thirteen

Managing and building homes

Annual Report
2020-2021

Contents

About us

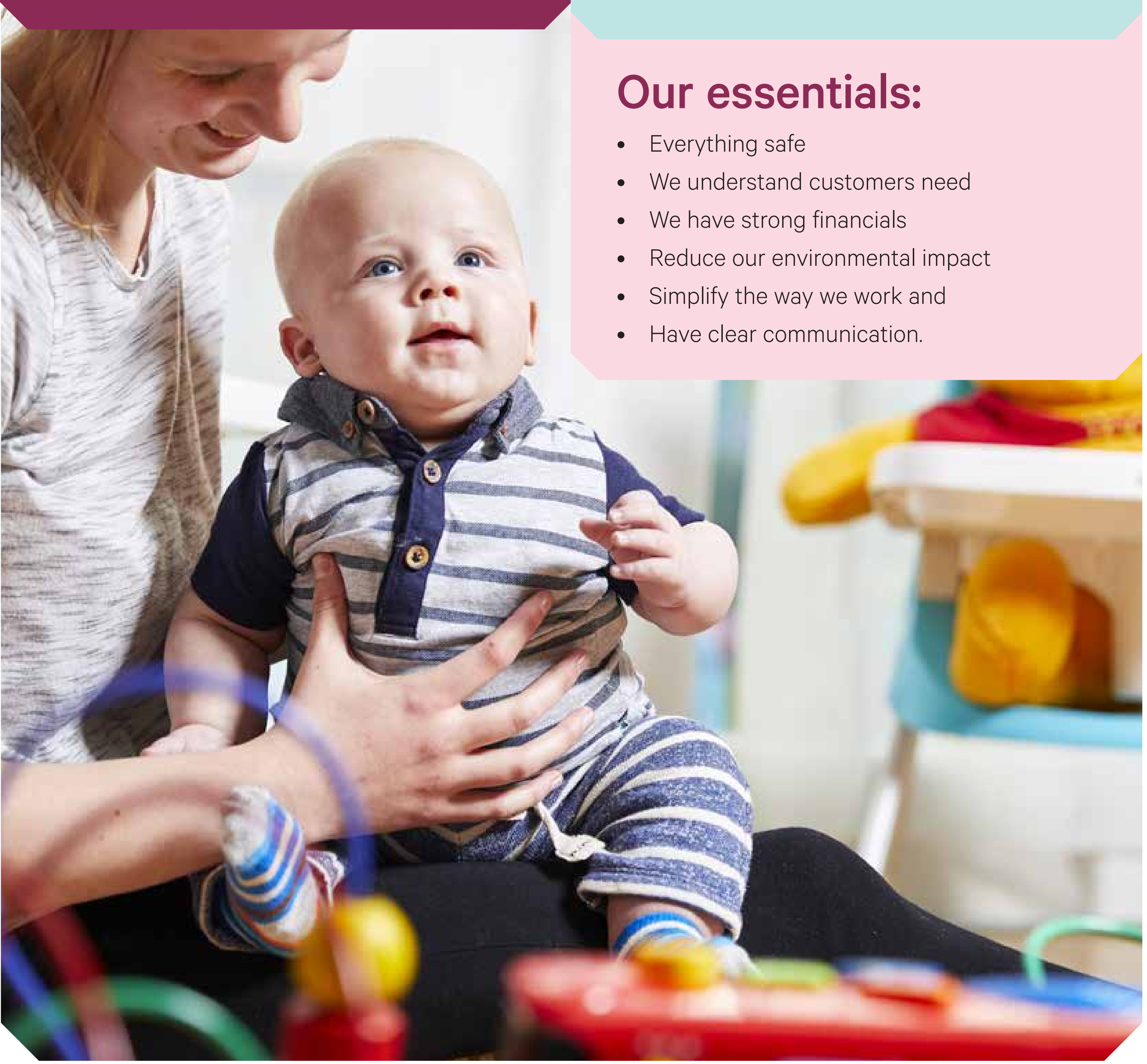
Our priorities are:

- Great customer experience
- Quality places to live and improving neighbourhoods
- Being Team Thirteen

As a charitable housing association, Thirteen exists to provide housing and support services across the North East of England and Yorkshire. We are here for anyone who needs a home and a helping hand too. We work to improve the fabric of places where our customers live.

Our essentials:

- Everything safe
- We understand customers need
- We have strong financials
- Reduce our environmental impact
- Simplify the way we work and
- Have clear communication.



We place a big emphasis on developing and delivering accommodation and services for older and vulnerable people or those who just need that extra help to live independent lives.

Thirteen has a history of growth. Thirteen in its present form was created in 2017 through the mergers and consolidation of four housing companies and a care organisation to create Thirteen as a strong social purpose housing association. In July 2021, we acquired 1,400 properties from another housing provider, and today we own over 34,000 properties and manage over 35,000 homes with over 1,500 colleagues providing services for more than 72,000 customers. Most of our homes are located in our Tees Valley heartland, but we are actively expanding our presence throughout the North East and Yorkshire with a growing development programme to meet housing needs.

We build new homes for rent and sale and offer affordable sales options to help people onto the property ladder. As a Homes England Strategic Partner, we have an ambitious development programme, investing £736m to build 4,472 new homes for rent, shared ownership and some homes for market sale, with the proceeds reinvested over the next five years.

We place a big emphasis on developing and delivering accommodation and services for older and vulnerable people or those who just need that extra help to live independent lives. We currently work with over 3,000 customers in these settings, whether that be extra care for older people, homes for people with learning disabilities, children leaving care or schemes to prevent homelessness. Some of these are commissioned services from local authorities, health trusts and other government bodies, thereby bringing additional income into Thirteen. We also deliver a range of services to support people needing money advice, support to get a job or help to navigate universal credit. We know this adds value to individual customers, and it also helps to generate resilience in the communities where we work.

We work closely with our partners and stakeholders, investing time to understand their drivers and priorities and where we can help deliver their ambitions. Local authorities are key partners, and we have some fantastic relationships that enable us to work together to develop new homes, regenerate communities and tackle common issues such as environmental problems and anti-social behaviour.

Thirteen operates a handful of subsidiary companies that sell new homes, manage our trading activities and construct new properties for Thirteen and others.

Chair's introduction

As you can imagine, last year has been challenging for Thirteen, and although COVID-19 has had an impact, we're very proud our operational performance has remained strong. The spread of coronavirus meant we had to adapt quickly, and thankfully our investment in ICT and agile ways of working meant we've continued to deliver services to our customers.

Last year we continued to deliver on our priorities and key promises by making service improvements and concentrating on key projects as part of our three business priorities, much of which is covered later in this report. We continue to be committed to our main purpose at Thirteen – being a great housing association – and we're proud that once again, customers have told us that's what we're living up to, with 91% saying their rent provides value for money. We're committed to making it easier for our customers to do business with us, evidenced by last year's launch of our new digital platform, My Thirteen and our Stockton Touchpoint store.

Over the next five years, our commitment to our social purpose means we'll invest over £1bn to improve our services, tenants' homes and their neighbourhoods, as well as delivering new affordable homes.

We have a continuous programme for improving our stock, with most work carried out by our in-house team of 450 specialist colleagues, including plumbers, plasterers, electricians, joiners, gas fitters, decorators and bricklayers, completing 150,000 - 160,000 repairs each year.

We've committed to reaching net-zero emissions from our homes by 2050. We're targeting a lot of our future investment to deliver decarbonisation to net-zero and ensure we meet the future homes standard and building safety standards. Plus, we've been piloting a retrofit project, giving us essential insight into achieving our goal to make our homes more carbon neutral in the future.

We've continued with our robust approach to fire safety, and we've now added fire suppression systems to eight of our high-rise buildings, with a further three planned for completion in the next three years. The sprinkler systems add an extra layer of fire safety and enhance the existing fire safety measures already in place, giving customers peace of mind.

We've continued to invest (and sometimes deinvest) in our existing homes and improve neighbourhoods. We've been expanding the supply of new homes through the North East, North Yorkshire and West Yorkshire. Our fantastic partnership with Homes England to build affordable homes is going from strength to strength. All this is delivered by our team of committed and talented colleagues, led by a dedicated team of Board Directors and Committee Members. They are all passionate about what they do and thrive on making a difference to the customers they serve, both internal and external. None of our achievements would be possible without them.

I look ahead to what will once again be an uncertain and challenging year. Still, I am proud it's alongside colleagues who have continuously shown their strength, capacity and ambition to deliver what our customers need during this difficult time and offer a warm welcome to our new customers in both Middlesbrough and Hull.

George Garlick
Chair of Thirteen Housing Group Limited

Chief executive's report

We're committed to exploring new, innovative opportunities. Given the scale of housing needs in the UK, combined with skills and sustainability issues in traditional construction, we recognise the need to do things differently.

The last financial year saw the whole country thrown into turmoil with the COVID-19 pandemic, and this has continued to bring us new challenges. Keeping our customers, colleagues and communities safe is our priority, and I'm proud of colleagues who've worked incredibly hard, ensuring residents and communities have all the support they need during this crisis while at the same time working very differently. We know there is still a lot of uncertainly, and many more challenges lie ahead, but I am pleased with how we've weathered to storm so far and the measures we have in place to take us forward.

Overall, the last year has seen us continue to make a great deal of progress as our neighbourhood operating model continues to take shape. The heart of what we do lies in our neighbourhoods, from letting homes and building new ones to connecting with customers and delivering mainstream and support services, dealing with issues and overcoming problems. To help us do this, we know how important it is to listen to our customers, including the good and the bad feedback, to learn from them in the future.

So, we've done this. We've listened to what our customers have to say, which has led to some exciting changes to how we do things. We've introduced Touchpoints, our new customer experience, which means customers can access us wherever, whenever and for whatever they need. If people prefer to chat face-to-face or over a cuppa, then we'd love to welcome them to our store on Stockton High Street, and we'll continue to follow government guidance.

We also worked hard last year to bring you My Thirteen, and we were incredibly proud when it launched last summer. My Thirteen is our new digital platform which gives customers 24/7 access to all things Thirteen, giving them control of how and when they can access our homes and services. It came about as customers told us they wanted to manage their account in a more user-friendly and consistent way, meaning an even better customer experience with us.

Every customer can enjoy an easy-to-use account with everything in one place. By the end of the last financial year, we'd already had more than 13,100 sign up, and we've received some great feedback. Customers love it!

We're continually investing in our homes and neighbourhoods to ensure people can be safe and happy where they live, building strong communities.

Although our investment work was affected by the pandemic last year, we still delivered great improvements to some of our existing homes, including new windows and doors for more than 560 households, 623 new boilers, 245 new roofs and 1,928 adaptations to help customers remain in their homes. In 2021/22, we plan to invest £31million in internal and external improvements to our homes, including replacing more than 1,000 kitchens and 200 bathrooms.

But that's not all. We build new homes for rent and sale too. Last year we built 355 new homes, and we've got plans to build more this year. That's just one of the reasons why we were thrilled to be one of 23 strategic partners to Homes England.

We're committed to exploring new, innovative opportunities. Given the scale of housing needs in the UK, combined with skills and sustainability issues in traditional construction, we recognise the need to do things differently. So last year, we built 31 new modular homes in Hartlepool. Built using modern methods of construction, these are the perfect solution to quickly delivering high-quality, energy-efficient, affordable homes, and factors such as bad weather, which would normally delay traditional construction, weren't as much of an issue. Also, during the pandemic, this type of build meant fewer trades were needed on-site, making it easier to work in a socially distanced way.

Last year we spent £47m developing new homes. We're planning to build more than 7,000 places for people to live over the next eight years, including affordable, shared ownership and homes for market sale with the added benefit of an in-house contractor in Gus Robinson Developments.

Thirteen Homes, the private market for sale arm of Thirteen, has delivered some fantastic new homes at its first development at Howards Green in Darlington, with profits being reinvested back into Thirteen. This is a new chapter, and we are not stopping there, as Howards Green has now released its second phase of new homes.

We're excited that we've recently expanded our geographical footprint into Yorkshire to meet the need for new affordable homes. Watch this space for more developments coming forward throughout the year.

As an organisation, we're environmentally conscious, and all our colleagues are involved and passionate about reducing our direct carbon emissions. We work with partners, suppliers and subcontractors to reduce carbon in our developments, and we're making great strides on our retrofit programme. We're doing extensive work to understand our customers' decarbonisation ambitions so that we can take them with us on our journey to zero carbon. Last year, we launched our Take Control campaign in 2020 with colleagues and involved customers, encouraging everyone to play their part in helping us achieve our goals and become a much greener organisation.

We're pleased that satisfaction is well on par with last year, with over 90% of customers saying their home provides value for money. We know there is still more we can do, and we look forward to building on this next year.

Customer feedback is vital, and that's why we listen to the bad and the good, taking care of any complaints we receive to ensure that we don't just act on them as quickly as possible, but that we learn from them for the future.

Chief executive's report

Legal and safe

Making sure everything we do is carried out legally and safely is always top of our list. We're continuing to enhance fire safety in high-rise and low-rise blocks, including our ongoing campaign to raise awareness with customers about how they can stay safe in their homes. We know how important this is to our customers, and it's at the forefront of the Government agenda.

Post Grenfell, we recognise that customer safety is paramount, and we're committed to continually improving on the good practices we have already established. We added fire suppression systems to eight of our high-rise buildings, with a further three planned for completion in the next three years. These add an extra layer of fire safety and enhance existing fire safety measures, giving customers peace of mind.

Despite the challenges presented by COVID-19, our fire risk assessment inspection programme remained 100% compliant throughout the year. Our regular visits quickly identify and record any defects and the actions or repairs undertaken to keep our customers safe. More importantly, we have ensured 100% of post inspections were also completed on time.

Our building safety team regularly carries out a range of fire safety checks as part of our approach. Working with a team of joinery specialists, they carried out additional checks to over 6,000 flat and communal fire doors before the government's fire safety bill was introduced.

Tenants, customers and clients

We reach out to over 70,000 people. They're at the centre of what we do, and that's why it's vital to hear their voice and not just listen to but also to respond to any issues raised. Our customer framework is an integral part of this as it encourages even more customers to have a say and hold us to account, which is key to us creating each year's strategic plan.

We are early adopters of the NHF Together with Tenants initiative, and we're working with other housing providers in the North East to develop a North East Tenants Voice.

We're pleased to have been received a Compliance Plus accreditation in our recent Customer Service Excellence assessment. We've also had recognition from TPAS and others, culminating in us being shortlisted in the Outstanding Tenant Engagement category at the national TPAS Awards 2020.

We're delighted that three of our involved customers now sit on the new housing ombudsman's panel. Involvement and feedback from our residents is key to everything we do, and it's fantastic to see our customer voices not only being heard but making a real difference on a national scale.

In November 2020, the Government published the long-awaited Social Housing White Paper, and we've made some great progress on the things they've asked housing associations to do.

These include:

To be safe in your home

As I mentioned above, we're committed to continuously enhancing fire safety in our high-rise, low-rise and complex buildings, as well as improving on the good practice we've already established over the last three years. We've launched a clear, concise and ongoing campaign to raise awareness of how our customers can make sure they stay safe in their homes, and we're continuing to engage with and listen to our customers.

To know how your landlord is performing

Alongside our customers, we've developed a co-regulation framework that ensures our customers can truly influence and challenge our performance and service delivery. It offers a range of options for involvement and enables them to choose when, how and for how long they are involved.

To have your complaints dealt with promptly and fairly

We're committed to achieving 100% of complaints resolved promptly and fairly within five working days. Our aim is not to receive a repeat complaint, so we've been working with managers on the learnings from the ones we've had. We've been looking at where complaints are coming from, why they're happening and what we can do to work with customers and help stop them from happening again.

To be treated with respect, backed by a strong consumer regulator for tenants

As a registered social housing provider, we're overseen by the Regulator of Social Housing (RoSH). We must meet the outcomes and expectations set out in its economic and consumer regulatory standards.

The Board is responsible for ensuring we meet these standards, embracing a coregulatory and transparent approach to regulation and ensuring we're open about how we meet our objectives, and be accountable.

We're proud that our 2020 In-Depth Assessment (IDA) by the Regulator reaffirmed our G1/V1 rating, evidence of a continuing culture of strong governance and financial viability.

To have your voice heard by your landlord

Our customer voice is heard and well received by us. One way it's heard by the Board is via involved customer stream leads providing updates to each Board meeting on the activities carried out and the impacts they've made. They present reports on compliance and six-monthly reports on performance and complaints. The Chair of the Involvement Framework attends every Board meeting and development event and actively participates in discussions.

Customers also hold customer conferences, where stream leads present details of the activities carried out by their stream and the improvements to performance and services made as a result.

To have a good quality home and neighbourhood to live in

The quality of neighbourhoods is as important as the housing quality and contributes to quality of life. That's why our operating model puts neighbourhoods at the heart of everything we do, ensuring we work with partners to deliver what's right to help communities thrive.

We're continuing to maintain and invest in our houses and estates and providing a range of new homes and tenures to address the housing needs in our operating area.

Specialist homes for older people and those with learning or mental health issues are important in our development programme. We are also serious about reducing our environmental impact and decarbonising our homes and services.

To be supported to take your first step to ownership

We're expanding our range of home ownership products, both around shared ownership and outright sale.

As a Homes England Strategic Partner, we have an ambitious development programme to build new homes for rent, shared ownership and some homes for market sale, with the proceeds reinvested, over the next five years.

Chief executive's report

Financial summary

We're pleased to report that, despite the challenges faced last year, we continue to present a strong performance, delivering a surplus of £19.3m (2020: £20.0m), a small decrease over the prior year despite the financial pressures faced by our development activity and house building subsidiaries during the pandemic.

We achieved strong performance on the reduction of empty properties. We exceeded our target to reduce rent arrears, ensuring we have the resources to support our customers and continue investing in service delivery and our existing assets.

We remain fully loan compliant, and the retention of our V1 rating, as assessed by the housing regulator, confirms our continuing culture of financial viability and sound financial management arrangements.

Operational performance

Performance during 2020/21 has been affected by the pandemic, but we've still had some important successes and showed improvement:

- Customer satisfaction with the repair and maintenance service increased to 91.2% and has risen to 95.5% at June 2021
- The average time to complete a repair continues to reduce to under eight days
- 100% compliant with gas safety regulations
- Overall customer satisfaction sits at 89.1% and has risen to 91.9% at June 2021
- All complaints have been responded to and resolved within our target of five days
- 8.8 out of 10 customers are satisfied with the way we've delivered our ASB service
- Increased telephone contact with customers during the pandemic and carried out over 20,300 welfare calls
- Helped put more than £2m back into customers' pockets and helped 553 people into jobs and training
- Invested £47m in new affordable homes and homes for sale with 355 completed
- Delivered over £60m to maintain and improve existing homes, including new windows and doors, boilers, kitchens and roofs
- 1,928 adaptations carried out to help tenants remain in their homes
- Managed 515 new cases of domestic abuse
- £57m invested in our operating area economy through our spending on staff and suppliers, an increase of £9m on last year
- Opened a state-of-the-art environmental centre in Billingham that will revolutionise the way we handle our waste and puts the organisation at the forefront of the green agenda
- Launched our Take Control campaign that will see everyone at Thirteen taking responsibility to help us achieve our goals of becoming a much greener organisation. We've also identified colleagues as eco ambassadors who will help to drive this forward

Despite the pandemic, our employee net promoter score, eNPS, had increased to +55 during summer 2020. It has now fallen back in line with the score seen in 2019 – and at +38 remains an excellent score and above our Hive 2020 benchmark of +24.

Ian Wardle

Group Chief Executive of Thirteen Housing Group Limited

Other company information

Highlights of the year

Turnover

2020/21	2019/20	2018/19
£181m	£186m	£180m

Operating surplus

2020/21	2019/20	2018/19
£36.9m	£37.6m	£34.8m

Operating margin (social housing lettings)

2020/21	2019/20	2018/19
29.7%	28.9%	25.7%

Operating margin (overall)

2020/21	2019/20	2018/19
19.4%[1]	18.7%	17.7%

EBITDA-MRI Margin

2020/21	2019/20	2018/19
26.6%[2]	18.5%	24.0%

Investment and cashflow

£62m Spent on maintaining and improving existing homes

£47m Spent on building new homes

£56.8m Net operating cashflow from operating activities

355 New homes built

£147m Investment in development pipeline (under contract)

27 Developments on site building new affordable homes

Gearing

2020/21	2019/20	2018/19
22.2%[3]	24.0%	23.3%

Cash efficiencies

2020/21	2019/20	2018/19
£5.3m	£5.2m	£2.4

What our customers think

89.1% Overall customer satisfaction

91.2% Overall customer satisfaction with repairs and maintenance

53.1 Customer net promotion score

91% Customers agree rent provides value for money

87% Satisfaction with neighbourhood as a place to live

(1) Calculated as per RSH VFM metrics definition, excluding profit on sale of assets
(2) Calculation excluding pension adjustments and profit on sale of assets
(3) Calculated as per RSH VFM metrics definition, being total loans less cash as a percentage of total housing property NBV

Other company information

Highlights of the year

Support for customers

553
Customers into jobs and training

1,928
Major and minor adaptations to customer homes

1,545
Customers received employment support

£2m
Additional benefits gained for customers

£1.8m
Additional Universal Credit gained for customers

£57m
Invested in the Tees Valley economy through our spending on staff and suppliers, an increase of c£9m over last year

20,346
Welfare calls through the pandemic lockdown period

18,530
Emergency repairs through the pandemic period

4,423
Customers helped with money advice and universal credit applications through the pandemic period

What our customers think

✓ **+38** ✓
eNPS
(employee net promoter score)

Review of 2020/21

Financial review

Despite the adverse impact of the COVID-19 pandemic on both group activity and our customer base, the group continued to deliver a strong financial performance during 2020/21, recording a surplus of £19.3m (2020: £20m), maintaining the position reported in 2020.

The risk of COVID-19 on the group financial performance was assessed to be primarily relating to the level of rent arrear debt, delivery of both the major repair and development programmes with a subsequent impact on the availability of housing for sale, along with additional costs arising from PPE and higher void losses due to suspension of relets. These risks were reflected in revised financial plans approved by the Board during the year to demonstrate the ongoing viability of the group and subsidiary companies. The financial results demonstrate that our worst-case scenarios were not realised, and through revised working practices and dedication of staff, whilst ensuring our key focus was customer and staff safety, targets were exceeded.

We continue to focus on delivering a value for money service to all our customers and exceeded our efficiency target in the year of 3%, delivering cashable savings of £5.3m, which equates to 3.6% of social housing turnover.

Following an In-Depth Assessment (IDA) by the Regulator of Social Housing (RSH) during 2020, we were awarded G1 and V1 ratings, the highest available, demonstrating confidence in the organisation's financial strengths and governance.

Key Financial Indicators	2021	2020	2019
Operating Margin	19.4%	18.7%	17.7%
Operating Margin-Social Housing Lettings	29.7%	28.9%	25.7%
Operating Cashflow net of interest payable	£42.1m	£21.8m	£45.3m
EBITDA MRI Margin	26.6%	18.5%	24.0%
Gearing	22.2%	24.0%	23.3%
Debt as multiplier of turnover	1.9	1.8	1.3
Net debt per dwelling owned	£6,994	£7,516	£7,011

Review of 2020/21

Turnover

Turnover in the year reduced by 2.3% to £181.4m (2020 £185.7m). The ending of the regulatory rent reduction period allowed for the first rent increase in four years generating, £2m additional gross income. This increase was negated by the adverse impact on relets of the COVID-19 pandemic resulting in £1.3m higher void losses. However, performance improved towards the end of the financial year, with empty properties reduced to below target levels. Targets for properties developed for sale were not reached due to the slowdown in the market as a result of the pandemic and our subsidiary companies were adversely impacted due to the closure of development sites for part of the year.

Operating surplus

Despite the difficult year, our operating surplus was similar to prior-year levels at £36.9m (2020: £37.6m), delivering an operating margin, before disposal of assets, of 19.4% (2020: 18.7%).

Our core business of providing social housing lettings delivered a margin of 29.7% (2020: 28.9%). This increase was due to lower than planned routine and major repair activity because of the COVID-19 pandemic, and the move to essential works only for some time.

The operating surplus includes the financial results of our subsidiaries.

Thirteen Homes ability to deliver its development activity was adversely affected by COVID-19 due to a cessation of works on-site, leading to revised financial plan targets. Actual performance exceeded expectations against this plan, delivering an operating loss of (£0.8m) (2020: loss f (£1m)) with trading activity commencing with the sale of the first six properties during the year. Looking ahead, the financial plan demonstrates a return to profit by March 2023.

Operating losses of (£2.6m) (2020: loss of (£1.1m)) were also reported for our house building subsidiary, Gus Robinson Developments ("GRD") again due to a difficult year arising from the impact of COVID-19, delays on supply of materials and rising inflation, especially in the second half of the financial year. In July 2020, the Board approved a strategy for GRD to refocus its activities in line with the group strategy. GRD will now focus on supporting the group companies in delivering new homes and will no longer actively pursue external contracts.

Our commercial company, Thirteen Commercial Services, delivered an operating profit of £239k (2020: £148k), which was fully gift-aided to the association.

Thirteen Property Developments re-commenced trading in the year, acting as the procurement vehicle for development activity delivered by GRD, achieving a turnover of £656k (2020: nil), with no surplus reported (2020: nil).

Financial position

We continue to deliver significant investment in both our existing stock, £61.5m, and the new build development programme, £46.8m, resulting in an increase in housing property to £1.1bn (2020: £1.0bn), and an increase in social housing properties held for rent to 32,994 (2020: 32,907).

Housing properties are stated at cost and are also valued for loan security purposes. The estimated value of secured and unsecured properties is £1.1bn (2020: £1.0bn).

The group also holds other freehold land and buildings, including garages, commercial properties and office buildings, and equipment and vehicle assets, giving a total asset value of £41.5m (2020: £44.6m).

Our development activity includes for the provision of housing for sale. The value of housing stock held for sale fell marginally by £53k to £13.9m (2020: £14m) as properties were sold during the year and new stock was built.

Funding for our ongoing activities, including development, was funded from surpluses delivered in the year, grant income and an increase in loans of £9.7m to £349m (2020: £339.3m).

Treasury management report

Our treasury strategy was updated in July 2020 and gives strategic direction for the group in relation to treasury activities. The strategy has an overarching objective to ensure we have sufficient liquidity and finance in place and that the key treasury risks are managed. These risks were identified as:

- On-lending risk
- Liquidity risk
- Counterparty risk
- Interest rate risk

Capital funding liquidity is considered one of our most important objectives, and our golden rule is defined as a minimum of 24 months liquidity required. Our financial plan approved in May 2021 shows that undrawn loan facilities are sufficient to finance the group's activities until February 2023.

The group has loan facilities in place of £486.6m at 31 March 2021 (2020: £458.4m), of which £140.0m is undrawn. Thirteen's Private Placement in 2019 resulted in £100m of new funding, with the final £25m tranche drawn in October 2020. Lender restatements were completed with some of our key bank lenders, resulting in an additional £30m of available facilities and extensions to long term fixed rate borrowing and RCF facilities.

At the financial year-end, borrowings, excluding accrued interest, amounted to £346.4m (2020: £337.6m). The weighted average maturity of our facility is 13.3 years (prior to the completion of the private placement, the average maturity was 9.6 years), and the maturity profile of our drawn debt is shown below:

Maturity	2021 £m	2020 £m
Within one year or on demand	3.0	2.4
Between one and two years	6.8	3.7
Between two and five years	55.4	80.7
After five years	281.2	250.8
	346.4	337.6

The group borrowed from banks, building societies and private investors at both fixed and floating rates of interest. Embedded fixed rate loans and fixed rate private placement funding were used to generate the desired interest rate profile and to manage the group's exposure to interest rate fluctuations. The group has adopted a policy of maintaining a balance between variable rate and fixed rate loans. At the financial year-end, 92% (2020: 72%) of our borrowing was at fixed rates. The fixed rates of interest, including the margin, ranged from 2.3% to 11.8% (2020: 2.8% to 11.8%). The weighted average interest across our portfolio remained at 4.1% (2020: 4.1%).

Other company information

Review of 2020/21

Loan margins on the majority of the debt are at, or below, the current market. The average margin was 1.2%.

The group's lending agreements required compliance with a number of financial and non-financial covenants. The group's position was monitored on an ongoing basis and reported to the Board at least quarterly. The most recent report confirmed that the group was compliant with its loan covenants at the balance sheet date. The business plan produced for Thirteen Group demonstrates that the group expects to be compliant for the life of the financial plan.

Thirteen's gearing, calculated as total loans as a percentage of completed housing properties, remained at 30% as at 31 March 2021 (2020: 30%) (the calculation differs to that used for the VFM metrics). Gearing is expected to remain below 30% over the next 12 months, in line with our financial plan.

Thirteen's interest cover, calculated as EBITDA-MRI as a percentage of net interest payable, was 327% for the year ending 31 March 2021 (2020: 236%). Interest cover is expected to decrease over the next 12 months as we continue to invest in our existing properties.

Thirteen's asset cover, calculated as the value of securable assets as a percentage of loans, is reported to individual lenders based on the loan balance and properties secured against each specific facility. Thirteen's overall asset cover was 307% as at 31 March 2021 (2020: 287%). We have 8,086 properties not charged to any lender (2020: 7,752), which would support around £323.6m (2020: £253.9m) of additional loans. We also have properties charged to lenders over and above asset cover requirements that we anticipate would support £147.5m (2020: £169.3m) of additional loans.

Thirteen Group has agreed with lenders the ability to provide onward funding to its subsidiaries. The limit has been agreed at £25.0m, although restatements to increase this limit to £50.0m were completed in July 2021, and this limit includes loans and guarantees. There are loan facility agreements in place between Thirteen Group and Thirteen Homes, which had a drawn balance of £15.2m at 31 March 2021 (2020: £10.2m), and between Thirteen Group and Gus Robinson Developments, with a drawn balance of £1.9m at the end of the financial year (2020: £1.0m)

The group had balances of cash and cash equivalents of £111.6m at 31 March 2021 (2020: £89.7m). Policy limits are in place to minimise and diversify counterparty risk.

Consolidated financial results – five-year summary

Statement of Comprehensive Income (£'000)	**2021**	**2020**	**2019**	**2018**	**2017**
Turnover	181,365	185,657	180,338	159,827	164,989
Operating expenditure and cost of sales	(146,225)	(150,890)	(148,335)	(120,871)	(115,438)
Gain on disposal of housing assets	1,724	2,873	2,757	1,671	1,413
Operating surplus	**36,864**	**37,640**	**34,760**	**40,627**	**50,964**
Net interest charge	(13,817)	(10,403)	(10,273)	(11,438)	(12,060)
Impairment of goodwill	(1,708)	-	-	-	-
Gain on disposal of other assets	-	-	-	280	(41)
Other finance costs	(1,693)	(1,325)	(1,402)	(988)	(1,343)
Revaluation of fixed and investment assets	-	(6,120)	-	(823)	-
Taxation	(311)	182	35	1	-
Surplus for the year	**19,335**	**19,974**	**23,120**	**27,659**	**37,520**

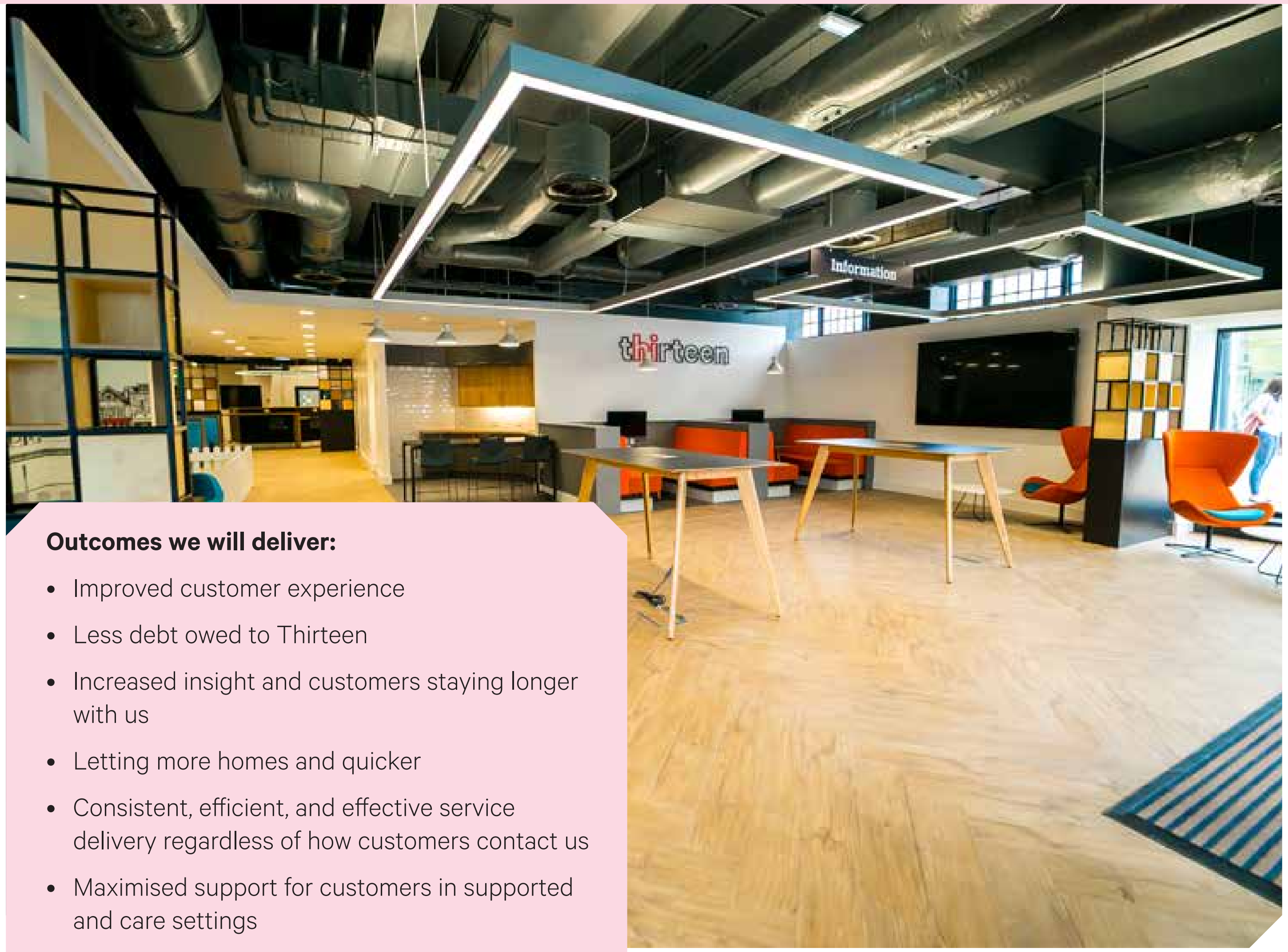
Statement of Financial Position (£'000)	**2021**	**2020**	**2019**	**2018**	**2017**
Housing properties	1,067,969	1,037,825	993,731	959,486	951,679
Other fixed assets	51,024	56,017	53,094	48,375	51,221
Total fixed assets	**1,118,993**	**1,093,842**	**1,046,825**	**1,007,861**	**1,002,900**
Net current assets/(liabilities)	90,834	80,804	(11,233)	(2,068)	17,172
Total assets less current liabilities	**1,209,827**	**1,174,646**	**1,035,592**	**1,005,793**	**1,020,072**
Creditors: amounts falling due after more than one year	(479,767)	(467,134)	(352,207)	(353,804)	(398,217)
Pensions liability	(97,277)	(71,206)	(60,893)	(49,737)	(44,008)
Total net assets	**632,783**	**636,306**	**622,492**	**602,252**	**577,847**
Minority interest	-	-	-	-	12
Revaluation reserve	272,080	275,709	280,466	284,711	294,489
Restricted reserve	438	920	438	7,315	441
Revenue reserve	360,265	359,677	341,588	310,226	282,905
Capital and reserves	**632,783**	**636,306**	**622,492**	**602,252**	**577,847**

Asset data	**2021**	**2020**	**2019**	**2018**	**2017**
Social housing stock owned at year end (no.)	32,994	32,907	32,734	32,150	32,563

Our plans for the future

1 Great customer experience

Housing, care and support are vital components in the communities we serve, and as we move through the course of our plan, we want to turn our customers into fans that rant and rave about us and our services for all the right reasons. Being the housing provider of choice in the communities we serve matters, and we will strive to become that. We also believe that everyone should get the same quality and consistency of service, no matter where and how they come into contact with us.



Outcomes we will deliver:

- Improved customer experience
- Less debt owed to Thirteen
- Increased insight and customers staying longer with us
- Letting more homes and quicker
- Consistent, efficient, and effective service delivery regardless of how customers contact us
- Maximised support for customers in supported and care settings
- Increased geographical footprint
- Developing new models of accommodation for older people
- Developing a new regeneration offer with key partners
- Driving Thirteen's role as a community anchor while creating resilient communities and reducing demand on services

Key actions:

Touchpoint programme

We believe everyone should get the same quality of service, no matter where and how they come into contact with us. That's why we're investing in our touchpoints programme including a high street presence, enhanced digital approach and investing in our contact systems, to promote the range of services that we have to offer and make all our services more accessible, direct, quick and easy.

Innovating and growing the offer

We go beyond bricks and mortar to develop targeted help and support so people who need some help can live more successfully. Our ever-growing range of support services includes money advice and financial planning, help with Universal Credit, tenancy enforcement, help to get into work or training and homeless support. So that we can respond to customer demands and the issues they face, we're going to expand our service offering by securing external funding for employability and customers retraining. We'll be looking at what more we can do to improve deprived neighbourhoods, how we can tailor our services to meet specific needs even further, how we can better respond to anti-social behaviour and what we can do to provide services for young people as well as to help people live independently for longer.

Our plans for the future

2 Quality places to live and improving neighbourhoods

The quality of neighbourhoods is as important as the housing quality and contributes to quality of life. We can't create a sense of community, but we can help put in place the conditions to help make it happen. That's why our operating model puts neighbourhoods at the heart of everything we do, ensuring we work with partners to deliver what's right to help communities thrive.

We'll continue to maintain and invest in our houses and estates and provide a range of new homes and tenures to address the housing needs in our operating area. By being more efficient, we'll invest in neighbourhoods to improve the housing offer and the place and provide employment opportunities to make a major contribution to the regeneration of the Tees Valley. As mentioned earlier, we know we have some strategic choices to make and making these decisions in consultation with our key partners will drive our investment plans.

We are also serious about reducing our environmental impact and decarbonising our homes and services. We want to make our organisation more environmentally conscious and get all colleagues on board in helping stamp out our direct carbon emissions, reducing the negative impact we have on the planet. Everyone in Thirteen is working internally to reduce our direct operational impact, and we also want to work with partners, suppliers and subcontractors to lower this more widely.

This is both an environmentally responsible thing to do but also makes great business sense.

Outcomes we will deliver:

- More of our tenants staying with us longer
- Letting more of our homes and quicker
- Fewer empty homes
- Being the landlord/housing provider of choice
- High-quality homes - Increase in new homes including affordable rent, shared ownership and market sale
- Reduction in our carbon footprint/reduced environmental impact
- Environmental Improvements (sustainable homes)
- Increased local jobs and apprentices in construction
- Continuous improvement and value of existing stock
- Continuing to meet/exceed building safety standards

Key actions:

Maximising the Investment in customer's homes

We have a continuous programme of improving our stock. Last year we invested £108m in our homes and neighbourhoods, which compares well with our peers. A typical year sees 4,000 homes receive work, including new roofs, kitchens, bathrooms, windows and doors and energy-efficient boilers installed. Over the next five years, 20,000 homes will see improvements. We continue to monitor the performance of all our assets, including our remaining high-rise blocks, paying particular attention to building safety and prioritising customer safety. As part of our investment and building safety programme, we're well on the way to installing suppression systems in all our tower blocks. Eight buildings have been completed, with a further three planned for completion in the next three years. The sprinkler systems add an extra layer of fire safety and enhance the existing fire safety measures already in place, giving customers peace of mind. VFM is a priority, and we're ensuring that our spending is targeted towards viable homes where there is a good demand for housing.

Building new homes

As people move through life, they want more choices. Last year we spent £47m on developing new homes. We plan to build over 7,000 places for people to live over the next eight years, including affordable, shared ownership and homes for market sale.

Home of 2030

Expectations are changing about what a home should be. Over the next 12 months, we'll start to build homes from our new range of house types, so our brand quality is consistent, and we can improve costs. We'll also be trialling and delivering new methods of construction to improve quality and decrease construction times. New environmental measures are also being introduced to reduce the carbon impact of new homes, with the Government announcing that gas boilers will be banned in new homes from 2025 to tackle climate change and a new homes standard, enforcing the end of fossil fuel heating systems and delivering lower carbon and lower fuel bills. We'll explore what the house of 2030 should look like so we keep pace with changing expectations.

3 Being Team Thirteen

Team Thirteen is about being high performing, collaborative and efficient. We want to be an employer of choice, focused on the continued development of Board directors and colleagues with the necessary skills and experience to deliver our plans. The ability to provide high-quality services to our 70,000 customers in a coordinated way depends critically on attracting and retaining the right people with the right skills who are ambassadors for Thirteen. Part of that means providing a supportive and motivating environment for our 1,500 colleagues.

Outcomes we will deliver:

- Everything safe
- Strong financials with more than enough headroom to deliver the plan
- Efficiency targets met/exceeded
- Simplify the ways we work
- Employer of choice with high colleague net promoter score and continued investment in our people
- Strong governance, ensuring we remain legal, safe and fully compliant
- Embed and extend agile working arrangements
- Reduce the running costs of our buildings to support service delivery
- Responding effectively to customer need

Key actions:

Great days at work

Thirteen colleagues are passionate about what they do. They care about making a difference and striving to improve. We're proud of our achievements, but we also know we have areas to improve, and these are firmly in our plans. We're constantly listening to what our colleagues tell us to ensure that while they focus on helping address housing needs and improving services for the people in our area, they have a great day doing it. This means we'll further tailor every element of the employee lifecycle so we attract and retain excellent colleagues, and they become our fans. We want to be the employer of choice. While people are with us, we want to ensure they're supported, positively challenged, feel connected and informed, proud and valued, energised and in control. We want them to bring the best version of themselves to work every day to deliver on our three priorities for our customers and the wider area.

Working at Thirteen

Before COVID-19 hit, we'd already reviewed and reduced our working spaces by investing in agile working, giving people a choice and being trusted to deliver their role in the right places at the right time to suit the customer and the business. Throughout the pandemic, we continued to review our space. We constantly asked our colleagues for feedback on a range of key issues to ensure they were not only coping but felt safe and had the right kit to carry out their role, and asked their thoughts on how they saw their future way of working at Thirteen. Many colleagues want to continue to work from home for a large part of the week, so we'll use what they're telling us and what we've learnt, alongside customer needs and demands data, to explore what the short and longer-term future of working at Thirteen looks like across our range of different roles and what this means in terms of service delivery points and further reduction of office space. Determining our ways of working will become our offer for colleagues as part of our great days at work programme. We'll further build on our efficient work practices by setting out our digitisation plans to further transform our services for colleagues and customers alike.

Value for money

To ensure we know our efforts are making a difference, we set ourselves stretching targets and benchmark our performance against our peers, establishing our direction of travel and highlighting areas for improvement.

Thirteen is committed to providing a value for money service, delivering our vision and maximising the social impact of our resources and investment. It's important because we want to make sure we can invest in more homes, invest in our existing homes and create quality services for residents, customers and other stakeholders. VFM is expressed as a 'value chain' of economy, effectiveness and efficiency and is about obtaining the maximum benefit over time with the available resources.

Our Value for Money framework underpins the strategic aims and focuses our KPI's on achieving VFM across the three strategic priorities, with clear and measurable targets. The framework is built around the three principles of economy, efficiency, and effectiveness as set out in the Value for Money Standard and makes sure that we 'spend less, spend well and spend wisely'. This means that we consider how we can reduce costs and input and still achieve the same results or better and consider how we can improve quality and outcomes by increasing what we put in.

The Board owns and drives the framework, and performance against VFM measures is reviewed at every Board meeting. However, the remit for delivery is spread across the group, with collective responsibility at all levels, from the executive team and service directors to operational team leaders. Performance against these measures is monitored closely, ensuring Thirteen's approach to VFM is embedded in the way we work.

Annual business planning functions, supported by our ideation, projects and programme management team, consider how every project we want to undertake in the coming year will contribute to the VFM agenda. By really understanding why we want to do things, we can better identify the opportunities we have to save money, improve processes and outcomes, and maximise the value of the work we do.

Our project management framework, and business case approach, sets out governance arrangements to ensure we maintain oversight of progress against project aims. Programme boards aligned to each strategic priority monitor progress monthly, with particular attention to VFM objectives, and report highlights to service directors, the leadership team and the Board.

'Ideation and Innovation' weeks have been introduced within Thirteen putting innovation side by side with VFM at the heart of everything we do. These events provide colleagues with the skills, space and mindset to think differently about challenges and the freedom to solve problems when they see them and help us create a culture where continuous service improvement is everyone's responsibility, and all ideas are welcome.

Our procurement processes ensure that when businesses bid to work with us, what they offer is considered in a thorough and well-rounded way. Cost, quality and scope of service, and additional social value all play a part in ensuring that we get the most for our money by spending wisely and to maximum effect.

We continue to challenge ourselves to save money where we can, setting a 3% efficiency target in 2021 for the group and taking the long-term view to invest in being more effective and efficient in the future. We've learned a lot as we have worked more remotely, and virtually over the past 12 months and all these new skills are helping us to streamline and automate both back office and front of house services.

To ensure we know our efforts are making a difference, we set ourselves stretching targets and benchmark our performance against our peers, establishing our direction of travel and highlighting areas for improvement. We continue to benchmark against our peers using the Regulator of Social Housing ("RSH") – Global Accounts. Additionally, during 2020/21, we have started to use data from Vantage (a peer network group) to compare ourselves with 13 other Registered Providers, opening up the opportunity to understand where and why we differ. Looking forwards and backwards allows us to see how our plans compare, prompting us to take action sooner. The Vantage peer group also allows us to share best practices, understand where and how we are different and compare. This will remain a key focus over the next 12 months. Performance, including peer comparison, is reported to and regularly discussed with the Board.

VFM metrics

The VFM metrics, as defined by the RSH, are an integral part of our management accounts and performance monitoring cycle, with regular updates provided to the Board. Results for 2021 are detailed below, highlighting performance against our target for the year:

Value for Money Metrics	Target		Actual			Median		
	2022	2021	2021	2020	2019	National 2020	>30,000 2020	North East 2020
Investment %	13.3%	8.3%	5.7%	7.9%	6.5%	7.2%	7.5%	7.3%
New supply delivered (Social housing units) %	5.3%	1.5%	0.9%	1.2%	1.0%	1.5%	1.7%	0.9%
New supply delivered (Non-social housing units) %	0.1%	0.1%	0.1%	0%	0%	0%	0.2%	0%
Gearing %	27%	23%	22.2%	24.0%	23.3%	44.0%	46.0%	45.2%
EBITDA MRI Interest Cover %	306%	274%	315.3%	200.6%	250.9%	170.0%	148.0%	174.6%
Headline Social Housing Cost per Unit £	£3,511	£3,370	£3,264	£3,650	£3,632	£3,830	£3,860	£3,570
Operating Margin (social housing lettings) %	27.4%	29.1%	29.7%	28.9%	25.7%	25.7%	31.2%	22.9%
Operating Margin (overall) %	19.8%	20.6%	19.4%	18.7%	17.7%	23.1%	23.4%	18.6%
Return on Capital Employed %	3.3%	3.3%	3.0%	3.2%	3.3%	3.4%	3.5%	4.0%

Median based on the Regulator of Social Housing – 2020 Global Accounts
1 Median of all social housing providers
2 Median of all social housing providers with over 30,000 units
3 Median of all north-east England social housing providers

Value for money

Reinvestment and the new supply of social housing units are behind target for the year due to the impact of COVID-19 on our development and major investment sites. To ensure the safety of our customers and colleagues, the decision was taken to cease activity during the first lockdown resulting in the requirement to re-schedule programme delivery with further delays experienced throughout the year due to the continuing disruption caused by the ongoing pandemic. We delivered a total of 316 social housing units in the year against a target of 511. The financial plan has been updated to reflect these unit's later completion and handover and increased investment in future years as part of Wave 2 strategic partnership.

Gearing remains low compared to our peers due to low historical debt and is below the targeted 23%. Although asset values are lower than planned due to the lower development and major investment spend, net debt is also lower with cash balances held higher than planned through low spending levels in the year. The low level of gearing demonstrates the capacity to deliver our ambitious development plans and is expected to increase in future years.

Lower levels of expenditure have had a favourable impact on a number of KPI's; EBITDA MRI Interest Cover %, Headline Social Housing Cost per Unit, and Operating Margins, the lower expenditure resulting from reduced activity due to COVID-19 plus the delivery of efficiency savings through staffing structure reshape, IT investment and process review.

Social Housing cost per unit £	Target		Actual			Median		
	2022	2021	2021	2020	2019	National 2020	>30,000 2020	North East 2020
Management £	£690	£749	£722	£591	£600	£934	£968	£959
Service Charges £	£356	£479	£353	£337	£358	£521	£490	£292
Maintenance £	£1,105	£1,046	£1,072	£1,087	£1,058	£1,107	£1,076	£1,091
Major Repairs £	£1,028	£790	£789	£1,293	£1,239	£861	£857	£851
Other social housing costs £	£332	£306	£328	£342	£377	£342	£285	£265

Management costs have increased over recent years following an exercise to realign central overheads to more accurately reflect activity but continue to be below the peer average whilst maintaining customer satisfaction at 89.1%. Direct management costs have been reduced, with savings achieved through revised service delivery and investment in IT solutions. During the year, we undertook an exercise to consider how we deliver our services to our customers and ensure that savings made through the digitisation of services are realised. Whilst progress has been slower due to the impact of COVID-19, savings were achieved in the year, with a full-year savings forecast for future years. Maintenance costs have been maintained consistently over recent years. The 2020/21 results are slightly higher than the target set and marginally lower than our peers, increasing customer satisfaction with R&M services to 91.2%. Whilst activity was low at certain points in the year due to a move to essential repairs to ensure the continued safety of our customers and colleagues, costs increased to budgeted levels as the backlog of repairs was cleared. The reduction in major repair costs directly impacts the cessation of works to ensure customer and colleague safety and the subsequent revised delivery programme. Other social housing costs have continued to reduce as the first phase of our stock rationalisation programme for unsustainable housing properties nears completion. Overall, social housing cost per unit remains below the median for similar size organisations and comparable to the sector average in the North-East.

The VFM metrics demonstrate that, despite the impact of the COVID-19 pandemic throughout the year, we remain resilient and financially viable whilst delivering our strategic priorities.

Priority areas during 2020/21

For 2020/21, we identified a number of areas critical to the delivery of our strategic priorities and financial plan.

Great customer experience	Target 2021	Actual 2021	Target 2020	Actual 2020
Overall satisfaction with services provided by Thirteen	90.0%	89.1%	90.0%	89.1%
Individuals supported into work	360	386	n/a	486
Total current arrears as % of debt	4.0%	3.2%	3.4%	3.4%
More requests dealt with digitally	9,000	13,513	7,000	808
Delivering quality places to live and improving neighbourhoods				
Standard Voids - vacant and available to let	200	155	220	281
Tenancy turnover	11.0%	8.3%	11.0%	9.5%
Average calendar days to complete a repair	8 days	5.4 days	8 days	7.8 days
Investment per 1,000 homes	£2.1m	£1.8m	£2.4m	£2.3m
Being Team Thirteen				
Office overhead cost per person	£853	£1,744	£1,022	£1,037
Employee net promoter score	+40	+38	+18	+39
Efficiencies delivered	3.0%	3.5%	3.0%	3.5%
Assurance compliance-all tests passed	Yes	No	Yes	Yes

Value for money

Performance in certain areas of activity was affected by the COVID-19 pandemic, redirecting our resources to ensuring customer and colleague safety whilst not progressing service improvement activity as quickly as we'd hoped. Despite this, we are pleased to report that year-end performance exceeded our expectations, particularly in reducing rent arrears as % of debt not only over our target but also over 2019/20 performance. Standard voids vacant and available to let also exceeded targets and the previous year's performance, with 155 void properties at 31 March 2021, 45% lower than the prior year-end result, despite limitations on our ability to let void properties during the year. Customers embraced our drive to deliver more effective communication methods, undoubtedly assisted by the temporary closure of our Touchpoint locations enabling us to continue growing the number of service requests dealt with digitally, exceeding our target by 50%.

Investment per 1,000 homes was marginally higher than in the previous year, but we did not meet the target for the second year running. Whilst the cessation of works due to COVID-19 was the leading cause of this during 2020/21, we know that improvements can be made to plan and deliver works to meet customer expectations and utilise available funding.

Steps to reduce overhead office costs stalled in 2020/21, but we expect costs to reduce again in future years as we move towards new ways of working and further minimisation of office accommodation costs.

Employee net promoter score slipped 1 point in the year but is still a score to be proud of, and we continue to work with our colleagues to make sure everyone has a 'great day at work'.

Customers self isolating or shielding, prevented a very small number of gas service certificates from being in place at the end of March but we were still 100% compliant with regulations.

As a registered provider of social housing, all savings achieved and surpluses generated are reinvested back into our services. We continued to deliver efficiency across all group services, again exceeding our target of 3%, delivering savings of £5.3m, equating to 3.6% of social housing turnover. We completed a review of staffing structures during the year to ensure structures are aligned to the delivery of the strategic priorities, with the necessary skills and resources in place. This delivered savings during the year, with full-year savings included in future year budgets and financial plans. We also achieved savings through contract negotiation and changes to service delivery. The COVID-19 pandemic led to us look at different service delivery methods, for example, training provision, which realised short-term savings in 2020/21 and, potentially, long-term savings in the future.

Value for money

Looking forward to 2021/22, we will continue to challenge ourselves and have set stretching targets, focusing on the delivery of our strategic priorities and improvement of the KPI's highlighted as amber or red above to ensure we deliver a value for money service to our customers:

Performance on our key performance indicators during 2020/21:

Customers

Number of households accessing services digitally	Voids - vacant and available to let. Standard portfolio (a)	Voids relet times (std properties, excl major repairs) (b)
Tenancy turnover	Repairs - net promoter score	Satisfaction with Touchpoint service centre
Current and former tenant arrears (amount) (c)		

(a) Voids - GREEN as through joint working across teams total void properties were reduced from 324 at the end of December to 155 by the year end, well below the target of 200.

(b) Relet times - RED as above target with delays due to COVID-19 but also due to success in tenanting some long term void properties that increases the average.

(c) Current and former tenant arrears - both beat their year end targets with current tenant arrears at the lowest level since Thirteen was formed.

Colleagues

Days lost to staff sickness	Colleague net promoter score (a)	Staff turnover (voluntary)
Employees / 1,000 units (b)		

(a) Colleague net promoter score - latest staff engagement survey returned a score of +38 (target +40). Directorates and their teams continue to discuss their feedback and scores with actions identified where necessary. An overarching feedback theme from across Thirteen has been identified and will be discussed with service directors and plan of action agreed.

(b) Employees per 1,000 units - although the recent review has improved this measure slightly we remain an outlier when compared to peers. This will be driven in part by services we deliver in-house (e.g. repairs DLO, development company, support in supported housing schemes) that our peers may outsource. A deep dive to understand the reasons is being considered.

Compliance and financials

Headline social housing cost per unit	EBITDA/MRI margin	Interest cover (golden rule)
On lending (golden rule)	Asset compliance tests all passed (a)	

(a) Asset compliance tests - 99.98%of gas certificates were completed, the remainder due to customers shielding, so we were 100% compliant with regulations. 100% completion will be dependent on access in the future.

Development and sales

Cash received on shared ownership first tranche and staircasing	Cash received on outright sales	GRD - profit/(loss) before interest and tax (a)
New supply delivered: absolute social housing (b)	Wave dwellings developed (c)	

(a) GRD profit/(loss) - higher loss at year end than expected. This is due to a difficult year arising from the impact of COVID-19, delays on supply of materials and rising inflation, especially in the second half of the financial year.

(b) New supply social housing - 316 units delivered, 5 below reforecast target due to failure to secure S106 completions on one site.

(c) Wave dwellings developed - 47 units were completed by the year end compared to the original target of 44.

Value for money

Great customer experience	Strategic Plan					Target	Actual
	2026	2025	2024	2023	2022	2021	2021
Overall satisfaction with services provided by Thirteen	89.0%	88.0%	87.0%	86.0%	85.0%	89.1%	89.1%
Void relet days	25 days	25 days	25 days	25 days	30 days	25 days	59 days
Void properties - standard portfolio	170	170	180	200	200	200	155
Total current arrears	£4.6m	£4.9m	£5.1m	£5.4m	£5.6m	£5.9m	£4.6m
Delivering quality places to live and improving neighbourhoods							
Asset compliance tests all passed	Yes	Yes	Yes	Yes	Yes	Yes	No
Affordable homes built	909	812	725	700	500	511	316
Being Team Thirteen							
Colleague Net promoter score	+40	+40	+40	+40	+40	+40	+38
Employees per 1,000 units	38.2	38.2	38.2	38.2	38.2	39.6	42.6
Days lost to sickness	9.0	9.0	9.2	9.5	9.5	9.5	9.2

Great customer experience continues to be a key priority for us, and whilst we are achieving our target for overall satisfaction with our services, we will continue to use this as critical KPIs and strive to improve.

Maximising our income through a reduction in void properties, including the time taken to relet, and effective collection of debt enables us to make the best use of our resources and maximise funding available to invest in our current services and customers and provide new housing stock.

As a registered social housing provider, a strategic priority is to extend the supply of affordable housing, both in our core operating area and the wider region, to facilitate housing provision to those in need and replace obsolete stock and prevent ongoing costly maintenance.

Our employees are a key asset to us. We are committed to retaining and investing in our valuable colleagues and recognise that an efficient and motivated workforce is the driver in delivering a cost-effective, value for money service to our customers.

Social value

For Thirteen, social value is about increasing the social, economic and environmental wellbeing of the people we work for and the communities we work alongside.

This year we have become an early adopter of the Sustainability Reporting Standard for social housing. The first version of this Environmental, Social and Governance "ESG" reporting approach was developed based on a review of existing ESG investor questionnaires, workshops with subject matter experts, from partner investors to housing associations, and wider consultation. Thirteen's first report will be available in October 2021. The environmental and governance elements of the framework are reported elsewhere in this document.

We recognise that explaining what we mean by social value and therefore demonstrating what we are delivering is sometimes difficult. Work with colleagues and our customers suggests that it is best explained by saying that it is about understanding the difference we are making. Measurements we have used are primarily tangible outcomes. These are the hard facts of what we have done and what it achieved. We also use the HACT (Housing Associations Charitable Trust) Calculator, which allows us to translate some of the social value we generate into the equivalent proxy, monetary value - a universal language that many partners, commissioners and funders understand. This translates to the following achievements during 2020/21, which have had a direct, positive impact on our customers:

The Gross Value Added (GVA) impact of our activities is £139m in the North East and £180m in the UK. By building 316 affordable homes, we contributed £37m of GVA to the North East and £41m to the UK. This does not, however, tell the whole story.

Over 98% of our homes are provided at social or affordable rents. We are helping to provide long-term homes that are genuinely affordable to those on low incomes. Our rents are between 29% and 48% less than that charged by the private rented sector.

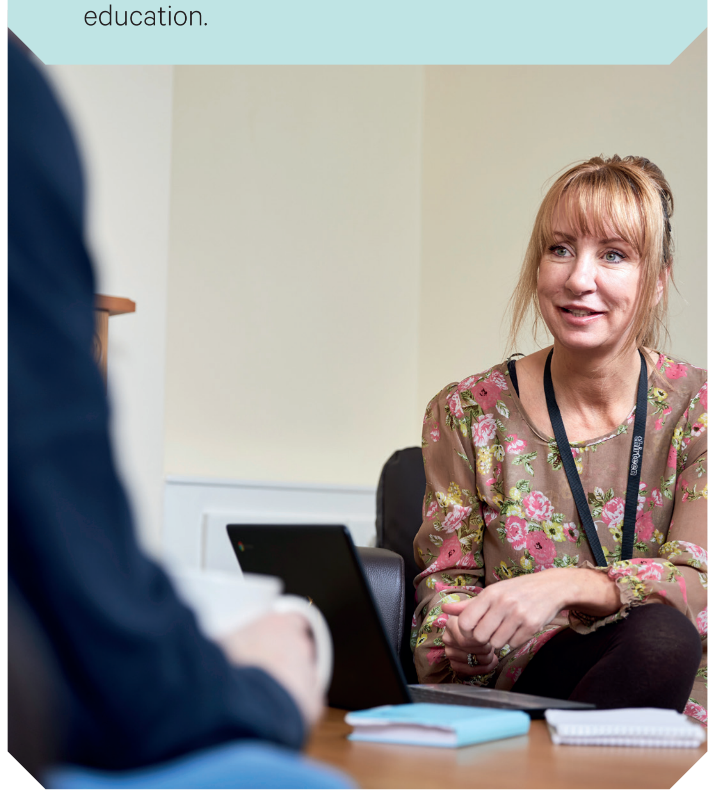
Almost all our homes are provided as a secure tenancy giving security of tenure and making a difference in people's lives and ability to find work, access informal and formal local support networks and services and build family lives.

We support a wide range of people who face challenges in their lives and provide services for homeless people, ex-offenders, people with mental health issues, people recovering from substance misuse, families, women and young people. We also offer services to support people experiencing domestic abuse and tenants who need support to stay in their home. In 2020/21 over 4,400 people were being given that 'little extra help' each month:

- Employability services were supporting approximately 750 people
- Extra care were providing services for around 2500 people
- Support services were helping 630 people
- Money advice were providing specialist financial advice to around 480 people and the Universal Credit Team 272 people.

Together we:

- Helped customers 'gain' £2.04m in unclaimed benefits and helped with better budgeting, and helped with arrangements with creditors
- We supported 386 people into employment or apprenticeships
- We supported 177 people into training or education.



Colleagues

At Thirteen, we firmly believe that every relationship matters, choices can make a difference and that we can change things for the better. We know that our people are fundamental to us being able to do this and that without them, we would not be able to meet our aspirations or our customers' needs.

We're clear that we want our ambition, energy and passion to make a difference and to be why people work for Thirteen, creating the best environment for success.

We don't just want co-workers. We want our people to be ambassadors who deliver fantastic services, and we want to support them to do this by creating an environment where it's easy for them to be the best version of themselves at work and have a great day.

We want them to feel energised, so they deliver high performance, live the values and reach the high standards we've set for ourselves whilst feeling proud, valued and happy to work for Thirteen. We also want them to feel connected, informed, challenged, yet in control, so they can play their part in continuing to raise our impact and reach in the Tees Valley and beyond.

We're confident that our customers can see the benefit of this approach, with 89% showing satisfaction in our services. In addition, our most recent employee survey scored a "very good" 38 eNPS score, which means many of our colleagues would happily recommend Thirteen as a place to work. We know we're on the right track and will work together to tackle themes raised as part of the survey.

We're determined to raise the bar even further over the coming years and use the feedback we receive alongside our desire for success to ensure continued improvement.

It will come as no surprise that our focus has been to ensure that we deliver services in a COVID safe way over the last year, and it's to the credit of our people that we've been able to do just that.

In March 2020, ahead of the first lockdown being announced, our colleagues worked hard to prepare our business for what was to come, giving us time and space to ensure that we had the right systems, processes and kit, alongside fully thought-out risk assessments and safe operating procedures. This meant that 52% of our colleagues were able to deliver great services whilst working from home ahead of the formal government announcement, and at the same time allow those working in the field to do so in ways that would keep both colleagues and customers safe.

We've worked to ensure that colleagues have been physically and mentally well and fully engaged with our needs and aspirations and provide them with the additional flexibility needed to juggle caring and home-schooling responsibilities or the extra protection that might have been required due to individual health needs.

Whilst managing the impact of COVID-19 on our customers and colleagues has been a key priority, we've continued to focus on how we can ensure that we can attract, develop and retain the best people to deliver on our promises within the strategic plan. We've introduced our "creating great days at work" people strategy and clarified the actions we'll take through the six objectives that we've set.

Having the right workforce now and in the future: Workforce, planning, talent and succession

Having an engaged, skilled and diverse workforce

Valuing, promoting and supporting well-being

Supporting inspirational leadership and management development

Offering a competitive, flexible and equitable reward/recognition

Delivering great services to enhance Thirteen's performance

With these objectives clear in our mind, we've been able to:

- Reshape our staffing structures so that we've got the right people, right skills and capacity to deliver what's required
- Agree on what talent and succession means for Thirteen and pilot our proposed approach in two of our business areas
- Develop the foundations of our "Great Leadership at Thirteen" framework to support our leaders to be the best version of themselves. We've revised our tier profiles to provide clarity on our expectations and began rolling development experiences, including a 360-appraisal process, to our executive and service directors and have been able to gain great insight into strengths and development needs on an individual and collective basis
- Review our pension strategy to ensure that our offer continues to be attractive whilst affordable for the business
- Consult with colleagues on how they'd like to work in a post COVID-19 world and started to consider how to bring these aspirations to reality. It's clear that many of our colleagues want to continue benefitting from the different and more flexible working arrangements that we've adopted during the pandemic and fully subscribe to our philosophy of "work is what you do and not where you go"
- Launch T'dar, our online reward and recognition platform, enabling colleagues to give and receive a "thanks" for showing that they care, for a job well done, or to recognise birthdays or life events; whilst at the same time access retail discounts to help their money go a little further
- Take steps to integrate Gus Robinson into our culture, systems and processes to help them feel part of the Thirteen family and remove any barriers to success
- Look more closely at our approach to diversity, which has included introducing an LBGT forum and looking at the diversity of our workforce so we can set appropriate targets for the future
- Promote our health and wellbeing aspirations even further, including offering flu jabs, a mindfulness programme, menopause in the workplace sessions and supporting key issues such as suicide awareness week
- Begin consulting with colleagues and managers on what they might want from an HR IT system in the years to come and support an improved digital offer. We've also improved our current systems, which has included fully automating key processes such as annual leave requests
- Reduce our sickness absence to 9.2 days per employee, particularly long-term cases, with the average number of days lost from long-term sickness reducing to 5.6 per employee
- Revisit our apprenticeship offer, alongside our approach to working in schools, inductions.

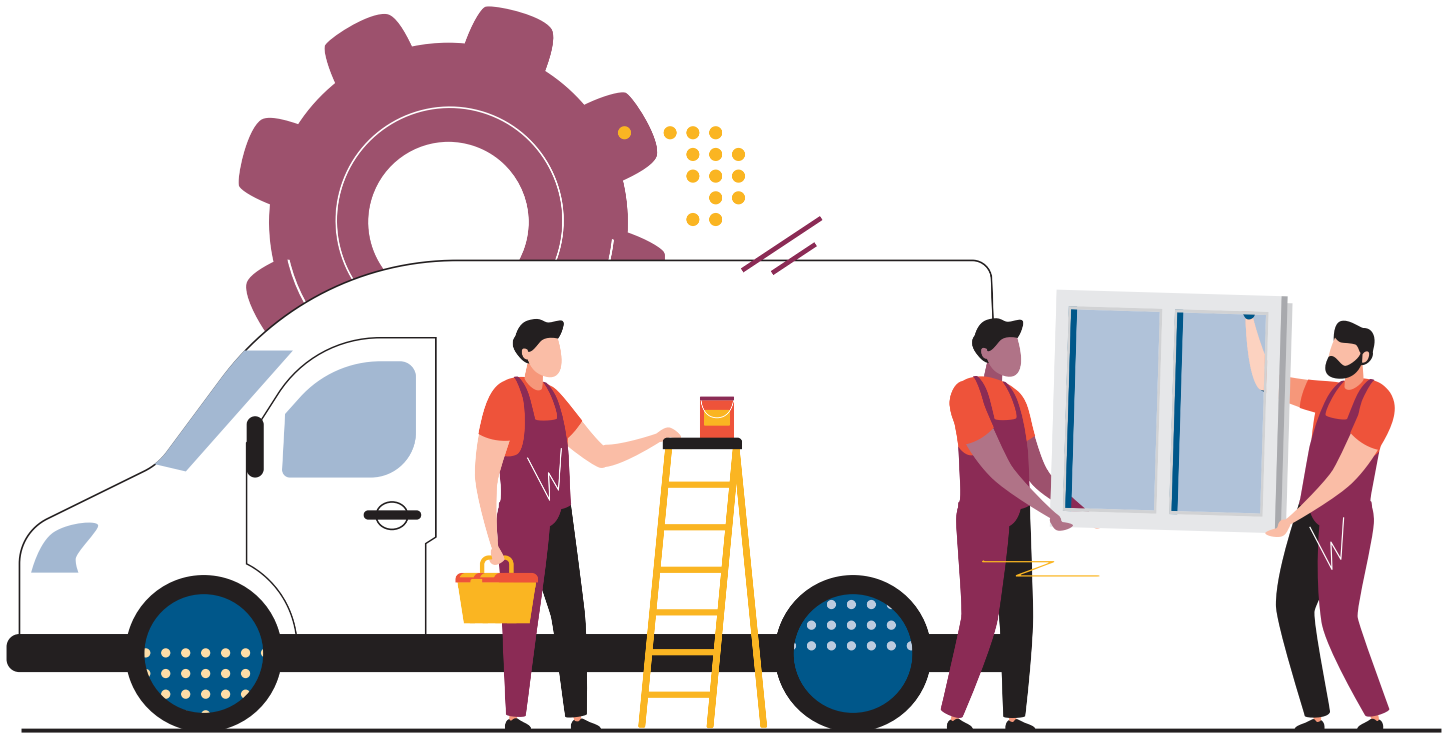
Colleagues

In the following year, it will come as no surprise to hear that our biggest area of focus will be to implement those working arrangements that our colleagues want to benefit from, as the Government restrictions start to be lifted. We aim to provide arrangements that support home working, agile working and give colleagues a choice about where to base themselves to get the best out of their day. That said, we're fully aware that whilst the vaccine roll-out will undoubtedly have a positive impact on potential cases, coronavirus is something that we'll have to live with and that we'll have to be fully alert to its presence for some time to come. Because of this, we're committed to ensuring all working arrangements are COVID safe and we'll stay up to date with vaccine and testing arrangements, to ensure colleagues have the best source of protection when going about their daily routines.

Firming up these arrangements isn't our only focus for the following year. We've also got plans to:

- Implement our approach to talent management and succession planning, organisation-wide, ensuring that we can plan more effectively for the future
- Pilot new and improved ways to ensure that our workforce planning is effectively aligned to our strategic plan
- Roll-out our "Great Leadership at Thirteen" approach to more leaders across the business
- Review our approach to change management to support service transformation in the best way possible
- Implement the recommendations from our Pension Strategy review and ensure that our overall pay and terms and conditions framework continue to be fit for purpose
- Be clear on our HR IT system requirements and how we'll be able to deliver these
- Firm up our approach to diversity, ensuring that we have suitable targets, support groups and ways of working that increase the diversity of our workforce
- Support colleague well-being from a physical, emotional and financial perspective
- Achieve Investors in People Gold
- Reduce our sickness absence further.

Our ultimate aim is to increase the number of colleagues who would recommend us as a great place to work and at the same time deliver great services to our customers.



Operating environment and risk management

Operating environment

The COVID-19 pandemic has had an unprecedented impact on our external and internal operating environments, bringing numerous challenges and some opportunities:

- 2020 saw the largest fall in GDP on record, with the economy shrinking by 9.9%. Most commentators are forecasting a rebound in 2021, with projected annual growth of 4% this year, and a return to pre-COVID levels by the middle of 2022, with an increase of 7.3% next year. Government borrowing also hit record levels, with borrowing expected to total £234bn in 2021-22
- At the beginning of 2021, there were still 4.7 million employments furloughed
- The latest unemployment figures show that the unemployment rate in Great Britain had risen to 4.2%, which is forecast to peak at 6.5% during 2021. The UK's highest unemployment rate estimates were Hartlepool at 8.1%, followed by Birmingham at 7.8% and Middlesbrough at 7.7%.

Overall, this will have a profound impact on the communities we operate in and on our customers.

The level of impact still depends on how effective the stimulus measures are that the Government has introduced, the continued roll-out of the vaccine and the success of the Government's roadmap out of lockdown. The Government's budget announcements in March focused on supporting those unable to work, funding to boost jobs and skills, and investment in areas in most need of 'levelling up'.

Analysis shows that areas with the highest levels of unemployment and issues such as ill-health have been disproportionately impacted by COVID-19, including areas in the North East. Evidence suggests that through a recession the need for social and affordable homes increases and those that rent a social home and/or are on a low income are affected the most.

We are also looking at the most appropriate ways of providing support to those impacted over the last year.

The UK entered into a new relationship with the EU in January. There have been reports of this affecting levels of imports and exports, with traders currently being more cautious. The long-term impact will depend on the trade situation once new arrangements become more familiar and initial issues are ironed out.

Our risk management ethos

Thirteen's strategic assurance framework ensures we are prepared and respond effectively and appropriately to challenges and opportunities. It consolidates our approach to assurance and identifies the critical components of an effective assurance framework, including risk management, stress testing, internal controls, business continuity, internal audit, insurance and governance.

The framework enables Board and Committee members, the leadership team and service directors to better understand, manage and review assurance arrangements, ensuring that the outcomes of assurance activity are used constructively to inform strategic decisions and protect and improve the business.

A suite of monitoring arrangements, activities and reviews ensure decisions are based on intelligent risk management and an appreciation of the impacts these decisions have on the group's strategic objectives, customers and colleagues.

The Thirteen Board has ultimate accountability and responsibility for ensuring appropriate and effective assurance and risk management arrangements are in place and delegates authority for specific elements to the Audit and Risk Committee.

Strategic risk management

The Board agrees on a set of strategic risks at least once a year, considering the risks that could result in Thirteen being unable to deliver its strategic ambitions or could impact on its ability to deliver core business.

The Board regularly reviews its risk appetite for each strategic risk, articulating the amount of managed risk considered in achieving strategic objectives. Key tools to inform and support consideration of risk appetite and tolerance include the following:

- Stress testing arrangements that set financial and performance tolerances to protect the group, supported by a mitigation action plan that identifies the capacity and flexibility to manage the business if the tolerances are compromised
- A compliance dashboard that reflects regulatory compliance, performance and reportable incidents ensures the Board has appropriate awareness and intelligence in critical matters
- Review processes that challenge and test arrangements above the traditional control testing, including regular "testing the brakes" sessions and other relevant deep dives that inform action plans and established controls.

The Thirteen Board reviews the status of strategic risks at each meeting. Consideration is given to the wider strategic impact, the control actions in place or planned, and whether discussions and decisions made at the meeting have had an adverse or beneficial impact on any strategic risks and/or whether additional mitigating actions are required.

The Board has delegated authority to the Audit and Risk Committee to scrutinise risk controls and mitigating actions and report any concerns to the Board. Each Committee and Subsidiary Board is also responsible for considering the impact of their discussions and decisions on the strategic risks and escalating to the Thirteen Board where appropriate.

We operate a 'three lines of defence' approach to assurance, which incorporates management controls and oversight; assurance and performance reporting, independently scrutinised by an appropriate body, Board or Committee; and external independent assessments including internal and external audit and consultants' reports.

Risk management is embedded across all projects and functions. We have a set of key risk indicators and financial golden rules to act as early warning indicators to trigger an appropriate response.

The Board and executive team consider the following to be the key strategic risks for Thirteen, which are aligned to our strategic priorities:

Operating environment and risk management

Risk / Priority		Inherent Risk Score	Residual Risk Score	Risk Appetite	New risk actions required	Impacts, mitigations and new actions
1	Failure to meet customer expectations	12	8	Minimal	Yes	• Structure changes within customer services to improve quality of services • Move to emergency/compliance repairs due to high infection rates, no negative feedback • Management plan for Clarion units and new customers • Home of 2030 – future specification to meet customer demands • KPIs reviewed by Board **Actions:** • Review Regulator's customer satisfaction metrics • Clarion implementation plan • Phased plan for return to full repairs
2	Failure to keep tenants and customers legal and safe	16	12	Averse	Yes	• Increased isolation rates - daily monitoring of gas servicing; contractor support available • Move to emergency/compliance reps • Testing the brakes outcomes on ransomware attack to Board • H&S objectives and KPIs for 2021/22 agreed • C&S sub-group, building safety deep dive • Affirmation from Regulator – no breach of consumer std following referral (dampness complaint) **Actions:** • Implement action plan for cyber breach/ ransom attack

Risk / Priority		Inherent Risk Score	Residual Risk Score	Risk Appetite	New risk actions required	Impacts, mitigations and new actions
3	Failure to manage and maximise our income stream	16	12	Cautious	Yes	• Star Chambers being held to identify efficiencies and growth opportunities • Review of mitigation plan • Enhanced monitoring of development programme/pipeline • Wave 2 bid submitted – if successful will need to deliver funding plan • Additional Board and Committee meetings held to consider GRD matters: cost consultancy, internal audit, commercial investment and option reports and legal advice • Draft annual accounts to A&R Cttee • Additional income from Clarion stock **Actions:** • Action plan to implement Board and internal audit recommendations on GRD • Update Regulator
4	Inability to respond to a local and/ or national downturn in economy	16	12	Cautious	Yes	• Still unsure of full impact of pandemic, though forecasts are positive with signs of growth • Impact of withdrawal of Govt interventions on furlough/UC top-up • Recession recovery plan shared with Board – implementation ongoing. • Inflation on construction materials • Isolation impact on local business (and Thirteen) **Actions:** • Development of community resilience strategy.

	Risk / Priority	Inherent Risk Score	Residual Risk Score	Risk Appetite	New risk actions required	Impacts, mitigations and new actions
5	Inability to be fleet of foot – responsive to our current and future operating and transformation challenges including growth	12	8	Open	Yes	• Working at Thirteen and talent management strategy developed • Working at Thirteen Hive survey – decrease in eNPS; potential for dissatisfaction and loss of talent • Plan for phased return to HQ and full repairs paused due to infection rates • Wave 2 bid submitted - impact on development/operations if successful **Actions:** • Action plan and 'You said we did' on Hive outcomes • Consultation and communication plan for Working at Thirteen • Operational plan in place and tested if Wave 2 bid successful
6	Failure to manage a growing development programme	16	12	Open	Yes	• GRD year-end losses higher than anticipated • Development team unsettled: changes to team; poor Hive outcomes; loss of key/specialist colleagues; over-reliance on small number of people; ability to recruit • Kirklees bid success – new geography and partnership • Biggest risk is being unsuccessful in securing Wave 2 funding: we need to raise an additional £150m to fund development • Enhanced monitoring of development programme • Additional board & committee meetings for GRD (see risk 3) **Actions:** • Monitor and manage team dynamics • Consider development team structure if Wave 2 successful

	Risk / Priority	Inherent Risk Score	Residual Risk Score	Risk Appetite	New risk actions required	Impacts, mitigations and new actions
7	Failure to effectively manage our assets	12	9	Cautious	Yes	• Stock condition outcomes to Board with estimated costs for carbon neutral and building safety • Revised investment plan in place for 2021/22 and plans for next five years being developed; ability to secure procurement efficiencies • Strengthened property compliance and building safety team and deep dives to A&R Cttee and C&S group **Actions:** • Investment plan for next 5 years to Board in September 2021 • Delivery of locality plans / investment plan 2021/22 • Develop disinvestment strategy
8	Failure to manage regulatory expectations	12	9	Averse	Yes	• External governance review by Altair • Board succession plan; recruitment ongoing • Board diversity trainees appointed • Regulatory and assurance self-assessments approved by A&R Ctte • Governance of GRD & TH Board strengthened • Outcome of HSE prosecution still unknown (£1m in FP). • Potential regulatory and reputational impact of GRD issues. Ongoing comms with Regulator **Actions:** • Implement recommendations on GRD • Recruitment of new Board members • Outcomes of external governance review to Board in September.

Operating environment and risk management

	Risk / Priority	Inherent Risk Score	Residual Risk Score	Risk Appetite	New risk actions required	Impacts, mitigations and new actions
9	Failure to create and embed organisational resilience: People	12	9	Open	Yes	• Great Days at Work Strategy and Working at Thirteen approved but concerns in Hive survey and decreased eNPS score • Customer services plan being implemented, including review of teams to make services more sustainable longer term • Talent management and succession planning included in performance review programme • Pay and reward package agreed • Change management • Approach for large projects eg Clarion • Pension plan agreed – no current impact for colleagues but will be reviewed annually **Actions:** • Communication and consultation plan on working at Thirteen • Analysis/action plan - Hive outcomes • Implement customer services transformation plan • Review plans for phased return to HQ and full repairs service
10	Failure to create and embed organisational resilience: Efficiencies and financial viability	12	9	Open	Yes	• Star Chamber review ongoing – to identify priorities and efficiencies • Additional stress testing completed • Review of mitigation plan • Review of Thirteen material supply provision • Additional income from Clarion units **Actions:** • Develop action plan/implement Board and internal audit recommendations on GRD • Review of commercial companies and non-social housing activities / clarity on choices • Secure additional efficiencies and update mitigation plan

The Audit and Risk Committee has received the Chief Executive's annual report on the effectiveness of internal control systems, our mitigating actions and other assurance activity, together with the annual report from our internal and external auditors and reported its findings to the Board.

Service risk management

Strategic risks are supported by operational risk registers, which are in place for all key service areas. Service directors and heads of service review these; progress against mitigating controls and actions is monitored quarterly and reported to Audit & Risk Committee by exception. Thirteen Homes and Gus Robinson Developments have their own risk registers monitored by the Thirteen Homes Board at each meeting.

Management of financial risks

The group uses various financial instruments, including loans and cash and other items such as rent arrears and trade creditors that arise directly from its operations. The main risks are interest rate risk, liquidity risk, counterparty and credit risk. The Board reviews and agrees on policies for managing each of these risks. These are monitored as part of the stress testing arrangements summarised below:

Currency risk

We borrow and lend only in sterling, and so we are not directly exposed to currency risk. Our Private Placement investors hold currency swaps in relation to a portion of this funding. We would be exposed to their currency risk in the form of break costs if we chose to repay this funding which is not our intention, so indirect currency risk is negligible.

Interest rate risk

The group finances its operations through a mixture of retained surpluses, bank borrowings and capital market debt. Our exposure to interest fluctuations is managed using both fixed and variable rate facilities, with a minimum of 70% required to be fixed as per the Treasury Policy.

Liquidity risk

The group aims to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs through robust financial planning and cashflow forecasting and invest cash assets safely and profitably.

Counterparty risk

The group's Treasury policy requires investing and borrowing counterparties to reach a minimum standard based on credit reference rating agency ratings. Counterparty limits are also in operation at £15m for bank deposits or £30m for money market funds.

Credit risk

Our principal credit risk is related to tenant arrears. This risk is managed by providing support to tenants with applications for universal credit and housing benefit and closely monitoring all tenants' arrears.

Golden rules

The Board's financial risk appetite is linked to the strategic risks and managed through a set of golden rules which identify acceptable tolerance levels for nine financial measures:

	Golden Rules	Golden Rule	2021 Achieved
1	Minimum cash equivalent	£20m	£111.6m
2	Liquidity balance	£118.8m	£251.7m
3	Liquidity	24 months	45 months
4	Intragroup on-lending	£20m	£17.1m
5	Interest cover	165%	327%
6	Gearing (1)	40%	30%
7	Asset cover	200%	307%
8	Sales risk	15%	5%
9	Contractor exposure	£50m	£12.8m

Results for 2020/21 demonstrate substantial headroom to the golden rules, these measures being reported routinely to Treasury Committee.

(1) Gearing calculation for golden rules and loan covenant purposes differs to that used for the VFM metrics

Operating environment and risk management

Internal controls assurance

The Thirteen Board acknowledges its overall responsibility to establish and maintain a comprehensive internal control and risk management system and review its effectiveness. The Board is also committed to ensuring that Thirteen adheres to the Governance and Financial Viability Standard and associated code of practice that includes adhering to all relevant laws.

The Audit and Risk Committee is responsible to the Board for monitoring these arrangements and reporting on their effectiveness:

- Strategic and service risk reporting and monitoring
- Exceptional event and risk event reporting - reports to the leadership team and Audit & Risk Committee, including fraud, whistleblowing and control failures, defence against serious detriment and learning tools to ensure implementation of improvements or additional controls to prevent a recurrence. Including, where appropriate, reporting to and feedback from Regulators
- Stress testing, testing the brakes and business planning arrangements
- Compliance assurance policy and associated dashboard - setting out our approach to managing business-critical compliance issues and monitoring and reporting performance
- Business continuity plans (managing a major crisis), disaster recovery plans (loss of IT services) and local resilience arrangements (managing localised crisis issues), and systems of prevention and recovery to deal with potential threats to the business and ensure the continuation of services
- Insurance arrangements - providing financial protection against loss and meeting legal obligations
- Assurance framework update reports and assurance monitoring reports - reflect internal and changes in the assurance operating environment and provide oversight of assurance matters
- Transparency reporting - overview of appropriate probity arrangements and related matters, including the declaration of interests, gifts and hospitality, letting of property and exceptions to standing orders
- Health and safety oversight – including policy, training, audit and monitoring arrangements

Management controls

Controls in place include the following:

- Standing orders, financial regulations and delegations of authority
- Budget monitoring and management accounts
- Relevant financial and performance reporting to Boards and Committees
- Executive and service directors - meet separately and jointly to ensure delivery of Thirteen's strategic objectives and review performance
- Value for Money (VFM) framework - reviewing and articulating our approach to VFM, attainment of efficiencies and clarity on reinvestment, and ensuring we consider the potential return on investment vs risk prior to approval of projects and opportunities
- Procedures and guiding principles to ensure legal compliance, consistency and adherence to an agreed policy or process
- Project management framework - ensuring a consistent, risk-based approach to considering, approving, monitoring and reporting on the implementation of projects
- Compliance framework to ensure the submission of timely and accurate regulatory and legislative returns, the implementation of relevant policies, procedures and training, and self-assessments against regulatory requirements
- Assets and liabilities register for use by the Board and Committees when making investment decisions
- Health and safety arrangements, Committee and work groups
- Data integrity arrangements to ensure consistent and accurate statistical and performance reporting and 'one version of the truth'
- People strategy, policies and procedures
- Network of strategic meetings to provide assurance on our business essentials: everything safe; take control; value for money.

Independent assessment

Thirteen receives independent scrutiny, review and assurance from a variety of sources, including the following:

- Internal audit arrangements - providing independent assurance that our risk management, governance and internal control processes are operating effectively
- External audit arrangements - independent validation of the annual accounts and compliance with accounting standards
- Regulator of Social Housing - audits, including in-depth assessments and annual stability reviews
- Ombudsman, HSE and environmental health – outcomes, opinions, recommended actions and enforcement requirements received as a result of audits, reports and referrals
- Peer comparisons - allow for appropriate benchmarking and learning from other organisations and 'best in field'
- Independent reports and audits – assess our current status, provide specialist advice and alternative insight into topics and best practices. Boards and Committees can request independent advice on any topic at any time
- Customer involvement framework and programme – ensuring compliance with the Tenant Involvement and Empowerment Standard, engagement with customers in the operation of the business and assessment of compliance with the Consumer Standards.

The Board has reviewed the effectiveness of its systems of internal control, including risk management, for the year to 31 March 2021 and up to the date of signing these financial statements. It has not identified any weaknesses sufficient to cause material misstatement or loss, which require disclosure in the financial statements.

The Audit and Risk Committee has agreed a protocol with the independent auditors, which sets out policies for determining the non-audit work that can be undertaken by the independent auditors and procedures for periodic review and selection of independent auditors. The level of fees paid for their work is set out in note 5 to the financial statements.

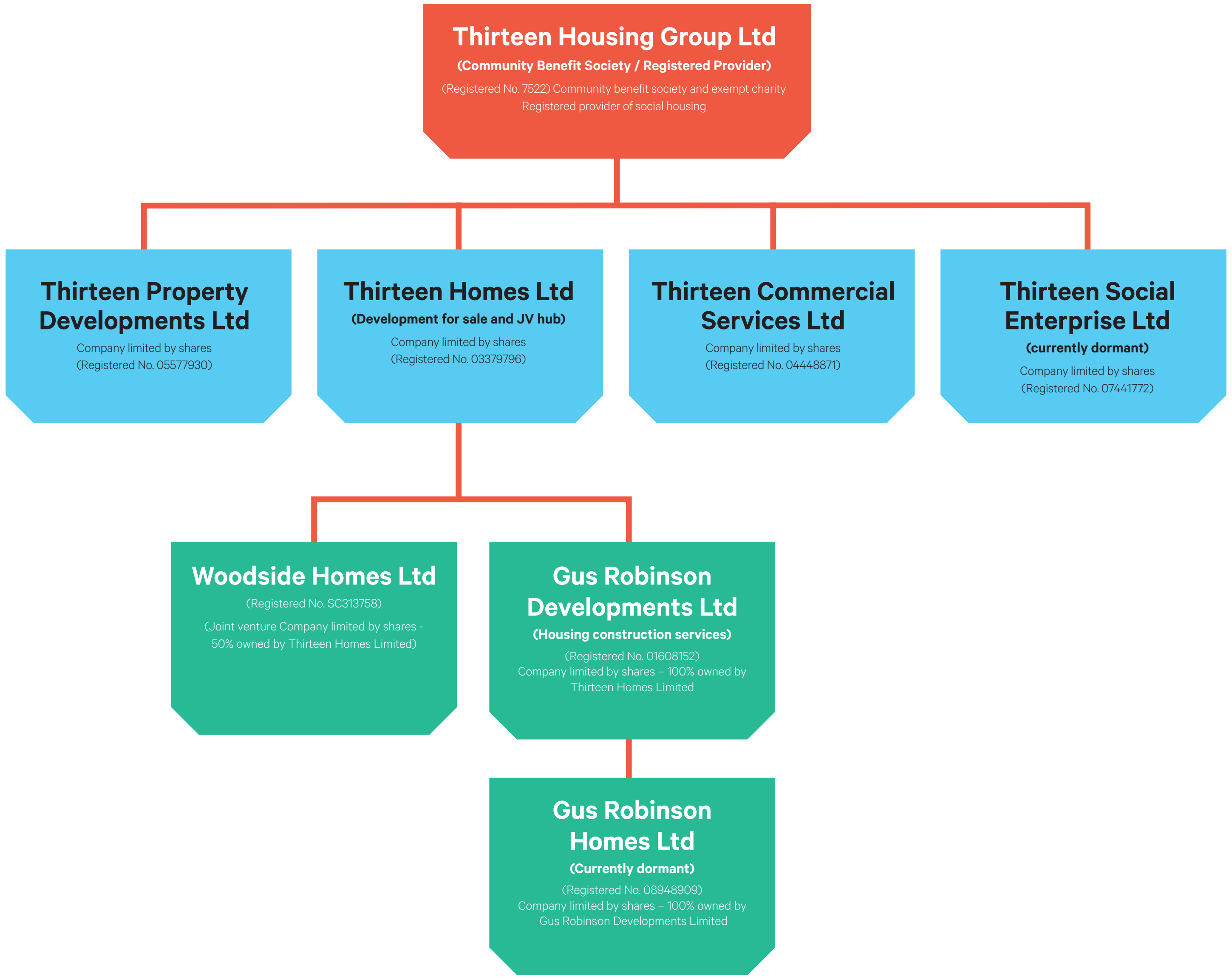
Going concern

The Board has considered the financial impact of the group's development plans, strategic priorities and subsidiary business plans as part of their approval of the latest group financial plan in May 2021. Consideration of the plan included rigorous stress testing of specific and multi-variant scenarios which are deemed a potential risk to the group to ensure lender covenants are not breached. In addition, the group has long-term debt facilities in place, which include £140m undrawn facilities at 31 March 2021. This demonstrates the resilience of the plan and confirms the future viability of the group.

On this basis, the Board has a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future, this being a period of at least twelve months from the date of approving these financial statements. For this reason, the group continues to adopt the going concern basis in the financial statements.

Governance

The group consists of a parent company with a number of subsidiary companies.



Thirteen Housing Group Limited

Thirteen is a community benefit society registered with the Financial Conduct Authority and a provider of social housing, registered with the Regulator of Social Housing (RSH). Thirteen is the parent organisation and landlord of the group and owns all the group's assets. Its principal activities are the management of social housing, the development of affordable homes and the provision of housing-related support and employability services.

Thirteen Commercial Services Limited

Thirteen Commercial Services is a private limited company registered at Companies House and is a wholly owned subsidiary of Thirteen.

The main activities of Thirteen Commercial Services relate to lettings and management of commercial and non-social properties on behalf of Thirteen.

Thirteen Homes Limited

Thirteen Homes is a private limited company registered at Companies House and is a wholly owned subsidiary of Thirteen.

Thirteen Homes is responsible for the delivery of new homes for sale.

Thirteen Property Development Limited

Thirteen Property Development is a private limited company registered at Companies House and is a wholly owned subsidiary of Thirteen.

The company is responsible for contracting of new homes delivery for Thirteen.

Thirteen Social Enterprises Limited

Thirteen Social Enterprises is a private limited company registered at Companies House. The company has been dormant throughout the year and remains dormant.

Gus Robinson Developments Limited

Gus Robinson Developments is a private limited company registered at Companies House. It is a subsidiary of Thirteen Homes and supports Thirteen's new home delivery plan.

Gus Robinson Homes Limited

Gus Robinson Homes is a private limited company registered at Companies House and is a subsidiary of Gus Robinson Developments. The company has been dormant throughout the year and remains dormant.

Woodside Homes Limited

Woodside Homes is a private limited company registered at Companies House and is a joint venture of which Thirteen Homes owns 50% of the shareholding.

Governance

The Thirteen Board

The Thirteen Board is committed to achieving the highest standards of corporate governance in its oversight of the delivery of Thirteen's strategic plan, risk management, values and ethics.

During the financial year, we continued to follow best practice with regard to corporate governance and complied with the NHF's Code of Governance 2015, with one exception; we opted to extend the term of office for one Board member to retain essential skills, whilst the recruitment process for a replacement was paused due to COVID-19 lockdown arrangements.

A Board of nine non-executive directors and one executive director (the Chief Executive) currently governs the group, supported by its Subsidiary Board, Thirteen Homes, and four Committees, Remuneration, Audit and Risk, Treasury, and Development & Investment, with day-to-day management delegated to the executive team. The chairs of each of the four Committees hold positions as non-executive directors on the Thirteen Board, as does the chair of Thirteen Homes, with the balance made up of four independent non-executive directors, including the Chair of Thirteen.

The Chief Executive becomes a board member at the start of employment.

Thirteen Homes Board

The Thirteen Homes Board consists of three non-executive directors (the chair plus two independent members) and one executive director (the Group Chief Executive) and is responsible for developing and delivering against the Thirteen Homes' and Gus Robinson Developments' business plans to ensure they support the delivery of the objectives within Thirteen Housing Group's strategic plan, as well as monitoring performance in relation to Thirteen Homes' developments and the activities of Gus Robinson Developments.

Gus Robinson Developments Board

The Gus Robinson Developments Board has been strengthened and now consists of four executive directors (the Group Chief Executive, Chief Finance Officer, Managing Director of Thirteen Homes and Managing Director of Gus Robinson Developments) and one independent non-executive member. This Board is responsible for overseeing the operational performance of GRD and progress in delivering its business plan.

All board directors within Thirteen Group have been appointed, with the support of an external consultant, to achieve a complementary blend of skills and experience to ensure that the Boards possess the necessary competencies to carry out their duties. This is supported by a board performance review programme as well as board induction, development and training.

Non-executive Board directors are appointed for a fixed term of six years, subject to a satisfactory performance review and the continued requirement for their skills and experience, unless the Board determines a different fixed period prior to the appointment. Non-executive Board directors appointed under this article retire at the end of their fixed term but may be reappointed by the Board up to a maximum term of nine years if required.

Remuneration paid to non-executive directors of the group in the financial year was £165,000 (2020: £160,479). A breakdown of remuneration paid to each non-executive director is included in Note 10 to the financial statements.

Committee structure

Each committee has dedicated terms of reference and delegated responsibility for specific functions, to provide the Board with assurance on internal control, risks, compliance, financial viability, investments and employee relations.

Audit and Risk Committee - provides assurance to the Board that we are complying with our statutory duties. Its role is to scrutinise self-assessments against regulatory and legal requirements and to monitor, review and challenge the group's strategic assurance framework, including external and internal auditor reports, compliance and risk management arrangements and controls. This in turn provides assurance to the Board that we comply with regulatory and legislative requirements and have an effective and adequate internal control system which reflects the nature, size and strategy of the group.

A Care and Support Sub-Group has been established for a one-year period, effective from February 2021, to provide oversight of Thirteen's care and support services and growth. The chair of the sub-group is a member of Audit & Risk Committee and provides an update on the sub-group's activities at each committee meeting.

Treasury Committee - responsible for our financial health and effective long-term financial planning. Its role is to review, on behalf of the Board, all decisions in respect of lending and borrowing, to scrutinise new lending instruments and arrangements, and generally monitor the performance of our loan portfolio.

Development and Investment Committee - responsible for considering new business and commercial growth projects and opportunities, including development and regeneration projects, and making recommendations to Thirteen Board for approval.

Remuneration Committee - provides a formal and transparent mechanism for developing payments, remuneration, recruitment and performance review policies and arrangements for executives and Board directors and overseeing our people responsibilities.

Executive directors

The executive directors are employed and participate in the group's pension schemes on the same terms as other staff and hold no interest in Thirteen's shares. They act as executives within the authority delegated by the Board.

Directors' indemnities

As permitted by the articles of association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision. The indemnity was in force throughout the last financial year and is currently in force. The group also purchased and maintained directors' and officers' liability insurance in respect of itself and its directors throughout the financial year.

Board meeting attendance

Board Member	Attendance	Thirteen Board	Thirteen Homes	Audit & Risk Committee	Remuneration Committee	Treasury Committee	Development & Investment
George Garlick	11/11	Chair					
Claire Brayson	13/14	x					
Mark Simpson	19/19	x			Chair		
Steve Nelson	13/13	x					x
Annette Clark	16/17	x		Chair			
Richard Buckley	19/19	x	Chair				
Chris Newton	11/11	x					
Zoe Lewis	7/8		x				
Laura Mack	14/15		x				x
Miriam Harte	12/15			x		x	
Keith Hurst	6/6			x			
Christine Storrs	11/13	x		x			
Neil Pattison	16/16					x	x
Nadeem Ahmad	8/8				x		
Andrew Wilson	13/13			x			x
Caroline Moore	7/8				x		
Rob Goward	8/8				x		
Vishnu Reddy	16/17		x			x	
Nick Taylor	16/16					x	x
David Swann	20/20	x				Chair	
Anthony Riley	18/18	x					Chair
Catherine Wilburn	4/4	x					
Robert Cuffe	4/4	x					
Ian Wardle	11/11	x					
Barbara Heather Ashton	8/8				x		
Jane Castor	6/6			x		x	

Governance

Compliance

In November 2020 the Regulator of Social Housing ("RSH") reaffirmed our G1/V1 rating following an in-depth assessment carried out between August and September 2020. This judgement is the highest rating achievable and confirms a continuing culture of strong governance, financial viability and sound financial management arrangements. The Board has carried out its annual assessment of compliance with the RSH's regulatory framework to confirm compliance with the Governance and Financial Viability Standard, reviewing performance against the economic regulatory standards and receiving assurance from our involved customers that we are compliant with the consumer standards.

NHF Merger Code

We have signed up to the voluntary NHF Merger Code and comply with the principal recommendations within the code. No discussions were held with other housing associations during 2020/21.

Modern Slavery Act 2015

We are committed to understanding modern slavery risks and ensuring we comply with our legal and statutory responsibilities. We have a statement of compliance with the requirements of the act, which details the actions we take to ensure that slavery and human trafficking do not exist in any part of the group or supply chain. The statement is reviewed annually by the Board and is available on our website.

Consumer regulation and tenant safety

The long-awaited Social Housing White Paper was published in 2020, setting out the Government's proposed package for the reform of the social housing regulatory regime, rebalancing the relationship between landlord and tenant.

The Charter for Social Housing Residents aims to raise the standard of social housing and meet the aspirations of residents. The themes of the charter are;

To be safe in your home

To know how your landlord is performing

To have your complaints dealt with promptly and fairly

To be treated with respect

To have your voice heard by your landlord

To have a good quality home and neighbourhood to live in

To be supported to take your first step to ownership

In 2019 we became early adopters of the National Housing Federation Together with Tenants Charter which reflected the Social Housing Green Paper consultation to protect the rights and interests of tenants and residents. This charter has a clear set of commitments which require all landlords to be open and transparent with tenants, keeping them informed of and consulted on the strategic direction and performance of the organisation; focusing on relationships, communication, customer voice and influence, accountability, quality and what happens when things go wrong.

The National Housing Federation's Code of Governance 2020 incorporates the commitments of the charter into the code to strengthen the relationship between customers and Board.

The Complaints Handling Code developed by the Housing Ombudsman and the Regulator provides the framework to ensure that complaints are dealt with promptly and fairly. The Housing Ombudsman is reporting landlords failing to meet the required standards on their website and has a closer relationship with the regulator to report to them any breaches of the code, maladministration findings and systemic failures.

Our customers have been working with us to review the commitments of all of these codes and have recommended actions to enhance our processes. These include actions to improve how they communicate with the Thirteen Board. Traditionally this has been through the chair of the customer involvement framework, who attends every Board meeting, however, to enhance and improve the flow of information and assurance, the customer project leads also now attend Board meetings to report on their projects and findings and Board members provide feedback to customers about their discussions and decisions. Customers have also continued to be involved in service improvements through consultation and testing systems, scrutinising operational and complaints performance and reviewing policies and have reported to Board their assessment of our performance against the commitments in the charters and codes and recommendations for improvements, and their assessments of our compliance with the regulatory consumer standards.

Streamlined energy and carbon report

At Thirteen we are committed to reducing our environmental impacts and carbon footprint. Measuring and setting targets to reduce our carbon footprint is key to achieving this, as it provides us with an understanding of the emissions from our business activities and will help focus our efforts to reduce our impacts.

To achieve a reduction in our environmental impacts we need to think of the bigger picture and how this impacts our customers, our homes and our business. We are looking at what needs to be done to deliver sustainable homes which are fit for the future and that are right for our customers. We'll also discover how we can add value through initiatives, such as tackling fuel poverty, while we continually educate our customers. We'll be looking at how we can reduce emissions from service delivery, from the energy we purchase to the way we travel and the materials we purchase.

The development of our approach will see everyone at Thirteen taking responsibility for reducing their impacts and will help us achieve our goals to becoming a much greener organisation.

Results: Between 2020/21 and the baseline year of 2019/20, Thirteen's emissions for Scope 1&2 have fallen by 13.6% (a reduction of 681 tCO2e). When we add in the scope 3 emissions, this results in a total emissions reduction of 11.6% (-825 tCO2e).

Within 2020/21 Thirteen Group emitted 4,323 tCO2e (tonnes of carbon dioxide equivalent) through emissions categorised as Scope 1 or 2, with intensity indicators of 2.94 tCO2e per total full-time equivalent employee (FTE) and 23.83 tCO2e per £million turnover. When Scope 3 is added, this brings the total to 6,289 tCO2e with an intensity indicator of 4.28 tCO2e per FTE and 34.67 tCO2e per £million turnover.

Methodology: Thirteen Group's carbon footprint has been calculated in line with the Governments Streamline Carbon Emissions Reporting guidelines through an operational control approach. The date period is 1st April 2020 to 31st March 2021 and includes all scope 1 and 2 emissions within the operational control of Thirteen Group. Scope 3 emissions for car business travel undertaken by employees and amenity energy use in multi-occupancy buildings, used by our customers, has also been included. The methodology adopted in line with the Greenhouse Gas Protocol[1] and the BEIS Environmental Reporting Guidelines[2]. The calculations were completed on the SmartCarbon™ Calculator[3] using the UK Government emissions factors[4].

Estimations and exclusions: The data used does not contain any estimations or exclusions.

Energy efficiency measures taken and planned: 1,016,000 kWh of energy was produced via photovoltaic panels on our office buildings and domestic properties, preventing the emission of 23.60 tCO2e within 2020/21. The development of our approach to reduce our environmental impacts and carbon footprint will set the direction for further energy efficiency measures.

Carbon offsetting: Through a partnership with Forest Carbon, Thirteen have purchased 2,362 trees across 1.02 hectares of new woodland on the outskirts of Crook, Durham, named St Jon's Wood. From the growth of these trees Thirteen have purchased a potential 727 tonnes of carbon capture credits. This equates to 16.8% of Thirteens scope 1&2 emissions for 2020/21. These credits are registered and independently audited in line with the Woodland Carbon Code.

Streamlined Emissions and Carbon Reporting		2019/20				2020/21				Change			
		Emissions in kWh	Emissions in tCO2e	Intensity ratios tCO2e/ £MT	Intensity ratios tCO2e/ FTe	Emissions in kWh	Emissions in tCO2e	Intensity ratios tCO2e/ £MT	Intensity ratios tCO2e/ FTe	Emissions in kWh	Emissions in tCO2e	Intensity ratios tCO2e/ £MT	Intensity ratios tCO2e/ FTe
Scope 1 Emissions	Gas	6,309,974	1,160.1			5,889,167	1,082.8			-420,807	-77.3		
	Fleet Fuel	6,749,830	1,656.8			5,845,139	1,409.3			-904,691	-247.5		
	F Gas	n/a	18.6			0	0.0			0	-18.6		
Scope 2 Emissions	Purchased Electricity	8,481,003	2,167.7			7,851,380	1,830.5			-629,623	-337.2		
Total direct emissions		**21,540,807**	**5,003.2**	**27.04**	**3.23**	**19,585,686**	**4,322.6**	**23.83**	**2.94**	**-1,955,121**	**-680.6**	**-3.22**	**-0.29**
Scope 3 Emissions	Business mileage	1,054,546	261.7			399,237	99.0			-655,309	-162.7		
	Amenity Gas	9,420,229	1,731.9			9,421,831	1,732.4			1,602	0.5		
	Amenity Electric	496,416	117.4			580,147	135.3			83,731	17.9		
Total indirect emissions		**10,971,191**	**2,111.0**	**11.41**	**1.36**	**10,401,215**	**1,966.7**	**10.84**	**1.34**	**-569,976**	**-144.3**	**-0.57**	**-0.03**
Total Emissions		**32,511,998**	**7,114.2**	**38.45**	**4.59**	**29,986,901**	**6,289.3**	**34.67**	**4.28**	**-2,525,097**	**-824.9**	**-3.78**	**-0.32**

References:

1. The GHG Protocol Corporate Accounting and Reporting Standard. Revised Edition (2015) World Resource Institute and World Business Council for Sustainable Development.
2. Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019) UK Government Department for Business, Environment and Industrial Strategy.
3. SmartCarbon Calculator: https://www.smartcarboncalculator.com/
4. Greenhouse gas reporting: conversion factors 2019 - Full set (for advanced users). More at this link: https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2019

Financing our priorities

Over the next five years we have committed to investing over £1bn to improve our services, tenant's homes and neighbourhoods as well as the delivery of new affordable homes. To deliver these commitments we have a robust financial plan in place which was approved by the Board in May 2021. The plan includes significant investment in our existing homes and services, as well as delivery of our ambitious development programme to deliver over 7,000 new homes over the next eight years, through a combination of new build and stock acquisition, including delivery through our strategic partnership with Homes England. Currently, the plan does not include the cost of de-carbonising our existing homes as there is presently a lack of clarity on the technology, timing and cost to deliver this objective to be able to model the implications in the plan. We intend to develop a five-year strategy for incorporation into the financial plan once further data becomes available. The financial plan is loan covenant compliant each year with headroom to our golden rules. Stress testing has been carried out with the Board, including several single factor and multi-variant scenarios, which demonstrates the robustness and resilience of the financial plan. For multi-variant scenarios which could 'break' the plan, mitigating actions are identified, with these mitigations being tested routinely throughout the year with the results shared with the Audit & Risk Committee.

We continue to focus on VFM, keeping VFM principles at the core of all our activity to ensure resources are allocated and used appropriately. The plan includes for stretching efficiency targets which will enable us to deliver the priorities in the strategic plan and make efficient use of our available resources, whilst providing the capability to react to market conditions and external influences and continue to remain compliant with loan covenants and key financial measures.

The financial plan delivers a robust set of VFM metrics and delivers an EBITDA MRI margin of 22.2% in 2021/22 demonstrating the level of surplus generated from turnover.

The group's financial position remains strong in a challenging economic environment with the financial plan demonstrating our ability to achieve our strategic priorities, and continue to expand housing provision to meet customer need, whilst continuing to support and deliver quality services to our existing customer base.

Value for Money Metrics	Financial Plan					Target	Actual
	2026	2025	2024	2023	2022	2021	2021
Reinvestment %	12.1%	11.7%	11.0%	9.7%	13.3%	8.3%	5.7%
New supply delivered (Social housing units) %	2.7%	2.7%	2.5%	2.0%	5.3%	1.5%	0.9%
New supply delivered (Non-social housing units) %	0.0%	1.1%	0.0%	0.0%	0.1%	0.0%	0.1%
Gearing %	33%	31%	29%	28%	27%	23%	22.2%
EBITDA MRI Interest Cover %	213%	263%	309%	277%	306%	274%	315.3%
Headline Social Housing Cost per Unit	£4,160	£3,955	£3,769	£3,838	£3,511	£3,370	£3,264
Operating Margin (social housing lettings) %	28.1%	29.0%	29.8%	27.6%	27.4%	29.1%	29.7%
Operating Margin (overall) %	20.9%	21.5%	22.5%	20.3%	19.8%	20.6%	19.4%
Return on Capital Employed %	3.2%	3.6%	3.8%	3.5%	3.3%	3.3%	3.0%

Statement of Board's responsibilities

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Registered Social Landlord (RSL) and of the surplus or deficit for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the RSL will continue in business.

The Board is responsible for keeping proper accounting records that are sufficient to show and explain the RSL's transactions and disclose with reasonable accuracy at any time the financial position of the RSL and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and Regulations thereunder the Housing and Regeneration Act 2008 and the Accounting Direction for Social Housing in England 2019. It is also responsible for safeguarding the assets of the RSL and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors

PricewaterhouseCoopers LLP continues its term as independent auditor for Thirteen Housing Group Limited.

This report was approved by the Board of Thirteen Housing Group Limited on 1 September 2021 and signed by order of the Board by:

George Garlick
Chair of Thirteen Housing Group

Independent auditor's report to the member of Thirteen Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Thirteen Housing Group Limited's Group and Association financial statements ("the financial statements"):

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2021 and of the Group's and Association's income and expenditure, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Group and Association statements of financial position as at 31 March 2021; the Group and Association statements of comprehensive income; the Group and Association statements of changes in reserves; the Group statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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 and the Association's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Association's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Board for the financial statements

As explained more fully in the Statements of Board's Responsibilities set out on page 60, the Board is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Board is also responsible for such internal control as it 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 Association's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group and the Association or to cease operations, or has no realistic alternative but to do so.

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

Independent auditor's report to the member of Thirteen Group Limited

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

Based on our understanding of the Association/industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with health and safety and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Housing SORP 2018: statement of recommended practice for registered social housing providers, the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to overstate revenue or tangible fixed assets and management bias in manipulation of accounting estimates. Audit procedures performed included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of board and committee minutes;
- Review of legal expenditure in the year to identify potential non-compliance with laws and regulations;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- Challenging assumptions and judgements made by management in their significant accounting estimates and going concern assessment; and
- Reviewing financial statement disclosures and testing these to supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Association as a body in accordance with Section 87 (2) and Section 98 (7) of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Co-operative and Community Benefit Societies Act 2014 exception reporting

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the Association; or
- the Association financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Newcastle upon Tyne

15 September 2021

Group and association statements of comprehensive income For the year ended 31 March 2021

	Note	Group		Association	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Turnover	3	181,365	185,657	166,161	165,027
Cost of sales	3	(22,128)	(26,695)	(6,041)	(6,723)
Operating expenditure	3	(124,097)	(124,195)	(121,846)	(121,410)
Gain on disposal of fixed assets	6	1,724	2,873	1,779	2,871
Operating surplus	5	36,864	37,640	40,053	39,765
Impairment of goodwill	15	(1,708)	-	-	-
Impairment of loans receivable	20	-	-	(1,896)	-
Revaluation of fixed assets	12,13	-	(6,370)	-	(6,370)
Change in valuation of investment properties	14	-	250	-	250
Interest receivable	7	37	29	707	309
Interest payable and similar charges	8	(13,854)	(10,432)	(13,852)	(10,428)
Other finance costs	29	(1,693)	(1,325)	(1,686)	(1,318)
Gift Aid		-	-	239	148
Surplus on ordinary activities before taxation		19,646	19,792	23,565	22,356
Tax on surplus on ordinary activities	11	(311)	182	-	(19)
Surplus for the year		19,335	19,974	23,565	22,337
Actuarial loss in respect of pension schemes	29	(22,804)	(5,672)	(22,880)	(5,616)
Movement on deferred tax	11	(14)	11	-	-
Total comprehensive (expense)/income for the year		(3,483)	14,313	685	16,721

The consolidated results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

The financial statements on pages 64 to 113 were approved and authorised for issue by the Board of directors on 1 September 2021 and signed on its behalf by:

George Garlick
Chair

Ian Wardle
Chief Executive

Jane Castor
Secretary

Group and association statements of changes in reserves For the year ended 31 March 2021

Group

	Income and Expenditure Reserve £'000	Restricted Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
As at 1 April 2019	341,588	438	280,466	622,492
Surplus for the year	19,974	-	-	19,974
Other comprehensive expense	(5,661)	-	(499)	(6,160)
Transfer with the revaluation reserve	4,258	-	(4,258)	-
Transfer with the restricted reserve	(482)	482	-	-
As at 31 March 2020	359,677	920	275,709	636,306
Surplus for the year	19,335		(40)	19,295
Other comprehensive expense	(22,818)	-	-	(22,818)
Transfer with the revaluation reserve	3,589	-	(3,589)	-
Transfer with the restricted reserve	482	(482)	-	-
As at 31 March 2021	360,265	438	272,080	632,783

Association

	Expenditure Reserve £'000	Restricted Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
As at 1 April 2019	342,965	438	280,466	623,869
Surplus for the year	22,337	-	-	22,337
Other comprehensive expense	(5,616)	-	(499)	(6,115)
Transfer with the revaluation reserve	4,250	-	(4,250)	-
Transfer with the restricted reserve	(482)	482	-	-
As at 31 March 2020	363,454	920	275,717	640,091
Surplus for the year	23,565	-	-	23,565
Other comprehensive expense	(22,880)	-	-	(22,880)
Transfer with the revaluation reserve	3,581	-	(3,581)	-
Transfer with the restricted reserve	482	(482)	-	-
As at 31 March 2021	368,202	438	272,136	640,776

The revaluation reserve relates entirely to the revaluation of housing properties.

Restricted reserves are made up of unexpended grants and donations to be applied for specific purposes.

The accompanying notes form part of these financial statements.

Group and association statements of financial position For the year ended 31 March 2021

	Note	Group		Association	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Fixed assets					
Tangible fixed assets	12,13	1,109,436	1,082,409	1,108,755	1,081,813
Investment properties	14	8,570	8,665	8,570	8,570
Intangible assets and goodwill	15	78	1,800	-	-
Homebuy loans receivable	16	908	967	908	967
Financial assets	17	1	1	-	-
Investments in subsidiaries	18	-	-	50	50
Total fixed assets		1,118,993	1,093,842	1,118,283	1,091,400
Current assets					
Stock	19	13,932	13,985	6,470	8,094
Trade and other debtors	20	20,033	22,137	30,707	29,153
Cash and cash equivalents	21	111,647	89,745	109,682	89,544
		145,612	125,867	146,859	126,791
Creditors: amounts falling due within one year	22	(54,778)	(45,063)	(47,580)	(40,128)
Net current assets		90,834	80,804	99,279	86,663
Total assets less current liabilities		1,209,827	1,174,646	1,217,562	1,178,063
Creditors: amounts falling due after more than one year	23	(479,767)	(467,134)	(479,757)	(467,123
Provisions for liabilities					
Defined benefit pension liability	29	(97,277)	(71,206)	(97,029)	(70,849)
Total net assets		632,783	636,306	640,776	640,091
Reserves					
Income and expenditure reserve		360,265	359,677	368,202	363,454
Revaluation reserve		272,080	275,709	272,136	275,717
Restricted reserve		438	920	438	920
Total Reserves		632,783	636,306	640,776	640,091

The accompanying notes form part of these financial statements.

The financial statements on pages 64 to 113 were approved and authorised for issue by the Board of directors on 1 September 2021 and signed on its behalf by:

George Garlick
Chair

Ian Wardle
Chief Executive

Jane Castor
Secretary

Group statement of cash flows For the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Net cash generated from operating activities	32	56,751	36,102
Cash flow from investing activities			
Purchase of tangible fixed assets		(63,401)	(90,244)
Proceeds from sale of tangible fixed assets		14,537	15,701
Loans repaid by home owners	16	59	15
Grants received		19,759	34,262
Interest received	7	37	29
		(29,009)	(40,237)
Cash flow from financing activities			
Interest paid		(14,612)	(14,020)
New secured loans		61,000	125,000
Repayments of borrowings		(52,228)	(26,345)
Net change in cash and cash equivalents		21,902	80,500
Cash and cash equivalents at beginning of the year		89,745	9,245
Cash and cash equivalents at end of the year		111,647	89,745

The accompanying notes form part of these financial statements.

Notes to the financial statements

1. Statement of compliance

Thirteen Housing Group Limited is a community benefit society registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing (RSH) as a private registered provider of social housing.

The financial statements of the group and association have been prepared in compliance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) as it applies to the financial statements of the group and association for the year ended 31 March 2021.

2. Accounting policies

Basis of accounting

The financial statements of the group and company are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102, the Financial Reporting Standard applicable in the UK and Ireland (FRS 102) and the Housing SORP 2018: statement of recommended practice for registered social housing providers, and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019. Accounting policies have been applied consistently throughout the year. The financial statements are prepared on a going concern basis, under the historical cost convention.

The group applies the exemption available under Paragraph 1.11 of FRS 102 to not prepare an individual statement of cash flows and related notes in the financial statements of its subsidiary companies or the association. A consolidated statement of cash flows is included in the consolidated financial statements.

The following companies have taken the advantage of the exemption from audit under S479A of the Companies Act 2006. Accordingly, as the ultimate parent undertaking, Thirteen Housing Group has consented to the exemption and in accordance with S479C of the Companies Act 2006, has guaranteed all outstanding liabilities of the following companies as at 31 March 2021 until they are satisfied in full:

	Company Registration Number
Thirteen Property Development Limited	5577930
Thirteen Commercial Services Limited	4448871

Measurement convention

The financial statements are prepared on the historical cost basis, except for investment properties which are held at fair value through the income and expenditure and financial instruments that must be held at fair value through the income and expenditure.

Basis of consolidation

The group financial statements consolidate the financial statements of the association and its subsidiaries at 31 March. The group reconstruction in 2018 has been accounted for as a merger in accordance with sections 19.27 to 19.33 of FRS102 and, as the group is a Public Benefit Entity, sections PBE 34.80 to PBE 34.86 of FRS 102. Accounting policies have been applied consistently across the group. Subsidiaries are consolidated using acquisition accounting, from the date of their acquisition, being the date on which the group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities. The Board has reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future; this being a period of at least twelve months from the date of approving these financial statements. For this reason, the group continues to adopt the going concern basis in the financial statements.

Intra-group transactions, balances and unrealised surpluses on transactions between group entities are eliminated on consolidation.

2. Accounting policies (continued)

Turnover

Turnover comprises income from lettings, revenue grants and contract income, income from properties built for outright sale, first tranche shared ownership sales and income from the sale of goods and rendering of services.

Rents and service charges from lettings are recognised net of losses from voids. Income is recognised from the date the property is first let.

Income from first tranche shared ownership sales and properties built for outright sale is recognised at the point of legal completion of the sale.

Income from the sale of other goods and rendering of services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the consideration will be received;
- The stage of completion of the contract at the end of the reporting period can be measured reliably;
- The costs incurred and the costs to complete the contract can be measured reliably.

Social Housing Grant (SHG) and other grants relating to revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate. Where grants are received in advance of revenue expenditure they are included in creditors until the expenditure has been incurred.

Supporting People and other contract income is recognised when it is entitled to be received under the terms of the contract. Where contracts include an element that is subject to certain conditions being satisfied (e.g. "payment by results") this element is recognised once it has been verified that those conditions have been met.

Losses from bad debts are included in operating costs.

Gift Aid

Profits generated by the group's subsidiaries are fully gift-aided to the association.

Bad debts

Provision is based on collection rate experience and consideration of future changes which may affect collection rates. Where there is a policy in the organisation not to collect 100% of the income chargeable, the amount not collectable is provided immediately.

Bad debts are written off against the provision once all avenues for collection have been exhausted.

Value added tax

The group charges VAT on a small part of its income and is able to recover VAT on expenditure related to that income. The group also operates a partial exemption method that allows it to reclaim VAT on a proportion of its overheads.

The group has in place a number of agreements to improve existing properties with local authorities. These agreements allow the group to recover VAT on the improvement works to existing properties that fall under the terms of the agreement.

The financial statements of the group include VAT to the extent that it is borne by the group and not recoverable from HM Revenue and Customs. The balance of VAT receivable or payable is included in debtors or creditors.

Retirement benefits

The group participates in three funded multi-employer defined benefit schemes, the Teesside Pension Fund (TPF), the Social Housing Pension Scheme (SHPS) and the Gus Robinson Developments Limited Pension & Assurance Scheme. There are two defined contributions schemes with Aegon for employees of Thirteen Housing Group and separately for employees of Gus Robinson Developments.

For SHPS, TPF and Gus Robinson Developments defined benefit schemes, the net scheme asset or liability is recognised in the statement of financial position. The operating costs of providing retirement benefits to participating employees are recognised in the financial years in which the benefits are earned. The related finance costs, and any other changes in fair value of the assets and liabilities are recognised in the financial year in which they arise. The operating costs and finance costs are recognised in the statement of comprehensive income with any other changes in fair value of assets and liabilities being recognised in other comprehensive income.

2. Accounting policies (continued)

Interests in joint ventures

The association has contractual agreements with other participants to engage in joint activities that do not create an entity carrying on trade or business of its own. The association accounts for its own share of assets, liabilities and cash flows in such joint arrangements, measured in accordance with the terms of the arrangement.

Housing properties

Housing properties are classified as property, plant and equipment where they are held for social benefit. Housing properties are principally properties available for rent and properties subject to shared ownership leases.

As a result of the group restructure that took place on 1 July 2017, housing properties, as with all assets and liabilities, were transferred to Thirteen Housing Group Limited at their carrying value and are subsequently held at deemed cost, rather than being adjusted to fair value in accordance with section 19.29 of FRS 102.

The association measured additions to existing properties and properties under construction at cost. Costs include the direct costs of acquisition including fees, development staff costs, development period interest and expenditure incurred on improvements.

Expenditure on improvements that enhance the economic benefits of an asset by increasing its rental stream, reducing future maintenance costs or significantly extending its useful economic life or that restores or replaces a component that has been treated separately for depreciation purposes is capitalised.

Shared ownership and other shared equity schemes

The cost of unsold shared ownership properties, including those under construction, are split proportionally between current and fixed assets according to the expected percentage of the first tranche sale. The cost of the expected first tranche is included in current assets in stock with the remainder being included in fixed assets.

Loans to purchasers of properties sold under shared equity schemes are included in fixed asset investments.

Investment property

Investment property consists of housing properties not held for social benefit and office accommodation. Investment property is carried at fair value which is considered to be its open market value. Changes in fair value are recognised in income and expenditure.

Depreciation of housing properties

Freehold land is not depreciated. Depreciation of buildings is provided on the cost or valuation, so as to write down the net book value of housing properties to their estimated residual value. Depreciation is calculated on a straight-line basis over the useful economic life of the building which ranges from 25-125 years.

Housing properties formerly held by Thirteen Care and Support are not broken down into separable assets and are depreciated at rates calculated to write off the cost less estimated residual value over a life of 50 years. This is a departure but does not result in a material difference in charges.

Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Major components are treated as separable assets and depreciated over their expected useful economic lives, or the lives of the structure to which they relate if shorter. The lives for components in year are as follows:

	Years
• Land	Not depreciated
• Structure	25-125
• Structural works	25-125
• Short Leasehold	Over life of lease
• Roofs	50
• Kitchens	20

	Years
• Bathrooms	30
• Windows	30
• Doors	30
• Electrical	30-50
• Heating	30
• Boiler only	15

	Years
• Compliance & Security	12
• Aids & Adaptations	15
• Environmental works	15
• Air Source Heat Pumps	20
• Solar/PV Panels	25

2. Accounting policies (continued)

Impairment

Fixed assets are reviewed for impairment if there is an indication that impairment may have taken place.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount, being the higher of the net realisable value and the value-in-use. Any such write down is charged to the operating surplus, unless it is a reversal of a past revaluation surplus.

Other tangible fixed assets

Other fixed assets are measured at cost. Only costs that can be directly attributed to acquiring the asset and bringing it into use are capitalised. Other fixed assets are depreciated over their useful economic lives on a straight-line basis to their residual value. Freehold land is not depreciated.

The principal useful economic lives used for the depreciation of other fixed assets are:

	Years
• Freehold buildings	25-125
• Leasehold property	Over life of lease
• Furniture and fittings	5
• Computers & office equipment	5

	Years
• Motor vehicles	5
• Other plant and equipment	10
• Market rented equipment	10
• Service chargeable fittings	3-35

Leased assets

The rental payable under operating leases is charged to the income and expenditure account on a straight-line basis over the term of the lease.

Financial instruments

The group has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments for the first time for the year ending 31 March 2021, and to follow the disclosure requirements of FRS 102 Section 11 and 12. The carrying values of financial instruments as at 31 March 2020 are unchanged by this accounting policy choice.

The group has not elected to hold any financial instruments at fair value through profit or loss.

Financial assets

The group and association initially recognises financial assets at fair value. Financial assets are classified at initial recognition and on any subsequent reclassification event in one of four primary categories:

- Financial assets at fair value through profit or loss
  These are either: held for trading because they acquired for the purpose of selling or are a derivative; or are designated as such. They are initially recognised fair value, excluding transaction costs. At each reporting date, they are re-measured at fair value with change being recognised in the Statement of Comprehensive Income as interest receivable or payable. The group has not designated any non-derivatives as fair value through profit or loss.

- Loans and receivables
  These are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market and have not been designated as either fair value through profit or loss or as available for sale. Such assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Comprehensive Income when loans and receivables are derecognised or impaired.

- Held to maturity
  These are non-derivative financial assets with fixed and determinable payments and a fixed maturity date where the group or association has an intention and ability to hold them to maturity. Gains and losses are recognised in the Statement of Comprehensive Income when loans and receivables are derecognised or impaired.

- Available for sale
  These are non-derivative financial assets that are designated as such or are not classified in any of the other categories. These are held at fair value with gains or losses being recognised in the Statement of Changes in Equity. If there is no active market for a financial asset and it is not appropriate to determine fair value using valuation techniques, financial assets are carried at amortised cost.

2. Accounting policies (continued)

Financial instruments (continued)

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. Impairment provisions for bad and doubtful debts are calculated based on tenant payment history with 100% of former tenant arrears being provided for.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial liabilities

The group and association classifies financial liabilities at initial recognition and on any subsequent reclassification event into one of two primary categories:

- Financial liabilities at fair value through profit or loss
  These are derivatives initially measured at fair value, excluding transaction costs. At each reporting date, they are re-measured at fair value with change being recognised in the Statement of Comprehensive Income as interest receivable or payable. The group has not designated any non-derivatives as fair value through profit or loss.
- Other financial liabilities
  All other financial liabilities are held at amortised cost using the effective interest rate method, this includes loans, overdrafts and trade payables. Loans include un-amortised issue costs.

Embedded derivatives

Embedded derivatives are identified upon initial recognition of a financial instrument. Embedded derivatives are held at amortised cost if their economic characteristics and risks are closely related to the host contract and the host contract is not held at fair value through profit or loss. Embedded derivatives that are not closely related to the host contract and the host contract itself is not held at fair value through profit or loss are accounted for separately to the host contract at fair value through profit or loss.

Hedge accounting

The group does not have any hedges in place.

Stocks and work-in-progress

Stocks of properties for sale including shared ownership first tranche sales, completed properties for outright sale and properties under construction, are valued at the lower of cost and net realisable value. Cost includes direct costs, attributable overheads and development period interest. Net realisable value is based on estimated sales price after allowing for further costs of completion and disposal.

Stocks of repair materials are valued at the lower of cost and net realisable value.

Debtors and creditors

Debtors and creditors receivable and payable within one year are recorded at transaction price. Any impairment is recognised in expenses in the Statement of Comprehensive Income.

Interest receivable and payable

Interest is capitalised on borrowings to finance developments to the extent that it accrues in the financial year of development. A weighted average cost of borrowing is calculated on the borrowings of the company as a whole. This rate of interest is applied to the capital amount spent on the particular scheme in development after allowing for Social Housing grant received.

Other interest payable and interest receivable is charged or credited to the Statement of Comprehensive Income in the financial year in which it accrues.

2. Accounting policies (continued)

Social housing grant

Social housing grant (SHG) is receivable from Homes England and is used to support the build and development of housing properties.

SHG is held on the statement of financial position and amortised to the statement of comprehensive income over the life of the property asset which the grant was received for.

SHG due, or received in advance, is included as a current asset or liability.

SHG received in respect of revenue expenditure is credited to the comprehensive income and expenditure statement in the same financial year as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with Homes England.

SHG released on the sale of a property may be repayable but is normally available to be recycled and is credited to the recycled capital grant fund (RCGF) and included in the statement of financial position in creditors.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to the comprehensive income and expenditure statement. Upon disposal of the associated property, the group is required to recycle these proceeds. A contingent liability is disclosed to reflect this.

Other grants

Other grants may be receivable from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. The accounting treatment for capital grants is dependent upon the source of the funding:

- Grants from government sources are held on the statement of financial position as a deferred capital grant and amortised to the statement of comprehensive income statement over the life of the structure of the property.
- Grants from non-government sources are recognised in the statement of comprehensive income once any conditions attached to the receipt of the funding has been met.

Grants in respect of revenue expenditure are credited to the statement of comprehensive income in the same financial year as the expenditure to which they relate.

Reserves

The group establishes restricted reserves for funds that are subject to external restrictions and must be applied for specific purposes.

Where properties are held at valuation or deemed cost, the difference between the valuation and the carrying value of the housing properties is credited to the revaluation reserve.

Significant judgements

The following are the significant management judgements that have been made when applying the accounting policies of the group and association.

Property classifications

The fixed assets within the group have been assessed to determine whether they are investment properties or property, plant and equipment. Management have considered the purpose to which the assets are held, and concluded that, with the exception of properties held for market rent, all fixed assets are held primarily for their social benefit and as such have been classified as property, plant and equipment. Relevant factors that have been considered as part of this assessment include:

- Operated at below market rent
- Held for the provision of a service
- Part of regeneration or community investment
- Supported by government grant

2. Accounting policies (continued)

Impairment assessment

Indicators of impairment are considered annually and where an indicator exists, an impairment assessment is performed.

For each cash generating unit identified, its recoverable amount is compared to its carrying amount. The recoverable amount is the higher of the value in use or the fair value less costs to sell. Management have applied the judgement that they hold their properties for their social benefits and therefore a valuation based purely on cash flows does not reflect their service potential. Management have applied the principles of the SORP and utilised a depreciated replacement cost measurement as an estimate of the value in use, service potential, for social housing properties that are not voids.

In determining these estimates, a cash generating unit is utilised which are properties:

- of a similar size
- of a similar tenure
- within a geographical area that has similar market characteristics

Financial instrument classifications

The financial instruments held by the group have been assessed against the definitions in IAS 39 Financial Instruments: Recognition and Measurement to determine the appropriate category of instrument. All financial assets and liabilities have been classified in categories that require them to be measured as amortised cost, with the exception of a non-closely related embedded derivative that has been recognised separately from its host contract and measured at fair value through income and expenditure.

Revaluation reserve

In the absence of asset-specific historical accounting records for properties previously held by Tristar Homes and Housing Hartlepool, management have calculated the movement between the revaluation reserve and the income and expenditure reserve relating to asset disposals and depreciation in the following way: the revaluation balance at 31 March 2015 was apportioned over all existing assets, at deemed cost, at that date and this apportionment value was used to calculate the movement between reserves. The adjustment was calculated in line with the useful economic life of the structure component. The effect of this adjustment is that as the structure depreciates, the revaluation reserve apportioned to it reduces at the same rate.

Agreements to improve existing properties

Tristar Homes, Housing Hartlepool and Erimus Housing (the landlords) entered into agreements to purchase improved properties from the local authority and, at the same time, entered into sub-contracting agreements to carry out those improvements on behalf of the local authority for a fixed sum established in advance.

The impact of these transactions was that, whilst the local authorities have a legal obligation to the landlord to complete the refurbishment works, this work has been contracted back to the landlord which is also legally obligated.

The underlying substance of the transaction is therefore that the landlords acquired the properties in their existing condition at their agreed value and would complete certain repairs and improvements in line with the legal agreement.

In the opinion of the directors, the commercial effect of these transactions, when viewed as whole, did not in practice create separate assets and liabilities for reporting purposes. Therefore, the resulting debit and credit balances relating to the legal obligation of the council to complete the refurbishment works for the landlords and the equal and opposite legal obligation of the landlords to perform the refurbishment works for the council were offset and were not recorded in the balance sheet.

Estimation Uncertainty

Property components and lives

Management review the assigned lives of assets and individual components. A detailed review was carried out in 2018 which included decisions on the appropriate lives. These decisions were made based on historic knowledge and benchmarking against similar organisations. The values recognised are disclosed in note 12.

Recoverable amount of rental and other debtors

Rental and other debtors are categorised into debt types with similar characteristics. Each category is reviewed and assigned a risk factor based upon management's knowledge of the specific debts in that category. This risk factor is used to determine the expected recoverability and therefore value of rental and other debtors to recognise in the financial statements. The values recognised are disclosed in note 20.

Defined benefit obligations

The pension liability recognised within the financial statements is based on a number of underlying assumptions. These include inflation, mortality rates, salary changes, interest and investment rates and discount factors. Changes within any of these assumptions will affect the pension liability and associated costs recognised. Management utilise pension actuary experts to help determine the appropriate assumptions and calculations to apply. The key assumptions and resulting obligations are detailed in note 29 of these financial statements.

Investment property valuations

Investment properties are valued at their market value which is considered to be their fair value at the reporting date. Management utilises an expert valuer to provide its assessment on the appropriate market values to apply. Refer to note 14 for further details.

Valuation of construction contracts

Gus Robinson Developments Limited is a subsidiary of the group and delivers construction contracts that are delivered over more than one year. Construction contract revenue is recognised based on the stage of completion of the contract which is determined by taking the value of costs completed as a portion of the total costs of the contract. Estimation uncertainty is arising on the total costs of the contract, however, these are estimated by quantity surveyors with significant experience in delivering such contracts.

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Group - continuing activities

	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Gain on disposal of assets £'000	2021 Operating surplus (deficit) £'000
Social housing lettings	150,067	-	(105,440)	-	44,627
Other social housing activities					
First tranche low-cost home ownership sales	5,581	(4,651)	-	-	930
Supporting people contract income	1,328	-	(1,647)	-	(319)
Charges for support services	1,435	-	(1,780)	-	(345)
Revenue grants from local authorities and other agencies	1,188	-	(1,474)	-	(286)
Development costs not capitalised	-	-	(1,313)	-	(1,313)
Community / neighbourhood services	17	-	(3,554)	-	(3,537)
Management services	586	-	(452)	-	134
Other	597	-	(66)	-	531
	10,732	(4,651)	(10,286)	-	(4,205)
Activities other than social housing					
Properties developed for outright sale	3,531	(2,570)	-	-	961
Commercial building and construction	13,104	(14,907)	(782)	-	(2,585)
Student accommodation	405	-	(387)	-	18
Market rent	166	-	(216)	-	(50)
Commercial units	702	-	(666)	-	36
Garages	721	-	(350)	-	371
Management services	1,120	-	(776)	-	344
Restructuring costs	-	-	(1,965)	-	(1,965)
Other	817	-	(3,229)	-	(2,412)
Right to Buy, Right to Acquire and staircasing sales	-	-	-	1,724	1,724
	20,566	(17,477)	(8,371)	1,724	(3,558)
Total	181,365	(22,128)	(124,097)	1,724	36,864

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Group - continuing activities

	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Gain on disposal of assets £'000	2020 Operating surplus (deficit) £'000
Social housing lettings	149,320	-	(106,197)	-	43,123
Other social housing activities					
First tranche low-cost home ownership sales	5,142	(4,580)	-	-	562
Supporting people contract income	1,302	-	(1,660)	-	(358)
Charges for support services	1,382	-	(1,720)	-	(338)
Revenue grants from local authorities and other agencies	1,089	-	(1,389)	-	(300)
Development costs not capitalised	-	-	(458)	-	(458)
Community / neighbourhood services	18	-	(4,801)	-	(4,783)
Management services	714	-	(525)	-	189
Other	288	-	(153)	-	135
	9,935	(4,580)	(10,706)	-	(5,351)
Activities other than social housing					
Properties developed for outright sale	2,406	(2,143)	-	-	263
Commercial building and construction	19,907	(19,972)	(1,044)	-	(1,109)
Student accommodation	495	-	(493)	-	2
Market rent	143	-	(203)	-	(60)
Commercial units	677	-	(670)	-	7
Garages	736	-	(569)	-	167
Management services	328	-	(704)	-	(376)
Restructuring costs	-	-	(783)	-	(783)
Other	1,710	-	(2,630)	-	(920)
Amortisation of goodwill	-	-	(196)	-	(196)
Right to Buy, Right to Acquire and staircasing sales	-	-	-	2,873	2,873
	26,402	(22,115)	(7,292)	2,873	(132)
Total	185,657	(26,695)	(124,195)	2,873	37,640

Notes to the financial statements

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Association - continuing activities

	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Gain on disposal of assets £'000	2021 Operating surplus (deficit) £'000
Social housing lettings	150,059	-	(105,436)	-	44,623
Other social housing activities					
First tranche low-cost home ownership sales	5,581	(4,651)	-	-	930
Supporting people contract income	1,328	-	(1,647)	-	(319)
Charges for support services	1,435	-	(1,780)	-	(345)
Revenue grants from local authorities and other agencies	1,188	-	(1,474)	-	(286)
Development costs not capitalised	-	-	(1,313)	-	(1,313)
Community / neighbourhood services	17	-	(3,554)	-	(3,537)
Management services	586	-	(452)	-	134
Other	597	-	(66)	-	531
	10,732	(4,651)	(10,286)	-	(4,205)
Activities other than social housing					
Properties developed for outright sale	2,046	(1,390)	-	-	656
Market rent	166	-	(216)	-	(50)
Commercial units	702	-	(666)	-	36
Garages	721	-	(350)	-	371
Management services	1,125	-	(845)	-	280
Restructuring costs	-	-	(1,965)	-	(1,965)
Other	610	-	(2,082)	-	(1,472)
Right to Buy, Right to Acquire and staircasing sales	-	-	-	1,779	1,779
	5,370	(1,390)	(6,124)	1,779	(365)
Total	166,161	(6,041)	(121,846)	1,779	40,053

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Association - continuing activities

	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Gain on disposal of assets £'000	2020 Operating surplus (deficit) £'000
Social housing lettings	149,312	-	(106,190)	-	43,122
Other social housing activities					
First tranche low-cost home ownership sales	5,142	(4,580)	-	-	562
Supporting people contract income	1,302	-	(1,660)	-	(358)
Charges for support services	1,382	-	(1,720)	-	(338)
Revenue grants from local authorities and other agencies	1,089	-	(1,389)	-	(300)
Development costs not capitalised	-	-	(458)	-	(458)
Community / neighbourhood services	18	-	(4,801)	-	(4,783)
Management services	714	-	(525)	-	189
Other	288	-	(153)	-	135
	9,935	(4,580)	(10,706)	-	(5,351)
Activities other than social housing					
Properties developed for outright sale	2,406	(2,143)	-	-	263
Student accommodation	-	-	-	-	-
Market rent	143	-	(203)	-	(60)
Commercial units	677	-	(670)	-	7
Garages	736	-	(569)	-	167
Management services	324	-	(725)	-	(401)
Restructuring costs	-	-	(783)	-	(783)
Other	1,494	-	(1,564)	-	(70)
Right to Buy, Right to Acquire and staircasing sales	-	-	-	2,871	2,871
	5,780	(2,143)	(4,514)	2,871	1,994
Total	165,027	(6,723)	(121,410)	2,871	39,765

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Particulars of income and expenditure from social housing lettings

Group	General needs housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	2021 Total £'000	2020 Total £'000
Rent receivable net of identifiable service charges	124,922	13,166	3,372	141,460	140,940
Service charge income	3,419	3,655	333	7,407	7,242
Amortised government grants	890	235	75	1,200	1,138
Other grants	-	-	-	-	-
Turnover from social housing lettings	129,231	17,056	3,780	150,067	149,320
Management	(19,938)	(3,348)	(637)	(23,923)	(19,522)
Service charge costs	(7,236)	(4,239)	(204)	(11,679)	(11,130)
Routine maintenance	(27,040)	(2,719)	(308)	(30,067)	(31,866)
Planned maintenance	(4,603)	(736)	(97)	(5,436)	(4,045)
Major repairs expenditure	(9,242)	(991)	(170)	(10,403)	(10,455)
Bad debts	(304)	(51)	(51)	(406)	(2,182)
Property lease charges	(578)	-	-	(578)	(603)
Depreciation of housing properties	(20,103)	(2,088)	(757)	(22,948)	(21,670)
Impairment of housing properties	-	-	-	-	(4,724)
Operating expenditure on social housing lettings	(89,044)	(14,172)	(2,224)	(105,440)	(106,197)
Operating surplus on social housing lettings	40,187	2,884	1,556	44,627	43,123
Void losses	(2,776)	(1,186)	(164)	(4,126)	(2,809)

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Particulars of income and expenditure from social housing lettings

Association	General needs housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	2021 Total £'000	2020 Total £'000
Rent receivable net of identifiable service charges	124,922	13,158	3,372	141,452	140,932
Service charge income	3,419	3,655	333	7,407	7,242
Amortised government grants	890	235	75	1,200	1,138
Turnover from social housing lettings	129,231	17,048	3,780	150,059	149,312
Management	(19,938)	(3,344)	(637)	(23,919)	(19,515)
Service charge costs	(7,236)	(4,239)	(204)	(11,679)	(11,130)
Routine maintenance	(27,040)	(2,719)	(308)	(30,067)	(31,866)
Planned maintenance	(4,603)	(736)	(97)	(5,436)	(4,045)
Major repairs expenditure	(9,242)	(991)	(170)	(10,403)	(10,455)
Bad debts	(304)	(51)	(51)	(406)	(2,182)
Property lease charges	(578)	-	-	(578)	(603)
Depreciation of housing properties	(20,103)	(2,088)	(757)	(22,948)	(21,670)
Impairment of housing properties	-	-	-	-	(4,724)
Operating expenditure on social housing lettings	(89,044)	(14,168)	(2,224)	(105,436)	(106,190)
Operating surplus on social housing lettings	40,187	2,880	1,556	44,623	43,122
Void losses	(2,776)	(1,186)	(164)	(4,126)	(2,809)

4. Accommodation in management and development

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

Group and association	2021 Number of properties	2020 Number of properties
Social housing		
General housing		
- social rent	24,984	25,167
- affordable rent	3,857	3,601
Supported housing and housing for older people		
- social rent	2,588	2,596
- affordable rent	471	465
Low-cost home ownership	1,094	1,078
Total owned	32,994	32,907
General housing managed for others	90	98
Supported housing managed for others	30	30
Leasehold properties	712	710
Total owned and managed	33,826	33,745
Non-social housing		
Market rented	87	88
Student accommodation	125	125
Leasehold properties	86	85
Total owned and managed	34,124	34,043
Accommodation in development at the year end	803	803

The group built and acquired 315 units in the year, which after a reduction in stock of 228 through sales and demolition, increased the total social housing units owned by 87 to 32,994.

5. Operating surplus

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
This is arrived after charging:				
Amortisation of goodwill	-	196	-	-
Depreciation of social housing properties	22,948	21,670	22,948	21,670
Impairment of housing properties	-	4,569	-	4,569
Depreciation of other tangible fixed assets	5,155	2,872	5,131	2,843
Impairment of other tangible fixed assets	-	155	-	155
Operating lease rentals				
- Land and buildings	483	326	483	326
- Office equipment and computers	60	98	60	98
- Motor vehicles	1,760	1,600	1,760	1,600
Auditors' remuneration (excluding VAT)				
- For audit services	178	125	178	125
- For taxation services	73	29	73	28
- For other assurance services	39	67	39	67

Auditors' remuneration includes fees for all audited entities within Thirteen Housing Group.

6. Gain on disposal of fixed assets

Group	Proceeds £'000	Cost of sales £'000	2021 Total £'000	2020 Total £'000
Right to Buy	2,262	(1,745)	517	733
Right to Acquire	1,627	(687)	940	2,210
Low-cost home ownership staircasing	1,457	(1,187)	270	159
Other	65	-	65	(19)
Gain on disposal of housing property assets	5,411	(3,619)	1,792	3,083
Gain/(loss) on disposal of other fixed assets	14	(82)	(68)	(210)
Surplus	5,425	(3,701)	1,724	2,873

Association	Proceeds £'000	Cost of sales £'000	2021 Total £'000	2020 Total £'000
Right to Buy	2,262	(1,745)	517	733
Right to Acquire	1,627	(687)	940	2,210
Low-cost home ownership staircasing	1,457	(1,187)	270	159
Other	65	-	65	(19)
Gain on disposal of housing property assets	5,411	(3,619)	1,792	3,083
Gain/(loss) on disposal of other fixed assets	14	(27)	(13)	(212)
Surplus	5,425	(3,646)	1,779	2,871

7. Interest receivable

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Interest receivable from current accounts	37	29	37	16
Loan interest receivable	-	-	670	293
	37	29	707	309

8. Interest payable and similar charges

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Interest payable on loans and overdrafts	14,718	13,004	14,716	13,000
Amortisation of borrowing costs	110	59	110	59
Interest payable charged to other activities	(125)	(122)	(125)	(122)
	14,703	12,941	14,701	12,937
Less: Interest capitalised on housing properties under construction	(849)	(2,509)	(849)	(2,509)
	13,854	10,432	13,852	10,428

The average interest rate used to determine the amount of finance costs capitalised during the financial year was 4.5% (2020: 5.0%).

9. Employees

The average number of persons employed during the year expressed in full time equivalents (37 hours per week) was:

	Group		Association	
	2021 Number	2020 Number	2021 Number	2020 Number
Administration	257	286	251	284
Regeneration and development	79	79	27	34
Housing, support and care	1,134	1,180	1,134	1,180
	1,470	1,545	1,412	1,498

Employee costs:

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Wages and salaries	46,287	47,501	44,632	45,703
Social security costs	4,443	4,407	4,268	4,222
Other pension costs	4,368	4,222	4,318	4,144
	55,098	56,130	53,218	54,069
Restructuring costs	2,298	783	2,298	783
	57,396	56,913	55,516	54,852

Other pension costs exclude current service costs accounted for under section 28 of FRS 102. For group and association these service costs exceeded the cash contributions by £1.6m for the financial year (2020: £3.4m).

Payments to the Social Housing Pension Scheme to fund past deficits were excluded from other pension costs. These payments amounted to £0.9m for the financial year (2020: £0.9m) for the group and association.

10. Key management personnel

The directors are defined as the Chief Executive and the Executive Directors:

	2021 £'000	2020 £'000
Aggregate amount payable to directors (including benefits in kind)	888	727
Pension contributions	126	107
	1,014	834

The full-time equivalent number of staff who received remuneration over £60,000, including basic pay and pension contributions:

	Group		Association	
	2021 Number	2020 Number	2021 Number	2020 Number
£60,000 to £70,000	5	7	2	2
£70,001 to £80,000	11	4	9	4
£80,001 to £90,000	6	2	5	2
£90,001 to £100,000	2	6	2	6
£100,001 to £110,000	3	-	3	-
£110,001 to £120,000	3	3	3	3
£120,001 to £130,000	1	1	-	-
£140,001 to £150,000	1	-	1	-
£150,001 to £160,000	2	4	2	4
£160,001 to £170,000	2	-	2	-
£240,001 to £250,000	1	1	1	1

During the year, the Group Chief Executive, was an ordinary member of the Local Government Pension scheme. The group did not make any further contribution to an individual pension arrangement for the Group Chief Executive.

The remuneration of the highest paid director, excluding pension contributions, was £215,000 (2020: £215,000).

10. Key management personnel (continued)

Non-executive directors

Emoluments paid to non-executive directors of the group amounted to £165,000 (2020: £160,479), and reimbursement for expenses amounted to £1,089 (2020: £15,931). An analysis of these payments is shown below:

	Basic salary £'000	Expenses £'000	2021 Total £'000	2020 Total £'000
Andrew Lean	-	-	-	12
Andrew Wilson	6	-	6	5
Annette Clark	12	-	12	13
Anthony Riley	12	-	12	4
Brian Dinsdale		-	-	6
Caroline Anne Moore	4	-	4	3
Catherine Harte	6	-	6	6
Catherine Wilburn	3	-	3	-
Christine Storrs	6	-	6	11
Christopher Newton	8	-	8	8
Clare Brayson	9	-	9	14
David Swann	12	-	12	3
George Garlick	20	-	20	20
Gogu Vishnu Reddy	6	-	6	7
Keith Hurst	3	-	3	3
Kiersten Avery	-	-	-	1
Laura Mack	6	-	6	5
Mark Simpson	9	-	9	8
Nadeem Ahmed	4	-	4	4
Neil Pattison	6	-	6	6
Nicholas Taylor	6	-	6	5
Richard Buckley	12	-	12	12
Robert Cuffe	3	-	3	-
Robert Goward	3	-	3	5
Steve Nelson	5	-	5	8
Zoe Lewis	4	-	4	4
Other expenses less than £500	-	1	1	3
	165	1	166	176

Notes to the financial statements

11. Tax on surplus on ordinary activities

Current tax	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
UK corporation tax on surplus for the year	-	-	-	-
Adjustments in respect of prior years	-	31	-	19
Total current tax charge	-	31	-	19
Deferred tax				
Origination and reversal of timing differences	233	(188)	-	-
Changes in tax rates	-	(12)	-	-
Adjustment for prior period	78	(13)	-	-
Total deferred tax credit	311	(213)	-	-
Total charge/(credit) for the year	311	(182)	-	19
Deferred tax charged/(credited) to other comprehensive income	14	(11)	-	-
	14	(11)	-	-

Factors affecting tax charge for the current year

The tax charge for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

Current tax	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Surplus on ordinary activities before tax	19,646	19,792	23,565	22,356
Theoretical tax at UK corporation tax rate of 19% (2020: 19%)	3,733	3,760	4,477	4,248
Effects of:				
Charitable activities not taxable	(4,895)	(4,105)	(4,390)	(4,192)
Expenses not deductible for tax purposes	13	6	-	-
Effects of group relief	-	-	(87)	(56)
Changes in tax rates	-	(51)	-	-
Unrecognised Losses	763	189	-	-
Capital losses not recognised	653	-	-	-
Adjustment in respect of previous years	78	19	-	19
Pension fund prepayment	11	-	-	-
Qualifying charitable donations	(45)	-	-	-
Total charge/(credit) for the year	311	(182)	-	19
Corporation Tax Liability	-	-	-	-
Deferred tax liability/(asset)				
Short term timing differences	4	(321)	-	-
Deferred tax:				
1 April 2020	(321)	(97)	-	-
Charge/(Credit) to the income statement	311	(200)	-	-
Charge/(Credit) to other comprehensive income	14	(11)	-	-
Adjustment in respect of previous years	-	(13)	-	-
31 March 2021	4	(321)	-	-

12. Tangible fixed assets – housing properties

Group	Social housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership housing properties £'000	Shared ownership properties under construction £'000	Total housing properties £'000
Historical or deemed cost					
At 1 April 2020	1,036,243	64,531	75,873	4,031	1,180,678
Development of new properties	588	21,478	941	5,536	28,543
Newly built properties acquired	-	12,071	-	6,155	18,226
Works to existing properties	13,786	-	-	-	13,786
Interest capitalised	-	743	-	106	849
Schemes completed	29,853	(29,909)	6,292	(6,236)	-
Disposals	(5,271)	-	(1,883)	-	(7,154)
Transfer to current assets	-	-	-	(4,060)	(4,060)
At 31 March 2021	1,075,199	68,914	81,223	5,532	1,230,868
Accumulated depreciation and impairment					
At 1 April 2020	132,932	3,795	5,957	169	142,853
Depreciation charged in year	22,198	-	750	-	22,948
Depreciation released on disposal	(2,790)	-	(112)	-	(2,902)
At 31 March 2021	152,340	3,795	6,595	169	162,899
Net book value					
At 31 March 2021	**922,859**	**65,119**	**74,628**	**5,363**	**1,067,969**
At 31 March 2020	903,311	60,736	69,916	3,862	1,037,825

12. Tangible fixed assets – housing properties (continued)

Association	Social housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership housing properties £'000	Shared ownership properties under construction £'000	Total housing properties £'000
Historical or deemed cost					
At 1 April 2020	1,036,243	64,531	75,873	4,031	1,180,678
Development of new properties	588	21,478	941	5,536	28,543
Newly built properties acquired	-	12,037	-	6,155	18,192
Works to existing properties	13,786	-	-	-	13,786
Interest capitalised	-	743	-	106	849
Schemes completed	29,853	(29,909)	6,292	(6,236)	-
Disposals	(5,271)	-	(1,883)	-	(7,154)
Transfer to current assets	-	-	-	(4,060)	(4,060)
At 31 March 2021	1,075,199	68,880	81,223	5,532	1,230,834
Accumulated depreciation and impairment					
At 1 April 2020	132,932	3,795	5,957	169	142,853
Depreciation charged in year	22,198	-	750	-	22,948
Depreciation released on disposal	(2,790)	-	(112)	-	(2,902)
At 31 March 2021	152,340	3,795	6,595	169	162,899
Net book value					
At 31 March 2021	922,859	65,085	74,628	5,363	1,067,935
At 31 March 2020	903,311	60,736	69,916	3,862	1,037,825

12. Tangible fixed assets – housing properties (continued)

	Group		Association	
Current tax	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Total accumulated Social Housing Grant receivable at 31 March was:				
Held as deferred income	157,682	145,235	157,682	145,235
Recognised in the Statement of Comprehensive Income	76,530	74,462	76,530	74,462
	234,212	219,697	234,212	219,697
Housing properties book value, net of depreciation				
Freehold	1,053,675	1,023,327	1,053,641	1,023,327
Long leasehold	13,919	14,059	13,919	14,059
Short leasehold	375	439	375	439
	1,067,969	1,037,825	1,067,935	1,037,825
Expenditure on works to existing properties				
Improvement works capitalised	13,786	30,335	13,786	30,335
Components capitalised to other fixed assets	1,933	1,905	1,933	1,905
Amounts charged to expenditure	10,403	10,455	10,403	10,455
	26,122	42,695	26,122	42,695

Interest capitalised to housing properties

The aggregate amount of interest capitalised to 31 March 2021 is £13.0m

Impairment

The group considers individual schemes to be separate income generating units when assessing for impairment, in accordance with section 27 of FRS 102: Impairment of Assets.

No impairment provision was identified as being required in 2021 (2020: £4.6m).

13. Tangible fixed assets – other

Group	Freehold land and buildings £'000	Furniture fittings and ICT/office equipment £'000	Other plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2020	28,376	34,532	2,924	206	66,038
Additions	-	3,875	93	-	3,968
Disposals	(2,065)	(388)	(25)	-	(2,478)
At 31 March 2021	26,311	38,019	2,992	206	67,528
Accumulated depreciation					
At 1 April 2020	2,637	17,502	1,120	195	21,454
Charged in year	342	4,642	170	1	5,155
Released on disposal	(218)	(305)	(25)	-	(548
At 31 March 2021	2,761	21,839	1,265	196	26,061
Net book value					
At 31 March 2021	**23,550**	**16,180**	**1,727**	**10**	**41,467**
At 31 March 2020	25,739	17,030	1,804	11	44,584

Association	Freehold land and buildings £'000	Furniture fittings and ICT/office equipment £'000	Other plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2020	27,745	34,452	2,673	167	65,037
Additions	-	3,800	93	-	3,893
Disposals	(2,065)	(388)	(25)	-	(2,478)
At 31 March 2021	25,680	37,864	2,741	167	66,452
Accumulated depreciation					
At 1 April 2020	2,563	17,432	887	167	21,049
Charged in year	329	4,635	167	-	5,131
Released on disposal	(218)	(305)	(25)	-	(548)
At 31 March 2021	2,674	21,762	1,029	167	25,632
Net book value					
At 31 March 2021	**23,006**	**16,102**	**1,712**	**-**	**40,820**
At 31 March 2020	25,182	17,020	1,786	-	43,988

Impairment

The association considers individual groups of assets to be separate income generating units when assessing for impairment, in accordance with section 27 of FRS 102: impairment of assets.

No impairment provision was identified as being required in 2021 (2020: £0.2m).

14. Investment properties

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
At 1 April	8,665	3,865	8,570	3,770
Disposals	(95)	-	-	-
Transfer from housing properties	-	1,300	-	1,300
Transfer from other fixed assets	-	3,250	-	3,250
Gain/(loss) from adjustment in fair value	-	250	-	250
At 31 March	8,570	8,665	8,570	8,570

External valuation of all investment properties held by the association was carried out at 31 March 2020 by Greig Cavey Commercial Limited, apart from the office at Northshore which was valued by Dodds Brown LLP, in accordance with the RICS Valuation Standards 2014 ('The Red Book'). An internal valuation review was completed to determine values at 31 March 2021, with the next external valuation planned for 31 March 2023. The valuation was undertaken on the basis of market value as individual units with the assumption of vacant possession or that the tenant who is in occupation occupies under an assured shorthold tenancy, is not a protected tenant and vacant possession can be secured if required.

15. Intangible assets and goodwill

Group	Goodwill £'000	Property designs £'000	Software £'000	Total £'000
Cost				
At 1 April 2020	1,964	88	9	2,061
Additions	-	10	-	10
At 31 March 2021	1,964	98	9	2,071
Accumulated amortisation				
At 1 April 2020	256	-	5	261
Charged in year	-	20	4	24
Impairment	1,708	-	-	1,708
At 31 March 2021	1,964	20	9	1,993
Net book value				
At 31 March 2021	**-**	**78**	**-**	**78**
At 31 March 2020	1,708	88	4	1,800

The goodwill arose on acquisition of Gus Robinson Developments in 2019 by Thirteen Homes. Goodwill is assessed annually for impairment by comparing the carrying value to the recoverable amount and has been fully impaired in 2020-21. Going forward, Gus Robinson Developments Limited's strategy will re-focus on delivering internal construction contracts for group entities. The association considered it reasonable to impair the goodwill in full given the trading conditions in the medium term.

The property design intangible fixed assets have been developed by Thirteen Homes.

The association has no intangible assets or goodwill (2020: nil).

Notes to the financial statements

16. Homebuy loans receivable

Group and association	2021 £'000	2020 £'000
At 1 April	967	982
Loans repaid	(59)	(15)
At 31 March	908	967

The receivable related to shared equity and Homebuy direct loans made through Thirteen Housing Group.

17. Financial assets

Group	2021 £'000	2020 £'000
At 1 April and 31 March	1	1

Thirteen Homes has a joint arrangement with Woodside Homes, under which 50% of the shares of Woodside Homes Limited are held by Thirteen Homes. The shareholding in Woodside Homes has been included in financial assets measured at cost less impairment.

The association has no financial assets (2020: nil).

18. Investments in subsidiaries

Association	2021 £'000	2020 £'000
At 1 April and 31 March	50	50

The association has the following investments in subsidiaries

	Regulated / Non-regulated	Nature of business	Ownership 2021	Ownership 2020
Thirteen Homes	Non-regulated	Property development	100%	100%
Thirteen Commercial Services	Non-regulated	Property management	100%	100%
Thirteen Property Development	Non-regulated	Build and design	100%	100%
Thirteen Social Enterprise	Non-regulated	Community investment	100%	100%
Gus Robinson Developments	Non-regulated	Property development	100%	100%
Gus Robinson Homes	Non-regulated	Property development	100%	100%

As required by statute, the financial statements consolidate the results of Thirteen Homes, Thirteen Commercial Services, Gus Robinson Developments, Thirteen Property Development and Thirteen Social Enterprises. All subsidiaries are directly owned by the association apart from Gus Robinson Developments which is indirectly owned through Thirteen Homes and Gus Robinson Homes which is indirectly owned through Gus Robinson Developments.

The registered address for all entities is 2 Hudson Quay, Windward Way, Middlesbrough TS2 1QG apart from Gus Robinson Developments and Gus Robinson Homes which are registered at Stranton House, West View Road, Hartlepool, Cleveland, TS24 0BW.

The association has the right to appoint members to the Boards of the subsidiaries and thereby exercises control over them. Thirteen Social Enterprises and Gus Robinson Homes were dormant throughout the financial year.

None of the subsidiary entities are registered providers of social housing.

18. Investments in subsidiaries (continued)

During the financial year the association provided services to the above unregistered group companies as follows:

	Nature of transaction	2021 £'000	2020 £'000
Thirteen Commercial Services	Management services	184	377
Thirteen Commercial Services	Repair and cleaning services	9	34
Thirteen Homes	Management services	110	235
Thirteen Property Developments	Management services	10	-
	On a cost sharing basis with no profit element	313	646

In addition, interest was chargeable by the association on intra-group loans, as follows:

	Nature of transaction	2021 £'000	2020 £'000
Thirteen Homes	Interest on intra-group loan	571	285
Gus Robinson Developments	Interest on intra-group loan	97	8
		668	293

Interest is charged on the intra-group loans at a fixed rate of 4.5%

Thirteen Commercial Services provided services to the association as follows:

	Nature of transaction	2021 £'000	2020 £'000
Thirteen Housing Group	Management Services on a cost sharing basis	103	106
	with no profit element	103	106

Thirteen Property Development provided services to the association as follows:

	Nature of transaction	2021 £'000	2020 £'000
Thirteen Housing Group	Build and design services on an agreed fee	10	-
	with no profit element	10	-

19. Stock

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
First tranche shared ownership properties:				
Completed	1,364	2,959	1,364	2,959
Works in progress	2,240	727	2,240	727
Outright sale properties:				
Completed	2,866	204	2,866	204
Works in progress	7,431	10,064	-	4,204
Raw materials and consumables	31	31	-	-
	13,932	13,985	6,470	8,094

20. Trade and other debtors

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Due within one year				
Rent and service charges arrears	7,264	9,069	7,243	9,069
Less: provision for bad debts	(3,608)	(4,826)	(3,598)	(4,814)
	3,656	4,243	3,645	4,255
Other debtors	4,754	4,797	2,316	2,118
Amounts recoverable on long term contracts	1,231	1,036	-	-
VAT reclaimable	75	343	-	256
Amounts owed by group undertakings	-	-	217	140
Prepayments and accrued income	9,779	10,422	8,783	10,174
	19,495	20,841	14,961	16,943
Due after more than one year				
VAT reclaimable	538	807	538	807
Prepayments and accrued income	-	168	-	168
Amounts owed by group undertakings	-	-	15,208	11,235
Deferred tax asset	-	321	-	-
	20,033	22,137	30,707	29,153

Other debtors includes a loan to Whitby Network in the prior year which is secured by a legal charge over Whitby Resource Centre. The loan is repayable over 20 years at an interest rate of 1% above bank base rate. The final instalment was repaid on 31 July 2020.

The association has extended revolving credit facilities to Thirteen Homes Limited and Gus Robinson Developments Limited which collectively will not exceed £25.0m at any given time. The facilities have a fixed interest rate of 4.5% and are repayable in November 2027 and January 2030 respectively.

During the year, the association has fully impaired the loan of £1.9m made to Gus Robinson Developments Limited. Going forward, Gus Robinson Developments Limited's strategy will re-focus on delivering internal construction contracts for group entities. The association considered it prudent to impair, but not write off, the loan in full given the trading conditions in the medium term and uncertainties around the new business model.

21. Cash and cash equivalents

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Money market investments	55,086	86	55,086	86
Deposit accounts	28,713	11,116	28,713	11,116
Cash at bank and in hand	27,848	78,543	25,883	78,342
	111,647	89,745	109,682	89,544

22. Creditors: amounts falling due within one year

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Loans and overdrafts (note 27)	5,658	4,113	5,658	4,113
Rents and service charges received in advance	5,073	5,072	5,060	5,064
Social Housing Grant received in advance	19,245	12,706	19,245	12,706
Deferred capital grant (note 24)	1,272	1,218	1,272	1,218
Development creditors	3,237	1,776	3,237	1,776
Corporation tax	-	-	-	-
Other taxation and social security	1,136	1,105	1,062	1,048
Other creditors	8,483	10,496	3,692	6,006
Deferred tax	4	-	-	-
Amounts owed to group undertakings	-	-	169	176
Accruals and deferred income	9,834	7,841	7,349	7,285
Leaseholder sinking funds	836	736	836	736
	54,778	45,063	47,580	40,128

Group and association loans and overdrafts includes accrued interest payable of £2.6m (2020: £1.7m).
Amounts owed to group undertakings are payable on demand with no interest accruing.

23. Creditors: amounts falling due after more than one year

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Loans (note 27)	343,390	335,186	343,390	335,186
Borrowing costs unamortised	(1,856)	(970)	(1,856)	(970)
Deferred capital grant (note 24)	137,175	131,321	137,165	131,310
Recycled capital grant fund (note 25)	1,058	1,126	1,058	1,126
Disposals proceeds fund (note 26)	-	471	-	471
Other creditors	-	-	-	-
Deferred tax liability	-	-	-	-
	479,767	467,134	479,757	467,123

24. Deferred capital grant

	Group £'000	Association £'000
Cost		
At 1 April	149,377	149,365
Received during the period	8,235	8,235
Disposals	(322)	(322)
Other	-	-
At 31 March	157,290	157,278
Accumulated amortisation		
At 1 April	16,838	16,837
Released to income in the period	2,069	2,068
Released on disposal	(64)	(64)
At 31 March	18,843	18,841
Net book value		
At 31 March 2021	**138,447**	**138,437**
At 31 March 2020	132,539	132,528

	Group £'000	Association £'000
Amounts to be released within one year	1,272	1,272
Amounts to be released in more than one year	137,175	137,165
	138,447	138,437

25. Recycled capital grant fund

Funds pertaining to activities within areas covered by the Regulator of Social Housing (RSH):

Group and association		2021 £'000	2020 £'000
At 1 April		1,126	1,235
Inputs to the RCGF:	Grant Recycled	322	419
	Interest accrued	10	9
	Outright sales	-	-
Recycling of grant:	New build	(400)	(537)
At 31 March		1,058	1,126
Amounts 3 years old or older		-	303

Withdrawals from the recycled capital grant fund were used to fund new build developments.

26. Disposal proceeds fund

Funds pertaining to activities within areas covered by the Regulator of Social Housing (RSH):

Group and association	2021 £'000	2020 £'000
At 1 April	471	848
Inputs to DPF: Interest accrued	-	3
Transfer to deferred capital grant	(471)	(380)
At 31 March	-	471
Amounts 3 years old or older	-	466

Withdrawals from the disposal proceeds fund were used to fund new build developments.

27. Analysis of changes in net debt

Group	At 1 April 2020 £'000	Cash Flows £'000	Non-Cash Movements £'000	At 31 March 2021 £'000
Cash and cash equivalents	(89,745)	(21,902)	-	(111,647)
Housing loans due in one year	4,113	(4,113)	5,658	5,658
Housing loans due after one year	335,186	13,862	(5,658)	343,390
	249,554	(12,153)	-	237,401

Association	At 1 April 2020 £'000	Cash Flows £'000	Non-Cash Movements £'000	At 31 March 2021 £'000
Cash and cash equivalents	(89,544)	(20,138)	-	(109,682)
Housing loans due in one year	4,113	(4,113)	5,658	5,658
Housing loans due after one year	335,186	13,862	(5,658)	343,390
	249,755	(10,389)	-	239,366

28. Non-equity share capital

Shares of £1 each issued and fully paid:

Group and association	2021 £	2020 £
At 1 April	11	10
Issued during the year	2	3
Cancelled during the year	(3)	(2)
At 31 March	10	11

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

29. Pension provisions

The group participates in the following pension schemes:

- The Social Housing Pension Scheme ("SHPS"): a multi-employer defined benefit pension scheme
- The Teesside Pension Fund: a multi-employer defined benefit pension scheme
- Aegon: a defined contribution pension scheme
- Gus Robinson Developments Limited Pension & Assurance Scheme; a closed defined benefit pension scheme

Net liabilities recognised in the balance sheet are as follows:

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
The Social Housing Pension Scheme	16,508	6,504	16,508	6,504
The Teesside Pension Fund	80,521	64,345	80,521	64,345
Gus Robinson Developments Pension Fund	248	357	-	-
	97,277	71,206	97,029	70,849

The Pensions Trust - Social Housing Pension Scheme

The association participates in the Social Housing Pension Scheme (the scheme), a multi-employer scheme which provides benefits to 500 non-associated employers. The scheme is a defined benefit scheme in the UK and is accounted for as such.

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

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

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

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme, therefore the company has accounted for the scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive.

Similarly, actuarial valuations of the scheme were carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the scheme's total assets to calculate the company's net deficit or surplus.

Deficit Contributions

Payment period	Amount per annum payable monthly
1 April 2019 until 30 September 2026	£161.0m per annum increasing by 2% per annum each 1 April with the first increase from 1 April 2020.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014; this valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

29. Pension provisions (continued)

SHPS Pension Fund (continued)

	31 March 2021 % per annum	31 March 2020 % per annum
Discount rate	2.22	2.32
RPI price inflation	3.18	2.50
CPI price inflation	2.88	1.50
Salary Growth	3.88	2.50

Mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

Future lifetime from age 65:		31 March 2021 No. of years	31 March 2020 No. of years
Aged 65 at accounting date	Males	21.6	21.5
	Females	23.5	23.3
Aged 45 at accounting date	Males	22.9	22.9
	Females	25.1	24.5

Group and association

As accounted for as a defined benefit scheme from 1 April 2018.

Breakdown of amounts recognised in profit and loss

	2021 £'000	2020 £'000
Current service cost	2,104	2,772
Amounts charged to operating costs	2,104	2,772

	2021 £'000	2020 £'000
Net interest cost	142	276
Amounts charged to other finance costs	142	276

Analysis of amounts recognised in other comprehensive income

	2021 £'000	2020 £'000
Total actuarial (loss)/gain	(10,610)	5,450
	(10,610)	5,450
Cumulative actuarial (loss)/gain	(6,594)	4,016

Reconciliation of funded status to balance sheet

	2021 £'000	2020 £'000
Present value of scheme liabilities	(57,813)	(41,215)
Fair value of assets	41,305	34,711
Net liability recognised in the balance sheet	(16,508)	(6,504)

29. Pension provisions (continued)

Group and association

Changes to the present value of the defined benefit obligation

	2021 £'000	2020 £'000
Opening scheme liabilities	(41,215)	(41,343)
Current service cost	(2,104)	(2,772)
Interest cost	(984)	(1,025)
Actuarial (losses)/gains on scheme liabilities	(13,114)	4,157
Benefits paid	1,123	1,069
Contributions by participants	(1,519)	(1,301)
Closing defined benefit obligation	(57,813)	(41,215)

Changes to the fair value of assets

	2021 £'000	2020 £'000
Opening fair value of scheme assets	34,711	29,899
Interest income on assets	842	749
Remeasurement gains on assets	2,504	1,293
Contributions by employer	2,852	2,538
Contributions by participants	1,519	1,301
Benefits paid	(1,123)	(1,069)
Closing fair value of scheme assets	41,305	34,711

Teesside Pension Fund

Group and association

The Teesside Pension Fund is a multi-employer scheme with more than one participating employer, which is administered by Middlesbrough Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2019.

The employer's contributions to the Teesside Pension Fund by the group for the year ended 31 March 2021 were £3.1m (2020: £2.6m) at a contribution rate of 17.4% (2020: 16%).

	31 March 2021 % per annum	31 March 2020 % per annum
Discount rate	2.1	2.3
CPI price inflation	2.7	2.0
Pension increases	2.7	2.0
Pension accounts revaluation rate	2.7	2.0
Salary increases	3.7	3.0

Contribution rates are fixed until 31 March 2023.

29. Pension provisions (continued)

Teesside Pension Fund (continued)

Mortality assumptions

The mortality assumptions are based on the recent actual mortality experience of members within the fund and allow for expected future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are shown below.

Future lifetime from age 65:		31 March 2021 No. of years	31 March 2020 No. of years
Aged 65 at accounting date	Males	21.9	21.8
	Females	23.6	23.5
Aged 45 at accounting date	Males	23.3	23.2
	Females	25.4	25.3

Breakdown of amounts recognised in profit and loss

	2021 £'000	2020 £'000
Current service cost	4,825	5,559
Past service cost	-	145
Curtailments	647	-
Amounts charged to operating costs	5,472	5,704

	2021 £'000	2020 £'000
Net interest cost	1,544	1,042
Amounts charged to other finance costs	1,544	1,042

Analysis of amounts recognised in other comprehensive income

	2021 £'000	2020 £'000
Total actuarial losses	(12,270)	(11,066)
	(12,270)	(11,066)
Cumulative actuarial loss	(51,820)	(39,550)

Reconciliation of funded status to balance sheet

	2021 £'000	2020 £'000
Present value of scheme liabilities	(277,471)	(222,712)
Fair value of assets	196,950	158,367
Net liability recognised in the balance sheet	(80,521)	(64,345)

29. Pension provisions (continued)

Teesside Pension Fund (continued)

Changes to the present value of the defined benefit obligation

	2021 £'000	2020 £'000
Opening scheme liabilities	(222,712)	(226,705)
Current service cost	(4,825)	(5,559)
Interest cost	(5,158)	(5,279)
Actuarial (losses)/gains on scheme liabilities	(49,790)	10,246
Benefits paid	6,636	5,780
Contributions by participants	(975)	(1,050)
Past service cost	-	(145)
Curtailments	(647)	-
Closing defined benefit obligation	(277,471)	(222,712)

Changes to the fair value of assets

	2021 £'000	2020 £'000
Opening fair value of Scheme assets	158,367	177,590
Interest income on assets	3,614	4,237
Remeasurement gains/(losses) on assets	37,520	(21,312)
Contributions by employer	3,110	2,582
Contributions by participants	975	1,050
Benefits paid	(6,636)	(5,780)
Closing fair value of scheme assets	196,950	158,367

Aegon

The Aegon pension scheme is a defined contribution scheme participated in by 2 group companies, the association and Gus Robinson Developments. The cost of the scheme is equal to the employer contributions payable in the year. During the year contributions of £62k (2020: £118k) were made to the scheme.

Gus Robinson Developments Limited Pension and Assurance Scheme

The Gus Robinson Developments Limited Pension and Assurance Scheme is a closed defined benefit pension scheme. The assets of the scheme are administered by the trustees in a fund independent from those of the company. Annual contributions are expected to be £43k per annum.

The most recent formal actuarial valuation was completed as at 6 April 2018.

The employer's contributions to the Gus Robinson Developments Limited Pension and Assurance Scheme by the group for the year ended 31 March 2021 were £43k (2020: £43k).

	31 March 2021 % per annum	31 March 2020 % per annum
Discount rate	2.1	2.2
CPI price inflation	2.6	1.8
Pension increases	3.4	2.6
Salary increases	n/a	n/a

29. Pension provisions (continued)

Gus Robinson Developments Limited Pension and Assurance Scheme (continued)

Mortality assumptions

The mortality assumptions are based on the recent actual mortality experience of members within the fund and allow for expected future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are shown below.

Future lifetime from age 65:		31 March 2021 No. of years	31 March 2020 No. of years
Aged 65 at accounting date	Males	19.2	19.1
	Females	21.1	21.0
Aged 45 at accounting date	Males	20.5	20.4
	Females	22.6	22.6

Plan assets

The major categories of plan assets, measured at fair value are:

Future lifetime from age 65:	31 March 2021 £'000	31 March 2020 £'000
Equity	2,063	1,487
Bonds	758	868
Cash	180	236
Property	97	111
Insured pensioners	214	221
	3,312	**2,923**

Breakdown of amounts recognised in profit and loss

	2021 £'000	2020 £'000
Current service cost	3	3
Amounts charged to operating costs	3	3

	2021 £'000	2020 £'000
Net interest expense/(income)	7	7
Amounts charged/(credited) to other finance costs	7	7

Analysis of amounts recognised in other comprehensive income

	2021 £'000	2020 £'000
Total actuarial gain/(loss)	76	(56)
Cumulative actuarial loss	76	(56)

Reconciliation of funded status to balance sheet

	2021 £'000	2020 £'000
Present value of scheme liabilities	(3,560)	(3,280)
Fair value of assets	3,312	2,923
Net liability recognised in the balance sheet	(248)	(357)

29. Pension provisions (continued)

Gus Robinson Developments Limited Pension and Assurance Scheme (continued)

Group

Changes to the present value of the defined benefit obligation

	2021 £'000	2020 £'000
Scheme liabilities acquired	(3,280)	(3,500)
Current service cost	(3)	(3)
Interest cost	(71)	(86)
Actuarial (losses)/gain on scheme liabilities	(304)	222
Benefits paid	98	87
Closing defined benefit obligation	(3,560)	(3,280)

Changes to the fair value of assets

	2021 £'000	2020 £'000
Fair value of scheme assets acquired	2,923	3,166
Interest income on assets	64	79
Remeasurement gain/(losses) on assets	380	(278)
Contributions by employer	43	43
Benefits paid	(98)	(87)
Closing fair value of scheme assets	3,312	2,923

Non-cash impact of pension schemes on Operating Surplus

An analysis of the non-cash impact of all pension schemes on the reported operating surplus is detailed as:

	2021 £'000	2020 £'000
SHPS		
Current service cost	2,104	2,772
Contributions paid during year	(2,852)	(2,538)
Teesside Pension Fund		
Current service cost	4,825	5,559
Curtailment	647	-
Past service cost	-	145
Contributions paid during year	(3,110)	(2,582)
Non-cash pension charge to Operating Surplus	1,614	3,356

30. Capital Commitments

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Capital expenditure contracted for, but not provided for	93,667	44,784	92,811	43,684
Capital expenditure authorised by the Board, but not contracted	148,388	159,229	136,009	121,402
	242,055	204,013	228,820	165,086

The capital commitments for the development of new property assets will be financed from the association's cash balance, drawing on approved loan facilities (£140m) and social housing grants (£35.6m). The balance of funding is determined as the development schemes occur and commitments are realised.

31. Contingent liabilities

The Pensions Trust

Group and association

Following a change in legislation in September 2005, there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the scheme or the scheme winding up. The group has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme, based on the financial position of the Scheme as at 30 September 2017. As of this date the estimated employer debt for the group was £40.9m (2020: £45.8m). No provision has been made in the financial statements for this amount as the possibility of the liability arising is considered to be remote.

ARCC Consortium

Group and association

In February 2015, the group established the Achieving Real Change in the Community (ARCC) consortium with five partners, including three local authorities, to deliver the probation service in the Durham Tees Valley area. Should the consortium fail, the group is liable for up to £1.0m to cover running costs. Performance reports are routinely provided to the Board and indications are the loan arrangement will not be required and performance targets are being achieved. No provision has been made in the financial statements.

Social Housing Grant

Group and association

The group has an obligation to recycle or repay social housing grant if properties are disposed of. In addition to the amount disclosed in creditors, £76.5m of grant has been credited to reserves to date through amortisation (2020: £74.5m). The timing of any future repayment, if any, is uncertain.

32. Net cash generated from operating activities

Group

	Note	2021 £'000	2020 £'000
Surplus for the year		19,335	19,974
Adjustments for non-cash items:			
Depreciation of tangible fixed assets	5	28,103	24,542
Impairment of tangible fixed assets	5	-	4,724
Amortisation of intangible fixed assets	15	24	201
Increase in stock		(3,108)	(6,158)
Decrease/(Increase) in trade and other debtors		2,033	(1,812)
Decrease in trade and other creditors		(6,149)	(21,091)
Pension costs less contributions payable		3,267	4,641
Carrying amount of fixed assets disposals		13,458	11,611
Revaluation on fixed assets		-	6,120
Impairment of goodwill		1,708	-
Income taxes credited		-	(214)
Adjustments for investing or financing activities:			
Proceeds from sale of assets		(14,537)	(15,701)
Government grants utilised in the year	24	(1,200)	(1,138)
Interest and financing costs	8	13,854	10,432
Interest received	7	(37)	(29)
Net cash generated from operating activities		56,751	36,102

33. Operating leases

Group and association

Operating leases where the group and association is the lessee

The future minimum lease payments which the group and association is committed to make under non-cancellable operating leases are as follows:

	2021 £'000	2020 £'000
Land and buildings		
Payments due:		
Not later than one year	369	321
Later than one year and not later than five years	716	821
Later than five years	415	453
	1,500	1,595
Office and other equipment		
Payments due:		
Not later than one year	46	65
Later than one year and not later than five years	47	70
Later than five years	-	-
	93	135
Motor vehicles		
Payments due:		
Not later than one year	1,772	1,604
Later than one year and not later than five years	1,098	2,539
Later than five years	-	-
	2,870	4,143

Housing property leases relate to properties leased from private landlords. There are no purchase options. The final lease expires in March 2024.

Other land and buildings leases relate to office buildings. There are no purchase options. The final lease expires in May 2044 with an option to break in May 2024.

Other equipment leases relate to laundry equipment, grounds maintenance equipment, photocopiers and franking machines. There are no purchase options. The final lease expires in October 2035.

Motor vehicles leases relate to vans and cars. There are no purchase options. The final lease expires in December 2025.

The group has a number of management agreements in place with local private registered providers of social housing that include the right to occupy specific properties. These arrangements are not for a fixed period and are cancellable by either party.

33. Operating leases (continued)

Operating leases where the group and association is the lessor

The group owns 49 (2020: 66) retail units that it leases to third parties on non-cancellable leases. Rents are set in accordance with market conditions. The latest expiry date is January 2029 with a review in February 2024.

The group leases two properties to specialist housing providers:

The lease for Ann Charlton Lodge runs until September 2021. The lease payments are adjustable annually based on actual expenditure incurred. There are no purchase options.

The lease for 367 Thornaby Road runs until September 2030. The lease provides for an annual RPI based increase. There are no purchase options.

The future minimum rentals receivable under non-cancellable operating leases are as follows:

	2021 £'000	2020 £'000
Land and buildings		
Payments due:		
Not later than one year	320	421
Later than one year and not later than five years	680	929
Later than five years	446	611
	1,446	1,961

The group also has in place a number of management agreements that include the right to occupy specific housing properties. These agreements have no defined term and are cancellable with six to twelve months' notice.

The group leases a number of units to other business on a short-term cancellable basis and also leases roof space to telecoms companies for the situation of telecoms masts. The term of these leases are now expired, and the leases are cancellable with one to six months' notice.

34. Related party transactions

Group and association

Disclosures in relation to key management personnel are included within note 10.

The group participates in four pension schemes, the Social Housing Pension Scheme; a multi-employer defined benefit pension scheme, the Teesside Pension Fund; a multi-employer defined benefit pension scheme, Gus Robinson Developments Limited Pension & Assurance Scheme; a closed defined benefit pension scheme, and Aegon; a defined contribution pension scheme. Transactions between the group and the pension schemes are detailed in note 29. The balances included in creditors as due to the pension providers is £20,000 (2020: £48,000).

The association has applied the exemptions available under paragraph 33.1A of FRS 102 not to disclose transactions with other group companies. Transactions between unregistered group companies are disclosed in note 18.

35. Agreements to improve existing properties

Group and association

Erimus Housing, Housing Hartlepool and Tristar Homes (the landlords) entered into agreements to purchase improved properties from the local authority and, at the same time, entered into sub-contracting agreements to carry out those improvements on behalf of the local authority for a fixed sum established in advance which was equal to the expected cost of the works. These agreements have transferred to Thirteen Housing Group Limited as a result of the transfer of engagements that took place on 1 July 2017. These contracts have enabled the group to recover VAT on the improvement costs that would otherwise have been expensed.

The impact of these transactions is that, whilst the local authorities have a legal obligation to the landlord to complete the refurbishment works, this work has been contracted back to the landlord which is also legally obligated.

The underlying substance of the transaction is therefore that the landlords acquired the properties in their existing condition at their agreed value and will complete certain repairs and improvements in line with the legal agreement.

In the opinion of the directors, the commercial effect of these transactions, when viewed as whole, does not in practice create separate assets and liabilities for reporting purposes. Therefore, the resulting debit and credit balances relating to the legal obligation of the council to complete the refurbishment works for the landlords and the equal and opposite legal obligation of the landlords to perform the refurbishment works for the council have been offset and are not recorded in the balance sheet.

At the point of entering the agreement, the estimated gross value of the improvements for Erimus Housing was £185m. At 31 March 2021 these works were substantially complete, although the agreement allows Erimus Housing to continue to reclaim VAT on qualifying work within the agreed recovery period.

At the point of entering the agreement, the estimated gross value of the improvements for Housing Hartlepool was £86m. At 31 March 2021 these works were substantially complete, although the agreement allows Housing Hartlepool to continue to reclaim VAT on qualifying work within the agreed recovery period.

At the point of entering the agreement, the estimated gross value of the improvements for Tristar Homes was £217m. At 31 March 2021 the gross value of invoiced work on which VAT had been reclaimed was £106.4m (2020: £103.8m).

36. Joint ventures

Group and association

The association is part of a joint venture agreement with Middlesbrough Borough Council that was entered into in 2016/17 to improve the condition and sustainability of areas subject to challenging housing conditions by purchasing or leasing properties that have been unoccupied for lengthy periods or are situated in areas suffering from environmental and social decline. Under this agreement the association and Middlesbrough Borough Council agreed to invest £0.8m each into an investment fund to enable the purchase and refurbishment of housing properties prior to releasing them on to the housing market for rent. The association accounts for its own share of assets, liabilities and cash flows in this joint arrangement, measured in accordance with the terms of the arrangement.

During the year ending 31 March 2021, the association had made a further payment of £0.2m (2020: £0.3m) in relation to the investment fund. To 31 March 2021, the group has invested £1.0m in total.

The association is also part of a further joint venture with Middlesbrough Borough Council to redevelop the area known as Grove Hill in Middlesbrough. Under this agreement both parties have agreed to invest £2.7m each into an investment fund to enable the site assembly of the Grove Hill area. The association accounts for its own share of assets, liabilities, and cash flows in this joint arrangement, measured in accordance with the terms of the arrangement.

During the year ended 31 March 2021, the association made no further payments (2020: £0.1m) in relation to the investment fund. To 31 March 2021, the group has invested £2.7m in total.

Thirteen Homes has a joint arrangement with Woodside Homes, under which 50% of the shares of Woodside Homes passed to Thirteen Homes. The shareholding in Woodside Homes has been included under financial assets at cost.

37. Financial assets and liabilities

The group's policy on financial instruments and managing financial risk is explained in the strategic report.

The financial instruments may be analysed for group and association as follows:

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Financial assets				
Financial assets measured at fair value through profit or loss	-	-	-	-
Financial assets that are debt instruments measured at amortised cost				
- Rent receivable	3,656	4,243	3,645	4,255
- Amounts owed by group undertakings	-	-	15,425	11,375
- Other receivables and prepayments	16,377	17,894	11,637	13,523
- Cash and cash equivalents	111,647	89,745	109,682	89,544
	131,680	111,882	140,389	118,697
Financial assets that are equity instruments measured at cost less impairment	-	-	-	-
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
- Derivative financial instruments (a)	-	-	-	-
Financial liabilities measured at amortised cost				
- Loans and overdrafts (b)	349,048	339,299	349,048	339,299
- Rent in advance	5,073	5,072	5,060	5,064
- Amounts owed to group undertakings	-	-	169	176
- Other creditors and accruals	180,424	167,826	173,060	162,712
	534,545	512,197	527,337	507,251

(a) Loan notes issued by the association include a prepayment option that is not closely related to the host loan. The embedded derivative has been accounted for separately from the host loan, but its fair value at 31 March 2021 is nil (2020: nil). The value of the host loan is £100.0m and is itself measured at amortised cost.

(b) The loan portfolio includes loans with prepayment options, all of which are considered closely related to the loan itself and would compensate the lender for lost interest, apart from the loan notes issuance described in (a).

37. Financial assets and liabilities (continued)

Liquidity

Loans of £317.2m (2020: £243.0m) have fixed rates of interest between 2.79% and 11.77%.

Loans of £29.2m (2020: £94.6m) have variable rates of interest up to 1.50% over LIBOR.

Final instalments fall to be repaid in the period from 2022 to 2056.

All loans are secured by fixed charges over the group's properties.

As at 31 March 2021 the group and association had undrawn loan facilities of £140.0m (2020: £120.7m).

Loans are repayable as follows:

	2021 £'000	2020 £'000
Within one year or on demand	5,658	4,113
One year or more but less than two years	6,799	3,694
Two years or more but less than five years	55,394	80,707
Five years or more	281,197	250,785
	349,048	339,299

Within one year or on demand includes accrued interest of £2.6m (2020: £1.7m)

38. Post balance sheet events

In July 2021, the association acquired over 1,300 homes from Clarion Housing Association Limited. The properties are located in Middlesbrough and Hull. This acquisition is in line with the ambitions set out in the association's strategic plan and helps solidify the group's status as the leading landlord in Middlesbrough as well as widening our geographical footprint. The acquisition price for the stock was £51.3m.

39. Ultimate parent undertakings and controlling party

The ultimate parent undertaking and controlling party is Thirteen Housing Group Limited, a community benefit society registered under the Co-operative and Community Benefit Societies Act 2014 and a registered provider of social housing with the Regulator of Social Housing (RSH).

Thirteen Housing Group Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2021. The consolidated financial statements of Thirteen Housing Group Limited are available from the group's registered office at 2 Hudson Quay, Windward Way, Middlesbrough TS2 1QG.

Other company information

Registered Numbers

Registered as a community benefit society under the Co-operative and Community Benefit Societies Act 2014, number 7522

Registered by the Regulator of Social Housing, number L4522

Board

Chair	George Garlick
Senior Independent Director	Clare Brayson (to 31/12/20)
	Mark Simpson (from 01/01/21)
Other Members	Ian Wardle
	Richard Buckley
	Annette Clark
	Robert Cuffe (from 01/11/20)
	Steve Nelson (to 30/11/20)
	Christopher Newton
	Christine Storrs (to 31/12/20)
	David Swann
	Anthony Riley
	Katy Wilburn (from 01/11/20)

Executive Directors

Group Chief Executive	Ian Wardle
Chief Finance Officer and Company Secretary	Jane Castor
Executive Director of Business Change and Improvement	Barbara Heather Ashton
Executive Director of Business Growth	Christine Smith
Executive Director of Assets	Paul Jenkins
Executive Director of Customer Services	David Ripley
Managing Director of Thirteen Developments	Craig Taylor (to 13/08/21)

Registered Office
2 Hudson Quay
Windward Way
Middlesbrough
England
TS2 1QG

Independent Auditors
PricewaterhouseCoopers LLP
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

Solicitors
Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham
BS3 2ES

Bankers
Natwest
124 High Street
Stockton-on-Tees
TS18 1NW