# Ongo Homes

Report and Financial Statements

Year Ended

31 March 2021

FCA Registration Number 7639

Regulator of Social Housing Registration Number L4486

# Ongo Homes

**Report and financial statements**
**for the year ended 31 March 2021**

**Page:**

# Ongo Homes

**Executives and advisors**
**for the year ended 31 March 2021**

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**Board Members**

The following members have held office during the period and to the date of this report unless otherwise stated:

| | |
|---|---|
| H Lennon | M Kenyon |
| E Cook | T Mills |
| J Wright | R Walder |
| S Hepworth | R Cook |
| N Cresswell | M Finister-Smith |
| P Gouldthorpe | P Warburton (appointed 17 September 2020) |

| | | |
|---|---|---|
| **Executive leadership team:** | Chief Executive | S Hepworth |
| | Property Director | P Stones |
| | Director of Resource and Commercial | A Harrison |
| | Director of Corporate & Compliance Services | J Sugden |
| | Director of Communities | K Hornsby |

**Secretary and registered office:** J Sugden

Ongo House, High Street, Scunthorpe, North Lincolnshire, DN15 6AT

**Auditors:**

BDO LLP
Central Square
29 Wellington Street
Leeds LS1 4DL

**Bankers:**

Barclays Bank plc
One Snowhill
Snow Hill Queensway
Birmingham B4 6GN

**Solicitors:**

Devonshires Solicitors
Park House
Park Square
Leeds
LS1 2PW

Forbes Solicitors
Rutherford House
4 Wellington Street (St Johns)
Blackburn
BB1 8DD

MSB Solicitors
17a-b Allerton Road
Allerton
Liverpool
L18 1LG

Bermans
Exchange Station
Titheburn Street
Liverpool
L2 2QP

Trowers and Hamlins
55 Princess Street
Manchester
M2 4EW

Wilkin Chapman LLP
Cartergate House
26 Chantry Lane
Grimsby
DN31 2LJ

Knights Professional Services Limited
The Lexicon
Munt Street
Mancester
M2 5FA

## Nature of Business

Ongo Homes Limited ("Ongo Homes") is a charitable Community Benefit Society (CBS) regulated by the Financial Conduct Authority (FCA) and a Registered Provider of social housing regulated by the Regulator of Social Housing.

It is a wholly-owned subsidiary of Ongo Partnership Limited which is not a Registered Provider with the Regulator of Social Housing.

The corporate structure of the Ongo group is clearly defined and the relationship between this CBS, the parent and its other subsidiaries is set out in Intra-Group agreements which were considered and approved by each of their Boards.

The primary role of the CBS is to provide social housing in North Lincolnshire having taken over the ownership and management of North Lincolnshire Council's 9,950 homes on 26 February 2007.

## Board and Executive Directors

The Board Members and Executive Leadership Team serving during the period and up to the date of signing the Financial Statements are listed on page 3. None of the Board Members and Executive Leadership Team hold any interests in the capital of this CBS, or of Ongo Partnership Limited.

Executive Leadership Team members act as executives within the authority delegated by the Board. The CBS' insurance policies indemnify Board Members and officers against liability when acting on its behalf.

The Chief Executive is appointed on a permanent contract with a six month notice period. Other Executive Directors have a three month notice period, but are otherwise employed on the same terms as other staff.

The Executive Directors are all members of either the East Riding Pension Fund, a final salary pension scheme, or the defined contribution scheme provided for the Employees, currently through Aviva. They contribute on the same terms as all other eligible staff and the CBS contributes to the schemes on behalf of its employees.

## Financial Statements

The Board present their report and audited Financial Statements of the CBS for the year ended 31 March 2021.

## Results

The CBS made an operating surplus of £12.7m for the year (2020 - £11.3m). This result exceeded that included in the approved budget and business plan for 2020-21 and the Directors consider this to be an acceptable performance.

## Reserves

Revenue reserves total £99.0m at the year-end (2020 - £97.6m). The business plan dictates that these reserves will be utilised for the furtherance or the stated corporate objectives.

## External Factors

We carry out extensive sensitivity and combined stress scenario testing of the business plan. This includes identification of a range of mitigating actions which could be taken upon onset of the identified, or other, factors which may have a detrimental impact on the financial position of the business. When applied to the stress tests carried out these mitigating measures show that the business is in a position to operate sustainably and within our financial covenants.

## Going Concern

The CBS's business activities, its current financial position and factors likely to affect its future development are set out in this report. The CBS has in place long term debt facilities which provide adequate resources to finance committed reinvestment and development programmes along with day to day operations. The CBS 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 board approved the 2021/22 budget and business plan in March 2021 and were content that these plans were affordable and that the accounts should be prepared on a going concern basis.

The ongoing impact of the COVID-19 pandemic and its financial effect has meant that the executive leadership team and the board have been reviewing financial assumptions in the budget and business plan, particularly focusing on the next five years to ensure the CBS remains a going concern. The long-term business plan is stress tested to assess the possible financial impacts and the resilience of the plan including the range of available mitigation plans. This multi-variate stress testing did not cause a breach in bank covenants, which remained compliant even in the most severe of scenarios once identified mitigations were applied.

Given the strength of the balance sheet, liquidity, and availability of undrawn loan facilities, the board believes that, while some uncertainty remains in respect of COVID-19, this does not pose a material uncertainty that would cast doubt on the CBS's ability to continue as a going concern. The CBS's financial performance in 2020/21 proved resilient and on this basis, the board has a reasonable expectation that the CBS has adequate resources to continue in operational existence for the foreseeable future, being a period of 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.

## Governance

Ongo Homes holds the highest rating available for financial viability (V1). Following the completion of a Voluntary Undertaking and Action Plan, a Regulatory Judgement was issued in November 2020 and the Regulator upgraded Ongo Homes to G2 for governance. Engagement work continues with the aim to return to G1 status.

## Statement of the Board's Responsibilities in Respect of the Accounts

The board members are responsible for preparing the report of the board, the strategic report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the board members are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 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 CBS will continue in business.

**Statement of the Board's Responsibilities in Respect of the Accounts (continued)**

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

The board is responsible for 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 CBS'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 CBS's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

**Assessment of the effectiveness of Ongo Homes' system of internal control**

The Board is ultimately responsible for the CBS's system of internal control and for reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of CBS assets and interests.

The Board has adopted a risk-based approach to internal controls, which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the CBS is exposed and is consistent with good practice and regulatory requirements.

The main area in which this is evidenced is as follows:

**Risk Management**

**Our approach**
Risk is the possibility of an event and the consequences it has on the achievement of objectives, both at a strategic and operational level. Risk creates uncertainty which we must understand, control and monitor to reduce the uncertainty to an acceptable level. It is important to understand that uncertainty creates both opportunities and threats.

Risk is part of everyday life and linked directly the decisions we make. The management of risk is therefore essential in ensuring the CBS meets its strategic objectives and remains legally and regulatory compliant. Our risk management framework follows the principles of ISO 31000:2018 standard, ensuring that risk management is embedded throughout the organisation.

Our risk management framework provides a clear and robust approach to managing risk. It provides a structure to integrate risk management into all aspects of Ongo activity, with the aim of protecting our assets, complying with all relevant laws and regulation, successfully achieving our corporate plan and creating a truly vibrant and resilient organisation.

**Our risk appetite**

Risk appetite is an assessment of how much risk Ongo is willing to take in order to achieve our strategic objectives. In some areas, we may accept and encourage higher risk activity in order to achieve strategic aims. In other areas, such as legal and regulatory compliance, our appetite to take risk is cautious or minimal. The Group Common Board set risk appetite statements for the various types of risk we face. The Board's financial risk appetite is linked to the strategic risks appetite and managed through a set of golden rules and monitored through our golden rules and management accounts.

**Stress testing**

To ensure we understand the effect of risk on our business plan, we use possible scenarios taken from our strategic risk register. Our Board has an active role in developing additional scenarios and agreeing on multivariate scenarios based on likelihood and onset.

Various individual stress tests are modelled, followed by multivariate tests on the most likely combinations. The following combinations were assessed:

- **Economic stress**
  This model looks at the combined effect of macro (Inflationary pressure, increased borrowing rates, lack of funding availability) and local economic slowdown (voids and bad debts).
- **Business management and operations stress**
  This model looks at the combined effect of adverse management and operational outcomes within the business (decarbonisation works, business continuity, contingency risks, cyber, changes to legal compliance, building safety).
- **Development stress**
  This model looks at the combined effect of a number of adverse situations affecting the development programme of the business (grants, changes to building and planning regulations, environmental sustainability of new builds).

Following the modelling of multi-variate scenarios on the business plan, we consider the mitigating actions that could be taken to recover the situation and return the business plan to a financially viable position.

**Operating environment and risk management**

To help identify emerging risks, we assess the external and internal environments using a variety of tools and techniques. Our performance management framework runs in line with our risk management framework to help identify areas of concern or emerging risks. We have a suite of key risk indicators (KRIs) which provide intelligence on the key areas of risk facing our business and act as early warning indicators. Our key financial ratios and stress testing indictors are monitored monthly in our management accounts. We also map the annual sector risk profile with our existing risk registers as a comparison aid.

The risk landscape changed significantly at the start of the financial year, with the emergence of the Covid-19 pandemic. Covid-19 created substantial challenges and new risks, whilst also increasing the likelihood of existing risks. As part of our business continuity management process all operational areas reviewed their business impact assessments. This included a review of critical operational services, required resources and impact on customers and long term recovery. Risks were assessed and monitored through a core group, chaired weekly by our Chief Executive.

## Our principal risks

Our principal risks are ultimately owned by our Board and monitored through our strategic risk registers. Our Executive Leadership Team have direct ownership of specific risks to ensure that they are effectively managed. The risks on the strategic risk register are continually reviewed and linked directly to achieving our corporate objectives.

Each of the strategic risks below are fully assessed to identify the cause and consequence of the risk occurring. A likelihood and impact score has been applied before and after reviewing current controls in place. The risks are reviewed at each Board meeting seeking assurance to understand the wider strategic impact and to inform the decision-making process. Additional assurance is gained from reviews, overseen by our Group Audit and Risk Committee. The table below provides a brief overview of the position and movement within the financial year:

| **Strategic risk header** | **Risk score movement** | | **Overall status** | **Risk management and internal control 2020-21** |
|---|---|---|---|---|
| Health and safety | | | Improving | A breach in our health and safety obligations would have a significant financial and reputational impact and depending on the breach, the serious consequences on the lives of those involved.<br><br>2020-21 continued to be a challenging year as Covid dominated. New health and safety risks emerged at the start of the pandemic which included keeping our customers, colleagues and contractors safe from Covid-19. The cost and availability of PPE and sanitisation products became problematic. We introduced mass home working, which had the potential to impact both the mental and physical wellbeing of colleagues. We continued to ensure we met our compliance obligations as a landlord, when access to properties proved challenging.<br><br>A full suite of safe systems of work were introduced to work alongside existing risk assessments and procedures. Messages on health and safety were centralised through our CEO. Welfare support for both customers and colleagues were available throughout the pandemic (and still remain). Compliance obligations were monitored closely and managed on a risk based approach.<br><br>We have a cautious risk appetite for health and safety and continue to follow all HSE and government guidance as we move through our recovery road map. |
| Legal and regulatory compliance | | | Improving | It is important that we meet our legal and regulatory obligations, non-compliance may result in significant financial and reputational loss. Our risk score has been driven by our downgraded governance rating by the Regulator of Social Housing (RSH). Since the downgrade, we have undergone significant changes to our governance framework and were given a G2 rating by the Regulator of Social Housing in 2020-21. Work now continues on an action plan to regain G1 rating. This will only be |

| **Strategic risk header** | **Risk score movement** | | **Overall status** | **Risk management and internal control 2020-21** |
|---|---|---|---|---|
| | | | | achieved by an in-depth assessment by the regulator, expected in 2022-23. We have a minimal risk appetite for legal and regulatory non-compliance.<br><br>To ensure compliance across all legal and regulatory obligations we maintain a register and have processes in place to identify changes on a six monthly basis. The effectiveness of our compliance risk management is tested by our internal audit and risk team and as part of the internal audit programme. |
| Financial decline | | | Improving | In order to achieve our corporate objectives and deliver our services we must ensure we remain financially viable. There has been significant financial uncertainty in the wider economy following Brexit and Covid, which we have been monitoring closely. Various multi-variate financial scenarios linked to our risk registers have been modelled against our business plan and mitigation plans identified should they occur.<br><br>During the peak of the pandemic our services were limited to essential only. This created an increase in rent loss through empty properties and uncertainty in the wider economy. We are expecting higher unemployment rates and stretched incomes which may impact our rental income. However, year end financial performance proved strong, with lower arrears levels and rent loss than in the previous year.<br><br>Management accounts are produced monthly with key risk indicators monitored, providing early warnings of emerging risk. Any changes in government policy is closely monitored. The impact to our rental income would be a significant risk. |
| Financing risk | | | Improving | The first tranche of our fixed rate debt (£10m) is due to reach maturity in 2022. The inability to secure financing would have a significant impact on our ability to deliver our development programme and meet our corporate objectives. In 2020-21 we secured funding, this raised a nominal value of £50m at a coupon rate of 2.922%. This also generated a bond premium of £7.8m, bringing total funding raised to £57.8m and an effective interest rate of 2.251% |
| Business continuity | | | Improving | The pandemic has had a significant impact on all of our lives, and remains a key risk to business continuity. Any disruption to service delivery and achievement of corporate objectives can have a major financial and reputational impact. Any loss in service and delayed response can have significant consequences for our customers, colleagues and the long term viability of Ongo.<br><br>Our response to the pandemic has been managed through a central team. Chaired by our CEO. Communications have been managed |

| **Strategic risk header** | **Risk score movement** ➡ | | **Overall status** | **Risk management and internal control 2020-21** |
|---|---|---|---|---|
| | | | | centrally and a recovery plan established to ensure we maintain critical service delivery.<br><br>Cybercrime is a significant risk for all organisations. The risk increased as the nation was forced to work from home. Our Cyber security planning is developed following the National Institute of Standards and Technology (NIST) cyber security framework (CSF). The framework covers 5 core functions identify \| protect \| detect \| respond \| recover by utilising this framework it ensures we are applying our resources in the most effective way in order to better manage and reduce the cyber security risk.<br><br>Our business continuity plan has been reviewed with lessons learned from the pandemic and has gained substantial assurance from our internal audit on both ICT disaster recovery and a review of the management of business continuity throughout the pandemic. |
| Recruitment and retention | ✓ | ✓ | Stable | Our colleagues are fundamental to ensuring that our corporate objectives are delivered successfully. Recruitment and retention is generally good, we have positive engagement in the development of our corporate plan and strategies including the development of a One Ongo strategy which was launched in 2020-21. However, it has been a difficult year with colleagues working remotely without an office base. This had the potential to impact welfare both mentally and physically. We have continued to support colleagues throughout this time.<br><br>There is still some uncertainty about the return to the office and what this entails. Colleagues have been engaged with shaping this vision as part of our recovery plans. The pandemic and mass homeworking has improved recruitment opportunities, allowing individuals more agile working from home. This has both an upside and downside and we must ensure we remain a competitive employer and deliver our One Ongo Strategy. |
| Stock investment | ✓ | ✓ | Stable | To ensure the safety and quality of our housing stock it is essential that we make the right investment decisions. This is only possible with good data integrity and the ability to forward plan our investment cycles.<br><br>With the implementation of a new asset management system, all asset data can be held on one system. This strengthens the level of control and asset understanding, supporting our decision making and investment planning. Data integrity is fundamental to understanding our assets and compliance obligations. |

| **Strategic risk header** | **Risk score movement** | | **Overall status** | **Risk management and internal control 2020-21** |
|---|---|---|---|---|
| | | | | Whilst the pandemic delayed the 2020-21 investment programme, most of the programmes of work were eventually delivered. The 2021/22 programme has been determined and is progressing well.<br><br>Going forward there remains a level of uncertainly regarding the investment required to reduce the carbon footprint of our properties. The Board are committed to ensuring the environmental sustainability of our properties (existing and new build) which will impact our investment options over the coming years. Indicative costs per property have been modelled against our business plan. |
| Development | | | Stable | Delays in the development programme or funding arrangements may lead to stagnant growth, financial loss and additional management expense. However, the development programme continues to be delivered in line with the Homes England targets. Despite the difficulties around the pandemic, 2020-21 was a successful with some significant schemes being completed and activity on site being maintained. At June 2021 there were over 180 units on site, including the dementia unit and there were over 100 units ready to be submitted for funding to Homes England.<br><br>Control around the development programme is strong and market exposure is low given the volumes in the development pipeline. This means that development is relatively low risk at the current time. We have received substantial assurance from internal audit for development contract management and our Homes England development scheme audit showed no areas of concern. |

### Assurance framework

To ensure that risk management is effective and that we have a sound and effective system of internal control we have a control framework in place. As Boards have ultimate responsibility for Risk Management, it is essential that Board members understand the risks facing Ongo and receive assurance on the effectiveness of controls. Strategic and emerging risks are discussed at each Board meeting as a separate agenda item, but also embedded within each report. The Group Common Board have delegated assurance reviews to the Group Audit and Risk Committee. This enables the committee to focus on key areas of risk and assurance.

Assurance can come from many sources within an organisation. Developed from the three lines of defence, we have adopted four lines of assurance (FLA), which helps identify and understand where these different contributions arise:

- **First line of assurance**
  This comes directly from our business operational areas. Various controls are in place, designed or directing processes and behaviours to ensure that operational objectives are achieved. The responsibility is to ensure procedures are followed, identify risks and improvement actions, implement controls and report on progress.

- **Second line of assurance**
  This comes from corporate oversight. It is separate from those responsible for delivery, but not independent to the organisation. There are various teams that provide this assurance, including health and safety, finance, compliance, legal and audit and risk. The responsibility is to ensure that compliance obligations and commitments are understood and met.

- **Third line of assurance**
  This comes from independent, objective and expert sources. It provides independent challenge. It places reliance upon assurance mechanisms in the first and second lines of defence, and request evidence to confirm assurance is in place. Assurance is gained from internal and external audit, regulators, and accreditations.

- **Fourth line of assurance**
  Our customers provide a fourth assurance level. As they directly receive certain services, they are in the ideal position to assess and review service delivery. We have a strong customer engagement structure, including a resident scrutiny panel, tenant inspectors and maintenance and complaints panels.

All assurance activities are co-ordinated centrally to provide assurances maps. The assurance map of the strategic risk register is used to inform the internal audit programme and assurance work for the next financial year.

**Internal controls assurance**

**Internal Audit**

Our internal auditors are appointed by the Group Audit and Risk Committee to provide an objective evaluation and opinion on the overall adequacy and effectiveness of our risk management and internal control environment.

The annual internal audit plan is set using a risk-based approach and is approved by the Group Audit and Risk Committee. The plan includes a range of internal audits and assurance appraisals, which cover two types of corporate assurance risks – directed and delivery. Underpinning these two types of assurance risk are six root cause indicators (RCI):

| | | |
|---|---|---|
| | **Directed Risk: Failure to properly direct the service to ensure compliance with the requirements of the organisation.** | |
| **Root Cause Indicator** | **Governance Framework** | There is a documented process instruction which accords with the relevant regulatory guidance, financial instructions and scheme of delegation. |
| | **Risk Mitigation** | The documented process aligns with the mitigating arrangements set out in the strategic risk register. |
| | **Compliance** | Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance. |

| | | |
|---|---|---|
| | **Delivery Risk: Failure to deliver the service in an effective manner which meets the requirements of the organisation.** | |
| **Root Cause Indicator** | **Performance Monitoring** | There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner. |
| | **Financial Constraint** | The process operates within the agreed financial budget for the year. |
| | **Resilience** | Good practice to respond to business interruption events and to enhance economic, effective and efficient delivery is adopted. |

The findings against these corporate assurance risks informs both an individual assurance assessment and also the annual assurance opinion statement, provided by the Head of Internal Audit.

The annual plan is subject to ongoing review and could change as the risks change throughout the year. Any changes are formally reviewed with the Executive Leadership Team and the Group Audit and Risk Committee should a significant issue arise.

Internal audit reports carried out are signed off at each Group Audit and Risk Committee, where members have the opportunity to discuss and challenge the findings. Progress on any recommendations made are monitored by the committee and once implemented are verified by internal audit for final sign off. The internal auditors have an opportunity at every committee meeting to discuss matters without the presence of executives.

Our internal auditors provide an annual report on the internal control environment at Ongo. The annual report summaries the outcomes of the reviews that have been carried out on the Ongo Partnership's framework of governance, risk management and control. The Head of Internal Audit's annual opinion states that they are satisfied that, for the areas reviewed during the year, Ongo has reasonable and effective risk management, control and governance processes in place. Not having completed all of the planned work due to the global Covid-19 pandemic has not impacted on the overall assessment.

This opinion is based solely on the matters that come to the attention of internal audit during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or our ability to meet financial obligations which must be obtained through alternative sources of assurance.

There were eight internal audits carried out in 2020-21, which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures were operating to achieve our objectives. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. The table below provides an overview of the assurance findings in 2020-21:

| Assurance assessments | Number of reviews | Previous year |
|---|---|---|
| Substantial assurance | 7 | 3 |
| Reasonable assurance | 1 | 7 |
| Limited assurance | 0 | 0 |
| No assurance | 0 | 0 |

The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented. Progress with internal audit recommendations are monitored by the Group Audit and Risk Committee and implementation is verified by internal audit twice a year.

**External audit**

In so far as the Board is aware, 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 CBS'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.

The external auditors have an annual meeting with the Committee without the presence of executives.

**Fraud**

The fraud register is reviewed at each Group Audit and Risk Committee. To assess our internal control framework, assurance tests are built in to the internal audit plan each year.

The fraud register is updated as necessary for all actual and potential frauds committed or attempted to be committed against the CBS.

**Reporting, review and corrective action**

A process of regular management reporting on control issues provides assurance to the Executive Leadership Team and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and the delivery and fulfilment of our services.

The Group Audit and Risk Committee conducts an annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of risk management and control process. This Committee makes an annual report on this matter to the Board. The Board has received this report and has included it within the Financial Statements.

The Board confirms that there is an ongoing process for identifying, and managing significant risks faced by the CBS. This process has been in place throughout the year under review, up to and including the date of the annual report and accounts, and is regularly reviewed by the Board.

**Employment and equal opportunities**

Employee information is set out in the notes to the financial statements.

The CBS is committed to the principles of equal opportunities.

**Employment of disabled persons**

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

The group's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the group, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the group. Retraining of employees who become disabled whilst employed by the company is offered where appropriate.

**Engagement with employees**

We aim to involve staff and keep them engaged with decisions that will impact them and seek their continuous feedback. A quarterly pulse survey was introduced in December 2020 to measure employee engagement on a more regular basis and this shows that more than 80% of employees think Ongo is a great place to work. We will also be taking part in Best Companies run by the Sunday Times in 2021 which will benchmark us externally against other organisations. During the year we have engaged employees on developing four new strategies to deliver the CBS's corporate plan. The four strategies are to be a great landlord, offer quality homes, create opportunities and "One Ongo". This involved focus groups, surveys and regular updates with all staff to ensure as many views were considered when creating the strategies. The four new strategies were launched in October 2020 and the yearly operational plan supports the delivery of the strategies. Regular updates and the key measures are published on the intranet and shared with employees.

Ongo's policies set out clearly how the CBS and all our employees should act and what they should do if they need to raise any concerns, as well meeting any legislation or regulatory requirements. Policies are reviewed in line with the Policy Development and Review Framework and staff consultation is always part of any policy review. Over the last twelve months we have updated our policies to reflect new ways of working and we have created a new agile framework and guidance for employees.

The CBS recognises three unions: Unison, GMB and Unite the Union, and the company holds a Joint Consultative Committee (JCC) on a regular basis led by the CBS's executive leadership team. The purpose of this committee is to jointly agree effective collective bargaining, negotiation, consultation and communication in order to maintain good employment relations. Over the year, we have consulted on behalf of employees on a number of matters including a new pay deal that was effective from April 2021, which was agreed following a staff ballot.

Covid-19 has had a huge impact on Ongo, like many organisations, and over the last year we have introduced different ways of communicating with staff and keeping them updated with changes and what it means to them. Our CEO sends out a weekly email with key news as well as a weekly video message from one member of the leadership team. Employees have welcomed these new ways of communication and this is something that we will continue to do going forward. We've also run wellbeing surveys, carried out regular support calls, online fitness classes over lunchtime, sent care packages to all staff as well as continued to offer a range of services to support their health and wellbeing.

In addition, the CBS has a number of employee forums including a health and safety and equality, diversity and inclusion (EDI) forum which is represented by employees across different areas of the business. This provides an opportunity for employees to put forward their views and suggestions on how we can improve working practices. One of the outputs from the health and safety forum in the last year was to split this into three separate forums, one for office staff, one for remote workers and one for construction/trades. The existing health and safety forum agreed that it would be more beneficial to split into three to ensure wider engagement and to enable them to focus on the specific risks associated for those areas.

**Our environmental impact**

As a social landlord and responsible employer we have an important role in ensuring that new and existing homes are built or adapted to meet the climate change challenge and reduce our CO2 emissions. This is far reaching from how we procure products and conduct our business to ensuring our homes are as energy efficient as possible.

Our Board has recognised that a commitment to reducing the carbon impact of the business must be a key component of the corporate plan/business plan. It recognises that it will touch every aspect of the business and will affect all aspects of decision making across the organisation.

Our approach to carbon reduction, has three specific areas of operation to ensure a holistic solution is found:

- **Existing homes** – 10,000 + stock, new Decent Homes standards, challenge to get all stock to Energy Performance Certificate (EPC) B etc. Engagement, awareness and culture.
- **New build homes** – establishing specification for the future, modern methods of construction
- **Corporate** – offices, fleet, procurement, purchase of utilities, engagement, awareness and culture

We have five key principles that support delivery of our carbon reduction plan:

- **Availability of quality data** – ensuring the accuracy and completeness of data helps us to understand our requirements and support planning and funding.
- **Maximise available public funding opportunities –** financing the necessary works within the business plan is one of the key challenges and access to public funding will be essential in this.
- **Scale up activities at the right pace** – there will be a need to gradually increase activity, as confidence, skills and technology improves within the sector and in the organisation. Carrying out pilot schemes will be a key part of this journey to help make the right choice.
- **Carbon literacy** – promoting a cultural change amongst staff and tenants is essential on the carbon reduction journey.
- **Social value** – decarbonisation requires long term investment and provides opportunities to create significant growth areas in the economy, thereby creating meaningful employment and training opportunities.

### SECR (Streamlined Energy and Carbon Report)

The SECR framework is a mandatory UK-wide energy and carbon reporting scheme, implemented to create a straightforward carbon reporting framework. SECR seeks to improve transparency and help reduce UK carbon emissions associated with business and industry. From 1st April 2019, all large UK organisations are mandated to make an annual public disclosure within their Directors' Annual Report and Accounts of their UK energy use and carbon emissions

### Why calculate a carbon footprint?

To support the management and reduction of greenhouse gas (GHG) emissions an organisation needs to understand which business activities generate GHG emissions and the magnitude of the generated emissions.

A carbon footprint provides a quantitative assessment of the GHG emissions arising from an organisation's business activities. Once a carbon footprint has been created, an organisation can begin identifying areas with the greatest potential for emission reductions.

Although, as a housing provider Ongo Homes are not required to provide this information, the information helps us review our current position.

The footprint includes the 'Scope 1' (e.g. combustion of fuel, fugitive and process emissions) and 'Scope 2' (electricity) emissions associated with the activities for which Ongo Partnership Ltd are responsible. For the purposes of the report only 'Scope 1' (Direct) and 'Scope 2' (indirect) emissions sources are required.

### Methodology

The footprint is calculated in accordance with the Greenhouse Gas (GHG) Protocol and Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance. Activity data has been converted into carbon emissions using published emissions factors. The data used has been provided by Ongo Partnership Ltd.

The results below included figures for the Ongo Group, including Ongo Commercial and Ongo Communities. The figures also includes energy used in our communal areas (such as heating and lighting, in over 400 sites) we have not made any adjustments for recharges.  Usage at companies other than Ongo Homes during the year was minimal.

### Intensity Ratio

The Intensity Ratio constitutes a simple measure of energy efficiency, as opposed to total energy or emissions.

### Usage

**Streamlined Energy and Carbon Reporting (SECR) for 1 April 2020 – 31st March 2021**

| **Energy Consumption** | **2019-20** | **2020-21** | **Trend** | |
|---|---|---|---|---|
| Mains gas (KWh) | 6,607,884 | 6,185,815 | 6% | |
| Mains electric (KWh) | 1,468,567 | 1,304,944 | 11% | |
| Transport – direct (KWh) – see note below | 166,442 | 756,803 | 355% | * |
| Total energy consumption (KWh) | 8,242,892 | 8,247,562 | 0.06% | * |
| **Emissions – Mandatory SECR Reporting** | **2019-20** | **2020-21** | **Trend** | |
| Combustion of gas (Scope 1) tCO2e | 1,255 | 1,137 | 9% | |
| Combustion of fuel for transport (Scope 1 – Direct) (tCO2e) | 40.3* | 181.8 | | * |
| Purchased electricity (Scope 2, location-based) (tCO2e) | -* | 0.7 | - | * |
| **Total gross emissions for which SECR reporting required (tCO2e)** | 1,255 | 1,320 | 5% | * |
| **Intensity ratio – mandatory emissions reporting** | **2019-20** | **2020-21** | **Trend** | |

| | | | | |
|---|---|---|---|---|
| Total gross emissions per property managed (tCO2e/property) | 0.123 | 0.128 | 4% | * |
| Total gross emissions divided by turnover (tCO2/turnover) | 24.0 | 25.7 | 7% | * |
| **Methodology** | | | | |
| The footprint is calculated in accordance with the Greenhouse Gas (GHG) Protocol and Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance. Activity data has been converted into carbon emissions using published emissions factors. The data used has been provided by Ongo Partnership Ltd. | | | | |
| **Note** | | | | |
| * We are unable to compare direct mileage claims due to changes in HR system and fleet during 2019-20. We are confident that there has been a reduction in 2020-21, which is mainly due to Covid-19 restrictions, and the reduction in face to face contact. However, we do not have the data available to accurately compare the years. | | | | |
| **Key points** | | | | |
| • From April 2020 to March 2021 the Intensity Ratio was 25.7 and it has been calculated that the ratio in 2020-2021 was 7% higher than that in the same period in 2019-2020. This is partly due to the lack of comparative data regarding direct transport and lower turnover in 2020-21.<br>• From April 2020 to March 2021 the total electricity consumption was 1,304,944 kWh and it has been calculated that 2020-2021 electricity consumption is 11% lower than those in the same period in 2019-2020.<br>• From April 2020 to March 2021 the total natural gas consumption was 6,185,815 kWh and it has been calculated that 2020-2021 natural gas consumption is 6% lower than those in the same period in 2019-2020.<br>• From April 2020 to March 2021 the total direct transport consumption was 756,803 kWh and it has been calculated that 2020- 2021 transport energy consumption is 355% higher than those in the same period in 2019-2020. However, the note above provides further details. | | | | |

**Transport**

Our fleet generally consists of around 90 vehicles across all services and across all Ongo companies; Ongo Homes utilises around 60 of these. In 2020-21 we covered 561,248 miles, of which 474,085 were undertaken by Ongo Homes. We know this is a reduction from the previous year due to Covid restrictions and the move to essential service only under the initial lockdown. In April 2020 we covered only 29,228 miles compared to 55,374 in March 2021.

Improvements to our fleet play an important role in our carbon reduction plan as we continue to optimise routes, monitor driver environmental performance and look to replace our fleet with a sustainable alternative.

Mileage claims in personal vehicles dropped significantly during 2020-21, during the lockdown periods. Almost all conferences, training and meetings were held virtually and continued to be held this way into 2021-22. Face to face visits were suspended for a while, moving to essential visits only. Alternative uses of technology were used to ensure we continued to support our customers. The reduction in the use of transport has had a positive impact on the environment globally and we will continue to ensure that we “think” before we travel. Optimising travel routes and looking for alternatives which are suitable for those involved.

| Type | Mileage |
|---|---|
| Diesel | 65,870 |
| Petrol | 12,157 |
| Board member journey | 576 |
| Casual mileage claim | 1,055 |
| Essential mileage claim | 29,671 |
| **Total** | **109,330** |

Ongo Homes accounted for 66% of the above mileage, at 72,285 miles travelled in the year to 31 March 2021

**Engagement with suppliers, customers and others**

We are a partnership of companies with one shared vision to create and sustain truly vibrant communities.

At Ongo, we understand that getting the very best value we can from our services and homes means we can invest more in creating opportunities for people in things like jobs, training and neighbourhood services – things our tenants told us are important to them during the most recent corporate plan consultation. We believe that working together produces better and more efficient results, and underpinning everything we do are core values of:

- **Partnership**
- **Drive**
- **Responsibility**

As a Registered Provider of Social Housing (RSP), our purpose is to provide a great service to our customers, tenants and communities but what really makes us different is how we go beyond just being a landlord.

We believe in providing opportunities, as well as homes, and working in true partnership with our tenants, customers and business partners to make lasting change.

We strive to create long-term value for all of our stakeholders but in order to do this, it is important to understand who our stakeholders are, their diverse requirements and what matters to them.

Our work generates value for the regional economy through, for example, job creation and delivering environmental improvements to develop the communities and natural environment in the region in order to create desirable places to live.

Our main stakeholders are…

- Tenants and customers
- Employees
- Communities
- Suppliers and contractors
- Regulators
- Third party partners
    - NHS
    - Police
    - Fire services

  - Local authorities
  - Schools and colleges
- The environment

We recognise that we do not operate in isolation and it is not our decision alone to determine what the region needs us to deliver. This is why it is essential we engage with stakeholders across the region, so we can identify shared solutions to shared challenges.

We value the diverse perspectives that a broad range of stakeholders, representing different and often competing interests, can bring to our decision-making. The relationships we build are subject to robust governance to ensure the insights generated are taken into account in decision making at executive and Board level.

**How we engage with, and are influenced by our…**

**Tenants and customers**

Our tenants are our customers and they are at the heart of everything we do and all our decisions made. We aim to deliver a great service in a way that customers value, and we listen to and engage with them to grow and develop our services.

We engage with our customers through a variety of channels, including our Community Voice panel, Customer Service and Customer Engagement teams and our digital channels. We get feedback on customer interactions every day, and conduct more detailed weekly research on key themes that are important to them. The focus of the services we deliver is based on customer feedback and consultation and as a result of this engagement we have greatly increased our neighbourhood and community services in line with our corporate plan.

Our quarterly tenant magazine, Key News, aims to engage with and inform our tenants on matters important and relevant to them.

Throughout the 2020/21 financial year and throughout the uncertainty of the Coronavirus pandemic and constant lockdowns, we continuously prioritised the wellbeing of our customers. We undertook an extensive programme of 'Safe and Well' calls, where members of our staff made 37,779 telephone calls to a number of our older and more vulnerable tenants between April 2020 and November 2020 to ensure they were safe and well. Calls were made to people by telephone once a fortnight to help to reduce social isolation and provide information on other local and national services available to help them, and were often used to deliver telephone counselling sessions to the individuals depending upon their needs.

In addition, we also supported our most vulnerable tenants with the provision of food parcels. For the full twelve months of the financial year from April 2020 through to March 2021, we collated and distributed 14,457 food parcels to ensure that the most vulnerable of our customers were able to feed themselves.

Despite the difficulties presented by the Coronavirus pandemic and the national lockdowns, our Communities team were still able to continue supporting our tenants with help to get into work. In total we managed to sign up 255 tenants to these projects, of which 57 have successfully gained employment.

**How we engage with, and are influenced by our…**

**Employees**

Our employees are the face of the company and we could not deliver our services without them. It is essential we build productive relationships based on trust, so they are engaged and motivated to ensure we meet our corporate plan objectives together.

We have a highly engaged, diverse and skilled team who take pride in their work, value opportunities to learn new skills, and maintain an open and honest dialogue with unions and the business. Managers play a vital role in supporting their teams, with regular one-to-one meetings, and our engagement survey regularly scores above the UK norm.

Throughout the difficulties of the last twelve months, we have constantly and consistently supported our staff's wellbeing. We have endeavoured to make all staff feel valued and have always tried to maintain their morale, all whilst adapting to new ways of virtual working, and with many struggling with lockdown, home-schooling, and isolation. We have a number of support interventions that staff can access, including counselling, life coaching, a health cash plan, and during lockdown we have provided care packages and wellbeing calls.

We tried very hard to avoid furloughing staff even when their roles were near impossible to fulfil during the lockdown restrictions, and as a result we only furloughed staff as an absolute last resort. Instead many staff were redeployed across other teams and other areas of the business, to deliver alternative roles such as undertaking the safe and well calls to customers as previously mentioned.

**How we engage with, and are influenced by our…**

**Communities**

Our work puts us at the heart of local communities, places where our customers and staff live and work. We develop strong relationships with those living in our communities, understanding the impact our work has on their lives. We tackle issues through engagement and investment, and by identifying the issues that matter most to communities we can develop solutions in partnership with them.

We engage through workshops and community partnerships, at our community hubs, The Arc and Viking Centre to help tenants in vulnerable circumstances or that need support to access opportunities.

Despite all the Covid restrictions and lockdowns of the last year, and despite not being able to operate effectively out of our regular community hubs, we have still endeavoured to value our communities. Our food parcel and safe and well call programmes were both intended to maintain a sense of community when the country was in lockdown, and throughout quarter four of the financial year we delivered an extensive community improvement programme to reduce anti-social behaviour and crime from our Westcliff Estate area. This project was known as Safer Streets, and was delivered with the aid of £650,000 of external funding from the Home Office through the Office of the Police and Crime Commissioner for Humberside (OPCC).

**How we engage with, and are influenced by our…**

**Suppliers and contractors**

As well as our staff, we rely on our suppliers and contractors to deliver our services, and the availability of goods and services in the market influences our strategy and how we operate. Good relationships with suppliers ensure projects are delivered on time, to a high standard, at efficient costs, and can bring innovative approaches and solutions.

Ongo use procurement to generate, build, and maintain business relationships with suppliers. As we carry out some duties on behalf of the public sector, Ongo must always ensure that we contract with suppliers in an open, fair, and transparent manner whilst conforming to the Public Procurement Regulations 2015 (PCR). We actively seek to engage with local suppliers, local contractors, and local service providers whenever possible and run active marketing, meet the buyer events, and supplier workshops so that we generate local interest and competition.

We maintain an electronic procurement and tendering portal for running all procurement processes, and conduct due diligence on suppliers ahead of contracting and permitting them onto our approved supplier list.

**How we create value for our suppliers…**

Short term

- We spend significant amounts with our suppliers each year to help deliver maintenance and enhancement projects across our asset base, and this helps support thousands of jobs in our region.
- By investing in our infrastructure we are helping to keep the economy flowing. We generate jobs through our capital programme and provide income for workers in the region

Long term

- Supporting jobs through our supply chain in the short term catalyses the development of skills and jobs in the region, providing a stimulus to benefit the regional economy in the long term.
- Working together to develop innovations and new technologies means we can identify solutions that will make our services better in the future.

We act with integrity, giving suppliers confidence in the way we do business, which translates to transparency and fairness for our suppliers.

**How we engage with, and are influenced by our…**

**Regulators**

Through proactive, constructive engagement with The Regulator of Social Housing, we agree to deliver commitments over specified time frames. We actively engage to shape the policy and regulatory framework within which we operate, covering customer, economic, environmental, social and governance matters. These priorities need to be balanced and viewed over a long-term horizon and maintaining relationships is key to this. The priorities and objectives of regulators can change over time so active engagement to provide our perspective around future policy is important to us.

**How we engage with, and are influenced by our…**

**Third party partnerships**

**NHS**
Despite not running, maintaining, or operating traditional ‘care’ facilities, Ongo maintain a close working partnership with our local NHS providers. The care, wellbeing, and welfare of all of our tenants and customers is vital to Ongo, and if society on a whole is to cope with an ageing population and the growing number of people with multiple long-term conditions then it is also essential for us to help maintain care services for people across our wider communities wherever we can.

The health benefits of good housing are widely accepted, and Ongo’s close working relationships with the local NHS care teams help us to provide the necessary support to our tenants and to the residents of our retirement properties to allow them to stay in their own homes unaided.

As a registered provider of social housing, we are in a good position to form innovative partnerships with the local NHS care teams enabling us to help direct services to where they are most urgently required.

In operation, the NHS is not a single entity but a collection of “businesses”, and relationships with these individual entities have been built over a long period.

Through jointly running initiatives to promote positive mental health and wellbeing, or ways to lessen the ‘isolation’ of tenants, we can help to reduce the ‘burden’ which is typically placed on the NHS.

**Police**

Ongo have a long standing and collaborative working relationship with the Police. We regularly support each other with issues of anti-social behavior (ASB) and crime, and often run joint initiatives on such matters.

In November 2020, Ongo actively engaged in a ‘Safer Streets’ programme with funding secured from the Home Office through the Office of the Police and Crime Commissioner for Humberside (OPCC). This joint operation saw us install a number of high security doors to our several of our properties, install a number of secure bike storage lockers and re-design and re-landscape an area within one of our communities which was prone to ASB, blocking off access to vehicles and ‘non-pedestrians’, installing barriers and better lighting and by generally making the area less attractive to groups prone to ASB.

In addition to the above, we often rely on our close working relationship with the police for safeguarding issues, tenancy evictions, and reported incidents of crime or ASB across any of our properties or communities.

**Fire services**

As a provider of Social Housing, fire safety has always been of paramount importance to us, however since the devastating events of the Grenfell disaster our efforts have stepped up enormously.

As a result, we ensure that we maintain an open relationship with the local fire and rescue services across our regions. We regularly share information with them, have undertaken training with operation watches in our high risk properties and we always keep them appraised of any changes to our systems or working practices that may affect fire safety.

We have a legal duty to ensure our properties are safe and meet the requirements of the Regulatory Reform (Fire Safety) Order 2005 (RRFSO) and to achieve this we carry out fire risk assessments annually to all of our high risk buildings. In addition to this we also carry out weekly health and safety checks to ensure we are aware of any new or potential risks.

All of this information, together with any other relevant safety information relating to our properties, is shared with the fire service to help them develop their standard operating procedures for dealing with emergencies in our buildings.

**Local authorities**

In order to be successful and good at what we do, it is vital that Ongo always maintain close working links and relationships with the local authorities across our regions. Whether it is for facilitating housing need and planning requirements for our development team, highways access for our grounds maintenance teams, the safeguarding of our tenants and residents, or the co-ordination and liaison of our homeless services, Ongo need to maintain professional close working relationships with all of the local councils under which the jurisdiction of our properties fall.

Having properties within Scunthorpe and North Lincolnshire, Doncaster and Lincoln, we partner closely with all local authorities wherever required and necessary.

### Schools and colleges

As a major local employer, Ongo have a responsibility to help prepare the next generation of talent for the workplace.

Our structured partnerships with local schools and colleges include the provision of opportunities for work experience and apprenticeships, delivering talks on business, getting involved with careers events, and providing CV and interview training.

These arrangements not only prepare young people for the world of work, they also help to raise their aspirations. We endeavor to give young people ambition and the motivation they require to continue their studies and to perform well at all levels of their education journey.

Throughout the pandemic, Ongo were able to extend the offer of coaching and mentoring for young people. In total the Ongo Communities team mentored 112 during the past 12 months, often requiring additional and longer term support due to the effects of Covid-19 on their health and wellbeing.

In addition to helping young people and students, Ongo also partner with local colleges to deliver training needs to staff and customers, and regularly offer these to the wider general public residents within our communities. In recent times, we have recorded VFM efficiency savings by outsourcing several internal training provisions to local colleges on a ‘free of charge’ basis, thereby eliminating the need for internal staff to deliver at a cost.

### How we engage with, and are influenced by our…

### Environment

We are committed to helping and protecting the environment and doing what we can to help save the planet. We rely on the environment for all of our key resources so it is important for the sustainability of our business that we protect and enhance it. We seek to incorporate sustainability into our supplier and product assessments and adopt renewable and sustainable energy sources wherever possible. Even our main HQ is primarily powered by green energy by means of solar PV panels situated on the roof.

Given the environment has no voice of its own, we engage with interested groups such as environmental regulators, non-governmental organisations, customers and communities. We conduct facilitated workshops with stakeholders to understand their priorities and have undertaken a large number of customer research projects. We work with environmental partners across the region to identify new ways to deliver improvements, and engage with several groups to explore opportunities to deliver shared environmental outcomes.

We have an acute focus of how to strive for carbon neutrality. We are developing plans for our first carbon neutral homes, and we are actively recruiting for a Sustainability and Carbon Reduction Manager to take this remit forward into the future.

### How we create value for our environment…

### Short term

- We meet increasingly stringent environmental standards which help to improve the quality of our services and improve sustainability.
- We adopt best practices to avoid generating waste and contract with waste partners to assist with recycling and effective waste disposal.
- We invest in innovative new products to reduce waste whilst still ensuring our services provide value for money.

**Long term**

- Our investment in renewable energy generation is reducing our carbon footprint and contribution to climate change.
- We innovate and invest in new technologies to make our properties more efficient and environmentally friendly.
- We plan far ahead to ensure our activities and investment enhance the long-term resilience of the environment.

**Auditors**

BDO LLP have been auditors for five years and are in the third year of their three year appointment to serve as auditors for the CBS following a tender process during 2018/19.

**By order of the Board**

RWalder

**R Walder**
**Director** **Date: 26 August 2021**

From 1 April 2020 to 31 March 2021 there were four meetings held on

| | |
|---|---|
| 10 June 2020 | 13 August 2020 |
| 22 October 2020 | 16 March 2021 |

These meetings were attended by:

| Name | Number of meetings eligible to attend | Number of meetings attended |
|---|---|---|
| Cook, Rachel | 4 | 4 |
| Finister-Smith, Michael | 4 | 4 |
| Klemm, Daniel | 4 | 4 |
| Wright, John | 4 | 4 |

Michael Finister-Smith served as chair of the Committee for the full year, and there were no appointments to or resignations from the committee during the financial year following the changes made as part of the recent governance review undertaken by Ongo. The committee has continued to focus on risk management as a key part of its revised terms of reference.

The key responsibilities of the Group Audit and Risk Committee, which enable it to assist the Board in fulfilling its oversight responsibilities, are:

- Reviewing the effectiveness of the Community Benefit Society's (CBS) and the Ongo Partnership Group's financial reporting and internal control policies.
- Reviewing procedures for the identification assessment and reporting of risk and the effectiveness of risk management.
- Monitoring the integrity of the CBS's financial statements.
- Monitoring compliance with applicable legal and regulatory requirements.
- Agreeing the scope of the internal auditors annual audit plan.
- Agreeing the scope of the external auditors audit plan.
- Monitoring the qualifications, expertise, resources, independence, performance and effectiveness of the internal and external auditors.
- Making recommendations to the Board on the reappointment or otherwise of both the external and internal auditors and keeping their fees, terms of engagement and independence under review.

The minutes of each Group Audit and Risk Committee meeting are accepted by the Group Common Board at the first board meeting following that of the Committee. A verbal update is also given at the Common Board meeting. In addition to this, key decisions of each committee meeting are recorded and made available to Board members immediately following meetings to ensure Board members are promptly informed on the matters considered by the Committee.

The Committee has asked that the Chief Executive and the Director of Resource and Commercial Services attend its meetings. Other members of the Executive Team attend as and when required.

Members of the Committee have the opportunity to meet alone and/or to meet with both the internal and external auditors who have direct access to the Chair of the Committee.

The Committee may, at Ongo Partnership's expense, obtain independent professional advice on any matters covered by its terms of reference.

The Committee accepts that certain work of a non-audit nature is best undertaken by the external auditors. The Committee reviews the amount of non-audit work they perform on an annual basis.

# Ongo Homes

## Audit and Risk Committee report
## for the year ended 31 March 2021

The principal activities undertaken by the Committee in the period under review were as follows:

Internal controls and risks:

- Contributing to the review of the risk management framework of Ongo Homes and Ongo Partnership group, ensuring that the requirements of the Voluntary Undertaking entered into following the governance downgrade of Ongo Homes are fully adhered to.
- Regularly reviewing the strategic risk register of the organisation, and received updates on the operational risk registers.
- Considering reports from the internal auditor partners on work undertaken in reviewing and auditing the control environment related to various functions of the business, to assess the effectiveness of the internal control systems. Specific subject matter covering; cyber security, value for money, legal compliance, treasury management, development contract management, regulatory standards and gas safety.
- Considered work in relation to the compilation of the annual business plan and related sensitivity and stress scenario analysis.
- Regularly monitored compliance with general data protection regulations.
- Monitored all direct award procurement actions to ensure appropriateness of the actions, and received a report on overall procurement activity for a twelve month period.
- Reviewed the tender and procurement process relating to insurance services for the Group
- Monitored fraud attempts.
- Monitored health and safety as regards to compliance.

Finance reporting:

- Reviewed the financial statements of the CBS and other entities within the Ongo Partnership Group and as part of this process the significant financial judgements contained therein.
- Reviewed the assumption regarding the preparation of the financial statements on a going concern basis, including the supporting information and disclosures contained therein.

External audit:

- Agreed the approach and scope of the audit work to be undertaken by the external auditors
- Received, reviewed and considered the interim and final management reports of the external auditors.
- Monitored the progress the CBS and the Group has made to implement any recommendations made by the external auditors.

Internal audit:

- Agreed the internal audit plan for the period aimed at assessing the effectiveness of policies and processes relating to the key areas of operational and financial risk.
- Received, reviewed and considered the reports from the internal auditors with respect to the work they had done with regard to their agreed audit plan.
- Monitored the progress the CBS and the Group had made to implement any recommendations made by the Internal Auditors

**AUDIT AND RISK COMMITTEE CHAIR** **DATE: 26 August 2021**

**M Finister-Smith**

**VISION**

“To create and sustain truly vibrant communities.”

**CORPORATE OBJECTIVES**

Our 2019-23 corporate plan focuses on three key objectives:

- Being a great landlord
- Providing good quality homes
- Creating opportunities for people and communities to thrive

The Board has approved the corporate plan and objectives and has reiterated its commitment to build more homes.

**Nature of business**

The association was formed on 28 April 2006. It became operational with the transfer of the housing stock of North Lincolnshire Council on 26 February 2007 and its head office is located in the town of Scunthorpe.

The CBS’s housing stock at 31 March 2021, which is located in North and Greater Lincolnshire, Yorkshire and Bassetlaw, consisting of 9,285 units for general needs, 764 affordable rent units, 31 units for supported housing/housing for older people and 16 units for shared ownership. The CBS therefore has a high exposure to the risks associated with a large number of general needs housing in a concentrated area.

The condition of the stock was reviewed as part of the Stock Transfer, and became the platform on which the CBS built its refurbishment and improvement programme for the following five years. This was designed to exceed Decent Homes Standard and was successfully completed in March 2012 and continues to be attained now.

**Compliance with Governance and Financial Viability Standard**

We have carried out an assessment against the standard for 2020/21 and have self-assessed Ongo Homes as fully compliant against the Governance & Financial Viability Standard.

**NHF Code of Governance**

The Board has adopted the National Housing Federation (NHF) Code of Governance and following an assessment against the code is fully compliant. The following areas of the Code are not applicable to this company

- B8 (shareholders)
- H2(4) Companies Act 2006.

**Governance**

The CBS is governed by a Board of Management comprised of up to eleven non-executive members plus the chief executive officer. The current list of members is included on page 3 of these financial statements. The CBS strives to ensure it is able to recruit members from a diverse background to bring together the necessary skills and expertise required to lead a successful and high performing organisation. All Board Members are subject to individual annual assessments.

The Board delegates the day to day running of the CBS to an Executive Leadership Team, headed by a Chief Executive and supported by a Property Director, a Communities Director, a Resource and Commercial Director and a Corporate and Compliance Services Director. Members of the Executive Leadership Team also attend the Board meetings.

**Employees**

The CBS recognises that fulfilment of its corporate objectives is underpinned by the quality and contributions of its Board and all the people it employs across the organisation. The CBS is committed to investing in its employees and through its annual performance and development process it is able to identify and build upon each and every employee's development needs to equip them with the necessary skills and experience they require.

The CBS shares information on its objectives, progress and activities through a series of meetings involving executive directors, the senior management team and its employees, and by means of the intranet and other social media sites. It also participates in a Joint Consultative Committee with elected employee representatives and meets regularly to discuss issues relevant to them.

At the financial year end the CBS had a Silver accreditation from Investors in People We believe that this is an achievement which continues to demonstrate the CBS's commitment to maintaining a workplace which values the professional and personal development of its employees. It is also listed in the top 100 Sunday Times Best Companies which demonstrates a high level of staff engagement.

As an equal opportunity employer, the CBS is committed to the equality and diversity agenda regardless of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex or sexual orientation. We see it as fundamental to the way that we operate to ensure that we:

a) aim to eliminate discrimination, harassment, victimisation;
b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
c) foster good relations between persons who share a protected characteristic and those who do not.

As such it invites interests from all of its stakeholders and believes that this commitment is fundamental across its organisation and integral in what it seeks to achieve. The CBS currently holds Disability Confident accreditation and Leaders in Diversity demonstrating its commitment to employing staff with disabilities.

**Business planning**

The business planning process is centred on achieving the CBS's key Corporate Objectives. This includes an assessment of strengths and weaknesses, opportunities and threats related to these objectives. These are discussed annually between the Executive Leadership Team and the Board and appropriate measures are included within the business plan.

**OPERATIONAL HIGHLIGHTS**

There are many positives to take from 2020-21, with the main highlights below, including those achieved by sister companies:

**Working through the pandemic:** A pandemic features as a low probability on our business continuity risk register but the scale of Covid wasn't something anyone could have anticipated, so to have continued to offer all of our services (some altered to meet government guidelines) for the duration of Covid was the biggest achievement of the year.

Our core landlord services remained available, our support services increased with us offering food parcel deliveries to the most vulnerable and we made safe and well calls to check in with our older and vulnerable tenants.

We continued to build new homes, let our existing ones and carried out required safety and compliance checks.

The last year truly showed the dedication and passion our colleagues have to keep the business running at an uncertain and challenging time.

**G2 rating:** We were successful in returning to a compliant G2 governance rating following an assessment by the Regulator of Social Housing. The regulator now has the assurance that following a downgrade in February 2019 that we have reviewed and strengthened our governance arrangements. They are confident that we now meet the requirements expected of a registered provider resulting in a G2 rating being granted whilst retaining our V1 status.

**Operational Plan:** We completed 99% of our 2020-21 Operational Plan which is a huge achievement.

**Four strategies launched:** We launched and implemented our four new strategies to support the delivery of our corporate plan. The strategies involved colleagues and tenants in their creation, and the launch involved all colleagues despite working remotely.

**Policy review performance:** 92% of the policy review schedule was completed (target is 85%). This means 60 out of 65 policies that required a review were completed on time. Of the 29 full reviews for 2020-21, 28 were completed, which has never been done before. Full reviews require full, meaningful consultation with our colleagues internally, externally and our tenants.

**Audit success:** We received substantial assurance from our internal auditors in the following areas: risk management, regulatory standards, health and safety, building safety, gas servicing, business continuity, disaster recovery, treasury management and development.

**Rent arrears performance:** We have had our most successful year in terms of rent arrears. These have almost halved over the last two years, and we are now industry leaders having the lowest average Universal Credit debt in the sector.

**Homeless service performance:** Our end of year figures are excellent for this area of the business. Only 532 nights out of a total of 16,060 were recorded as a void unit, which makes our occupancy rate 96.7%.

**Virtual repairs:** We launched our virtual repairs service in 2020-21 which allowed us to remotely assess certain repair issues to identify the problem and where possible, talk the tenant through any basic resolutions. If the issue could not be fixed remotely, the correct parts could be ordered ensuring it could be fixed after just one visit.

**New homes:** 182 new homes were completed last year. Highlights include completing the Westcliff regeneration project, our first rent to buy homes completed, more homes for sale completed, and new large schemes started in Doncaster and Gainsborough.

**Safer Streets project:** A £650,000 project funded by The Office of the Police and Crime Commissioner (OPCC) was completed by the end of March 2021. The fund was used to improve the Westcliff area involved installing new communal doors, providing residents with home and bike safety equipment, installing new fencing, installing bike pods, improving community garden areas and other measures to reduce anti-social behaviour.

**£1million invested in fire safety:** All 400 fire doors at our high rise blocks at Market Hill in Scunthorpe have been replaced costing around £1million. This included replacement of entrance doors, communal doors and lift lobby and stairwell areas. This work demonstrates our continued commitment to ensuring our tenants feel safe in their homes.

**£50m funding secured:** We've secured £50million from bLEND to ensure we have the funds to achieve our corporate plan target to build 2,250 new homes over the next ten years. This new borrowing will supplement the facilities that we still have with Barclays, which has been in place since transfer in 2007.

**Digital journey progress:** Our digital journey over the last year has given us many opportunities to develop and put our ideas into practice. We're able to reach more of our customers online than we ever have with the start of our digital tenants group, helping us to direct the route of the changes to our digital services. We've increased the number of repairs that can be booked online and made more appointment slots available.

Throughout the pandemic we have increased our ability to adapt the software that we use behind our customer facing digital solutions to make it a smoother and more effortless experience. One of our biggest achievements across the year was developing and going live with our online applications (e-signup) process for customers.

**New business**

- £650k in external funding was secured to implement the Safer Streets project in Westcliff.
- Working in partnership with North Lincolnshire Council, West Lindsey Council and other partners, 182 new homes were built within 2020-21. A further 68 homes were started on site.
- Trading profits generated by Ongo Homes' subsidiary, Ongo Developments Limited, in the year ended 31 March 2020 enabled it to make a gift aid donation to Ongo Homes during December 2020 of £681k.

## FINANCIAL REVIEW

The principal aim of this section is to explain the CBS's financial performance during the last year and how this is linked and influenced by its:

- capital structure,
- treasury policy,
- sources of liquidity and
- investment plans.

**Section 172 statement**

Our duty to promote the success of the company for the benefit of its members as a whole, has regard to:

**Likely consequence of any decision in the long term**

The Ongo Group Corporate Plan which runs until 2023 and is largely driven by the activities of Ongo Homes, is made up of three simple objectives:

- Be a great landlord
- Offer quality homes
- Create opportunities

By 2022 we aim to have achieved the following:

- For more than 80% of our tenants to say they feel their views are listened and acted upon
- For 97% of our customers to be happy with the maintenance service they receive
- For more than 90% of our tenants to be happy with their neighbourhood
- To achieve 100% in all our compliance and safety checks
- In line with our 2019- 2023 corporate plan objectives, to be on track to invest £83.1 million into our existing homes over the next 10 years following the year of the adoption of the plan
- In line with our 2019-2023 corporate plan objectives, to be on track to build 225 new homes every year for the next 10 years following the year of the adoption of the plan
- For 45% of our contacts to be completed digitally

**Act fairly between members of the company**

We believe in involving our tenants in our big decisions to ensure the best outcomes for service improvements to truly benefit our tenants. They are the ones receiving our services so it is crucial that they have a say in the ways we improve and develop them.

Our Community Voice group discuss and approve all operational policies, having the opportunity to shape the way we develop as an organisation to improve our services to tenants.

During the pandemic we worked quickly to get our tenant groups up and running in a virtual format due to in-person meetings having to be cancelled. This meant we could continue to work with our tenants, involve them in decisions and supporting us to develop our services – all done remotely for twelve months.

Our Equality, Diversity and Inclusion (EDI) group is made up of staff and tenants who meet on a quarterly basis to discuss matters surrounding equality and diversity. In the last twelve months, a number of important topics have been raised at the group including opening up the conversation following the Black Lives Matter (BLM) protests and murder of George Floyd. We have held discussions with our EDI group and the leaders of the organisation, plus spoken to our colleagues from different backgrounds who may be impacted by racism and/or discrimination because of the colour of their skin. This allowed us to gain more understanding about how to take the conversation around race forward.

We've also worked on our diversity profiling for the organisation and gaining more information in relation to diversity for our colleagues, leaders and tenants. We have also published our annual gender pay gap report online.

Our Board composition statement also ensures that we include tenant experience as a key attribute, ensuring that tenants' views are represented on our Board at a higher, strategic level. We have tenant representation on our Board, meaning tenants have a say at every level within Ongo.

**Maintain a reputation for high standards of business conduct**

We strive to continuously improve and offer the highest possible services for our tenants. Below gives detail around some external recognition we received over the last twelve months for various areas of the business:

**NCFD (National Centre for Diversity) FREDIE awards**: We were shortlisted for two awards which are the Equality, Diversity and Inclusion (EDI) Lead for our Strategy and Policy Manager Erica Sanderson, and also EDI Steering Group of the Year.

**LABC (Local Authority Building Control) awards:** winner of ‘Best Small Social or Affordable Housing Development’ for our 16 home development on Holgate Road in Scunthorpe, and runner up of ‘Best Social or Affordable Housing Development’ for our 27 home site on Cottage Beck Road, also in Scunthorpe.

**Secured by Design award:** our Cottage Beck Road development received a gold Secured by Design award for its crime prevention measures. These awards are the highest police award for safe design homes.

**Impact of operations on the community and environment**

- £1.12million was invested into Ongo Communities, a registered charity and another subsidiary of Ongo Partnership to provide community projects and initiatives to benefit our local people and the areas they live. This includes supporting our Ongo Talk mental health and counselling service for tenants to access, many employment initiatives to support our tenants to get back into work, working closely with our young tenants to raise their aspirations and encourage them to have the tools and ambitions to succeed in life.

- The Safer Streets project focusing on improving the Westcliff estate, funded by The Office of the Police and Crime Commissioner (OPCC) to improve the area and reduce anti-social behaviour on the estate. There was lots of consultation with tenants and the local community to ensure the £650,000 funding was spent on exactly what the area needed to see improvements.

- £20,000 was shared between 15 local community groups that actively do work in our area to support tenants and the wider community. Successful groups included mental health support groups, local sports clubs and a charity supporting families suffering from food poverty.

**Foster business relationships with suppliers, customers and others**

Our Executive team actively encourage positive business relationships with our suppliers, customers and partners to ensure we’re offering the best possible services to our tenants and customers.

We have a procurement framework that all departments within the business work to, making sure we are fair and reasonable in the way we appoint our suppliers. This also encourages the rotation of projects and work to all the suppliers on the framework to allow all our suppliers to work with us. We also encourage local suppliers to work with us whenever possible, to reinforce our commitment to support the local community. And with this, we encourage our suppliers to get involved in our community work including supporting local events and initiatives we run.

Partnership working is another way we build positive relationships with those living in our communities and the partners we work with in the local area. This includes police, local authorities, schools and colleges and other supportive organisations in the region. Through these partnerships we have seen many positive outcomes to benefit our tenants and the local area as a whole. This way of working happens all through the business, with many of our leadership team sitting on local Boards and representing Ongo at partnership meetings. Other staff members across the business play key roles in multi-agency meetings to improve issues and problems. In the last twelve months there have been many positive outcomes from this partnership working; in particular our relationship with the police and other agencies to tackle crime and anti-social behaviour.

Having a positive relationship with our tenants is something really important to us as a business. We involve our tenants in key business decisions and ways to help us improve as an organisation. We engage with our tenants through a number of channels including our Community Voice group, numerous other tenant panels, we have a group of 'tenant testers' to trial our latest services and we also carry out consultation with wider tenants using direct communication and social media promotion. Over the last twelve months we have increased our digital communication and consultation with tenants including text message and email surveys to gather feedback.

**Interests of employees**

We aim to involve staff and keep them engaged with decisions that will impact them. All our policies relating to staff are always put out for consultation and feedback when reviewing and creating new policies.

In 2019 we launched our new corporate plan, the starting point of which was staff and stakeholder involvement to ensure we got it right.

To achieve our corporate plan we have created four new strategies (plus our existing value for money strategy) to replace our previous 12 strategies. We wanted this piece of work to heavily involve staff as they will be the ones completing the work and targets set out. This involved focus groups, surveys and regular updates with all staff to ensure as many views were considered when creating the draft documents. The four new strategies were launched in October 2020 and the yearly operational plan supports the delivery of the strategies. Regular updates and the key measures are published on the intranet and shared with employees.

We have a reward and benefit package which is very competitive in our local area, and we also offer a flexible and agile approach to employment to ensure work life balance is maintained.

**Financial performance**

The CBS's turnover increased from £45.9m in the year ended 31 March 2020 to £47.7m in the year to 31 March 2021.

Rent losses from voids and bad debt (expressed as void and bad debt as a percentage of income from lettings) was 1.9% (2020: 2.9%). Board considers void management to be a key performance measurement and, in addition to bad debt and void losses, continually reviews the percentage of void stock in management and void turnaround (re-let) time.

The group produces internal benchmarking for a number of areas with a cumulative position calculated for the year. The following areas, both of which showed an improvement over the previous year, are included within the monthly reporting and are considered to be key indicators:

Vacant dwellings as a percentage of stock (standard void) stood at 0.97% (2020: 1.21%) with the total rent loss from vacant dwellings reducing to £482k (2020: £539k).

Rent arrears represents a key form of data and at the year end current tenant rent arrears, excluding housing benefit, as a percentage of rent was 2.56% (2020: 1.79%) with former tenant arrears falling to 0.93% (2020: 1.84%).

The net movement in housing stock saw an increase to 10,096 *(2020: 9,959).* During the year 29 tenants exercised their right to buy their home (RTB/RTA). The surplus on the sale of properties was £1.14m (2020: £1.61m).

The operating surplus before interest, gift aid income and right to buy has increased to £11.5m (2020: £9.7m), with operating margin changing from 24.6% (2020) to 26.6%.

The surplus on ordinary activities before taxation for the year increased by £1.9m to £9.6m. This includes a gift aid receipt from Ongo Developments of £681k. After the actuarial loss on the defined benefits pension scheme of £8.2m (2020: gain of £7.1m) this leaves a gain to reserves of £1.4m compared to £14.8m in the previous year.

**Capital structure and treasury policy**

The CBS continued to refurbish and improve its housing stock.

Drawn borrowings from a UK bank at the period end were £60m, consistent with the prior year, and unused available facilities totalled an additional £45m, as detailed above. This debt is borrowed using a mixture of fixed interest and variable rate loans. The first repayment on a fixed term loan becomes due in 2022/23. During the year the CBS secured the proceeds of bonds issued by bLEND at a premium to par. The nominal value of funds secured was £50m with a bond premium of £7.8m. The debt is a fixed coupon rate with repayment due in March 2054.

The treasury strategy is set annually and approved by the Group Common Board. Normal policy is to maintain a minimum of 50% of borrowings at fixed rates of interest. At the end of the financial year 100% of the CBS's drawn borrowings were at fixed rates of interest, with the overall borrowing portfolio including 71% of debt at fixed rates. This ratio includes the bLEND bond funding arranged during the year which was appropriately approved by the Board.

The CBS does not use hedging instruments other than to fix variable rate debt at the time of drawdown.

The fixed rates of interest on the bank loan range from 3.85% to 5.93% at the year end, with margins on these fixed debts scheduled to increase by 1.25% over the next 4 years. The currently undrawn revolving credit facility incurs a commitment fee of 0.48% on undrawn facilities, and when drawn a margin of 1.2% above LIBOR. The loan from bLEND is at a coupon rate of 2.922%, fixed for the life of the loan.

The Bank's and bLEND's lending agreements require compliance with a number of covenants. Ongo Homes' position is monitored on an on-going basis and reported to the Board. Recent reports confirmed that the CBS was in compliance with all its loan covenants throughout the year under review and the Board expects to remain compliant in the foreseeable future.

Surplus funds are invested in approved institutions and monitored by the Group Common Board

The CBS's principal credit risk relates to tenant arrears. This risk is actively managed by providing support and advice to those tenants who are struggling to maintain payments and to closely monitor arrears that do occur whilst still providing support and assistance with the aim of bringing accounts back into credit for of those tenants who are able to self-fund some or all of their rent.

### Cash flows

Cash inflows and outflows for the period under review are set out in the statement of cash flows. It details:

- net cash inflows from operating activities of £20,232k which is generated in the main from the management of housing stock;
- outflows on investment and servicing of finance of £43,414k due to proceeds from the bLEND loan and bond premium, capital additions, interest income and interest charges; and
- the net movement in cash.

### Current liquidity

Cash and bank balances at the year-end were £77.5m (2020: £13.9m), which includes £50.0m in an account held by bLEND in the name of the CBS. Net current assets were £71.6m (2020: £10.4m). At the balance sheet date Ongo Homes had facilities and security in place to borrow a further £45.0m.

The Board does not consider there to be any seasonal effects on borrowing requirements. The main factor influencing the amount and timing of borrowings is the pace of the development programme. Cash flow forecasts are monitored closely to ensure sufficient funds are available to meet liabilities when they fall due, whilst not incurring unnecessary finance costs, by only drawing on loan facilities when required.

## PRINCIPAL RISKS

The principal key risks to Ongo Homes are;

- Health and safety: relating to occupational health and safety and building safety, changes to regulation.
- Legal and regulatory compliance: relating to governance and compliance obligations.
- Financial decline: relating to rent charges, losses, arrears, increases in costs, rent setting.
- Financing risk: ability to secure funding, credit rating.
- Business continuity: relating to cyber security, Covid-19, ICT infrastructure
- Stock investment: relating to data integrity, major investment programmes
- Development: relating to the development programme, build for sale

## FUTURE PLANS

Our future plans are determined by our corporate plan which runs from 2019-2023, and we have three main objectives within this plan: to be a great landlord, to offer quality homes and to create opportunities.

Over the next twelve months we aim to achieve the following:

**Be a great landlord**

- Agree and publish a Board EDI commitment statement and objectives, put initiatives in place to improve the diversity profile of board and staff to ensure they are representative of the community that they serve
- To launch a successful coaching model approach
- Launching our customer Service triage

- For our lettings process to become digital
- Move away from choice based lettings with 50% of our lettings

**Offer quality homes**
- Build 225 new homes in the next twelve months as part of our commitment to build 2,250 over the next ten years
- Progressing with our growing portfolio of tenure types (outright sale, rent to buy, shared ownership, affordable rent and specialist housing)
- Continuing to invest in our existing homes to ensure they are safe, secure and maintained to a high standard
- Continue our focus on reducing our carbon footprint with all development work we do

**Create opportunities**
Investing £1.12million in programmes to improve our communities, with programmes delivered through Ongo Communities to:
- Support tenants with training, volunteering and employment opportunities
- Provide mentoring and coaching to young people
- Reduce social isolation with our tenants by delivering services and activities
- Offer mental health support and counselling with life skills advice
- Supporting local people aspiring to be entrepreneurs with our Sparc programme

## STATEMENT OF COMPLIANCE

The Board confirms that the Strategic Report has been prepared in accordance with the principles set out in the SORP for Registered Providers 2018 and the Co-operative and Community Benefit Societies Act 2014.

**By Order of the Board**

RWalder

**R Walder**
**Director** **Date: 26 August 2021**

It is our job to provide homes and services which offer value for money (VFM). Each year we update our tenants and customers on how we are doing by publishing our Value for Money Statement on our website.

This statement includes details of our performance and costs in 2020/21 and how we compare with other similar organisations.

For this statement we have selected to compare ourselves against housing associations which had a stock size of between 5,000 and 20,000 (we have approximately 10,000) and which are similarly located in the Yorkshire and Humber or North East regions.

These include Bernicia Group, Beyond Housing, Broadacres Housing Association, Lincolnshire Housing Partnership, Livin Housing, South Yorkshire Housing Association and Yorkshire Housing.

Our 2018/19 benchmarking also included Durham City Homes and East Durham Homes. Durham City Homes and East Durham Homes merged in 2019, along with Dale & Valley Homes to form Believe Housing Ltd. 2018/19 Global Account data was not available for Believe Housing Ltd due to being a newly formed entity, however their 2019/20 data has been included within the benchmarking for this statement.

It was anticipated that the 2020/21 financial year was likely to be challenging due to the uncertainty and potential risks of Brexit, the continued increase in universal credit claimants and the potential for restricted access to funding as a result of a governance downgrade in 2018/19. However these challenges where subsequently superseded by the global Coronavirus pandemic.

Like the majority of businesses across the UK and the rest of the world, the introduction of national lockdowns, the migration and adaptation to virtual ways of working and continuously changing priorities for the business have had a huge and dramatic impact on Ongo Homes. In some cases, operational ways of working have been changed permanently for parts the business, and in other cases the switch back to historic ways of working will come eventually. Nevertheless, despite all of these new challenges our service delivery, levels of service to customers, and our customer feedback have all remained high.

There have been other positives which have arisen as a result of the challenges of the last twelve months. The adoption of virtual working will be here to stay at Ongo, resulting in significant reductions in time, cost, and carbon when it comes to business areas such as meetings and travel. Virtual working has presented an even more agile approach with the introduction of a ‘work from wherever it is appropriate to do so’ philosophy. Conversations about ‘work’ are now very much about ‘what we do’ rather than ‘where we do it from’. More of our services have become or are becoming digital, and all of these changes impact on our efficiencies, effectiveness, and economy, and therefore directly link to value for money.

**Our Corporate Plan**

Ongo is a partnership of companies with one shared vision to create and sustain truly vibrant communities.

In 2018/19, we published our corporate plan which focussed on three key objectives: being a great landlord; providing good quality homes; and creating opportunities for people and communities to thrive.

The plan was developed through extensive consultation with tenants, employees and partners.

Under each objective we have developed a number of indicators which will drive the activity needed to achieve our aims.

We understand that getting the very best value we can from our services and homes means we can invest more in creating opportunities for people in areas such as jobs, training and neighbourhood services – things our tenants told us are important to them during the most recent corporate planning consultation.

Underpinning everything we do at Ongo are our values. These guide the way we work;

- **Partnership**
- **Drive**
- **Responsibility**

What really makes us different is how we go beyond just being a landlord.

We believe in providing opportunities, as well as homes, and working in true partnership with our tenants, customers and business partners to make lasting change.

Our vision is to create and sustain truly vibrant communities, and to achieve this, we have three simple aims.

- **Be a great landlord**

  By… Involving tenants in our decision making.

  Providing excellent services to tenants.

  Running an efficient landlord service.

- **Offer quality homes**

  By… Enhancing our environments to make them places people want to live in.

  Investing in our existing homes so they meet future demand.

  Building new homes to help address housing need.

- **Create opportunities**

  By… Increasing the employment potential of people in our communities.

  Raising the aspirations of young people in our communities.

  Investing £1million each year in programmes which improve communities.

**One Ongo**

In June 2020, we added a fourth corporate objective with the intention of creating one team across Ongo through which we can work together to achieve our corporate plan. The new objective and its supporting strategy is intended to underpin what we want to deliver as 'One Ongo' over the next three years. This strategy is about every single person contributing to help deliver our Corporate Plan and the three prime objectives laid out above.

This strategy brings with it a shift in mind set for some. Many Ongo teams work really well in delivering their own piece of the jigsaw but 'One Ongo' is about everyone working together as one team to deliver one goal. It's about making life simple and easy and removing barriers and non-value activities.

**Corporate plan objective: Be a great landlord**

To be a great landlord, we will provide excellent services to tenants, run an efficient landlord service and involve tenants in our decision making.

In our drive to be a great landlord, we have been putting a greater emphasis on changes we can make to improve our services. Over the last year this has included a greater focus on our self-help digital tools (my home) a new digital end-to-end tenancy sign up process, removing the need for paper, as well as the introduction of a new customer resolution team to resolve tenant queries at first contact. We are also looking over the next few months to bring all our landlord functions together to create wider efficiencies across the team.

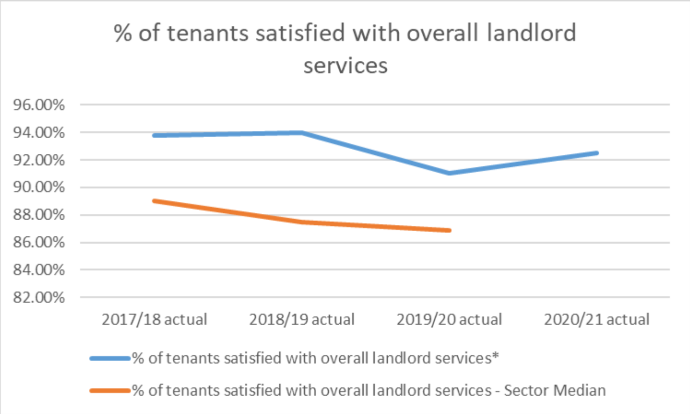
Below are our VFM metrics against which we measure our performance in delivering a great landlord service. We've compared these with the median scores achieved by those housing associations that reported into HouseMark in 2019/20, which is the latest available comparison data.

| Internal performance measures: Be a great landlord | | | | | | |
|---|---|---|---|---|---|---|
| **Indicator** | **2017/18 actual** | **2018/19 actual** | **2019/20 actual** | **2019/20 sector median** | **2020/21 actual** | **2020/21 corporate plan target** |
| % of tenants satisfied with overall landlord services* | 93.80% | 94% | 91% | 86.90% | 92.50% | TQ Sector – 88.39% TQ Peers – 89.40% |
| % of tenants satisfied views are listened to and acted upon* | 88.70% | 90.40% | 85.80% | 73.10% | 88.60% | TQ Sector – 75% TQ Peers – 77.84% |
| % of tenants satisfied their rent offers value for money* | 94.10% | 95.90% | 92.40% | 87.70% | 94.73% | TQ Sector – 88.85% Peers – 90.36% |
| % of tenants satisfied with our repairs service* | 88.30% | 87.20% | 81.50% | 90.04% | 86.07% | TQ Sector – 83.44% Peers – 83.96% |
| Current tenant arrears as % of debit (exc' housing benefit) | 2.13% | 1.83% | 1.79% | 2.56% | 1.62% | 1.70% |
| % of rent loss from lettable empty homes | 1.33% | 1.31% | 1.21% | 0.97% | 1.12% | 1.10% |

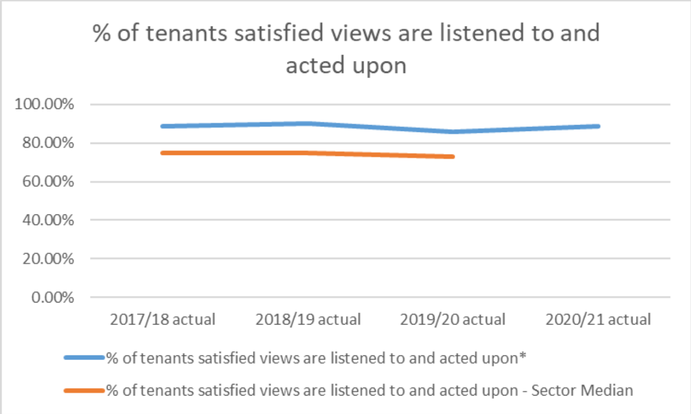
*data taken from Survey of Tenants and Residents (STAR) survey

Our performance against the Sector Median (please note benchmarking data not available for 2020/21):

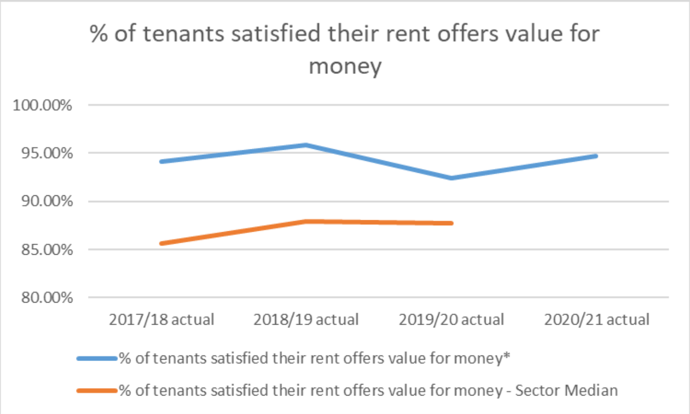
Graph 1



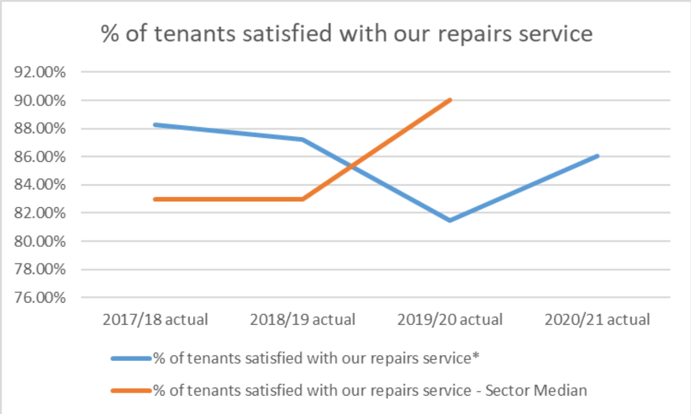

Graph 2



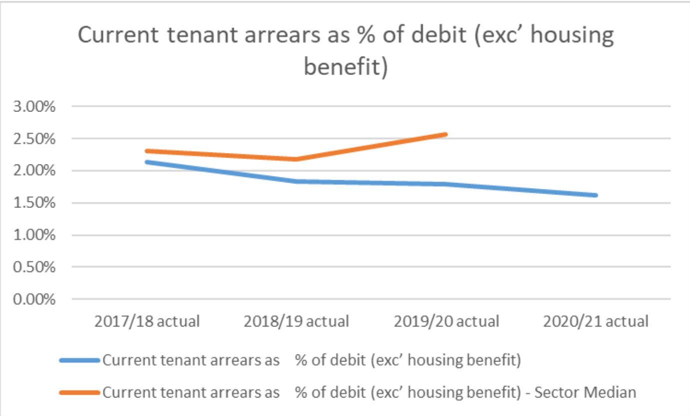

Graph 3



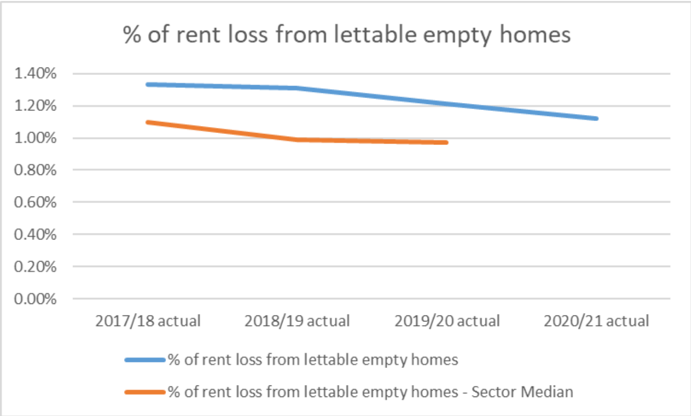

Graph 4




Graph 5




Graph 6




Graphs 1 - 4 above clearly demonstrate an increase in positive feedback from 2019/20 to 2020/21, across all four of the customer satisfaction performance criterion. Our performance around overall customer satisfaction increased by 1.5% which provides a clear indication of how satisfied our tenants are with the landlord services offered.

Satisfaction with our maintenance and repairs services for 2020/21 has increased significantly from 81.5% in 2019/20, up to 86% in 2020/21. However, as demonstrated by Graph 4, the percentage of tenants who are satisfied with our repairs service remains below the sector median following the significant dip in customer satisfaction for this area during 2019/20 caused in main by the average time taken to carry out standard repairs. We have since increased the number of trade colleagues and made more contractor resource available to carry out this work, which as previously stated has seen 2020/21 figures increase.

Graphs 5 and 6 demonstrate a ‘positive’ decrease in the financial measures of our ‘current tenant arrears as a percentage of debit’, and ‘the percentage of rent lost from lettable empty homes’ performance criterion from 2019/20 to 2020/21.

Our performance around current tenant arrears is very strong and we finished the year at 1.62% over achieving our internal target by over £50k. We have had good performance around former tenant arrears also and narrowly missed our 0.90% target, finishing the year at 0.93%.

In 2018 we started to implement a threefold strategy to reduce our arrears, which has seen a gradual incremental adaptation throughout 2019/20 and into 2020/21. The benefits of our revised strategy are now being recognised and the trend of reduced arrears since 2018, as see in Graph 5, presents a clear indication of its success.

The first element of our threefold strategy was to implement a rent first culture with an expectation for tenants to have credit positions on accounts at all times, mitigating the risks from Universal Credit (UC) 6 week lead ins and legacy claimants transfers, whilst also reducing technical arrears carried at different points throughout payment frequencies.

The second element of our strategy was to change the tenant conversation and we shifted from a procedure written to adhere to the pre-court protocol, ultimately ending in eviction, to a process that focuses on the sustainability of tenancies, identifying the root cause of arrears and dealing with that. We have moved away from a parental ‘you must or we will’ approach, to a coaching and engaging approach that creates a customer desire to engage, rather than avoid.

The third element of our revised strategy was to utilise technology and data to identify algorithms and transform the service from a reactive one dealing with arrears to a proactive one preventing arrears from happening in the first place.

This threefold approach together with our early measures to track and mitigate the impact of UC, our full detailed work at point of claim for UC claimants giving us the lowest UC average arrears in the sector, and our conversations to overcome barriers to engagement have all led to the continual reduction in arrears presented in this VFM Statement.

Rent loss from empty homes has continued to improve, finishing the year at 1.12% compared to 1.21% last year.

Despite initial concerns, our performance has not been negatively impacted by the Corona Virus Pandemic, and we have continued to collect income and let our homes in an efficient manner. We will be focussing this year on improving our overall re-let time down to 25 days and continuing our focus to sustain tenancies through good advice and support for our tenants as well as embedding coaching as a way of working.

**Corporate plan objective: Offer quality homes**

In offering quality homes, we will seek to enhance our environments to make them places people want to live in, invest in our existing homes so they meet future demand and build new homes to help address local housing need.

Part of our strive to deliver quality homes is our development programme which despite the Coronavirus pandemic and lockdowns of the last 12 months has continued to pick up pace with work starting on the delivery of new homes across a mix of tenures, including affordable rent, shared ownership and rent to buy.

A total of 179 new homes were completed in 2020/21 with a further 168 committed to and under contract.

At the end of 2020/21 (through our subsidiary company Ongo Developments Ltd), we had sold all 14 units from our first outright sales scheme.

On the back off this successful venture, a further outright sales scheme is nearing completion with one unit sold during the year. Built in West Lindsey, the remaining units will complete during 2021/22.

Six shared ownership properties were sold during 2020/21 generating £401k of income, including one fully stair-cased property which generated a profit of £92k after our costs were deducted. At the year end, we had three new shared ownership properties available for sale.

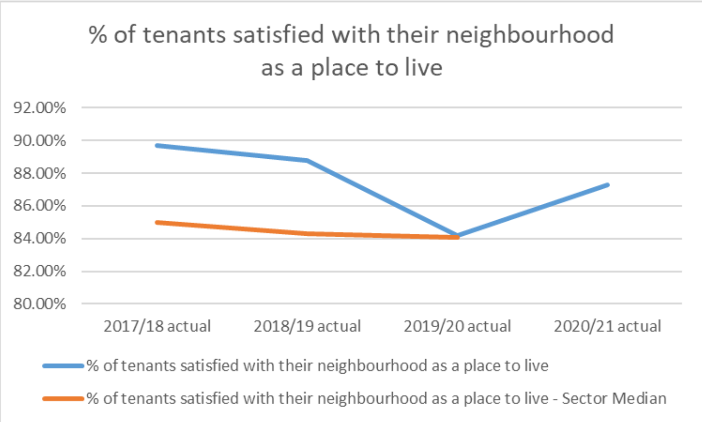
34 properties are currently being let on a rent-to-buy basis

Below are our VFM metrics against which we measure our performance in delivering quality homes. We've compared these with the median scores achieved by those housing associations that reported into HouseMark in 2019/20, which is the latest available comparison data.

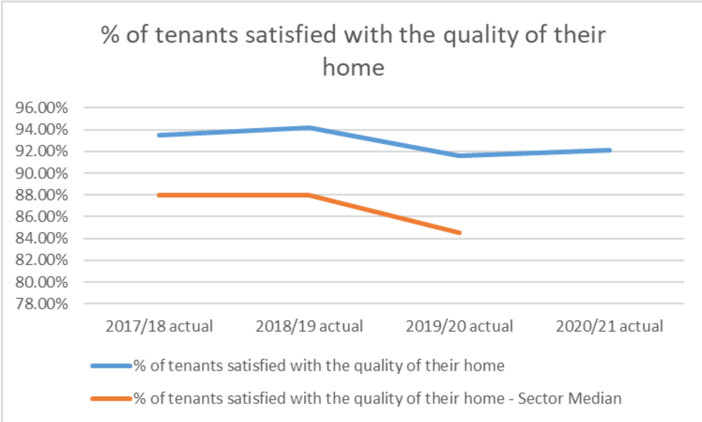
| **Internal performance measures: Offer quality homes** | | | | | | |
|---|---|---|---|---|---|---|
| **Indicator** | **2017/18 actual** | **2018/19 actual** | **2019/20 actual** | **2019/20 sector median** | **2020/21 actual** | **Corp plan target** |
| % of tenants satisfied with their neighbourhood as a place to live | 89.70% | 88.80% | 84.20% | 84.10% | 87.27% | TQ Sector – 87.0% Peers – 86.30% |
| % of tenants satisfied with the quality of their home | 93.50% | 94.20% | 91.60% | 84.54% | 92.07% | TQ Sector – 87.54% Peers – 87.70% |
| % of tenants likely to recommend Ongo Homes to family or friends | 66.30% | 63.60% | 63.80% | 46% | 64.43% | TQ Sector – 46.21% Peers – 42.97% |
| Investment into existing housing stock | £5,003k | £5,358k | £4,809k | N/A | £5,945k | £120m over 10yrs |
| Number of new build homes delivered | 103 | 130 | 134 | N/A | 179 | 225 |

Our performance against the Sector Median (please note benchmarking data not available for 2020/21):

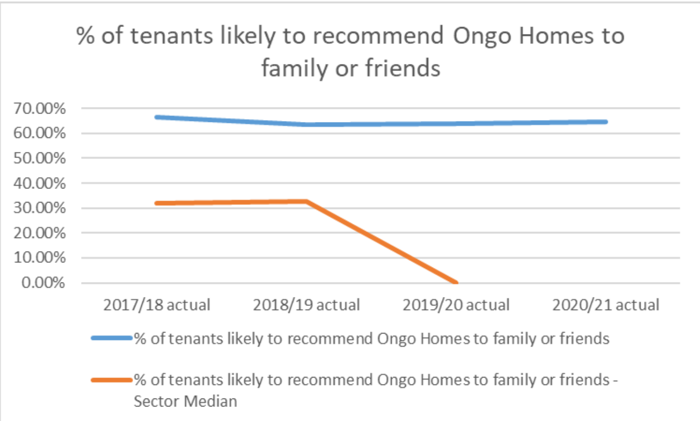
Graph 7




Graph 8




Graph 9




Graphs 7, 8, and 9 above clearly demonstrate that despite the negative impacts of the Corona Virus pandemic, we have still seen positive increases to the percentage of tenants who are satisfied with their neighbourhood as a place to live, the percentage of tenants satisfied with the quality of their homes, and the percentage of tenants who are likely to recommend Ongo to family or friends. All three criterion have seen positive uplifts since the dips in performance suffered during the 2019/20 financial year.

The satisfaction with 'your neighbourhood as a place to live' increased most significantly from 84.2% in 2019/20 to 87.27% in 2020/21.

Ongo's neighbourhood services team continue to play an instrumental role in enhancing the environments of our communities and neighbourhoods, and are now carrying out more proactive improvement works on our estates on a regular basis. These works, which include areas of ground maintenance and specific environmental projects, would have previously been carried out by contractors. A great example of this is in the team being integral to the delivery of the recently completed Safer Streets initiative funded by the Home Office through The Office of the Police and Crime Commissioner for Humberside (OPCC).

Our in-house maintenance team carried out 20,526 jobs in 2020/21 with around 38% of those being emergency/urgent repairs. During the pandemic the maintenance team managed to continue to deliver repairs to our properties and at the end of the year had no backlog of work. This was achieved by using Ongo's own in–house maintenance teams and helped to ensure that no extra contractor resource was required for catching up with a backlog of jobs.

The percentage of customers who are 'satisfied with the quality of their home' has increased, albeit marginally, from 91.6% up to 92.07%

Ongo's empty homes team have introduced the revised lettable standard following a review by our resident scrutiny panel. The actions from the review have been put in place throughout the past year, and the team have continued to reduce the number of empty properties over this period. Through the effective use of internal maintenance staff the number of empty homes at the end of 2020/21 returned to below pre pandemic numbers, despite some significant peaks throughout the year.

Ongo's Investments team follow a planned programme which varies year on year. As the agreed programme of works fluctuates, then variations in the levels of expenditure for this area are anticipated year on year. Our investment in a new asset management system has enabled us to better plan programmes based on the available data. The implementation of additional modules to this system, together with the constant cleansing of data has meant that the development and utilisation of this new system has progressed well. Having an asset management system covering all areas of property investment including areas such as elemental data, compliance and asbestos is fundamental in ensuring the organisation manages and invests in its properties in a way that continues to represent VFM.

In order to support the collection of data, a dedicated internal stock surveying team have been employed with the intention of carrying out surveys on a rolling five year cycle. The pandemic significantly affected the progress on the percentage of properties surveyed in 2020/21. However currently since commencement of this project over 20% of the stock has now been surveyed.

During 2020/21 the scheduled investment programme was affected by the pandemic and access issues. Intrusive works around kitchen and bathrooms, large heating renewals in retirement living schemes and electrical upgrades were largely postponed. The programme largely centred on external works (including, amongst others, roofing and environmental projects), works in communal areas (such as fire door replacements) and necessary heating renewals. In addition, we carried out the renewal of 51 kitchens, installed 28 bathrooms and carried out a total of 41 electrical rewires to our properties whilst they were empty.

Throughout the pandemic the challenges around maintaining progress on compliance activities have been significant with the understandable issues around access due to shielding. The compliance team and our relevant contractors have, whilst being sympathetic in their approach, have applied a significant amount of time and resources to delivering the necessary checks and as a result have limited the issues around compliance to a minimal amount thereby preventing a backlog of required visits.

**Corporate plan objective: Create opportunities**

The more efficient our business is the more resources we will have to invest in making a real difference to people's lives and futures by creating new opportunities for them. We plan to increase the employment potential of tenants, raise the aspirations of young people and invest £1m each year in programmes which improve our communities.

The £1m invested during the year ended 31 March 2021 was made to Ongo Communities Limited, part of the Ongo Group of companies and a registered charity delivering programmes of work that provide a social return.

The funding received by Ongo Communities was used to create opportunities to engage customers. Initiatives such as breakfast chat groups, confidence building courses, CV development workshops, plus a range of other activities were run during the 2020/21 financial year in order create a positive outcome for our customers and tenants.

By providing our customers with important ‘life’ skills such as how to cook a healthy meal at home, or how to manage the household budget, we can help them generate a sense of achievement. By also assisting them with getting a job, finding work, or simply obtaining a training certificate, we can help to promote self-worth and break the cycle of disengagement.

The impact of the coronavirus pandemic and the high number of our tenants who now ‘live in fear of Covid’, makes it even more important that we engage with, and encourage customers to get involved in activities and become a part of their communities again.

Using the HACT (Housing Associations’ Charitable Trust) model, we calculate that for every £1 Ongo Communities invested in community projects, we generated £15.33 worth of value in return. This is an increase on the previous year (£13.82), mostly due to the additional activities carried out to support our vulnerable customers through the pandemic. More detail our Social Return on Investment (SROI) for 2020/21 is displayed later in this statement (see page 23).

The amount of social return by Ongo Communities is attributed to the £1m funds from Ongo Homes and grants received by that charity from a number of external funders. The excellent outcomes achieved by our teams has meant continuation grants have been awarded on five existing employment support programmes for up to three years.

Raising the aspirations of young people is a key target and we are pleased to report that we have provided one-to-one mentoring to 112 people and appointed 27 onto new apprenticeships.

Along with our internal budget and contribution from Ongo Homes (£1.02m), external grants totalling an additional £632k have been obtained to help fund employment support activities and other areas. The combined funds have allowed us to work with 780 people in 20/21. The skilled staff and facilities in the Arc have enabled us to engage with people on the Westcliff estate including some people who are disengaged and furthest from the labour market who we are supporting long term to help improve their lives.

Below are our VFM metrics against which we measure our performance, through Ongo Homes funding of Ongo Communities, in *creating opportunities.* As these are unique to Ongo there is no comparable data recorded.

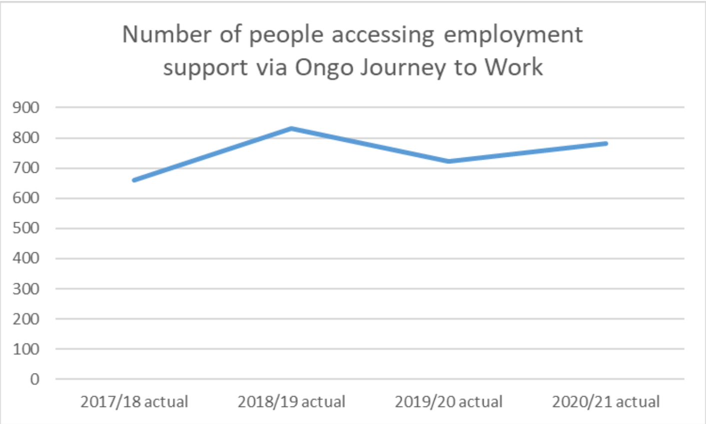
| **Internal performance measures: Create opportunities** | | | | | |
|---|---|---|---|---|---|
| **Indicator** | **2017/18 actual** | **2018/19 actual** | **2019/20 actual** | **2020/21 actual** | **Corp plan target** |
| Number of people accessing employment support via Ongo Journey to Work | 659 | 832 | 721 | 780 | 700 |
| Number of people gaining sustainable employment | 147 | 180 | 181 | 162 | 180 |
| Number of young people engaged in one-to-one mentoring | 87 | 93 | 128 | 112 | 100 |
| Number of new apprenticeships | 30 | 48 | 50 | 27 | 36 |

| Internal performance measures: Create opportunities | | | | | |
|---|---|---|---|---|---|
| **Indicator** | **2017/18 actual** | **2018/19 actual** | **2019/20 actual** | **2020/21 actual** | **Corp plan target** |
| Total invested into community/creating opportunities projects | £0.67m | £0.89m | £1.00m | £1.02m | £1.03m |

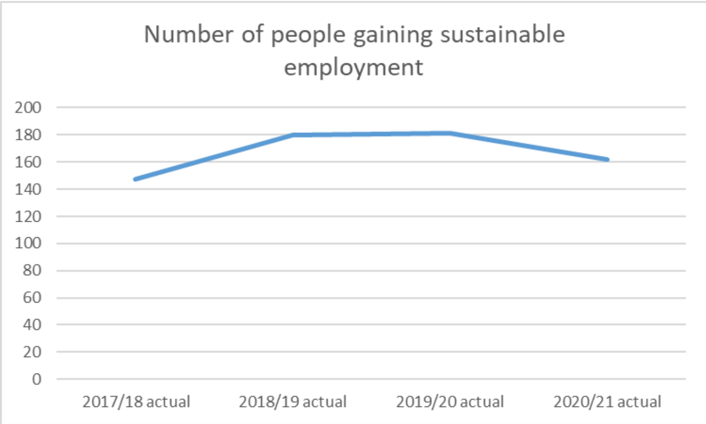
Our targets are the minimum level of service we plan to achieve. Our aim is to exceed these targets as much as we are able, based on the availability of external funding and partnership opportunities year on year. The number of people gaining employment has continued at a similar level to the previous year utilising the same amount of funding for this type of service and working with those people who are furthest from the labour market.

**The trends in performance of our Create Opportunities objective:**

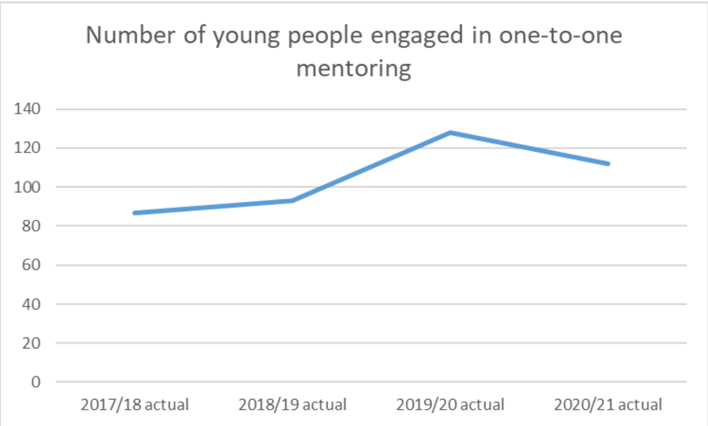
Graph 10



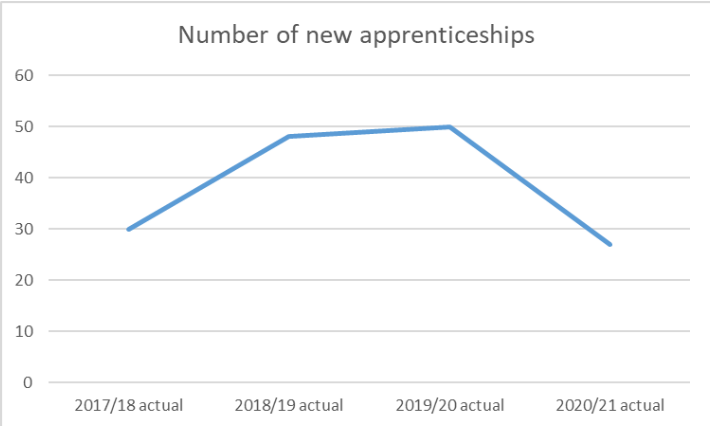

Graph 11



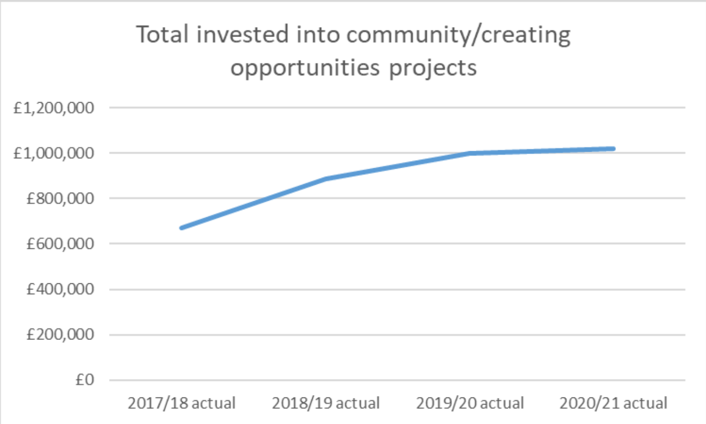

Graph 12




Graph 13



Graph 14




Graphs 11, 12 and 13 above clearly demonstrate that there has been a reduction in the numbers of people we work with who have gained employment, the numbers of people with whom we engage in one-to-one mentoring, and the number of new apprenticeships. However, this is not surprising given the vast limitations and negative impacts of the Corona virus pandemic and the various national and local lockdowns and restrictions over the past 12 months.

However, graphs 10 and 14 demonstrate the continued positive impact of work we do, clearly showing an increase in the amount of money Ongo Homes have invested in creating opportunities and community projects during the 2020/21 financial year, and an increase in the number of people who have been able to access employment support via Ongo's Journey to Work scheme.

With our new corporate plan, and a renewed focus on creating more opportunities, we will continue with our Westcliff Development Plan, bringing together the building of new homes and increased community and neighbourhood activities to further improve an important part of Scunthorpe. This year this included further work to deliver an extensive community improvement programme to reduce anti-social behaviour and crime, known as Safer Streets. This was delivered with the aid of £650k external funding from the Home Office through The Office of the Police and Crime Commissioner for Humberside (OPCC).

Our Ongo Talk scheme, launched in 2019 with the aim of supporting people with low level mental health issues, has supported 244 people during the 2020/21, often requiring extended support due to the increased personal issues that the pandemic brought to individuals.

**Delivering value**

Integral to delivering our plan is knowing we are doing so in a way which offers us the very best value for money.

For us, delivering VFM is understanding the relationship between four things:

- Economy – the price we pay for providing a service
- Efficiency – how much we get for what we pay
- Effectiveness – the outcomes we achieve
- Sustainability – the impact we have on the environment and society

In order to provide good value we always seek to understand our assets, know our customers, track our markets, monitor our performance, and manage risk.

We must always demonstrate that we consider VFM across our whole business. Wherever we invest in non-social housing activity (such as through our commercial and subsidiary businesses), we must still ensure that the returns generated are proportionate to the risk involved and that VFM is still always considered.

Because we want to...

- Ensure we successfully achieve our corporate objectives
- Ensure that we maximise the value of every £ spent
- Ensure that we improve our levels of efficiency and the benefits we bring to others when intended.
- Ensure our approach is consistent and effective across the Ongo Group.
- Ensure all our decisions help us comply with any relevant guidance set out by regulatory bodies or legislation

In embedding VFM across our group, we have set out the key principles which form the basis of our VFM framework. We will:

- Maximise our return and protect and understand our assets
- Consider VFM in everything we do and set targets to achieve it
- Understand what customers want and deliver objectives to meet this
- Be transparent and inclusive
- Have effective governance and VFM structures

**Changes to the way we manage VFM**

In order to ensure that VFM retains a strong presence within Ongo, during the 2020/21 financial year we formed a VFM steering group made up of VFM 'Champions' from all teams, departments, and entities of the Ongo Partnership group of companies. One of the responsibilities of the steering group is to discuss and appraise any potential VFM gains and is intended to provide a forum for discussion to continuously improve and drive forward the VFM agenda across the group. This will help us to learn from and share good practice across the sector and beyond.

During the last quarter of the 2020/21 calendar year, we launched a 'VFM Report It' button on our intranet. This is a simple tool which all employees can use to submit VFM gains from their own business areas, and these will then be submitted to their individual Heads of Service and subsequently recorded on our VFM Savings register.

The way we agree our VFM ‘savings’ target for the forthcoming financial year, and for that of future years, is changing. The historic application of a ‘stretch’ target has been replaced by that of a more accurate calculated target based on predicted savings from planned procurement projects scheduled for delivery over the course of the next year, plus anticipated gains from other areas of the business.

The ‘calculated’ procurement savings target was reached by assessing which contracts due to expire and/or be re-procured over the course of the 21/22 financial year, and considering when the contract was last procured and what savings may therefore be available. The savings target figure does not take into account any potential cost increases resulting from Brexit or any further negative impacts as a result of the Coronavirus pandemic, however a target figure of £377k has been identified, with approximately £227k of this total anticipated to be recognised during the 2021/22 financial year. These ‘savings’ have been applied to annual budgets for the particular contract spend areas.

Not all VFM gains are delivered through procurement; often with as much as 50% of the overall gains total coming through ‘other’ means from across the business. These ‘non-procurement’ based gains totalled approximately £432k last year and were made up of staffing changes, efficiency savings, and other similar gains. The 2021/22 budget assumes that we will achieve roughly half of these savings, a total of £194k, through general efficiencies and a further £219k from savings against budget positions.

Combining the anticipated savings figures calculates to a total combined VFM savings target of £809k, of which £690k has already been applied to the 2021/22 annual budget for Ongo Homes.

### Cash flow

We need to maintain and protect our financial strength if we are to deliver our corporate objectives. The Regulator of Social Housing judges us to be V1 compliant for financial viability.

Ongo Homes recorded a statutory surplus (before actuarial gains/losses) of £9,563k for the year - £5,076k up on budget.

Net operating margin was 24.1%, against a budget of 17.1%.

Rent payments from social housing account for 91% of income.

The bank balance at the year-end stood at £77,505k, which was significantly higher than that of the previous year due to the receipt of the proceeds of bonds issued by bLEND towards the end of the year. The notes forming parts of the financial statements (numbers 21 and 24) provide further details.

To ensure funds are being fully utilised we manage cash requirements by use of short and long-term forecasting, which are regularly reviewed and updated where necessary. This ensures that funds held are used to support our tenants effectively, whether that is to invest in the houses in which they live or the communities within which they reside, building more quality homes, or any other areas where the Board or executive leadership team consider that funds should be directed. Assets are managed to ensure funds are held for a purpose. The bLEND funding has been secured to enable Ongo Homes to carry out its long term plans to build additional residential properties.

### The Value for Money Standard

In April 2018, the Regulator of Social Housing (RSH) published its new Value for Money Standard requiring all registered housing providers to:

- Clearly articulate their strategic objectives
- Have an approach agreed by their board to achieving value for money in achieving these objectives and demonstrate their delivery of VFM to stakeholders
- Through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs
- Ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives.

Specifically, seven metrics were agreed as the most appropriate set of measures to capture performance across the sector in a fair and comparable way.

**Our comparative performance and future budget**

Our benchmarking information is taken from HouseMark, Housing Quality Network and the Global Accounts, published by the Regulator of Social Housing in June 2020. The latest figures available at the time this statement was written were from 2019/20. Our comparisons are listed below:

<table>
<tr><th></th><th colspan="4">2019/2020</th><th></th><th></th><th></th></tr>
<tr><th></th><th>Global Accounts median</th><th>Benchmark group median</th><th>Sector scorecard median</th><th>Our actual 19/20</th><th>Our actual 20/21</th><th>Our budget 21/22</th><th>Business plan 22/23</th></tr>
<tr><td>Reinvestment<br>VFM theme: outcomes delivered<br>Risk theme: Effective asset management<br><br>Corporate objective: Offering quality homes, creating opportunities</td><td>7.22%</td><td>8.38%</td><td>6.88%</td><td>12.04%</td><td>9.44%</td><td>13.76%</td><td>12.15%</td></tr>
<tr><td>What is it telling us?</td><td colspan="7">Reinvestment is what we spend on new developments and improvements to existing properties as a percentage of our housing properties at cost.<br><br>In our corporate plan we have made a commitment to tenants to reinvest in our existing homes and neighbourhoods. In 2020/21 we reinvested £5.9m in our current housing stock and £13.1m in the development of new homes. We are expecting to reinvest a further £15.3m in current stock and £44.3m in new development over the next two years. These investments are in line with our corporate plan objectives, and are delivered through our development company, Ongo Developments Limited.<br><br>We compare well against the sector and our peers, with the sector averaging 6.9% reinvestment in 2019/20 compared to our 12.0% in that year. Our peer group for that year has average investment of 8.4% which we are performing significantly above.</td></tr>
</table>

| | 2019/2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Global Accounts median** | **Benchmark group median** | **Sector scorecard median** | **Our actual 19/20** | **Our actual 20/21** | **Our budget 21/22** | **Business plan 22/23** |
| **New supply (social)**<br>**VFM theme:** development capacity<br>**Risk theme:** development<br>**Corporate objective:** Offering quality homes | 1.47% | 1.10% | 1.43% | 1.14% | 1.72% | 1.27% | 2.02% |
| **New supply (non-social)**<br>**VFM theme:** development capacity<br>**Risk theme:** development<br>**Corporate objective:** Offering quality homes | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| **What is it telling us?** | New supply is the number of housing units we have acquired or developed as a percentage of the total housing we own.<br>During the year ending March 2021 we delivered 179 new homes. This represents an increase of 62 completions compared to 2019/20 and our development programme has a healthy building pipeline of schemes in progress and in the planning stages. We are increasing our development programme in the coming years and plan to deliver an average of 188 new homes per year over the next decade, with 349 of these coming in the next two years.<br>In addition to this, we continued building nine homes for outright sale, with the expectation these will be all be sold by 31 March 2022. We plan to deliver a further 22 for sale in 2022/23. All properties are sold at market value through our development and sales company and so do not appear in the table above. | | | | | | |

| | 2019/2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Global Accounts median** | **Benchmark group median** | **Sector scorecard median** | **Our actual 19/20** | **Our actual 20/21** | **Our budget 21/22** | **Business plan 22/23** |
| **Gearing**<br>**VFM theme:** development capacity<br>**Risk theme:** development<br>**Corporate objective:** Offering quality homes | 44.0% | 48.6% | 38.08% | 23.4% | 15.5% | 20.9% | 23.7% |
| **What is it telling us?** | Gearing is the long and short term borrowing as a percentage of the homes we own, at cost.<br>Not only do we reinvest into our existing homes, we've described above how we are developing new homes too. Our development levels are comparable with others in our benchmarking group and the wider sector. As our development plans grow, we will require additional funding for these investments. This will impact our gearing performance.<br>Currently our gearing is low compared to our peers and the sector averages due to sound financial management in the years since the housing stock was transferred to us in 2007, resulting in relatively low levels of borrowing and high levels of cash held.<br>However, as we borrow more and spend our cash balances to fund the development of new homes, as agreed in our corporate plan, gearing will rise. During 2020/21 we secured £50m additional long term funding to support our investment plans. | | | | | | |

| | 2019/2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Global Accounts median** | **Benchmark group median** | **Sector scorecard median** | **Our actual 19/20** | **Our actual 20/21** | **Our budget 21/22** | **Business plan 22/23** |
| **EBITDA MRI interest cover**<br>**VFM theme:** business health<br>**Risk theme:** reduced income<br>**Corporate objective:** Be a great landlord | 170% | 149% | 176% | 362% | 349% | 237% | 189% |
| **What is it telling us?** | The EBITDA measure demonstrates business health and our capacity to support borrowing costs.<br>Our performance in this metric is good and gives us capacity to support further borrowing. A slightly modified version of EBITDA MRI also forms one of our key borrowing covenants and performance provides adequate headroom to this. Having entered into the additional £50m borrowing arrangement in 2020/21 (therefore increasing our interest costs), will result in a reduction in this metric during 2021/22. We expect this measure to reduce further in 2022/23 as we increase our investment in major works, however the underlying financial performance of our business remains strong and we expect to continue to compare favourably against our peers. | | | | | | |

| | 2019/2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Global Accounts median £** | **Benchmark group median £** | **Sector scorecard median £** | **Our actual 19/20 £** | **Our actual 20/21 £** | **Our budget 21/22 £** | **Business plan 22/23 £** |
| **Headline social housing cost per unit**<br><br>**VFM theme:** operating efficiencies<br>**Risk theme:** asset management<br><br>**Corporate objective:** Be a great landlord | 3,830 | 3,490 | 3,590 | 2,920 | 2,943 | 3,177 | 3,423 |
| **What is it telling us?** | This metric represents social housing costs divided by the number of the social housing homes we own.<br><br>In 2020/21 our overall related costs increased slightly, mainly due to increased maintenance costs, and a rise in depreciation charge arising from our further investments in our property stock. These increased costs have been offset by an increased property base delivered by our investment programme, leading to a very small increase in cost per property.<br><br>Our cost per property compares well against our peers and the sector median.<br><br>We have budgeted and planned for costs to rise in future years under inflationary pressure and from continuing investment in the business and have stress tested the business plan to ensure that this is within our financial capacity<br><br>In summary, we recognise we are operating efficiently because our costs are lower than that of our peers and we achieve high customer satisfaction scores. We are, however, planning to increase our spending to meet our commitments in the corporate plan. | | | | | | |

| | 2019/2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Global Accounts median** | **Benchmark group median** | **Sector scorecard median** | **Our actual 19/20** | **Our actual 20/21** | **Our budget 21/22** | **Business plan 22/23** |
| **Operating margin (SHL)**<br>VFM theme: business health<br>Risk theme: reduced income<br>Corporate objective: Be a great landlord | 25.7% | 22.9% | 24.55% | 19.6% | 23.8% | 17.7% | 17.8% |
| **Operating margin (overall)**<br>VFM theme: business health<br>Risk theme: reduced income<br>Corporate objective: Create opportunities | 23.1% | 23.3% | 21.55% | 21.1% | 24.8% | 18.9% | 19.0% |
| **What is it telling us?** | This measures the amount of surplus generated from turnover, first for social housing activities and then overall. It shows profitability before exceptional expenses are taken into account.<br>Operating margin increased in 2020/21, largely as a result of the reduced activity as a result of the Covid-19 lockdown, with lower levels of maintenance expenditure.<br>We expect our operating margins to decline during 2021/22 as we deliver our corporate plan, particularly investing in communities and new homes and allowing for an uncertain economic environment.<br>However, from 2022/23 we expect to see margins to begin to recover as we benefit from a rise in income from more rental homes, recognise the effect of the rent settlement at CPI +1% and continue to improve our efficiency. | | | | | | |

| | 2019/2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Global Accounts median | Benchmark group median | Sector scorecard median | Our actual 19/20 | Our actual 20/21 | Our budget 21/22 | Business plan 22/23 |
| **ROCE**<br>VFM theme: asset management<br>Risk theme: asset management<br>Corporate objective: Be a great landlord | 3.4% | 4.0% | 3.13% | 5.4% | 4.6% | 3.3% | 3.5% |
| **What is it telling us?** | ROCE stands for Return on Capital Employed. It compares the operating surplus to total assets, less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources.<br>We have historically shown a high level of ROCE due to the relatively low net value of assets. We have reasonable levels of cash balances and our asset values are low due to no transfer value being included in our asset valuations. The measure has declined during 2020/21 primarily as a result of the increase in assets due to additional £50m funding secured. We expect a further fall in 2021/22 in line with the reducing margin levels identified in metric 6 and our increasing capital base through our continuing investment programme. However we compare well to our peers and the sector and expect this to continue to be the case even accounting for the planned changes brought about by our current corporate and business plans. | | | | | | |

### Value for money savings

Each year we set a target for VFM savings and measure the efficiencies we have achieved through our VFM register, which is reported annually to board members.

In 2019/20 we achieved total savings of £1,528k against an anticipated target saving of £750k. These included both cashable and non-cashable savings, but excluded any savings from capital projects.

For the 2020/21 financial year, the Ongo Group savings target was 'stretched' out to £1m for the year.

For the 2020/21 financial year we have recorded total savings of £2,305,788. However, many of these savings were 'recurring' gains, recorded for years 2 or more of long term contracts, and therefore many of these 'savings' will already be representative of the revised budget costs and not direct savings against budget.

The 2020/21 savings against budget, and therefore savings against our VFM target, totalled circa £970k. This is approximately £30k short of our annual target figure however we have also recorded savings of £317k for capital projects which are in addition to the budget savings.

Our staff are encouraged to regularly seek and record all savings, regardless of value, and so large and small gains are recorded.

Showing how different teams contributed to this saving indicates the efforts we have gone to in order to embed a VFM culture across the organisation.

A breakdown of the revenue savings across Ongo's different departments is provided below. These exclude all recurring savings for contracts in year 2 or more.

| Department | Cashable Savings 2020/21 |
|---|---|
| Human resources | £105,749 |
| Finance | £268,984 |
| Housing | £9,662 |
| Development | £14,915 |
| PR and marketing | £4,226 |
| Customer services | £41,242 |
| ICT | £36,846 |
| Maintenance | £116,372 |
| Regeneration | £190,778 |
| **Ongo Homes Total** | **£788,774** |
| Communities | £136,131 |
| Ongo Roofing Ltd | £20,000 |
| Ongo Heating and Plumbing Ltd | £25,000 |
| **Ongo Group Total** | **£969,905** |

Of the £970k in VFM savings we recorded during the year, headline savings include £129k saved in corporation tax contributions recorded as a result of the donations of profits from Ongo Developments Limited to Ongo Homes; £88k saved on the furniture and fittings for the refurbishment of our retirement schemes, saved as a result of effective procurement practices; and £87k saved as a result of obtaining apprenticeship levy funding used to cover the cost of training for 16 different learners which would otherwise have been funded by Ongo Homes.

In February 2021, Ongo Homes secured £50m worth of new funding through bLEND, at a lower interest rate than we had expected to achieve with a previously approved funding route which we had been progressing with.

The rate achieved through bLEND of 2.25% represents a reduction of 0.47% versus the rate we may have achieved in February 2021 had we not carried out the additional work to secure better VFM through that relationship, and has been secured for the next 34 years. This equated to a financial saving of just over £26k for the remaining 6 weeks of 20/21 financial year, from when the new loan was agreed.

### How we invest our savings

All of the monies we save each year are reinvested into our communities. A proportion of the savings recorded will be invested into our extensive development program thereby allowing us to build more homes, and the balance will be invested with our communities' team and will help to increase our social value and improve the lives of our customers and tenants.

### Social value

In addition to making both cashable and non-cashable financial and efficiency gains, Ongo also generate social value returns on the investments we make. These gains are referred to as our Social Return on Investment (SROI) and is calculated in social value £'s gain against every £ spent. Our activity here is through our investment in Ongo Communities all of our calculations for social value gains are made using the HACT social bank calculator specifically designed for Housing Associations. https://www.hact.org.uk/value-calculator

Our SROI for 2020/21 has been calculated to be £15.33 for every £1 we have spent. This is an increase on the previous year (£13.82), mostly due to the additional activities carried out to support our vulnerable customers through the pandemic. Our SROI for 2020/21 is displayed below.

| Activity | Overall budget spent | Overall social impact returned | Analysis of benefit | |
|---|---|---|---|---|
| | | | Budget : social impact | Net benefit |
| Ongo Communities | £1,572k | £24,101k | 1 : 15.33 | £22,528k |

### Reviewing our assets and liabilities

Assets, which are mainly housing stock, and liabilities, mostly made up of bank loans, are recorded in a register and regularly reviewed to make sure that, when taking decisions or managing risks, it is done so with a clear understanding of our financial viability.

At the end of 2020/21, we had 10,089 homes in our portfolio. These included 58 homes classified as supported housing, 710 charged at affordable rent and 16 shared ownership properties.

Twenty one right to buy sales and seven right to acquire sales generated a total profit of £1,149k.

In 2020 Ongo Homes replaced their Asset Management Strategy, with an Offering Quality Homes Strategy.

Our 'Offering Quality Homes' strategy 2020-2023 details key areas that have the greatest impact on the lives of people that live in our homes and neighbourhoods, namely

- Enhancing our environments that make them places people want to live in
- Investing in our existing homes so that they meet future demand
- Building new homes to help address housing need.

Plans are we are now in place to draft an Asset Management Plan during the 2021/22 financial year that will sit under the Quality Homes Strategy.

Our strategy for Offering Quality Homes also sets out our approach to understanding our assets by using a number of tools:

**Asset and Liability Register**

An asset and liability register (ALR) is a key document that provides central access to all assets, liabilities and governance arrangements. Access to this information supports a wider understanding of our financial position for decision making and risk management.

In line with the Governance and Financial Viability Standard, Ongo Homes maintains an accurate and up to date register of all asset and liabilities. A full review of our ALR was completed and approved by Board in September 2020. This included approval of the framework, register and ongoing assurance arrangements. Compliance against the information held in the ALR is checked on a quarterly basis and the findings are reported to our Group Audit and Risk Committee.

**Asset Management System**

We continue to implement elements of the new asset management system which will continue to give us the ability to collect and maintain comprehensive stock data, and will further enhance our management of decent homes investment, asset compliance, monitor the sustainability of our stock, cost forecasting, manage Health & Safety compliance, SAP Ratings, energy efficiency and stock condition.

**Sustainability Index**

Our Sustainability Index assesses the ongoing viability of properties and estates against a number of indicators, including cost, income projections, management activity, performance and environmental information.

**Net Present Value (NPV)**

Using information from the Sustainability Index, we calculate the NPV of properties before any major investment decisions are made. This includes where we should invest, disinvest, dispose or convert particular properties.

**Sustainability Working Group**

To ensure low demand stock is actively assessed by the organisation, this group, which includes representatives from across the business, meets to determine how we maximise the life of our assets.

### External audits

Asset management data is essential in informing the business plan and ensuring the business has enough financial resources to manage and maintain its assets to the necessary standards. In order to satisfy lenders, an annual stock valuation survey is carried out.

### Keeping tenants updated

We will update tenants on our progress in delivering our corporate objectives and how we offer value for money through our quarterly tenants' magazine, at monthly tenant meetings, in our next VFM statement and using our digital channels such as our website and social media.

**Independent auditor's report to the members of Ongo Homes**
**for the year ended 31 March 2021**

## Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of 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 Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We have audited the financial statements of Ongo Homes ("the Association") for the year ended 31 March 2021 which comprise the Association statement of comprehensive income, the Association statement of financial position, the Association statement of changes in reserves, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

## Basis for opinion

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

*Independence*

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

## Conclusions relating to going concern

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

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

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

## Other information

The board are responsible for the other information. The other information comprises the information included in the Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information 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 Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the Association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of the board**

As explained more fully in the board members responsibilities statement set out on page 5, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

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

Based on our understanding of the Association and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to their registration with the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Accounting Direction for Private Registered Providers of Social Housing and tax legislation.

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

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence if any.

The audit procedures to address the risks identified included:

- Challenging assumptions made by management in their significant accounting estimates and judgements in relation to the impairment of fixed assets, defined benefit pension obligation, investment property valuation and useful economic lives

- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management and journals posted after the year end.

- In respect of income from contracts, projects and property sales, agreement to support providing evidence of delivery and timing of delivery.

- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Regulator of Social Housing

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

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

**Use of our report**

This report is made solely to the members of the Association, as a body, in accordance with 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.

DocuSigned by:
HELEN KNOWLES
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BDO LLP
Statutory Auditor
Manchester
Date 17 September 2021

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

## Ongo Homes

**Statement of comprehensive income**
**for the year ended 31 March 2021**

| | Note | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| **Turnover** | 3 | **47,691** | 45,840 |
| Cost of sales | 3 | **(220)** | (140) |
| Operating costs | 3 | **(35,954)** | (36,033) |
| Surplus on sale of fixed asset housing properties | 3, 10 | **1,149** | 1,608 |
| **Operating surplus** | 3, 6 | **12,666** | 11,275 |
| Other interest receivable and similar income | 11 | **74** | 206 |
| Interest payable and similar charges | 12 | **(3,707)** | (3,217) |
| Other finance costs | 12 | **(88)** | (262) |
| Gift aid | | **681** | - |
| Movement in fair value of investment properties | 16 | **(20)** | (260) |
| **Surplus on ordinary activities before taxation** | | **9,606** | 7,742 |
| Taxation on surplus on ordinary activities | 13 | **(43)** | (34) |
| **Surplus for the financial year** | | **9,563** | 7,708 |
| Actuarial (losses)/gains on defined benefit pension scheme | 26 | **(8,166)** | 7,087 |
| **Total comprehensive income for year** | | **1,397** | 14,795 |

The notes on pages 69 to 90 form part of these financial statements.

# Ongo Homes

**Statement of financial position**
**at 31 March 2021**

| | Note | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| **Fixed Assets** | | | |
| Tangible fixed assets - housing properties | 14 | **202,146** | 194,291 |
| Tangible fixed assets - other | 15 | **2,850** | 3,136 |
| Investment properties | 16 | **1,510** | 1,530 |
| Investments - other | 17 | **30** | 30 |
| Investments - subsidiaries | 17 | **100** | 100 |
| | | **206,636** | 199,087 |
| **Current assets** | | | |
| Stock | 18 | **379** | 214 |
| Debtors - receivable within one year | 19 | **3,721** | 3,699 |
| Debtors - receivable after one year | 19 | **900** | 1,700 |
| Cash and cash equivalents | | **77,505** | 13,859 |
| | | **82,505** | 19,472 |
| Creditors: amounts falling due within one year | 20 | **(10,863)** | (9,056) |
| **Net current assets** | | **71,642** | 10,416 |
| **Total assets less current liabilities** | | **278,278** | 209,503 |
| Creditors: amounts falling due after more than one year | 21 | **(167,509)** | (107,769) |
| Net assets excluding pension liability | | **110,769** | 101,734 |
| Pension liability | 26 | **(11,738)** | (4,100) |
| **Net assets** | | **99,031** | 97,634 |
| **Capital and reserves** | | | |
| Income and expenditure reserve | | **99,031** | 97,634 |
| | | **99,031** | 97,634 |

The financial statements were approved by the Board of Directors and authorised for issue on 26 August 2021.

R Walder
Director

M Kenyon
Director

S Hepworth
Chief Executive

J Sugden
Company secretary

The notes on pages 69 to 90 form part of these financial statements.

# Ongo Homes

**Statement of Changes in Reserves**
**for the year ended 31 March 2021**

| | Income and expenditure reserve £'000 | Total equity £'000 |
|---|---|---|
| Balance at 1 April 2020 | 97,634 | 97,634 |
| Surplus for the year | 9,563 | 9,563 |
| Actuarial gains/(losses) on defined benefit pension scheme | (8,166) | (8,166) |
| **Other comprehensive income for the year** | (8,166) | (8,166) |
| **Balance at 31 March 2021** | 99,031 | 99,031 |

**Statement of Changes in Reserves**
**for the year ended 31 March 2020**

| | Income and expenditure reserve £'000 | Total equity £'000 |
|---|---|---|
| Balance at 1 April 2019 | 82,839 | 82,839 |
| Surplus for the year | 7,708 | 7,708 |
| Actuarial gains/(losses) on defined benefit pension scheme | 7,087 | 7,087 |
| **Other comprehensive income for the year** | 7,087 | 7,087 |
| **Balance at 31 March 2020** | 97,634 | 97,634 |

The notes on pages 69 to 90 form part of these financial statements.

# Ongo Homes

**Statement of cash flows**
**for the year ended 31 March 2021**

| | Note | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Surplus for the financial year** | | **9,563** | 7,708 |
| Adjustments for: | | | |
| Depreciation of fixed assets - housing properties | 14 | **10,084** | 9,929 |
| Depreciation of fixed assets - other | 15 | **219** | 213 |
| Impairment of fixed assets - other | 15 | **61** | |
| Amortised grant | 23 | **(2,795)** | (2,608) |
| Net fair value losses/ (gains) recognised in statement of comprehensive income | 16 | **20** | 260 |
| Interest payable and finance costs | | **3,810** | 3,217 |
| Interest received | 11 | **(74)** | (206) |
| Taxation expense | 13 | **43** | 34 |
| Difference between net pension expense and cash contribution | 26 | **(528)** | 380 |
| Surplus on the disposal of fixed assets - housing properties | | **(688)** | (1,188) |
| Decrease/(increase) in stock | | **39** | (51) |
| Decrease/(increase) in trade and other debtors | | **225** | (783) |
| Increase/(decrease) in trade and other creditors | | **619** | 132 |
| **Cash from operations** | | **20,598** | 17,037 |
| Taxation paid | | **(34)** | - |
| **Net cash generated from operating activities** | | **20,564** | 17,037 |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of fixed assets - housing properties | | **1,625** | 2,289 |
| Purchase of fixed assets - housing properties | | **(18,627)** | (22,943) |
| Purchase of fixed assets - other | | **6** | (30) |
| Receipt of grant | | **5,755** | 5,377 |
| Interest received | 11 | **74** | 206 |
| Investment | 17 | **-** | - |
| New loans - advanced to group undertakings | | **-** | (1,700) |
| Loans repaid by group companies | | **800** | 1,000 |
| **Net cash from investing activities** | | **(10,367)** | (15,801) |
| **Cash flows from financing activities** | | | |
| Interest paid | 12 | **(3,737)** | (3,217) |
| Proceeds from long term borrowing | 24 | **57,803** | - |
| Debt issue costs incurred | 24 | **(617)** | - |
| **Net cash used in financing activities** | | **53,449** | (3,217) |
| **Net decrease in cash and cash equivalents** | | **63,646** | (1,981) |
| Cash and cash equivalents at beginning of year | | **13,859** | 15,840 |
| **Cash and cash equivalents at end of year** | | **77,505** | 13,859 |
| **Cash and cash equivalents comprise:** | | | |
| Cash at bank and in hand | | **77,505** | 13,859 |
| | | **77,505** | 13,859 |

The notes on pages 69 to 90 form part of these financial statements.

## INDEX OF NOTES

## 1 Significant accounting policies

The CBS is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Society Act 2014, and is registered with the Regulator of Social Housing as a social housing provider. The CBS, which is classed as a public benefit entity, was incorporated in England.

The address of the registered office is given on the contents page and the nature of the CBS's operations and its principal activities are set out in the strategic report.

The presentation currency of the financial statements is the Pound Sterling (£), rounded to the nearest £1,000.

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Ongo Homes includes the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and 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 historical 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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates.

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

### Going concern

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

However, the impact of the COVID-19 outbreak and its financial effect has meant that the Executive Leadership Team and Board have been reviewing financial plans for the period to 31 March 2023. The Association has modelled a number of scenarios based on current estimates of rent collection, property sales and expenditure. The board will continue to review plans with Management to make the necessary changes to continue to work with our customers and stakeholders to deliver exceptional services in a friendly, solution-focused way.

The Government's decisions on social distancing have not had a significant effect on our financial situation. The length of the COVID-19 outbreak and the measures that may be (re)introduced by the Government to contain it may continue into the future and are outside of our control. We have put processes in place to manage cash flow and review financial stability as matters progress.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities, the board believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Association's ability to continue as a going concern. The board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis. On this basis, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of 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*

Turnover comprises rental, service charge and support charge income receivable in the year and other income and revenue grants receivable in the year.

Rental income is recognised from the point where properties are formally let.

Property sale income is recognised on legal completion.

*Tangible fixed assets*

Tangible fixed assets are stated at historical 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 CBS 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 CBS. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

**1 Significant accounting policies** *(continued)*

*Depreciation*

Land is not depreciated.

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:

| Description | Economic useful life (years) |
|---|---|
| Housing improvements | 5 - 60 |
| Structure | 125 |
| Kitchen | 20 |
| Bathroom | 30 |
| Roofs (pitched) | 70 |
| Roofs (flat) | 20 |
| External doors | 30 |
| Boiler | 15 |
| Electrics | 40 |
| External windows | 40 |
| Mechanical systems | 20 |
| Communal (including lifts) | 20 |

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 range as follows:

| | |
|---|---|
| Plant, machinery and vehicles | 2 - 10 |
| Fixtures, fittings, tools and equipment | 4 - 20 |
| Computers | 2 - 3 |

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 in the statement of comprehensive income.

Computers are included within fixtures, fittings, tools and equipment.

*Works to existing housing properties*

The CBS capitalises expenditure on housing properties which increases the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance costs, or a significant extension of the life of the property.

*Development expenditure*

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are included in assets in the course of construction and held at cost less any impairment, and are transferred to completed properties when ready for letting. Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

*Shared ownership properties and staircasing*

Under low cost home ownership arrangements, the Association 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 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 tangible fixed assets; tranches are treated as a part disposal of fixed assets 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.

Shared ownership accommodation that the Association is responsible for, it is the 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.

## 1 Significant accounting policies *(continued)*

*Impairment of fixed assets*

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

*Government grants*

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

On the occurrence of certain relevant events, primarily the sale of dwellings, the RSH 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 the RSH 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".

Grants of a revenue nature are recognised in ‘turnover’ within Statement of comprehensive income in the same period as the related expenditure.

The CBS has not directly benefited from any other forms of government assistance.

*Financial assets*

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

*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. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

*Finance costs*

Finance costs are charged to profit or loss 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.

*Current and deferred taxation*

The tax expense for the period comprises only current, and not, deferred tax.

*Value Added Tax*

The CBS is registered for VAT and reclaims VAT on most inputs using a special partial exemption method. The majority of the CBS income is derived from rental income which is “exempt output” for VAT purposes and restricts our ability to reclaim VAT input tax in full.

*Leases*

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

**1 Significant accounting policies** *(continued)*

*Pension costs*

Contributions to the group's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

The CBS participates in the multi-employer Local Government Pension Scheme 'East Riding Pension Fund', a group defined benefit pension plan. There is a stated policy for charging the net defined benefit scheme between those group companies that are a party to the scheme and hence a proportion of the defined benefit scheme assets, liabilities, income and costs are recognised by individual group companies in accordance with that policy.

The difference between the fair value of the assets held in the CBS's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the CBS's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the CBS is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

*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 balance sheet date.

*Service charge sinking funds*

Service charge sinking funds are dealt with as creditors due within one year.

*Investment property*

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

**2 Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, the directors have made the following judgements:

· Determine whether there are indicators of impairment of the CBS'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 critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation, such as standard rates of inflation, mortality, discount rates and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.

Other key sources of estimation uncertainty

· Tangible fixed assets (see notes 14, 15 and 16)

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 technological innovation, product life cycles and maintenance programmes 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 the management's assessment of the properties. Individual useful economic lives are assigned to these components.

· Rental and other trade receivables (see note 18)

The estimate for receivables relates to the recoverability of balances outstanding at year end, with provisions for doubtful debt made in accordance with agreed policy.

## 3 Analysis of turnover, cost of sales, operating costs and operating surplus

| | Turnover 2021 £'000 | Cost of sales 2021 £'000 | Operating costs 2021 £'000 | Surplus/(deficit) on disposal of fixed assets 2021 £'000 | Operating surplus / (deficit) 2021 £'000 |
|---|---|---|---|---|---|
| **Social Housing Lettings (Note 4)** | 46,207 | - | (35,227) | - | **10,980** |
| **Other Social Housing Activities** | | | | | |
| First tranche shared ownership sales | 309 | (220) | - | - | **89** |
| Surplus on sale of fixed asset housing properties | - | - | - | 1,149 | **1,149** |
| Supporting People | 17 | - | - | - | **17** |
| Other | 394 | - | (566) | - | **(172)** |
| | **720** | **(220)** | **(566)** | **1,149** | **1,083** |
| **Activities other than Social Housing Activities** | | | | | |
| Lettings | 323 | - | (130) | - | **193** |
| Other | 441 | - | (31) | - | **410** |
| | **764** | **-** | **(161)** | **-** | **603** |
| | **47,691** | **(220)** | **(35,954)** | **1,149** | **12,666** |

During the year the Association received a grant of £650k from the Office of the Police and Crime Commissioner for Humberside. This grant was in respect of the Safer Streets Fund and enabled the Association to design and deliver local crime prevention plans, with the outcome of reducing acquisitive crimes through situational prevention. Of this grant £288k related to operating activities and is included in other social housing activities - other income. The balance was defrayed on capital expenditure and is being amortised over the life of the assets to which it relates.

| | Turnover 2020 £'000 | Cost of sales 2020 £'000 | Operating costs 2020 £'000 | Surplus/(deficit) on disposal of fixed assets 2020 £'000 | Operating surplus / (deficit) 2020 £'000 |
|---|---|---|---|---|---|
| **Social Housing Lettings** | 44,625 | - | (35,885) | - | **8,740** |
| **Other Social Housing Activities** | | | | | |
| First tranche shared ownership sales | 245 | (140) | - | - | **105** |
| Surplus on sale of fixed asset housing properties | - | - | - | 1,608 | **1,608** |
| Supporting People | 13 | - | - | - | **13** |
| Other | 81 | - | (81) | - | **-** |
| | 339 | (140) | (81) | 1,608 | **1,726** |
| **Activities other than Social Housing Activities** | | | | | |
| Lettings | 479 | - | (115) | - | **364** |
| Other | 397 | - | 48 | - | **445** |
| | 876 | - | (67) | - | **809** |
| | **45,840** | **(140)** | **(36,033)** | **1,608** | **11,275** |

## 4 Income and expenditure from social housing lettings

| | General needs £'000 | Supported housing £'000 | Affordable housing £'000 | Low cost home ownership £'000 | Total 2021 £'000 | Total 2020 £'000 |
|---|---|---|---|---|---|---|
| **Income** | | | | | | |
| Rents net of identifiable service charges | 39,455 | 165 | 2,779 | 26 | **42,425** | 41,022 |
| Service charge income | 684 | 301 | - | 2 | **987** | 994 |
| Amortised government grants | 2,167 | - | 628 | - | **2,795** | 2,609 |
| Turnover from social housing lettings | 42,306 | 466 | 3,407 | 28 | **46,207** | 44,625 |
| **Expenditure** | | | | | | |
| Management | 12,052 | 264 | 991 | 21 | **13,328** | 13,711 |
| Service charge costs | 1,337 | 316 | - | 4 | **1,657** | 2,273 |
| Routine maintenance | 5,831 | 6 | 151 | 2 | **5,990** | 5,569 |
| Planned maintenance | 2,418 | 8 | 38 | - | **2,464** | 1,796 |
| Major repairs expenditure | 1,165 | 1 | 37 | - | **1,203** | 1,792 |
| Bad debts | 149 | 20 | 25 | 1 | **195** | 518 |
| Depreciation of housing properties | 8,349 | 24 | 1,689 | 22 | **10,084** | 9,929 |
| Other costs | 285 | 1 | 20 | - | **306** | 297 |
| Operating expenditure on social housing lettings | 31,586 | 640 | 2,951 | 50 | **35,227** | 35,885 |
| **Operating surplus/(deficit) on social housing lettings** | 10,720 | (174) | 456 | (22) | **10,980** | 8,740 |
| Void losses | 590 | 25 | 23 | - | **638** | 681 |

## 5 Units of housing stock

| | 2021 Number | 2020 Number |
|---|---|---|
| General needs housing | | |
| - social | 9,285 | 9,359 |
| - affordable | 730 | 555 |
| - intermediate | 34 | - |
| Low cost home ownership | 16 | 14 |
| Supported housing | 31 | 31 |
| Total social housing units | 10,096 | 9,959 |
| **Total owned** | 10,096 | 9,959 |
| Residential leasehold | 285 | 285 |
| Accommodation managed for others | 13 | 13 |
| **Total managed accommodation** | 298 | 298 |
| **Total owned and managed accommodation** | 10,394 | 10,257 |
| Units under construction | 168 | 186 |

## 5 Units of housing stock (continued)

| **Total owned** | **General needs housing - social** | **General needs housing - affordable** | **Supported housing - affordable** | **Intermediate** |
|---|---|---|---|---|
| At start of the year | 9,359 | 501 | 54 | - |
| Additions in the year | - | 141 | - | 34 |
| Transfers | (35) | 36 | - | - |
| Disposals in the year | (28) | - | (2) | - |
| Off debit (pending demolition) | (11) | - | - | - |
| At the end of the year | 9,285 | 678 | 52 | 34 |

| **Total owned** | **Low cost home ownership** | **Supported housing - social** | **Total owned** |
|---|---|---|---|
| At start of the year | 14 | 31 | 9,959 |
| Additions in the year | 3 | - | 178 |
| Transfers | - | - | 1 |
| Disposals in the year | (1) | - | (31) |
| Off debit (pending demolition) | - | - | (11) |
| At the end of the year | 16 | 31 | 10,096 |

| **Total managed accommodation** | **Residential leasehold** | **Accommodation managed for others - social** | **Total managed accommodation** |
|---|---|---|---|
| At start of the year | 285 | 13 | 298 |
| Additions in the year | 1 | - | 1 |
| Transfers | (1) | - | (1) |
| Disposals in the year | - | - | - |
| Off debit (pending demolition) | - | - | - |
| At the end of the year | 285 | 13 | 298 |

## 6 Operating surplus

| | **2021 £'000** | **2020 £'000** |
|---|---|---|
| This is arrived at after charging: | | |
| Depreciation of housing properties | 10,084 | 9,929 |
| Depreciation of other tangible fixed assets | 219 | 213 |
| Impairment of other tangible fixed assets | 61 | - |
| Operating lease charges - land & buildings | 32 | 31 |
| Operating lease charges - other | 306 | 255 |

All fees for the audit of the company's annual accounts are paid by the ultimate parent company of the group

## 7 Employees

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Staff costs consist of: | | |
| Wages and salaries | 5,873 | 5,910 |
| Social security costs | 556 | 565 |
| Cost of defined benefit scheme | 971 | 1,624 |
| Cost of defined contribution scheme | 131 | 115 |
| | 7,531 | 8,214 |

The Association employs staff that work for other group companies, recharging the appropriate costs of labour to those companies. The above table represent the net cost incurred as this best reflects the cost of staff undertaking work on behalf of Ongo Homes.

The average number of employees expressed as full time equivalents (calculated based on a standard working week of 37 hours) during the year was as follows:

| | 2021 | 2020 |
|---|---|---|
| Administration | 32.0 | 33.8 |
| Development | 20.7 | 19.1 |
| Housing, support and care | 161.8 | 156.4 |
| | 214.5 | 209.3 |

A defined contribution pension scheme is operated by Ongo Partnership Limited on behalf of the employees of all the Ongo group subsidiary undertakings.

## 8 Directors and senior executive remuneration

The directors are defined as members of the Board of Management, the Chief Executive and the Executive Management Team disclosed on page 3

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Directors' emoluments (paid by Ongo Partnership Limited) | 659 | 662 |
| Contributions to defined contribution pension scheme | 18 | 17 |
| Contributions to defined benefit pension scheme | 116 | 90 |
| Amounts paid to Ongo Partnership Limited in respect of directors' services | 852 | 827 |

Note 9 details the amount paid to board members included in the above.

Directors' costs are paid by Ongo Partnership Limited and the relevant portion is recharged to Ongo Homes (with mark-up) through their management fee.

The total amount payable to the Chief Executive, who was the highest paid director in respect of emoluments, was £172,657 (2020: £172,065). Pension contributions of £48,582 (2020: £38,457) were made to a defined benefit pension scheme on his behalf.

As a member of the LGPS pension scheme, the pension entitlement of the Chief Executive is identical to those of other members with no enhanced or special terms applying.

There were two directors in the group's defined contribution pension scheme (2020: two).and three (2020: three) of the directors accrued benefits under the group's defined benefit pension scheme during the year

**8 Directors and senior executive remuneration (continued)**

The remuneration paid to staff (including Executive Management Team) earning over £60,000 upwards (excluding those paid by Ongo Partnership Limited and recharged through the management fee):

| | 2020 No. | 2019 No. |
|---|---|---|
| £60,000 - £69,999 | 2 | 3 |
| £70,000 - £79,999 | 2 | 1 |

**9 Board members**

| Board member | Remuneration £ | Member of Audit and Risk Committee |
|---|---|---|
| E Cook | 3,250 | |
| M Kenyon | 3,750 | |
| H Lennon | 2,750 | |
| T Mills | 2,750 | |
| J Wright | 2,750 | ☐ |
| M Finister-Smith | 3,250 | ☐ |
| N Cresswell | 2,750 | |
| P Gouldthorpe | 2,750 | |
| R Walder | 5,368 | |
| R Cook | 3,250 | ☐ |
| P Warburton | 1,750 | |

**10 Surplus on disposal of fixed assets**

| | Other Housing Properties 2020 £'000 | Total 2019 £'000 |
|---|---|---|
| *Housing properties:* | | |
| Disposal proceeds | 1,552 | 2,271 |
| Cost of disposals | (403) | (663) |
| Surplus on disposal of tangible fixed assets | 1,149 | 1,608 |

In addition to the above, fixed assets - other housing properties components valued at £314k were written off to operating costs as a result of components being replaced.

**11 Interest receivable**

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Interest receivable from group undertakings | 63 | 99 |
| Interest receivable and similar income | 11 | 107 |
| | 74 | 206 |

## 12 Interest payable and similar charges

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Bank loans and overdrafts | 3,469 | 3,217 |
| Other interest | 238 | - |
| Net interest on net defined beneift liability (note 26) | 88 | 262 |
| | 3,795 | 3,479 |

## 13 Taxation on surplus on ordinary activities

Ongo Homes Limited is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, this CBS has 'charitable status' and is potentially exempt from taxation in respect of income and capital gains arising from certain categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Deferred tax balances are not recognised.

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| UK corporation tax | | |
| Current tax on surplus for the year | 43 | 34 |
| Total current tax | 43 | 34 |
| Taxation on surplus on ordinary activities | 43 | 34 |

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

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Surplus on ordinary activities before tax | 9,606 | 7,742 |
| Surplus on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020: 19%) | 1,825 | 1,471 |
| Income not taxable | (1,782) | (1,435) |
| Group relief | - | (2) |
| Total tax charge for period | 43 | 34 |

## 14 Tangible fixed assets - Housing properties

| | General needs completed £'000 | General needs under construction £'000 | Shared ownership completed £'000 | Total £'000 |
|---|---|---|---|---|
| Cost: | | | | |
| At 1 April 2020 | 258,911 | 20,503 | 535 | 279,949 |
| Additions: | | | | |
| - construction costs | - | 13,135 | - | 13,135 |
| - replaced components | 5,945 | - | - | 5,945 |
| - transfers on completion | 22,835 | (23,177) | 342 | - |
| Disposals: | | | | |
| - replaced components | (692) | - | | (692) |
| - other | (611) | - | (243) | (854) |
| Transfer to stock | | | (204) | (204) |
| At 31 March 2021 | 286,388 | 10,461 | 430 | 297,279 |
| Depreciation: | | | | |
| At 1 April 2020 | (85,627) | - | (31) | (85,658) |
| Charge for the year | (10,062) | | (22) | (10,084) |
| Eliminated on disposals: | | | | |
| - replaced components | 378 | - | - | 378 |
| - other | 208 | - | 23 | 231 |
| At 31 March 2021 | (95,103) | - | (30) | (95,133) |
| Net book value 31 March 2020 | 173,284 | 20,503 | 504 | 194,291 |
| Net book value 31 March 2021 | 191,285 | 10,461 | 400 | 202,146 |

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

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Freehold | 202,146 | 194,291 |

**Works to properties**

| | | |
|---|---|---|
| Improvements to existing properties capitalised | 5,945 | 4,809 |
| Major repairs expenditure charged to statement of comprehensive income | 1,203 | 1,792 |
| | 7,148 | 6,601 |

## 15 Other tangible fixed assets

| | Office buildings £'000 | Fixture, fittings, tools and equipment £'000 | Total £'000 |
|---|---|---|---|
| Cost | | | |
| At 1 April 2020 | 2,817 | 1,508 | 4,325 |
| Additions | - | (6) | (6) |
| At 31 March 2021 | 2,817 | 1,502 | 4,319 |
| Depreciation | | | |
| At 1 April 2020 | (165) | (1,024) | (1,189) |
| Charge for year | (101) | (118) | (219) |
| Impairment loss | (61) | - | (61) |
| At 31 March 2021 | (327) | (1,142) | (1,469) |
| Net book value | | | |
| At 31 March 2020 | 2,652 | 484 | 3,136 |
| At 31 March 2021 | 2,490 | 360 | 2,850 |

The net book value of office buildings may be further analysed as:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Freehold | 1,984 | 2,108 |
| Long leasehold | 506 | 544 |
| | 2,490 | 2,652 |

The directors assessed the carrying value of the office buildings and, based on a fair value at 31 March 2021, as determined by an independent, professionally qualified valuer, an impairment of £61k was required. This charge, which is attributed to falling market values of properties in the local high street, is included in operating costs in the Statement of Comprehensive Income

## 16 Investment properties

| | Commercial £'000 |
|---|---|
| Cost | |
| At 1 April 2020 | 1,530 |
| Revaluations | (20) |
| At 31 March 2021 | 1,510 |

The investment properties are valued annually on 31 March at fair value, determined by an independent, professionally qualified valuer. The valuations were carried out by a RICS registered surveyor and were calculated on market value subject to tenancy, based on his knowledge of our commercial stock, recent valuations of similar properties and extensive knowledge of the local market.

The deficit on revaluation of investment property arising of £20k has been debited to the Statement of Comprehensive Income.

If investment property had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Historic cost | 1,197 | 1,197 |
| Accumulated depreciation | (66) | (44) |
| | 1,131 | 1,153 |

## 17 Fixed asset investments

| | Subsidiaries £'000 | Other £'000 | Total £'000 |
|---|---|---|---|
| Cost | | | |
| At 1 April 2020 | 100 | 30 | 130 |
| Additions | - | - | - |
| At 31 March 2021 | 100 | 30 | 130 |

**Details of subsidiary undertakings and other investments**

The principle undertakings in which the Association has an interest are as follows:

| Name | Country of incorporation | Proportion of ordinary share capital held | Nature of business | Nature of entity |
|---|---|---|---|---|
| *Subsidiary undertakings* | | | | |
| Ongo Developments Limited | England and Wales | 100% | Development Company | Incorporated company |
| Ongo Home Sales Limited | England and Wales | 100% | Property sales | Incorporated company |
| *Other investments* | | | | |
| MORhomes PLC | England and Wales | 0.70% | Funding vehicle for social housing | Incorporated company |

## 18 Stock

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Materials stock | 12 | 51 |
| Properties - shared ownership first tranche | 367 | 163 |
| | 379 | 214 |

## 19 Debtors

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Due within one year** | | |
| Rent and service charge arrears | 1,165 | 2,177 |
| Less: Provision for doubtful debts | (782) | (1,210) |
| | 383 | 967 |
| Trade debtors | 10 | 24 |
| Amounts owed by group undertakings | 1,842 | 1,829 |
| Other debtors | 1,102 | 544 |
| Prepayments and accrued income | 384 | 335 |
| | 3,721 | 3,699 |
| **Due after one year** | | |
| Amounts owed by group undertakings | 900 | 1,700 |
| | 4,621 | 5,399 |

A number of tenants in arrears are in formal repayment agreements with the Association. An assessment of the net present value of those repayment agreements was carried out. The potential adjustment identified was insignificant and was less than the provision for bad debt against those tenancies. On this basis, no adjustment has been made in the Financial Statements in relation to the net present value of the repayment agreements.

## 20 Creditors: amounts falling due within one year

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Trade creditors | 170 | 189 |
| Rent and service charges received in advance | 2,218 | 1,386 |
| Amounts owed to group undertakings | 38 | 32 |
| Taxation and social security | 210 | 196 |
| Other creditors | 215 | 307 |
| Recycled capital grant fund (note 22) | 130 | 139 |
| Deferred capital grants (note 23) | 3,338 | 2,831 |
| Accruals and deferred income | 4,544 | 3,976 |
| | 10,863 | 9,056 |

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

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Loans and borrowings (note 24) | 108,741 | 59,253 |
| Premium on bLEND loan issue | 7,774 | - |
| Deferred capital grants (note 23) | 50,994 | 48,516 |
| | 167,509 | 107,769 |

The loans and borrowings are secured by charges over a number of properties included within tangible fixed assets.

The CBS received the proceeds of bonds issued by bLEND at a premium to par. These premiums are amortised to the Statement of Comprehensive Income over the life of the loan to offset the interest paid.

## 22 Recycled capital grant fund

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| At 1 April 2020 | 139 | - |
| Inputs: grants to recycle | (9) | 139 |
| Interest accrued | - | - |
| Recycling: grants recycled | - | - |
| At 31 March 2021 | 130 | 139 |
| Amount three years or older where repayment may be required | - | - |

Inputs: grants to recycle has resulted from the receipt of grants in respect of Right to Acquire properties. These grants are expected to be defrayed within the next twelve months so have been shown as falling due within one year

## 23 Deferred capital grant

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| At 1 April 2020 | 51,347 | 48,632 |
| Grants received during the year | 5,780 | 5,323 |
| Released to income during the year | (2,795) | (2,608) |
| At 31 March 2021 | 54,332 | 51,347 |

## 24 Loans and borrowings

| Maturity of debt: | Other loans 2021 £'000 | Bank loans 2021 £'000 | Total 2021 £'000 |
|---|---|---|---|
| In one year, or on demand | - | - | - |
| In more than one year but not more than two years | - | - | - |
| In more than two years but not more than five years | - | 10,000 | 10,000 |
| In more than five years | 49,386 | 49,355 | 98,741 |
| | 49,386 | 59,355 | 108,741 |

| | Bank loans 2020 £'000 | Total 2020 £'000 |
|---|---|---|
| In one year, or on demand | - | - |
| In more than one year but not more than two years | - | - |
| In more than two years but not more than five years | 10,000 | 10,000 |
| In more than five years | 49,253 | 49,253 |
| | 59,253 | 59,253 |

During the year the CBS secured a loan of £50m from bLEND. The association is carrying loans as detailed below:

| | 2021 £'000 | 2020 £'000 | Interest rate |
|---|---|---|---|
| Bank loans | | | |
| Repayable October 2022 | 10,000 | 10,000 | 3.85% |
| Repayable October 2029 | 12,000 | 12,000 | 5.62% |
| Repayable October 2030 | 10,000 | 10,000 | 5.93% |
| Repayable October 2031 | 10,000 | 10,000 | 5.79% |
| Repayable October 2033 | 18,000 | 18,000 | 5.64% |
| bLEND | | | |
| Repayable March 2054 | 50,000 | - | 2.92% |
| | 110,000 | 60,000 | |

Issue costs of £1,393,847 were incurred in previous years, which were deducted from the initial carrying value, together with costs incurred this year of £616,812 are being charged to profit or loss as part of the interest charge calculated using the amortised cost method.

The bank loans are secured by specific charges over the Association's housing properties and floating charges on all of the Association's assets. They are repayable at varying rates of interest as detailed above.

At the year end the loan from bLEND was held by bLEND in a trustee account in the name of the association. These funds are included in cash at bank and in hand. Once released to the Association the loan will be secured by specific charges over the Association's housing properties The coupon rate of the bond issued by bLEND was 2.922%, however due to the bond premium received the effective rate for the CBS is 2.251%

At 31 March 2021 the Association had undrawn facilities of £45m (2020: £45m)

## 25 Financial instruments

The Association's financial instruments may be analysed as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Financial assets** | | |
| Financial assets measured at historical cost | | |
| - Trade receivables | 393 | 991 |
| - Other receivables | 4,228 | 4,408 |
| - Cash and cash equivalents | 77,505 | 13,859 |
| Total financial assets | 82,126 | 19,258 |
| **Financial liabilities** | | |
| Financial liabilities measured at amortised cost | | |
| - Loans payable | 108,741 | 59,253 |
| Financial liabilities measured at historical cost | | |
| - Trade creditors | 2,388 | 1,575 |
| - Other creditors | 5,137 | 4,650 |
| Total financial liabilities | 116,266 | 65,478 |

## 26 Pensions

Two pension schemes are operated by the CBS.

**Defined contribution pension scheme (Aviva)**

This scheme, which commenced in 2012 is open to all staff employed by the Association. The assets are held independently in a separately administered fund.
The pension cost for this scheme, which reflects contributions payable at rates specified in the rules of the plan, was £131k (2020: £80k). Contributions totalling £19k (2020 - £11k ) were payable to the fund at the year end and are included in creditors.

**Defined benefit pension scheme (LGPS)**

The Association participates in the multi employer Local Government Pension Scheme, 'East Riding Pension Fund', a final salary scheme, which was established under an irrevocable Deed of Trust. The Deed determines the appointment of trustees to the fund. The scheme is managed by a corporate trustee accountable to the pension scheme members. The trustees of the fund are required to act in the best interests of the beneficiaries.

At 31 March 2021 there were 160 active employees in the LGPS. This scheme is only offered to new employees who are already members of the scheme through previous employment.

Pension benefits depend upon age, length of service and salary level. There were no changes to the scheme during the year.

A full actuarial valuation of the defined benefit scheme was carried out at 31 March 2019 and updated to 31 March 2021 by a qualified independent actuary. Contributions to the scheme are made by the CBS based on the advice of the actuary and with the aim of making good any deficit over the remaining working life of the employees.

The employer's contribution to the scheme during the year was £2,290k (2020 £2,109k) at a contribution rate of 43% of pensionable salaries. Estimated employer contributions for the year ending 31 March 2022 are £2,311k.

Contributions totalling £167k (2020 - £124k) were payable to the fund at the year end and are included in creditors.

## 26 Pensions (continued)

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Reconciliation of present value of plan liabilities | | |
| At the beginning of the year | 54,954 | 63,371 |
| Current service cost | 1,674 | 2,196 |
| Interest cost | 1,274 | 1,542 |
| Benefits paid | (1,119) | (1,111) |
| Participant contributions | 367 | 368 |
| Changes in financial assumptions | 15,668 | (7,275) |
| Past service costs | - | 31 |
| Changes in demographic assumptions | 875 | 550 |
| Other experience | (549) | (4,718) |
| At the end of the year | 73,144 | 54,954 |
| Reconciliation of fair value of plan assets | | |
| At the beginning of the year | 50,854 | 52,564 |
| Interest income on plan assets | 1,186 | 1,280 |
| Contributions by employer | 2,290 | 2,109 |
| Participant contributions | 367 | 368 |
| Return on assets (excluding amounts included in net interest) | 7,828 | (4,356) |
| Benefits paid | (1,119) | (1,111) |
| At the end of the year | 61,406 | 50,854 |
| Net pension scheme liability | (11,738) | (4,100) |
| Amounts recognised in statement of comprehensive income are as follows: | | |
| Included in administrative expenses: | | |
| Current service cost | 1,674 | 2,196 |
| Past service cost | - | 31 |
| | 1,674 | 2,227 |
| Amounts included in other finance costs | | |
| Net interest cost | 88 | 262 |
| Analysis of actuarial (gain)/losses recognised in other comprehensive income: | | |
| Actual return less interest included in net interest income | (7,828) | 4,356 |
| Changes in assumptions underlying the present value of the scheme liabilities | 15,668 | (7,275) |
| Changes in demographic assumptions | 875 | 550 |
| Other experience | (549) | (4,718) |
| | 8,166 | (7,087) |

## 26 Pensions (continued)

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Composition of plan assets | | |
| European equities | 41,142 | 33,563 |
| European bonds | 11,053 | 8,137 |
| Property | 7,369 | 6,611 |
| Cash | 1,842 | 2,543 |
| | 61,406 | 50,854 |

The actual return on plan assets during the year was 17.5%.

| Principal actuarial assumptions used at the balance sheet date | 2021 | 2020 |
|---|---|---|
| Discount rates | 2.05% | 2.30% |
| Future salary increases | 1.97% | 1.90% |
| Future pension increases | 2.80% | 1.80% |
| Inflation assumption (CPI) | 2.80% | 2.00% |
| Mortality rates | | |
| for a male aged 65 now | 21.0 yrs | 20.9 yrs |
| at 65 for a male aged 45 now | 22.2 yrs | 21.8 yrs |
| for a female aged 65 now | 23.7 yrs | 23.3 yrs |
| at 65 for a female aged 45 now | 25.5 yrs | 24.8 yrs |

## 27 Share capital

The Association is limited by Guarantee and does not issue shares.

## 28 Operating leases

The association had minimum lease payables under non-cancellable operating leases as set out below:

| | Land & buildings £'000 | Vehicles £'000 | 2021 Total £'000 | 2020 Total £'000 |
|---|---|---|---|---|
| Not later than 1 year | 18 | 165 | 183 | 180 |
| Later than 1 year and not later than 5 years | 187 | 274 | 461 | 184 |
| Later than 5 years | - | - | - | - |
| | 205 | 439 | 644 | 364 |

The CBS operates from a building under a licence to occupy. There was no formal lease in place at the year end and therefore no amounts have been included in the above table, nor any shown as operating lease payments made during the year. It is anticipated that a lease will be signed shortly.

## 29 Capital commitments

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Contracted but not provided for | 15,019 | 13,707 |
| Approved by the Board but not contracted for | 12,297 | 17,382 |
| | 27,316 | 31,089 |

Capital commitments for the Association will be funded as follows:

| | 2021 £'000 |
|---|---|
| Social Housing Grant | 4,147 |
| Current undrawn loan facilities | - |
| Existing and future reserves | 23,169 |
| | 27,316 |

## 30 Contingent assets

Under the Right to Acquire and Right to Buy schemes a discount is provided to the tenant/home owner. As part of the conditions of sale this discount becomes repayable if the property is sold within five years from the date of purchase.

## 31 Contingent liabilities

The Association has an agreement with a supplier whereby that entity agreed not to make a charge to the Association for a site sharing lease but has reserved the right to do so if it is unable to obtain full receipt from third parties. The directors do not consider that it is probable that this potential liability, which amounts to £64,000, will fall due for payment and therefore no provision has been included within these financial statements.

## 32 Related party disclosures

The ultimate controlling party is Ongo Partnership Limited and its consolidated accounts are available to the public from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

Other than transactions with the group parent and other group subsidiaries, the Association does not believe that there were any related party transactions during the year.

The following transactions took place between the Association and its other group members during the year:

| | Parent 2021 £'000 | Parent 2020 £'000 | Fellow group Companies 2021 £'000 | Fellow group Companies 2020 £'000 |
|---|---|---|---|---|
| **Summary of transactions in the year** | | | | |
| Interest received on loans | - | - | 63 | 99 |
| Sales of goods and services | - | - | 6 | 25 |
| Purchase of goods and services, including capital costs | - | - | 12,842 | 12,214 |
| Community investment expended | - | - | 1,120 | 1,000 |
| Management fees paid | 6,605 | 6,728 | - | - |
| **Summary of balances at the year end** | | | | |
| Intercompany loans to group members | 525 | 494 | 2,217 | 3,003 |
| Other creditors | - | - | 1,479 | 1,808 |
| Other debtors | - | - | 20 | - |

Fellow group companies comprises: Ongo Roofing Limited, Ongo Heating and Plumbing Limited, Ongo Commercial Limited, Ongo Recruitment Limited, Ongo Developments Limited and Ongo Communities Limited.

The board includes one tenant member. Tenant Board Members have a standard tenancy agreement and they are required to fulfil the same obligations and receive the same benefits as other residents. They cannot use their position to their advantage. The rent charged for the year was £4k and the tenant had a negligible credit balance at the year end.

## 33 Net debt reconciliation

| | At 1 April 2020 £'000 | Cash flows £'000 | At 31 March 2021 £'000 |
|---|---|---|---|
| Cash at bank and in hand | 13,859 | 63,646 | 77,505 |
| Borrowings - repayable after one year | (59,253) | (49,488) | (108,741) |
| Net debt | (45,394) | 14,158 | (31,236) |

**34 Compliance with NHF Code of Governance**

The Board considers the CBS to be fully compliant with the NHF code of governance.

**35 Post balance sheet events**

During July 2021 the Association exchanged contracts to purchase 111 residential properties from another housing association, including leasehold and shared ownership properties. All ongoing tenancy agreements are expected to be transferred and Ongo Homes will also acquire the current tenants' outstanding debts. The cost of this purchase will be £6.4m. The Association expects the completion date to occur during September 2021.