

Stockport Homes Limited

Company Limited by Guarantee
Financial Statements

Year ended 31 March 2021

Company Number: 04521257

Social Housing Provider registered with the
Regulator of Social Housing, number: 4619

Stockport Homes Limited

Report and Financial Statements for the year ended 31 March 2021

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Stockport Homes Limited

Executives and advisors for the year ended 31 March 2021

Board of management

Jenny Osbourne, Chair
Robin Burman
Peter Fitzhenry
Lorraine Gill
Josephine Hague
Sarah Keenan
Kenneth Lee
Stephen Partridge
Alanna Vine
Christine Woolridge

Executive management

Helen McHale	Chief Executive
Sandra Coleing	Assistant Chief Executive
Simon Welch	Business Transformation & Major Projects Lead
John Bowker	Director of Operations
Carmel Chambers	Director of Resources

Registered office
Stockport Homes Ltd
Cornerstone
2 Edward Street
Stockport
Cheshire
SK1 3NQ

Principal Solicitors
Stockport MBC
Stopford House
Stockport
SK1 3XE

Auditors
Beever and Struthers
St George's House
215-219 Chester Rd
Manchester
M15 4JE

Bankers
Barclays Bank Limited
PO Box 190
Leeds
LS1 5WU

Stockport Homes Limited

Report of the Board of Management for the year ended 31 March 2021 (*continued*)

The Directors present their report and the audited Financial Statements for the year 1 April 2020 to 31 March 2021. The report and accompanying statements have been compiled in line with the Statement of Recommended Practice (SORP) for registered social housing providers (2018). Stockport Homes complies with the revised NHF Excellence in Governance Code for members which ensures the highest standards of corporate governance. These Financial Statements include the results of Stockport Homes Limited and its subsidiary companies: Three Sixty SHG Limited, Viaduct Partnerships Limited and Foundations Stockport Limited. Collectively these companies are branded as Stockport Homes Group, 'SHG'.

Principal activities and review of business

The Company's principal activity is to manage and maintain the stock of properties owned by Stockport Metropolitan Borough Council including the management of the capital programme for the build and modernisation of the properties, which numbered 11,742 at 31 March 2021. This is covered in further detail in the strategic report.

Qualifying third party indemnity provisions

The company has no qualifying third party indemnity provisions in place for the directors of Stockport Homes Limited.

Compliance with Governance and Financial Viability Standard

Stockport Homes operates within the Regulator of Social Housing's Regulatory Framework for Social Housing in England. The 'Governance and Financial Viability Standard' applies only to the properties owned by Stockport Homes Limited and as this is currently less than 1,000 units, the company is classed as a 'small provider'. There is a requirement in the Regulatory Framework for the Board to set out compliance with the 'Governance and Financial Viability Standard'. Stockport Homes undertook a compliance assessment on the full Regulatory Framework to ensure it works in line with best practice in the sector. The assessment was provided to the Board and it confirmed that Stockport Homes complies with the requirements of the Regulatory Framework for Social Housing in England. As part of this assessment, compliance with the NHF Code of Governance was reviewed and confirmed by the Board as at 31 March 2021.

Going concern

At its meeting on 19 July 2021, the Board of Stockport Homes Limited ('SHL') approved the statement that in their opinion, Stockport Homes Limited has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the financial statements. This was based on the contract in place with Stockport Metropolitan Borough Council ('the Council') to pay Management Fees in return for delivery of housing management and maintenance services, as prescribed in the 27 year Management Agreement that was approved by the Council's Executive on 21st July 2015.

The financial statements have been prepared on a going concern basis. The company's Balance Sheet shows a net liability position which includes pension liabilities required under FRS 102. The Council has agreed that it will ensure that SHL is able to discharge its liabilities for the pension costs attributable to Stockport Homes' past, present and future employees. For 2020/21 the pension funds were valued at a liability value of £40.391m as at 31 March 2021 (liability of £19.066m as at 31 March 2020).

Stockport Homes Limited

Report of the Board of Management for the year ended 31 March 2021 (*continued*)

Assessment of the effectiveness of internal control

The Board accept their ultimate responsibility for ensuring Stockport Homes has in place a robust system of internal control.

Whilst no system can provide absolute assurance or eliminate all risks, SHG has adopted a system that is appropriate to the work that it undertakes and the environments in which it operates, in order to provide reasonable assurance that:

- key business aims, objectives and targets will be delivered;
- financial and operational information is reliable;
- proper accounting records are maintained;
- assets are safeguarded against unauthorised use, loss or disposal.

The system of internal controls includes the following key elements:

- A Governance Scheme of Delegation which sets out the powers and duties of the non-executive and executive Directors. The Governance Scheme of Delegation also sets out the powers and duties at a subsidiary Board level. Alongside this exists terms of reference for the three Committees and a code of conduct for all Board Members. The Board(s) and Committees receive regular reports outlining the delivery of objectives and outcomes.
- A Risk Management Strategy is in place which describes the framework by which risk and opportunity management takes place across the company. A suite of annual risk registers are developed setting out the key corporate and subsidiary level risks and the actions to mitigate those risks. A Risk Appetite has also been developed to inform decision making.
- Internal Audit provides an independent assessment and assurance over key business processes and management controls. The internal audit plan is risk based and updated each year to reflect current areas of risk / audit requirement. The plan is agreed with the Audit and Risk Committee and all audit reports are presented to that Committee. Board Members have the opportunity to meet with the Internal Auditors without officers being present, if required. Where internal audit reports relate to subsidiary Board functions, they are also made aware of the assurance provided by internal audit. A key component of the internal audit function is to ensure recommendations raised to better manage risk are implemented in a timely manner. There are processes in place to ensure this happens and is reported back to the Audit and Risk Committee.
- External Audit provides an independent examination of the financial statements prepared by Stockport Homes, and auditors are given the opportunity to meet with Board Members without officers present to allow them to raise any concerns directly.
- Strategic and Business Planning Process which includes the thirty-year HRA Business Plan, a five year Delivery Plan 2016 - 2021, the three year SHG Business Plan 2020-23, and thirty year SHG financial plan. Updates to these are presented to Board on a periodic basis. These documents are supplemented by other Business Plans, Strategies and Policies to ensure aims and objectives are delivered.
- Development of new business is undertaken following a thorough appraisal of new initiatives, assessment of risk, production of a cost benefit analysis and a defined process for approval. An approach to approving new business opportunities has been approved by Board and is built into the Financial Scheme of Delegation.
- Production of monthly management accounts ensures that senior management have oversight of expenditure, budgeting and forecasting. Financial information is presented to the Board and Audit and Risk Committee on a quarterly basis. This process ensures that any significant variances are

Stockport Homes Limited

Report of the Board of Management for the year ended 31 March 2021 (*continued*)

investigated, and any necessary management action taken to ensure objectives are delivered to budget.

- Financial Regulations, a Financial Scheme of Delegation and Contract Procedure Rules outline the parameters by which expenditure can be undertaken by officers, clearly identifying segregation of duties and the financial approvals required. These are kept up to date as the business evolves and grows.
- A Treasury Management Strategy ensures adequate return on investments are obtained and that only those institutions offering adequate security as defined in the Treasury Management Practices are utilised. Reports are presented to the Audit and Risk Committee to provide assurance over treasury arrangements.
- A Performance Management Framework which sets out targets, measures and outcomes expected to be delivered over the year and provides regular monitoring reports to the Board outlining achievement against key measures, performance indicators and strategic plans and any remedial activity required. Benchmarking is also undertaken to compare performance against peers.
- The People and Organisational Development Strategy recognises the importance of recruitment, retention and development of staff. The strategy ensures that SHG is led by experienced and knowledgeable individuals and that services can be delivered by qualified and experienced officers.
- Insurance Policies provide cover for a range of losses, liabilities and eventualities to protect and safeguard company assets. Additional cover is put into place as required by the growth and expansion being undertaken by the business. Processes are in place to ensure SHG is able to properly defend claims that arise.
- A range of policies and procedures are in place to guide and direct officers in specific activities. Policies around money laundering, whistle blowing, fraud and bribery exist for staff to follow in the course of their day to day duties.
- A Customer Voice and Influence Strategy is in place to ensure customers are at the heart of service design and decision making. The Customer Scrutiny Panel and a Customer Feedback Service ensure the organisation is continually monitoring the customer experience and seeking ways in which to improve and strengthen processes.

Board Members' responsibilities

The Board Members are responsible for preparing the strategic report and report of the Board and the financial statements in accordance with applicable law and regulations.

Company 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). Under company law, the Board Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the organisation and of the surplus or deficit of the organisation for that period.

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

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Report of the Board of Management for the year ended 31 March 2021 (*continued*)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and enable them to ensure that the financial statements comply with the Companies Act 2006, 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board Members are 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 company 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 company website is the responsibility of the Board Members. The Board Members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

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

A resolution for the appointment of auditors of the Company is to be proposed at the forthcoming Annual General Meeting. Beever and Struthers were appointed as auditors on 12th December 2016.

By order of the Board



Jenny Osbourne
Chair of the Board

Date: 19 July 2021

Stockport Homes Limited

Strategic report for the year ended 31 March 2021 (*continued*)

The Board present the Strategic Report for the year ended 31 March 2021.

The Strategic Report has been compiled in line with best practice as outlined in the Statement of Recommended Practice (SORP) for Registered Social Housing Providers (2018). Stockport Homes has continued to operate efficiently, pro-actively and effectively within the terms of the Management Agreement with Stockport Council.

This is the fifth year that Stockport Homes has operated as a group entity. For branding purposes, Stockport Homes Group ('SHG') is adopted to reflect the umbrella role needed over the separate entities within the Group, however the parent company remains Stockport Homes Limited ('SHL').

Statement by the Board Members in performance of their statutory duties in accordance with s172(1) of the Companies Act 2006

The Board Members consider that they have acted in good faith, in the way most likely to promote the success of the organisation for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act). Stockport Homes identifies its main stakeholders as: its parent company Stockport MBC; its customers, employees and suppliers; and its regulatory body, the Regulator of Social Housing. The following paragraphs summarise how the Directors have fulfilled their duties in this regard, and in doing so have regarded (amongst other matters):

The likely consequences of any decision in the long term

Delivery of the organisations aims is managed through an effective business planning framework, where the consequences of decisions over the long term are considered. A five year Delivery Plan governs service delivery, a three year Business Plan outlines general principles for growth, and a Service Improvement Plan sets out key corporate tasks. These are supported by a thirty year financial plan to ensure the long term financial health of the organisation, which is stress tested against a range of scenarios and key risks. Progress against these plans is reviewed regularly, with updates being provided to Stockport Homes' Wider Leadership Team, its Board and the parent Council.

The interests of the organisation's employees

Stockport Homes recognises that its employees are the most important asset to the organisation. The work of the People & Organisational Development (OD) team focuses on enabling the service to increase employee engagement through the implementation of the People & OD Strategy, specific actions and service improvements (see pages 25-26).

The need to foster the organisation's business relationships with suppliers, customers and others

Stockport Homes places relationships with its customers at the heart of its strategic aims, and recognises that the success of these relationships are key to its success. Customers are engaged at every level of decision making and wider consultation is used to support service development and improvement. These relationships are fostered in a number of ways, including: customer representation on the Board, a customer scrutiny panel who monitor front line services, and a Customer Voice and Influence Strategy with five ambitious aims which place customers, wider community engagement and accountability at the heart of all activity.

In relation to suppliers, a Procurement Strategy is in place which outlines the strategic aims in relation to procurement. The overarching vision for procurement is: *"to ensure that our resources are spent in a responsible, compliant and efficient manner to deliver the very best services to our customers"*. This is supported by six procurement aims which together ensure that positive relationships are created, developed and sustained with suppliers and contractors. Stockport Homes also take part in the annual "Meet the Buyer" event which is organised by STAR Procurement (a shared procurement service delivered by Stockport, Trafford, Tameside and Rochdale Councils).

The impact of the organisations operations on the community and environment

Stockport Homes Limited

Strategic report for the year ended 31 March 2021 *(continued)*

Stockport Homes recognises its role as an anchor institution within the borough of Stockport and its reach into, and impact on, local communities. Provision of quality, affordable accommodation and developing thriving and sustainable communities is the organisation's core purpose, with decisions on how Stockport Homes can support and shape communities considered within a wide range of strategies and plans including the Homelessness Strategy, Social Investment Strategy, Customer Voice and Influence and the Age Friendly Strategy.

Stockport Homes' Climate Change Strategy sets out the organisation's five year plan to cut carbon emissions through increased energy efficiency and low carbon technologies. In order to achieve these aims, new and innovative ways to reduce consumption are planned, including continuing to introduce low carbon technologies, coupled with ambitious but achievable targets. The Climate Change Strategy is split into three sections: Our Homes, Our Customers and Our Operations to show how the environmental agenda fits within all aspects of the organisation.

The desirability of the organisation maintaining a reputation for high standards of business conduct

As a registered social housing provider, regulated by the Regulator of Social Housing, and an ALMO of Stockport MBC, Stockport Homes desires to maintain the highest standards of conduct. Stockport Homes complies with Regulatory Standards and is proactive in ensuring it does so (see page 4). The organisation's desire to maintain its reputation is demonstrated in Stockport Homes' robust approach to governance, complying with the NHF Code of Governance, which ensures the highest standards of corporate governance. The organisation's policies and procedures are designed to comply with relevant laws and regulations, with non-financial KPI's set to monitor key areas of compliance (see pages 17-20) and a range of policies around money laundering, whistle blowing, fraud and bribery exist for staff to follow in the course of their day to day duties.

Stockport Homes is committed to supporting human rights, including preventing slavery and human trafficking in all of its business activities. More information on this can be found within Stockport Homes' Modern Slavery Statement available on its website: <https://www.stockporthomes.org/about-us/open-and-transparent/modern-slavery-act/>

The need to act fairly as between members of the organisation

The organisation's robust approach to governance, including complying with the revised NHF Code of Governance which ensures the highest standards of corporate governance, ensures fairness between the Board members of the organisation.

Principal decisions

During the year, a number of principal decisions were made by the Board, which were material to the activities of the organisation or key stakeholder groups. In making the following principal decisions, the Board considered their responsibilities listed above, with regards s172, along with the outcomes of stakeholder engagement. These principal decisions included:

- The approval of a new Delivery Plan for 2021-26 that sets out the joint ambitions of SHG and the Council for the growth of the Company and improvements in service delivery over the next five years.
- The approval of a new Development Strategy for 2020-2025 to support SHG's and the Council's ambitions to develop affordable housing for both the Council and Stockport Homes to meet housing need in Stockport.
- An updated Risk Management Strategy was adopted, further refining the approach to risk management at Stockport Homes and to account for the growing complexity of the Group.
- Approval of a new Customer Voice and Influence Strategy that reinforced SHG's existing commitment to placing customers at the centre of decision making and service design and further articulated the mechanisms for the voice of customers to contribute the work of SHG.
- Approval of the in-sourcing of Fixed Wire and Gas Safety Testing and the transfer of the Repair 1st Service to Three Sixty, to maximise the opportunities and efficiencies afforded by the group structure.

Stockport Homes Limited

Strategic report for the year ended 31 March 2021 (*continued*)

- A number of decisions in response to Covid-19, including: supporting local communities e.g. provided emergency food across the Borough through Foundations' Your Local Pantry service; furloughing a number of staff within Three Sixty whilst construction works were paused; supporting employees to work remotely.

Objectives and strategies to achieve those objectives

Mission and Aims

In December 2016, Stockport Homes' Board approved a new Mission and Aims in light of the move to the group structure and the continued growth and evolution of service delivery. Through the group structure, Stockport Homes continues to explore new business opportunities and is innovating in order to support the Council in the achievement of its objectives and the ever changing economic and political environment in which it operates. Regulation has less emphasis on prescribing how services should be delivered but setting principles by which providers should structure their service delivery models. As part of the co-regulatory approach, SHG has a Customer Scrutiny Panel who are actively engaged in monitoring and scrutinising front-line services and reporting their findings to Board. The organisation feels its Mission and Aims are flexible and outcome-focused and will allow Stockport Homes to continue to evolve and expand its role to meet the changing demands of its customers, the Council and other stakeholders.

Stockport Homes' Mission and Aims are designed to guide the organisation through the changing environment in which it operates and to help it assist in delivering the Council's objectives:

Mission

One Team - Transforming Lives

Group Aims:

- Be accountable to customers
- Maximise efficiency
- Reduce inequalities
- Build strong, collaborative relationships
- Improve the environment
- Be a great place to work

Stockport Homes Aims

- Engage customers and communities
- Provide comfortable, affordable homes
- Deliver thriving, safe and sustainable neighbourhoods
- Support the Council to meet its aims in Stockport

Three Sixty SHG Aims

- Provide a high quality, innovative service resulting in an exceptional customer experience;
- Generate a profit which is used to deliver real social value;
- Be an employer of choice, attracting and retaining the best talent;

Stockport Homes Limited

Strategic report for the year ended 31 March 2021 (*continued*)

- Reduce the inequality that exists within construction and society at large;
- Deliver low carbon and environmental best practice through all operations

Viaduct Partnerships Aims

- Maximise opportunities to build homes across all tenures, using any available funding, with a focus on affordable housing
- Maximise social value in the supply chain by creating local jobs and good quality apprenticeships
- Engage local people in development strategies and design
- Invest surpluses from work done in Stockport into providing more homes

Foundations Stockport Aims

- Supporting people into employment, relieving poverty, relieving food poverty and developing digital skills,
- Supporting customers in local communities and delivering support services to help people live independently,
- Empowering communities to develop networks of support including targeted work with people who may experience more disadvantage including people with disabilities, from BME communities and those with complex needs,
- Working in partnership to reduce demand on statutory services, and
- Supporting the development of the third sector, ensuring additional resources and services are secured

Delivery of the Mission and Aims through strategic, financial and business planning

Delivery of the SHG aims is managed through an effective business planning framework. A five-year Delivery Plan governs service delivery, a three year Business Plan outlines general principles for growth, and a Service Improvement Plan sets out key corporate tasks. These are supported by a thirty-year financial plan. An annual planning cycle governs the content of each plan. This involves strategic planning sessions with both the SHG Board and the Wider Leadership Team. Progress against these plans is reviewed regularly, with updates being provided to Stockport Homes Wider Leadership Team, its Board and the Council.

The broad objectives of the Delivery Plan are also reviewed jointly with the Council in its third year to ensure its key strategic aims remain relevant. A new Delivery Plan for 2021-26 has been created and approved by the Stockport Homes Board and the Council.

Business model

Nature of the business

Stockport Homes Limited is an Arms-Length Management Organisation or ALMO. This means that while the Council established the company and is the single shareholder, it operates independently from it on day-to-day matters. Under a 27 year Management Agreement with the Council, Stockport Homes Limited receives a sum of money to carry out the business of managing and maintaining the housing stock on behalf of the Council. The Management Fee and associated charges for 2020/21 totalled £28.947 million (2019/20: £28.650 million).

Stockport Homes Limited

Strategic report for the year ended 31 March 2021 *(continued)*

Stockport Homes has established three subsidiary Companies, Three Sixty SHG and Viaduct Partnerships are limited by shares with Stockport Homes Limited as the sole corporate shareholder. Foundations Stockport was formed in December 2018. It is limited by shares, Stockport Homes and Foundations Board Members are the shareholders.

Three Sixty SHG Limited (Three Sixty) is primarily a construction company, established to deliver core elements of the Housing Revenue Account (HRA) capital programme in a cost effective way whilst maximising social value. Its latest Business Plan sets out its aspirations for further growth, including the delivery of repairs and maintenance services, insourcing of key workstreams, and the attainment of new commercial customers. Turnover for the financial year 2020/21 has decreased to £5,906,000 from £7,221,000 the previous year, due to the Covid-19 pandemic, though is forecast to recover and increase further in future years.

Viaduct Partnerships Limited (Viaduct) is a development company that enables the development of new build homes for rental purposes to be delivered in a cost efficient way, thereby freeing up more resources for investment. During 2020/21 402 units were in progress via Viaduct Partnerships. Turnover for the financial year 2020/21 is £17,517,000, increased from £13,216,000 in the previous year and is forecast to decrease in 2021/22 in line with the delivery of the Stockport Homes development programme.

Foundations Stockport (Foundations) is a charitable Community Benefit Society registered with the Financial Conduct Authority and Companies House. Foundations was formed to deliver more social inclusion and health related initiatives for the Stockport community. A number of projects are now underway within Foundations in line with its charitable aims, with turnover of £1,638,000 in 2020/21, increased from £688,000 the previous year.

Principal activities

The Company's principal activity is to manage and maintain the stock of houses owned by Stockport Metropolitan Borough Council, which numbered 11,742 at 31 March 2021 This includes both the management of the capital programme for the modernisation of the properties, and delivery of core works within this. Stockport Homes Limited manages the allocation of homes and works on behalf of Stockport Council to fulfil a number of their statutory responsibilities including preventing homelessness, managing private sector renewals and disabled adaptations, and provision of sheltered housing. Stockport Homes is also proactive in the development and acquisition of housing stock, both as a registered provider and also on behalf of the Council as a development partner.

Stockport Homes commenced building new build properties in 2009-10 and has been continuing to build and acquire homes ever since. Stockport Homes now owns a total of 750 properties at the end of March 2021 (see page 49 for further details). The majority of the acquired properties have been part-subsidised with grant funding from schemes such as Mortgage Rescue, Empty Homes or the Affordable Homes Programme. Shared owners continue to fully or partially staircase out, with associated grant being added to the Recycled Capital Grant Fund. A further 371 new homes are under construction as at March 2021.

Stockport Homes also manages the delivery of the Housing Revenue Account (HRA) new build programme (Council owned properties) which currently has a total of 197 new build units within its ownership, comprising of 134 rented units and 63 shared ownership units. The shared owners of 13 new homes built within the HRA for shared ownership have now fully or partially staircased with the associated grant added to the Recycled Capital Grant Fund. Currently there are 42 new homes on site, being built, which will sit within the HRA once completed.

A pipeline of future projects is being worked up which will be delivered using Stockport Homes' loan facility or within the HRA. New homes will be for shared ownership, social or affordable rent. Homes England have launched a new Affordable Homes Programme for 2021-26 and Stockport Homes will be joining the JV North Consortia to bid for capital grant funding through this programme. Grant allocations committed to under the current programme 2016-21 will be delivered over the next 2 years.

Stockport Homes Limited

Strategic report for the year ended 31 March 2021 (*continued*)

Stockport Homes is continuing to strengthen its asset base by diversifying into new business areas both within Stockport Homes Limited and through its subsidiary companies and continually appraising more efficient working mechanisms. In 2020/21 it continued to deliver: maintenance, repairs and capital works management services to schools and public buildings; private landlord management services; a number of projects which are focussed on the charitable objectives of Foundations Stockport. These works continue to prove successful and Stockport Homes will continue to seek opportunities to deliver new services in the most resource effective way.

Since Stockport Homes was set up, it has continued to grow and diversify through the acquisition of new services, more efficient ways of working and working closely in partnership with the Council and its family of companies. Stockport Homes prides itself on delivering excellent, value for money services to its customers, and has won many accolades and awards that are testament to this achievement.

Development and performance during the financial year and financial position at the year end

Financial planning

Quality financial management and planning are a key priority for the Group, and Stockport Homes continues to have a strong track record in this area. It recognises that robust financial planning enables the best use of money by ensuring services are delivered in the most cost effective and efficient way. A thirty year Group financial plan is in place which aligns with strategic objectives, and is stress tested against a range of scenarios and key risks. Each year a detailed budget is set that supports the Delivery Plan and Service Improvement Plan objectives. Budget setting for 2020/21 included reviewing priorities with customers and assessing forthcoming risks. As Stockport Homes continues to grow and diversify, the Management Fee and associated charges, at £28.947m million, continues to be the largest single element of its £49.512 million turnover. However, other income streams are continuing to grow including rental income from owned properties and increasingly income for third party works. In addition, the impact of the group structure significantly increases its overall turnover.

Stockport Homes continues to work in a financially challenging environment including providing year on year efficiency savings within the Management Fee, alongside ongoing pressures resulting from Welfare Reform. Stockport Homes is responsible for the collection of council housing rental income as well as its own income streams. Over the year the Customer Finance Team focussed support to customers who had difficulties making their normal rent payments due to the Covid-19 pandemic. After an initial large spike in new Universal Credit (UC) claimant numbers during the first quarter of 2020/21, from Summer onwards, claim numbers reverted back to normal levels. During 2020/21, the Money Advice team supported 2,714 customers to obtain additional income totalling over £7.02m. The team continues to provide intensive support to all new UC claimants during the first 6 weeks of their claim. Support starts from the point of Stockport Homes being made aware of a new claim, to the claimant receiving their first UC payment. During 2020/21, the team supported 1,331 UC claimants. Out of the UC cases who engaged with the team, 87% received their first payment and paid as requested. Overall rent arrears levels at year-end were well below tolerances set at the start of the year. There were only 76 more accounts in arrears compared to 12 months earlier despite the pandemic and UC claimant numbers increasing by a third.

Stockport Homes is responsible for the management and maintenance of the Council's 30 year Housing Revenue Account (HRA) Business Plan. The plan was updated during 2020/21 and demonstrates a sustainable model going forward can be achieved. Close monitoring and management and agile asset management decision-making enable the impact of varying factors to be assessed, leading to assurance over the affordability of future capital stock investment requirements and management fee requirements.

Financial performance

During 2020/21 the Stockport Homes Management Team continued its strategy to ring-fence recurrent efficiencies to future cash flows, and a clear commitment to achieve at least 3% efficiencies in year. The purpose of this is to ensure that Stockport Homes continues on a strong financial footing in a challenging and changing financial environment.

Stockport Homes Limited

Strategic report for the year ended 31 March 2021 *(continued)*

As for many organisations, 2020/21 presented a number of challenges in light of the Covid-19 pandemic. Stockport Homes took proactive action via a financial risk assessment at the start of the pandemic, to identify key financial risks, which was provided to the Board. This risk assessment identified a number of areas which could affect financial performance during the year, though many were expected to be timing differences and hence not have a long-term adverse impact. Undertaking this risk assessment also supported the organisation's overall risk management approach and facilitated risk monitoring and mitigating actions where possible, e.g. claiming financial support through the Government's Job Retention Scheme within Three Sixty.

The overall financial operating outcomes for 2020/21 (before pension accounting valuation adjustments) exceeded the original budgeted expectations, with the organisation continuing its journey to transform services in light of learning acquired during the Covid-19 pandemic. Though the original financial objectives for 2020/21 of Three Sixty were not achieved as a result of the pandemic, a profitable year was achieved, and future financial performance is expected to return to pre-pandemic levels.

Overall there has been an increase in the net asset value before the pension liability of £2.041 million during 2020/21 due to the effective and efficient financial management of the organisation, as well as small gains from the valuations of properties for sale. The increase in available resources will contribute towards the strong financial footing of Stockport Homes into the longer term and will be designated to finance future projects and invest-to-save initiatives that will continue to generate ongoing savings for customers.

The annual GMPF actuarial valuation for accounting purposes has resulted in additional costs of £1.831m recognised within Operating Costs in the Statement of Comprehensive Income in 2020/21, which is less than the £3.929m recognised in 2019/20. These costs do not result in future cash outflows. Due to the strong operating performance of the organisation in 2020/21 an operating surplus has been achieved. The overall GMPF pension liability recognised for accounting purposes has increased to a liability of £40.391 million at March 2021, from a liability of £19,066 the previous year, and results in an overall net liability reported in the Statement of Financial Position.

It is Stockport Homes' strong financial control framework and robust governance structure that has enabled it to continue to generate efficiencies and financial surpluses for investment back into service delivery during challenging operational conditions.

Financial monitoring and reporting

Stockport Homes produces comprehensive monthly management accounts to maintain effective financial control. The accounts include projected year end forecasts each month alongside comprehensive commentaries of variances.

The Group has remained within the overall budget throughout the financial year, with the year-end surpluses in line with forecast expectations. Key budget variances related to underspends against staffing costs and Corporation Tax, whilst various areas outperformed their budgets. Further diversification and asset growth is expected in the coming years.

The continued growth and diversification of the Group is set out in the Group's three year Business Plan, 2020 - 2023, and in the business plans of its subsidiary companies. The financial governance implications of this period of change are set out in a three year Corporate Finance Strategy 2020 - 2023 that was approved by the Board during the year. This strategy provides a clear structure and action plan to financially support and enable the on-going developments during this period of growth and diversification, which is crucial to the ongoing financial governance arrangements and has enabled the Board to focus and set out a clear plan to ensure this governance remains in place.

Stockport Homes Limited

Strategic report for the year ended 31 March 2021 (*continued*)

Future prospects

The Board of Stockport Homes considers that the Company has strong and sound future prospects. This is demonstrated by the following:

- Strong and effective governance arrangements;
- Sound financial planning framework which demonstrates a robust and healthy financial outlook in the short, medium and long term (supported by a 30 year Group financial plan);
- A clear strategic direction to grow and diversify the business through the development of a group structure, diversification into new and emerging markets and a strong development programme;
- Continued strong performance of key indicators such as rent collection and void turnaround which has contributed to mitigating key financial risks arising from changes in government policy;
- A healthy level of available cash and a proven track record of generating efficiencies for re-investment into invest to save initiatives that generate additional resources.

In making this assessment, the Board recognises the social and economic impacts resulting from Covid-19 on society as a whole, and have considered how these affect the operations of Stockport Homes. Based on the information currently available, the Board have reviewed financial risks resulting from Covid-19 and consider that there are no significant impacts on the future prospects of Stockport Homes. Key considerations within this include:

- The continued delivery of the principle activities related to the management of the Council's housing stock, which represents Stockport Homes' largest source of income and for which income continues to be received;
- The ongoing demand for the provision of social housing which is not expected to decrease in the longer term;
- The expectation that related restrictions imposed by the Government, e.g. social distancing measures, begin to relax, or are mitigated by new ways of working, and in turn that any related decreases to income are relatively short term in nature and does not represent a significant financial risk for Stockport Homes;
- The healthy level of available cash to support Stockport Homes in the event of an unexpected issue;
- Stockport Homes is not dependent on the range of financial support measures provided by the Government to maintain financial stability;
- Stockport Homes has a long-term financial plan in place which is stress tested against a range of scenarios, and which any adverse effects in relation to Covid-19 do not represent a significant risk to the future stability of the organisation.

Principal risks and uncertainties

This section of the strategic report sets out SHG's approach to risk management, alongside an evaluation of key strategic risks.

SHG has a Risk Management Strategy in place and a suite of risk registers are produced on an annual basis. These include a corporate risk register, a HRA risk register and a risk register for each of the subsidiaries: Three Sixty, Foundations and Viaduct.

This approach enables SHG to manage risk and embrace opportunities, and therefore deliver the agreed strategic objectives. Each year, Stockport Homes assesses the internal and external operating environment

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Strategic report for the year ended 31 March 2021 *(continued)*

and identifies those risks and opportunities which could affect business performance and achievement of agreed objectives. This exercise is carried out as part of the business planning process.

The risk registers describe the risk, the potential consequences if that risk was realised, the ongoing assurance being obtained around that risk, and the actions that have been agreed to be put into place to mitigate and manage the risk further.

The risk registers also outline existing and proposed risk control actions which are to be delivered within the financial year and who is responsible for delivery. A member of Senior Leadership Team is responsible for each individual risk to ensure that there is strategic leadership of risk management.

The suite of risk registers is approved by individual Subsidiary Boards (as applicable) and the SHG Board, with Audit and Risk Committee reviewing the suite of risk register in addition. Subsequent quarterly risk update reports are then provided to Wider Leadership Team, relevant Subsidiary Boards and the Audit and Risk Committee. These reports describe progress against delivery of risk control actions, highlight any exceptions and identify any new or emerging risks which SHG needs to take account of.

One of the risk registers which is produced is the HRA risk register, which is shared with the Council. This has been in place since the start of self-financing in 2012. This register is specific to the 30 Year HRA Business Plan and looks at those risks which could affect the achievement of the self-financing Business Plan or have a negative impact on the assumptions on which the plan is founded, for example around government rent policy, inflation levels or volume of Right to Buy sales.

The Three Sixty, Foundations and Viaduct risk registers contain risks (and mitigation actions) which are specific to that particular subsidiary company and its strategic aims, objectives and Business Plans. The subsidiary risk registers are approved by the Subsidiary Board as well as SHG Board and are monitored quarterly by the Subsidiary Board and the Audit and Risk Committee.

Risk management is embedded throughout SHG. There are a number of ways in which this is maintained and developed:

- By having a SHG Risk Management Strategy and action plan to further develop risk management within the company
- By having an embedded risk management framework that ensures a culture exists which gives due consideration to risk and opportunity facing SHG
- By ensuring that risk and opportunity management is a key consideration of the business planning process each year
- By holding risk workshops on an annual basis with each Directorate Management Team
- By ensuring that Wider Leadership Team are part of the quarterly risk reporting process, consider risk in their service areas and actively raise any areas of emerging risk to the Head of Assurance
- By setting out an agreed risk appetite for SHG and its subsidiary companies and embedding this into decision making
- By ensuring that all Board reports have considered the related risks and provided explanations of how they will be managed, as necessary
- By ensuring that all Business Plans within the company consider and identify key risks to their successful achievement.

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Strategic report for the year ended 31 March 2021 (*continued*)

Strategic risks in 2020-21

For the 2020-21 financial year, the corporate risk register was reviewed and updated to reflect the corporate risks which SHG was facing.

The key strategic risks were agreed as:

- SHG is not prepared for, or cannot meet the cost of, changes to be brought about following the Hackitt review / Grenfell Tower inquiry and the emerging Building Safety Bill
- Property sales are not realised in line with forecasts due to decline in housing market / customer demand
- Health and safety obligations to customers aren't fulfilled, including gas safety, electrical safety, fire safety, legionella, lift safety and asbestos
- Health and safety obligations to staff across SHG aren't fulfilled
- Positive, strategic relationships / approaches to partnership working are not maintained with the Council, local politicians and other key local partners, including Greater Manchester
- Growth, diversification and insourcing of work is not executed as planned / agreed and does not maximise opportunities or generate efficiencies / surpluses as expected
- Insufficient cash resources are available to deliver and sustain SHG and its strategic ambitions and objectives going forwards and stress testing is ineffective
- Rent and water arrears increase to unsustainable levels
- SHG is not able to adequately recover from the impact of the Covid 19 pandemic which affects service delivery to customers over the medium term

Financial and non-financial key performance indicators

Stockport Homes monitors performance against hundreds of indicators and measures. Its corporate performance report, however, focuses on 27 key performance indicators, which demonstrate the health of the business. The targets set against these indicators represent Stockport Homes' ambition to improve on the previous year's performance. These 27 indicators are supported by 20 measures that do not have targets and provide a broader illustration of performance across Stockport Homes.

In order to monitor rent collection in the context of Welfare Reform and the roll out of Universal Credit, the two main rent collection measures are mapped against monthly 'conservative estimates' and 'worst case' scenarios. Stockport Homes' effective management of rent collection and associated work, such as money advice and rehousing, has resulted in rent collection and rent arrears achieving or being very close to their conservative estimate levels for both these critical indicators. This shows that the organisation is working hard to successfully prevent the build-up of significant additional arrears, despite the increase in the number of customers in receipt of Universal Credit.

Of the 27 key performance indicators, 24 met targets and 3 were slightly outside of their year-end target, but remained within an acceptable tolerance. Year-end performance demonstrates the significant work that has been undertaken by teams during the year in adapting to Covid-19 restrictions, with many services performing at the same high level as before the pandemic. Full commentary on performance is provided in the year-end performance report to Board.

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Strategic report for the year ended 31 March 2021 (continued)

Performance indicators monitored at corporate level in 2020/21		
Performance indicator	2020/21 target	2020/21 outturn
Percentage of domestic properties with a valid gas safety certificate - excluding leaseholders	100%	100%
Percentage of commercial properties with a valid gas safety certificate	100%	100%
Percentage of properties and communal areas with a satisfactory electrical installation certificate	100%	100%
Percentage of compliant Fire Risk Assessments	100%	100%
Percentage of communal areas with a valid water risk assessment	100%	100%
Percentage of communal areas with asbestos materials that have been periodically re-inspected in line with the agreed inspection frequency (12 or 24 months)	100%	100%
Overall satisfaction with the quality of service during investment work programmes	98.7%	98.73%
Percentage of ASB complainants satisfied with the outcome of their case	98.5%	99.62%
Complainants who would use the complaints service again	95%	98.31%
Satisfaction with the repair	98%	98.66%
Percentage of efficiencies as a proportion of the management fee	3%	5.23%
Rent collected as a % of rent due	99.75% (conservative estimate)	99.41%
Rent arrears as a % of rental debit	2.53% (conservative estimate)	2.01%
Average time taken to re-let dwellings (all re-lets)	11 days	11.18 days
Percentage of moves that are mutual exchanges	48%	54.23%
Percentage of repairs completed at first visit	95%	96.01%
Availability of core IT systems	99.75%	99.71%
Percentage of One Number calls picked up	95%	95.71%

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Strategic report for the year ended 31 March 2021 (*continued*)

Stockport Homes Teckal Ratios:		
Stockport Homes Ltd		99.3:0.7
Three Sixty	Early warning indicator	98.7:1.3
Viaduct	90:10	100:0
Foundations Stockport		100:0
Number of instances where Stockport residents are supported into work, volunteering or education by Stockport Homes	903	921
Percentage of estate inspections rated at least "good"	97%	98.83%
Ratio of homeless preventions to number assessed as becoming homeless	1:1.5	1:1.3
Percentage of properties with an energy performance rating of C or above	92.5%	93.43%
Average days lost due to sickness per employee	6.25 days	5.07

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Strategic report for the year ended 31 March 2021 (continued)

There are ten Stockport Homes corporate indicators for which performance can be benchmarked against other social housing organisations, which is carried out through Housemark. The position at the end of March 2021 is outlined in the table below.

Overall, Stockport Homes compares very well both against ALMOs and in wider comparison against all housing providers. Throughout 2020/21, performance remained within the top quartile for the majority of the benchmark indicators.

In particular, Stockport Homes has continued to perform highly in relation to the percentage of rent lost through dwellings being vacant and remains the top performer for re-let times for standard empty dwellings in relation to ALMOs and all housing providers.

Performance at March 2021	Performance	All ALMOs		All Housing Providers	
		Position	Base	Position	Base
Percentage of dwellings with a valid gas safety certificate	100%	1st	6	1st	35
Satisfaction with ASB case outcome	99.62%	1st	3	1st	9
Satisfaction with repairs	98.66%	1st	3	2nd	25
Rent collected as a percentage of rent owed (excluding arrears brought forward)	99.96%	4th	6	18th	32
Rent arrears of current tenants as a percentage of rental debit	2.01%	2nd	6	10th	33
Percentage of rent lost through dwellings being vacant	0.32%	1st	6	1st	33
Average time taken to re-let empty dwellings (all re-lets)	11.18 days	1st	6	1st	27
Repairs completed at the first visit	96.01%	1st	5	8th	30
Percentage of calls answered	95.24%	2nd	5	5th	23
Average number of sick days per employee	5.07 days	1st	6	5th	29

Value for money

At the forefront of Stockport Homes' financial management is its consistent and dedicated approach to value for money. Efficiency targets set for 2020/21 have been exceeded. This is explained in more detail in the following section. Stockport Homes produces an Annual Report for customers which includes information on value for money in a customer focused way. It is available on the Stockport Homes website. In addition customers can find out more about value for money or make suggestions on Stockport Homes' approach through the website - <http://www.stockporthomes.org/about-us/how-we-are-doing/value-for-money/>. More detailed information is included in Value for Money Strategy Report, which was presented to the Board on 15 March 2021.

Robust approach to Value for Money

Stockport Homes has a Value for Money Strategy that was approved by the Board on 15 March 2021. It builds on the previous strategy that covered the period 2018 to 2021. The new Strategy sets out three key priority areas. This is underpinned by an action plan that will support the delivery of the strategy objectives. Regular meetings are held with budget managers to discuss value for money and the Performance and Improvement Team work with the accountants to classify and verify service efficiencies. The organisation

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Strategic report for the year ended 31 March 2021 (continued)

understands the difference between value for money efficiencies and budget reductions. It keeps an efficiency log to capture both cashable and non-cashable efficiencies. Recent examples of value for money efficiencies recorded include: using a consortium procurement approach to save £69,310 on a range of services; providing a furniture re-use service that supports tenancy sustainment, saving £94,113; re-organising the single-lifting service to improve service delivery, saving £20,580; and Early engagement with customers that are experiencing financial difficulties, reducing court actions and saving £30,000. All of these initiatives and others have maximised efficiencies that are now available to be reinvested into service delivery.

Optimising Return on Assets

Efficiencies realised at year end amount to £1,719,001. This represents 5.94 per cent of the management fee and meets the target set for the 2020/21 financial year of three per cent. This approach continues to demonstrate the commitment and expertise of Stockport Homes in delivering and evidencing value for money as has been the case in recent years.

Year	Value for money efficiencies as a percentage of management fee	Value
2016/17	4.91 per cent	£1,374,557
2017/18	4.38 per cent	£1,213,631
2018/19	9.12 per cent	£2,554,187
2019/20	6.42 per cent	£1,825,981
2020/21	5.94 per cent	£1,719,001

As a result of this committed approach, Stockport Homes has delivered services provided by the management fee with optimum efficiency, resulting in a surplus position at the year-end before pensions adjustments. Overall there were net cash inflows from operating activities of £6,321,000 (2020: £11,187,000 inflow). Cash reserves have been invested in initiatives to generate future income streams for the organisation whilst furthering the organisation's objectives. A significant proportion of the reserves position at the 31 March 2021 is made up of projects that are committed to be spent during the coming financial year or are ear-marked reserves for planned initiatives and projects which will in turn lead to longer term efficiencies. Stockport Homes continues to operate in an increasingly difficult economic environment and will therefore continue to manage its finances to ensure future operations and services to customers are not compromised. This approach to maximising returns is demonstrated through the services delivered through Stockport Homes' group structure. By delivering services through its Three Sixty SHG Limited, Viaduct Partnerships Limited, and Foundations Stockport Limited subsidiaries, an additional surplus of £85,000 was returned to the Group within 2020/21 which will contribute towards the future delivery of the Group's objectives.

Stockport Homes continued to make the best use of available cash resources by making short-term investments, within the Treasury Management Policy parameters, during 2020/21. However returns remained relatively low during the period due to the ongoing difficult global economic conditions.

Stockport Homes is committed to delivering social value, not just financial savings, through services and procurement to optimise the outcomes achieved from the resources invested. Social value refers to the economic, environmental and social benefits created for our customers and the community. A wide range of services across Stockport Homes deliver social value, reflecting the organisation's mission to transform lives. During 2020/21 it has continued to develop its approach to procurement, using standard documentation for tender scoring, which provides consistency for suppliers and staff when they consider social value requirements. The approach to social value measurement and delivery through procurement are highlighted in the new Value for Money Strategy 2021/24 as they are areas where further work is required. The work will link with the development of social value priorities and measurement as part of the Greater Manchester Housing Provider Social Value Group, ensuring that the social value offered by contractors aligns with the requirements of housing providers. Stockport Homes has continued to take a lead on data collection and analysis for the Greater Manchester Group and it has taken a co-lead role on

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Strategic report for the year ended 31 March 2021 *(continued)*

the group's communication plan. This has raised the profile of social housing providers across the region and celebrated the social value outcomes being delivered.

Performance management and Scrutiny

The Senior Leadership and the Wider Leadership Team continue to manage and scrutinise the organisation's finances with monthly reviews of management accounts, variance analysis and continual forecasting. This allows thorough transparency on monies available and effective decision making in the release of monies for expenditure within the business. Business planning remains a primary focus for Stockport Homes, with the aim of achieving a comprehensive understanding of the organisation's threats and opportunities going forward.

Services are also subject to scrutiny by the Customer Scrutiny Panel (CSP). In 2020-21, this has resulted in a number of recommendations to improve the value for money of service delivery to customers. Membership of the Panel is open to all tenants and leaseholders of Stockport Homes and customers can apply to join the panel or see the outcomes of previous reviews on Stockport Homes' website - <http://www.stockporthomes.org/about-us/how-we-are-doing/customer-scrutiny-panel/>.

The Panel completed one service review during 2020-21 (due to disruption caused by Covid-19 restrictions) in relation to the Improvement Programme Delivery resulting in recommendations which will be implemented by the service. Results of CSP reviews are reported to the Board who are requested to approve management action plans to meet CSP recommendations for improvement.

Understanding costs and outcomes

Stockport Homes has continued to consistently out-perform the key financial assumptions within the HRA Business Plan which has been increasingly difficult, as the ability of many customers to pay reduces and as housing policy changes take effect. Stockport Homes and the Council continue to jointly seek to mitigate the impact of this by working together to ensure sustainable budgets for the HRA going forward, combining maximum efficiency targets with continually looking at how things can be done differently to maintain and supplement core services.

Stockport Homes has continued to address the impact on its own business through a combination of making efficiencies and growing its commercial income. Most notably, since 2016 it has moved towards a Group Structure, with three subsidiary companies now fully established. Viaduct Partnerships is a Development Company that works in partnership with the Council to increase the supply of affordable housing within the Borough. Three Sixty is primarily a construction services company, delivering investment works on the Council's housing stock in a cost effective and socially valuable way, and from 2021/22 will expand this to include repairs and maintenance services. Foundations Stockport Limited was established in December 2018 and uses its charitable status to bring a range of benefits into the Stockport Borough.

Overall Stockport Homes' priorities will continue to be the provision of high quality management, maintenance and support services to core customers, but advantage will be taken over the next five years of its entrepreneurial culture to expand the business into new sectors and bring in non-rental income. This will include continuing to grow and develop the Group structure including the establishment of a charitable subsidiary Foundations Stockport and bidding for new contracts which support core customers in ways beyond its traditional remit. Stockport Homes' sound financial planning and management tools ensure it has visibility at all times of available resources and future investment opportunities. The organisation's ethos will remain to invest in the short term, where it can, in initiatives that will bring efficiencies in the medium or longer term.

Stockport Homes manage the HRA Business Plan and much of its operational activity, such as minimising rent arrears, which significantly impacts on the health and success of the HRA. An updated HRA Business Plan was presented to the Stockport Homes Board in December 2020, which demonstrates a continued sustainable model in Stockport for the next thirty years based on current housing policy and assumptions. The financial performance for the HRA 2020/21 exceeded the revised Business Plan forecast performance for another year running, due to strong rent recovery performance, despite the challenges of Welfare

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Reform and ongoing right to buys. This is another example of the strong management, performance and commitment of Stockport Homes.

Key performance indicators, measuring both cost and quality, are reported on regularly throughout the year to the Senior Leadership Team, Wider Leadership Team and the Board. This supports the understanding of linkages between costs and outcomes. Alongside this, performance against the indicators are regularly reported to the Customer Monitoring Group and Stockport Council Member Committee. In addition to these reports, customers are asked which performance measures are most important to them and these are known as the 'customer super six'. The measures, which cover quality and processes, are reported in the customer newsletter and are available to view on the Stockport Homes website <http://www.stockporthomes.org/about-us/how-we-are-doing/customer-super-six/>

The Regulator of Social Housing published an updated Value for Money Standard which came into effect from 1st April 2018. The requirements of this standard include reporting on the set of nine VFM metrics which have been defined by the Regulator. The outcomes of these metrics for Stockport Homes Group in 2020/21 are shown below, along with forecast outcomes for 2021/22, and the previous results from the two years prior for comparison. Stockport Homes Group has benchmarked itself against all providers owning and/or managing more than 1,000 homes, via the data published by the Regulator in the Global Accounts. Further narrative for these results is provided below.

VFM Metric	2018/19 Out-turn	2019/20 Out-turn	2019/20 Global Accounts Median	2020/21 Out-turn	2021/22 Budget Forecast
Reinvestment %	38.4%	29.0%	7.2%	29.9%	17.5%
New supply delivered (Social housing units) %	37.2%	10.3%	1.5%	9.9%	26.4%
New supply delivered (Non- social housing units) %	0.00%	0.00%	0.00%	0.00%	6.5%
Gearing %	68.7%	66.9%	44.0%	72.9%	47.7%
EBITDA MRI Interest Cover %	207%	50%	170%	207.3%	477.7%
Headline social housing cost per unit	£1,072	£1,348	£3,830	£1,122	£1,761
Operating margin (social housing lettings) %	36.6%	39.1%	25.7%	42.9%	38.9%
Operating margin (overall) %	2.6%	(1.4%)	23.1%	3.2%	8.8%
Return on capital employed	1.5%	(0.6%)	3.4%	1.3%	5.9%

Reinvestment %

The median Reinvestment % outcome for all providers was 7.2% in 2019/20, with an upper quartile Reinvestment % threshold of 10.0%. Stockport Homes Group is therefore expecting to be comfortably within this upper quartile with an outcome of 29.9% for 2020/21. This is a reflection of the delivery of the Group's ongoing Development Strategy, whereby a high proportion of new social housing stock is being delivered in relation to the Group's asset base. This positive outcome is forecast to continue during 2021/22.

New Supply Delivered (Social housing units) %

Similar to the Reinvestment % results, Stockport Homes Group has historically delivered a high proportion of new social housing stock in relation to its asset base, with an outcome of 9.9% in 2020/21, comfortably exceeding the median outcome for all providers of 1.5%, and upper quartile threshold of 2.4%. As the Group's asset base continues to grow in the longer term, both New Supply Delivered (Social housing units) % and Reinvestment % are expected to inevitably begin to decrease in comparison with the high values

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seen in previous years, as the development programme will not keep pace proportionately with the increase in the asset base.

New Supply Delivered (Non-social housing units) %

Stockport Homes Group has not delivered any non-social housing units within 2020/21 or the previous two years, which is in line with the median results from all providers. The Group's development programme does contain some non-social housing units, which are currently in the course of construction and expected to complete during 2021/22, and hence will be reported at that time.

Gearing %

As expected, Stockport Homes Group can be seen to have a relatively high Gearing % of 72.9%, exceeding the median outcome for all providers of 44.0%, and is within the upper quartile for this metric, exceeding the threshold of 54.7%. There are several reasons for this result, which include: as the age of the Group's social housing stock is relatively new, a high proportion of loan debt is still in place which will decrease as the loans amortise going forward; the Group does not have a restrictive gearing based loan covenant with its loan provider Stockport Metropolitan Borough Council, meaning that the Group is able to take advantage of higher levels of loan funding than other providers; the Regulators calculation of this metric includes all debt, hence includes the debt relating to the Group's Head Office, but the corresponding cost is not included within the asset base, hence distorting the result.

EBITDA MRI Interest Cover %

This metric has returned to a similar level to 2018/19 following lower costs being recognised within the Statement of Comprehensive Income in 2020/21 than in 2019/20, resulting from the annual GMPF actuarial valuation for accounting purposes. The result of 207.3% for 2020/21 is greater than the median of 170%. This metric indicates that Stockport Homes continues to be able to repay the interest on the debt level indicated in the Gearing % metric.

Headline Social Housing Cost per Unit

Stockport Homes Group continues to have a relatively low Headline Social Housing Cost per Unit with an outcome of £1,122 for 2020/21. This compares favourably with the median result from 2019/20 of £3,830, and is comfortably within the lower quartile of £3,340. This performance is in part a reflection of the relatively new age of the Group's housing stock, meaning that costs have not been incurred which may be required with more mature stock. It should be noted that this measure is open to some fluctuation as it is based on the number of units at the year end, hence may be distortive for Stockport Homes Group with its relatively high development programme, whereby units included at the year end may not have costs included for the full year. The increase in forecast capitalised maintenance in the longer term is expected to see these costs rise in comparison to previous year, though remain a low cost overall.

Operating Margin (Social Housing Lettings) %

The median outcome for all providers for this metric in 2019/20 was 25.7% and Stockport Homes Group's result of 42.9% in 2020/21 was in the upper quartile for this measure, exceeding the threshold of 32.3%. This is linked to the low Headline Social Housing Cost per Unit and links to the age profile of the Group's housing stock, which is not as mature as other providers.

Operating Margin (overall) %

For 2020/21 the Operating Margin (overall) % for Stockport Homes Group is 3.2%. This outcome has improved from the previous year as the result of the operating profit reported in 2020/21, which is a reflection of the positive operating performance of the organisation, in addition to lower costs resulting from the annual pension valuation being reported in 2020/21 than in 2019/20. Whilst the result is within the lower quartile, being less than the benchmark of 20.8%, as previously reported, one of the main reasons for this level of performance relates to a considerable amount of the Group's turnover being obtained from the management fee paid by Stockport Metropolitan Borough Council to manage the Housing Revenue Account housing stock. Whilst other providers require higher operating margins in order to help fund capital expenditure, Stockport Homes Group does not have that requirement with regards the Council's housing stock. This brings a low level of return, hence has a significant impact on the overall operating margin of the Group. This metric is therefore forecast to continue at relatively low levels in the near future.

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Return on Capital Employed

Similar to the results for Operating Margin (overall) %, this performance is based on the Group's operating surplus. The improvement in operating surplus from the previous year results in an improvement in this metric to 1.3% in 2020/21 which is broadly similar to 2018/19. This result is within the lower quartile for this measure being less than the benchmark of 2.6%.

EMPLOYEE INVOLVEMENT

Stockport Homes has an establishment of 612 full time equivalent posts across the Group at 31 March 2021, and is well established in the local community. Stockport Homes continues to recognise that employees are the most important asset to the organisation. The work of the People & Organisational Development (OD) team focuses on enabling the service to increase employee engagement through the implementation of the People & OD Strategy, specific actions and service improvements.

Stockport Homes is proud to be one of the first organisations to be assessed against the new 'Generation 6 Investors in People' (IIP) standard in March 2016 and retained its previously awarded Platinum status in March 2021. Stockport Homes exceeded the industry benchmark in terms of people management and development for all of the nine indicators, demonstrating 'high performing' level against seven of the nine indicators, and advanced in the remaining two. This puts Stockport Homes in the top one percentile of organisations assessed against this standard. In addition, the organisation retained its IIP Health and Wellbeing Award for exemplar practice in its approach to physical, psychological and social wellbeing of its employees. As such SHL are delighted to continue as IIP Champions.

Stockport Homes has been listed as a 'Times 100 Best Not-For-Profit to work for 20120' for list for twelve consecutive years. Stockport Homes achieved one of its highest Best Companies Index (BCI) scores of 767.5 following the most recent engagement survey (October 2020). This equates to three star status illustrating 'world class' levels of engagement practice. Stockport Homes' place within the Times 100 Listings, will be revealed in May 2021 (currently 1st place 2020).

Stockport Homes has invested in a range of initiatives to promote emotional and social well-being, minimise the impact of home and workplace stresses and advocate positive mental health. A comprehensive programme of accredited 'Mental Health First Aid' (MHFA) courses and 'Resilience' workshops are delivered throughout the organisation to increase levels of personal resilience, providing tools to cope effectively with pressures and stresses and help to eliminate 'negative' thinking. In addition, these interventions are designed to enable staff to develop a flexible, adaptable mind-set to cope effectively with organisational change, supported by an 'Active Listeners' Group providing support for staff by staff.

Stockport Homes has continued to embed its 'Fierce Leadership Development' approach. This focuses on supporting personal and organisational growth through high quality, meaningful conversations. The 'Fierce' models are employed throughout the organisation to embed leadership skills and behaviour for all employees. Of the Managers and key team members who have already completed the programme, 100% feel confident to use the models, 90% are actively using the Fierce 'principles and models' regularly and stated that this programme has given them 'practical, impactful leadership skills' and 'the ability to make better decisions and develop their teams'. As a consequence of 'living' Fierce two additional specific staff voice groups have been developed (in addition to the organisational wide staff voice group) to support the Repair 1st and Three Sixty teams have honest conversations relating to how they can improve the work place to have a positive impact on customers.

EQUALITY AND DIVERSITY

Stockport Homes is committed to fairness and equality for individuals. This commitment applies to all aspects of employment and is applied through a range of employment policies to ensure that the organisation adheres to its legal obligations in employment, provides a workplace that is free from discrimination and provides equal access to learning and development.

Stockport Homes continuously strives to be an inclusive employer, ensuring that everyone has an equal opportunity to gain employment and the workforce represents the local communities in which it serves.

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Continuous review and monitoring of employment policies and practices are undertaken to ensure they are applied fairly and equally across the organisation and promote good relations and best practice. In 2017 Stockport Homes became Stonewall Diversity Champions which reflected the commitment of the organisation to ensure it is working towards best practice for LGBTQ+ staff. This led to the creation of a LGBTQ+ staff network which works towards supporting the organisation to create an environment that allows LGBTQ+ staff & customers to flourish.

In September 2017, Stockport Homes Board agreed a new Equality and Diversity Strategy for 2018-2021. This included the objective to develop HR policies and practices that support and develop all staff. A full review of core HR policies, HR system provision and the approach to recruitment has been completed. One of the aims of the Equality and Diversity Strategy is to ensure that Stockport Homes is an inclusive employer and provide opportunity and development to all staff. This aim incorporates all Protected Characteristics, contained within the Equality Act 2010, which includes ensuring the organisation shows a commitment to the recruitment, retention and development of staff who have a disability. Stockport Homes have been accredited as a Disability Confident Employer due to the processes in place to promote the inclusion of disabled people in the workforce. In 2018/19 Stockport Homes completed a disability review which identified further areas for improvement. In 2019/20 following the completion of the review, a staff disability group was established. Its purpose is to ensure Stockport Homes understands and values its disabled staff, celebrate the positives of having a disability and helps to ensure the Group's services are accessible to all.

During 2019/20 Stockport Homes launched "Be You - a vision for an inclusive workplace" which is based on the belief that a successful workplace is one that values everyone and embraces both similarities and differences. This vision was accompanied by training for all managers and the associated launch of the Human library which brings together diverse staff to share their personal stories and experiences. It provides staff with the capability to ask questions, listen, understand and change the way they think, act and work.

To support the Stockport Homes goal of having a representative workforce, during 2020/21 Stockport Homes participated in the Greater Manchester Housing Providers 'Generating routes for Black, Asian and Minority Ethnic (BAME) Leadership' project, which was run by Manchester Metropolitan University. This mentoring programme shared BAME experiences between 10 up-and-coming BAME staff and 10 senior leaders to identify wider organisational problems and empower mentors and mentees as agents of change. Participation in the project and wider societal events of the summer 2020 has led Stockport Homes to create a BAME staff network to ensuring progression and awareness of race-based issues.

Governance

The Board of Stockport Homes is responsible for the strategic direction of the organisation and Board Members are registered as the Company Directors with Companies House. They have been selected to collectively provide the skills and competencies to successfully steer the company in accordance with its Mission and Aims.

The Board consists of customers, independent and stakeholder members, and a number of Board Members also sit on the Boards of the subsidiaries. Stockport Homes has developed a constructive relationship with the Stockport Homes Member Committee, a cross-political party Council body, which monitors and oversees the Company's work.

Stockport Homes has a Senior Leadership Team which is led by the Chief Executive, supported by four Directors and is responsible for the day to day operations of the organisation. The Chief Executive reports to the Board of Stockport Homes.

The Board meets four times per year to make decisions concerning the strategic direction of the organisation. The Board is supported by three committees: Audit & Risk, Operations and Nominations & Appointments, all of which have clear terms of reference. The Board and Committees are supported by the Governance Team which uses a range of tools to ensure the effectiveness of the Board's decision-making. This includes a thorough forward planning process and procedures for following actions that are agreed in minutes.

Stockport Homes Limited

Strategic report for the year ended 31 March 2021 *(continued)*

A robust appraisal process was completed for Board Members in 2020-21 involving self-assessment by all members and peer assessment of the Chairs. Following the appraisals, a Governance Development Plan was adopted by the Board. Training and recruitment are used to address any gaps within the Board(s).

During 2020-21, the Board undertook training and attended externally hosted events to widen their knowledge of issues relevant to their roles. A number of virtual training and consultation sessions have been held with the Board to comply with Covid-19 restrictions. Subjects included Value for Money, Equality and Diversity and Code of Governance. Virtual Board Away Days have been used to discuss issues relating to business growth, to inform members about changes in the national policy environment and to debate how the Group can best respond to these.

The Board usually receives a Customer Scrutiny Panel Annual Report that demonstrates the impacts of the panel's work and the panel contributes to Stockport Homes meeting its co-regulatory responsibilities, though this has been delayed during 2020-21 due to the temporary suspension of the activity of the Panel due to Covid-19 restrictions. The report summarises how customer scrutiny:

- Is led by customers and supported by the organisation,
- Allows customers the opportunity to participate, contribute and challenge,
- Influences the strategic direction of Stockport Homes,
- Results in a positive impact on tenants.

Approval

This Strategic Report was approved by order of the Board on 19 July 2021.



Jenny Osbourne, Chair of the Board

Stockport Homes Limited

Independent auditor's report (continued)

Independent Auditor's Report to the Members of Stockport Homes Limited

Opinion

We have audited the financial statements of Stockport Homes Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021 which comprise the Consolidated and parent Company Statement of Comprehensive Income, the Consolidated and parent Company Statement of Financial Position, the Consolidated and parent Company Statement of Changes in Reserves, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2021 and of the Group's income and expenditure and the parent Company's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

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 Group's or the parent Company'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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Stockport Homes Limited

Independent auditor's report (continued)

course of 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 6 and 7, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or the parent Company or to cease operations, or has 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.

Stockport Homes Limited

Independent auditor's report (continued)

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Group and parent Company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act 2006, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due 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. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the

Stockport Homes Limited

Independent auditor's report (continued)

Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Sue Hutchinson FCCA (Senior Statutory Auditor)

For and on behalf of

Beever and Struthers

Statutory Auditor

St George's House

215-219 Chester Road

Manchester

M15 4JE

Date: 19/11/21

Stockport Homes Limited

Consolidated Statement of Comprehensive Income for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover	4	49,440	52,947
Cost of sales	4	(6,022)	(9,994)
Operating costs	4	(41,843)	(43,680)
Gain on sale	6	28	96
Operating surplus/(deficit)	4	1,601	(631)
Other interest receivable and similar income	12	9	96
Interest and financing costs	13	(1,438)	(1,344)
Net interest on pension	26	(459)	(670)
Change in Valuation of investment properties	17	(24)	10
(Deficit) before taxation		(311)	(2,539)
Taxation on (deficit)	14	63	(317)
(Deficit) for the financial year		(248)	(2,856)
Actuarial (losses)/gains on defined benefit pension scheme	26	(19,035)	11,749
Total comprehensive (loss)/income for year		(19,283)	8,893

The notes on pages 38 to 71 form part of these financial statements.

All activities relate to continuing operations.

The financial statements were approved by the Board of Directors and authorised for issue on 19 July 2021.



Jenny Osbourne

Chair of the Board

Stockport Homes Limited

Company Statement of Comprehensive Income for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover	4	44,851	47,233
Cost of sales	4	(1,586)	(4,591)
Operating costs	4	(41,778)	(44,063)
Gain on sale	6	28	96
Operating surplus/(deficit)	4	1,515	(1,325)
Other interest receivable and similar income	12	9	89
Interest and financing costs	13	(1,438)	(1,344)
Net interest on pension	26	(459)	(670)
Change in Valuation of Investment Properties	17	(24)	10
(Deficit) before taxation		(397)	(3,240)
Taxation on (deficit)	14	64	(244)
(Deficit) for the financial year		(333)	(3,484)
Actuarial (losses)/gains on defined benefit pension scheme	26	(19,035)	11,749
Total comprehensive (loss)/income for year		(19,368)	8,265

The notes on pages 38 to 71 form part of these financial statements.

All activities relate to continuing operations.

The financial statements were approved by the Board of Directors and authorised for issue on 19 July 2021.

J. Osbourne

Jenny Osbourne

Chair of the Board

Stockport Homes Limited

Consolidated Statement of Financial Position at 31 March 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible fixed assets - housing properties	15	86,900	69,393
Tangible fixed assets - other	16	14,169	14,324
Investment Property	17	455	95
		101,524	83,812
Current assets			
Stocks	19	17,173	11,844
Debtors	20	5,127	5,928
Cash and cash equivalents		12,289	13,949
		34,589	31,722
Creditors: amounts falling due within one year	21	(14,156)	(14,426)
Net current assets		20,433	17,295
Total assets less current liabilities		121,957	101,108
Creditors: amounts falling due after more than one year	22	(98,182)	(79,374)
Net assets excluding provisions		23,775	21,734
Provisions for liabilities			
Pension liability	26	(40,391)	(19,066)
Net (liabilities)/assets		(16,615)	2,668
Capital and reserves			
Income and expenditure reserve		(16,615)	2,668
		(16,615)	2,668

The financial statements were approved by the Board of Directors and authorised for issue on 19 July 2021.

J. Osbourne

Jenny Osbourne

Chair of the Board

The notes on pages 38 to 71 form part of these financial statements.

Company number 04521257

Stockport Homes Limited

Company Statement of Financial Position at 31 March 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible fixed assets - housing properties	15	86,900	69,393
Tangible fixed assets - other	16	14,167	14,318
Investment property	17	455	95
Investment in subsidiaries	18	10	10
		101,532	83,817
Current assets			
Stocks	19	17,173	11,844
Debtors - receivable within one year	20	4,610	5,787
Debtors - receivable after one year	20	-	42
Cash and cash equivalents		9,192	10,398
		30,975	28,071
Creditors: amounts falling due within one year	21	(12,118)	(11,763)
Net current assets		18,857	16,307
Total assets less current liabilities		120,389	100,124
Creditors: amounts falling due after more than one year	22	(98,182)	(79,374)
Net assets excluding provisions		22,207	20,750
Pension liability	26	(40,391)	(19,066)
Net (liabilities)/assets		(18,184)	1,684
Capital and reserves			
Income and expenditure reserve		(18,184)	1,684
		(18,184)	1,684

The financial statements were approved by the Board of Directors and authorised for issue on 19 July 2021.



Jenny Osbourne

Chair of the Board

The notes on pages 38 to 71 form part of these financial statements.

Company number 04521257

Stockport Homes Limited

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

Group	2021	2020
	£'000	£'000
Income and Expenditure Reserves Balance at 1 st April	2,668	(6,225)
(Deficit) for the year	(248)	(2,856)
Actuarial gains/(losses) on defined benefit pension scheme	(19,035)	11,749
Total comprehensive income for the year	(19,283)	8,893
Income and Expenditure Reserve Balance at 31 March	(16,615)	2,668
Company	2021	2020
	£'000	£'000
Income and Expenditure Reserves Balance at 1 st April	1,684	(6,581)
(Deficit) for the year	(333)	(3,484)
Actuarial (losses)/gains on defined benefit pension scheme	(19,035)	11,749
Total comprehensive income for the year	(19,368)	8,265
Gift aid paid	(500)	-
Income and Expenditure Reserve Balance at 31 March	(18,184)	1,684

Stockport Homes Limited

Consolidated Statement of Cash Flows for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities			
(Deficit) for the financial year		(248)	(2,856)
Adjustments for:			
Depreciation of fixed assets - housing properties	15	940	869
Depreciation of fixed assets - other	16	629	611
Amortised grant	23	(171)	(150)
Interest payable and finance costs	13	1,438	1,344
Interest received	12	(9)	(96)
Taxation expense	14	(63)	317
Taxation reclaim		170	26
Increase in valuation of property	17	24	(10)
Gain/loss on disposal of fixed assets	6	(28)	(96)
Difference between net pension expense and cash contribution		2,290	4,599
(Increase) in trade and other debtors		(380)	56
Decrease/(increase) in stocks		1,585	4,529
(Decrease)/increase in trade creditors		255	2,272
Cash from operations		6,432	11,415
Taxation paid		(111)	(228)
Net cash generated from operating activities		6,321	11,187
Cash flows used in investing activities			
Purchase of fixed assets - housing properties		(25,205)	(21,340)
Purchases of fixed assets - other		(474)	(364)
Receipt of grant		3,318	4,620
Proceeds from sale of fixed assets		132	383
Interest received		13	82
Net cash from investing activities		(22,216)	(16,619)
Cash flows from financing activities			
Interest paid		(1,343)	(1,377)
New loans		17,275	10,144
Repayment of loans		(1,697)	(1,622)
Net cash used in financing activities		14,235	7,145
Net increase in cash and cash equivalents		(1,660)	1,713
Cash and cash equivalents at beginning of year		13,949	12,236
Cash and cash equivalents at end of year		12,289	13,949

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021

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Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (continued)

1 Legal status

Stockport Homes Limited is registered with Companies House as a company limited by guarantee and is registered with the Regulator of Social Housing as a social housing provider. The Company is incorporated in England. Its registered address is: Cornerstone, 2 Edward St, Stockport, SK1 3NQ.

The group comprises the following entities:

Name	Incorporation	Registered/Non-registered
Stockport Homes Ltd	Companies Act 2006	Registered
Three Sixty SHG Ltd	Companies Act 2006	Non-registered
Viaduct Partnerships Ltd	Companies Act 2006	Non-registered
Foundations Stockport Ltd	Co-operative and Community Benefit Societies Act 2014	Non-registered

2 Accounting policies

Basis of accounting

The financial statements have been prepared on a going concern basis, in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Stockport Homes includes the Housing and Regeneration Act 2008, FRS 102 “the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, the Accounting Direction for Private Registered Providers of Social Housing 2019.

In relation to preparing the financial statements on a going concern basis, the potential effects with regards Covid-19 have been considered. The company’s Balance Sheet shows a net liability position which includes pension liabilities required under FRS 102. The Council has agreed that it will ensure that SHL is able to discharge its liabilities for the pension costs attributable to Stockport Homes’ past, present and future employees

In applying FRS 102, the financial statements are presented in £ sterling and rounded to the nearest £’000. As a public benefit entity, the Group has applied the public benefit entity “PBE” prefixed paragraphs of FRS 102.

Parent Company Disclosure Exemptions

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

- No cash flow statement has been presented for the parent company
- Disclosures in respect of the parent company’s financial instruments have not been presented, as equivalent disclosures have been provided in respect of the Group as a whole
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

Basis of consolidation

The consolidated financial statements incorporate the results of Stockport Homes Limited and all of its subsidiary undertakings as at 31 March 2021. The group accounts consolidate the accounts of the company and its subsidiaries at 31st March 2021 using the purchase method. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Accounting judgements and key sources of estimation uncertainty

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

The following principal accounting policies have been applied:

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

2 Accounting policies (*continued*)

Income

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

- Management fee income from Stockport Council
- Rental income receivable (after deducting lost rent from void properties available for letting)
- First tranche sales of Low Cost Home Ownership housing properties developed for sale
- Service charges receivable
- Grant income for specific initiatives
- Revenue grants and proceeds from the sale of land and property
- Construction contract income from Stockport Council
- Charitable income through Foundations Stockport Limited

Rental income is recognised from the point when properties under development reach practical completion and are formally let. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Service charges

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

Management of units owned by others

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

Current and deferred taxation

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Value Added Tax

Stockport Homes charges Value Added Tax (VAT) on the majority of its income and is able to recover the corresponding majority of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by Stockport Homes and not recoverable from HM Revenue and Customs. Non-recoverable VAT arises from exempt and partially exempt activities and is debited to the Statement of Comprehensive Income.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

2 Accounting policies (*continued*)

Finance costs

All Stockport Homes' borrowing is on fixed Public Works Loan Board rates. Finance costs are charged to profit or loss over the term of the debt using the actual interest rate for each loan.

Pension costs

The Group participates in two pension schemes, the Greater Manchester Pension Fund (GMPF) and the Social Housing Pension Scheme (SHPS).

The SHPS is a defined contribution scheme for which costs are charged to the Statement of Comprehensive Income on an accruals basis.

The GMPF is a defined benefit pension scheme and retirement benefits to the employees of the Company are funded by contributions from all employers and employees in the scheme.

Payments are made to a fund operated by Tameside Metropolitan Borough Council. These payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable to the various participating organisations. All costs, liabilities, assets and investment returns are accounted for in accordance with FRS 102.

The difference between the fair value of the assets held in the defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the 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 Stockport Homes 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.

Tangible fixed assets - Housing Properties

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable).

The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development.

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

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 Property Plant and Equipment and held at cost less any impairment, and are transferred to completed properties when ready for letting.

Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Land is not depreciated on account of its indefinite useful economic life.

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

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

2 Accounting policies (*continued*)

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

Freehold 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)
New build housing structure (including on-costs)	100
Other housing structure	50
Boundary walls & car hard-standings	50
Roofs	70
Windows	30
Electrical	30
Bathrooms	30
Structural cladding	25
Front Doors	25
Back Doors	30
Boilers	20
Heating systems	30
Kitchens	20
Photovoltaic Panels	25
Lifts	15

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

Shared ownership properties and staircasing

Under low cost home ownership arrangements, Stockport Homes 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 PPE and included in completed housing property at cost less any provision for impairment. Sales of subsequent tranches are treated as a part disposal of PPE. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

Allocation of costs for mixed tenure and shared ownership developments

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure costs are allocated on a floor area or unit basis depending on the appropriateness for each scheme.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

2 Accounting policies (*continued*)

Investment Properties

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

Tangible fixed assets - Other

Other tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any 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 company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Assets under construction

Assets under construction are stated at cost. The company adds to the carrying amount when the cost is incurred. Assets under construction are not depreciated until they are brought into use.

Depreciation of other tangible fixed assets

Other fixed assets are included in the Balance Sheet at historical cost, less depreciation where appropriate. A de minimus value of £5,000 applies to individual items. Items are capitalised where they are for ongoing use in the business. Depreciation is provided at a rate calculated to write off the cost of fixed assets, less their estimated residual value over their estimated useful lives on the following basis:

- Computer Equipment	33.33% Straight line
- Photovoltaic panels	4% Straight line
- Motor vehicles	33.33% Straight line
- Site set up	20% Straight line
- Tools and equipment	20% Straight line
- Office furniture and IT fit out	20% Straight line

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

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

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

2 Accounting policies (*continued*)

Government grants

Grant received in relation to property construction is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2018. Grant is carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic life of the asset for which it was received. In accordance with Housing SORP 2018 the useful economic life of the housing property structure has been selected.

Where social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

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

Impairment of fixed assets

The housing property portfolio for the Group is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An option appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return or potential sale proceeds are obtained and used to inform the options. The Group looks at the net realisable value, under the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the organisation as the existing property. No properties have been valued at VIU-SP.

The Group defines cash generating units as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to income and expenditure.

Stock

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

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

Debtors and creditors

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

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

2 Accounting policies (*continued*)

Recoverable amount of rental and other trade receivables

Stockport Homes estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Rent and service charge agreements

The Group has made arrangement with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

Loans, Investments and short term deposits

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

Financial liabilities and equity

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

Cash and cash equivalents

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

Contingent liabilities

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

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

Reserves

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

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

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

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

- whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. 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, what constitutes the cash generating unit, and the viability and expected future performance of that unit. The members have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The members have also considered impairment based on their assumptions to define cash or asset generating units.
- the anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the member's best estimate of sales value based on economic conditions within the area of development.
- the carrying value of stock, and that this can be disposed of at a value at least equal to the carrying value, due to property market conditions.
- the appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets.
- the categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 14 and 15)

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 condition and continued usage are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

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

- Rental and other trade receivables (debtors) (see note 20)

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

- Pension liabilities (see note 26)

the critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, property valuations, mortality, discount rate 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

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (continued)

4 Particulars of turnover, cost of sales, operating costs and operating surplus

Group	Turnover	Cost of sales	Operating costs	Operating (deficit)/ surplus
	2021 £'000	2021 £'000	2021 £'000	2021 £'000
Social housing lettings (Note 5)	3,167	-	(1,810)	1,357
Other Social Housing Activities				
First tranche low cost home ownership sales	1,587	(1,586)	-	1
Management Fee and associated charges from Stockport MBC	28,947	-	(27,195)	1,753
Income from customers and miscellaneous	7,628	(520)	(7,515)	(409)
Charges to capital programme	7,120	(4,266)	(2,887)	(34)
Water initiative	956	-	(602)	354
Development services to SHL from Viaduct	-	350	-	350
Market rent lettings	34	-	(3)	31
Net pension cost	-	-	(1,831)	(1,831)
	46,272	(6,022)	(40,033)	216
Gain on disposal				28
Total	49,440	(6,022)	(41,843)	1601
Analysis of disposal				
Shared Ownership Staircasing Sales	133	(104)	(1)	28
Total	133	(104)	(1)	28
Group	Turnover	Cost of sales	Operating costs	Operating (deficit)/ surplus
	2020 £'000	2020 £'000	2020 £'000	2020 £'000
Social housing lettings (Note 5)	2,764	-	(1,684)	1,079
Other Social Housing Activities				
First tranche low cost home ownership sales	5,138	(4,591)	-	547
Management Fee and associated charges from Stockport MBC	28,650	-	(27,778)	872
Income from customers and miscellaneous	6,532	(44)	(6,386)	102
Charges to capital programme	8,909	(5,659)	(3,045)	205
Water initiative	947	-	(856)	91
Development services to SHL from Viaduct	-	300	-	300
Market rent lettings	7	-	(1)	6
Net pension cost	-	-	(3,929)	(3,929)
	50,183	(9,994)	(41,995)	(727)
Gain on disposal				96
Total	52,947	(9,994)	(43,680)	(631)
Analysis of disposal				
Shared Ownership Staircasing Sales	385	(288)	(1)	96
Total	385	(288)	(1)	96

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (continued)

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

Company	Turnover	Cost of sales	Operating costs	Operating (deficit)/ surplus
	2021 £'000	2021 £'000	2021 £'000	2021 £'000
Social housing lettings (Note 5)	3,167	-	(1,810)	1,357
Other Social Housing Activities				
First tranche low cost home ownership sales	1,587	(1,586)	-	1
Management Fee and associated charges from Stockport MBC	28,947	-	(27,611)	1,336
Income from customers and miscellaneous	6,772	-	(6,636)	134
Charges to capital programme	2,603	-	(2,498)	105
Water initiative	956	-	(602)	354
Intercompany	786	-	(786)	-
Market Rent lettings	34	-	(3)	31
Net pension cost	-	-	(1,831)	(1,831)
	41,684	(1,586)	(39,968)	130
Gain on disposal				28
Total	44,851	(1,586)	(41,778)	(1,515)
Analysis of disposal				
Shared Ownership Staircasing Sales	133	(104)	(1)	28
Total	133	(104)	(1)	28
Company	Turnover	Cost of sales	Operating costs	Operating (deficit)/ surplus
	2020 £'000	2020 £'000	2020 £'000	2020 £'000
Social housing lettings (Note 5)	2,763	-	(1,685)	1,078
Other Social Housing Activities				
First tranche low cost home ownership sales	5,138	(4,591)	-	547
Management Fee and associated charges from Stockport MBC	28,650	-	(28,067)	583
Income from customers and miscellaneous	6,368	-	(6,223)	145
Charges to capital programme	2,696	-	(2,639)	57
Water initiative	947	-	(855)	92
Intercompany	664	-	(664)	0
Market Rent lettings	7	-	(1)	6
Net pension cost	-	-	(3,929)	(3,929)
	44,469	(4,591)	(42,379)	(2,501)
Gain on disposal				96
Total	47,233	(4,591)	(44,063)	(1,325)
Analysis of disposal				
Shared Ownership Staircasing Sales	385	(288)	(1)	96
Total	385	(288)	(1)	96

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (continued)

5 Income and Expenditure from social housing lettings

Group and Company

	General needs	Low cost home ownership	Total	Total
	£'000	£'000	2021 £'000	2020 £'000
Income				
Rents net of identifiable service charges	2,370	450	2,820	2,460
Service charge income	38	136	174	150
Amortised government grants	125	47	172	151
Other income	1	-	1	1
Bad debt reduction	-	-	-	2
Turnover from social housing lettings	2,534	633	3,167	2,764
Expenditure				
Management	(174)	(103)	(277)	(218)
Service charge costs	(50)	(135)	(185)	(183)
Maintenance	(236)	-	(236)	(290)
Bad debts	(31)	-	(31)	(11)
Depreciation of housing properties:				
- annual charge	(816)	(124)	(940)	(868)
Other costs	(87)	(53)	(140)	(114)
Operating expenditure on social housing lettings	(1,394)	(415)	(1,810)	(1,685)
Operating surplus on social housing lettings	1,140	218	1,357	1,079
Void losses	(30)	-	(30)	(3)

6 Gain on disposal of fixed assets

Group and Company

	2021 £'000	2020 £'000
Shared Ownership Staircasing Sales		
Proceeds of sales	133	385
Less costs of sales	(104)	(288)
Less capital grant recycled (note 24)	(1)	(1)
Surplus	28	96

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

7 Units of housing stock

Group and Company	2021 Additions	2021 Disposals	2021 Total Number	2020 Total Number
General needs housing:				
- Social	24	-	122	98
- Affordable	50	-	280	230
- Market Rent	-	-	1	1
- Intermediate	-	-	54	54
- 3 rd Party Rents	-	-	2	2
- Rent to buy	5	-	5	-
Low cost home ownership	52	2	286	236
Total owned	131	2	750	621
Accommodation managed for others			11,742	11,760
Total managed accommodation			11,742	11,760
Total owned and managed accommodation			12,492	12,381
Units under construction			371	394

8 Operating surplus

Group	2021 £'000	2020 £'000
This is arrived at after charging:		
Depreciation of housing properties	940	868
Depreciation of other tangible fixed assets	629	611
Operating lease charges - land & building	60	60
Operating lease charges - other	551	569
Auditors' remuneration (excluding VAT):		
- fees payable to the company's auditor for the audit of the company's annual accounts	29	26
- fees for tax computations	3	3
- fees for audit related assurance	0	0
Defined benefit pension cost	1,831	3,929

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (continued)

8 Operating surplus (continued)

Company	2021 £'000	2020 £'000
This is arrived at after charging:		
Depreciation of housing properties	940	868
Depreciation of other tangible fixed assets	625	607
Operating lease charges - land & building	60	60
Operating lease charges - other	551	569
Auditors' remuneration (excluding VAT):		
- fees payable to the company's auditor for the audit of the company's annual accounts	16	15
- fees for tax computations	1	1
- fees for audit related assurance	0	0
Defined benefit pension cost	1,831	3,929

9 Employees

Group	2021 £'000	2020 £'000
Staff costs (including Executive Management Team) consist of:		
Wages and salaries	18,065	17,083
Social security costs	1,673	1,569
Cost of defined benefit scheme (see note 26)	2,924	2,778
Cost of defined contribution scheme (see note 26)	106	79
Pension Valuation Adjustments	1,831	3,929
	24,599	25,438

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

	2021 Number	2020 Number
Administration	118	123
Development	172	164
Housing, Support and Care	322	313
	612	600

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (continued)

9 Employees (continued)

Company	2021 £'000	2020 £'000
Staff costs (including Executive Management Team) consist of:		
Wages and salaries	15,577	15,047
Social security costs	1,452	1,384
Cost of defined benefit scheme (see note 26)	2,924	2,778
Pensions Valuation Adjustments	1,831	3,929
	21,784	23,138

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

	2021 Number	2020 Number
Administration	114	120
Development	105	102
Housing, Support and Care	300	302
	519	524

10 Directors' and senior executive remuneration

The directors are defined as the members of the Board of Management, the Chief Executive and the Executive Management Team disclosed on page 3. These are judged to be the key management personnel.

Group	2021 £'000	2020 £'000
Executive directors' emoluments	551	552
Amounts paid to non-executive directors	34	34
Contributions to defined benefit pension schemes	72	74
Employers NI contributions	69	70
	726	730

Group and company

The Board of Management received £2,833 (2020: £3,365) for board expenses during the year. Compensation for loss of office payments for the year totalled nil (2020: nil).

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments was £176,063 (2020 - £169,030). The Chief Executive has opted out of the Local Government Pension Scheme.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (continued)

10 Directors' and senior executive remuneration (continued)

There were 4 directors in the local government pension scheme during the year (2020: 4).

The remuneration paid to staff (including Executive Management Team) earning over £60,000 upwards:

	2021 No.	2020 No.
£60,000 - £69,999	3	4
£70,000 - £79,999	4	0
£80,000 - £89,999	0	2
£90,000 - £99,999	3	2
£100,000 - £109,999	-	-
£110,000 - £119,999	-	-
£120,000 - £129,999	-	-
£130,000 - £139,999	-	-
£140,000 - £149,999	1	1

11 Board Members

Board member	Remuneration £	Member of Audit and Risk	Member of Operations Committee
Alanna Vine	2,182	X	
Christine Woolridge	2,182		X
David Wright	3,273		
Jenny Osbourne	5,457		X
Josephine Hague	2,182		X
Kenneth Lee	3,273	X	
Lorraine Gill	2,050	X	
Peter Fitzhenry	3,273		X
Phil Pemberton	2,182		
Robin Burman	2,182		
Sarah-Leigh Keenan	2,182	X	
Steve Partridge	3,273	X	

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

12 Interest receivable and income from investments

Group	2021 £'000	2020 £'000
Interest receivable and similar income	9	96
	9	96

Company	2021 £'000	2020 £'000
Interest receivable and similar income	9	89
	9	89

13 Interest payable and similar charges

Group and company	2021 £'000	2020 £'000
Loans from group undertakings	1,438	1,344
	1,438	1,344

14 Taxation on surplus/(deficit) on ordinary activities

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:

Group	2021 £'000	2020 £'000
<i>UK corporation tax</i>		
Current tax on surplus for the year	53	317
Adjustment in respect of previous periods	(116)	-
Taxation on surplus on ordinary activities	(63)	317
(Deficit)/surplus on ordinary activities before tax	(311)	(2,539)
(Deficit)/surplus on ordinary activities at the standard rate of corporation tax in the UK of 19%	(75)	(541)
Effects of:		
Expenses not deductible for tax purposes	128	860
Adjustment to tax charge in respect of previous periods	(116)	(2)

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

Total tax charge for period	(63)	317
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14 Taxation on surplus/(deficit) on ordinary activities

Company	2021 £'000	2020 £'000
<i>UK corporation tax</i>		
Current tax on surplus for the year	52	244
Adjustment in respect of previous periods	(116)	0
Taxation on surplus on ordinary activities	(64)	244

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:

	2021 £'000	2020 £'000
(Deficit) on ordinary activities before tax	(397)	(3,240)
(Deficit) on ordinary activities at the standard rate of corporation tax in the UK of 19%	(76)	(616)
Effects of:		
Expenses not deductible for tax purposes	128	860
Adjustment to tax charge in respect of previous periods	(116)	0
Total tax charge for period	(64)	244

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (continued)

15 Tangible Fixed Assets - Housing Properties

Group and Company	General needs completed £'000	General needs under construction £'000	Shared ownership completed £'000	Shared ownership under construction £'000	Outright Sale - Acquisition £'000	Outright Sale - Under Construction £'000	Total £'000
Cost:							
At 1 April 2020	40,120	11,724	13,847	7,496	-	-	73,187
Additions	-	7,857	-	17,990	-	-	25,847
Completed schemes	13,339	(13,339)	4,798	(4,798)	-	-	-
Transfer (to)/from stock	-	-	-	(6,914)	-	-	(6,914)
Staircasing Disposals	-	-	(104)	-	-	-	(104)
Transfer to General Needs	-	4,715	-	(4,715)	-	-	-
Transfer to Investment Property	(384)	-	-	-	-	-	(384)
At 31 March 2021	53,075	10,957	18,541	9,059	-	-	91,632
Depreciation:							
At 1 April 2020	(3,223)	-	(571)	-	-	-	(3,795)
Charge for the year	(816)	-	(124)	-	-	-	(940)
Staircasing Disposal	-	-	3	-	-	-	3
Component Disposal	-	-	-	-	-	-	-
At 31 March 2021	(4,040)	-	(692)	-	-	-	(4,732)
Net book value at 31 March 2021	49,035	10,957	17,849	12,184	-	-	86,900
Net book value at 31 March 2020	36,897	11,724	13,276	7,496	-	-	69,393

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (continued)

15 Tangible fixed assets - Housing properties (continued)

	2021	2020
	£'000	£'000

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

Freehold	82,896	63,758
Long leasehold	4,004	5,635
	86,900	69,393

Works to properties

Improvements to existing properties capitalised	-	31
	-	31

Total Social Housing Grant received or receivable to date is as follows:

Capital grant - Housing Properties	27,398	20,980
	27,398	20,980

Impairment

Stockport Homes considers each scheme to represent separate cash generating units (CGU's) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2014.

During 2019/20 Covid-19 was identified as a trigger for impairment, and a full impairment review was performed using the Depreciated Replacement Cost of each scheme. Upon comparing this to the carrying value of each scheme, no impairment was identified. At 31 March 2021 an assessment of impairment indicators was undertaken. No such indicators were identified.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

16 Other tangible fixed assets			
Group	Office Buildings	Fixtures, fittings, tools and Equipment	Total
	£'000	£'000	£'000
<i>Cost</i>			
At 1 April 2020	13,913	1,952	15,865
Additions	1	473	474
Disposals	0	0	0
At 31 March 2021	13,914	2,425	16,339
<i>Depreciation</i>			
At 1 April 2020	(582)	(959)	(1,541)
Charge for year	(220)	(409)	(629)
Disposals	0	0	0
At 31 March 2021	(802)	(1,368)	(2,170)
<i>Net book value</i>			
At 31 March 2021	13,112	1,057	14,169
At 31 March 2020	13,331	993	14,324
Company			
	Office Buildings	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000
<i>Cost</i>			
At 1 April 2020	13,913	1,932	15,845
Additions	1	473	474
Disposal	-	-	-
At 31 March 2021	13,914	2,405	16,319
<i>Depreciation</i>			
At 1 April 2020	(582)	(945)	(1,527)
Charge for year	(220)	(405)	(625)
Disposal	-	-	-
At 31 March 2021	(802)	(1,350)	(2,152)
<i>Net book value</i>			
At 31 March 2021	13,112	1,055	14,167
At 31 March 2020	13,331	987	14,318

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (continued)

17 Investment Properties held for letting

Group and Company	Total	Total
	2021	2020
	£'000	£'000
At 1 April	95	85
Additions	384	0
Gain / (Loss) from adjustment in fair value	(24)	10
At 31 March	455	95

Investment properties were valued at 11th February 2021 by IJG (Chartered Surveyors) and 26th April 2021 by Thomson & Associates. The valuation was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards.

18 Investments in subsidiaries

Company	Total	Total
	2021	2020
	£'000	£'000
Cost		
At 1 April 2020	10	10
Additions	-	-
At 31 March 2021	10	10

19 Stock

Group and company	Other consumables	First tranche shared ownership properties	Outright Sale	Total	Total
	2021 £'000	2021 £'000	2021 £'000	2021 £'000	2020 £'000
Work in progress	-	7,718	6,664	14,382	11,137
Completed properties	-	2,619	-	2,619	536
Consumables	172	-	-	172	171
	172	10,337	6,664	17,173	11,844

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 *(continued)*

20 Debtors

Group	2021 £'000	2020 £'000
Due within one year		
Rent and service charge arrears	127	68
Less: Provision for doubtful debts	(60)	(29)
	67	39
Amounts owed by the Council and associated companies	3,819	3,541
Trade debtors	321	482
Other debtors	62	53
Prepayments and accrued income	677	1,093
Social housing grant receivable	-	690
Taxation	181	30
	5,127	5,928
Company	2021 £'000	2020 £'000
Due within one year		
Rent and service charge arrears	127	68
Less: Provision for doubtful debts	(60)	(29)
	67	39
Amounts owed by the Council and associated companies	3,048	2,697
Trade debtors	292	474
Other debtors	29	23
Prepayments and accrued income	651	1,089
Social housing grant receivable	-	690
Taxation and social security	166	4
Intercompany debtors	357	771
	4,610	5,787
Due after one year		
Intercompany debtors	-	42
	4,610	5,829

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

21 Creditors: amounts falling due within one year

Group	2021 £'000	2020 £'000
Loans and borrowings (note 25)	5,599	1,777
Trade creditors	1,792	2,732
Social housing grant in advance	-	4,637
Amounts owed to the Council and associated companies	1,076	401
Taxation and social security	462	709
Other creditors	473	506
Deferred capital grant (Note 23)	239	256
Accruals and deferred income	4,515	3,408
	14,156	14,426
Company	2021 £'000	2020 £'000
Loans and borrowings (note 25)	5,599	1,777
Trade creditors	1,499	1,581
Social housing grant in advance	-	4,637
Amounts owed to the Council and associated companies	1,076	401
Taxation and social security	290	503
Other creditors	457	490
Deferred capital grant (Note 23)	239	256
Accruals and deferred income	1,939	1,974
Intercompany creditors	1,019	144
	12,118	11,763

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

22 Creditors: amounts falling due after more than one year

Group	2021 £'000	2020 £'000
Loans and borrowings (Note 25)	70,383	58,627
Deferred capital grant (Note 23)	27,104	19,845
Recycled capital grant (Note 24)	50	197
Accruals and deferred income > 1 year	565	655
Sinking Fund	80	50
	98,182	79,374
Company	2021 £'000	2020 £'000
Loans and borrowings (Note 25)	70,383	58,627
Deferred capital grant (Note 23)	27,104	19,845
Recycled Capital Grant (Note 24)	50	197
Accruals and deferred income > 1 year	21	57
Intercompany creditors	543	597
Sinking Fund	80	50
	98,182	79,374

23 Deferred capital grant

Group and Company	2021 £'000	2020 £'000
At 1 April	20,101	15,683
Grants received during the year	7,266	4,642
Released to income during the year	(171)	(150)
Recycled Grant Fund	147	(73)
	27,343	20,101
At 31 March	27,343	20,101
Amount due to be released < 1 year	239	256
Amount due to be released > 1 year	27,104	19,845

24 Recycled capital grant fund

Group and Company	2021 £'000	2020 £'000
At 1 April	197	122
Inputs from Deferred Capital Grant	49	74
Inputs from Shared Ownership Staircasing Sales	1	1
Outputs to Deferred Capital Grant	(197)	-
At 31 March	50	197

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

25 Loans and borrowings

Maturity of debt:

Group and Company

	2021 £'000	2020 £'000
In one year or less, or on demand	5,599	1,777
In more than one year but not more than two years	8,766	2,966
In more than two years but not more than five years	7,101	7,244
In more than five years	54,516	48,417
	75,982	60,404

Of the loans of £75.9m, £47.9m has an interest rate of less than 3%, £27.3m has an interest rate between 3% and 5% with the remaining £0.7m at a rate greater than 5%.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

26 Pensions

Group

The Group participates in two pension schemes, the Greater Manchester Pension Fund (GMPF) and the Social Housing Pension Scheme (SHPS). The GMPF is a multi-employer defined benefit scheme. Stockport Homes Ltd is the only member of the Group who participates in the GMPF, the details of which are below. The SHPS is a defined contribution scheme. The charge for the period for the SHPS is £106,000 (2020 £79,000), and at the Statement of Financial Position date there were contributions outstanding of £8,656 (2020 £7,506).

Company

Defined benefit pension scheme

The Company joined the Greater Manchester Pension Fund, administered by Tameside Metropolitan Borough Council, on 1 October 2005 with its employees transferring from Stockport Metropolitan Borough Council.

The latest formal valuation of the Fund was as at 31 March 2019. Results from this valuation have been rolled forward to 31 March 2021 using approximate methods. The roll-forward allows for:

- Changes in financial assumptions
- Additional benefit accrual
- Actual pension increase orders
- Estimated cash flows over the period, and
- Membership information.

A summary of the data used for valuation is as follows:

- Individual membership data submitted as at 31 March 2019
- Individual pensioner data in respect of LGPS unfunded pensions
- Employer and employee contributions up to the latest available date and payroll data (in order to estimate contribution income and pensionable payroll for the accounting period)
- Actual split of Fund assets as at the latest available date
- Actual Fund returns provided up to the latest available date
- The bid market value of Fund assets as at the latest available date, and
- Any new early retirements to the latest available date on unreduced pensions which are not anticipated in the normal employment service cost

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

26 Pensions (*continued*)

A full actuarial valuation of the defined benefit scheme was carried out at 31 March 2019. The accounting balance sheet position as at 31 March 2021 is based on a roll forward from the 2019 formal valuation. This differs to the 31 March 2019 balance sheet which was based on a roll forward from the 2016 valuation. Contributions to the scheme are made by the group based on the advice of the actuary and with the aim of making good the deficit over the remaining working life of the employees.

There were no changes to the scheme during the year and no amounts owing to the scheme at the year end.

	2021 £'000	2020 £'000
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	(88,255)	(98,209)
Current service cost	(4,717)	(6,073)
Interest cost	(2,080)	(2,431)
Actuarial gains/(losses)	(32,474)	18,771
Benefits paid	255	306
Past service costs	(42)	(619)
At the end of the year	(127,313)	(88,255)
<i>Reconciliation of fair value of plan assets</i>		
At the beginning of the year	69,189	71,993
Interest income on plan assets	1,621	1,761
Actuarial gains/(losses)	13,439	(7,022)
Contributions by employer	2,928	2,763
Benefits paid	(255)	(306)
At the end of the year	86,922	69,189
Fair value of plan assets	86,922	69,189
Present value of plan liabilities	(127,313)	(88,255)
Net pension scheme liability	(40,391)	(19,066)

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

26 Pensions (*continued*)

Amounts recognised in other comprehensive income are as follows:	2021	2020
	£'000	£'000
Included in administrative expenses:		
Current service cost	4,717	6,073
Past service cost	42	619
	4,759	6,692

Amounts included in other finance costs

Net interest cost	459	670
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Analysis of actuarial gain / (loss) recognised in Other Comprehensive Income	2021	2020
	£'000	£'000
Actual return less interest income included in net interest income	13,439	(7,022)
Experience gains and losses arising on the scheme liabilities	874	2,755
Changes in assumptions underlying the present value of the scheme liabilities	(33,348)	16,016
	(19,035)	11,749

	2021	2020
	£'000	£'000

Composition of plan assets

Equities	72%	69%
Bonds	12%	15%
Property	7%	7%
Cash	9%	9%

Total plan assets	100%	100%
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Actual return on plan assets	21.4%	(7.1%)
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Principal actuarial assumptions used at the balance sheet date

	2021	2020
Discount rates	2.05%	2.3%
Future salary increases	3.55%	2.6%
Future pension increases	2.80%	1.8%

Average future life expectancies

for a male aged 65 now	20.5 years	20.5 years
at 65 for a male member aged 45 now	21.9 years	22.0 years
for a female aged 65 now	23.3 years	23.1 years
at 65 for a female member aged 45 now	25.3 years	25.0 years

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

27 Contingent liabilities

Group and Company

Stockport Homes Limited previously acquired properties with associated government grant. In the event of these properties being disposed, Stockport Homes Limited is liable for the recycling of the associated government grant. At 31 March 2021 the value of this liability is £3.904m (2020 £3.904m)

28 Operating leases

The Group and Company had minimum lease payments under non-cancellable operating leases as set out below:

Amounts payable as Lessee	2021 £'000	2020 £'000
Not later than 1 year	561	669
Later than 1 year and not later than 5 years	577	757
More than 5 years	585	630
Total	1,723	2,056

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

29 Capital commitments

Group and Company	2021 £'000	2020 £'000
Commitments contracted but not provided for	14,445	35,557
Commitments approved by the Board but not contracted for	6,765	7,690
	21,210	43,247

Capital commitments will be funded as follows:

	2021 £'000	2020 £'000
Social Housing Grant	3,941	6,704
New loans	12,181	16,356
Sales of properties	3,767	17,705
Reserves	1,321	2,482
	21,210	43,247

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (continued)

30 Related party disclosures

The ultimate controlling party of Stockport Homes is Stockport Metropolitan Borough Council.

Associated companies

The following transactions took place between Stockport Homes, Stockport MBC and its associated ventures during the year

	Stockport Council		Solutions SK	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Net loan movements advances/(repayments)	15,578	8,522	-	-
Net sales and purchases of goods and services	11,340	12,306	(226)	(136)
Management fees received	30,064	28,650	-	-

Payable by Association to associated companies	Stockport Council		Solutions SK	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loan advances	75,982	60,404	-	-
Trading Balances	1,062	384	42	22

Payable to Association from associated companies	Stockport Council		Solutions SK	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trading Balances	3,838	3,545	-	-

Totally Local Company is a subsidiary undertaking of Stockport Metropolitan Borough Council and therefore a fellow subsidiary of Stockport Homes.

In 2020/21 Stockport Homes charged schools within Stockport £504k (2020: £664k) in relation to the provision of repairs and maintenance services.

As at 31 March 2021, Stockport Homes' bank balances were held by the same bankers as those of Stockport Metropolitan Borough Council, however the Council does not have control of the bank balances of Stockport Homes.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

30 Related party disclosures (*continued*)

The Stockport Homes Board includes three tenant members who hold a tenancy agreement on normal terms, with the Foundations Stockport Board including one tenant member on the same basis. These members cannot use their position to their advantage. At 31 March 2021 tenant members of the Stockport Homes Board comprised Christine Woolridge, Jo Hague, and Lorraine Gill. Rent charged to Stockport Homes tenant Board members during the period was £14,758. Stockport Homes tenant Board members had arrears of £nil at the reporting period end. At 31 March 2021 the tenant member of the Foundations Stockport Board was Fiona Kennedy. Rent charged to Foundations Stockport tenant Board members during the period was £8,052 and there were arrears of £439 at the reporting period end.

One of the current Board members is a Councillor of the Council - Mrs Alanna Vine.

Group companies

Stockport Homes Limited is the parent company of the following entities:

- i. Three Sixty SHG Ltd
Registered under the Companies Act 2006, the principal activities of the company are construction and related services.
- ii. Viaduct Partnerships Ltd
Registered under the Companies Act 2006, the principal activities of the company are the development and construction of social housing.
- iii. Foundations Stockport Ltd
Registered under the Co-operative and Community Benefit Societies Act 2014, the principle activities of the company are to deliver the organisation's charitable aims.

Stockport Homes Limited provides management services, other services and loans to its subsidiaries. Stockport Homes Limited also receives charges from its subsidiaries. Charges between Group members are based on cost with an agreed mark-up methodology.

During 2020/21 charges between Stockport Homes Limited and its subsidiaries were as follows:

Three Sixty SHG Ltd

Stockport Homes Limited charged Three Sixty SHG Ltd £367,000 and received charges of £870,000. In addition Stockport Homes Limited charged Three Sixty SHG Ltd £50,000 relating to its loan capital repayment.

Viaduct Partnerships Ltd

Stockport Homes Limited charged Viaduct Partnerships Ltd £346,000 and received charges of £17,518,000.

Foundations Stockport Ltd

Stockport Homes Limited charged Foundations Stockport Ltd nil and received charges of £485,000.

Stockport Homes Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

31 Analysis of changes in net debt

Group

	At 1 April 2020	Cash flows	Other non- cash changes	At 31 March 2021
	£'000	£'000	£'000	£'000
Cash	13,949	(1,660)		12,289
Debt due within one year	1,777	(1,697)	5,519	5,599
Debt due after one year	58,627	17,275	(5,519)	70,383
Total	74,353	13,918	-	88,271

Company

	At 1 April 2020	Cash flows	Other non- cash changes	At 31 March 2021
	£'000	£'000	£'000	£'000
Cash	10,398	(1,206)		9,192
Debt due within one year	1,777	(1,697)	5,519	5,599
Debt due after one year	58,627	17,275	(5,519)	70,383
Total	70,802	14,372	-	85,174

32 Transfer of staff

59 members of staff transferred from Repair 1st in Stockport Homes to Three Sixty as at 1st April 2021

