Ongo Homes

Report and Financial Statements

Year Ended

31 March 2022

FCA Registration Number 7639

Regulator of Social Housing Registration Number L4486

Ongo Homes

Report and financial statements
for the year ended 31 March 2022

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Ongo Homes

Executives and advisors
for the year ended 31 March 2022

Board Members

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

H Lennon
E Cook
R Walder
R Cook
M Finister-Smith
P Warburton
M Kenyon
J Wright
S Hepworth
N Cresswell
P Gouldthorpe

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

Auditor:

Crowe U.K. LLP
3^{rd} Floor
The Lexicon
Mount Street
Manchester
M2 5NT

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 in 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 2022.

Results

The CBS made an operating surplus of £12.1m for the year (2021 - £12.7m). The Directors consider this to be an acceptable performance.

Reserves

Revenue reserves total £117.0m at the year-end (2021 - £99.0m). 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 2022/23 budget and business plan in March 2022 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 combined with the current high levels of inflation has meant that the executive leadership team and the board have reviewed 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 2021/22 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.

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, at a strategic, operational and project level. Risk creates uncertainty which we must understand, control, and monitor to reduce the uncertainty to an acceptable level.

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 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 Principles of risk management

The overarching principle of risk management is to add value, and to support the successful delivery of objectives.

At Ongo, we use **GUARDED** principles to set our approach to risk management:

- **Governed –** Risk management is integral to governance and leadership at Ongo, it is fundamental to how Ongo is directed and managed.
- **Understood –** Risks are comprehensive, well-articulated and understood by all.
- **Aligned –** Risk management is aligned with other business activities and is not a separate activity.
- **Relevant –** Risks are relevant to objectives and the management of risk is proportionate to the level of risk.
- **Discussed –** Risk is communicated and discussed with all interested parties.
- **Embedded –** Risk management is part of everyday life, activities and decision making at Ongo,
- **Dynamic –** The management and reporting of risk is responsive to change and can adapt and identify emerging risks quickly.

Our risk appetite

Our risk appetite is reviewed and set by Board, as high-level statements which sets the tone for risk taking. Detailed statements are then provided as guide for decision making to ensure we do not take risks outside of our agreed boundaries.

- **Financial (medium risk appetite):** We ensure that we remain financially strong and not take risks outside of our Golden Rules. We will seek to take risk only where the benefits outweigh potential costs.

- **Compliance (low risk appetite)**: We understand our compliance obligations and have a very low appetite for any action or decision that would result in a breach of our statutory or regulatory obligations.

- **People (high risk appetite):** We empower and trust our colleagues to make the right decisions and look to take risks where benefits can be justified and any potential risks are managed.

- **Reputation (medium risk appetite):** Being a great landlord, employer, partner, company is at the heart of our corporate plan. Although we recognise that we cannot control how others view us, we will work together to understand and manage the expectations of all stakeholders.

- **Infrastructure (low risk appetite)**: We rely on our technological infrastructure, and will look for innovative ways of working. However we have a low appetite for any risks resulting in security vulnerabilities, critical system downtime, data inaccuracies and loss of personal data.

- **Governance (low risk appetite)**: We will ensure that our governance structures are strong and all decisions are risk based, we will not enter into any activity that puts our social assets at risk.

- **Growth (high risk appetite):** We are open to growth opportunities that align with our corporate objectives, and will look at innovative ways of working and new technologies. Where the benefits can be demonstrated and outweigh the potential costs we will manage the risk.

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. These tests are intended to identify and model situations that could arise and enable us to then identify where management action could be required to rectify a situation.

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 rent regulation requiring a three year rent freeze, macro-economic difficulties (inflationary pressure and increased borrowing rates), and local economic slowdown (increased 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).

- **Staff stress**
  This model looks at the effects on the business of changes in specific factors around the costs of employing our Ongo colleagues, specifically pensions' provision and salary increases.

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. Our Asset and Liability Register is vital in understanding our options.

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.

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:

Corporate Objective	Code	Key Risks	Current Risk Status	Assurance 2021-22
Delivery of the Corporate Plan:	SRC1	**Health and Safety (H&S):** Poor Internal Control leads to a breach in of H&S legislation results in harm and prosecution.		Internal Audit 2021 H&S Arrangements (Substantial) Internal Audit 2021 Cyclical Testing – Fire Risk Assessments (Substantial)
To create and sustain truly vibrant communities Compliance Risk	SRC1	**Legal and Regulatory Compliance:** Poor Internal Control leads to a breach in legal and regulatory obligations leads to prosecution and/or regulatory intervention.		Internal Audit 2020 Gas Safety (Substantial) Internal Audit 2020 Cyclical Testing – Water Hygiene, Electrical Safety (Reasonable)
	SRF2	**Financing Risk** Inability to access future sources of funding to finance the business and deliver the Corporate Plan.		Gas Safe Registration Internal Audit 2022 Cyclical testing – Asbestos and Lifts (Due 2022-23) Legal Compliance Audit (H&S and Non H&S) Internal Audit 2021 Code of Governance (Substantial)
	SRO1	**Business Continuity** Significant disruption leads to loss in core service delivery for extended period.		Internal Audit 2021 Procurement Anti-Fraud (Reasonable) Internal Audit 2022 Data Protection (Due 2022-23) Internal Audit 2022 Asset and Liability Register (Due 2022-23) Internal Audit 2022 Fraud Management (Due 2022-23) Internal Audit 2020 Treasury Management (Substantial) Internal Audit 2021 Business Continuity Plan (Substantial) Internal Audit 2021 Disaster Recovery (Substantial) Cyber Essential Plus Accreditation 2021

Corporate Objective	Code	Key Risks	Current Risk Status	Assurance 2021-22
Be a Great Landlord • Involve customers in our decision making • Provide excellent services to our customers • Run an efficient landlord service	SRF1	**Financial decline/ Reduction in Operating Margin.** Changes to our core income impacts core service delivery and the development programme.		Internal Audit 2021 Rental Income Management (reasonable) Internal Audit 2021 Allocations (Substantial) Internal Audit 2021 Rent Setting Compliance (substantial) Internal Audit 2021 Service Charges (Substantial) Internal Audit 2022 Budgetary Control (Due 2022-23) Internal Audit 2021 Complaints (Substantial) Self-Assessment – Ombudsman complaints handling code. TPAS Accreditation Internal Audit 2022 Performance Monitoring (Due 2022-23)
	SFO4	**Customer Expectations** We are unable to meet customer expectations through poor communication or service delivery leading to high dissatisfaction and complaints.		
Offer Quality Homes • Enhance our environments that make them places people want to live in • Invest in our existing homes so they meet future demand. • Build new homes to help address housing need.	SRO3	**Stock Investment** Poor and reactive investment decisions leads to deterioration in assets and higher capital costs.		Internal Audit 2021 Responsive Repairs (substantial) Internal Audit 2021 Orchard Asset Management System (reasonable) Internal Audit 2021 Risk - Mitigating Controls (Substantial) JLL Stock Condition report (2022) Internal Audit 2020 Development – Contract Management (Substantial) Homes England Procedural Compliance Audit (TIAA)
	SRG3	**Development** Delays in the development programme or funding arrangements leads to stagnant growth, financial loss and additional management expense.		

Corporate Objective	Code	Key Risks	Current Risk Status	Assurance 2021-22
Create Opportunities  • Support our tenants to sustain their tenancies through coaching • Deliver community activities to improve life skills, health and reduce social isolation • Increase employment prospects through coaching and training • Raise aspirations in young people through mentoring and activities • Inspire and develop social enterprise and support business development	SRG2	**Subsidiary Performance** Poor performance in the subsidiary companies impacts on service delivery and reputation in Ongo Group.		Internal Audit 2021 Grant Commitments (Ongo Communities) (reasonable) Internal Audit 2021 Risk - Mitigating Controls (Substantial) Various external accreditations for both commercial and communities: • CHAS (Contractors Health and Safety Assessment Scheme 2022) • SSIP(Safety Schemes in Procurement 2022) • Construction Line (2022) • SMAS(Safety Management Advisory Services 2022) • Matrix Standard (2021)

Corporate Objective	Code	Key Risks	Current Risk Status	Assurance 2021-22
One Ongo  • Partnership • Drive • Responsibility	SRO2	**People** Problems with recruitment, retention and disengaged staff leads to incidents and poor customer service/quality and our ability to deliver the Corporate Plan.		Internal Audit (2021) Human Resources (HR) Management (reasonable) Internal Audit 2022 Mandatory Training (Due 2022-23) Internal Audit 2021 Risk - Mitigating Controls (Substantial)
	SRG4	**Decarbonisation** We are unable to affect culture and the pace of change in order to meet our Carbon Reduction Plan targets, leading to expensive investment decisions and limited progress.		Investors in People (Silver) Leaders in diversity (2020) Working towards Shift Accreditation (2022) Legal Compliance Review (in progress)

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.

Our internal auditors carried out 15 reviews, 13 of which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve Ongo's 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 2021-22

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	8	7
Reasonable Assurance	5	1
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

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.

Ongo is accredited with the Disability Confident Employers and this means we are recognised as going the extra mile to make sure disabled people get a fair chance. 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 adjustments are put in place to ensure that the individual can sustain their role and continued employment within the group.

Engagement with employees

We aim to involve staff and keep them engaged with decisions that will impact them and seek their continuous feedback.

Ongo achieved a one star rating from Best Companies which is defined as a very good employer. We have improved our scoring from 678 in 2019 to 690. We introduced a quarterly pulse survey of 10 key questions that provide a very useful insight into the direction of travel in terms of employee engagement. These have been running for over a year and around 80% of colleagues continually say that Ongo is a great place to work. We recognise that we want to be the best employer and there are always areas we can improve, we will continue to engage and ask what matters to our staff.

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 as 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.

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 2022, which was agreed following a staff ballot.

During the last 12 months we have continued to navigate our way through an ever changing landscape with Covid-19 affecting our work and personal lives. Despite this colleagues have shown resilience and commitment to delivering services to our customers and tenants and our key priorities and objectives:

The One Ongo strategy focuses on our internal culture and the way we work as an organisation with a clear focus on our people. These are the key achievements against our One Ongo Strategy over the last twelve months:

- **Agile** – We developed and launched our agile framework and guidance which supports our aim to fully embrace a culture of working in an agile way, removing the constraints of working a traditional 9-5pm week based in an office, and empowers colleagues to work in a way that delivers outputs and always puts the needs of our business and colleagues first. The pandemic helped us to transition to a much more agile way of working and the technology to support this was rolled out successfully which was instrumental to agile working being the norm.

- **Coaching the Ongo way** - We designed and rolled out a coaching awareness course to enable colleagues at all levels to develop new ways of working, new skills and embed a coaching culture across the organisation.

- **Pay and benefits review –** We've reviewed our pay and benefits. Our main aim was to ensure colleagues are paid fairly for the job they undertake and to look at the way in which we evaluate/grade our roles. Our new approach to benchmark each individual role achieves this by ensuring we are paying the market rate using the median point.

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.

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 CO^2 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.

We have continued to move forward on our path to achieve net zero, with some highlights during the year being:

- The recruitment of a new Carbon Reduction and Sustainability Manager position
- The establishment of an Ongo Net Zero Steering Group, led by the Chief Executive with a cross team membership of internal stakeholders
- Continuation of our membership with the Off Site Housing Alliance (OHSA) to progress opportunities to develop new properties using Modern Methods of Construction (MMC)
- Commencing on site for the build of 8 new properties that are carbon neutral in their future every day running
- Electric charging points included as standard on new build specifications, e.g. where possible an individual home being provided with its own charging point, or communal charging points installed
- An ESOS Compliance Report was commissioned covering January to December 2021

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.

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. 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.

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 2021 – 31 March 2022

Energy Consumption	2020-21	2021-22	Trend	
Mains gas (KWh)	6,185,815	7,779,866	26%	↑
Mains electric (KWh)	1,304,944	1,410,341	8%	↑
Transport – direct (KWh)	756,803	706,598	7%	↓
Total energy consumption (KWh)	8,247,562	9,896,805	20%	↑
Emissions – Mandatory SECR Reporting				
Combustion of gas (Scope 1) tCO2e	1,137	1,430	26%	↑
Combustion of fuel for transport (Scope 1 – Direct) (tCO2e)	181.8	169.7	7%	↓
Purchased electricity (Scope 2, location-based) (tCO2e)	0.7	0.8	14%	↑
Total gross emissions for which SECR reporting required (tCO2e)	1,320	1,601	21%	↑
Intensity ratio – mandatory emissions reporting				
Total gross emissions per property managed (tCO2e/property)	0.128	0.129	1%	↑
Total gross emissions divided by turnover (tCO2/turnover)	25.7	25.8	0%	↑
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.				
Key points				
From April 2021 to March 2022 the consumption of electricity increased slightly from the previous year. From April 2021 to March 2022 the consumption of natural gas increased substantially in part due to the relaxation of COVID restrictions with more office use				

Engagement with suppliers, customers and others

We are a partnership of companies with a 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 opportunities for local people by creating jobs, training and neighbourhood services – things our tenants told us are important to them. 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. What really makes us different is how we go beyond just being a landlord.

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 local 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
- Colleagues
- Communities
- Suppliers and contractors
- Regulators
- Auditors
- 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, with 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 improve our services.

We engage with our customers through a variety of channels, including our Community Voice panel, Customer Experience and Customer Engagement teams and our digital channels. We also have numerous other panels and groups for our customers to get involved in to help shape our services in the future.

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

In the last twelve months we have set up an 'environmental champions' group to engage with our customers to work with us on our journey to net zero.

How we engage with, and are influenced by our…

Colleagues

Our colleagues 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 and operational plan, 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. Our 2021 Best Companies score ranked us as a 'one star' company which demonstrates our commitment to our colleagues to create a positive working environment.

In 2021 we launched our 'Coaching the Ongo way' training which was open to all colleagues to be trained in coaching to support them in all aspects of work. Some colleagues completed a one or two day course covering the basics, and others have gone on to start qualifications in either level three, five or seven in the Institute of Learning Management (ILM) in Coaching.

How we engage with, and are influenced by our…

Communities

Our work puts us at the heart of local communities. 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. In the last twelve months we have also held a number of neighbourhood days and we care days to have a presence in our community, improve the visual appeal and be on hand to answer questions and queries our customers may have.

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…

Auditors

Ongo conduct audits to assess, interrogate, and test our internal processes. This aids with ensuring good governance, and makes sure that any weaknesses in our processes and practices are identified prior to critical failure. In turn, this provides assurance to our customers, regulators, and our board and helps us to identify, assess, and manage our operational risks.

Ongo have a small team of staff dedicated to the delivery of audit and risk management, and also engage the services of independent, third party auditors in order to provide assurance that internal control is in place and effective.

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. The result of this program has seen an increase in the feeling of safety for members of the community, and a sense of community on the estate. The work has enabled wider engagement with tenants and residents and more people using the Arc, our community building to access activities, the post office and the café. This gives the opportunity to improve communication and involvement from more people

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.

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 last twelve months, Ongo have been able to further extend the offer of coaching and mentoring for young people. In total the Ongo Communities team mentored 116 candidate.

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

In 2021 we recruited a Sustainability and Carbon Reduction Manager to lead our journey to net zero and coordinate all our environmental work across the organisation.

We have a ‘net zero working group’ led by our Chief Executive with representatives across Ongo to feed in and drive our plan forward. The action plan created will focus on key areas including:

- Existing homes
- New homes
- Our offices and buildings
- Corporate
- Education and awareness

The plan has targets in all of the above areas to achieve by 2025, 2028 and the national targets to meet by 2050.

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.
- We achieve our short term targets set out in the net zero action plan.

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.
- We achieve our longer term targets set out in the net zero action plan.

Auditors

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

Following a tender process during 2021/22 Crowe UK LLP were appointed as auditors for three years. They are in the first year of their appointment to serve as auditors for the Company and the Group.

By order of the Board

RWWalder

R Walder
Director **Date: 25 August 2022**

From 1 April 2021 to 31 March 2022 there were five meetings held on

15 June 2021	12 August 2021
21 October 2021	13 December 2021
22 March 2022	

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	3	3
Wright, John	4	4
Gore, Martin	1	1

Michael Finister-Smith served as chair of the Committee for the full year. There was one appointment and one resignation from the committee during the financial year. Daniel Klemm resigned on 31 December 2021 and Martin Gore was appointed on 10 January 2022. The committee has continued to focus on risk management as a key part of its 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 available to the Group Common Board and a written update is provided by the Chair to the following Group 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 Limited'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.

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: 25 August 2022**

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 2022, which is located in North and Greater Lincolnshire, Yorkshire and Bassetlaw, consisted of 9,350 units for general needs, 835 affordable rent units, 32 units for supported housing/housing for older people and 46 units for shared ownership. Included within these numbers is a dementia care scheme. The CBS 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 2021/22 and have self-assessed Ongo Homes as being fully compliant against the Governance & Financial Viability Standard.

NHF Code of Governance

The Board has adopted the National Housing Federation (NHF) Code of Governance (2020) and this is the first year the code has been used. When the code was launched a gap analysis was written and work has been ongoing throughout the year to embed compliance. Following an assessment against the code the Board consider it is fully compliant except for 3.7.3. The 2020 NHF Code of Governance introduced a new requirement (3.7.3) around maximum tenure normally being six years. A succession plan has been agreed for the Board with the aim to eventually meet the tenure of six years. To avoid several Board Members leaving Ongo at the same time, potentially risking a loss of experience and skills, a staggered approach has been agreed. This sees some Members stay beyond their six-year term to provide a period of stability as Ongo continues to embed its new governance structure.

The following areas of the Code are not applicable to this entity: 2.8, 2.8.1 and 2.8.2 as there are no joint ventures.

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 and 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 2021/22, with the main highlights below, including those achieved by sister companies:

Operational plan: We completed 94% of our operational plan for 2021/22.

Coaching the Ongo way: we appointed an external company to provide training and for colleagues that want to progress further, the opportunity to complete a coaching qualification and this has been well received across the organisation. This will not only be great development for colleagues on the courses, but also will benefit our tenants, customers and other colleagues across the business too.

Pay and benefits review: We completed a piece of work to review the way in which we pay and reward colleagues, and as a result we have a much fairer and transparent way of paying and rewarding here at Ongo.

Employee engagement: We were ranked at number 49 in the quarter one 'Best large companies to work for in the UK'. We were also ranked at number seven in the quarter one 'Housing's best associations to work for' and number 22 in the quarter one 'Best companies to work for in Yorkshire and the Humber'. 292 colleagues completed the survey and we received a 'one star' rating.

Income - Our rent collection continues to be excellent, and our current arrears are showing improvement of over £100k on our stretch target of £650k. We are currently 1.15% against the rent debit compared to a sector average of 3.01%, and only £400 out from the same position as last year; after the year we have had it is exceptional performance. Former tenant arrears are currently at £398,000 and overall, the combined debt has fallen significantly from the balance of £1,885,000 in 2019.

Lettings - We have now moved away from using fixed term tenancies and are instead offering tenancies for life for general needs tenants, which will support our approach to sustaining tenancies. Almost 87% of tenants are now digitally completing the sign up process themselves. We have received over 2,000 applications through My Move. Our overall customer satisfaction in lettings is 94%.

Tenancy services - Our tenancy coaches have supported 2,196 tenants around financial support and nearly 2,000 general support referrals have been received. We have dealt with 2,500 anti-social behaviour cases and resolved 89% of those.

Investment in our homes - The repairs team completed over 28,000 jobs in 2021/22 with over 7,500 of these being emergency and urgent. We completed a £1 million project to renew fire doors at Market Hill, with plans to install new fire doors at Trent View House. We have renewed 242 kitchens and 55 bathrooms, with around 20 homes having electrical rewires carried out as part of our investment program.

New homes - We built and bought 219 new homes, including two award winning schemes at the LABC (local authority building control) awards – Ancholme Mews in Scunthorpe and the completion of the Westcliff development. This also includes the stock transfer in Lincoln purchasing 111 homes from Metropolitan Thames Valley Housing.

Myos House: We opened our £4.4million flagship dementia care scheme, Myos House in 2021, offering 25 two-bedroom apartments to support those living with a dementia diagnosis. This was a partnership project with Homes England and North Lincolnshire Council who provided funding of £1million and £300,000 respectively.

Environmental focus: We appointed a Sustainability and Carbon Reduction Manager in 2021 to lead our journey to net zero. We also appointed a specialist to focus on smart home technology to support our tenants in their homes in an environmentally efficient way.

Customer resolution: With the implementation of the Customer Resolution team we have seen significant improvements across our complaint handling are also compliant with the Housing Ombudsman's complaint handling codes and a couple of the highlights are:

- 94% of complaints were handled within ten working days
- Increased early intervention for expressions of dissatisfaction and 223 rapid resolutions were completed

Our operating model has been reviewed to create an improved customer experience to ensure we are easy to do business with. The new model saw us implement a triage approach to our customer experience team which has led to a reduction in customer handoffs and delays in resolutions to their enquiries the new model has realised the following outcomes:

- 75% of all maintenance enquires are now resolved within the Customer Experience team
- 54% of all tenancy service and ASB reporting is resolved within the Customer Experience Team
- Increased digital contacts with the digital service now mirroring the telephone services and achieving 85% of enquiries to be resolved within the Customer Experience team
- Upskilling and specialising the knowledge within the Customer Experience team to provide a better services for our customers

Impact of operations on the community and environment

- £1,033,974 was invested into Ongo Communities, a registered charity and member of the Ongo group, 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.

- £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 local football clubs, a performing arts group and a local Scout group.

- The Safer Street project, funded in 2020/21 by the Home Office through the Office of the Police and Crime Commissioner (OPCC) to a value of £650,000 was delivered on the Westcliff Estate in Scunthorpe. The focus of the project was to reduce crime and anti-social behaviour and empower the community on the estate where the physical work was completed by March 2022. The project was delivered on a true partnership basis, bringing together internal teams and external partners, and strengthened existing relationships with the OPCC, Humberside Police, North Lincolnshire Council, and the community.

  Work now continues with a "We are Westcliff" campaign, aimed to increase pride in the community and continue providing support and empowerment to continue to reduce crime and anti-social behaviour, as well as offer activities and opportunities to develop individuals through social engagement and training.

New business

- We've worked in partnership with local authorities and others to build or purchase 219 homes and start on site on another 125 homes.

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 current 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 2023 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

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.

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.

Moving beyond Covid ways of working, we are continuing to offer a blended approach to meetings with our tenants and customers. This makes our groups and meetings more accessible and open to a wider reach of tenants.

Our Equality, Diversity and Inclusion (EDI) group is made up of colleagues 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 a focus on hidden disabilities, launching a Board trainee programme to support aspiring Board members particularly from under-represented groups plus we retained our 'Leaders in Diversity' Accreditation after going through the annual re-assessment process. The National Centre for Diversity also announced Ongo as achieving position 33 in their list of 'Top 100 Most Inclusive Workplaces' out of

300 plus organisations, and they shortlisted our EDI steering group for an award.. A group for colleagues has been set up to discuss all matters around working and living with a disability.

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 and accreditations we currently hold:

- Investors in People
- Best Companies – we are a Best Companies 'top 100 large companies' to work for
- CHAS
- Mindful Employer
- Disability Confident
- Which Trusted Traders
- Matrix Standard
- Leaders in Diversity
- Cyber Essentials
- Tpas
- Construction Line
- LABC awards

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 colleagues 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.

We continue to deliver against our corporate plan and the strategies that underpin the plan. We engage staff in the actions needed and the best way we can achieve our objectives and these our incorporated in to the operational plan and objective setting at team level. Regular updates are published and praise and recognition given for the teams delivering these as part of One Ongo.

We reviewed our pay and benefits to ensure that staff are paid fairly for the role they undertake. Our new approach to benchmark each individual role achieves this by ensuring that we pay the market rate which replaces an old job evaluation and grading structure. We have increased our annual leave entitlement to 30 days a year so this was consistent to all staff and continue to embed an agile way of working to improve work life balance.

Financial performance

The CBS's turnover increased from £47.7m in the year ended 31 March 2021 to £49.2m in the year to 31 March 2022.

Rent losses from voids and bad debt (expressed as void and bad debt as a percentage of income from lettings) was 1.8% (2021: 1.9%). The 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 are included within the monthly reporting and are considered to be key indicators:

Vacant dwellings as a percentage of stock (standard void) stood at 1.17% (2021: 0.97%) with total rent loss from vacant dwellings reducing to £528k (2021: £482k)

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 1.41% (2021: 2.56%) with former tenant arrears falling to 0.99% (2021: 0.93%).

The net movement in housing stock saw an increase to 10,263 (2021: 10,096). During the year 39 tenants exercised their right to buy their home (RTB/RTA). The surplus on the sale of properties was £1.99m (2021: £1.14m).

The operating surplus before interest, gift aid income and right to buy was £10.9m (2021: £11.5m), with operating margin changing from 26.6% (2021) to 24.6%.

The surplus on ordinary activities before taxation for the year was £7.5m (2021: £9.6m). This includes a gift aid receipt from Ongo Developments Limited of £191k. After the actuarial gain on the defined benefits pension scheme of £10.5m (2021: loss of £8.2m) this leaves a gain to reserves of £17.9m compared to £1.4m 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. The CBS has a further £50m of borrowings from proceeds of bonds issued by bLEND at a premium to par. The nominal value of funds secured in the year ended 31 March 2021 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 4.25% to 6.33% at the year end, with margins on these fixed debts scheduled to increase by 0.85% over the next 3 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 £20.4m which is generated in the main from the management of housing stock;
- outflows on investment and servicing of finance of £25.7m as the CBS continues to invest in its housing portfolio; and
- the net movement in cash.

Current liquidity

Cash and bank balances at the year-end were £72.2m (2021: £77.5m). Net current assets were £54.9m (2021: £71.6m). 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 compliance with legal and regulatory 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
- People: relating to recruitment, retention and morale
- Stock investment: relating to data integrity, major investment programmes
- Development: relating to the development programme, and growth of our stock profile.
- Decarbonisation: relating to our commitment to reducing our carbon footprint

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. We have our Operational Plan for 2022-23 which sets out key priorities for the next twelve months.

The plan includes the below aims:

Be a great landlord
- Involve customers in decision making
- Providing excellent services to customers
- Run an efficient landlord service

Offer quality homes
- Enhancing our environments that make them places people want to live
- Invest in our existing homes so they meet future demand
- Build new homes to help address housing need

Create opportunities
- Ongo coaching journey
- Employment and skills
- Business and enterprise
- Community development

We also have our internal objective to become **One Ongo** which has the following targets to achieve this year: carry out stakeholder mapping, develop a key skills dependency matrix, flexible rewards package for colleagues, finance improvement plan, commitment to net zero, equality, diversity and inclusion and health and safety.

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

R W Walder

R Walder
Director **Date: 25 August 2022**

Value for Money Statement 2021/22

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 for the 2021/22 financial year, and how we compare with other similar organisations.

For this statement we have selected to compare ourselves against a peer group of 66 housing associations[1] which had a stock size of between 5,000 and 20,000 (we have approximately 10,000) and which are similar to Ongo and located in the North East, North West, or Yorkshire and Humber regions. These include the Bernicia Group, Believe Housing, Beyond Housing, Broadacres Housing, Lincolnshire Housing Partnership, Living Homes, South Yorkshire Housing, and Yorkshire Housing.

The 2021/22 financial year was always anticipated to be challenging for Ongo due to the ongoing uncertainty and potential risks following both Britain's exit from the European Union (Brexit) and the global Coronavirus pandemic, plus 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.

Following the slow start to the financial year due to the national lockdowns imposed by the UK Government at the start of the 2021 calendar year; for much of the rest of the year we managed to operate with a 'business as usual' mentality whilst still maintaining our safe working practices, social distancing rules, and virtual methods of working. Like the majority of businesses across the UK and the rest of the world, the migration and adaptation to virtual ways of working triggered by the onset of the Coronavirus in 2020, and the resulting introduction of national lockdowns, has changed many of our operational ways of working permanently across our business. For most teams and departments, we have now seen the adoption of a 'hybrid' way of working with many staff choosing to 'work from home' in an agile manner using virtual technologies for meetings, training, learning, and communicating, whilst still visiting the office, customers, colleagues, and third parties in a face-to-face setting when necessary. For other teams for whom virtual working is more difficult, we have seen the transition back to the more traditional ways of working yet still combined with the facility for virtual meetings and training etc. Nevertheless, despite all of these new challenges, our commitment to delivering high levels of customer service to our customers, and our focus on our tenants and customers has remained high.

Virtual working has also 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.

Throughout the course of the 21/22 financial year Ongo have greatly increased our attentions and focus on carbon reduction, sustainability, and our environmental impact as an organisation. As part of this, we have created and recruited a post of a Carbon Reduction and Sustainability Manager, and have incorporated more environmental assessments and due diligence into our procurement processes. In addition, the adoption of virtual working will be here to stay at Ongo as it not only makes many of our working practices more efficient it also aids in reducing our carbon footprint as an organisation when it comes to business areas such as meetings and travel.

[1] A full list of the housing associations included within Ongo's peer benchmarking group is available from Ongo Homes on request.

In September 2021, Ongo acquired 111 additional properties from Metropolitan Thames Valley Housing. Located in Lincoln, the acquisition of these properties has helped to grow our organisation's geographical footprint, expanding our coverage into a new geographical area for us. The properties in question are approximately 12 years old and are grouped in a single location which gives economies of scale to management activities.

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 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.

The switch to digital

It will be obvious from the tables and graphs included within the coming sections of this report that Ongo have experienced a significant drop in overall customer satisfaction compared to the previous financial year. One of the main reasons for this decline can be attributed to the introduction of an online and digital platform, Qualtrics, for the delivery of our STAR customer surveys. Qualtrics was introduced during 2021 and has replaced the more traditional 'telephone survey' methodology through which we used to obtain our customer feedback.

It is supported and acknowledged by Housemark that following the introduction of digital methodology, and the subsequent use of SMS and email for the gathering of tenant feedback, providers are likely to see a 9% drop in overall satisfaction scores for both transactional and perception surveys. This is due to the digital platforms allowing us to reach a significantly larger audience than the tradition methods and the anonymity the digital platforms give to the individuals completing the survey responses. This empowers people to be more honest and direct with their feedback and assessments of the provider.

Through the use of the Qualtrics digital platform, Ongo have been able to reach out to a larger customer base with 37,043 contacts made in 2021/22 through a combination of SMS text messaging, email, and telephone for both perception and transactional surveys. Ongo have had an overall engagement rate of 20.5%, where customers have started or successfully completed the surveys.

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.

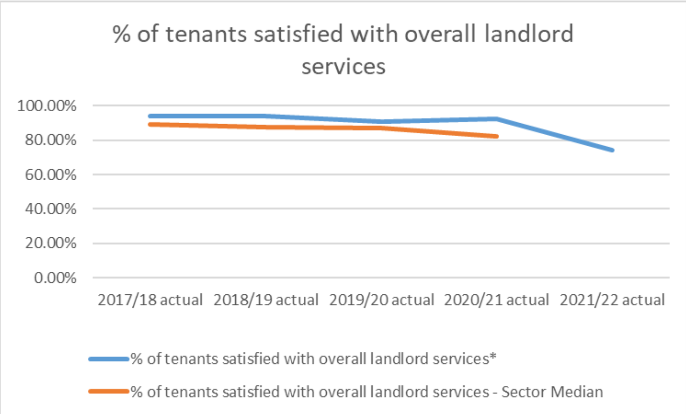
In our drive to be a great landlord, we have been putting a greater emphasis on changes we can make to improve our services. Over the last year this has included a greater focus on our self-help digital tools (my home) a new digital end-to-end tenancy sign up process, removing the need for paper, as 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 2020/21, which is the latest available comparison data.

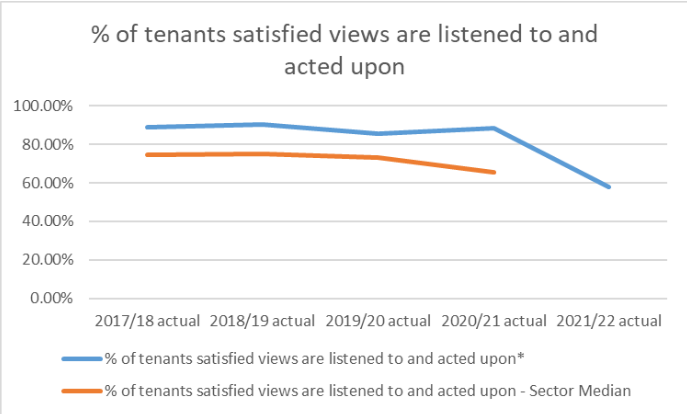
Internal performance measures: Be a great landlord						
Indicator	**2018/19 actual**	**2019/20 actual**	**2020/21 actual**	**2020/21 sector median**[2]	**2021/22 actual**	**2021/22 corporate plan target**
% of tenants satisfied with overall landlord services	94%	91%	92.50%	82.27%	74.00%	TQ Sector – 87.00% TQ Peers – 86.05%
% of tenants satisfied views are listened to and acted upon	90.40%	85.80%	88.60%	65.30%	58.00%	TQ Sector – 73.65% TQ Peers – 79.18%
% of tenants satisfied their rent offers value for money	95.90%	92.40%	94.73%	68.30%	81.00%	TQ Sector – 76.25% Peers – 79.00%
% of tenants satisfied with our repairs service	87.20%	81.50%	86.07%	75.20%	69.00%	TQ Sector – 81.56% Peers – 84.98%
Current tenant arrears as % of debit (exc' housing benefit)	1.83%	1.79%	1.62%	3.03%	1.41%	1.70%
% of rent loss from lettable empty homes	1.31%	1.21%	1.12%	1.33%	1.17%	1.10%

Our performance against the sector median (please note benchmarking data not available for 2021/22):

Graph 1

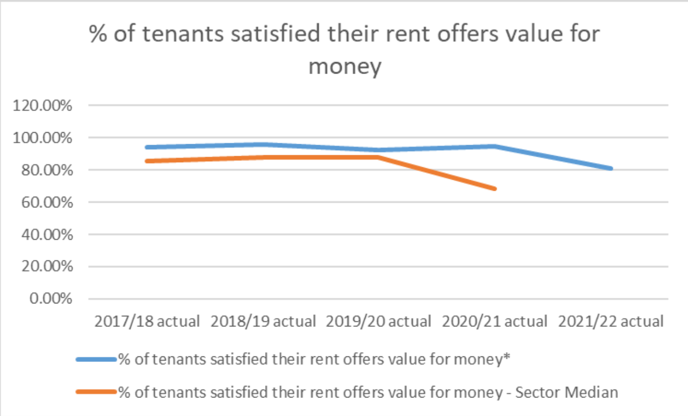


Graph 2

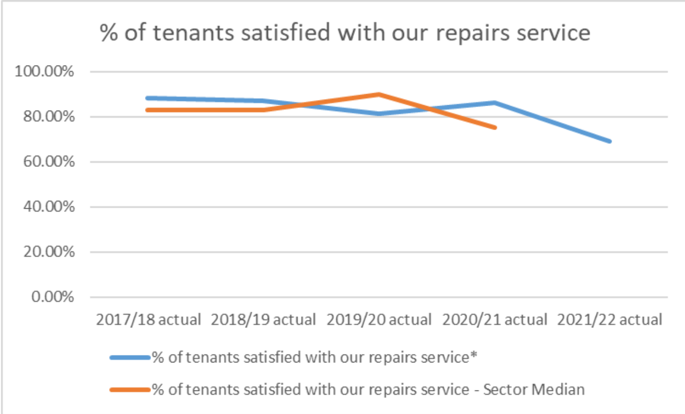


[2] 2020/21 Sector Median Data is the most recent data available at the time of writing. No sector median data is available for the 2021/22 financial year.

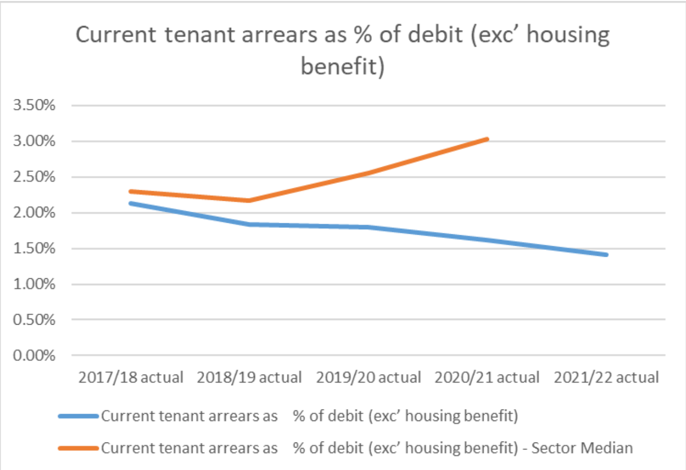
Graph 3



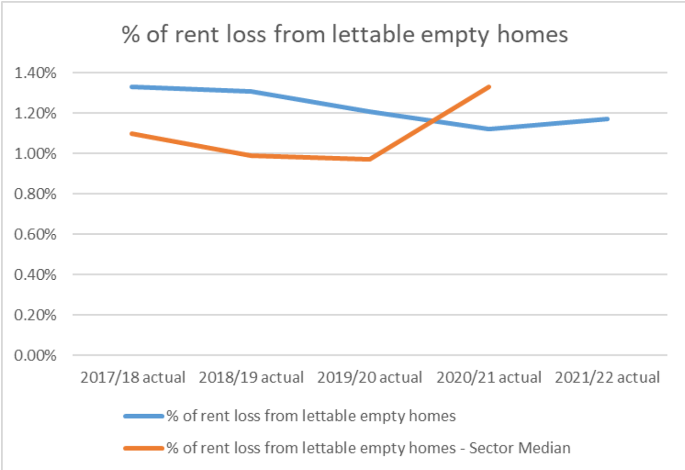
Graph 4



Graph 5



Graph 6



Graphs 1 to 4 above clearly demonstrate a significant decrease in customer satisfaction from 2020/21 to 2021/22 across all four of the customer satisfaction performance criterion. Our performance around overall customer satisfaction actually decreased by 18% compared with the previous year indicating that previous surveys may not have been as accurate as we would have believed at the time. The digital means of surveying is considered to present a far more accurate indication of how satisfied our tenants are with the landlord services offered.

Satisfaction with our maintenance and repairs services for 2021/22 has decreased significantly from 86.07% in 2020/21 down to 69.00% in 2021/22. This 17.07% drop is approximately twice as high as that acknowledged by Housemark. This may be a consequence of repairs and works being delayed due to the impact of the service provision during the national lockdowns, when we delayed non-urgent jobs to ensure our staff were able to continue to carry out emergency and urgent works. We worked hard to ensure that the backlog of repairs was re-appointed when the situation allowed and we are now in a position where we do not have a backlog. We do see some trends around the time taken to complete standard jobs causing some negative feedback and we have introduced measures such has increasing our contractor resources to assist the in-house teams in carrying out repair jobs. We have seen an increase in the ratio of emergency/urgent to standard jobs to an average of 45/55% split for 2021/22 as we concentrated on completing emergency and urgent repairs for our tenants. In 2022/23 our aim will be to realign that to the 30/70% split, which proves to be the most effective and efficient way to provide repairs across the priorities.

Graph 5 demonstrates a ‘positive’ decrease in the financial measures of our ‘current tenant arrears as a percentage of debit’ from 2020/21 to 2021/22.

Our performance around current tenant arrears is very strong and we finished the year at 1.41% overachieving our internal target by nearly 0.3%. 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 from 2019/20 through to 2021/22. The benefits of our revised strategy are now being recognised and the trend of reduced arrears since 2018, as seen 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 Universal Credit (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.

Graph 6 indicates that the percentage of rent lost from empty lettable homes has increased from 1.12% in 2020/21 to 1.17% for 2021/22. Despite this increase, the percentage of rent lost on empty lettable homes is still lower than the median lost across our benchmark peer group.

This ‘negative’ increase in our performance can be predominantly linked to the ongoing adverse impacts of both the Coronavirus pandemic and Brexit. Throughout the 2021/22 financial year we have continued to experience delays with turning void properties around and making them habitable for new tenants. These delays were primarily caused by staff shortages due to the continued need for Covid isolation and material shortages with delays hitting material logistics and imports. Many of our regular contractors have also experienced significant staff shortages and therefore we have been unable to supplement our resource shortages with as much additional external resource as we would normally rely on when demand for properties is high. Since the latter half of the year (Q3 and Q4), we have focussed on improving our overall re-let time down to 25 days and continuing to sustain tenancies through good advice and support for our tenants as well as embedding coaching as a way of working.

To achieve the 25 days turnaround, we carried out a review of the empty homes function as well as bringing in additional trade colleague resource. This has amounted to an investment in the service of around £350,000, and also included the introduction of new and revised working practices and procedures. The process now includes using every opportunity to identify work in the properties as early as possible, and where possible before the current tenant leaves a property.

Early signs show that the investment and the new ways of working are producing better results with an average reduction in empty homes turnaround of around 10 days. Between January 2022 to March 2022 inclusive, the average days taken was 46, whereas the April 2022 to June 2022 figures are indicating a reduction to just 36 days.

In addition we have also undertaken a review of the lettings policy to introduce more flexibility in how we let our homes. This should make it easier to access our homes and reach an unmet audience. The review resulted in the development of our own advertising platform, 'My Move' which will be used to advertise and let up to 50% of our available homes outside of choice based lettings, thereby creating an easier and more flexible approach. Coupled with the development of a digital sign up process which allows customers to self-serve 24 hours a day, 365 days a year ,outside of normal business hours, applicants and potential tenants now have the facility to upload their own documents, complete all lettings checks online (self-service), and track the status of their application and property.

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 24 months, has continued to pick up pace with work progressing on the delivery of new homes across a mix of tenures, including affordable rent, shared ownership and rent to buy.

A total of 102 new homes were completed in 2021/22 with a further 97 committed to and under contract at the end of March 2022.

In addition, Ongo Homes also acquired 111 properties in the Lincoln area from Metropolitan Thames Valley Housing (MTVH) during the year. The purchase included 76 rented, 30 shared ownership and five residential leasehold properties.

At the end of 2021/22 (through our subsidiary company Ongo Developments Limited), we had completed nine units from our outright sales scheme at East Lane, Corringham. During the year seven were sold - the remaining two units were awaiting sale at 31 March.

Three shared ownership properties were sold (first tranche) during 2021/22 generating £131k of income, which generated a profit of £103k after our costs were deducted. A further £43k was received relating to the staircasing of one shared ownership property generating profit of £12k after costs.

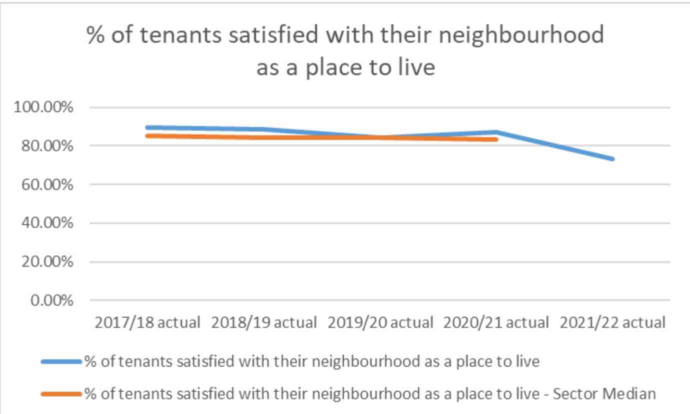
43 properties are currently being let on a rent-to-buy basis.

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 2020/21, which is the latest available comparison data.

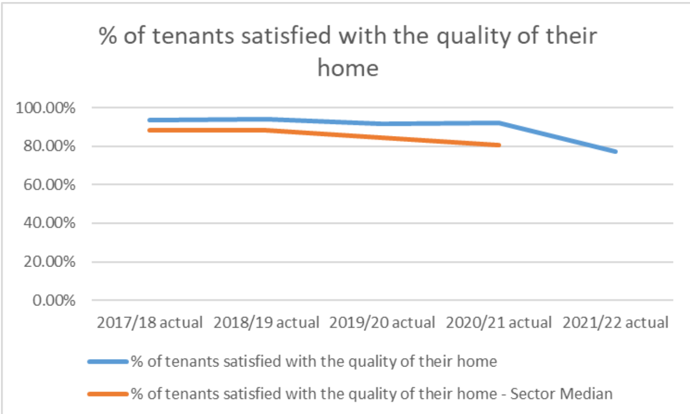
Internal performance measures: Offer quality homes						
Indicator	2018/19 actual	2019/20 actual	2020/21 actual	**2020/21 sector median**[3]	**2021/22 actual**	**2021/22 Corp plan target**
% of tenants satisfied with their neighbourhood as a place to live	88.80%	84.20%	87.27%	83.40%	73.00%	TQ Sector – 86.65% Peers – 86.10%
% of tenants satisfied with the quality of their home	94.20%	91.60%	92.07%	80.70%	77.00%	TQ Sector – 84.36% Peers – 84.38%
% of tenants likely to recommend Ongo Homes to family or friends	63.60%	63.80%	64.43%	34.50%	21.00%	TQ Sector – 44.00% Peers – 47.60%
Investment into existing housing stock	£5,358k	£4,809k	£5,945k	N/A	£6,085k	£120m over 10yrs
Number of new build homes delivered	130	134	179	N/A	213	225

Our performance against the sector median (please note benchmarking data not available for 2021/22):

Graph 7

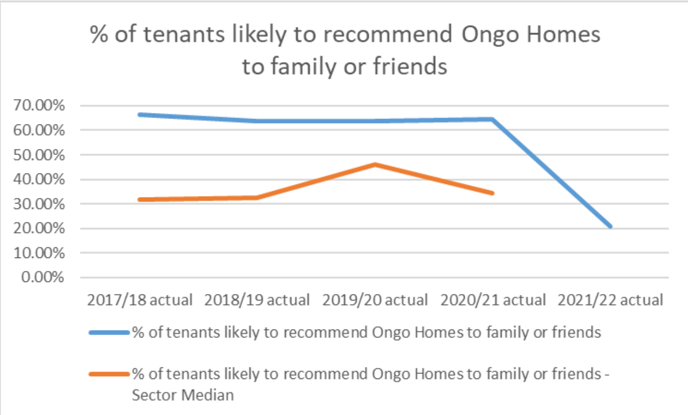


Graph 8



[3] 2020/21 sector median data is the most recent data available at the time of writing. No sector median data was yet available for the 2021/2022 financial year.

Graph 9



Graphs 7, 8, and 9 above indicate that we have seen negative decreases 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 negative dips in performance during the 2021/22 financial year.

The satisfaction with 'your neighbourhood as a place to live' decreased from 87.27% in 2020/21 to 73.00% in 2021/22. Throughout the 2021/22 financial year, Ongo have introduced several measures to try and remedy this drop in performance. Our Neighbourhood Services team carry out a number of tasks and services, ranging from the cleaning of our internal and external communal areas to improving neighbourhoods through carrying out small and medium environmental works identified through various means, including our tenants. Whilst our ability to carry out some of these works over the past year was affected, the projects we did carry out have proved to be valuable in enhancing environments and we will be continuing to do these works on a larger scale going forward.

The team also worked closely with our tenants to develop a new Neighbourhood Standard that sets out a framework for the service provision and gives a clear picture of what our tenants should expect from the service.

We are also in the process of starting to survey our tenants with regard to the service we deliver in their neighbourhoods on a more regular basis, so that we can understand trends and themes and put improvement measures in place where required.

Our in-house maintenance team carried out 28,532 jobs in 2021/22 with around 45% of those being emergency/urgent repairs. As stated previously, we have increased the percentage of emergency/urgent repairs from 38% in 2020/21 and we will be looking to re-balance that ratio in 2022/23 to a 30/70% split.

Our Resident Scrutiny Panel are currently undertaking a review of the number of days taken to complete standard repair jobs and they will provide further information and insight that we can use to improve that element of the service going forward.

The percentage of customers who are 'satisfied with the quality of their home' has decreased from 92.07% in 2020/21 down to 77.00% in 2021/22.

In order to counter this drop in performance, Ongo's Empty Homes and Lettings 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 Investment 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 is fundamental in ensuring the organisation manages and invests in its properties in a way that continues to represent VFM. It also gives us robust information to determine our short, medium and long terms plans for the investment related to our net zero targets set out in the carbon reduction action plan.

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.

During 2021/22 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 242 kitchens, installed 55 bathrooms and carried out a total of 20 electrical rewires to our properties whilst they were empty. We also renewed a total of 55 roofs to our homes.

Although the challenges around maintaining progress on compliance activities continue, to some extent in the past year the compliance team and our relevant contractors have, whilst being sympathetic in their approach, 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.

The percentage of customers who are 'likely to recommend Ongo Homes to their family and friends' has seen the most significant decrease of any of the KPIs we have in place. Performance for this measure has dropped from 64.43% in 2020/21 down to just 21.00% for the 2021/22 financial year.

Whilst these results are very concerning, as described previously, we have instigated some major changes to the service areas that could play a part in this result, i.e. Repairs and Maintenance and our Empty Homes and Lettings team, including investment in the empty homes service and the introduction of more resource for the Repairs team to deal with day to day repairs more efficiently.

We have also introduced new standards associated with the Empty Homes/Letting service and the Neighbourhood Services team, with significant input from our tenants in both, whilst also asking our resident scrutiny panel to review specific elements of the service areas.

Other possible reasons for this significant drop may include reductions in our levels of communication to tenants notifying them when properties will be ready; a potential lack of proactivity in keeping customers informed rather than them having to chase us; the standard of our property, both at letting stage and also after the tenancy starts; are we pushing digital too much and therefore tenants may consider these changes too imposing; is the cost of living crisis we are experiencing impacting on the affordability of our properties and therefore leading to a greater resentment of Ongo; and perhaps we need greater levels of communication and improved responses when dealing with reports of anti-social behaviour (ASB). All of these potential reasons will be investigated, reviewed and acted upon if necessary over the course of the next 12 months.

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 2022 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 2021/22 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 £14.44 worth of value in return. This is a reduction on the previous year (£15.33), mostly due to a reduction in the need for additional activities carried out to support our vulnerable customers with the Coronavirus pandemic. More detail on our Social Return on Investment (SROI) for 2021/22 is displayed later in this statement.

The amount of social return by Ongo Communities is attributed to the £1m funds from Ongo Homes and an outstanding record year of almost £700k won through grants and other income 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, plus a new fund from the UK government to support local people to re-engage in our services post-Covid.

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 116 people and appointed 31 onto new apprenticeships.

Along with our internal budget and contribution from Ongo Homes (£1.03m), 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 965 people in 2021/22. 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.

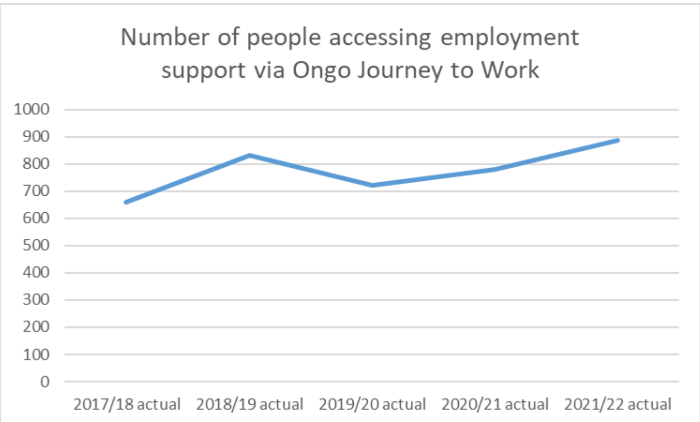
Below are our VFM metrics against which we measure our performance, through Ongo Homes funding of Ongo Communities, in *creating opportunities.* As these are unique to Ongo there is no comparable data recorded.

Internal performance measures: Create opportunities					
Indicator	**2018/19 actual**	**2019/20 actual**	**2020/21 actual**	**2021/22 actual**	**2021/22 Corp plan target**
Number of people accessing employment support via Ongo Journey to Work	832	721	780	965	700
Number of people gaining sustainable employment	180	181	162	217	180
Number of young people engaged in one-to-one mentoring	93	128	112	116	100
Number of new apprenticeships	48	50	27	31	36
Total invested into community/creating opportunities projects	£0.89m	£1.00m	£1.02m	£1.03m	£1.03m

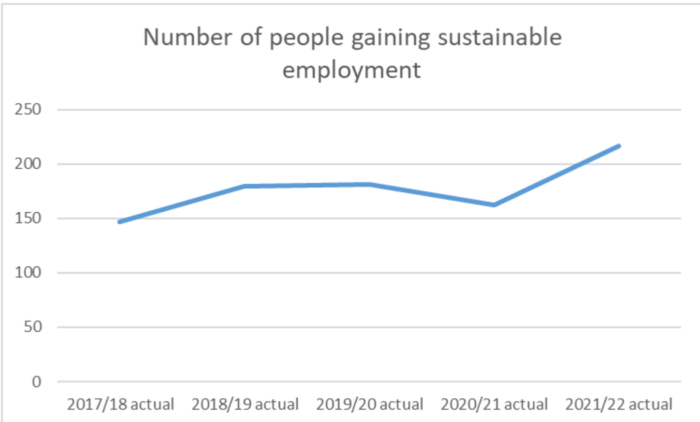
Our targets are the minimum level of service we plan to achieve. Our aim is to exceed these targets as much as we are able, based on the availability of external funding and partnership opportunities year on year. The number of people gaining employment has continued at a similar level to the previous 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:

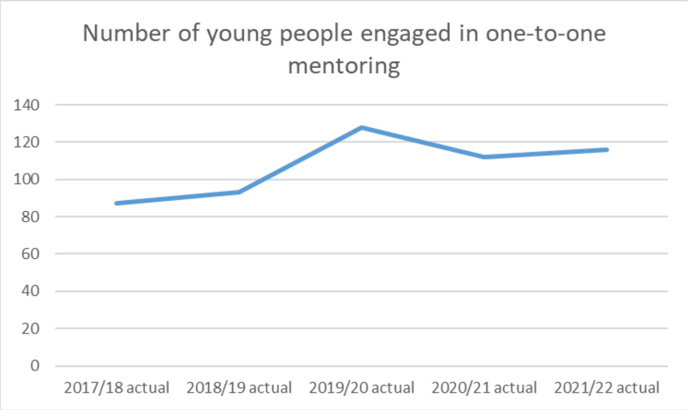
Graph 10



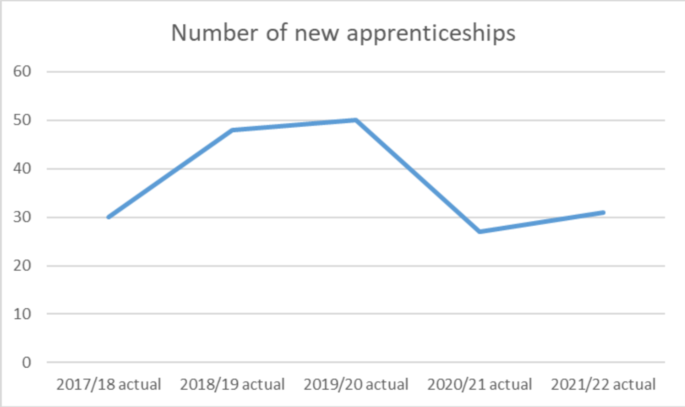
Graph 11



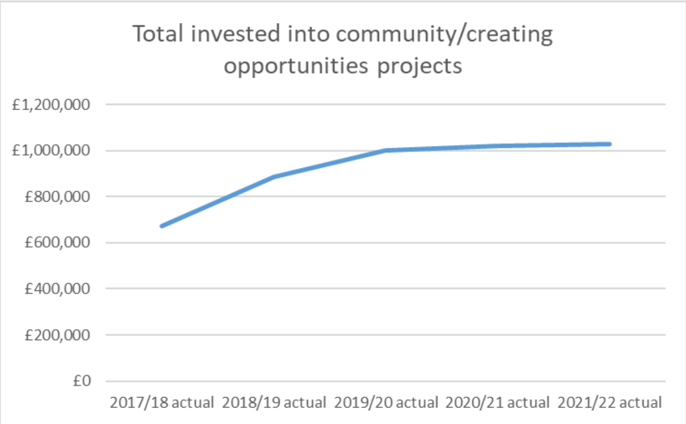
Graph 12



Graph 13



Graph 14



Graphs 10, 11, 12 and 13 above clearly demonstrate increases in performance against the previous year. We have seen increases in the number of people who have engaged with us for employment support, gained sustainable employment, or engaged with us in one-to-one mentoring, and the number of new apprenticeships. These increases are all due to the excellent range of projects and programmes available for our customers.

Graph 14 also demonstrates the continued positive impact of work we do, demonstrating an increase in the amount of money Ongo Homes have invested in creating opportunities and community projects during the 2021/22 financial year.

With our current 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.

Our Ongo Talk scheme, launched in 2019 with the aim of supporting people with low level mental health issues, has supported 304 people during 2021/22, 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 on, 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

The way Ongo manages VFM has changed considerably over the past three years. This regulated aspect of our business now commands a significantly greater level of focus than ever before, and as such we have a number of practices in place to assist us with ensuring that we not only meet, but exceed our regulatory expectations.

- **VFM Framework**

Ongo maintain a VFM framework which was revised during January 2022 with input from two third party specialist consultancies. This framework replaces Ongo's previous model of policy and strategy and ensures compliance with the VFM Regulatory Standard and the accompanying Code of Practice. The purpose of the framework is to set out our strategic approach to VFM and provide guidance on how we identify, deliver, manage, and embed VFM across all aspects of the Group.

- **VFM Reports to Board**

VFM progress reports are presented to Ongo's Group Common Board (GCB) at least every six months, and then generally at least one more report is produced each year in order to propose the VFM savings targets and other documentation (e.g. VFM Framework, RSH VFM standard self-assessment etc.).

- **VFM Savings target**

Annually Ongo set a VFM savings target ahead of commencing the new financial year. The VFM savings target is based on actual forthcoming procurement projects scheduled for delivery over the course of the year. The figure is calculated by assessing which procurement contracts are due to expire and/or be re-procured over the course of the forthcoming year, combined with the 'none' procurement-based savings recorded during the previous financial year. These are typically made up of staffing changes, efficiency savings, and other similar gains, and together equate to approximately 50% of all savings recorded. Once calculated, the VFM savings target is presented to Ongo GCB for their approval ahead of being utilised as an operational target.

- **VFM Statement**

Annually, Ongo produces a VFM Statement. This document presents VFM performance against our value for money targets and any metrics set out by the regulator and demonstrates how our performance compares to that of our peers. The statement is presented within the annual statutory accounts to board in line with the requirements of the 2018 VFM Standard.

- **VFM Steering Group**

Ongo has an organisational wide cross cutting VFM Steering Group. Its purpose is to create a VFM culture across Ongo, oversee the delivery of the VFM Framework, and identify cost and efficiency gains that can be made from every day working practices. The steering group is made up of representatives from across the business who act as VFM champions.

- **VFM Action Plan**

Ongo's VFM action plan is monitored by the VFM Steering Group and shared with GCB for comment and challenge.

- **VFM Report It Button**

In 2021, Ongo introduced a VFM 'Report It' button on our intranet. This provides all individuals across the business with a platform to log VFM savings, or ideas and suggestions for potential VFM savings to the attention of their manager or head of service. People often have ideas about how to save money or improve the efficiency of a process but the 'Report It' button allows them to bring these suggestions into focus allowing them to be discussed and investigated further.

- **VFM Savings Register**

Ongo maintain a VFM Savings register against which all operational VFM gains are recorded. Performance of savings is tracked against the annual savings target and broken down by internal operational teams. The total annual savings figure is presented in the VFM statement each year.

- **VFM Training**

New board members and staff complete VFM eLearning as part of the induction process. Refresher training is also carried out, e.g. externally facilitated training to board members and managers, or the Procurement and VFM Manager delivering VFM refresher awareness training to teams across the business.

- **Team Meetings**

VFM has now become a standard agenda item for all team meetings across all departments of our business. This is to aid with keeping VFM in focus, and to always ensure VFM is considered by all staff members and for all business functions and decisions, and to ensure that VFM is obtained from all transactions made across the Ongo Group.

- **Personal Development Reviews (PDR)**

VFM has now become a standard item on all individual staff members annual PDR's. This may just be a request for them to identify a single VFM saving or make a proposal for consideration, or it may be to achieve a minimum value of savings for their department or business area. But by having VFM considered by all staff on an operation level, means that it becomes part of the Ongo culture and not just a requirement we have to do to 'tick a box'.

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 £7,469k for the year, £1,583k favourable to budget.

Net operating margin was 20.5%, against a budget of 18.5%.

Rent payments from social housing account for 91.6% of income.

The bank balance at the year-end stood at £72,216k, which included the receipt in the previous year of the proceeds of bonds issued by bLEND to provide funding for the CBS's future development programme.

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 2021. The latest figures available at the time this statement was written were from 2020/21. Our comparisons are listed below:

	2020/2021						
Metric 1	**Global Accounts median**	**Benchmark group median**	**Sector scorecard median**	**Our actual 20/21**	**Our actual 21/22**	**Our budget 22/23**	**Business plan 23/24**
Reinvestment **VFM theme:** outcomes delivered **Risk theme:** Effective asset management **Corporate objective:** Offering quality homes, creating opportunities	5.80%	5.98%	5.92%	9.44%	9.07%	15.98%	16.78%
What is it telling us?	Reinvestment considers what we spend on new developments and improvements to existing properties as a percentage of our housing properties at cost. In our corporate plan we have made a commitment to tenants to reinvest in our existing homes and neighbourhoods. In 2021/22 we reinvested £6.1m in our current housing stock and £13.9m in the development of new homes. We are expecting to reinvest a further £23.4m in current stock and £64.3m in new development over the next two years, including £2.5m in decarbonisation works. These investments are in line with our corporate plan objectives, with new properties delivered through our development company, Ongo Developments Limited. We compare well against the sector and our peers, with the sector averaging 5.9% reinvestment in 2020/21 compared to our 9.4% in that year. Our peer group for that year has average investment of 6.0% which we are performing significantly above.						

Metric 2	2020/2021 Global Accounts median	2020/2021 Benchmark group median	2020/2021 Sector scorecard median	2020/2021 Our actual 20/21	Our actual 21/22	Our budget 22/23	Business plan 23/24
2a. New supply (social) **VFM theme:** development capacity **Risk theme:** development **Corporate objective:** Offering quality homes	1.30%	0.86%	1.06%	1.72%	0.97%	1.31%	3.01%
2b. New supply (non-social) **VFM theme:** development capacity **Risk theme:** development **Corporate objective:** Offering quality homes	0%	0%	0%	0%	0%	0%	0%
What is it telling us?	New supply is the number of new housing units we have acquired or developed as a percentage of the total housing we own. During the 2021/22 we delivered 102 new homes and purchased a further 111 existing social housing properties in the Lincoln area from another social landlord. Whilst we had 77 fewer new build completions compared to 2020/21, 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 183 new homes per year over the next decade, with 467 of these coming in the next two years.						

	2020/2021						
Metric 3	**Global Accounts median**	**Benchmark group median**	**Sector scorecard median**	**Our actual 20/21**	**Our actual 21/22**	**Our budget 22/23**	**Business plan 23/24**
Gearing **VFM theme:** development capacity **Risk theme:** development **Corporate objective:** Offering quality homes	43.90%	46.53%	38.17%	15.50%	16.60%	23.50%	28.60%
What is it telling us?	Gearing is the long and short term borrowing as a percentage of the homes we own, at cost. 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. 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. However, as we borrow more and spend our cash balances, including the £50m additional long-term funding we secured in 2020/21, to fund the development of new homes, as agreed in our corporate plan, gearing will rise.						

	2020/2021						
Metric 4	**Global Accounts median**	**Benchmark group median**	**Sector scorecard median**	**Our actual 20/21**	**Our actual 21/22**	**Our budget 22/23**	**Business plan 23/24**
EBITDA MRI interest cover **VFM theme:** business health **Risk theme:** reduced income **Corporate objective:** Be a great landlord	183.0%	170.1%	195.1%	349.0%	256.8%	179.5%	136.5%
What is it telling us?	The EBITDA MRI measure demonstrates business health and our capacity to support borrowing costs. Our performance in this metric in recent years has been good and has continued to give 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), we have seen a reduction in this metric during 2021/22. We expect this measure to reduce further in 2022/23 and 2023/24 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 well our peers.						

Metric 5	2020/2021 Global Accounts median £	2020/2021 Benchmark group median £	2020/2021 Sector scorecard median £	2020/2021 Our actual 20/21 £	Our actual 21/22 £	Our budget 22/23 £	Business plan 23/24 £
Headline social housing cost per unit **VFM theme:** operating efficiencies **Risk theme:** asset management **Corporate objective:** Be a great landlord	3,730	3,141	3,582	2,943	3,168	3,681	4,143
What is it telling us?	This metric represents social housing costs divided by the number of social housing homes we own. In 2021/22 we saw our overall related costs increase, mainly due to increased maintenance costs as a result of additional works following the impact of the Coronavirus pandemic in 2020/21, and a rise in depreciation charge arising from our further investments in our property stock. These increased costs have been partially offset by an increased property base delivered by our investment programme, leading to a modest increase in cost per property. Our cost per property is comparable with our peers and the sector median. 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 In summary, we recognise we are operating efficiently because our costs are comparable with our peers. We are, however, planning to increase our spending to meet our commitments in the corporate plan.						

	2020/2021						
Metric 6	**Global Accounts median**	**Benchmark group median**	**Sector scorecard median**	**Our actual 20/21**	**Our actual 21/22**	**Our budget 22/23**	**Business plan 23/24**
6a. Operating margin (SHL) VFM theme: business health Risk theme: reduced income Corporate objective: Be a great landlord	26.30%	25.91%	25.68%	23.80%	19.40%	17.30%	19.50%
6b. Operating margin (overall) VFM theme: business health Risk theme: reduced income Corporate objective: Create opportunities	23.90%	25.94%	23.10%	24.80%	21.00%	19.50%	20.60%
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. As expected, our operating margin decreased in 2021/22, largely because of the increased activity in the year following a period of reduced activity in 2020/21 as a result of the Covid-19 lockdown. We expect our operating margins to decline further during 2022/23 as we deliver our corporate plan, particularly investing in communities and new homes and allowing for increased costs during a period of inflationary pressure. However, from 2023/24 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.						

	2020/2021						
Metric 7	**Global Accounts median**	**Benchmark group median**	**Sector scorecard median**	**Our actual 20/21**	**Our actual 21/22**	**Our budget 22/23**	**Business plan 23/24**
ROCE VFM theme: asset management Risk theme: asset management Corporate objective: Be a great landlord	3.30%	4.72%	3.24%	4.60%	4.30%	4.20%	4.40%
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. 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 declined during 2020/21 primarily because of the increase in assets due to the additional £50m funding secured and as expected we saw 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 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.

For the 2021/22 financial year, the Ongo Group savings target was set at £809k. This was a theoretical target saving based on anticipated savings from procurement contracts due for renewal in the period, plus the average ‘non-procurement’ savings taken from across the previous couple of years.

The actual total savings recorded for the 12 month period is £1.856m. A significant reason for this increase against target can be linked to two major spend areas: Ongo’s expenditure with our commercial Roofing and Plumbing and Heating businesses, and our utilities expenditure.

During the 2021/22 financial year we tendered for both our roofing and plumbing and heating contracts, via competitive processes in line with our internal procurement and tendering procedures, and in accordance with the Public Contract Regulations. For both tenders we successfully appointed Ongo’s own commercial subsidiary companies, Ongo Roofing Ltd, and Ongo Plumbing and Heating Ltd respectively. The tenders for both spend areas generated combined savings recorded as £552k compared to other bids received. These savings are primarily due to the fact that these Ongo companies are part of the same VAT group, therefore we do not pay VAT on labour, thereby generating excellent value for money on these contracts.

The second spend area which has generated significant savings has been on our utilities expenditure. In February 2020, we signed three year fixed price agreements for our gas and electricity supplies commencing in August 2020. These agreements were made when the market was extremely low. Since then, and in particular with the latter half of 2021/22, we have seen some huge price increases for both utilities, however our fixed price agreements negated these increases resulting in circa £620k of savings generated against market rates.

The majority of other savings are in-line with the anticipated savings target and budget.

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 2021/22
Communities	£1,154
Human resources	£2,235
Finance	£59,005
Corporate Services	£631,261
Housing	£79,688
Development	£210,211
PR and marketing	£1,441
Customer services	£1,119
ICT	£169,640
Maintenance	£131,090
Regeneration	£567,906
Neighbourhood Services	£1,620
Ongo Homes Total	**£1,856,370**

In addition to the headline savings made across our external commercial expenditure and utility contracts, other significant savings include £70k saved on the supply and installation of replacement fire doors for one of our high-rise blocks, and £85k saved on the appointment of a designer and architect appointments for a combined tender for nine schemes planned with our development team.

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 are 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 2021/22 has been calculated to be £14.44 for every £1 we have spent. This is slightly lower than the previous year (£15.33), however 2020/21 did include the SROI on delivery of 15,000 food parcels and 33,000 safe and well calls during the pandemic which increased the score during that period. Our SROI for 2021/22 is displayed below.

Activity	Overall budget spent	Overall social impact returned	Analysis of benefit	
			Budget : social impact	Net benefit
Ongo Communities	£1,799k	£25,987k	1 : 14.44	£24,187k

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 2021/22, we had 10,254 homes in our portfolio. These included 90 homes classified as supported housing, 801 charged at affordable rent including 43 Rent to Buy, and 46 shared ownership properties.

Twenty right to buy sales and nineteen right to acquire sales generated a total profit of £1,991k.

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

During 2021/22 Ongo produced an asset management plan which sits under our Offering Quality Homes strategy. The plan intended to address the changing environment, and how the organisation needs to plan for it whilst still carrying on and trying to improve the traditional things that previous asset management strategies covered such as elemental replacement programmes (kitchens, bathrooms etc.), and effective and efficient repairs services. The Asset Management Plan lays out the actions needed to allow us to continue to invest intelligently in our assets; to continue to adhere to building legislation and regulatory standards; and progress with our carbon reduction plans; all whilst still ensuring value for money, still looking to improve through innovation and ultimately still meeting customer expectations and achieving high levels of satisfaction.

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 and 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 2022

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of 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 2015.

Basis for opinion

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

Conclusions relating to going concern

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

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 is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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 this gives rise to a material misstatement in the financial statements themselves. 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 in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of controls over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; 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's responsibilities statement set out on page 6, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the 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 intends 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.

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and the timing of recognition of income. Our audit procedures to respond to these risks included enquiries of management and the Group Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is available 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 Association's members as a body in accordance with Section 87 of 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 Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Crowe U.K. LLP
Statutory Auditor
Manchester
20th September 2022

Ongo Homes

Statement of comprehensive income
for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Turnover	3	**49,156**	47,691
Cost of sales	3	**(103)**	(220)
Operating costs	3	**(38,967)**	(35,954)
Surplus on sale of fixed asset housing properties	3, 10	**1,991**	1,149
Operating surplus	3, 6	**12,077**	12,666
Other interest receivable and similar income	11	**102**	74
Interest payable and similar charges	12	**(4,629)**	(3,707)
Other finance costs	12	**(243)**	(88)
Gift aid		**191**	681
Movement in fair value of investment properties	16	**15**	(20)
Surplus on ordinary activities before taxation		**7,513**	9,606
Taxation on surplus on ordinary activities	13	**(44)**	(43)
Surplus for the financial year		**7,469**	9,563
Actuarial (losses)/gains on defined benefit pension scheme	26	**10,459**	(8,166)
Total comprehensive income for year		**17,928**	1,397

The notes on pages 75 to 95 form part of these financial statements.

Ongo Homes

Statement of financial position
at 31 March 2022

	Note	2022 £'000	2021 £'000
Fixed Assets			
Tangible fixed assets - housing properties	14	**220,877**	202,146
Tangible fixed assets - other	15	**2,679**	2,850
Investment properties	16	**1,525**	1,510
Investments - other	17	**30**	30
Investments - subsidiaries	17	**77**	100
		225,188	206,636
Current assets			
Stock	18	**20**	379
Debtors - receivable within one year	19	**2,740**	3,721
Debtors - receivable after one year	19	**-**	900
Cash and cash equivalents		**72,216**	77,505
		74,976	82,505
Creditors: amounts falling due within one year	20	**(20,115)**	(10,863)
Net current assets		**54,861**	71,642
Total assets less current liabilities		**280,049**	278,278
Creditors: amounts falling due after more than one year	21	**(161,324)**	(167,509)
Net assets excluding pension liability		**118,725**	110,769
Pension liability	26	**(1,766)**	(11,738)
Net assets		**116,959**	99,031
Capital and reserves			
Income and expenditure reserve		**116,959**	99,031
		116,959	99,031

The financial statements were approved by the Board of Directors and authorised for issue on 25 August 2022

R Walder
Director

M Kenyon
Director

S Hepworth
Chief Executive

J Sugden
Company secretary

The notes on pages 75 to 95 form part of these financial statements.

Ongo Homes

Statement of Changes in Reserves
for the year ended 31 March 2022

	Income and expenditure reserve £'000	Total equity £'000
Balance at 1 April 2021	99,031	99,031
Surplus for the year	7,469	7,469
Actuarial gains/(losses) on defined benefit pension scheme	10,459	10,459
Other comprehensive income for the year	10,459	10,459
Balance at 31 March 2022	116,959	116,959

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

The notes on pages 75 to 95 form part of these financial statements.

Ongo Homes

Statement of cash flows
for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Surplus for the financial year		**7,469**	9,563
Adjustments for:			
Depreciation of fixed assets - housing properties	14	**10,752**	10,084
Depreciation of fixed assets - other	15	**202**	219
Impairment of fixed assets - other	15	**-**	61
Impairment of investments	17	**23**	-
Amortised grant	23	**(2,796)**	(2,795)
Net fair value losses/ (gains) recognised in statement of comprehensive income	16	**(15)**	20
Interest payable and finance costs		**4,750**	3,810
Amortisation of bond premium		**236**	
Interest received	11	**(102)**	(74)
Taxation expense	13	**44**	43
Difference between net pension expense and cash contribution	26	**487**	(528)
Surplus on the disposal of fixed assets - housing properties		**(1,574)**	(688)
Decrease/(increase) in stock		**(8)**	39
Decrease/(increase) in trade and other debtors		**881**	225
Increase/(decrease) in trade and other creditors		**73**	619
Cash from operations		**20,422**	20,598
Taxation paid		**(43)**	(34)
Net cash generated from operating activities		**20,379**	20,564
Cash flows from investing activities			
Proceeds from sale of fixed assets - housing properties		**2,463**	1,625
Purchase of fixed assets - housing properties		**(27,173)**	(18,627)
Purchase of fixed assets - other		**(31)**	6
Receipt of grant		**2,836**	5,755
Interest received	11	**102**	74
Loans repaid by group companies		**1,000**	800
Net cash from investing activities		**(20,803)**	(10,367)
Cash flows from financing activities			
Interest paid	12	**(4,865)**	(3,737)
Proceeds from long term borrowing	24	**-**	57,803
Debt issue costs incurred	24	**-**	(617)
Net cash used in financing activities		**(4,865)**	53,449
Net decrease in cash and cash equivalents		**(5,289)**	63,646
Cash and cash equivalents at beginning of year		**77,505**	13,859
Cash and cash equivalents at end of year		**72,216**	77,505
Cash and cash equivalents comprise:			
Cash at bank and in hand		**72,216**	77,505
		72,216	77,505

The notes on pages 75 to 95 form part of these financial statements.

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General notes

Statement of comprehensive income related notes

Statement of financial position related 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 increase in inflation and impact on cost of living has meant that the Executive Leadership Team and Board have been reviewing financial plans for the period to 31 March 2024. 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.

Whilst there are no certainties with regards to a further outbreak of Covid-19, previous Government's decisions on social distancing did not had a significant effect on our financial situation. The length of any 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.

Ongo Homes

Notes forming part of the financial statements
for the year ended 31 March 2022 (continued)

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

	Turnover 2022 £'000	Cost of sales 2022 £'000	Operating costs 2022 £'000	Surplus/(deficit) on disposal of fixed assets 2022 £'000	Operating surplus / (deficit) 2022 £'000
Social Housing Lettings (note 4)	47,837	-	(38,442)	-	**9,395**
Other Social Housing Activities					
First tranche shared ownership sales	131	(103)	-	-	**28**
Surplus on sale of fixed asset housing properties (note 10)	-	-	-	1,991	**1,991**
Supporting People	98	-	(98)	-	**-**
Other	130	-	(130)	-	**-**
	359	**(103)**	**(228)**	**1,991**	**2,019**
Activities other than Social Housing Activities					
Lettings	401	-	(175)	-	**226**
Other	559	-	(122)	-	**437**
	960	**-**	**(297)**	**-**	**663**
	49,156	**(103)**	**(38,967)**	**1,991**	**12,077**

	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	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)**	**-**	**1,149**	**12,666**

4 Income and expenditure from social housing lettings

	General needs £'000	Supported housing £'000	Affordable housing £'000	Low cost home ownership £'000	Total 2022 £'000	Total 2021 £'000
Income						
Rents net of identifiable service charges	39,942	127	3,735	58	**43,862**	42,425
Service charge income	881	295	-	3	**1,179**	987
Amortised government grants	1,957	-	821	18	**2,796**	2,795
Turnover from social housing lettings	42,780	422	4,556	79	**47,837**	46,207
Expenditure						
Management	12,878	290	1,215	64	**14,447**	13,328
Service charge costs	1,606	218	-	5	**1,829**	1,657
Routine maintenance	6,291	10	287	8	**6,596**	5,990
Planned maintenance	2,647	8	87	2	**2,744**	2,464
Major repairs expenditure	1,639	12	29	-	**1,680**	1,203
Bad debts	78	4	29	-	**111**	195
Depreciation of housing properties	8,409	25	2,232	86	**10,752**	10,084
Other costs	258	1	24	-	**283**	306
Operating expenditure on social housing lettings	33,806	568	3,903	165	**38,442**	35,227
Operating surplus/(deficit) on social housing lettings	8,974	(146)	653	(86)	**9,395**	10,980
Void losses	594	68	30	-	**692**	638

5 Units of housing stock

	2022 Number	2021 Number
General needs housing		
- social	9,307	9,285
- affordable	835	730
- intermediate	43	34
Low cost home ownership	46	16
Supported housing	32	31
Total social housing units	10,263	10,096
Total owned	10,263	10,096
Residential leasehold	291	285
Accommodation managed for others	13	13
Total managed accommodation	304	298
Total owned and managed accommodation	10,567	10,394
Units under construction	137	168

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	9,285	678	52	34
Additions in the year	63	105	-	9
Transfers	(1)	-	-	-
Disposals in the year	(38)	-	-	-
Off debit (pending demolition)	(2)	-	-	-
At the end of the year	9,307	783	52	43

Total owned	Low cost home ownership	Supported housing - social	Total owned
At start of the year	16	31	10,096
Additions in the year	30	1	208
Transfers	-	-	(1)
Disposals in the year	-	-	(38)
Off debit (pending demolition)	-	-	(2)
At the end of the year	46	32	10,263

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	5	-	5
Transfers	1	-	1
Disposals in the year	-	-	-
Off debit (pending demolition)	-	-	-
At the end of the year	291	13	304

6 Operating surplus

	2022 £'000	2021 £'000
This is arrived at after charging:		
Depreciation of housing properties	10,752	10,084
Depreciation of other tangible fixed assets	202	219
Impairment of other tangible fixed assets	-	61
Impairment of investments	23	-
Operating lease charges - land & buildings	32	32
Operating lease charges - other	319	306

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

7 Employees

	2022 £'000	2021 £'000
Staff costs consist of:		
Wages and salaries	6,059	5,873
Social security costs	553	556
Cost of defined benefit scheme	1,719	971
Cost of defined contribution scheme	229	131
	8,560	7,531

The costs of the defined benefit scheme include the adjustments required as a result of the year end actuarial calculation The pensions note below provides further details on employer's contributions during the year.

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 total cost of the defined benefit scheme across all group companies is disclosed in the note to the accounts headed "Pensions".

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:

	2022	2021
Housing, support and care	164.6	161.8
Development	22.7	20.7
Administration	34.6	32.0
	221.8	214.5

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)	699	659
Contributions to defined contribution pension scheme	21	18
Contributions to defined benefit pension scheme	114	116

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. Where directors, as defined above, work across the group the table above reflects the cost to Ongo Partnership Limited.

The total amount payable to the Chief Executive, who was the highest paid director in respect of emoluments, was £165,000 (2021: £172,657). Pension contributions of £47,740 (2021: £48,582) 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 (2021: two).and three (2021: 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 earning over £60,000 (excluding the Executive Management Team who are recharged by Ongo Partnership Limited through the management fee) was:

	2022 No.	2021 No.
£60,000 - £69,999	2	2
£70,000 - £79,999	2	2

9 Board members

Board member	Remuneration £	Member of Audit and Risk Committee
E Cook	6,500	
M Kenyon	7,500	
H Lennon	5,500	
J Wright	5,500	☐
M Finister-Smith	6,500	☐
N Cresswell	5,500	
P Gouldthorpe	5,500	
R Walder	11,000	
R Cook	6,500	☐
P Warburton	6,500	

The above members receive remuneration for their roles as directors on the Ongo Group Common Board. The remuneration detailed above represents the total value paid in the year of which 50% was charged to Ongo Homes. The directors received expenses during the period of £1,557 relating to reimbursement of travel costs.

10 Surplus on disposal of fixed assets

	Other Housing Properties 2022 £'000	Total 2021 £'000
Housing properties:		
Disposal proceeds	2,493	1,552
Cost of disposals	(502)	(403)
Surplus on disposal of tangible fixed assets	1,991	1,149

In addition to the above, fixed assets - other housing properties components valued at £252k 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	49	63
Interest receivable and similar income	53	11
	102	74

12 Interest payable and similar charges

	2020 £'000	2019 £'000
Bank loans and overdrafts	3,507	3,469
Other interest	1,122	238
Net interest on net defined beneit liability (note 26)	243	88
	4,872	3,795

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	44	43
Total current tax	44	43
Taxation on surplus on ordinary activities	44	43

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	7,513	9,606
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 19% (2021: 19%)	1,427	1,825
Income not taxable	(1,383)	(1,782)
Total tax charge for period	44	43

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 2021	286,388	10,461	430	297,279
Additions:				
- construction costs	-	13,800	-	13,800
- replaced components	6,085	-	-	6,085
- transfers on completion	14,901	(14,901)	-	-
- outright purchases	8,377	-	1,743	10,120
Disposals:				
- replaced components	(854)	-		(854)
- other	(807)	-	(141)	(948)
Transfer from/(to) stock	-	-	367	367
At 31 March 2022	314,090	9,360	2,399	325,849
Depreciation:				
At 1 April 2021	(95,103)	-	(30)	(95,133)
Charge for the year	(10,666)	-	(86)	(10,752)
Eliminated on disposals:				
- replaced components	602	-	-	602
- other	305	-	6	311
At 31 March 2022	(104,862)	-	(110)	(104,972)
Net book value 31 March 2021	191,285	10,461	400	202,146
Net book value 31 March 2022	209,228	9,360	2,289	220,877

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

	2020 £'000	2019 £'000
Freehold	220,877	202,146

Works to properties

	2020 £'000	2019 £'000
Improvements to existing properties capitalised	6,085	5,945
Major repairs expenditure charged to statement of comprehensive income	1,680	1,203
	7,765	7,148

15 Other tangible fixed assets

	Office buildings £'000	Fixture, fittings, tools and equipment £'000	Total £'000
Cost			
At 1 April 2021	2,817	1,502	4,319
Additions	-	31	31
At 31 March 2022	2,817	1,533	4,350
Depreciation			
At 1 April 2021	(327)	(1,142)	(1,469)
Charge for year	(99)	(103)	(202)
At 31 March 2022	(426)	(1,245)	(1,671)
Net book value			
At 31 March 2021	2,490	360	2,850
At 31 March 2022	2,391	288	2,679

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

	2022 £'000	2021 £'000
Freehold	1,922	1,984
Long leasehold	469	506
	2,391	2,490

16 Investment properties

	Commercial £'000
Cost	
At 1 April 2021	1,510
Revaluations	15
At 31 March 2022	1,525

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 surplus on revaluation of investment property arising of £15k has been credited 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	(88)	(66)
	1,109	1,131

17 Fixed asset investments

	Subsidiaries £'000	Other £'000	Total £'000
Cost			
At 1 April 2021	100	30	130
Devaluation	(23)	-	(23)
At 31 March 2022	77	30	107

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%	Property development	Incorporated company
Ongo Home Sales Limited	England and Wales	100%	Property sales	Incorporated company
Other investments				
MORhomes PLC	England and Wales	0.82%	Funding vehicle for social housing	Incorporated company

18 Stock

	2022 £'000	2021 £'000
Materials stock	20	12
Properties - shared ownership first tranche	-	367
	20	379

19 Debtors

	2022 £'000	2021 £'000
Due within one year		
Rent and service charge arrears	1,277	1,165
Less: Provision for doubtful debts	(719)	(782)
	558	383
Trade debtors	96	10
Amounts owed by group undertakings	1,193	1,842
Other debtors	425	1,102
Prepayments and accrued income	468	384
	2,740	3,721
Due after one year		
Amounts owed by group undertakings	-	900
	2,740	4,621

20 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Loans and borrowings (note 24)	9,985	-
Trade creditors	283	170
Rent and service charges received in advance	2,403	2,218
Amounts owed to group undertakings	50	38
Taxation and social security	219	210
Other creditors	280	215
Recycled capital grant fund (note 22)	-	130
Deferred capital grants (note 23)	3,025	3,338
Accruals and deferred income	3,870	4,544
	20,115	10,863

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

21 Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Loans and borrowings (note 24)	98,877	108,741
Premium on bLEND loan issue	7,538	7,774
Recycled capital grant fund (note 22)	8	-
Deferred capital grants (note 23)	54,901	50,994
	161,324	167,509

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

In a previous year 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 (RCGF)

	2022 £'000	2021 £'000
At 1 April 2021	130	139
Inputs: grants to recycle	(122)	(9)
Interest accrued	-	-
At 31 March 2022	8	130
RCGF creditor falling due within one year	-	-
RCGF creditor falling due after one year	8	-
	8	-
Amount three years or older where repayment may be required	-	-

Inputs: following discussions with Homes England it was concluded that the opening recycled capital grants fund could be released to the income and expenditure

23 Deferred capital grant

	2022 £'000	2021 £'000
At 1 April 2021	54,332	51,347
Grants received during the year	6,398	5,780
Movement in recycled capital grant fund	(8)	-
Released to income during the year	(2,796)	(2,795)
At 31 March 2022	57,926	54,332

24 Loans and borrowings

Maturity of debt:	Other loans 2022 £'000	Bank loans 2022 £'000	Total 2022 £'000
In one year, or on demand	-	9,985	9,985
In more than one year but not more than two years	-	-	-
In more than two years but not more than five years	-	-	-
In more than five years	49,404	49,473	98,877
	49,404	59,458	108,862

	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	-	9,954	9,954
In more than two years but not more than five years	-	-	-
In more than five years	49,386	49,401	98,787
	49,386	59,355	108,741

The association is carrying loans as detailed below:

	2022 £'000	2021 £'000	Interest rate
<u>Bank loans</u>			
Repayable October 2022	10,000	10,000	4.25%
Repayable October 2029	12,000	12,000	6.02%
Repayable October 2030	10,000	10,000	6.33%
Repayable October 2031	10,000	10,000	6.19%
Repayable October 2033	18,000	18,000	6.04%
<u>bLEND</u>			
Repayable March 2054	50,000	50,000	2.92%
	110,000	110,000	

Issue costs of £2,010,659 were incurred in previous years, which were deducted from the initial carrying value, 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.

The loan from bLEND is 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 2022 the Association had undrawn facilities of £45m (2021: £45m)

25 Financial instruments

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

	2022 £'000	2021 £'000
Financial assets		
Financial assets measured at historical cost		
- Trade receivables	654	393
- Other receivables	2,086	4,228
- Cash and cash equivalents	72,216	77,505
Total financial assets	74,956	82,126
Financial liabilities		
Financial liabilities measured at amortised cost		
- Loans payable	108,862	108,741
Financial liabilities measured at historical cost		
- Trade creditors	2,686	2,388
- Other creditors	4,419	5,137
Total financial liabilities	115,967	116,266

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 £229k (2021: £131k). Contributions totalling £33k (2021 - £19k) 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 2022 there were 148 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 2022 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 £2,188k (2021 £2,290k) at a contribution rate of 43% of pensionable salaries. Estimated employer contributions for the year ending 31 March 2023 are £2,210k.

Contributions totalling £144k (2021 - £167k) were payable to the fund at the year end and are included in creditors.

26 Pensions (continued)

	2022 £'000	2021 £'000
Reconciliation of present value of plan liabilities		
At the beginning of the year	73,144	54,954
Current service cost	2,432	1,674
Interest cost	1,515	1,274
Benefits paid	(1,135)	(1,119)
Participant contributions	338	367
Changes in financial assumptions	(5,923)	15,668
Changes in demographic assumptions	(381)	875
Other experience	171	(549)
At the end of the year	70,161	73,144
Reconciliation of fair value of plan assets		
At the beginning of the year	61,406	50,854
Interest income on plan assets	1,272	1,186
Contributions by employer	2,188	2,290
Participant contributions	338	367
Return on assets (excluding amounts included in net interest)	4,326	7,828
Benefits paid	(1,135)	(1,119)
At the end of the year	68,395	61,406
Net pension scheme liability	(1,766)	(11,738)
Amounts recognised in statement of comprehensive income are as follows:		
Included in administrative expenses:		
Current service cost	2,432	1,674
	2,432	1,674
Amounts included in other finance costs		
Net interest cost	243	88
Analysis of actuarial (gain)/losses recognised in other comprehensive income:		
Actual return less interest included in net interest income	(4,326)	(7,828)
Changes in assumptions underlying the present value of the scheme liabilities	(5,923)	15,668
Changes in demographic assumptions	(381)	875
Other experience	171	(549)
	(10,459)	8,166

26 Pensions (continued)

	2022 £'000	2021 £'000
Composition of plan assets		
European equities	49,928	41,142
European bonds	11,627	11,053
Property	6,156	7,369
Cash	684	1,842
	68,395	61,406

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

Principal actuarial assumptions used at the balance sheet date	2022	2021
Discount rates	2.75%	2.05%
Future salary increases	2.21%	1.97%
Future pension increases	3.15%	2.80%
Inflation assumption (CPI)	3.15%	2.80%
Mortality rates		
for a male aged 65 now	20.8 yrs	21.0 yrs
at 65 for a male aged 45 now	22.0 yrs	22.2 yrs
for a female aged 65 now	23.5 yrs	23.7 yrs
at 65 for a female aged 45 now	25.3 yrs	25.5 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	2022 Total £'000	2021 Total £'000
Not later than 1 year	17	260	277	183
Later than 1 year and not later than 5 years	17	264	281	461
Later than 5 years	-	-	-	-
	34	524	558	644

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

	2022 £'000	2021 £'000
Contracted but not provided for	18,147	15,019
Approved by the Board but not contracted for	26,429	12,297
	44,576	27,316

Capital commitments for the Association will be funded as follows:

	2022 £'000
Social Housing Grant	6,744
Current undrawn loan facilities	-
Existing and future reserves	37,832
	44,576

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 2022 £'000	Parent 2021 £'000	Fellow group Companies 2022 £'000	Fellow group Companies 2021 £'000
Summary of transactions in the year				
Interest received on loans	-	-	49	63
Sales of goods and services	-	-	26	6
Purchase of goods and services, including capital costs	-	-	15,732	12,842
Community investment expended	-	-	1,034	1,120
Gift aid income	-	-	191	681
Management fees paid	6,981	6,605	-	-
Summary of balances at the year end				
Intercompany loans to group members	-	525	1,193	2,217
Intercompany loans from group members	(9)	-	(41)	-
Other creditors	-	-	(1,388)	(1,479)
Other debtors	-	-	31	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.

33 Net debt reconciliation

	At 1 April 2021 £'000	Cash flows £'000	At 31 March 2022 £'000
Cash at bank and in hand	77,505	(5,289)	72,216
Borrowings	(108,741)	(121)	(108,862)
Net debt	(31,236)	(5,410)	(36,646)