performance include the following:

Costs and efficiencies

In 2019/20, we completed 25 transformation projects, creating staffing efficiencies across the organisation. By focussing on use of collaborative working practices and systems to reduce duplication of work, we have driven faster change and unlocked over 1,300 staff hours per year. Projects have included investment in Office 365 and the rollout of Monday.com, an online collaboration platform, across the organisation. Details of cost savings achieved include:

- £29k per year on software licenses by moving to Office 365
- £5k on implementation costs by combining IT projects to deliver concurrently
- £25k per year on service costs for customers by installing Wi-Fi at our Foyers, meaning the door entry system replacement previously scheduled was unnecessary
- £84k over two years through the retender of the mobile phone contract

Effective asset management

Towards the end of 2019/20 we successfully completed the implementation of Orchard Assets, our new Asset Management system. Over the coming year, this will enable us to enhance the data we hold about our assets, understand how assets perform, and make appropriate strategic decisions around investment and rationalisation to deliver best value from our housing portfolio.

During 2019/20 we continued to rationalise stock and undertook the disposal of underperforming properties. The Group surplus from disposal of housing assets was £92k.

Procurement

We assess opportunities for VfM improvements through the use of effective procurement. All asset management and development contracts are procured through frameworks to secure best value.

During 2019/20 we achieved savings of over £174k through effective procurement practices, including savings of around £50k over the next five years through the reprocurement of audit services for the Group.

Activity to support our customers

With consideration to VfM across the whole business, including investment in non- traditional social housing activity, we ensure that it generates returns commensurate with risk.

Our Money Management and Wellbeing service works with tenants on a range of issues which ultimately benefits our business by ensuring that they are able to manage their money effectively. In 2019/20 we handled 1,300 referrals and secured £407,960 in small grants to pay utility bills, discretionary housing payments to cover spare bedroom subsidy and secure other benefit payments.

Our social investment team also coordinates volunteering opportunities across the business. In 2019/20, 2,138 customers benefitted from a range of community and social projects just generating over £2.6 million of social value from a £79,947 investment. The Team also generated and supported Groups to receive £45,981 through a number of external funding sources.

During the year we moved away from paper-based postal surveys to monthly telephone surveys undertaken by an independent surveying company. This has improved the timeliness and usefulness of feedback, and means we can act more effectively to deliver improvements. These surveys will be a key mechanism for reviewing the effectiveness of our changes to systems and processes over the next two years (through our Back to Basics improvement plans).

h) Future plans to further improve VfM at MSV

MSV is well placed to deal with the future challenges that it will face and continuing to identify new ways to deliver services economically, efficiently and effectively. We have both measurable plans and strategies that address the areas of underperformance, with our main focus on:

- Maintenance costs per unit

- Customer satisfaction
- Service contracts & service charges
- Digitalisation & Customer Experience

We work with customers, partners and stakeholders to continue to deliver key services our customers want and our communities need. We will continue to work with other similar organisations to develop our measurement of social impact in all our activities.

Our Continuous Improvement Programme, branded 'Back to Basics, aims to deliver a range of efficiencies and improvements over the next three years and beyond.

Action Plan – Back to Basics

- **Process Re-Engineering:** Focussed on the semi-automated processes linked to the Orchard Housing Management System, this project aims to systematically work with various areas of the business to re-engineer processes to ensure they are efficient and effective, and to automate wherever possible and appropriate. This programme works alongside the other Back to Basics projects, and will be critical in their success.

  Key outcomes from this project will be improved process efficiency, leading to reduced staffing requirements and ability to redirect resource to value-adding activity.

- **Repairs Service End-To-End Review:** linked to the digitalisation agenda, we have commenced a full review and redesign of the Repairs Service to reduce our maintenance costs, enhance the customer experience and streamline delivery to deliver cost and time efficiencies. Through the implementation of a customer portal, we will enable customers to book repairs at a time that suits them; our delivery will be reconfigured, including consideration of insource vs outsource for different elements of the service to ensure the most effective operating model; and we will look at how digital systems can be used to effectively schedule, monitor and report against repairs delivery.

  Key outcomes from the Repairs Review will include a reduction in repairs delivery costs, targeted as a minimum of £100 reduction in maintenance cost per unit, and improved customer satisfaction with the repairs service.

- **Overhaul of Service Charges:** originally intended to be delivered in 2019/20, this has been deferred to 2020/21 due to resourcing issues. Whilst some foundation work has been undertaken to understand the current framework, legislation and options, the majority of this project will now be delivered in the coming year. The project will include considering the merits of fixed vs variable service charges, and designing efficient processes to manage and report on service contracts and costs, and effectively apportion them across service recipients to maximise cost recovery. Linked to the Repairs Review the automation of repairs ordering will also ensure associated costs are captured and allocated appropriately.

  Key outcomes from the Service Charges Review will include a reduction in resources required to administer service delivery and reporting; improved efficiency of invoice processing and cost apportionment; increased clarity for customers around costs, resulting in improved satisfaction; increased service charge income recoverable.

- **Finance Improvements:** following the implementation of a full team restructure in 2019/20, the Finance Team are now focussing on implementing improvements across the service. All aspects of service delivery are being reviewed, improved processes are being developed and there will be a move to digitalisation of processes wherever possible. In the coming year we will be investing in the Ebis Invoice Automation system in order to significantly improve the efficiency of invoice processing, and reduce the amount of management time spent across the business in checking, coding, processing and paying invoices.

Key outcomes from the Finance Review will be increased efficiency in invoice processing and reduced creditor days; improved internal satisfaction with finance services.

- **Digitalisation:** the Digitalisation Programme is an umbrella name for a range of sub-projects all aimed at improving the digital offer to staff and customers, and improve efficiency across the organisation. The Digitalisation Programme includes:
  - Implementation of Income Analytics to improve insight into customer behaviour in respect of paying rent, and inform processes for more intelligent, targeted rent collection interventions.
  - Investigating the use of artificial intelligence bots to automate basic customer support activities and ensure they are accessible to customers 24/7.
  - At the end of 2019/20 we introduced our new Customer Portal; during the coming year we will be rolling out new functionality to enable customers to digitally access information and services such as rent statements and payment, reporting issues and ordering repairs.
  - Commencing a programme of channel shift, encouraging and incentivising customers to access services digitally through automated online processes, freeing up staff to provide enhanced support to those more vulnerable customers who cannot access services digitally.
  - Procurement and implementation of the new website to improve staff and customer accessibility; we created the infrastructure for this in 2019/20, and in the coming year the outward-facing website and intranet will be rolled out.

  Key outcomes from the Digitalisation Programme projects include improved customer intelligence and increased rent collection performance; increased service accessibility leading to improved customer satisfaction; and reduced resource requirements on routine functions, enabling more valuable deployment of staff and resources.

In addition to the Back to Basics Programme, in 2020/21 we also intend to:

- Reprocure the Housing Management System, retaining Orchard Housing but procuring as a package rather than as a series of modules to reduce costs

- Reprocure the landscaping contracts, valued at over £7m, to reduce the number of suppliers from 40+ to three, delivering costs savings and contract management and invoice processing efficiencies.

- Consider different ways of working post-Covid; move towards even more agile ways of working, digitalisation of processes such as lettings, outsourcing printing and reducing the need for office space (with retained spaces to be used for collaboration rather than as a base to undertake routine work). Through implementing new ways of working we intend to reduce travel costs and the associated environmental impact, and achieve savings of at least £125k per year through rationalisation of office spaces and reduced overheads.

Our approach to VfM is embedded across the business and is regularly measured through our strategic and operational reporting frameworks. VfM supports continuous improvement across the business and means we are well places to face the challenges ahead, particularly as a result of Covid-19 and the impending finalisation of Brexit. As such, it is the view of the Board that we continue to remain fully compliant with the Regulator's Value for Money Standard.

Risk management and effective internal controls

In our ever-changing operating environment, and particularly given the recent events of Brexit and Covid-19, the breadth of potential risks to the Group has increased. Understanding and managing the risks we face is critical to ensure the future sustainability of the organisation, and so we have in place robust mechanisms for the identification, management and monitoring of risk. Responsibility for identifying and managing risk sits at every level within the organisation; it is regularly discussed within the operating business and meetings of the Senior Leadership and Executive Teams; it is reported to every meeting of the Audit & Risk Committee, and at least quarterly to the Board; every decision report taken to the Board or a Committee includes a consideration of the relevant risks.

Risks are assigned a score using an Impact/Probability Matrix, taking account of the mitigating controls in place to understand the level of residual risk, to ascertain if the level of risk remaining is acceptable to the Board in line with its Risk Appetite Statement. Risks with a high residual score are monitored at Board level, and those deemed the highest risk are summarised below. Risks with a lower score are monitored at operational level, with each Head of Service throughout the organisation maintaining a Risk Register for their operational areas.

The Group's risk management processes seek to identify the key risks that could materially impact the organisation and manage them appropriately. The risk factors below are the Group's key risks and are regularly reviewed by the Board.

COVID-19 ***Impact of the pandemic on operations and financial resilience of customers***	BREXIT ***Social and economic impact of no deal or political fallout***
Mitigation: Close monitoring of impact, particularly housing market and economy. Incident Management Group formed to manage business through change and ensure safe delivery of key services. Majority business transitioned to remote working. Strategic and operational plans for during and post-lockdown. Additional short-term funding being secured to provide additional liquidity.	**Mitigation:** Stress testing undertaken for various negative social and economic consequences of Brexit, and mitigation plans developed. Close monitoring of Government developments and economic indicators.

SAFEGUARDING TENANTS ***Loss of SP and other funding impacts ability to provide appropriate support to tenants in specialist housing***	HEALTH & SAFETY ***Failures in compliance with statutory, regulatory and best practice in respect of health & safety management***
Mitigation: Multi-agency approach to delivering support services with a range of partners and Local Authorities. Periodic reviews undertaken of support provision arrangements at specific schemes, and new contracts negotiated when required. Investment in shared Mental Health staffing resource with another Registered Provider.	**Mitigation:** Robust processes for management, coordination and delivery of key H&S compliance works, including gas servicing. Regular reporting on property and non-property H&S performance to Board, and regular audit scrutiny. Dedicated Health & Safety Manager. Extensive rolling programme of H&S training, including NEBOSH qualification for all managers. Risk assessments undertaken regularly, and Covid-Safe operating plans have been developed.

INCOME COLLECTION & WELFARE REFORM ***Impact on rental income, sustainability of tenancies and ability provide services to those in housing need***	GOVERNMENT POLICY & REPUTATIONAL RISK ***Lack of certainty around Government Policy leads to rising unemployment, austerity, and legislative, economic, social and/or community instability.***
Mitigation: Close monitoring of rent and service charge income collection and proactive management of tenant transitions due to welfare reforms and Universal Credit. Robust arrears escalation protocols. Mechanisms to support and signpost customers who are experiencing financial difficulties.	**Mitigation:** Mechanisms for horizon scanning and membership of a number of local, regional and national networks, including Placeshapers and the National Housing Federation. Strong relationships with Local Authorities where we own housing stock. Robust business and corporate planning incorporating comprehensive scenario planning.

CYBER AND DATA SECURITY
Risk of attack and/or inappropriate or malicious access to data and/or systems
Mitigation: Robust ICT security and disaster recovery policies and procedures. System protection, including antivirus and malware, and regular independent penetration testing undertaken. Cyber liability insurance. Regular programme of GDPR and IT security training delivered for all staff.

LONG-TERM FUNDING AND FINANCIAL RESILIENCE
Failure to comply with current funding requirements and/or unavailability of funding to meet long-term requirements and ensure financial resilience
Mitigation: 30-year business plans and annual budgets, with regular testing for resilience to withstand adverse scenarios. Treasury Policy which determines minimum liquidity and interest cover parameters. Regular treasury, cashflow and covenant monitoring, forecasting and reporting. Independent Treasury Advisors (Savills).

ASSET MANAGEMENT
Failure to understand the housing stock portfolio and invest appropriately to meet statutory quality standards, sustainability standards and/or building safety legislative standards
Mitigation: Asset Management Strategy and dedicated management team. Business plan includes full stock condition survey investment programme, plus annual building safety and sustainability investment provision. Annual works programmes developed to target spend effectively, working with a range of expert contractors. Membership of procurement clubs/frameworks to secure best value.

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Audit & Risk Committee has delegated responsibility and is responsible to the Board for monitoring the system and framework of risk management and internal control, and reporting to the Board on its effectiveness.

The Board confirms there is an ongoing process for identifying, evaluating, and managing the significant risks faced by the Group, that has been in place for the period under review and up to the date of approval of the annual report and accounts, and that this process is regularly reviewed by the Board. Risk identification, mitigation and management continue to underpin MSV's governance regime.

The Board has reviewed the effectiveness of the system of internal control throughout 2019/20 and concluded that systems, policies and people are in place to ensure a substantial level of assurance and control. Improvements are in progress in the areas of digitalisation, complaints management and the responsive repairs service.

Management are responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls. These risks are assessed on a continual basis and may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements.

A self-assessment and reporting framework has been established which provides for a documented and auditable trail of accountability. These procedures are relevant across all operations and provide for successive assurances to be given at increasingly higher levels of management and finally to the Board.

This process is facilitated by internal audit who also provide a degree of assurance as to the operation and validity of the system of internal control. The annual Internal Audit Plan is formulated through a risk-based approach and with reference to the Strategic Risk Register. Planned corrective actions are independently monitored for timely completion. Internal audit reported the following Internal Control Statement 2019/20 to the Audit & Risk Committee in May 2020 'In our opinion, based on the work undertaken, the Board and Audit & Risk Committee can be provided with Substantial Assurance in respect of the internal controls in operation within the scope of work reviewed. Mosscare St. Vincent's Group has in place an appropriate framework for identifying, evaluating and managing the significant risks faced by the Group.'

Management report regularly on their review of risk and how they are managed to the Audit & Risk Committee, whose main role is to review on behalf of the Board the key risks inherent in the business and the system of control necessary to manage such risks and to present their findings to the Board.

Internal audit independently review the control processes implemented by management and report to the Audit & Risk Committee on a quarterly basis. The Audit & Risk Committee reviews the assurance procedures, ensuring that an appropriate mix of techniques is used to obtain the level of assurance required by the Board. The Audit & Risk Committee presents its findings to the Board on an annual basis.

During the year, the Group's management as continued to work on embedding a sound framework to assess the effectiveness of the internal controls system. There have been no material losses in 2019/20, which is testament to the strong control framework that continues to operate across the organisation. During the year a number of external attempts to commit fraud and theft, particularly through bogus communications, were identified. None was successful. This provides both assurance as to the effectiveness of the preventative internal controls in place, and learning opportunities as to how future attempts can be detected and losses prevented.

During the Covid-19 pandemic, a specific Covid-19 risk register was developed at both a strategic and operational level in order to closely monitor and assess emerging risks as the lockdown and Government announcements were unfolding. These registers were maintained throughout the lockdown period; as we begin to emerge from lockdown and develop longer-term operational practices, so the Covid-19 risk has now been amalgamated into the main Strategic and Operational Risk Registers.

Sustainability and environmental performance

We recognise that our operations have an environmental impact. This is the first year where we are reporting our greenhouse gas (GHG) emissions, as required by The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which implements the Government's policy on Streamlined Energy and Carbon Reporting (SECR).

We have worked with specialist consultants to calculate our carbon footprint for the year ended 31 March 2020. Our carbon footprint calculations have been undertaken in accordance with the requirements of the WRI 'GHG Protocol Corporate Standard (revised version)' and Defra's 'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting' requirements (March 2019). The appropriate greenhouse gas conversion factors from UK Department for Business, Energy & Industrial Strategy (BEIS) 2019 have been applied.

Activity data has been categorised as:

- Scope 1: natural gas and fleet fuel
- Scope 2: electricity consumption
- Scope 3: grey fleet (employee business travel in private vehicles)

Our carbon footprint results for 2019/20 are as follows:

		UK GHG Emissions 2019/20 (tCO_2e)	UK Energy Consumption 2019/20 (kWh)
Scope 1:	Natural gas	74	402,750
	Fleet	383	1,394,298
	Sub-total	**457**	**1,797,048**
Scope 2:	Electricity	257	1,007,336
Scope 3:	Grey fleet	43	183,382
Total		**757**	**2,987,766**
Intensity metric		tCO_2e / FTE	kWh / FTE
Total emissions and energy/FTE		**2.13**	**8,393**

Our largest carbon emissions impacts come from fuel used in our own and leased vehicles (51%) and building energy consumption for heating, cooling and powering equipment for operations (44%), with grey fleet accounting for only 5% of total GHG emissions.

During 2019/20 we carried out boiler replacement projects at five property schemes, with new energy-efficient boilers expected to contribute to a reduction in energy consumption for both tenants and MSV. We have also conducted regular maintenance of our energy consuming equipment, boilers and HVAC plant to ensure they are in good working order to prevent energy wastage.

We are committed to monitoring and reducing our emissions year-on-year, and also developing our detailed reporting to understand our performance in this regard. Our Sustainability Strategy will be pivotal in prioritising continuous improvement and reducing our environmental impact year-on-year.

Looking to the Future – Post-Balance Sheet Events

In March 2020 the World Health Organisation classed Covid-19 as a global pandemic. Shortly after, the Government introduced various measures to address the risks within the UK, including a period of full lockdown from 23 March 2020.

In the weeks immediately preceding these announcements, and in response to the lockdown, we implemented a number of changes and measures to ensure the ongoing safety of our tenants, staff and partners. These included:

- an immediate transition to home working. We had already embraced agile working across MSV, which meant all staff were able to transition to new ways of working quickly and effectively and had the equipment necessary to do so;
- the immediate formation of an Incident Management Team to co-ordinate our response to emerging guidance and changing announcements;
- pausing our investment programme works, including our kitchen and bathroom replacement programmes
- significantly scaling back our responsive repairs service, and only delivering emergency repairs;
- cessation of all ongoing development activity, in line with specific Government guidance, with all sites made secure and then 'hibernated';
- reviewing decisions on uncommitted schemes on a case-by-case basis to determine whether to proceed with land purchases, entering into contracts, etc;
- an initial two-week pause of the gas servicing programme immediately following lockdown announcements, during which clarity was sought from the H&S Executive, and then the full reinstatement of gas servicing activity with appropriate safety measures, including provision of PPE;
- providing carbon monoxide detectors to any tenants refusing access for undertaking gas servicing works
- ceasing all letting activity, other than in the case of emergency lets, eg care leavers, hospital discharges, people fleeing domestic violence, etc;

- identifying known older and vulnerable customers and initiating a programme of regular wellbeing contact calls (by telephone);
- providing financial support to a range of community and voluntary organisations within our communities, providing vital support to some of the most vulnerable residents;
- providing support, guidance and signposting to customers experiencing financial hardship and/or whose employment has been impacted by the lockdown.

It was immediately recognised that these measures posed some risks to the organisation and would inevitably impact performance. A suite of critical KPIs was quickly formulated to monitor those activities deemed the highest risk and/or most likely to be impacted by the lockdown. This included:

- **Rent collection:** despite an increasing number of customers reporting financial difficulties, rent collection was maintained at c.100% throughout the lockdown. The number of Universal Credit claimants increased exponentially through this period, as increasing numbers of customers became benefit-dependent. The impact of the withdrawal of the Government's Job Retention Scheme is yet to be felt, and we anticipate there could be a reduction in rent collected if unemployment rises. We have increased the already prudent assumptions within the business plan in recognition of this uncertainty.
- **Rent arrears:** we have seen a slight but steady increase in the level of arrears over the course of the lockdown, again linked to customers experiencing financial hardship. We are providing support to those customers to access benefits and other support services as appropriate. The combined impact of arrears/rent collection remains well below our business plan assumptions.
- **Void rent loss:** an inevitable consequence of ceasing lettings activity, the rent loss from voids increased to c.1.9% (against a 1.5% target) as a result of the pandemic. Although not letting properties, preparatory maintenance works to empty properties have been undertaken (providing social distancing and safety requirements could be met), meaning properties will be ready to let once this activity recommences fully. Demand for properties and the waiting list remains strong, and so this is expected to be a short-term impact.
- **Relet days:** again this is expected to rise as properties have been held empty throughout the lockdown period. This is likely to continue to be felt into the first half of 2020 as these properties are let (as relet das are calculated at the point of tenancy start).
- **ASB cases:** we have seen an increase in ASB incident reporting during the lockdown period, and were the first provider to secure a virtual injunction for Covid-related ASB. At the time of writing, we are experiencing the beginning of lockdown easing and a period of sustained good weather; both have contributed to an increase in ASB reports, tensions and injunctions. We are responding to these reports on a case-by-case basis, and working closely with police and other local agencies to manage such incidents as and when they arise.
- **Gas servicing:** as reported above, we have continued to undertake gas servicing works and have implemented measures to ensure this can be done in a way that ensures the safety of our staff and tenants. However we have a small number (c.100-120) customers who, despite these measures, have refused access to undertake gas servicing; this may be due to there being a member of the household with health conditions that mean they are shielding, or simply because people feel uncomfortable allowing non-household members into their homes at this time. We have maintained contact with these customers, and made every attempt to gain access, however with the closure of courts there is no way to gain access if a tenant does not wish us to do so. In these cases, we have adopted an understanding stance, and have provided carbon monoxide monitors as an interim safety measure until we are able to complete the required servicing.
- **Shared ownership sales:** we had two sales nearing completion at the point of lockdown, which we were able to complete in the final few days. We were also able to complete the acquisition of the St Columba's Extra Care site just prior to lockdown, but do not intend to enter into new development contract until more normal activity recommences. For 2019/20, shared ownership receipts exceeded budget by £0.7m, largely due to purchasers acquiring a higher % equity at first tranche sale. Due to the timing of development completions, there were only 11 shared ownership homes not sold at the end of March 2020. All onsite development schemes were reprofiled to assume a minimum 3-month delay as a result of lockdown, and remodelled through the business plan. During the lockdown period the Sales Team have maintained contact with prospective buyers and, at the time of writing, we are optimistic that we will

be able to complete sales at the original property values in the months following relaxation of lockdown measures. We maintain a close watch on the local housing market and regularly consult with our Treasury Advisors.
- **Property maintenance:** the timing of lockdown meant that the responsive maintenance full-year expenditure for 2019/20 was in line with budget; underspends are forecast for the first half of 2020/21, but it is anticipated that the budget will be fully utilised by the end of the year. The capital investment budget was £1.1m underspent at the end of the year, as programmes were suspended in the run-up to lockdown. Programmes have been restructured so that external works, such as roofing replacements, are reschedules for the early months of 2020/21, as these can be undertaken easily whilst complying with social distancing measures. This will create capacity later to catch-up internal investment works, such as kitchen and bathroom replacements, when it becomes safe to do so. It is envisaged that capital spend for 2020/21 will be aligned to budget, albeit with a different profile of works completed.
- **Property valuations:** our funding is secured against the housing portfolio, using a combination of both EUV-SH and MV-ST valuations. We have consulted with our valuers and funders regarding the property valuations, particularly the MV-ST valuations, to ascertain whether there are any decreases in valuation envisaged that could result in a breach of our Asset Cover covenants. To date, no issues have been identified, and we maintain some headroom on each funding portfolio as a buffer. The year-end valuation of our non-social housing property portfolio confirmed that these had retained their values at the same level as the 2019/20 valuation (albeit all RICS valuation reports now include a material uncertainty clause, as is now standard).
- **Covid-19 expenditure:** an initial £500k provision was added to the business plan immediately following lockdown, recognising that whilst the details were not yet clear, there would inevitably be unbudgeted expenditure required to respond to the pandemic. To date £100k of the provision has been utilised, largely on providing PPE (£58k), communicating with tenants and staff (£24k), undertaking deep cleans at properties affected by Covid-19 (£9k) and providing financial support to community and voluntary organisations (£9k). A further £21k has been committed for supporting community-based organisations. As lockdown restrictions begin to lift, it is envisaged that we will spend c.£215k on refurbishment and redesign of our various workplaces, including offices at sheltered schemes and foyers, as well as office locations. We also anticipate spending c.£95k on the reinstatement of the repairs service, catching up on the backlog of works that has accumulated during lockdown, and addressing some of the staffing challenges to ensure there are sufficient resources to complete these works.

The above assessment is based on performance results at the end of June 2020

Future Planning

In January 2020 we started the consultation process to develop our new Corporate Plan for the period 2020-2022, due to launch formally in September 2020. During the consultation process it became clear that there was an overwhelming sentiment that the vision, values and objectives that had served MSV well since 2017 were still relevant, and we should continue to build upon the positive achievements since MSV was formed.

The new MSV Way has been developed based on reshaping our key objectives, but now through the lens of the unprecedented Covid-19 pandemic recovery plans. The Plan has been formed in three sequential phases:

- Ensuring that MSV and the communities we serve **RECOVER**;
- Services and the way we work are **REIMAGINED**; and
- We support individual, community and business **RESILIENCE**

The strategic objectives MSV has focussed on during the last three years remain more relevant than ever, and will be enshrined in the new MSV Way. The new plan will be based on the three themes of **PEOPLE, PLANET** and **PLACE**, and will be our focus for the next two years.

Our purpose remains to create an environment to flourish; we want people to start well, live well and age well in our homes and communities. As a community anchor we have delivered services and homes, including specialist homes to meet a range of complex needs. We will remain committed to investing long-term and have an ambition to ensure everything we do is sustainable.

Our plan is based on addressing the unprecedented challenges facing society, but also predicated on seizing opportunities for:

Our customers and colleagues are at the heart of what we do.

We want to understand our customers better so we can provide a more focused service which meets changing needs.

We want to attract and retain talented colleagues who are engaged, share our values and want to make a positive difference.

We are socially and ethically responsible and committed to playing our part in reducing the impact of our homes and business operations on climate change by operating in a more sustainable way. It is vital we consider the needs of future generations and have set challenging targets to deliver energy efficiency, drive out fuel poverty and carbon reduction through our services and the way we behave.

We need to continue to invest in healthy homes and neighbourhoods where people can flourish.

Our customers should expect to live in homes and communities that are warm, safe and secure and that a new generation of high quality, sustainable and genuinely affordable homes is developed to meet increasing demand.

Everyone deserves a decent place to call home and to be treated with kindness and respect.

The new MSV Way will set out what we plan to do and the impact we want to achieve under each of these themes, structured through the phases of recovery, reimagine and resilience.

Group Financial Results

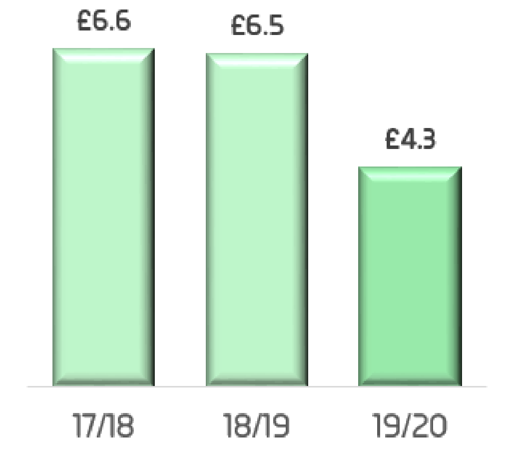
Overview – three year summary

Statement of Comprehensive Income (£m)	19/20	18/19	17/18
Turnover	45.8	44.4	45.8
Operating costs and costs of sales	(34.9)	(31.7)	(32.7)
Operating surplus	**10.9**	**12.7**	**13.1**
Net interest charges	(7.5)	(7.7)	(7.7)
Surplus on disposal of assets	0.6	0.8	1.0
Fair value movement & other misc	0.3	0.7	0.2
Surplus for the year	**4.3**	**6.5**	**6.6**

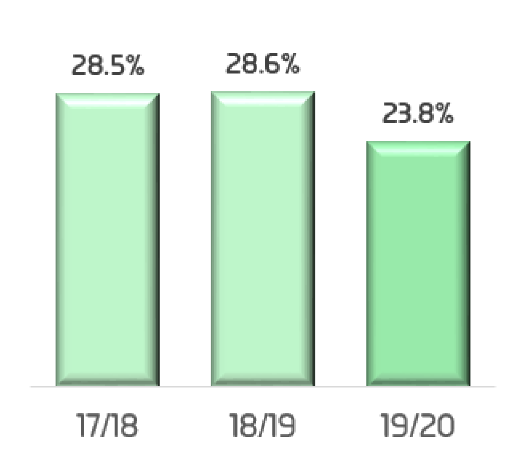
Statement of Financial Position (£m)	19/20	18/19	17/18
Housing properties NBV	373.0	357.2	348.5
Investment properties	11.3	10.8	10.0
	384.3	**368.0**	**358.5**
Other tangible assets	3.7	3.0	2.9
Net current assets	0.9	1.2	1.4
	388.9	**372.2**	**362.8**
Loans & other creditors due after one year	328.9	316.1	315.5
Other long-term liabilities	2.8	6.4	-
Reserves	57.2	49.7	47.3
	388.9	**372.2**	**362.8**

Homes	19/20	18/19	17/18
Number of homes owned	8,425	8,334	8,273
Number of homes managed	8,630	8,520	8,470
Number of new homes developed	102	67	42

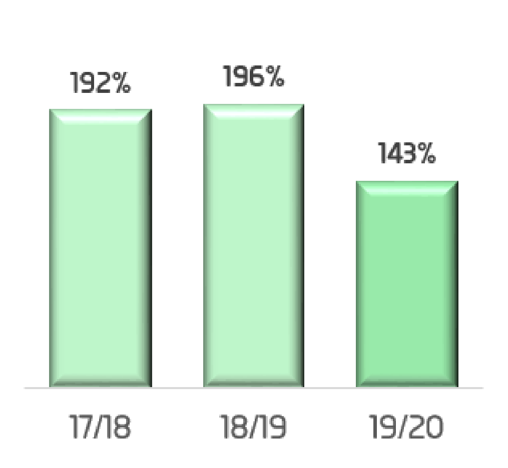
Group surplus
Our overall profitability



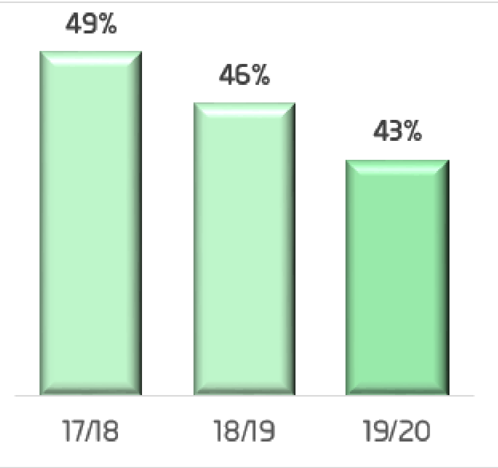
Operating margin
Efficiency of core operating activities



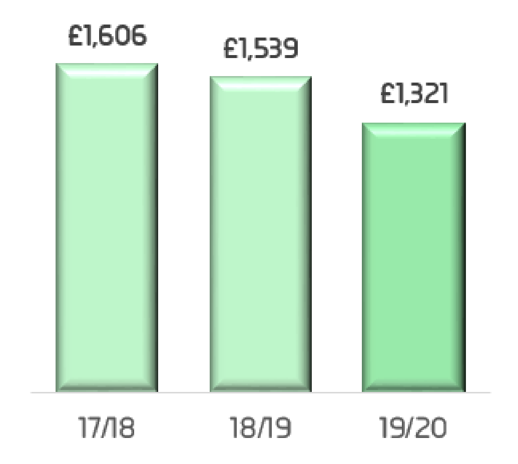
Interest cover
Our ability to service debt



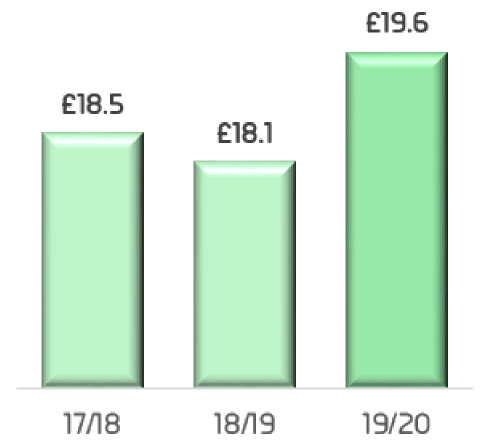
Loan to value (total facilities)
Our level of indebtedness



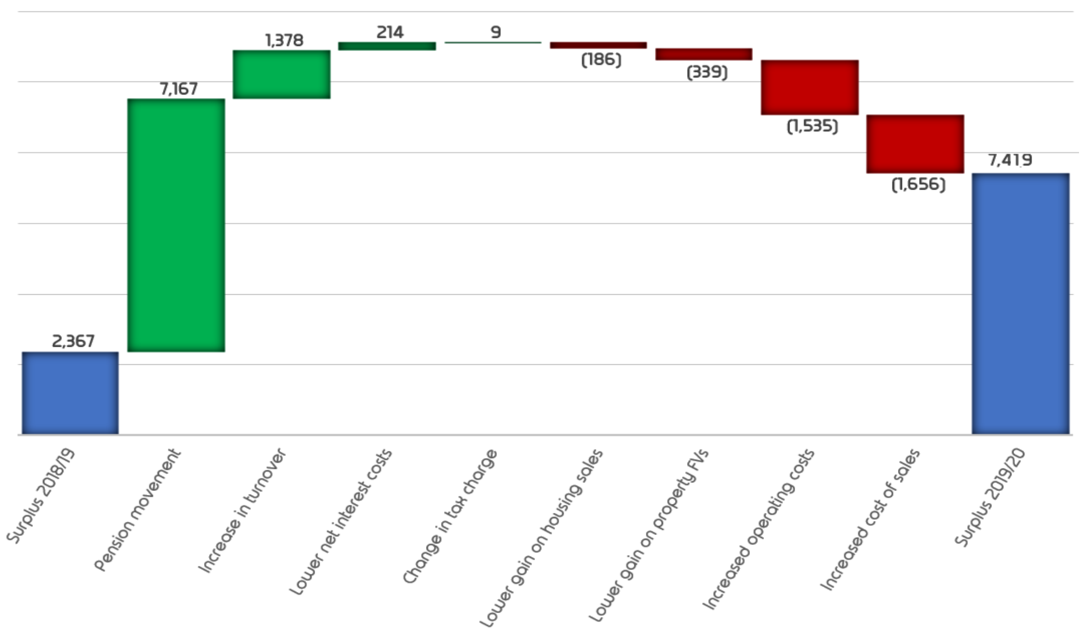
Operating surplus per unit
Our return on assets



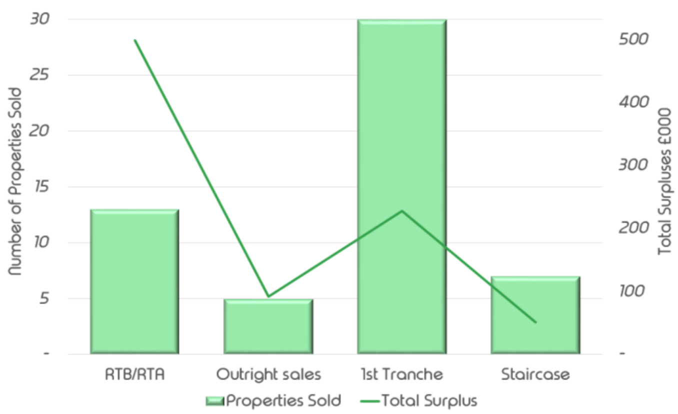
Debt per unit
Our level of borrowing per property



Statement of comprehensive income



This year our Group comprehensive income for the year is £7.4m (including pensions movement). An increase on last year, this is mainly due to a pensions accounting movement of £7.2m favourable and a £2.0m reduction in operating surplus, as the -1% rent reduction has continued. In 2020/21 the Rent Policy reverts to a CPI+1% regime for social housing rents. This year's results are in line with financial plans and represent another year of positive performance. The graph above graph illustrates how this was achieved against the previous year's outturn.



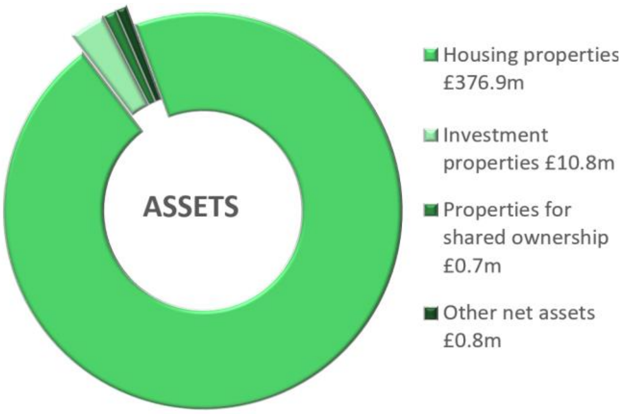
Excluding apportioned overheads, this year we achieved a surplus of £870k (2018/19: £890k) from the sale of housing assets. This has been achieved through a combination of strategic asset management, sales of properties developed for shared ownership, and the sale of property through Right to Buy and Right to Acquire. We continue to generate surpluses through developing properties for sale; during the year £280k surplus was generated from the sale of shared ownership homes (first tranche and staircasing).

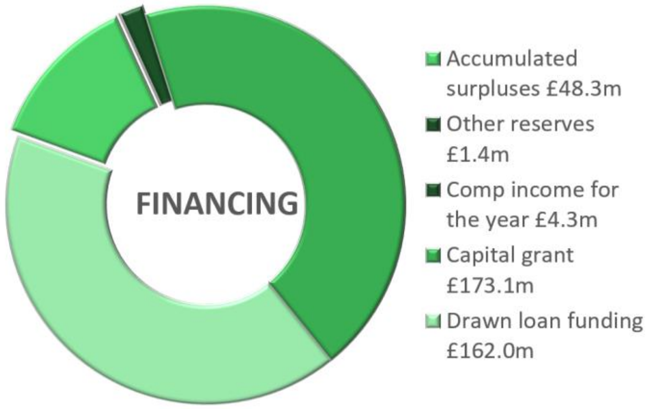
Statement of financial position

Our Statement of Financial Position remains strong, and has been built up through strategic long-term investment in the existing asset portfolio, together with a prudent approach to growth through development of new homes and leveraging of funding on our assets.

The gross historic cost of our housing properties totalled £373.0m at the end of the year, an increase of £15.8m (4.4%) in the year. Our Business Plan includes provision for the development of 1,048 new homes over nine years, with specific schemes identified to deliver 400 of these due to complete in the next two years.

At 31 March we had drawn £162.9m of our £201.9m arranged funding facilities. This is an increase of £13.8m on the facilities drawn at 31 March 2019. Our current gearing ratio is around 40.2%, indicating that there is capacity for further borrowing to invest in new homes and services. We are currently in the process of undertaking a refinancing exercise to free up capacity and leverage additional funds for future development and growth.





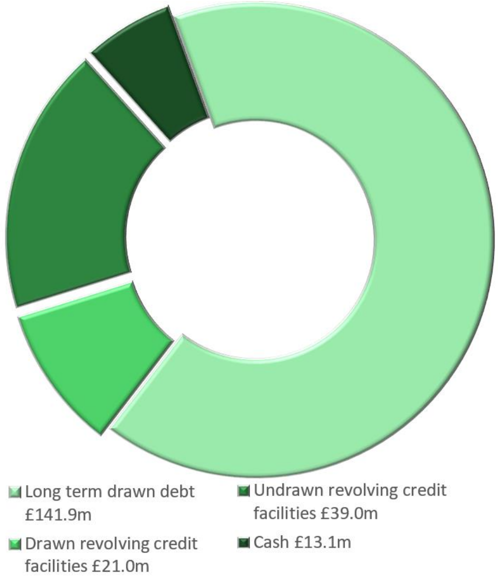
Cashflow and treasury management

The Group generated a net cash outflow of £336k during the year. This is driven by our Treasury Management Policy objective to minimise cash balances held through repayment of revolving credit facilities to minimise interest payable, whilst ensuring there is a minimum cash balance of £2m in each entity of the Group for liquidity. Our Treasury Management Policies and Practices are designed to maintain financial stability whilst managing liquidity and interest rate risk.

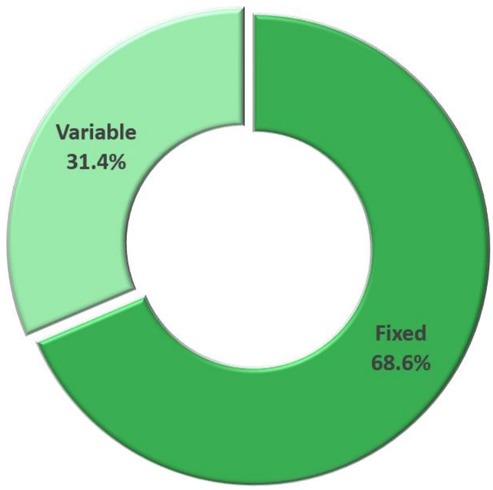
Normal operating activities generated a net cash inflow of £15.8m, with capital receipts of £6.4m. This came from Social Housing Grant (£2.3m) and property sales including first tranche sales (£4.1m). Capital expenditure cash outflow for the year comprised primarily £4.6m investment in the existing asset portfolio and £22.8m expended in developing new homes. This demonstrates our commitment to reinvesting surpluses to meet the objectives of the Group, particularly in relation to sustainable growth and deliver of affordable new homes.

Day to day treasury activities focus primarily on the effective management of cash and borrowing facilities. We aim to maintain cash balances at an appropriate level, balancing the need for liquidity with the efficient use of revolving credit. We use surplus cash to repay revolving credit facilities throughout the year, and closely manage the timing of operational cash receipts and payments. All cash and funding facilities are held in sterling so as to eliminate any exposure to foreign currency risk.

Our current funding facilities are provided through a number of different funders, each with a specific portfolio of housing properties designated as security. Housing properties designated as security are valued using a combination of EUV-SH and MV-ST valuation specific to each property title and funding facility. Each funding facility requires a minimum level of Asset Cover, ranging from 110% to 150%. In line with facility agreements, we periodically commission external valuers to review the value of these properties to ensure we remain compliant with our Asset Cover covenants. At 31 March we were fully compliant with all covenants.



We are funded through a combination of cashflow from operating activities, government grants and external funding facilities. During the year we did not increase our funding facilities, although we did confirm security for our facility with Warrington MBC (thereby making it utilisable). We are currently exploring options to secure an additional £10m funding to provide additional liquidity through the period of uncertainty arising due to Covid-19, and are working with our Treasury Advisors to unlock the capacity within our asset valuation and unencumbered housing properties. The repayment profile of our drawn debt is aligned to our forecast activity and requirements, and the Business Plan anticipates the need to secure new funding in three years' time due to repayment of short-term facilities.



In accordance with our Treasury Management Policy and Practices we adopt a proactive approach to interest rate management, and utilise embedded forward interest rate fixes to manage our exposure to market fluctuations. At 31 March 2020 68.6% of the drawn debt was at a fixed rate, and therefore within the defined target range of 60% - 80%. The weighted average cost of drawn debt at 31 March 2020 was 5.51%; this is higher than the current prevailing market rates, which are at an unusual and historic low, due to long-term fixes which provide interest rate certainty.

Our loan covenants are primarily based on EBITDA-MRI interest cover, cash income cover (THFC facilities), asset cover on a combined EUV-SH and MV-ST valuation basis, and debt per unit. Covenants are closely monitored across all funding facilities throughout the year and, as in all previous years, we have remained fully compliant with all loan covenants, and our forecasts indicate we will continue to operate within our loan covenant parameters.

As a result of Covid-19, we have undertaken additional stress and scenario modelling this year, over and above the typical modelling. Despite the potential risks around rent collection, development and sales activity and macroeconomic factors, our modelling indicates that we can continue to operate and comply with loan covenants for the life of the Business Plan. The latest Business Plan indicates headroom of £720k against EBITDA-MRI covenants in the tightest year, and headroom of £7.2k per unit against the debt per unit covenant. Additional activity is currently constrained by the future repayment of funds and the EBITDA-MRI covenant within MSV Association. We are seeking opportunities to unlock capacity across the Group.

Future financing

The Group has been working with external advisors to source additional new funding, in two phases:

- A short-term revolving credit facility of £10m to provide an additional liquidity buffer as a mitigation of risks presented by Covid-19. Whilst this is not necessary for the Group to remain viable, it was felt prudent given the level of market uncertainty, combined with historically low interest rates, to put in place an additional 'cushion' against unforeseen events.

- A longer-term refinancing exercise to unlock capacity across the Group, streamline the existing funding portfolio, and provide funding for the next phase of growth and development

Subject to favourable conditions, the intention is to go to the funding market in Summer/Autumn 2020 for new facilities, with new funding and security to be in place by 1 April 2021. Savills are acting as the Group's advisors.

The additional funding will support the deliver of our ambitious growth programme, and continue our work towards the strategic objective of providing new, affordable homes across a range of tenure types.

Overall summary

2019/20 has been another positive year for the Group. Post-merger structures and activities have continued to bed-in, and the organisation has had a positive year in respect of financial performance. Our development programme is well underway, and we have consistently delivered high quality, good value homes and outperformed sales forecasts. We recognise that there is still work to do in certain areas, such as responsive maintenance and the digital and sustainability agendas, and we face a period of uncertainty as a result of Covid-19. However the continued positive performance provides a strong foundation upon which the Group can continue to thrive and prosper.

Governance and the Board

At MSV we remain committed to achieving the highest standards of corporate governance across all companies and activities. The Board has oversight of the delivery of the Group's strategies, objectives, risk management and performance. The Board seeks independent specialist advice from time to time as deemed necessary.

Whilst MSV operates a Group structure, governance and management arrangements operate as one entity as far as possible and wherever appropriate. Operational structures are designed to deliver at a Group level, and there is a combined Board for MSV Association and MBH, which also acts as Group Board.

The Group is governed by a Board of up to 12 non-executive Directors (the Directors), with day-to-day management delegated to the Executive Directors. The Board delegates certain governance responsibilities to Group committees, each with approved Terms of Reference.

The major committees supporting the Board during the year were:

- **Audit & Risk Committee:** oversight of internal and external audit activity; scrutiny of the effectiveness of internal controls and risk management frameworks; reviewing the financial statements and accounting policies; oversight of compliance with legal and regulatory requirements (excluding health & safety).
- **Customers & Communities Committee:** scrutiny of service delivery to customers; review of complaints handling and learning; oversight of customer satisfaction and other performance results pertaining to service delivery; ensuring resident involvement is embedded in service development and delivery; scrutiny of service improvement plans; review of neighbourhood and community initiatives, and ensuring services are accessible to all.

There is also a Remuneration Committee that meets as and when required.

Co-optees are periodically recruited to the Board and Committees to provide additional skills and expertise. Co-optee membership limits, voting rights and overall quoracy requirements are determined within the Terms of Reference for each Board or Committee.

The Membership of the Boards and Committees during the year was as follows:

Non-Exec Member	MSV/MBH Board	MSVI Board	A&R Committee	C&C Committee	Remun. Committee	MSV/MBH Board Attendance
Martin McNally	Chair				●	100%
Jon Lord	●	●	● (to Aug)		Chair	67%
Nicholas Cole	●	Chair		●	●	89%
Grace McCorkle	●			●		56%
Richard Morris	●		Chair (to Dec)			71%
Tracy Neil	●			●		78%
Nicole Kershaw	●			Chair (to Oct)		60%
Paul Seymour	●			●		80%
Susan Goodman	●		●			89%
Ian Clayton	●		Chair (from Jan)			100%
Gareth Hall	●		●			100%
Kam Urwin	●					100%
Tim Edwards	●					100%
Co-Optees						
Michaela Spiller			● (to Oct)			
Lindsay Felsted			●			
Sharon Grover			●			
Lynn Wilson				●		
Anya Ahmed				●		
David Holland		●				

Where Board Members have been appointed or resigned partway through the year, unless otherwise stated their membership of other Boards/Committees was also aligned to their membership dates

During the year the Group continued to follow best practice and remain compliant with the latest National Housing Federation Code of Governance (the Code), as updated in February 2015. We continue to undertake an annual self-assessment to meet the Code's standards.

Statement of responsibilities of the Board of Directors

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018.

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

Political and charitable donations

During the year the Group made no political contributions and any charitable contributions were made within our normal activities. During the Covid-19 lockdown, we provided financial contributions to a number of charitable and voluntary organisations working in our communities to support some of the most vulnerable people through the pandemic.

MSV has two designated charitable funds, the Rob Ferguson Fund (for groups and projects in the local area) and Julie's Fund (for homelessness), both of which are subject to oversight by the Customers and Communities Committee.

Directors' pensions and other benefits

Non-Executive Directors are remunerated in accordance with individual service contracts, and do not participate in the Group pension scheme or receive any other benefits.

Permanent Executive Directors are eligible for an essential car user allowance on the same basis as other employees. The permanent Executive Directors participate in the Group's pension schemes on the same terms as all employees, and the Group contributes to the schemes on behalf of all employees (other than those who have opted-out).

Compliance with regulations (Governance and Viability)

The Board has undertaken an assessment of the Group's compliance with the Governance and Viability Standards and confirmed that the Group is compliant on the basis that:

- The Group has adopted and adheres to the NHF Code of Governance 2015
- The rules of both housing associations in the Group follow the NHF's 2015 Model Rules
- MSV governance arrangements were developed with the input of external specialists prior to the merger
- Recruitment of members to the MSV Board is supported by external specialists
- The Group prepares annual reports for its tenants and key stakeholders.
- Risk management processes and key risks are regularly reviewed by the Group's Boards
- The Audit and Risk Committee reviews the effectiveness of internal controls annually, including an assurance report from the Executive, and the Committee reports its findings to the Boards

- Business plans and budgets are approved by each Board, and by the parent Board for the Group, and performance against them is reported on a quarterly basis
- Stress and scenario testing of the Group's business plan was carried out extensively through the year and reviewed by Board on a number of occasions at several meetings
- The Group's Treasury Management Strategy and Policy are reviewed annually by external specialist consultants, and the Boards receive regular treasury performance reports
- A comprehensive Asset and Liability Register is in place

The Group complies with all aspects of the Governance and Viability Standards as issued by the Regulator of Social Housing.

Qualifying third party indemnity provisions

The Group has in place Directors and Officers liability insurance as part of its membership of the National Housing Federation.

Employee involvement and equal opportunities

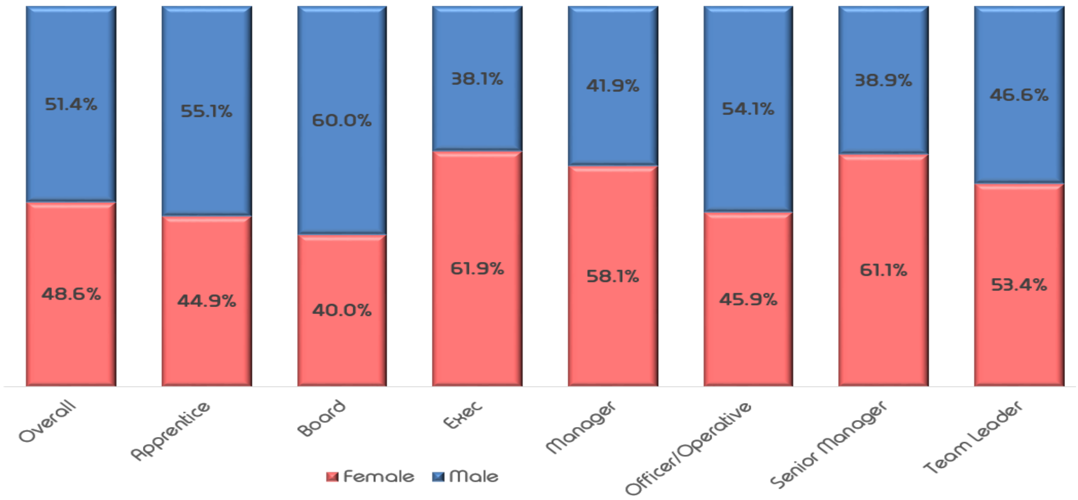
Delivering a high quality service for our customers and stakeholders relies upon a highly engaged and motivated workforce. We have continued our significant investment in learning and development and have an organisational development plan to provide opportunities for colleagues, so that we become an employer of choice for people with aspiration and talent.

The wellbeing of our people has always been extremely important at MSV, and particularly in recent years we have focussed on mental health awareness and training. Throughout the year we have held a range of mental health awareness events and initiatives, including a focussed campaign during the Time to Change Mental Health Awareness week. During the year we also signed up to the Employer Pledge to end mental health discrimination in the workplace, and have in place support mechanisms for staff experiencing mental health issues, such as a free and confidential counselling helpline and trained mental health first aiders. Through our online training portal, 379 people completed Mental Health Awareness training during the year.

Our Health, Wellbeing, Diversity and Inclusion Calendar includes a number of activities and initiatives throughout the year aimed at keeping staff mentally and physically well, and also setting aside time to connect with colleagues and have some fun in the workplace.

At MSV we have a longstanding commitment to the principles of equality and fairness, and a zero tolerance approach to all forms of discrimination, harassment and victimisation. We pride ourselves in being an equal opportunities employer and service provider, ensuring equal and fair practices in respect of recruitment, employment, provision of services and decision making. During 2019/20 we were pleased to secure the Investors in Diversity accreditation from the National Centre for Diversity, in recognition of the positive work, policies and practices we have in place under the FREDIE framework (fairness, respect, equality, diversity, inclusion and engagement). We were also placed 56th in the Top 100 National Centre for Diversity Grand Awards. We have continued to support equality and diversity throughout the workplace through a wide programme of training, and the above calendar includes a programme of awareness campaigns which are linked to a timetable of awareness promotion and staff activities during the year. We continue to be an accredited disability confident employer, and are positive about employing disabled people.

We have a Modern Slavery Act Policy Statement published on our website, which clearly sets out our position and work already undertaken, together with planned future improvements.



As an equal opportunities employer, we understand that a diverse workforce enriches the workplace and properly reflects the communities we serve. The graph above demonstrates that, at all levels of the organisation, we maintain a balanced gender profile. Within the Officer/Operative category the majority of property trades roles, such as electricians, plumbers, etc are occupied by males, whereas the majority of customer and community roles, such as neighbourhood officers, scheme managers, etc are occupied by females. Whilst we do not discriminate in our recruitment process (including 'positive' discrimination), we actively encourage applications from under-represented groups; for example, we have recently employed three female apprentice painters within the Property Services Team. Our commitment to gender equality is represented at the senior levels of the organisations, as we are one of a relatively small number of Registered Providers with a female Chief Executive.

As part of our ongoing commitment to equality and diversity we have published our second Gender Pay Gap Report during 2019/20. We will continue to monitor pay across grades and genders to ensure we are meeting our statutory requirements. We have a number of 'people' related strategies in place, and we will continue to monitor pay scales, expand our apprentice scheme, and benchmark against other organisations.

Gender Pay Gap

	Mean	Median
	£15.42	£14.02
	£15.81	£14.71
Pay gap	- £0.39	-£0.69
% pay gap	-2.5%	-4.9%

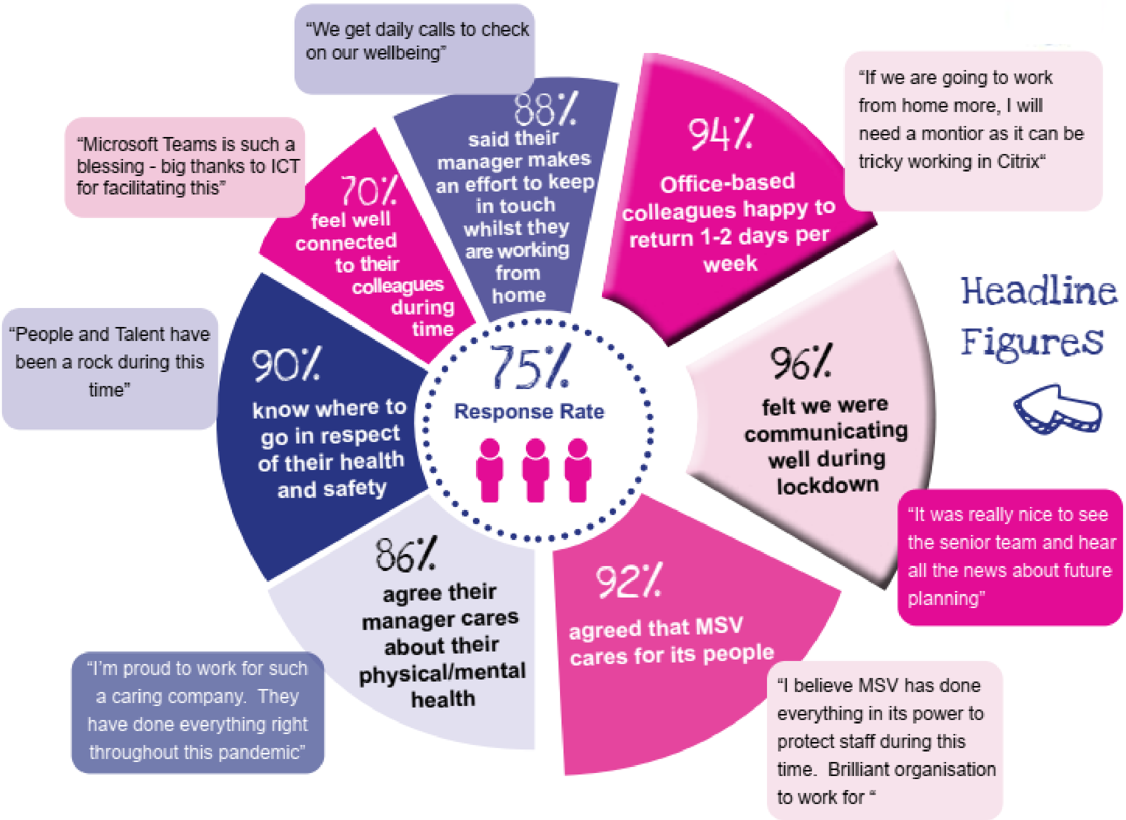
Lower quartile			Lower middle quartile	
Minimum	£6.13		Minimum	£12.09
Maximum	£12.02		Maximum	£14.44
40.8%	59.2%		60%	40%
Upper middle quartile			**Upper quartile**	
Minimum	£14.44		Minimum	£16.99
Maximum	£16.84		Maximum	£76.16
48.7%	51.3%		44%	56%

Gender Bonus Gap

	Received a Bonus	Mean	Median
	3.6%	£200	£200
	3.3%	£214	£200
% bonus gap	0.3%	6.5%	0%

This report is a snapshot of data collected on 5 April 2019. It shows that the mean gender pay gap is 39 pence, with the median at 69 pence difference. Both these figures show that females within MSV earn slightly more than males, but that the overall gender pay split is broadly balanced. This is also reflected in the quartile performance split, with no quartile significant imbalanced in favour of either gender. The largest differential is within the lower middle banding, where 60% in this category are male. This banding includes skilled operatives who, as reported above, are predominantly male. The results demonstrate that there is no gender bias in the awarding of bonuses.

As a result of Covid-19, a significant proportion of the workforce is currently working from home, however there are a number of staff who are unable to do so, and continue to carry out their roles on-site; these include gas engineers, responsive maintenance operatives undertaking emergency repair works, and staff within our foyers and sheltered, extra care and supported schemes. Our priority has been ensuring the safety of our staff and customers, and we have put in place a number of new working practices and are providing personal protective equipment to these staff. We have also ensured there are mechanisms in place to keep staff informed as information emerges, and to ensure staff are supported in dealing with the challenges of social isolation, child care/home schooling and the mental health impact of the lockdown. We were issuing daily briefings to staff in the early days of the lockdown, and have now relaxed this to weekly updates. We have also held a number of Q&A sessions via video call, where all staff could join and ask the Executive Team any questions or raise any concerns. This has been positively received, and a staff wellbeing survey during the lockdown period showed that:



We have also supported staff to work from home through provision of appropriate equipment, and are rolling out a programme of providing desks and other furniture for those who need it. We have developed plans to ensure the offices are Covid-safe as and when we begin to return to work; however as an organisation that was already embracing a more agile way of working, we are also harnessing this opportunity to revisit how we work in the longer-term, allowing staff to work more flexibly and using offices as spaces to meet and collaborate. These plans will be developed and implemented during the coming year.

Going concern

The Group has substantial financial resources, including secured undrawn credit facilities, and scope for further borrowing to support continued growth and development. The Board reviewed the Association and Group financial forecasts in March 2020, and the long-term financial plan demonstrated that MSV and the Group is able to service existing and proposed debt facilities whilst continuing to comply with lenders' covenants.

The impact of Covid-19 and financial implications have meant that these financial forecasts have been substantially revisited. For 2019/20 this has had a net positive financial effect, largely due to reduced levels of investment spend as lockdown meant the internal refurbishment programmes were paused. All covenant requirements have been met for the year.

As details have emerged, a number of scenarios specific to Covid-19 have been modelled, including changes to assumptions around rent collection, property sales and operating expenditure. The business plan has been updated at least monthly throughout the lockdown period, and in June 2020 the Board approved a rebased business plan, which again demonstrates long-term viability and compliance.

The length of the Covid-19 outbreak and longer-term social and economic impacts are as yet unknown and, in many cases, are outside our control. At the time of writing, the country is tentatively emerging from lockdown, rent collection has been maintained at around 100%, and the local housing markets and demand for our properties remains strong. The business plan includes provision for unforeseen spend, and a mitigation strategy is in place to enable to Group to deal with any unforeseen issues. Given the strength of the Group's asset values, availability and liquidity of undrawn funding facilities, and appetite of funders to extend additional financing to the Group, the Board believe that, while there is uncertainty, this does not represent a material uncertainty that would cast doubt on the Group or Association's ability to continue as a going concern.

After making enquiries, and considering the current economic and societal conditions, including the impact of Covid-19, the Board has a reasonable expectation that MSV has adequate resources to continue in operation for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, MSV continues to adopt the going concern basis in preparing the financial statements.

Statement of compliance

The Group's accounting policies have been prepared with reference to UK Generally Accepted Accounting Practice (UK GAAP), including Financial Reporting Standard 102 (FRS102), the Statement of Recommended Practice for Registered Social Housing Providers 2018 and the Regulator of Social Housing Accounting Direction 2019 for Registered Providers. The principal accounting policies of the Group are set out on pages 44 to 53 of the financial statements.

The Report of the Board has been prepared in accordance with Reporting Standard 1: Operating and Financial Review (RS1).

Auditors

All of the current Board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Association's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP were appointed as auditors of MSV during the year. In December 2019 a competitive tendering exercise was undertaken, and from 2020/21 Beever & Struthers will be appointed as external auditors. This will be formally proposed at the forthcoming Annual General Meeting.

Statement of approval

The Strategic Report of the Board was approved by the Board on 9 September 2020 and signed on its behalf by:

HRarke

Helen Rourke
Executive Director - Finance

Independent Auditor's Report to the Members of Mosscare St Vincent's Housing Group Limited

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Opinion

We have audited the financial statements of Mosscare St. Vincent's Housing Group Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of financial position, the consolidated and Association statement of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).
In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2020 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

We 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 members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Association'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.

Other information

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the statement of the responsibilities of the board set out on pages 31 to 32, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the board are responsible for assessing the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

BDO LLP
Statutory Auditor
Manchester, UK
10 September 2020

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

Mosscare St Vincent's Housing Group Limited

Consolidated and Association Statements of Comprehensive Income
for the year ended 31 March 2020

	Note	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
Turnover	4,5	**45,814**	**44,436**	**41,537**	**40,125**
Cost of sales	4,5	(2,214)	(558)	(2,139)	(498)
Operating costs	4,5	(32,710)	(31,175)	(29,952)	(28,586)
Operating surplus before disposal of fixed assets	4,5	**10,890**	**12,703**	**9,446**	**11,041**
Surplus on disposal of fixed assets	4,11	642	828	443	459
Operating surplus	4,7	**11,532**	**13,531**	**9,889**	**11,500**
Charitable donations received		-	-	-	-
Interest receivable and other income	12	461	481	467	475
Interest payable and similar charges	13	(7,967)	(8,201)	(7,040)	(7,209)
Movement in fair value of investment properties	17	329	668	334	643
Surplus on ordinary activities before taxation		**4,355**	**6,479**	**3,650**	**5,409**
Taxation on surplus on ordinary activities	14	(15)	(24)	-	-
Surplus for the year before other comprehensive income		**4,340**	**6,455**	**3,650**	**5,409**
Other comprehensive income					
Loss on initial recognition of SHPS net actuarial liability	27	-	(2,790)	-	(2,790)
Actuarial gain/(loss) in respect of pension schemes	27	3,079	(1,298)	3,079	(1,298)
Total comprehensive income for the year		**7,419**	**2,367**	**6,729**	**1,321**

The consolidated and Association's results relate wholly to continuing activities.

The notes on pages 44 to 81 form part of these financial statements.

The financial statements were approved by the Board on 9 September 2020.

Mosscare St Vincent's Housing Group Limited

Consolidated and Association Statements of Financial Position
as at 31 March 2020

	Note	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
Tangible fixed assets					
Housing properties	15	372,975	357,192	349,672	332,652
Other tangible fixed assets	16	3,617	2,937	3,603	2,911
Investment properties	17	11,255	10,786	9,940	9,466
Investments	18	117	60	10	10
		387,964	**370,975**	**363,225**	**345,039**
Current assets					
Stocks and properties held for sale	19	4,168	1,648	4,168	1,648
Debtors: receivable within one year	20	2,479	2,118	2,546	2,158
Debtors: receivable after one year	20	-	-	885	988
Cash and cash equivalents		13,113	13,449	5,959	7,145
		19,760	**17,125**	**13,558**	**11,939**
Creditors: amounts falling due within one year	21	(18,864)	(16,023)	(16,902)	(14,244)
Net current assets/(liabilities)		**896**	**1,192**	**(3,344)**	**(2,305)**
Total assets less current liabilities		**388,860**	**372,167**	**359,881**	**342,734**
Creditors: amounts falling due after more than one year	22	(328,886)	(316,100)	(304,696)	(290,766)
Provisions for liabilities and charges	27,29	(2,806)	(6,345)	(2,806)	(6,345)
Net assets		**57,168**	**49,722**	**52,379**	**45,623**
Capital and reserves					
Non-equity share capital	30	-	-	-	-
Revenue reserve		56,970	49,551	52,181	45,452
Designated reserve		198	171	198	171
Group's/Association's funds		**57,168**	**49,722**	**52,379**	**45,623**

The financial statements were approved by the Board on 9 September 2020 and signed on its behalf by:

Martin McNally
Chair

Ian Clayton
Board Member

Joanne Tucker
Secretary

The accompanying notes on pages 44 to 81 form part of the financial statements.

Mosscare St Vincent's Housing Group Limited

Consolidated and Association Statements of Changes in Reserves
for the year ended 31 March 2020

Group

	Note	Revenue Reserves £000	Designated Reserve £000	Total £000
At 1 April 2018		**47,184**	**156**	**47,340**
Surplus for the year before other comprehensive income		6,455	-	6,455
Other comprehensive income movements:				
Other comprehensive income movements:				
• Loss on initial recognition of SHPS multi-employer benefit scheme	27	(2,790)	-	(2,790)
• Actuarial gain / (loss) in respect of SHPS multi-employer benefit scheme	27	(1,298)	-	(1,298)
Reserves transfer		-	15	15
At 1 April 2019		**49,551**	**171**	**49,722**
Surplus for the year before other comprehensive income		4,340	-	4,340
Other comprehensive income movements:				
• Actuarial gain/(loss) in respect of SHPS multi-employer benefit scheme	27	3,079	-	3,079
Reserves transfer		-	27	27
At 31 March 2020		**56,970**	**198**	**57,168**

Association

	Note	Revenue Reserves £000	Designated Reserve £000	Total £000
At 1 April 2018		**44,131**	**156**	**44,287**
Surplus for the year before other comprehensive income		5,409	-	5,409
Other comprehensive income movements:				
Other comprehensive income movements:				
• Loss on initial recognition of SHPS multi-employer benefit scheme	27	(2,790)	-	(2,790)
• Actuarial gain / (loss) in respect of SHPS multi-employer benefit scheme	27	(1,298)	-	(1,298)
Reserves transfer		-	15	15
At 1 April 2019		**45,452**	**171**	**45,623**
Surplus for the year before other comprehensive income		3,650	-	3,650
Other comprehensive income movements:				
• Actuarial gain/(loss) in respect of SHPS multi-employer benefit scheme	27	3,079	-	3,079
Reserves transfer		-	27	27
At 31 March 2020		**52,181**	**198**	**52,379**

The accompanying notes form part of these financial statements.

Mosscare St Vincent’s Housing Group Limited

Cashflow Statement
for the year ended 31 March 2020

	Note	2020 £000	2019 £000
Cash flow from operating activities			
Surplus for the year		4,340	6,455
Adjustments for non-cash items:			
Depreciation of tangible fixed assets – housing properties	15	7,513	7,348
Accelerated depreciation on replacement components		-	-
Impairment – housing properties		-	-
Depreciation of fixed assets – other	16	760	841
Amortised grant	23	(2,080)	(2,248)
Movement in fair value of net pension obligations on defined benefit schemes		-	(3,812)
Taxation expense		15	24
Movement in fair value of investment properties	17	(329)	(668)
(Increase)/Decrease in trade and other debtors		(361)	2,682
(Increase)/Decrease in stocks		(2,520)	482
Increase/(Decrease) in trade and other creditors		1,603	(264)
Surplus on sale of fixed assets – housing properties	4	(642)	(828)
Interest paid recognised in Statement of Comprehensive Income	13	7,967	8,201
Interest received in Statement of Comprehensive Income	12	(461)	(481)
Cash from operations		**15,805**	**17,732**
Taxation paid		(19)	(19)
Net cash generated from operating activities		**15,786**	**17,713**
Cashflow from investing activities			
Purchase of tangible fixed assets – housing properties		(27,334)	(15,632)
Purchase of tangible fixed assets – other		-	(303)
Acquisition of investment properties		(57)	(50)
Proceeds from sale of tangible fixed assets – housing properties		1,765	2,044
Proceeds from first tranche shared ownership sales		2,303	896
Proceeds from sale of tangible fixed assets – other		-	-
Grants received		2,322	7,967
Net cash outflow from investing activities		**(21,001)**	**(5,078)**
Cash flow from financing activities			
Interest paid		(7,977)	(7,475)
New secured loans		17,500	3,500
Debt issue costs		-	-
Repayment of borrowings		(4,663)	(5,207)
Investment from deposits		19	-
Net cash inflow/(outflow) from financing activities		**4,879**	**(9,182)**
Net change in cash and cash equivalents		**(336)**	**3,453**
Cash and cash equivalents at the beginning of the year		13,449	9,996
Cash and cash equivalents at the end of the year	26	**13,113**	**13,449**

The accompanying notes form part of these financial statements.

1 Legal status

The Association is registered with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014 and is registered with the Regulator of Social Housing as a registered provider of social housing. The Association is a public benefit entity.

2 Accounting policies

The following principal accounting policies have been applied:

Basis of accounting

The financial statements of the Group and Association have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which includes the Cooperative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 “the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, “Accounting by registered social housing providers” 2014, the Accounting Direction for Private Registered Providers of Social Housing 2019.

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

The financial statements are presented in Sterling (£) and rounded to the nearest thousand.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (Note 3).

Business combinations

Mosscare St. Vincent’s Housing Group Limited was formed on 21 July 2017 by a statutory amalgamation of Mosscare Housing Limited and St Vincent’s Housing Association Limited. As a public benefit entity combination in which the rights of the controlling parties of the combined entity remain unchanged relative to other controlling parties the transaction was accounted for following the principles of merger accounting as set out in FRS 102 section 34.

Basis of consolidation

The Group accounts consolidate the accounts of the Association and all its subsidiaries at 31 March 2020.

The consolidated financial statements incorporate the financial statements of the Association and entities controlled by the Group.

Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate, using accounting policies consistent with those of the parent.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

2 Accounting policies (continued)

Disclosure exemptions

In preparing the separate financial statements of the parent Association, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent Association;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent association as their remuneration is included in the totals for the Group as a whole.

Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. In particular for year ended 31 March 2020, the implications of Covid-19 have been set out in the Report of the Board.

The Group has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

The impact of Covid-19 and financial implications have meant that these financial forecasts have been substantially revisited. For 2019/20 this has had a net positive financial effect, largely due to reduced levels of investment spend as lockdown meant the internal refurbishment programmes were paused. All covenant requirements have been met for the year.

As details have emerged, a number of scenarios specific to Covid-19 have been modelled, including changes to assumptions around rent collection, property sales and operating expenditure. The business plan has been updated at least monthly throughout the lockdown period, and in June 2020 the Board approved a rebased business plan, which again demonstrates long-term viability and compliance.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Turnover and revenue recognition

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

- Rental income receivable (after deducting lost rent from void properties available for letting)
- First tranche sales of Low Cost Home Ownership housing properties developed for sale
- Service charges receivable
- Revenue grants and proceeds from the sale of land and property

Rental income is recognised from the point where 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.

Supported housing schemes

The Group receives Supporting People grants from a number of local authorities. The grants received in the period as well as costs incurred by the Group in the provision of support services have been included in the Statement of Comprehensive Income. Any excess of cost over the grant received is borne by the Group where it is not recoverable from tenants.

2 Accounting policies (continued)

Service charges

The Group adopts the variable method for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account. Income is recorded based on estimated amounts chargeable.

Management of units owned by others

Management fees receivable and reimbursed expenses are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

Taxation

Current tax is recognised for the amount of tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses form a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the Group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future

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

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

Value added tax

The Group charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Association and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

2 Accounting policies (continued)

Interest payable

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

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

a) interest on borrowings specifically financing the development programme after deduction of related grants received in advance; or
b) interest on borrowings of the Association as a whole after deduction of social housing grant received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the Statement of Comprehensive Income in the year it accrues.

Pension costs

The Group participates in the following pension schemes:

- the multi-employer Social Housing Pension Scheme ('SHPS'), in the defined benefit and defined contribution pension schemes both managed by the Pensions Trust;
- the Greater Manchester LGPS defined benefit scheme; and
- a Scottish Widows defined contribution scheme.

In relation to the SHPS defined benefit scheme, for the financial years ending on or after 31 March 2019 it is now possible to obtain sufficient information to enable the company to account for the scheme as a defined benefit scheme. For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward to the relevant accounting year-end 31 March 2019. The liabilities are compared with the company's fair share of the scheme's total assets to calculate the company's net deficit or surplus in line with FRS102 reporting requirements.

Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for the year ended 31 March 2020.

The Group's contributions to the SHPS and Scottish Widows defined contribution schemes are charged to the Statement of Comprehensive Income in the year in which they become payable.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

Donated land and other assets

Land and other assets donated by local authorities and other government sources are added to cost at the fair value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the increase in value between fair value and consideration paid is treated as a non-monetary grant and recognised in the Statement of Financial Position as a liability. Where the donation is from a non-public source the value of the donation is included as income.

2 Accounting policies (continued)

Social housing and non-social housing properties

Housing properties constructed or acquired (including land) on the open market are stated at cost less depreciation and impairment (where applicable). The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development.

Directly attributable costs includes capitalised interest calculated on a proportional basis using finance costs on borrowing which has been drawn in order to finance the relevant construction or acquisition. Where housing properties are in the course of construction, finance costs are only capitalised where construction is ongoing and has not been interrupted or terminated.

Expenditure on major refurbishment to properties is capitalised where works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Mixed developments are held within PPE and accounted for at cost less depreciation. Commercial elements of mixed developments are held as investment properties.

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold as part of the first tranche sale, are included in PPE and held at cost less any impairment and are transferred to completed properties when ready for letting.

Depreciation of housing properties

Housing land and property is split between land, structure and other major components that are expected to require replacement over time. Land is not depreciated on account of its indefinite useful economic life.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure they are depreciated only in periods in which economic benefits are expected to be consumed.

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

Structure	1.0% - 2.0%
Roofing works	1.7%
Kitchens	5.0%
Bathrooms	3.3%
Boilers – domestic	6.7%
Central heating	3.3%
Rewiring	3.3%
Windows	3.3%
External doors	3.3%
Lifts	5.0%

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease; when the lease and building elements are depreciated separately over their expected useful economic lives.

2 Accounting policies (continued)

Shared ownership properties and staircasing

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

Low cost home ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover. The remaining element, "staircasing element", is classed as PPE and included in completed housing property at cost and any provision for impairment. Sales of subsequent tranches are treated as a part disposal of PPE. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

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

Other tangible fixed assets

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

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives are as follows:

Offices	2% or length of lease if shorter
Office furniture and equipment	15%
Motor vehicles	25-33%
Computer equipment	20-25%
Scheme furniture and equipment	10-20%
Boilers – commercial	5%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

2 Accounting policies (continued)

Government grants

Grant received in relation to newly acquired or existing housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2014. Grant is carried as deferred income in the balance sheet and released to the Statement of Comprehensive Income on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2014 the useful economic life of the housing property structure has been selected.

Where Social Housing Assistance (SHA) (previously known as Social Housing Association Grant (HAG) or Social Housing Grant (SHG)) funded property is sold, the grant becomes potentially recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the Statement of Comprehensive Income.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met. Grants due from government organisations or received in advance are included as current assets or liabilities.

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, Homes England (previously the HCA) can direct the Association to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three year period, it will be repayable to Homes England with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Investment properties

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

The valuation is based on either third part valuation reports or an update to those reported based on market conditions. The valuation is most sensitive to assumptions on rental growth and the discount rate applied to those cash flows. MSVI relies on the assumptions and estimates applied by the valuer in accordance to the RICS red book valuation standards in determining the market valuation.

With the outbreak of Covid-19 the valuers are able to attach less weight to previous market evidence for comparison purposes, to inform opinions on value. For this reason the valuations are reported on the basis of "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. This is a standard caveat in the current climate and assurance can be taken from the report provided by the valuer.

2 Accounting policies (continued)

Impairment of fixed assets

The housing property portfolio for the Group is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts.

An option appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return or potential sale proceeds are obtained and used to inform the options. The Group looks at the net realisable value, under the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use.

The Group defines cash generating units as schemes. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to income and expenditure.

Stock

Stock represents work in progress and completed properties, including properties developed for outright sale and shared ownership properties. For shared ownership properties the value held as stock is the estimated cost to be sold as a first tranche.

Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

A small amount of materials are held by Property Services for the purposes of minor repairs to Group properties and is stated at cost value.

Recoverable amount of rental and other trade receivables

The Group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair a formula is applied based on the age profile of the debt, whether the debt relates to a current or former tenant, and an assessment of risk based on whether there is an arrangement to pay in place.

Loans, investments and short term deposits

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

2 Accounting policies (continued)

Debtors and creditors

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

Cash and cash equivalents

Cash and cash equivalents in the Group's Consolidated Statement of Financial Position consists of cash at bank in hand, deposits and short-term investments with an original maturity of three months or less.

Contingent liabilities

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

A contingent liability exists on grant repayment which is dependent on the disposal of related property.

Leases

All leases relate to operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

3 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the key judgements have been made in respect of the following:

- whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The members have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The members have also considered impairment based on their assumptions to define cash or asset generating units.

- the anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the best estimate of sales value based on economic conditions within the area of development.

- whether leases entered into by the Group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

3 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

- the appropriate allocation for mixed tenure developments and furthermore the allocation of costs relating to shared ownership between current and fixed assets.

- the categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.

Other key sources of estimation uncertainty

Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as the Group's stock condition surveys are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

Investment properties are professionally valued annually by an external firm of chartered surveyors on the basis of either Market Value - Vacant Possession (MV-VP) or Market Value - Subject to Tenancies (MV-ST). The rental income of each property has been individually assessed and for certain properties it has been ascertained that in arriving at MV-ST no deduction from the prevailing Market Value with Vacant Possession established needs to be made.

Rental and other trade receivables (debtors)

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Financial instruments - borrowings - negative compensation and funding indemnity clauses

The Group's loan facilities have been assessed as basic financial instruments. The Group's fixed rate loan facilities allow early payment of the principal and accrued interest in relation to fixed interest tranches. There is an indemnity clause that requires the borrower to pay a compensation premium to the lender if market rates have fallen since the inception of the loan. There is also a clause that means that if market rates have increased, the borrower (i.e. the Group) would benefit from a compensation premium.

The Group does not consider that the clause allowing the Group to potentially receive a compensation premium upon early repayment of some or all of the fixed rate loan liability makes this financial instrument non-basic or other as outlined in FRS 102 section 11. The Group considers that this particular loan clause is specifically compliant with section 11.9b) and 11.9c) of FRS 102 and that the substance of this loan arrangement was always that it was always intended to be a simple fixed rate loan arrangement.

4 Turnover, cost of sales, operating costs and operating surplus

Group	2020			
	Turnover £000	Cost of sales £000	Operating costs £000	Operating surplus/ (deficit) £000
Social housing lettings (Note 5)	40,752	-	(30,576)	10,176
Other social housing activities				
Revenue grant – investment properties	-	-	-	-
Supporting people	236	-	(60)	176
Development activities	7	-	(151)	(144)
Home Improvement Agency	580	-	(639)	(59)
First tranche low cost home ownership sales	2,393	(2,165)	(592)	(364)
Other	82	-	(25)	57
	44,050	**(2,165)**	**(32,043)**	**9,842**
Activities other than social housing activities				
Market rents	1,092	(49)	(488)	555
Lettings	127	-	(41)	86
Other	545	-	(138)	407
	45,814	**(2,214)**	**(32,710)**	**10,890**
Surplus on disposal of fixed assets (Note 11)				642
Operating surplus				**11,532**

Group	2019			
	Turnover £000	Cost of sales £000	Operating costs £000	Operating surplus/ (deficit) £000
Social housing lettings (Note 5)	40,842	-	(28,912)	11,930
Other social housing activities				
Revenue grant – investment properties	-	-	-	-
Supporting people	236	-	(60)	176
Development activities	21	-	(449)	(428)
Home Improvement Agency	632	-	(689)	(57)
First tranche low cost home ownership sales	754	(498)	(192)	64
Other	133	-	(33)	100
	42,618	**(498)**	**(30,335)**	**11,785**
Activities other than social housing activities				
Market rents	1,089	(60)	(407)	622
Lettings	157	-	(68)	89
Other	572	-	(365)	207
	44,436	**(558)**	**(31,175)**	**12,703**
Surplus on disposal of fixed assets (Note 11)				828
Operating surplus				**13,531**

4 Turnover, cost of sales, operating costs and operating surplus (continued)

Association	2020			
	Turnover £000	Cost of sales £000	Operating costs £000	Operating surplus/ (deficit) £000
Social housing lettings (Note 5)	36,710	-	(27,817)	8,893
Other social housing activities				
Revenue grant – investment properties	-	-	-	-
Supporting people	236	-	(60)	176
Development activities	7	-	(151)	(144)
Home Improvement Agency	580	-	(640)	(60)
First tranche low cost home ownership sales	2,348	(2,139)	(593)	(384)
Other	82	-	(21)	61
	39,963	**(2,139)**	**(29,282)**	**8,542**
Activities other than social housing activities				
Market rents	902	-	(492)	410
Lettings	127	-	(41)	86
Other	545	-	(137)	408
	41,537	**(2,139)**	**(29,952)**	**9,446**
Surplus on disposal of fixed assets (Note 11)				443
Operating surplus				**9,889**

Association	2019			
	Turnover £000	Cost of sales £000	Operating costs £000	Operating surplus/ (deficit) £000
Social housing lettings (Note 5)	36,743	-	(26,320)	10,423
Other social housing activities				
Revenue grant – investment properties	-	-	-	-
Supporting people	236	-	(60)	176
Development activities	21	-	(449)	(428)
Home Improvement Agency	632	-	(689)	(57)
First tranche low cost home ownership sales	754	(498)	(192)	64
Other	119	-	(30)	89
	38,505	**(498)**	**(27,740)**	**10,267**
Activities other than social housing activities				
Market rents	891	-	(413)	478
Lettings	157	-	(68)	89
Other	572	-	(365)	207
	40,125	**(498)**	**(28,586)**	**11,041**
Surplus on disposal of fixed assets (Note 11)				459
Operating surplus				**11,500**

5 Particulars of income and expenditure from social housing lettings

Group	2020				2019
	General needs £000	Supported housing & housing for older people £000	Low cost home ownership £000	Total £000	Total £000
Turnover from social housing activities					
Rents receivable net of identifiable service charges	28,997	5,334	580	**34,911**	34,815
Service charges receivable	1,025	2,527	126	**3,678**	3,677
Charges for support services	-	-	-	**-**	-
Grants for major repairs	-	-	-	**-**	-
Amortisation of SHG (Note 23)	1,572	469	39	**2,080**	2,248
Other income	66	15	2	**83**	102
Turnover from social housing lettings	**31,660**	**8,345**	**747**	**40,752**	**40,842**
Expenditure on social housing activities					
Management	3,231	2,376	101	**5,708**	5,320
Services	1,718	2,150	80	**3,948**	4,519
Support costs	-	-	-	**-**	-
Routine maintenance	7,635	1,672	108	**9,415**	8,193
Planned maintenance	2,688	670	58	**3,416**	2,870
Major repairs expenditure	-	-	-	**-**	-
Bad debts	194	45	3	**242**	286
Depreciation of housing properties (Note 15)					
- annual charge	6,847	622	24	**7,493**	7,330
- accelerated on disposal of components	3	1	-	**4**	-
Property lease charges	255	95	-	**350**	394
Impairment	-	-	-	**-**	-
Other costs	-	-	-	**-**	-
Operating costs on social housing lettings	**22,571**	**7,631**	**374**	**30,576**	**28,912**
Operating surplus on social housing letting activities	**9,089**	**714**	**373**	**10,176**	**11,930**
Void losses	474	239	3	**716**	721

5 Particulars of income and expenditure from social housing lettings (continued)

Association	2020				2019
	General needs £000	Supported housing & housing for older people £000	Low cost home ownership £000	Total £000	Total £000
Turnover from social housing activities					
Rents receivable net of identifiable service charges	25,059	5,334	548	**30,941**	30,785
Service charges receivable	1,001	2,527	108	**3,636**	3,641
Charges for support services	-	-	-	**-**	-
Grants for major repairs	-	-	-	**-**	-
Amortisation of SHG (Note 23)	1,555	469	39	**2,063**	2,231
Other income	53	15	2	**70**	86
Turnover from social housing lettings	**27,668**	**8,345**	**697**	**36,710**	**36,743**
Expenditure on social housing activities					
Management	3,324	2,376	94	**5,794**	5,435
Services	1,623	2,149	75	**3,847**	4,469
Support costs	-	-	-	**-**	-
Routine maintenance	6,547	1,672	102	**8,321**	7,388
Planned maintenance	2,223	671	56	**2,950**	2,197
Major repairs expenditure	-	-	-	**-**	-
Bad debts	194	44	4	**242**	285
Depreciation of housing properties (Note 15)					
- annual charge	5,663	622	24	**6,309**	6,152
- accelerated on disposal of components	3	1	-	**4**	-
Property lease charges	255	95	-	**350**	394
Impairment	-	-	-	**-**	-
Other costs	-	-	-	**-**	-
Operating costs on social housing lettings	**19,832**	**7,630**	**355**	**27,817**	**26,320**
Operating surplus on social housing letting activities	**7,836**	**715**	**342**	**8,893**	**10,423**
Void losses	237	463	2	**702**	675

6 Accommodation in management and development

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

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
General needs housing:				
- Social rent	5,741	5,797	4,674	4,726
- Intermediate rent	44	28	44	28
- Affordable rent	980	925	950	895
Supported housing & housing for older people:				
- Social rent	1,162	1,180	1,162	1,180
- Affordable rent	27	26	27	26
Low cost home ownership	297	294	271	267
Total social housing units owned	**8,251**	**8,250**	**7,128**	**7,122**
Market rent	174	84	151	61
Total owned units	**8,425**	**8,334**	**7,279**	**7,183**
Accommodation managed for others:				
- Social rent	75	81	75	81
- Market rent	-	-	8	8
Leaseholds	130	105	34	12
Total owned and managed accommodation	**8,630**	**8,520**	**7,396**	**7,284**
Accommodation in development at the year end	162	191	162	191

7 Operating surplus

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
This is arrived at after charging:				
Depreciation of housing properties (including accelerated depreciation) (Note 15)	7,501	7,348	6,317	6,170
Depreciation of other tangible fixed assets (Note 16)	764	841	743	824
Operating lease rentals:				
- Land and buildings	2,352	1,724	2,088	1,810
- Office equipment	207	89	207	89
Auditor's remuneration (excluding VAT):				
- For the audit of the financial statements	44	40	33	31
- Other assurance services	42	35	42	35
- Tax compliance	5	1	4	1

8 Employees

Average monthly number of employees expressed in full time equivalents:

	Group 2020 Number	Group 2019 Number	Association 2020 Number	Association 2019 Number
Administration	47	41	47	40
Development	10	8	10	8
Housing and Property Services	258	229	252	223
	315	**278**	**309**	**271**

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
Employee costs:				
Wages and salaries	9,267	8,456	9,120	8,282
Social security costs	867	798	854	739
Other pension costs	720	634	704	607
	10,854	**9,888**	**10,678**	**9,682**

The full-time equivalent number of staff (including Executive Directors) who received emoluments:

	2020 Number	2019 Number
£60,001 to £70,000	4	1
£70,001 to £80,000	1	3
£80,001 to £90,000	1	-
£90,001 to £100,000	-	1
£100,001 to £110,000	1	1
£110,001 to £120,000	1	-
£120,001 to £130,000	-	1
£130,001 to £140,000	1	-

9 Directors' remuneration – Group and Association

The Directors are defined as the Members of the Board of Management, the Chief Executive and the Executive Management Team disclosed on page 1. These individuals are considered to be the key management personnel of the organisation.

	2020 £000	2019 £000
Executive Directors' emoluments	501	465
Contributions to pension schemes	33	49
Compensation for loss of office	60	-
Amount paid to third parties in respect of Directors' services	103	44
	697	**558**

Emoluments paid to Board Members were £45k (2019: £39k). Expenses paid to Board Members were £1k (2019: £2k).

The emoluments of the highest paid Director, the Chief Executive, excluding pension contributions, were £140,563 (2019: £130,000), note that this is total emoluments paid by the Group. The Chief Executive is not an active member of any pension scheme in which the Group participates. No enhanced or special terms apply and the Group does not make any further contribution to an individual pension arrangement for the Chief Executive.

10 Board Members' Remuneration

	2020 £	2019 £
Martin McNally (Chair)	10,200	6,674
Jan Tasker (previous Chair)	-	2,787
Jon Lord (Vice Chair)	5,610	4,424
Nicholas Cole	5,610	3,865
Grace McCorkle	4,080	3,115
Richard Morris	3,740	4,423
Tracy Neil	4,080	3,115
Nicole Kershaw	2,084	2,661
Paul Seymour	1,846	2,558
Susan Goodman	4,146	2,031
Ian Clayton	3,477	-
Gareth Hall	-	-
Kam Unwin	-	-
Tim Edwards	-	-
Anne Beaumont	-	2,267
Jason Saenz	-	1,116
Derek Long	-	458

11 Surplus on sale of fixed assets

Group	**Fixed asset housing properties £000**	**Other tangible fixed asset sales £000**	**Total 2020 £000**	**Total 2019 £000**
Proceeds of sale	1,863	-	1,863	2,272
Cost of sales/disposals	(1,294)	-	(1,294)	(1,524)
Depreciation	219	-	219	148
Direct income/(expenses)	(75)	-	(75)	(165)
Net grant on disposals	380	-	380	361
Grant recycled	(451)	-	(451)	(264)
Surplus for the year (Note 4)	**642**	**-**	**642**	**828**

Association	**Fixed asset housing properties £000**	**Other tangible fixed asset sales £000**	**Total 2020 £000**	**Total 2019 £000**
Proceeds of sale	1,544	-	**1,544**	1,597
Cost of sales/disposals	(1,175)	-	**(1,175)**	(1,312)
Depreciation	177	-	**177**	148
Direct income/(expenses)	(32)	-	**(32)**	(71)
Net grant on disposals	380	-	**380**	361
Grant recycled	(451)	-	**(451)**	(264)
Surplus for the year (Note 4)	**443**	**-**	**443**	**459**

12 Interest receivable and other income

	Group 2020 £000	**Group 2019 £000**	**Association 2020 £000**	**Association 2019 £000**
Interest receivable from group undertakings	-	-	-	24
Interest receivable and similar income	41	43	47	13
Interest on SHPS Defined Benefit plan assets (Note 27)	420	438	420	438
	461	**481**	**467**	**475**

13 Interest payable and similar charges

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
Bank loans and overdrafts	7,611	7,638	6,684	6,646
Other interest	268	165	268	165
Interest on SHPS Defined Benefit liabilities	563	568	563	568
Interest capitalised on housing properties under construction	(475)	(170)	(475)	(170)
	7,967	**8,201**	**7,040**	**7,209**

The interest rates applied to determine the finance costs during the period were 4.86% for all direct subsidiaries of the Association (2019: 5.3%).

14 Taxation on surplus on ordinary activities

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
Current tax				
UK Corporation Tax on surplus for the year at 19% (2019: 19%)	15	24	-	-
Total current tax	15	24	-	-
Tax on surplus on ordinary activities	15	24	-	-

The tax assessed for the year differs to the standard rate of Corporation Tax in the UK applied to the surplus before tax. The differences are explained below:

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
Current tax reconciliation				
Surplus for the period before taxation	4,355	6,609	3,650	5,539
Theoretical tax at UK Corporation Tax rate 19% (2019: 19%)	828	1,256	693	1,052
Income not chargeable to Corporation Tax	(813)	(1,232)	(693)	(1,052)
Total tax charge	**15**	**24**	**-**	**-**

The Association and subsidiary Mossbank Homes Limited have charitable status for tax purposes.

15 Tangible fixed assets – housing properties

Group	Social housing properties completed £000	Non-social housing properties completed £000	Social housing properties under construction £000	Shared ownership properties under construction £000	Shared ownership properties completed £000	Total £000
Property cost						
At 1 April 2019	414,506	875	10,572	4,507	17,452	447,912
Additions	-	-	16,452	9,076	-	25,528
Schemes completed	13,813	-	(13,813)	(5,369)	5,369	-
Works to existing Properties	5,460	-	-	-	-	5,460
Transfers to current Assets	-	-	-	(3,474)	-	(3,474)
Disposals	(6,464)	-	-	-	(217)	(6,681)
Components write-off	-	-	-	-	-	-
At 31 March 2020	**427,315**	**875**	**13,211**	**4,740**	**22,604**	**468,745**
Depreciation and impairment						
At 1 April 2019	89,667	296	-	-	757	90,720
Charge for the year	7,248	6	-	-	23	7,277
Eliminated in respect of disposals	(2,227)	-	-	-	-	(2,227)
Component write-off	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
At 31 March 2020	**94,688**	**302**	**-**	**-**	**780**	**95,770**
Net book value						
At 31 March 2020	**332,627**	**573**	**13,211**	**4,740**	**21,824**	**372,975**
At 31 March 2019	324,839	579	10,572	4,507	16,695	357,192

Following detailed review, there has been some reallocation of depreciation opening balances at 1 April 2019 between categories. The overall totals remain unchanged.

15 Tangible fixed assets – housing properties (continued)

Association	**Social housing properties completed £000**	**Non-social housing properties completed £000**	**Social housing properties under construction £000**	**Shared ownership properties under construction £000**	**Shared ownership properties completed £000**	**Total £000**
Property cost						
At 1 April 2019	379,955	875	10,572	4,507	16,350	412,259
Additions	-	-	16,452	9,076	-	25,528
Schemes completed	13,813	-	(13,813)	(5,369)	5,369	-
Works to existing properties	5,410	-	-	-	-	5,410
Transfers to current Assets	-	-	-	(3,474)	-	(3,474)
Disposals	(6,294)	-	-	-	(217)	(6,511)
Components write-off	-	-	-	-	-	-
At 31 March 2020	**392,884**	**875**	**13,211**	**4,740**	**21,502**	**433,212**
Depreciation and impairment						
At 1 April 2019	78,580	297	-	-	730	79,607
Charge for the year	6,077	4	-	-	24	6,105
Eliminated in respect of disposals	(2,172)	-	-	-	-	(2,172)
Component write-off	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
At 31 March 2020	**82,485**	**301**	**-**	**-**	**754**	**83,540**
Net book value						
At 31 March 2020	**310,399**	**574**	**13,211**	**4,740**	**20,748**	**349,672**
At 31 March 2019	301,375	578	10,572	4,507	15,620	332,652

Following detailed review, there has been some reallocation of depreciation opening balances at 1 April 2019 between categories. The overall totals remain unchanged.

15 Tangible fixed assets – housing properties (continued)

Expenditure on works to existing properties

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
Improvements to existing properties capitalised	5,460	2,698	5,410	2,617
Major repairs expenditure to Statement of Comprehensive Income (Note 5)	-	-	-	-
	5,460	**2,698**	**5,410**	**2,617**

The net book value of housing properties may be further analysed as:

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
Freehold	217,133	219,680	193,830	193,830
Long leasehold	101,669	84,842	101,669	86,152
Short leasehold	54,173	54,173	54,173	54,173
	372,975	**358,695**	**349,672**	**334,155**

Total accumulated SHG receivable at 31 March was:

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
Capital grant – housing properties	172,501	172,837	171,193	171,511
Recycled Capital Grant Fund	644	216	644	216
Cumulative grant amortised to revenue	39,900	37,929	39,883	37,820
	213,045	**210,982**	**211,720**	**209,547**

16 Tangible fixed assets - other

Group	Offices £000	Office furniture & equipment £000	Motor vehicles £000	Computer equipment £000	Scheme furniture & equipment £000	Total £000
Cost						
At 1 April 2019	2,120	999	1,032	3,035	819	8,005
Additions	149	-	-	255	1,055	1,459
Disposals	(13)	(1)	(9)	(9)	-	(32)
At 31 March 2020	**2,256**	**998**	**1,023**	**3,281**	**1,874**	**9,432**
Depreciation and impairment						
At 1 April 2019	769	779	731	2,315	474	5,068
Charged in year	56	124	178	300	103	761
Transferred from subsidiary	-	-	-	-	-	-
Elimination on disposal	(10)	-	(3)	(1)	-	(14)
At 31 March 2020	**815**	**903**	**906**	**2,614**	**577**	**5,815**
Net book value						
At 31 March 2020	**1,441**	**95**	**117**	**667**	**1,297**	**3,617**
At 31 March 2019	1,351	220	301	720	345	2,937

16 Tangible fixed assets – other (continued)

Association	**Offices £000**	**Office furniture & equipment £000**	**Motor vehicles £000**	**Computer equipment £000**	**Scheme furniture & equipment £000**	**Total £000**
Cost						
At 1 April 2019	2,050	999	1,032	3,035	819	7,935
Additions	141	-	-	255	1,055	1,451
Disposals	-	(1)	(9)	(9)	-	(19)
At 31 March 2020	**2,191**	**998**	**1,023**	**3,281**	**1,874**	**9,367**
Depreciation and impairment						
At 1 April 2019	725	779	731	2,315	474	5,024
Charged in year	39	124	178	300	103	744
Transferred from subsidiary	-	-	-	-	-	-
Elimination on disposal	-	-	(3)	(1)	-	(4)
At 31 March 2020	**764**	**903**	**906**	**2,614**	**577**	**5,764**
Net book value						
At 31 March 2020	**1,427**	**95**	**117**	**667**	**1,297**	**3,603**
At 31 March 2019	1,325	220	301	720	345	2,911

17 Investment properties – non-social housing properties held for letting

Group	**Market rent £000**	**Supported market rent £000**	**Under construction £000**	**Total £000**
At 1 April 2019	5,814	4,972	-	10,786
Additions	140	-	-	140
Increase/(Decrease) in value	334	(5)	-	329
Transfers between categories	(53)	53	-	-
Schemes completed	-	-	-	-
At 31 March 2020	**6,235**	**5,020**	**-**	**11,255**

Association	**Market rent £000**	**Supported market rent £000**	**Under construction £000**	**Total £000**
At 1 April 2019	5,789	3,677	-	9,466
Additions	140	-	-	140
Increase in value	334	-	-	334
Transfers between categories	(28)	28		-
Schemes completed	-	-	-	-
At 31 March 2020	**6,235**	**3,705**	**-**	**9,940**

Investment properties were valued at Fair Value (market value) at 31 March 2020 by external independent property consultants and chartered surveyors.

18 Investments in jointly controlled entities – Group and Association

In the consolidated accounts, interests in jointly controlled entities are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the jointly controlled entities.

Active trading joint ventures, all established in the UK, as at 31 March 2020 were as follows:

Joint venture entity	**Partner(s)**	**Group interest %**	**Total investment £000**
GMJV Fundco LLP	MSV Invest Ltd 9 other Greater Manchester Registered Providers	10%	107
Reviva Urban Renewal Ltd	MSV 2 other Greater Manchester Registered Providers	1/3	10
Total			**117**

18 Investments in jointly controlled entities – Group and Association (continued)

MSV Invest has entered into a joint venture arrangement with nine other Registered Providers to create GMJV Fundco LLP. GMJV Fundco LLP, together with the Greater Manchester Combined Authority, have invested in Hive Homes (Greater Manchester) LLP (Hive Homes) which is a delivery vehicle to build homes for outright sale. This is a financial arrangement where MSV Invest will be investing up to £3m as a mix of debt and equity into Hive Homes.

Reviva Urban Renewal Limited (Reviva) is a company in which the Group has a one third interest, through MSV Housing Association. The other parties to the joint venture are Irwell Valley Housing Association and Great Places Housing Group. Reviva did not trade in the year; turnover for the year ended 31 March 2020 was £nil (2019: £Nil) and expenses of £nil were incurred (2019: £Nil). The Association's share of the profit was therefore £Nil. The Association's investments in Reviva are:

	2020 £000	2019 £000
Share of gross assets	10	10
Share of gross liabilities	(10)	(10)
	-	-

As required by statute, the financial statements consolidate the results of the subsidiaries of the Association at the end of the year. Details of subsidiaries can be found on pages 3 to 4. The Association has the right to appoint Members to the Boards of all subsidiaries and thereby exercises control over them. Details of related party transactions can be found at Note 33.

19 Stock and properties held for sale

Shared ownership properties

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
Stock – materials	55	11	55	11
First tranche shared ownership:				
- Work in progress	3,474	1,503	3,474	1,503
- Completed properties	639	134	639	134
	4,168	**1,648**	**4,168**	**1,648**

20 Debtors: amounts falling due within one year

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
Rent and service charges receivable	2,354	2,385	2,084	2,056
Less provision for bad & doubtful debts	(1,094)	(1,177)	(982)	(1,057)
Net rent arrears	**1,260**	**1,208**	**1,102**	**999**
Amounts owed by Group undertakings	-	-	252	256
Social housing grants receivable	-	-	-	-
Other debtors	382	166	358	159
Prepayments and accrued income	837	744	834	744
	2,479	**2,118**	**2,546**	**2,158**
Due after more than one year:				
Amounts owed by Group undertakings	-	-	885	988

Amounts owed by Group undertakings due after more than one year relate to a loan with subsidiary undertaking, MSV Invest Limited, and attracts an average fixed interest rate of 4.03%. All other inter-Group balances are repayable on demand and do not attract interest.

21 Creditors: amounts falling due within one year

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
Loans and borrowings (Note 26)	4,936	4,836	3,788	3,729
Trade creditors	2,396	401	2,396	398
Rent & service charges received in advance	2,032	2,157	1,828	1,977
Recycled Capital Grant Fund (Note 24)	-	-	-	-
Amounts owed to subsidiary undertakings	-	-	43	43
Other taxation and social security	246	230	246	230
Other creditors	432	512	234	313
Accruals and deferred income	5,687	5,673	5,269	5,381
Retentions	842	71	842	71
Deferred capital grant (Note 23)	2,274	2,119	2,256	2,102
Corporation Tax	19	24	-	-
	18,864	**16,023**	**16,902**	**14,244**

Amounts owed to Group undertakings are repayable on demand and do not attract interest.

22 Creditors: amounts falling due after more than one year

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
Loans and borrowings (Note 26)	157,229	144,548	134,408	120,591
Funds held on behalf of others	786	619	707	550
Deferred capital grant (Note 23)	170,227	170,717	168,937	169,409
Recycled Capital Grant Fund (Note 24)	644	216	644	216
	328,886	**316,100**	**304,696**	**290,766**

23 Deferred capital grant

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
At 1 April	172,837	168,349	171,511	167,006
Grants received in the year	2,102	6,282	2,102	6,282
Grants recycled to the RCGF	(483)	(264)	(483)	(264)
Released to income in the year	(2,086)	(2,249)	(2,068)	(2,232)
Transfer to AUC from RCGF	55	553	55	553
Net grant in relation to disposals	-	-	-	-
Other movement	76	166	76	166
Transferred from housing properties	-	-	-	-
At 31 March	**172,501**	**172,837**	**171,193**	**171,511**

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
Amounts to be released within one year	2,274	2,119	2,256	2,102
Amounts to be released in more than one year	170,227	170,717	168,937	169,409
	172,501	**172,836**	**171,193**	**171,511**

24 Recycled capital grant fund (RCGF) – Group and Association

	2020 £000	2019 £000
At 1 April	216	503
Grants recycled	483	264
Interest accrued	-	2
Grants utilised in the year	(55)	(553)
At 31 March	**644**	**216**

25 Disposal proceeds fund (DPF) – Group and Association

	2020 £000	2019 £000
At 1 April	-	-
Grants recycled	-	-
At 31 March	**-**	**-**

26 Debt Analysis

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
Due within one year				
Bank loans and overdrafts (Note 21)	4,936	4,836	3,788	3,729
Due after more than one year				
Bank loans	157,229	144,548	134,408	120,591
Loans repayable by instalments				
In one year or less (Note 21)	4,936	4,836	3,788	3,729
Between one and two years	5,063	4,936	3,855	3,788
Between two and five years	18,446	25,948	15,312	22,023
After five years	73,235	76,311	54,553	57,212
Total loans repayable by instalments	**101,680**	**112,031**	**77,508**	**86,752**
Loan issue costs	(898)	(1,030)	(695)	(815)
	100,782	**111,001**	**76,813**	**85,937**
Loans not repayable by instalments				
Between two and five years	33,750	10,750	33,750	10,750
After five years	27,633	27,633	27,633	27,633
	61,383	**38,383**	**61,383**	**38,383**

26 Debt Analysis (continued)

Net Debt - Group

	At 1st April 2019 £000	Cashflows £000	Other Non-Cash £000	At 31st March 2020 £000
Cash at bank and in hand	13,449	(336)	-	13,113
Bank loans	(150,414)	(12,837)	188	(163,063)
Debt issue costs	1,030	56	(188)	898
Net debt	**(135,935)**	**(13,117)**	**-**	**(149,052)**

Net Debt - Association

	At 1st April 2019 £000	Cashflows £000	Other Non-Cash £000	At 31st March 2020 £000
Cash at bank and in hand	7,145	(1,186)	-	5,959
Bank loans	(125,135)	(13,944)	188	(138,891)
Debt issue costs	815	56	(176)	695
Net debt	**(117,175)**	**(15,074)**	**12**	**(132,237)**

Security, terms of repayment and interest rates

Mosscare St Vincent's Housing Group Limited: Loans are secured by fixed charges on individual properties. The loans repayable by instalments are repaid by quarterly or half-yearly instalments at fixed or variable rates of interest ranging from 4.69% to 11.165%. The final instalments fall to be repaid in the period 2026 to 2042.

Loans not repayable by instalments are interest only at fixed rates ranging from 2.893% to 9.625%. The principal falls due to be repaid in the period 2020 to 2035. In addition to the above debt at 31 March 2020 the Association had £39.0m of undrawn loan facilities (2019: £56.5m).

Mossbank Homes Limited: The subsidiary has a single, fully drawn loan facility that is secured by fixed charges on individual properties. The loan is repaid by annual payments with the final instalment to be repaid by 31 March 2039. Tranches of the loan are at fixed interest rates ranging from 4.59% to 5.15%. The remaining 36% of the loan is rolled over monthly at variable rates, which at the period end were 0.77%.

27 Pensions

The Group participates in schemes independently administered by three providers.

There are employees in three funds administered by the Social Housing Pension Scheme, two of which are defined benefit schemes and the other a defined contribution scheme.

Scottish Widows administer a defined contribution scheme which is no longer open to new members.

The Greater Manchester Pension Fund is a defined benefit scheme with two employees that is no longer open to new members.

The assets of the defined contribution schemes are held separately from those of the Group in an independently administered fund.

Total contributions to employee pensions are detailed in Note 8 to these accounts.

Social Housing Pension Scheme (Group and Association)

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

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

The last triennial valuation of The Scheme for funding purposes was carried out as at 30 September 2017. The valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

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

Present values of defined benefit obligations, fair value of assets and defined benefit asset/(liability)

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Fair value of plan assets	18,797	17,752
Present value of defined benefit obligation	21,603	24,097
Surplus/(deficit) in plan	(2,806)	(6,345)
Unrecognised surplus	-	-
Defined benefit asset/(liability) to be recognised	(2,806)	(6,345)
Closing SHPS defined benefit liability at 31 March (Note 29)	(2,806)	(6,345)

27 Pensions (continued)

Recognition of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Defined benefit obligation at start of period	24,097	21,876
Current service cost	369	463
Expenses	14	12
Interest expense (Note 13)	563	568
Contributions by plan participants	49	76
Actuarial losses/(gains) due to scheme experience	56	(253)
Actuarial losses/(gains) due to demographic assumptions	(212)	66
Actuarial losses/(gains) due to changes in financial assumptions	(2,945)	1,709
Benefits paid and expenses	(388)	(420)
Liabilities acquired in a business combination	-	-
Liabilities extinguished on settlements	-	-
Losses/(gains) on curtailments	-	-
Losses/(gains) due to benefit changes	-	-
Exchange rate changes	-	-
Defined benefit obligation at end of period	**21,603**	**24,097**

Reconciliation of opening and closing balances of the fair value of plan assets

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Fair value of plan assets at the start of period	17,752	16,738
Interest income (Note 12)	420	438
Experience of plan assets (excluding amounts included in interest income – gain/(loss)	140	224
Contributions by employer	824	696
Contributions by plan participants	49	76
Benefits paid and expenses	(388)	(420)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	**18,797**	**17,752**

27 Pensions (continued)

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

	Period from 31 March 2019 to 31 March 2020	Period from 31 March 2018 to 31 March 2019
Current service cost	369	463
Expenses	14	12
Net interest expense	143	130
Losses/(gains) on business combinations	-	-
Losses/(gains) on settlements	-	-
Losses/(gains) on curtailments	-	-
Losses/(gains) due to benefit changes	-	-
Defined benefit costs recognised in the Statement of Comprehensive Income	**526**	**605**

Defined benefit costs recognised in Other Comprehensive Income

	Period from 31 March 2019 to 31 March 2020	Period from 31 March 2018 to 31 March 2019
Experience on planned assets (excl amounts included in net interest costs) – gain/(loss)	140	224
Experience gains/(losses) arising on the plan liabilities	(56)	253
Effects of the demographic assumptions underlying the present value of the defined obligation – gain/(loss)	212	(66)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	2,945	(1,709)
Total actuarial gains/(losses) (before restriction due to some of the surplus not being recognisable)	3,241	(1,298)
Effect of changes in timing differences from prior period	(162)	-
Total amount recognised in Other Comprehensive Income – gain/(loss)	**3,079**	**(1,298)**

27 Pensions (continued)

Assets	**31 March 2020 £000**	**31 March 2019 £000**
Absolute return	980	1,536
Alternative risk premia	1,314	1,024
Corporate Bond rate	1,072	828
Credit relative value	516	325
Distressed opportunities	362	323
Emerging markets debt	569	612
Fund of hedge funds	11	80
Global equity	2,749	2,987
Infrastructure	1,399	931
Insurance-linked securities	577	509
Liability driven investment	6,239	6,492
Long-lease property	325	261
Net current assets	80	34
Over 15-year gilts	-	-
Opportunistic illiquid credit	455	-
Private debt	379	238
Liquid credit	8	-
Property	414	400
Risk sharing	635	536
Secured income	713	636
Total assets	**18,797**	**17,752**

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

Key assumptions	**31 March 2020 % per annum**	**31 March 2019 % per annum**
Discount	2.36	2.33
Inflation (RPI)	2.58	3.28
Inflation (CPI)	1.58	2.28
Salary growth	2.58	3.28
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following expectations:

	Life expectancy at age 65 (years)
Male retiring in 2019	21.5
Female retiring in 2019	23.3
Male retiring in 2039	22.9
Female retiring in 2039	24.5

28 Financial instruments

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
Financial assets				
Measured at historical cost				
Trade receivables	1,260	1,208	1,102	999
Other receivables	1,219	910	2,329	2,147
Investment in short term deposits	-	-	-	-
Cash and cash equivalents	13,113	13,449	5,959	7,145
Total financial assets	**15,592**	**15,567**	**9,390**	**10,291**
Financial liabilities				
Measured at amortised cost				
Loans payable	162,165	149,384	138,196	124,320
Measured at historical cost				
Trade creditors	2,396	401	2,396	398
Other creditors	183,189	188,683	181,006	186,637
Total financial liabilities	**347,750**	**338,468**	**321,598**	**311,355**

29 Provisions for liabilities and charges

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
SHPS defined benefit asset/(liability)	2,806	6,345	2,806	6,345

30 Share capital

	Association 2020 £	Association 2019 £
Allotted, issued and fully paid		
At 1 April	62	70
Issued during the year	4	3
Cancelled during the year	(7)	(11)
At 31 March	**59**	**62**

The £1 shares provide members with the right to vote at General Meetings, but do not provide any rights to dividends or distributions on a winding up.

31 Operating leases

Amounts payable as lessee

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
In one year or less	439	376	619	397
Between one and five years	871	670	932	735
In more than five years	767	767	810	767
	2,077	**1,813**	**2,361**	**1,899**

Amounts receivable as lessor

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
In one year or less	-	-	-	-
Between one and five years	-	-	-	-
In more than five years	-	-	-	-
	-	**-**	**-**	**-**

32 Capital commitments

	Group 2020 £000	Group 2019 £000	Association 2020 £000	Association 2019 £000
Capital expenditure				
Capital expenditure that has been contracted for but has not been provided for in the financial statements	11,789	23,499	10,198	23,499
Capital expenditure that has been authorised but has not yet been contracted for	45,518	4,839	43,596	4,839
	57,307	**28,338**	**53,794**	**28,338**

The Group expects to finance the above expenditure with a mixture of public authority grants, loans drawn under existing loan arrangements and cash reserves generated from operations and property sales.

33 Related parties

The ultimate controlling party of the Group is Mosscare St. Vincent's Housing Group Limited.

The Board includes one tenant Member of the Group who holds a tenancy agreement on normal terms and cannot use their position to their advantage. The rent charged for the period was £4,050 (2019: £4,001) and the tenant had a credit balance of £431 (2019: £390).

Transactions with non-regulated entities

The Association provides management services, other services and loans to its subsidiaries. The Association also receives charges from its subsidiaries. The quantum and basis of those charges is set out below:

Payable to the Association by subsidiaries

	Management charges		Other charges		Interest charges	
	2020	2019	2020	2019	2020	2019
	£	£	£	£	£	£
MSV Invest Ltd	8	8	-	-	25	25
Mossbank Homes Ltd	536	536	-	-	-	-
	544	**544**	**-**	**-**	**25**	**25**

Payable by the Association to subsidiaries

	Management charges		Other charges		Interest charges	
	2020	2019	2020	2019	2020	2019
	£	£	£	£	£	£
MSV Invest Ltd	-	-	-	-	-	25
Mossbank Homes Ltd	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**25**

Intra-Group management fees

Intra-Group management fees are receivable by the Association to cover the running costs the Association incurs on behalf of managing its subsidiaries. The management fee is calculated on a department basis with varying methods of allocation. The costs are apportioned as follows:

Department	By reference to
Finance	Time
Human Resources	Staff
Executive	Units
Health & Safety	Staff
ICT	Equipment
Rent Collection	Turnover

33 Related parties (continued)

Intra-Group interest charges

Intra-Group interest is charged by the Association to its subsidiaries at the rates set in the relevant loan agreements.

Intra-Group loans

Entity granting loan	Entity receiving loan	Opening balance £000	Movement £000	Closing balance £000
Mosscare St Vincent’s Housing Association Limited	MSV Invest Limited	988	(33)	955

Terms of repayment

The terms of the secured intercompany loan agreements require MSV Invest to repay the total loan by no later than 31 December 2030 or any other date as separately agreed by the boards of both MSV Invest and MSV. MSV may at its discretion demand the repayment of the total amount of the loan in full at any time during the term on giving 12 months’ prior written notice to MSV Invest.