

Annual Report and Accounts

2020

About JRHT

The Joseph Rowntree Housing Trust (JRHT) was founded in 1904 and for much of the time since then has been an unincorporated charitable trust. JRHT is a subsidiary of the Joseph Rowntree Foundation (JRF) and consolidated financial statements are prepared by JRF Limited. Together, these entities are known as the JRF-JRHT Group.

Since 2017 JRHT has been on a journey of modernisation and improvement with established goals of strengthening governance, its Board and consolidating service delivery and financial resilience.

In 2020 JRHT became a Community Benefit Society (CBS). JRHT has an autonomous Board, that sits within the JRF-JRHT Group. Merger accounting was adopted for the transition to a CBS which means that, although this is the Society's first year, the accounts are presented as though JRHT has always had this legal form. This includes providing comparative data for 2019 within the report and accounts.

JRHT is a Registered Provider with the Regulator of Social Housing, and Registered Care Provider with The Care Quality Commission.

JRHT is provider of Housing and Care services predominantly in York but also in Leeds, Scarborough and Hartlepool as well as other smaller communities in North and East Yorkshire.

In addition to history and legacy, JRHT shares a vision with JRF for a prosperous UK without poverty – together we want to see change that will enable everyone to have a decent home in a good place with a good living standard and prospects. JRHT's mission is to build strong and empowered communities without poverty or isolation.

The two entities within the JRF-JRHT Group are supported by Group services which provide an enabling environment that focusses on Finance, People, Tech and Change, Risk Management, Facilities and Health and Safety services.

Within this context, JRHT aims for effective governance where staff are empowered to put value for money at the centre of everything they do with core values that seek to build trust, make a difference and show that we care.

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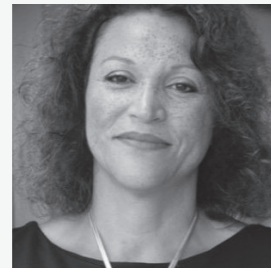
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Board, management, reference, and administration

JRHT Board members



Tracy Allison
(resigned December 2020)



Deborah Cadman



Helen Evans
(Chair)



Will Haire



Angela Lockwood
(Vice Chair)



David Lunts



Graham Millar
(resigned December 2020)



Paul Jenkins



Dan Gray
(appointed June 2020)



Dan Ryan
(appointed June 2020)

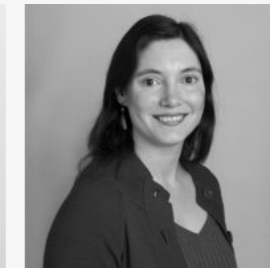
Executive Directors



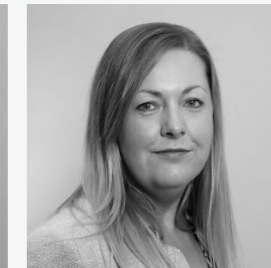
Paul Kissack
Group Chief Executive
(appointed September 2020)



Claire Ainsley
JRF Executive Director
(resigned April 2020)



Helen Barnard
Interim JRF Executive
Director (appointed
May 2020)



Tracey Preece
Director of Finance



Chris Simpson
JRHT Executive
Director



Claire Townson
Director of Corporate
Services

(Note: in the absence of a chief executive up to September, while recruitment took place, the JRF Trustees Chair and JRHT Board Member, Will Haire, assumed a non-remunerated Executive Chair role)

Reference and administration information

HEAD OFFICE

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Clifton
York
YO30 6WP

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EXTERNAL AUDITORS

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Leeds
LS1 4BN

BANKERS

HSBC
13 Parliament Street
York
YO1 8XS
United Kingdom

DWF LLP

Great North House
Sandyford Road
Newcastle upon Tyne
NE1 8ND

Introduction



HELEN EVANS

Chair of the JRHT Board

2020 has for many reasons been a watershed year for JRHT. In January after 116 years JRHT became an incorporated body; a Community Benefit Society. This represented a key milestone in the modernisation of the organisation delivering more transparent governance arrangements which JRHT had been developing since 2018. This, along with new recruits to the JRHT Board, signalled a new era for the organisation. We began the year underlining JRHT's autonomy within the JRF-JRHT Group, but also consolidated our shared legacy and shared objectives with JRF in continuing to tackle poverty in York and the UK.

Little did we know at that point in the year that 2020 and the coronavirus pandemic would bring such disruption and uncertainty to the organisation, its tenants, residents, and their families.

We are all aware of the impact that the pandemic has had on our lifestyles – stay at home orders, closed offices, care homes without visitors, the wearing of protective equipment as a matter of routine, job losses, closed

schools, and people in isolation. These are challenges that people have faced in 2020 and are still grappling with.

I am comforted to know that the response we have witnessed so far from our teams in JRHT and their colleagues in JRF and Group Services has been positive, well organised and consistent. Our frontline services and the safety of staff and residents has been our priority from day one and I am reassured to know that JRHT have delivered on this every day since then, across JRHT communities in care homes, villages and estates.

In this annual report you will hear more about JRHT activities in 2020 – in short, the new structure that the organisation sits within, what we set out to do this year, the challenges we have faced, and what we have delivered.

I hope you will agree that against the backdrop of the pandemic JRHT has brought positive change in how it operates, how it listens to and communicates with its tenants, residents and staff, and has weathered the financial and other impacts of a very difficult year. A clear testament to this incredibly hard work is the excellent news that the Regulator of Social Housing has recently upgraded JRHT's governance rating to G1 in our latest In-Depth Assessment (IDA) result.

2021 looks like it will bring continued challenge – but also the opportunity to reflect, recover and rebuild. I hope you will stay safe and well, keep active and involved, so that together we can continue to improve and develop JRHT.

Board report including strategic report

Governance

GOVERNING DOCUMENT

The Joseph Rowntree Housing Trust (JRHT) was formed by a Deed of Foundation dated 13 December 1904, originally under the name of the Joseph Rowntree Village Trust. There have been a number of changes to the Deed since then, the most significant being effected under the Joseph Rowntree Memorial Trust Act 1959. The name was changed to the Joseph Rowntree Housing Trust in 1990.

Following a review of governance structures and an incorporation process in 2020, JRHT is now constituted as a Community Benefit Society and its governing document is the JRHT Rules.

As per the JRHT Rules, JRHT is a subsidiary of the Joseph Rowntree Foundation (JRF).

RECRUITMENT AND APPOINTMENT OF JRHT BOARD MEMBERS

As per JRHT's rules, JRF Trustees are responsible for appointing JRHT Board Members to serve three-year terms. There is a maximum of three terms for each Board Member, so they can serve for a maximum of nine years.

Recent JRHT Board recruitment has been conducted in partnership with external specialists, with diversity, skills and continuous improvement pivotal to the brief. The majority of the recruitment panel comprised of JRHT

Board members. A skills matrix is maintained which informs recruitment of Board Members and nominations to other governance committees in the Group.

Board Member induction and personal development arrangements are regularly reviewed, and a specific budget is established for this purpose.

A new cohort of Board Members has been recruited in Q4 2020, with terms to commence from 2021.

ORGANISATIONAL STRUCTURE

JRHT is governed by the JRHT Board in accordance with its rules. The remit for JRHT Board's responsibilities is defined in the Terms of Reference and Standing Orders.

JRF Trustees set the strategy for the Group (in consultation with JRHT

Board); day-to-day management functions are the responsibility of the Executive Directors and are overseen by JRHT Board.

There are three subcommittees that support both JRHT and JRF.

- **Audit and Risk Committee (ARC).** This committee is responsible for ensuring that there is a robust and independent control framework across JRF and JRHT. It ensures compliance with the risk management strategy and that there is best practice in the approach to internal audit. In 2020, the committee consisted of two JRF Trustees, two JRHT Board Members and three independent members.

- **Resources Committee** has responsibility for oversight of JRF's finances and for all corporate activities that straddle both JRF and JRHT, such as HR and workforce matters, finance and technology. In 2020, the Committee consisted of three JRF Trustees, two JRHT Board Members and three independent members.

- **Nominations and Governance Committee** is responsible for ensuring that best practice in governance is adopted across JRF and JRHT. It is also responsible for recommending the appointment of all governance committee members to Trustees. There are up to five members of this Committee, all of whom are JRF Trustees and JRHT Board Members including the JRF and JRHT chairs.

In addition to the subcommittees that are shared with JRF, there are two further subcommittees that report directly to JRHT Board alone:

- **Care Subcommittee** – established to provide Board oversight of care

services, to hold the executive to account and maintain traction regarding improvements required as identified in action plans, and to address Care Quality Commission (CQC) ratings across all Care sites. Membership consists of two JRHT Board members and one independent member.

- **Development Subcommittee** was established to oversee the delivery of the Development Strategy, including to approve development activity and manage/monitor development performance and risk. Membership consists of four JRHT Board members and one independent member.

The JRHT Board is committed to delivering best practice in governance and as such has commenced a Board effectiveness programme, which culminates in a full comprehensive review every three years, the first of which took place in 2020. Board Member appraisals, including for the Chair, and light-touch effectiveness reviews are conducted annually. The design of this process was developed in 2020 in conjunction with external experts.

Employee pay and remuneration, including for the Executive team, is set by JRF Trustees, on the recommendation of Resources Committee and in consultation with JRHT Board.

CODE OF GOVERNANCE

The JRHT Board has adopted the 2015 National Housing Federation (NHF) Code of Governance and self-assess against this annually.

As required, registered providers are expected to explain any non-compliance with the code of governance. JRHT Board self-

assessed against the Code in 2021 (for the full year 2020's activities) and confirmed the organisation to be fully compliant.

JRHT Board also undertakes a formal annual review of compliance with the Regulator of Social Housing's Governance and Financial Viability Standard. The most recent review

was completed in February 2021 with no material issues noted. At the 2021 quarter 1 meeting the Board formally adopted the 2020 NHF code of Governance. JRHT will self-assess against this code in the Trustees Annual Report for the year ending 31 December 2021.

RESERVES POLICY

Through its long-term planning and annual budgeting, JRHT ensures that it maintains sufficient reserves to meet expected fluctuations in income and costs and fund future projects.

In particular, the 30-year plan, which is produced on an annual basis, shows the expected income, expenditure and balance sheet positions over the long-term. This ensures that sufficient reserves and other funding are available to meet the organisation's long-term objectives.

As part of this long-term planning, stress tests are undertaken, including some that are extreme, to ensure that funds are always available to meet expected and unexpected challenges.

The JRHT Board is actively involved in developing and approving long-term plans and stress tests. Supporting the long-term plan is a detailed treasury strategy and policy which includes ensuring sufficient funding is in place for all future commitments.

Monitoring by management and oversight by the Board ensure that covenants within loan agreements,

which are designed to assess the financial strength of the organisation, are adhered to.

The two primary covenants in loan agreements are interest cover (a measure of annual performance) and debt cover (a measure of balance sheet strength). Interest cover at the end of the year was 200% compared to the minimum of 110%. Gearing calculations differ across lenders. The most stringent requires debt to be less than 50% of the cost of properties. At the year-end, this was 35%.

At the end of 2020, JRHT had income and expenditure reserves of £46.7 million, restricted reserves of £1.1 million and a revaluation reserve of £9.5 million.

Objectives and activities

JRHT's objectives and activities are shaped by:

- JRF-JRHT Strategic Plan 2017-2021
- Strategic and operational priorities for the organisation and in key areas of work covering Housing and Community Services, Development and Asset Management and Care
- JRHT 30-Year Financial Plan

PRIORITIES AND PROGRESS

In 2020 JRHT was, like many organisations, significantly affected by changes in the external environment, however despite this the organisation can illustrate progress against the priorities it set for the year and beyond.

JRHT – the organisation has continued to strengthen its governance arrangements through formal incorporation and further Board recruitment. Further work on its Financial Plan has delivered greater understanding of the risks facing the organisation.

Development and Asset Management (DAM) – progress has been good in terms of strengthening of governance arrangements and, although our projects in pipeline, planning and construction have been delayed, New Lodge, a development of apartments and a residential care home, will hand over in the autumn of 2021 and Willowbank, a new housing development, is now awaiting planning

approval. Derwenthorpe Phase Five, the last piece of the significant Derwenthorpe development, which has provided a challenge in terms of viability, has moved closer to completion. Upon approval from JRHT Board in relation to the preferred developer for Phase Five, JRHT expect to start on site in autumn 2021 with anticipated completion by 2022/23.

We are also progressing a review of garage sites as potential development opportunities.

The team performed very well in achieving last year's sales targets.

Housing and Community Services (HCS) – some of HCS strategic priorities were significantly impacted during the pandemic. However, we know that key areas of operation around rent collection, repairs delivery, relets and modernisation and improvement to our properties have performed satisfactorily given the serious disruption felt. In addition,

we are delighted that the team restructure has been completed and provided the team with significant opportunities to develop services in 2021.

Care services – we have continued to make improvements in the quality of our care services, although care and extra care services are the areas most affected by the pandemic. Vacancy rates have been seriously affected, due to the reluctance of people to move into a care home. Whilst we

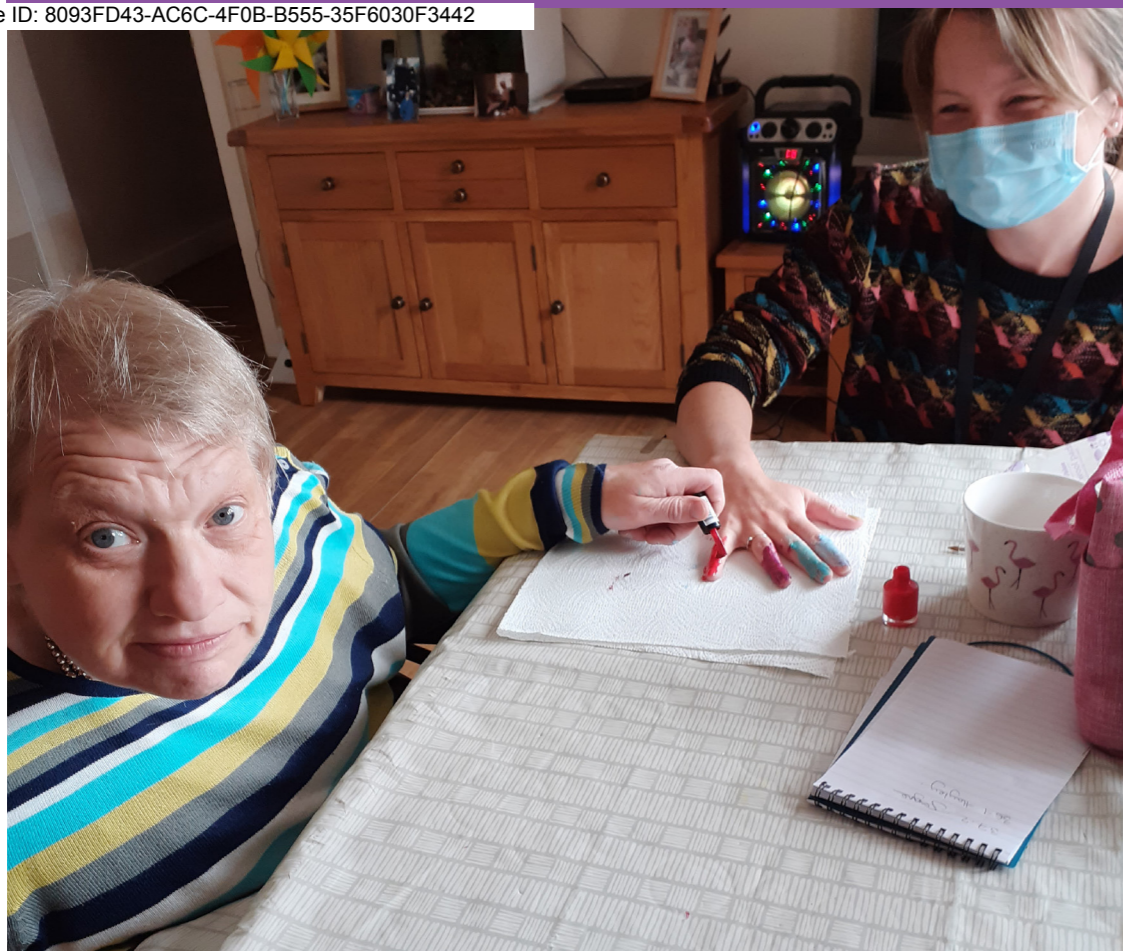
are confident services have made extensive improvements, the CQC has not yet inspected and updated the ratings of our services. This is because the regulator has only been inspecting services where concerns have been raised due to the pandemic. We can report that in 2020 our actions have had a positive effect on reducing the use of agency staff.



THE EXTERNAL ENVIRONMENT

As mentioned, the external environment during 2020 has impacted the organisation in a number of areas. The table below summarises the challenges faced and JRHT's response.

	External environment area	JRHT response in 2020
COVID-19 Pandemic	Current and further anticipated economic downturn, challenge to our tenants, residents and communities.	Development of JRHT e-news bulletins to advise on help and support available. Increase in Money Benefit Advisor service to help residents who need support with accessing the benefits system.
	Impact on JRHT staff health, wellbeing and resilience.	Establishment of Staff Outreach support programme. Roll-out of resilience support programme in care services. Maintenance of Employee Assistance Programme for all staff.
	Temporary closure of JRHT offices.	Migrate staff to homeworking arrangements.
	Increased infection control practices in care.	Coordination of Personal Protective Equipment (PPE) purchasing and distribution. Risk assessment, advice and guidance on infection control practices.
	Increased vacancy rates in care and extra care services and potential for long-term effects.	Appointment of dedicated Care Marketing Manager.
	CQC inspection process - no inspections in 2020. Impact on our services still rated as 'Requires Improvement' which is no longer reflective of services.	Continued focus on improvements on service quality and operational effectiveness. Strengthening of the JRHT Board in respect of Care expertise. Focussed audit work on Safeguarding practices.
Brexit	Preparations required for disruption caused by transition to new trading arrangements.	Internal risk group tracking issues and concerns. Specific work on tracking supply chain and price increase (for example catering services). Also work on growing our workforce to mitigate any likely reductions in supply.
Government policy developments	Social Housing and Planning White Papers.	JRHT Board have made a commitment to delivering on the expectations, early work on this has begun. Key theme of our work in 2021 and beyond.
	Fire Safety Bill/ Building Safety Bill.	The Building Safety Bill was announced in the Queen's Speech on 19 December 2019 following the Grenfell Tower fire on 14 June 2017. JRHT is tracking progress and preparing for early adoption.
	Zero carbon requirements.	JRHT is actively working on its obligations in this area, and this will be a priority in 2021 and beyond.
	Changes to the Housing Ombudsman service.	JRHT has made amendments to Feedback processes (complaints and compliments) to ensure that it is compliant with the Ombudsman's requirements.



A closer look at JRHT's response to COVID-19

Our organisational response to COVID is outlined above and all JRHT services have worked tirelessly and together to ensure that residents and staff remained safe and well throughout this period of uncertainty.

- Throughout the pandemic JRHT has taken robust and continuous assessment of risks with the expertise of our management teams. A dedicated coronavirus risk register was established, however, later in 2020 the risks were incorporated into the corporate and operational risk registers as appropriate, reflecting that the pandemic exacerbates many existing risks and is increasingly becoming something to manage alongside our business as usual.

During 2020 and 2021 JRF-JRHT invoked their **Emergency Protocol and the Incident Response Team (IRT)**, to monitor and coordinate all aspects of the impact of and response to coronavirus as well as the establishment of local incident response groups as and when necessary, across all of JRHT.

Late in 2020 the development of a **JRHT COVID Situation report** provided a weekly snapshot of the COVID-19 impact across all JRHT Services. The report monitored staffing levels, COVID-19 related absence (we are mindful that some non-COVID-19 related absences might have COVID-19 as their underlying cause – particularly in the

case of mental health related absence), PPE supply and local restrictions, ensuring oversight for all JRHT services and triggering escalation when required.

Throughout 2020 JRHT Leadership Team closely monitored the **regulations and guidance** provided by the Government, Local Authorities, Public Health England and Regulators to ensure all minimum standards were met.

To ensure continued **health, safety and wellbeing of staff and residents**, standard COVID-19 safety and infection control procedures and measure were put in place across all sites (including temperature checks, social distancing, PPE and plastic screens). Care resident, staff and visitor testing has always been in line with the current guidance.

Wellbeing for **care residents** has been vital in 2020 with many services closed to visitors for long periods. To ease uncertainty during this time the care team provided regular written information to residents and families in the form of newsletters. The activities co-ordinators and redeployed staff brought in to assist with the demand on the front line focused on increased zoom calls between residents and families to maintain regular contact, as well as families and friends being encouraged to send care packages to residents including personalised notes.

JRHT revised and clarified the **care services visitors' policy**, with infection control measures in place. Visiting has continuously been reviewed based on infection rates at individual care homes.

Staff welfare has been at the forefront of JRHT's agenda during

the pandemic, particularly those in frontline positions. Staff have been encouraged to access 1:1 support through their line manager or supervisor. Our Employee Assistance Programme (EAP) has offered confidential support including access to counselling. Additional training has been provided via our Learning and Development Programme, focusing on emotional wellbeing as well as support to managers.

Additionally, an **outreach programme** was set up in April 2020 to contact all care staff during the first national lockdown, the programme was paused during the summer as lockdown and COVID-19 cases eased. As of October 2020, the programme was reinstated with an immediate focus on sites responding to COVID-19 outbreaks – the need for the programme remains under review and focus will move accordingly.

Within the Housing and Community Services team, a priority was to establish the circumstances of all JRHT residents to **identify those who may be more vulnerable and isolated** during lockdown. The team contacted every resident by telephone, all residents were asked if they required any additional support and if they would like us to contact them going forward. Through these calls we were able to support and signpost residents as and when required. At the height of the pandemic, JRHT staff were making nearly 200 daily calls, identifying changing circumstances for residents and referring to other agencies for assistance where necessary.

As well as successfully testing our **disaster recovery plan** to ensure that any disruption in our primary data

centre does not impact our secondary site, the Technology and Change team have also worked to establish a more efficient telephony system for the Garth Customer Services team. This has ensured that working from home is possible whilst maintaining and managing high call volumes.

Procurement colleagues have implemented a single sourcing strategy for all of JRHT's **PPE needs, with emergency stock stored centrally.**

Communication has been key throughout 2020, ensuring staff and residents are informed and updated of any changes to services or guidance. JRHT has provided regular and ongoing communication for staff, including service specific communications within JRHT. For tenants, residents and their families a variety of approaches have been taken, these include:

- Within care, service specific newsletters shared with residents and their families.
- Individual communications linked to specific developments at services (for example, positive cases) shared with

HOW OUR ACTIVITIES DELIVER PUBLIC BENEFIT

JRHT's objectives and activities are all intended to provide a public benefit. This is achieved through services such as:

- provision of affordable housing, care and support;
- development projects that provide evidence for replication by other developers and service providers; and
- collaboration with JRF to progress shared outcomes of everyone having a decent home in a good place, and everyone having a good standard of living and prospects.

staff, residents and their families.

- Monthly e-JRHT News includes any service and delivery changes for residents.
- Letters to all general housing residents at key stages of the pandemic.
- The Listening project consisted of a series of five online discussions with the JRHT Executive Director, residents and the Resident Involvement and Communities team to hear and understand the impact of coronavirus on people's lives and their views on service priorities throughout the pandemic.
- Regular review and updating of information on the JRHT website to keep it relevant and current to reflect guidance and internal policy, and the various stages of lockdown and tier levels across the country.
- We have continued to update our regulators throughout the pandemic including weekly COVID-19 updates from Care Services with CQC and the completion of a monthly coronavirus operational response survey (CORS) as established by RSH.

Board members have had due regard to guidance on public benefit produced by the Charity Commission. They are of the opinion that undertaking these activities fully meets the requirements of section 17 of the Charities Act 2011 to deliver public benefit.

Achievements and performance

INTRODUCTION AND OVERVIEW OF 2020

JRHT's achievements in 2020 are set against the backdrop of the COVID-19 pandemic but are not completely shaped by it. In this section we set out how some key achievements illustrate our progress toward our stated outcomes. In addition, we detail the key achievements across our Housing and Community, Development and Asset Management and Care services.

HIGHLIGHTS OF ACHIEVEMENTS IN 2020 FROM ACROSS JRHT LINKING INTO OUR STATED OUTCOMES

JRHT's work is aligned to the organisation's outcomes and the summary below highlights just some of the contributions that have been made in progressing these.





MORE PEOPLE ARE INDEPENDENT AND WELL

Staff at New Lodge got creative to ensure residents felt well supported and part of the JRHT community during lockdown. **Doorstep deliveries** was an initiative where staff visited the front doors of residents, keeping people involved in activities whilst adhering to strict social distancing and PPE rules. Activities included bingo, quizzes, musical recitals from staff members and the 'New Lodge trolley' providing residents with a range of foodie feast from afternoon tea to ice-cream Sundays. The National Care Forum shared this great work as part of their national advent calendar.

During 2020, the York Committee (which is funded by JRF, but managed by JRHT) awarded a total of **23 grants** to the value of **£104,993**, supporting activities and services being delivered within 10 of the most deprived wards in York and Hartlepool. We worked with grant recipients, giving flexibility in their grants, to enable vital work to continue in a safe way, during the pandemic



MORE PEOPLE CAN IMPROVE THEIR PROSPECTS



JRHT is currently the only care provider in the region to offer trainee nurse associate (TNA) **apprenticeship programmes**. In 2020, one of our TNAs wrote a blog outlining his journey which was published via the Nursing and Midwifery Council national newsletter (circulated to over 750,000 registrants).

In 2020, the **JRHT Money and Benefits Advisor** supported residents to obtain £600,836 in cumulative annualised benefits that households were entitled to as well as securing backdated benefits totalling £85,749.

Funded by JRF, the Hartlepool Action Lab is working with organisations across Hartlepool to enable residents and people living within those communities to improve their prospects through education, training, volunteering, and employment opportunities. A further new initiative is **Design for Collaboration**. This will bring together a group of people across voluntary and public sectors who are open to thinking and working in new ways, creating a cohort of good collaborators in the town. An initial focus for the improved collaboration will be to consider how best to re-adjust systems to meet the needs of those cut adrift by poverty, homelessness and addiction.



MORE PEOPLE ARE SHAPING OUR COMMUNITIES

JRHT has a range of **empowerment and engagement** opportunities for tenants and residents. In 2020, some groups were hampered by the pandemic, but we are delighted that many tenants still participate online in **Tenants Voice, residents meetings** and conversations with the Executive Director.

JRHT and Hartrigg Oaks Residents Committee reviewed and updated the terms of reference for the Hartrigg Oaks Management Committee and developed a new Memorandum of Understanding.

Tenants and residents are now routinely involved in JRHT staff **recruitment panels** adding a crucial voice to the process.

We know that catering is about more than just food – so our catering teams have undertaken **surveys and gathered feedback** from their customers in order to improve the service and experience that they deliver.

In September 2020, we launched a **public consultation** about our proposed plans to build 117 new and affordable homes at Willowbank within New Earswick. Our key focus was to gather invaluable feedback and insights from residents, the local community and staff as well as key stakeholders. This would help us to further develop our plans before applying for planning permission in December 2020. We created a suite of materials that were informative, clear and followed best practice accessibility standards and shared these in print and online. We welcomed feedback by post, phone and through a series of online meetings that were attended by the Group Chief Executive. We gathered feedback and shared this with the local community and have made amendments to the plans that we have submitted for approval.



Artist impression of cul-de-sacs.



MORE PEOPLE LIVE IN A DECENT AFFORDABLE HOME

Our work on providing **1,000 homes** over the next ten years took a step forward in 2020 with the Willowbank planning application. We are also actively sourcing sites and land on which to build new affordable homes. Within the existing JRHT communities, we know that by providing an accessible and effective repairs, maintenance and modernisation service we can ensure that all our homes meet the **decent homes standard**. The financial requirements to ensure that we maintain our properties to a good standard are built into our long-term (thirty-year) financial plan, and we develop detailed plans on an annual basis, setting out our programme of improvements. In addition to this, we continue to make **Shared Ownership** part of our offer.

And finally, we were delighted that in 2020 New Lodge and the JRHT Development team celebrated their success at the **'International Interior Design Awards 2020'**, by winning in the 'Healthcare Interior Built' category.

“Our residents are absolutely thrilled with the design of their new home. They could not believe their eyes when they first walked in and saw they were going to live in such a beautiful place. Everything from the colour scheme and soft furnishings to the kitchen designs have been complimented on by them.”

Peter Sanderson,
General Manager, New Lodge

Customer feedback: complaints and compliments

We know that feedback is a gift – one that enables JRHT to learn valuable lessons in developing its services and to understand its strengths and weaknesses.

FEEDBACK POLICY AND LEAFLET

An updated complaints policy for 2020 was developed and approved by the JRHT Board. This feedback leaflet is also available in all care sites, with an easy-read version for use at our Independent Living Schemes (ILS). Electronic versions of the leaflet were uploaded to both the JRF and JRHT internet sites alongside the JRHT intranet.

RESPONSE TO COVID-19

JRHT provided an update on the websites advising that while we continue to be committed to feedback, at this time we will prioritise urgent issues only.

The local government and social care Ombudsman suspended all casework activity that demands information from, or action by, local authorities and care providers.

HOUSING OMBUDSMAN – NEW LEGISLATION AND CODE

A new complaint handling code was introduced from July 2020. A self-assessment was required by 31 December 2020 - this has been completed and published on our website. We have identified some actions, such as the definition of a complaint, which has been updated electronically and future printed material will include this information. Broadly though, we are in line with their requirements.

COMPLAINTS SUMMARY FOR 2020

Department	Opened	Closed	Escalated to stage 2	Housing Ombudsman
HCS	48	49	6	1
Care	16	16	3	N/A
DAM	4	4	1	N/A
Finance	2	2	0	N/A
TOTAL	70	71	10	1

The discrepancy in number of complaints opened and closed in the above table is due to a complaint opened in December 2019 and being closed in 2020.

Target response times for complaints is as follows:

STAGE 1 TARGET:



STAGE 2 TARGET:



The table below outlines the average response time for stage 1 and 2 complaints, demonstrating that all targets were met except for two out of six complaints escalated to stage 2 (within HCS) which did not close within our timescales. This was due in part to the impact of the pandemic and adjusting to the new ways of working remotely.

2020 OVERVIEW OF COMPLAINTS AGAINST TARGET TIMES

Department	Stage 1		Stage 2	
	Average days	% on time	Average days	% on time
HCS	6	90%	17	67%
Care	5	92%	14	33%
DAM	6	100%	3	100%
Finance	10	100%	N/A	N/A
Total	7	91%	15	60%

COMPLIMENTS SUMMARY

Service area	Housing	Care	DAM	Total
Number of compliments received in 2020	72	108	8	188

TENANT AND RESIDENT SATISFACTION

We had anticipated carrying out a STAR (Survey of Tenants and Residents) survey in 2020, however this was delayed due to the pandemic and commenced in early 2021. Results will be shared online and in the 2021 Annual report.

BUILDING SAFETY COMPLIANCE

Over the course of the year, our ability to maintain progress on our various building compliance programmes has been tested. The coronavirus pandemic has meant that, for significant parts of the year, there were properties that we were unable to enter or to allow our contractors to enter. This may have been for reasons such as shielding or self-isolating for our housing tenants, or in the case of our care and extra care settings, due to visitor restrictions at times of outbreak or lockdown.

	Fire Risk Assessment programme	Legionella Management programme	Electrical Installation Condition Reports (EICR) programme	Landlords Gas Safety Record (LGSR) Programme	Asbestos survey programme	Lift Management programme
% Status - January 2020	100	100	100	100	92.73	100
% Status - December 2020	100	100	99.84	100	99.39	100

Despite this, and through in no small part to the hard work of our staff teams working closely to reassure our tenants, and our robust risk management approach to operations on the ground, we have managed to maintain compliance levels across key areas such as gas and electrical inspections, and also progress some of our management programmes such as that aimed at securing asbestos surveys for 100% of our properties.

Similarly, whilst some work on fire improvements was held up in 2020, we worked closely with the local fire authority to ensure that our mitigations against any risks were robust and that our Fire Risk Assessment programme was completed within the year.

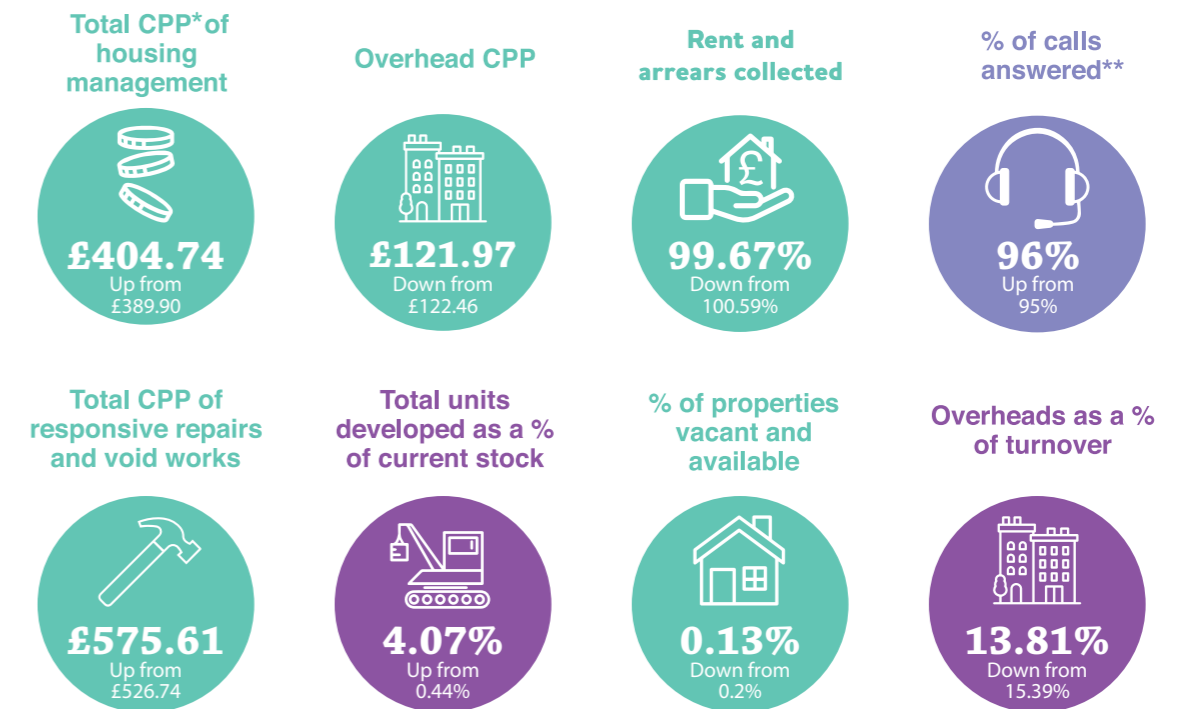
Whilst some disruption was experienced with our contractors, which has led to longer than desired timescales for completion of non-urgent repairs in areas such as lifts, all urgent repairs were completed as required and within timescales.

Throughout this challenging period, we are proud to be able to say that our properties remained safe for our tenants, residents and staff.

HOUSING AND COMMUNITY SERVICES

Housing and Community Services performance focuses on the key areas of operation including **rent** collection, delivery of the **repairs** service, **reletting** of empty homes, modification or **refurbishment** of existing homes and **tenant and resident** empowerment.

The following information is drawn from the 2019/20 HouseMark dataset



TOTAL UNITS DEVELOPED AS A % OF CURRENT STOCK

A positive increase in development of stock due primarily to the development of New Lodge. The total number of units developed as a % of current stock is 4.07% - this places us well within top quartile which is 2.74%.

4.07%

AVERAGE DAYS TAKEN TO COMPLETE REPAIRS

2.75 days down from 8.47 days.

A very positive reduction due to changes in ways of working, namely operatives trained to multitask enabling jobs to be completed in one visit.

VOID MANAGEMENT

In addition to holding a very low empty stock level at just 0.2% for the year, the relet time remains well within top quartile at just eight days, where top quartile is 21.1 days.

0.2%

*Cost per property

**We are unable to provide an indication of the number of calls taken during 2020 due to the fact that the automated phone system could not be used and instead a temporary switchboard system was set up using mobile phones. The HouseMark data provided is for the year ending 2019.

HOUSEMARK

HouseMark is currently our primary tool for benchmarking our performance with other housing associations. Due to the data collection timescales, the most recent information available is for the financial year 2019/2020, for which we submitted year-end 2019 data. We benchmark against the peer group 'Northern England and Scotland Traditional Housing Associations with between 1000 and 5000 units'.

The graphic on page 25 presents the headline statistics for JRHT.

CUSTOMER SERVICES AND CONTACT

The JRHT Customer Access Team has provided a single first point of contact for all our services throughout 2020, for the most part from the home of the individual team members. This has been extremely challenging for the team, working in isolation and during an exceptionally busy period. The fact that the service has continued – and been extended to include welfare calls to residents – is an outstanding achievement.

We are unable to provide an indication of the number of calls taken this year as the automated phone system was replaced by an innovative temporary switchboard system to allow colleagues to work from home and utilise mobile phones.

RENT COLLECTION AND INCOME MANAGEMENT

One of the main impacts of the pandemic has been an increase in monies owing to JRHT from the position in 2018 and 2019. We recognise that the circumstances have been exceptional and whilst we have continued to pursue outstanding amounts, we have been more flexible in our response. We have balanced the need to collect income due against preventing residents from being forced (further) into poverty. We benchmarked our performance during the pandemic with other providers, and it was evident that our position was comparable with others.

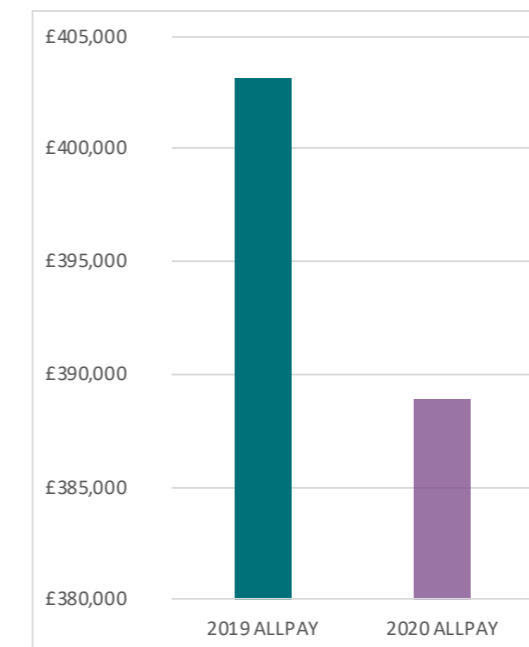
In 2021, we will review our approach as the lockdown lifts and continue to monitor arrears closely.

ARREARS OVERVIEW 2016-2020

	2016	2017	2018	2019	2020
Number of arrears cases	436	408	340	325	399
% of tenancies in arrears	19%	18%	15%	14%	18%
Arrears as a % of rent receivable	3.18%	2.93%	2.83%	2.65%	3.33%

The first impact on our ability to collect rent was the closure of our office in New Earswick – in the heart of our largest community. Cash payments fell and many residents struggled to quickly find an alternative way to pay their rent. The first two graphs below show the situation in early April (at the start of the first lockdown) with both Allpay card transactions and cash payments falling short of payments in the equivalent 2019 time period.

Year to April total Allpay payment

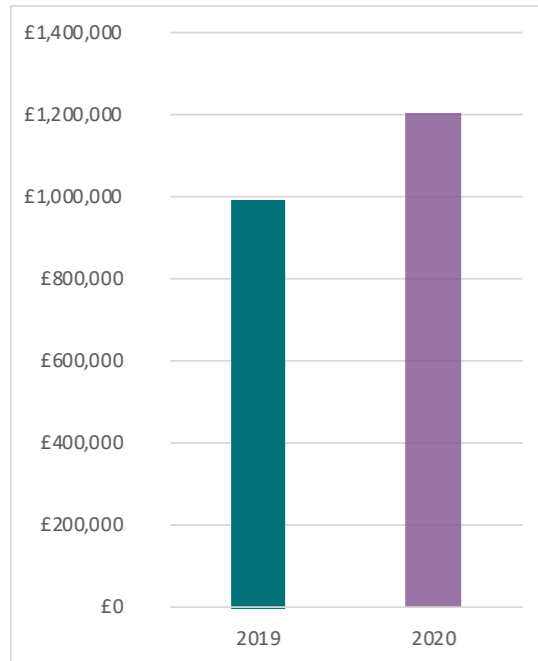


Year to April total cash payments

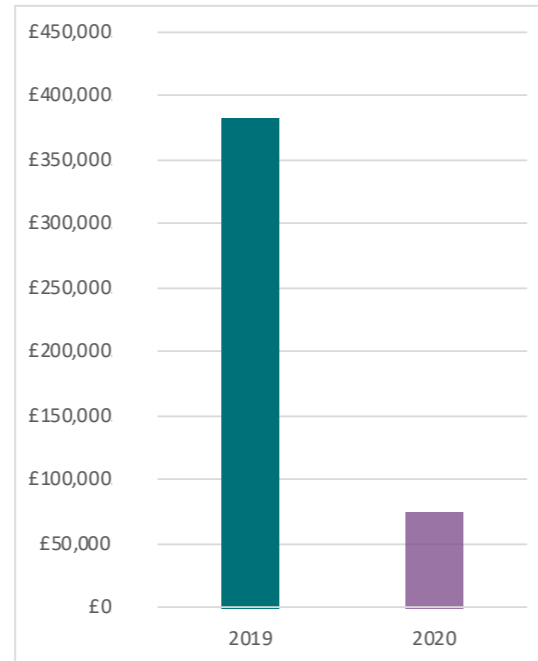


However, in the next two graphs, by September we can see that Allpay payments exceeded the 2019 level as residents had identified alternative ways to pay by Allpay – primarily over the phone to our Customer Access Team, but cash payments remained at a very low level.

Year to September total Allpay payments



Year to September total cash payments



REPAIRS AND MAINTENANCE

Our repair services were significantly impacted in 2020 by the pandemic and particularly during the first lockdown, when we moved to an emergency and essential compliance service only, in line with much of the sector. Our available Building Services colleagues were redeployed during this period. The repairs service is primarily provided by our in-house Building Services team. Specialist work is delivered by external contractors as is work to homes, mainly care settings, where Building Services' travel times would be inefficient and costly.

The table below shows that by year end, 2020 performance across all repairs indicators has fallen. However up until Q3 we can see that performance has either held steady or improved considerably compared to 2019. First-time fixes had fallen from 96% to 90% - still a high level of performance.

In October 2020 a new repair recording and allocating IT system was introduced – Connect. This system changed the parameters for recording performance and staff had to adjust to changes in recording and tracking their work. As a result, we can see a dip in Q4 and the impact on year-end figures. We will continue to monitor this closely and individual jobs continue to be tracked to ensure that the dip in performance illustrated by the data is not a reflection of a poor repairs service. By December 2020 we had already begun to see an improvement in the figures as staff familiarised themselves with the new system. The pre- and post-Connect position is outlined as part of the figures in the below table.

Repairs indicators	2018	2019	Q3 2020 Pre-Connect position	End 2020 Post-Connect position
Responsive repairs completed on time: 24 hours (%)	97.48%	98.47%	100%	88%
Responsive repairs completed on time: urgent 7 days (%)	94.40%	96.09%	100%	71%
Responsive repairs completed on time: routine 31 days (%)	94.53%	96%	100%	75%
Appointments kept – responsive repairs grades 3, 4 and gas (%)	91.65%	96.52%	96.05%	82%
First-time fixes – all responsive repair grades (%)	90.50%	95.61%	89.52%	81%
Average time taken to do a repair – all responsive repair grades (number of days)	7 days	2.75 days	2.46 days	6 days

RELETTING EMPTY PROPERTIES

We offer a range of tenures which enables residents the flexibility to move into a tenure which is affordable and fits their financial circumstances. This flexibility is reflected in the range of tenures offered for sale and relet in 2020:

- 47 rented properties, 9 of which required major works,
- 7 properties at Derwenthorpe,
- 11 mutual exchanges,
- 21 sales.

Whilst the pandemic led to considerable delays letting properties, overall, the relet level is not much different to the previous year, with only sales falling short of the 2019 levels.

Activity	2019	2020
Rented properties	44	47
Mutual exchanges	12	11
Sales	34	21

EXTRA CARE LETTINGS IN 2020

Tenure	Hartfields Manor	Plaxton Court	New Lodge
Full ownership	1	0	0
Part ownership	4	4	6
Rented	12	5	30
Totals	17	9	36

Although skewed by the relatively small number of relets, the average relet time increased from 11.7 days at the start of the year up to 55 days by Q4. It reached a height of 78 days in Q3 as we began to relet properties that had been held vacant during the pandemic. In total, the reletting of 21 properties was impacted by the pandemic.

Empty property management	2019 Total	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020 Total	2020 Target
Standard rented voids average days void	9.6	11.7	49	78.6	55	39	7
Major works voids average days void	53	28	Nil	45	41	53	50



Care Services

CARE QUALITY AND COMPLIANCE RATINGS

Due to coronavirus, CQC ceased all routine inspections on 16 March 2020. This has resulted in no inspections for the remainder of 2020 or to date in 2021.

Based on the last inspections from CQC the ratings are as follows:

Service	Rating	Last inspection date
The Oaks	Requires improvement	25 April 2019
Olive Lodge	Good	13 June 2019
Hartfields Domiciliary Care Agency	Good	27 March 2017
Plaxton Court Domiciliary Care Agency	Good	5 June 2018
Lamel Beeches	Requires improvement	28 February and 7 March 2019
Red Lodge - Note that New Lodge was registered with CQC in December 2019 and the rating transfers from Red Lodge	Requires improvement	15 May 2019
JRHT Independent Living Services (ILS) (York)	Good	13 October 2018
Independent Living Services - East Yorkshire	Good	3 September 2018

*Based on 23 March 2021 data. For the most up-to-date data please visit www.cqc.org.uk.

In the absence of routine inspections, CQC implemented the Emergency Support Framework (ESF) assessments which are linked to COVID-19 and are not a full assessment – they are a two-hour phone call which addresses staffing, infection control, safe care, and so on. Since May 2020, CQC have held these with Lamel, New Lodge, Hartrigg, Plaxton and Bedford – these services are compliant and have received positive feedback. We are still awaiting dates for ILS sites and Hartfields.

Since the beginning of the pandemic two care services have had Infection Prevention Control (IPC) visits and reports. These visits are based on COVID-19 outbreaks and are implemented to ensure that suitable infection prevention and control measures are in place. The regulators were satisfied that sufficient controls are in place at both sites. This support continues with both routine and responsive IPC visits taking place.

Although CQC has not inspected our services, our internal audit compliance and quality work has continued throughout the pandemic. The quality and compliance team monitor some areas on a regular basis such as training figures and incident management. During the height of the pandemic, JRHT had to move to remote compliance checks which we continue to use as a monitoring tool into 2021.

We have however been able to undertake audit visits to ensure demonstration of good practice. If areas of improvement are identified during a visit, an improvement plan is implemented for this site and monitored by the compliance team in conjunction with the relevant head of service and registered manager.

PROGRESS AGAINST THE CQC KEY LINES OF ENQUIRY

We remain disappointed that the CQC was unable to revisit our services in 2020 – particularly those at Lamel Beeches, New Lodge and Hartrigg Oaks. We believe that service quality has improved consistently through the year at these three locations.

CQC Key Line of Enquiry	Performance and achievements in 2020
Response to the COVID-19 pandemic	Understandably the main area of our focus has been on the impact of the pandemic and our Care team were quick to develop a Care Continuity Plan for the service in March 2020. Challenges in the service saw successful redeployment of staff from the JRF-JRHT group during the first lockdown along with a methodology for infection control, and responding to outbreaks through the deployment of Local Response Teams. We have latterly followed this up with the use of our Staff Outreach and wellbeing teams.
Safe	<p>Our focus in 2020 has been around improving safeguarding policy and practice. We have put in place new reporting mechanisms and training for staff and our most recent independent audit demonstrates a clear improvement in this area.</p> <p>During 2019/2020 Care Services have undertaken a huge amount of work to make our systems for medicines management safer. This has involved reviewing policy and streamlining to make it easier for care and nursing staff to follow, and we have also improved the training offer and competency sign off.</p> <p>One of the major pieces of work we have undertaken during 2020, for our residents in 24-hour care homes, has been the procurement and implementation of Electronic Medicines Administration Records (EMAR). This is an electronic system which replaces paper administration records and enables a more straightforward approach to ordering and booking-in people's medicines. In addition to this we will be able to oversee electronically that medicines have been taken and any that have not been taken, ensuring immediate investigation. The benefit of this is to improve the safety of medicines, which is essential in terms of resident safety and is a key regulatory requirement.</p>

Effective	We are particularly pleased with our improvement in training - figures show that take up rates in services are high and are maintained at that level. See the case study below.
Caring	<p>It is significant to note that, even in those services that required improvement, the caring nature of services has always held up. We know from residents and family feedback in 2020 that our staff and services overall have continued to deliver entertainment and activities and facilitated family contact during a very difficult year.</p> <p>To ensure that the extra care residents still had tasty, nutritional meals as an option, the catering services delivered lunchtime, tea and themed meals seven days a week which has been gratefully received by a huge number of residents.</p> <p>Throughout 2020, catering colleagues have sent treats such as heart shaped biscuits, herbs and sunflower seeds to brighten the residents' day and have worked with the activity teams on special events such as cake decorating.</p>
Responsive	<p>We have improved our approach to care planning but continue to focus on improving compliance in this area of our work.</p> <p>In November 2020, we ran our annual catering survey across all our care sites. We had a fantastic response from residents and our staff teams alike. This insight has been used to develop the menus, total daily food offer, communication, and service across all our sites. A "you said / we did" rolling programme of improvements across the sites is planned for 2021 with work at Hartrigg Oaks almost complete. A similar exercise will be completed in 2021 for our extra care services.</p>
Well Led	Our Care subcommittee has been strengthened with the arrival of a care specialist, Dan Ryan, as Chair. The committee continues to provide oversight of the services for the Board and this year has focussed on service quality, safety, operational effectiveness and resident experience. We have also consolidated our Care Management Team with clinical, regulatory, management and catering experience.
Sustainability	Like many care providers we have concerns about the impact of the pandemic on the sustainability of care services. We have made representations on the matter to the UK Government through the National Care Forum.

Case study - Training compliance within Care Services 2020

Each JRHT staff member within Care services has on average 15 mandatory training modules allocated to their training plan. The Learning and Development department (L&D) follow the guidance set by Skills for Care as to whether these modules should be updated every 1, 2 or 3 years. Skills for Care is a strategic body for workforce development in health and social care and sets the standards and qualifications for social care workers. JRHT follows this guidance to ensure each staff member and care service is meeting CQC Regulation 18 a.

Training for our staff is a blend of face-to-face (classroom teaching, on the job, demonstration, supervision or team meeting) training and e-learning. However, in 2020 training methods had to adapt due to the COVID-19 pandemic.

HOW COVID-19 IMPACTED TRAINING

Staff numbers across care reduced as some care staff were self-isolating or shielding. In response to this, the L&D team supported the induction training process of over 100 staff in addition to over 30 redeployed staff from JRF and JRHT to support our Care services during the height of the pandemic.

As you would expect during a pandemic, focus was on Infection Control, and as such L&D rolled out an **Infection Control train the trainer** to lead training in each care service site, followed by videos on the use of PPE being released, and finally an Infection Control Competency for all staff to complete within Care. In June with the Introduction of whole home testing, training and competency for PCR swab-taking was undertaken by the staff carrying out testing.

Despite the pandemic and the additional pressure on staff, we still saw them taking up the Health and Social Care diploma in 2020 (three people on level 2, five people on level 3 and five people on level 5).

A report from 4 December 2020 highlights that **6,853** individual training modules were completed by care staff over the course of the year, ensuring that staff and managers were constantly striving to maintain our 85+% compliance target. This equates to care staff on average completing 14 training modules per person.

This amazing achievement was as a result of all care leaders, managers and deputies keeping the staff motivated and engaged during a difficult and challenging year.

Continuous high levels of training were achieved by:

- Defaulting low-risk training to e-learning ensuring high-risk training such as 'moving and handling people' and 'Fire Safety' and 'Infection Control' training continued to be delivered as face-to-face training.
- The introduction of Zoom and Teams technology to deliver training face-to-face to staff in a safe way. This was a new way of working for care staff and some staff needed to be supported to become digitally enabled and adapt to the change.
- The compliance team shared fortnightly reports on compliance stats to the Care service managers. The example below shows statistics at the end of December 2020 and the positive improvement over the following two weeks.



Site	22/12/2020	05/01/2021
Bedford Court	87%	87%
Hartfields	91%	88%
Community Care (HO)	84%	86%
ILS East Riding	85%	85%
ILS York	87%	88%
Lamel Beeches	84%	89%
Plaxton Court	98%	98%
Rowntree Lodge	86%	87%
New Lodge Extra Care	94%	95%
The Oaks	94%	94%

This has helped motivate staff (with some healthy competition between sites) to meet the 85% compliance over the year with some sites reaching 100% at times.

- The high compliance statistics reports have enabled JRHT to add more modules onto the learning management system as mandatory and company requirement above CQC expectations.

Staff now have allocated to them an average of 19 mandatory modules to complete. This is a fantastic achievement, and as an organisation we are now in a place where we are building a more competent and confident, professionally developed staff member.

- A new streamlined Care Induction process was introduced and located on Touchpoint – our intranet site - which includes a paperless welcome pack, probation and supervision review forms, planned training timetable and an induction competency workbook. These documents ensure a new inductee has all the support and training within the first few months of joining the organisation and a clear audit trail is documented in their supervision paperwork.

DEVELOPMENT AND ASSET MANAGEMENT (DAM)

Area of activity	Performance and achievements in 2020
Governance	During 2020 JRHT consolidated its governance arrangements through the Development Subcommittee (DSC). This included a review of the terms of reference for the committee as well as the recruitment and appointment of a development specialist, Dan Gray, as DSC Chair. The committee plays a crucial role in implementing JRHT's Development Strategy.
Engagement	2020 saw increased engagement in our Development work – this was with colleagues within the organisation via the establishment of a Development Programme Board, increased contact with strategic partners such as City of York Council and Homes England, and through a refresh of our community consultation techniques including using online meetings. This was first trialled to good effect with the Willowbank proposal but will be rolled out again in 2021 as the programme gathers pace.
Pipeline	<p>JRHT are active in developing a pipeline of land and sites that are needed to enable us to achieve the delivery of 1,000 affordable units in the next ten years.</p> <p>During 2020 the development team created a new reporting mechanism for the DSC to accompany the bi-monthly pipeline and progress update, outlining the development initiatives which are currently being undertaken to achieve the 1,000 homes target. The pipeline tracker adopts a new approach to prioritising the development opportunities into Gold, Silver and Bronze bandings including estimated timeframe for delivery along with the financial resources required against the capacity provided by the grant of up to £50 million committed by JRF to “kick start” the development programme.</p> <p>Each scheme is given a ranking in order of priority including number of projected or fixed units, scheme status forecasted timeframe, financial resource and estimated cost per unit.</p> <p>The tracker is updated each month, schemes will either move up the ranking as they progress or will be removed either because they have been delivered or are not proceeding.</p> <p>As at the end of December 2020, the pipeline tracker was showing 462 units identified as gold, 176 as silver and 212 as bronze</p>

Construction	Construction has not been adversely affected by the pandemic. We have seen construction of the final phases of New Lodge progress and hope to take handover in the autumn of 2021.
Sales	<p>Despite a challenging year the DAM team achieved their stated sales target. A total of £1.35 million DAM sales surplus was generated in 2020, exceeding expectations of a £1.2 million target.</p> <p>The main contributors to this surplus were six property disposals totalling £559,000, six shared ownership staircasing's totalling £320,000, and eight first tranche new build sales totalling £264,000.</p> <p>We completed the refurbishment of two void shop units in New Earswick at a cost of £45,000. One unit was relet in November 2020 with the other due to complete in early 2021. This will result in all shop units in New Earswick being leased.</p> <p>The farmhouse at Kettlestring Farm, separated out of the lease for the farmland, was renovated at a cost of £32,000. The property is now leased back to the farmer, generating rental income of £9,600 per annum.</p>

Value for money

VFM APPROACH

We believe that value for money (VfM) is about making our people, money and properties work as well as possible for our residents. Value for money is at the heart of everything we do and is a key area of commitment from the JRHT Board as well as a fundamental area that the regulator of social housing is concerned with. A key milestone was achieved in 2020 as no JRF grant funding was required to meet routine operational costs.

Our approach to VfM is based on the three E's:

- **Economy** – careful use of resources to save expense, time or effort.
- **Efficiency** – delivering the required level of service for lower cost, less time or less effort.
- **Effectiveness** – delivering a better service or getting a better return for the same amount of expense, time or effort.

Strategic direction and leadership on VfM is provided by our Board through its involvement in approving and monitoring the delivery of the business plan and financial performance.

Our colleague-led Value for Money Group sits across the organisation

VFM IMPROVEMENTS IN 2020

The highlights from 2020 were delivered in the context of the COVID-19 pandemic:

Embedding our approach with colleagues

alongside a framework which sets out how we will deliver value for money.

Alongside internal measures, tenants and residents play a key role in continuing to monitor costs and performance, providing clear insight into the VfM from a resident perspective.

Two-way communication with residents in relation to VfM is vital and the most recent STAR survey of our tenants (2018) showed 89% of renting residents think their rent is value for money. VfM also featured in 2020 presentations to residents with the point made that the regulator expects us to be able to evidence that we are delivering VfM.

Our internal VfM framework

Our internal framework has four component parts:

- VfM activities – the specific projects and activities that are delivering VfM.
- Leadership and culture – setting the tone and leading by example.
- VfM tools – to support colleagues in thinking about VfM.
- Measurement and reporting – ensuring we capture evidence of our VfM work.

- Including encouraging colleagues, as part of their year-end reviews, to reflect on the VfM they have delivered in 2020 and think about opportunities for 2021.

Review of key processes

Commencement of a Procurement Transformation Project which will, over the next two to three years:

- deliver a radical overhaul of supplier acquisition and management;
- carry out re-tendering of key services.

Investment in technology to improve effectiveness

- Modernising our technology which has allowed office-based colleagues to work from home and for them to keep in touch with front-line staff (Microsoft Teams, SharePoint).
- Replaced our repairs and maintenance system – which is more effective and efficient.
- Data analytics - this is significantly improving our performance insight and helping us to identify areas where there are opportunities to deliver greater value.

Review of key income streams

- Review (and increase) of care fees.
- Reviewed our rent-setting processes to ensure they are effective.

VFM IMPROVEMENT PLANS FOR 2021

For 2021, initiatives include:

- Engaging the Board in reviewing our performance against VfM metrics and setting priorities for further investigation and action.
- Completing a care sustainability review and starting to execute key actions.
- Completing the detailed review of central costs including developing a new approach to cost allocations. This will be influenced by JRHT's service requirements. The exercise will incorporate benchmarking of core shared services – technology, people team and finance.

Scrutiny of cost base and reporting

- Improved financial reporting.
- Review of central and other overheads.
- Elimination of reliance on grant funding from JRF to meet routine operational costs.

Review of key areas of activity

- Consolidation of the Care Management Team to ensure service transformation continues.
- Restructure of our Housing and Community Services Management Team – this strengthened management arrangements in the department and, in particular, enabled the team to be more effective in delivering against JRHT's strategic plan and stated outcomes.

COVID-19 Response

- Centralised procurement, purchase and distribution of PPE.
- Online magazine (Ezine) - reduced printing costs and gave more regular and up-to-date information to residents.

- Improving systems effectiveness / efficiency including assessing whether our core Open Housing platform and asset management tools are fit-for-purpose.
- Implementing a more effective medicines management system in our care facilities.
- Continuation of the Procurement Transformation project.
- Using data analytics to improve the monthly and quarterly financial reporting – this should enable the Executive and Board to drill deeper into the data to identify the source of particular risks / issues.

- Continuation of the Development programme which will provide 1,000 new homes over 10 years – the increased rent income will improve JRHT's financial strength.

OPERATIONAL METRICS DURING 2020

Financial performance always needs to be considered against operational metrics – for example, good financial performance is not VfM if our services do not meet the expectations of our residents, colleagues and other stakeholders.

Our ability to provide effective customer service, quickly relet void properties and maintain low levels of arrears helps to have positive and broad impacts. Providing an effective maintenance service both in cost and

VFM KEY SECTOR INDICATORS

Nine VfM performance indicators have now become the standard for the sector, with data provided by the regulator on an annual basis through its Global Accounts report and associated sector VfM dataset. These focus on providers which have more than 1,000 units.

Within the reports produced it acknowledges that there is a wide variety of performance across the sector due to factors like different business models, location and size of different providers. Our combination of care and community development as well as housing, whilst not unique, does make it more challenging to find comparable organisations and identify a meaningful peer group.

JRHT's performance against eight of the nine VfM metrics is set out in the table below. The indicator for New Supply Non-Social is not relevant to JRHT so is not reported in the table.

- Routinely reporting the financial performance of different aspects of the organisation's finances
- Identifying an improved peer group to compare VfM metrics against.

the time taken to do repairs are key operational indicators linked to VfM.

We monitor our performance compared to peers in terms of operational indicators through participation in the voluntary HouseMark benchmarking. Our chosen peer group for operational benchmarking is Northern England and Scotland Traditional Housing associations with between 1,000 and 5,000 properties.

The peer group is those housing providers from the published VfM data with the following characteristics:

- located in North West, North East, Yorkshire and the Humber and Scotland;
- traditional housing providers (for example excluding large scale voluntary transfers); and
- providers with greater than 5% of properties held for older people.

This gives a peer group of nine providers.

Whilst the organisation's financial performance is weaker than its peer group for almost all of the metrics, this is, in part, as a consequence of conscious choices based on our mission and values. We are in high-cost sectors, pay our staff at least the higher voluntary Real Living Wage and have chosen to keep our rents at a level much lower than an Affordable

Rent policy. The single most significant (negative) influence on the metrics is, however, JRHT's residential care operations. It is high cost, low margin and materially detracts from the performance of housing activities.

2020 data with relevant comparators is set out in the table below. The sector and peer group data is for years ended 31 March 2020. As such, the full impact of the pandemic is included in JRHT's data but not sector and peer group comparatives.

Indicator	2020 actual	2019 actual	Year-on-year variance	Sector median (all providers)	Latest peer group median	2021 target
Reinvestment (%) Investment in properties (existing stock as well as New Supply) as a percentage of the value of total properties held.	3.5	9.8	(6.3)	6.9	5.2	6.1
New Supply Social (%) Number of new social housing that have been acquired or developed in the year as a proportion of total social housing units owned at period end.	0.0	5.6	(5.6)	1.4	1.0	1.9
Gearing (%) How much of the adjusted assets are made up of debt and the degree of dependence on debt finance. It is often a key indicator of a registered provider's appetite for growth.	39	38	(1)	44	41	41
EBITDA MRI (%) A key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable; the measure avoids any distortions stemming from the depreciation charge.	124	133	(9)	171	141	119
Headline Social Housing cost per unit (£000s) Assesses the headline social housing cost per unit as defined by the Regulator.	8.3	8.3	-	3.7	3.8	9.4

Operating margin (social housing) (%) Demonstrates the profitability before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business.	1.8	(0.6)	2.4	26.8	22.4	1.8
Operating margin (overall) (%)	2.9	7.9	(5.0)	24.6	18.4	5.1
Return on capital employed Compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital.	0.9	1.6	(0.7)	3.5	2.8	2.2

Note: there is also an indicator on New Supply Non-Social which is not relevant to JRHT so is not reported here.

REVIEW OF THE VFM METRICS

Reinvestment levels

The key factor influencing reinvestment levels in 2019 and 2020 was the phased delivery of New Lodge which includes a 45-bed residential care home and 105 one-and two-bedroom apartments for people aged over 55. The final stages of the development are expected to be handed over before the end of 2021. The 2021 target reflects the work to complete the development as well as the early phases of a new programme to build 1,000 new homes over the next 10 years. Works to existing properties fell in 2020 as a result of the pandemic and difficulty accessing properties. The 2021 major repairs programme seeks to incorporate much of the work that was scheduled for 2020 but not delivered.

New supply social

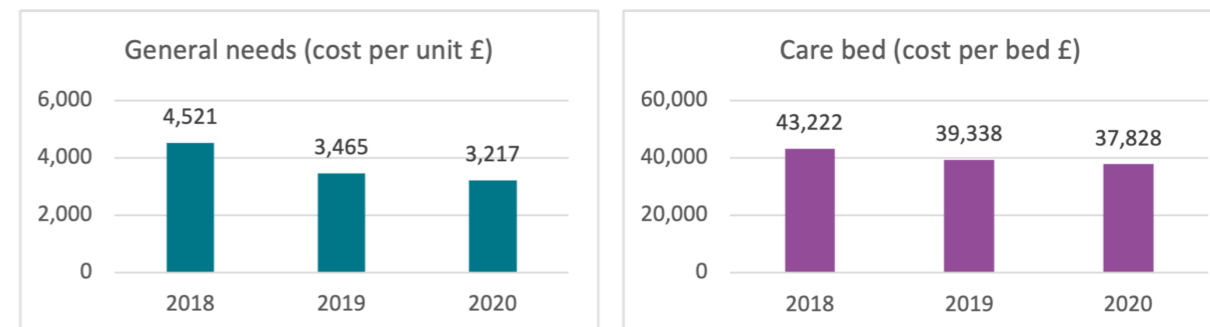
No new social housing units were delivered in 2020. The 2021 target reflects the completion of New Lodge.

EBITDA MRI (%)

EBITDA MRI reduced marginally in 2020 compared to 2019. Earnings in 2019 were positively impacted by greater than expected residence fees at Hartrigg Oaks. Offsetting the impact in 2020 was lower than planned major repairs. 2021 reflects a prudent view of care home occupancy levels (as a legacy from the pandemic) plus a more comprehensive major repairs programme reflecting catch-up activity from 2020.

Cost per unit (£000s)

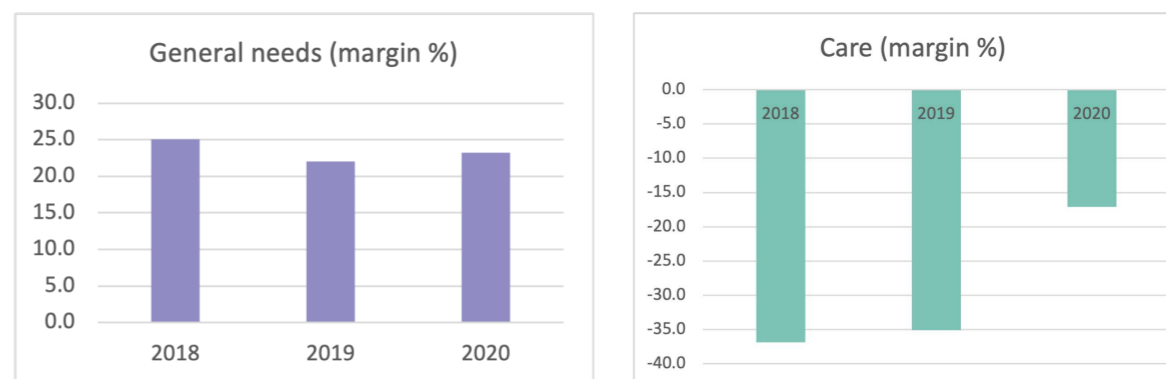
JRHT's cost per unit is materially higher than the sector median and its peer group. This reflects its broad range of activities some of which are high cost. The table below shows the 'real' cost per unit of general needs housing over time when compared to a care bed.



At £3,217, the general needs cost per unit is lower than the overall sector average although it is acknowledged that other providers will also have higher cost business streams; for example, housing for older people. Less likely is that providers will have material levels of residential care provision. 2020 is also influenced by reduced levels of major repairs in general needs. The 2021 target is reflective of continuing high costs of care provision together with more major repairs activity.

Operating margin (social housing) (%)

In a similar way to cost per unit and as illustrated by the charts below, JRHT's care operations heavily influence the social housing margin.



The general needs margin has for the past three years been between 22% and 25% which is line with sector averages. Care, although improving, continues to adversely affect the overall JRHT operating margin. General needs is again expected to deliver a margin of 20%+ in 2021. Care is expected to see a circa 5 points deterioration as a result of lower occupancy levels.

Operating margin (overall) (%)

This includes the additional influence of Hartrigg Oaks surplus. (£2.5m in 2019 and £1.3m in 2020)

Return on capital employed

Return on capital employed (ROCE) deteriorated in 2020 as a result of reduced surpluses. The target for 2021 shows a material increase although this is influenced by the expected grant from JRF to support the 1,000 new homes over 10 years housebuilding programme.

Risk, internal controls and assurance

JRF Trustees are responsible for setting the risk appetite of the Group with input from JRHT Board. The JRHT Board holds the executive to account for operational risks that could jeopardise the achievement of the organisation's objectives and Business Plan together with the internal controls deployed to manage those risks. All staff have a responsibility to identify and manage risk throughout JRHT. The Risk Management Strategy is updated and approved by JRF Trustees annually. It is the responsibility of the executive to identify the corporate risks, which are reported to the Audit and Risk Committee, and reviewed at monthly directors' meetings. The corporate risks are those which the executive collectively monitors. Operational risks are monitored by the senior leadership team of JRHT and escalated to the corporate risk register as needed. These JRHT operational risks were reported quarterly to JRHT Board during 2020.

Each risk is assessed for its likelihood and its impact both before and after controls ('inherent risk' and 'residual risk'). Controls are identified together with responsibility for management of each risk. Where necessary, actions to

improve the management of the risks are identified.

A specific risk register was developed containing the risks relating to the Exit from the EU. It was monitored by a cross departmental working group which reported into the Director of Corporate Services as needed. This risk register was archived, and risks absorbed into operational risk registers once a trade deal was confirmed in December 2020.

A specific risk register for the coronavirus pandemic was also established in the height of the first wave of the pandemic; this was overseen by an Incident Response Team and leadership teams. This too was absorbed into operational level risk registers so that risks could be managed at the right level alongside business-as-usual activity and existing risks.

JRHT has identified the following principal risks which are managed in a corporate risk register shared with JRF. These are detailed in the table that follows. The JRHT Board has considered the risks to which the organisation is exposed and taken appropriate steps to mitigate these risks, as described.

PRINCIPAL RISKS AND UNCERTAINTIES FOR JRHT

Risk	Mitigation
Reputation	
Risk to the credibility of, and trust in, the organisation.	Strategic and business plans ensure that our activity is strongly aligned to our vision and outcomes. We have close relationship management with our stakeholders. Risks arising from JRHT activity are reported to the JRHT Board by the executive director.
Compliance and regulation	
Failure to comply with any regulators' requirements.	Regulatory requirements are tracked, and regulators notified where needed. Dedicated compliance roles are established. Actions arising from inspections and audits are tracked and monitored, with progress regularly reported to relevant leadership team and committee.
Safety and wellbeing of our residents, employees, visitors, contractors or members of the public.	JRHT Board receive regular health and safety reports. We have policies for safeguarding, vulnerability and health and safety. A staff training programme also exists which includes health and safety matters starting at staff induction. A risk, quality and compliance group is in operation across teams. A JRHT safeguarding lead is in place.
Failure to adequately comply with GDPR, other UK laws, sector specific regulations and contracts relating to data and technology.	Information governance and security policies are in place. A dedicated Information Security Manager is supported by other sector specific compliance managers. Information Asset registers have been reviewed and updated into a Record of Processing Activities which includes the legal basis for processing. We have retention policies in place and compulsory data protection training for staff.
Business critical systems no longer being supported and/or technology platforms no longer being maintained, or with key gaps in functionality/coverage.	A systems review has been completed which has given us a comprehensive picture of which systems are at or close to end-of-life. Allocation of funds for discovery work in respect of end-of-life systems replacement in 2021 has been approved. We have upgraded some systems to prolong support and replaced others.
Operational/service delivery	
Operations disrupted by external factors beyond our control. Lack of readiness when outages or emergencies occur.	A corporate emergency protocol is in place with local disaster recovery and business continuity plans developed at department and operational level. Systems and processes were successfully tested and operational during the coronavirus crisis.

JRHT does not deliver the required financial performance improvements in the JRHT operating surplus.	JRHT Board agreed the 30-year financial plan and established key principles/expectations for the Annual Budget setting. Triggers and monitoring are in place for the key budget actions and targets which are also monitored monthly. A projects ledger is in place to track spend on new initiatives independently of routine team budgets, and a benefits tracker has been introduced to clearly identify where we have made savings and achieved growth targets.
Risk of impact to service delivery, wellbeing of staff and residents from spread of coronavirus.	A dedicated communications plan to keep staff and residents informed, including preventative measures and current guidelines to minimise risk of transmission. Infection control measures were introduced in care/catering and non-care sites in response to the developing situation. A coronavirus care continuity plan is in place. We are restarting services in line with the Government roadmap.
JRHT Breach of loan covenants.	The JRHT business plan is supported by three year budgets and a 30-year financial plan, including stress testing. JRHT Board responsibility is clear in our governance arrangements with regards to oversight, scrutiny and decision making. We have regular dialogue with lenders and a schedule of loans is in place to track compliance requirements.
Finance	
Failure of JRHT to deliver its in year budget and impact of this into future years on the wider financial position for JRHT.	We have extensive scenario modelling and stress testing. Our long-term financial plan reflects revised economic assumptions and local factors and was submitted to the regulator and our lenders in October 2020. Regular monitoring is in place. A rent action plan to respond to the impact of COVID-19 is being implemented.
People and culture	
Risk to the mental and emotional wellbeing of, particularly frontline staff, during, and in the aftermath of, the Covid pandemic.	We regularly monitor staff absences. We communicate to staff advising of resources available to support health and wellbeing. A Listening Ears group was established for reactive staff support and a proactive outbound calling group for staff following distressing incidents is in place. A COVID-19 support programme to focus on wellbeing and resilience of staff is being rolled out across our care sites.

COLLECTIVE AND ORGANISATION WIDE INTERNAL CONTROLS

The Board recognises that establishing an ethos and culture at JRHT that values each individual and encourages and supports staff to use their skills and experience to further JRHT's mission and outcomes is important to support an effective system of internal control.

Board members acknowledge that they are responsible for JRHT's system of internal control and for reviewing its effectiveness. The Audit and Risk Committee (ARC), which jointly reports to the Board and JRF Trustees, is responsible for examining and reviewing all systems and methods of financial and non-financial controls and ensuring that JRHT complies with best practice in governance and the approach to internal audit. Board members recognise that the system of internal control is designed to manage rather than eliminate risk and can only provide reasonable and not complete assurance against material mis-statement or loss. The Audit and Risk Committee has received the Group Chief Executive's Annual review of the effectiveness of internal control for JRHT and the annual report of the internal auditors. Highlights of 2020 include:

- A group wide and coordinated response to the pandemic, including the establishment of an Incident Response Team, Executive oversight, redeployment of staff to most affected areas, wellbeing and resilience support provided to staff.
- Continued provision of high standards of care across our services in exceptional circumstances caused by the pandemic; Emergency Support Framework visits completed by CQC showed us to be compliant with no

concerns raised.

- Two care services have had Infection Prevention Control visits and reports. These visits are based on COVID-19 outbreaks and are implemented to ensure that suitable infection prevention and control measures are in place. The regulators were satisfied that sufficient controls are in place at both sites.
- The roll-out of risk management training to all senior leadership teams across the group.
- A continued focus on Value for Money (VfM) to embed efficiency, effectiveness, and economy in our ways of working.

Our internal auditors, PwC, conducted a thorough programme of internal audit during 2020, with two audits being postponed to 2021 due to the pandemic. The programme was based on a robust risk assessment and was agreed by both management and the Audit and Risk Committee. High-risk findings relate to the logging of safeguarding incidents and completeness of training and training records. Whilst this documentation needs to improve, it was noted that staff have a good understanding of how to raise safeguarding concerns.

An in-depth review on training was completed in 2020 and reported to the Audit and Risk Committee. The subsequent training action plan has been delayed by operational pressures caused by the coronavirus pandemic but will be addressed in 2021.

An in-depth review on safeguarding was completed after the high-risk report earlier in the year and the risk levels reduced from high to medium.

Whilst we still have areas to address, management are aware of these and are working hard to ensure the necessary improvements are made and further embedded.

Areas of good practice were also noted which include:

- A number of Key Performance Indicators relating to safeguarding (completeness of training, number of safeguarding reports and so on) are monitored on a monthly basis through the Care Scorecard.
- There was a clear improvement in the structure and completeness of the Parks and Landscapes Work Equipment Register compared to the same register the auditors inspected in their health and safety review the previous year.
- The Customer Access team has responded well to the COVID-19 pandemic, gradually adapting to processing applications while working from home, and the Neighbourhood Services team have been able to complete home visits remotely through the use of technology.
- Overall Risk Management of new developments (New Lodge) was noted as an area of good practice. There was a project-specific risk register in place, supported by work stream risk registers, which followed JRHT general risk processes. This also fed into JRHT's overall risk register if there was a risk relating to the project rated highly enough to be escalated.
- Evidence has been seen of central management identifying trends in incidents or near misses and contacting site management to ensure that the relevant steps are taken in order to address this. For example, communications whereby sites have

been asked to ensure that they review the risk assessment for a resident who had an increased number of falls.

We recognise that we have had areas of high risk that we need to prioritise during 2021, however we are confident that these are isolated in specific processes and are not systemic weaknesses across the organisation.

The principal elements of the internal controls' framework are as follows:

- Annual reports on internal controls and the control environment are presented to the Audit and Risk Committee by the Group Chief Executive.
- An annual governance compliance report is presented to JRHT Board by the Executive Director of JRHT.
- A programme of Internal Audit, undertaken by a fully outsourced independent firm of auditors, is agreed by the Audit and Risk Committee which considers all reports. Management action is agreed and is monitored by the Audit and Risk Committee.
- A risk management strategy and framework have been established.
- The Assets and Liabilities register is updated annually and received by JRHT Board who notify the Audit and Risk Committee and JRF Trustees of approval. JRHT Board can escalate any issues for further discussion and scrutiny at the Audit and Risk Committee where required.
- An anti-fraud policy is in place that establishes responsibility for preventing fraud, and steps to be taken in the event of a fraud or alleged fraud being committed.
- The Audit and Risk Committee

receives a report at each meeting on any alleged or actual fraudulent activity, including the fraud register.

- Policies are established to deal with code of conduct by Trustees, committee members and staff; disciplinary and grievance procedures; anti-bribery and whistleblowing.
- Reports from regulatory and other bodies, including internal auditors, external auditors, the Regulator for Social Housing, and the Care Quality Commission are considered by the relevant committee.
- Staff appointments are made on the basis of skills and experience required for the post. Annual staff reviews are carried out.
- Detailed annual budgets are scrutinised and approved by the JRHT Board. Performance against budgets and any revised forecasts are reviewed by JRHT Board.
- In line with regulatory requirements, a 30-year financial projection is prepared and approved by the Board including detailed 'stress tests' showing the impact of a number of adverse events taking place both individually and concurrently.
- Key performance indicators (KPIs) are identified and reported to the JRHT Board on a quarterly basis, including comparative performance against other registered social landlords. Falls in performance are highlighted along with mitigating proposals.
- Written procedures, including delegated authority for the commitment, approval and payment of expenditure, have been established covering financial and non-financial matters.

• The 30-year plan highlights any future loan requirements. No new funding is expected to be required until 2023.

• Complaints and compliments are recorded and reported to the JRHT Board on a quarterly basis, with overall levels, exceptions, trend analysis, actions and lessons learned reported.

Financial review

2020 ACCOUNTS SUMMARY

Statement of comprehensive income	2020	2019
	£000	£000
Turnover	26,318	28,809
Operating costs	(23,832)	(21,804)
Operating surplus	2,486	7,005
Finance costs, net	(1,937)	(1,821)
Taxation	(1)	(27)
Surplus	548	5,157

Statement of financial position	2020	2019
	£000	£000
Housing land and buildings, net book value	138,197	135,817
Hartrigg Oaks	37,316	35,943
Other fixed assets	18,660	18,728
	194,173	190,488
Net current assets	2,237	1,809
Creditors due after one year	(139,072)	(135,507)
	57,338	56,790
Income and expenditure reserve	46,722	46,106
Restricted reserve	1,082	1,080
Revaluation reserve	9,534	9,604
	57,338	56,790

FINANCIAL REVIEW

JRHT's accounting surplus for the year was £548,000, a deterioration of £4,609,000 when compared to 2019. The prior year's performance, however, benefitted from a number of exceptional items:

- A one-off revaluation of farmland and associated properties which contributed £2.1 million (2020 investment property revaluations £0.4 million).
- Revenue support grants (excluding bursary scheme) of £1.5 million (in 2020 there were no grants).
- Property sales surpluses of £3.7 million (in 2020 that figure was £2.1 million).

If these changes are taken into account, there has been an improvement of £0.1 million in the surplus in 2020 despite the challenges associated with the pandemic. It is particularly pleasing to report that JRHT received no routine revenue support grant from JRF in 2020.

Our housing activities produced a consistent surplus and, even given lower occupancy levels and higher costs, our care homes performed better than in 2019. This improvement was primarily due to a closer realignment of care fees to the market. Our restaurants (mainly within retirement villages) were closed for most of 2020 as a result of the pandemic so generated losses. Supported housing which includes both retirement villages and 'independent living' saw a small deterioration in performance with several individual schemes generating accounting deficits.

Despite the financial pressures associated with the pandemic, JRHT continues on its journey to ensure all activities are sustainable in the long-term. When comparing the performance to 2019 and excluding exceptional items, it is evident that the underlying financial performance of JRHT core operations continues to improve. Turnover reduced as a result of fewer first tranche sales and reduced levels of grant support from JRF; in particular, the absence of any revenue support grant which was £1.5 million in 2019. Costs were impacted by higher levels of care support and reduced surpluses within Hartrigg Oaks. The accounting treatment for these means that they are offset against costs so the year-on-year reduction increased costs by circa £1.5 million.

The VfM section of the report provides more detail in respect of the progress being made to further improve financial performance. The long-term financial plan approved by the Board in October 2020 incorporated the positive contribution that New Lodge will make once complete and occupied, and an ambitious housebuilding programme over the next decade.

Given the impact of the pandemic, the Regulator of Social Housing wrote to chief executives of registered providers in March 2020, announcing a number of measures to relieve the regulatory burden. It delayed the requirement for the submission of long-term plans (forecast financial return) until later in the year. In line with regulatory expectations, JRHT stress tested its long-term plan based on its assessment of future risks.

Four specific stress test themes were developed as set out below:

Theme 1 – Third wave of the pandemic

- Arrives in the winter of 2020/2021 reduces occupancy until end of 2021 to 80%.
- Increases 2021 staff costs in care by 20%.
- PPE costs continue at £300,000 per annum for two years.
- Major repairs delayed and only fully catch up in 2022.
- Routine property sales (for example Hartrigg Oaks, first tranche and non-strategic assets) reduce by 50% in 2021.

Theme 2 – Economic shock

- Inflation rises to 2.5% rapidly and only returns to normal level in five years.
- Interest rates increase rapidly for five years (3% above base case).
- CPI -1% for a rent cycle from 2022 to 2026.
- House prices fall by 15% and recover slowly over the following few years.
- Bad debts double.

Theme 3 – Development programme

- Development plan delayed two years.
- Development programme halved to 500 units.
- Land costs double.
- Development build costs increase by 25%.
- Shared ownership percentage reduces to 40% (rather than 50%) for the next five years.
- Homes England grant levels –

reduced to £40,000 (rather than £50,000).

- Shared ownership sales delay of one year.

Theme 4 – Decarbonisation costs

Using available sector data, possible costs were assumed to be two-fold:

- Achieving Energy Performance Certificate (EPC) C by 2030 for the assumed 30% of homes that are below this. Average cost of £1,800 per unit over and above normal stock investment costs.
- Achieving zero carbon by 2050: on average around £17,000 per unit over and above the costs of planned component replacement.

There remains considerable uncertainty in respect of actual costs and the extent to which government funding will be provided to cover these. As such, it was considered appropriate to exclude these from the base version of the financial plan and include only a stress test. As more granular information becomes available elements will, in future years, be incorporated directly within the long-term plan.

The testing allows the impact of individual stresses to be understood as well as how the plan responds when these are combined into themes. A ‘perfect storm;’ was also modelled which brought together all of the themes.

The long-term plan is a valuable tool for providers to consider their risks and consider how these would be mitigated. As part of its long-term planning, JRHT has developed specific mitigating actions should particular risks crystallise as well as early warning triggers that identify where risks are starting to show signs of increasing.

TREASURY MANAGEMENT

Oversight of treasury arrangements is provided by the JRHT Board with regular reviews of the market, future funding requirements and existing loan arrangements undertaken by specialist third parties. The overall aim is to ensure that there is sufficient loan finance to meet foreseeable needs.

No new loan arrangements were put in place during 2020 as, based on the current long-term financial plan, sufficient funding is in place until 2023.

All long-term debt, with the exception of a small number of former Housing Corporation loans, have a fixed rate of less than 5%. Although rates have been lower than this for some time and are not expected to rise

significantly in the short-term, the fixed rates do provide certainty of interest costs.

All of JRHT’s fixed-rate borrowing is within the loan documentation with the primary lender. JRHT does not use stand-alone derivatives to fix rates of interest on loans.

JRHT continues to comfortably meet all of its loan covenants. As described in the Reserves policy section, interest cover at the end of the year was 200% compared to the minimum of 110%. Gearing calculations differ across lenders. The most stringent requires debt to be less than 50% of the cost of properties. At the year-end, this was 35%.

GOING CONCERN

JRHT’s activities, current financial position and future plans are set out within this Annual Report. The charity has a detailed financial planning process and at its final meeting of 2020, the Board formally approved a budget for the following year as well as reviewing indicative budgets for the subsequent two years to 31 December 2023.

Cash flow forecasts are prepared covering the current and following year to ensure that cash balances together with undrawn bank borrowing facilities are sufficient to meet planned expenditure. These are created using JRHT’s long-term planning model, a tool used across the sector to generate the 30-year financial forecast returns required by the Regulator of Social Housing on an annual basis.

Uncertainty associated with the COVID-19 pandemic is likely to continue for some time. In this respect, the financial risks for JRHT include:-

- Care home occupancy being lower than expected.
- Staff costs, particularly in care settings, being higher.
- Significant Personal Protective Equipment (PPE) costs.
- Rental bad debts may increase.

To understand these, and other risks, a number of increasingly challenging scenarios have been modelled.

These were used to establish the point at which:

- Cash would run out; and/or
- Covenants with banks would be broken.

The scenario modelling performed on the forecasts for 2021 and 2022 demonstrated that even under the most challenging conditions:

- Cash does not run out.
- Bank covenants continue to be met.
- JRHT does not need to draw funds from the £15m loan facility with JRF.

Based on this above, the Board is of the opinion that JRHT has access to adequate resources to continue to operate without disruption for the foreseeable future, being a period of at least 12 months after the date on which the Annual Report and financial statements are signed. For this reason, JRHT continues to adopt the going concern basis for the financial statements.

Plans for the future

2020 has been an exceptional year for many reasons. Our response to the COVID-19 pandemic has been intensive and continuous, responding to the regularly changing external regulations and environment. Whilst this has diverted some attention from progressing the priorities set out for 2020, there have been many achievements and lessons learned across the broad spectrum of our work. These include dynamic risk assessments responding to regularly changing external guidance and circumstances, testing of business continuity plans for operational services and corporate buildings, and the implementation of a rapid response outreach team supporting staff and services when they were significantly affected by COVID-19.

As we look towards 2021 and beyond there are a number of headline strategies that the Board will focus on.

PRIORITIES FOR 2021

JRHT strategy

To decide between different options for the future strategic mission and role of JRHT and to understand how we make real the Joseph Rowntree vision of building 'self-governing' communities in the 21st century. In doing so, outlining which services should we provide and in which communities with an understanding of what JRHT's unique contribution will be.

Care financial sustainability

To establish an understanding of the medium-term financial sustainability of different care service models, based on current costs and wider, changing national and local 'market' context. For the JRHT Board to make decisions on the basis of that analysis, moving towards a more sustainable model.

Development

To support the JRHT Board and Development Sub-Committee to implement the Development Strategy, including shaping our approach to major opportunities such as York Central.

Social Housing White Paper

To continue to strengthen our approach to tenant engagement, including responding to the Social Housing White Paper.

Statement of the responsibilities of the Board for the report and financial statements

Decarbonisation

To meet 'net-zero-carbon' target by 2050, social housing providers must attain a C rating on Energy Performance Certificates by 2030. Assumptions around forecast costs were built into the stress testing of the financial plan in 2020. We will obtain more in-depth stock information in 2021, to identify our retrofit options and enable more detailed costs to be included in our 30-year financial plan.

Day-to-day operations

Day-to-day delivery of housing and care services and ongoing operational and performance development through continuous improvement.

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

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under the Co-operative and Community Benefit Society legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the association and group for that period. In preparing these financial statements, the Board are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2018, have been followed, subject to any material departures disclosed and explained in the financial statements; and

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board are responsible for the



maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the United Kingdom

governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DISCLOSURE OF INFORMATION TO AUDITOR

At the date of making this report each of the Society's members, confirm the following:

- So far as each member is aware, there is no relevant information needed by the Society's auditors in connection with preparing their report of which the Society's auditors are unaware.

- Each member has taken all the steps that they ought to have taken as a member in order to make themselves aware of any relevant information needed by the Society's auditors in connection with preparing their report and to establish that the Society's auditors are aware of that information.

Approval

This report including the strategic report was approved by the JRHT Board at its meeting on Tuesday 8 June 2021 and is signed on behalf of the Board by the Chair of JRHT Board.

Helen Evans (Chair of the JRHT Board)



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOSEPH ROWNTREE HOUSING TRUST

OPINION

We have audited the financial statements of Joseph Rowntree Housing Trust (the 'society') for the year ended 31 December 2020 which comprise the statement of financial position, the statement of comprehensive income, the statement of changes in reserves, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard

applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:-

- give a true and fair view of the state of the society's affairs as at 31 December 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2019.

BASIS FOR OPINION

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our

report. We are independent of the society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We are responsible for concluding on the appropriateness of the board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the board's conclusions, we considered the inherent risks associated with the society's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates

made by the board and the related disclosures and analysed how those risks might affect the society's financial resources or ability to continue operations over the going concern period.

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 society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

The responsibilities of the board with respect to going concern are described in the 'Responsibilities of board for the financial statements' section of this report.

OTHER INFORMATION

The Board are responsible for the other information. The other information comprises the information included in the Report of the Board other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:-

- a satisfactory system of control over transactions has not been maintained; or
- the society has not kept proper accounting records; or

- the financial statements are not in agreement with the books of account; or

- we have not received all the information and explanations we require for our audit.

We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Board's Responsibilities set out on page 57, the Directors are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

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

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

EXPLANATIONS AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES INCLUDING FRAUD

(CONTINUED)

- Audit procedures performed by the engagement team included:-
 - Evaluating the processes and controls established to address the risks related to irregularities and fraud;
 - Testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
 - Challenging assumptions and judgements made by management in its significant accounting estimates;
 - Identifying and testing related party transactions; and
 - Completion of audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and

remained alert to any indications of fraud, or non-compliance with laws and regulations throughout the audit.

- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the sector in which the Association operates in and their practical experience through training and participation with audit engagements of a similar nature. All team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of companies of a similar size and complexity, appropriate to their role within the team.

- From the procedures performed we did not identify any material matters relating to non-compliance with laws and regulation or matters in relation to fraud.

USE OF OUR REPORT

This report is made solely to the society's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditor's report and for no

other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

GRANT THORNTON UK LLP

Statutory Auditor, Chartered Accountants

Leeds

Grant Thornton UK LLP




Date: 10/6/2021

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2020

		2020	2019
	Note	£'000	£'000
Turnover	3	26,318	28,809
Less: Operating Costs	3	(23,832)	(21,804)
Operating Surplus	3	<u>2,486</u>	<u>7,005</u>
Interest Receivable	9	140	169
Interest Payable and similar charges	10	(2,077)	(1,990)
Total Comprehensive Income for the Year before Taxation	11	<u>549</u>	<u>5,184</u>
Taxation on Ordinary Activities	12	(1)	(27)
Total Comprehensive Income for the Year after Taxation		<u><u>548</u></u>	<u><u>5,157</u></u>

There are no recognised gains or losses other than the surplus for the year. The surplus for the year is entirely generated from continuing activities.

The Financial Statements were approved by the Board of Trustees on 8 June 2021 and signed on its behalf by:


Chair of the JRHT Board	 Helen Evans
Chair of the Audit and Risk Committee	 Paul Jenkins
Deputy Secretary	 Stuart Coe

STATEMENT OF FINANCIAL POSITION
as at 31 December 2020

		2020		2019	
	Note	£'000	£'000	£'000	£'000
Fixed Assets					
Housing Land and Buildings: Cost	13		164,752		160,092
Less: Depreciation	13		<u>(26,555)</u>		<u>(24,275)</u>
			138,197		135,817
Tangible Fixed Asset - Hartrigg Oaks	14		37,316		35,943
Other Fixed Assets - Tangible assets	15		13,106		13,573
Other Fixed Assets - Intangible assets	16		-		-
Homebuy Loans	17	2,356		2,392	
Investment Properties	18	<u>3,198</u>		<u>2,763</u>	
			5,554		5,155
			<u>194,173</u>		<u>190,488</u>
Current Assets					
Properties held for sale	19	793		944	
Trade and Other Debtors	20	1,457		2,110	
Cash and cash equivalents		<u>3,491</u>		<u>4,097</u>	
		5,741		7,151	
Creditors: Amounts falling due within one year	21	<u>(3,504)</u>		<u>(5,342)</u>	
Net Current Assets			<u>2,237</u>		<u>1,809</u>
Total Assets less Current Liabilities			196,410		192,297
Creditors: Amounts falling due after one year	22		(139,072)		(135,507)
Total Net assets			<u>57,338</u>		<u>56,790</u>
Reserves					
Income and Expenditure Reserve		46,722		46,106	
Restricted Reserves		1,082		1,080	
Revaluation Reserve		<u>9,534</u>		<u>9,604</u>	
Total Reserves			<u>57,338</u>		<u>56,790</u>

The Financial Statements were approved by the Board of Trustees on 8 June 2021 and signed on its behalf by:

Chair of the JRHT Board

 Helen Evans

Chair of the Audit and Risk Committee

 Paul Jenkins

Deputy Secretary

 Stuart Coe

STATEMENT OF CHANGES IN RESERVES
for the year ended 31 December 2020

	Income and Expenditure Reserve	Restricted Reserve	Revaluation Reserve	Total
	£'000	£'000	£'000	£'000
Balance at 1 January 2020	46,106	1,080	9,604	56,790
Surplus for the Year After Taxation	548	-	-	548
Transfer of unrestricted income to restricted reserve	(2)	2	-	-
Transfer of revaluation reserve to unrestricted reserve	70	-	(70)	-
	<u>46,722</u>	<u>1,082</u>	<u>9,534</u>	<u>57,338</u>
Balance at 31 December 2020	<u>46,722</u>	<u>1,082</u>	<u>9,534</u>	<u>57,338</u>

The prior year comparatives are as follows:-

	Income and Expenditure Reserve	Restricted Reserve	Revaluation Reserve	Total
	£'000	£'000	£'000	£'000
Balance at 1 January 2019	40,888	1,072	9,673	51,633
Surplus for the Year After Taxation	5,157	-	-	5,157
Transfer of unrestricted income to restricted reserve	(8)	8	-	-
Transfer of revaluation reserve to unrestricted reserve	69	-	(69)	-
	<u>46,106</u>	<u>1,080</u>	<u>9,604</u>	<u>56,790</u>
Balance at 31 December 2019	<u>46,106</u>	<u>1,080</u>	<u>9,604</u>	<u>56,790</u>

STATEMENT OF CASH FLOW
for the year ended 31 December 2020

	2020		2019	
	£'000	£'000	£'000	£'000
Net Cash generated from Operating Activities (Note 28a)		2,425		3,509
Cash flow from Investing Activities				
Interest received	140		169	
Expenditure on Housing Land and Buildings	(5,982)		(15,837)	
Purchase of Other Fixed Assets	(28)		(115)	
Sale of Other Fixed Assets	-		101	
Purchase of Hartrigg Oaks Assets	(29)		(107)	
Sale of Housing Properties (Note 28 b)	2,241		3,352	
Disposals of Property in the Course of Construction	-		2,724	
Homebuy Loans redeemed	36		128	
Social Housing Grant - received	-		1,395	
		(3,622)		(8,190)
Cash flow from Financing Activities				
Interest paid	(2,076)		(1,981)	
Taxation	(1)		(27)	
Capitalised Community Fees received	434		446	
Capitalised Community Fees repaid	(61)		-	
Hartrigg Oaks Residence Fees (Note 28 c)	1,085		2,895	
Hartrigg Oaks Loans repaid	(61)		(61)	
Housing Loans received	2,500		3,000	
Housing Loans principal repayments	(1,016)		(913)	
Bonds and Loan Stock repaid	(213)		(459)	
		591		2,900
Net change in Cash and Cash Equivalents		(606)		(1,781)
Cash and cash equivalents at 1 January		4,097		5,878
Cash and cash equivalents at 31 December		3,491		4,097

NOTES TO THE ACCOUNTS**1 Legal Status**

Joseph Rowntree Housing Trust (JRHT) is registered with the Regulator for Social Housing. It was originally formed by a Deed of Foundation and Charity Commission Scheme. A new incorporated Community Benefit Society (CBS) named Joseph Rowntree Housing Trust was created on 24 September 2019. The CBS remained dormant until 1 January 2020, when the assets and liabilities of the unincorporated charity were transferred to the CBS, under a Charity Commission Scheme and Order. Merger accounting was adopted for the transition to a CBS which means that, although this is the Society's first period, the accounts are presented as though JRHT has always had this legal form. More detail can be found in the 'Governing Document' section of the Directors' Annual Report.

2 Accounting Policies**(i) Basis of Accounting**

The Financial Statements of Joseph Rowntree Housing Trust (JRHT) are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Social Housing Providers 2019.

JRHT is a public benefit entity in accordance with FRS 102.

The financial statements are presented in sterling (£).

(ii) Going concern

JRHT's activities, current financial position and future plans are set out in its Annual Report. The charity has a detailed financial planning process and at its final meeting of 2020, the Board formally approved a budget for the following year as well as reviewing indicative budgets for the subsequent two years to 31 December 2022.

Cash flow forecasts are prepared covering the current and following year to ensure that cash balances together with undrawn bank borrowing facilities are sufficient to meet planned expenditure. These are created using JRHT's long-term planning model, a tool used across the sector to generate the 30-year financial forecast returns required by the Regulator of Social Housing on an annual basis.

Uncertainty associated with the Covid-19 pandemic is likely to continue for some time. In this respect, the financial risks for JRHT include:-

- Care home occupancy being lower than expected.
- Staff costs, particularly in care settings, being higher.
- Significant Personal Protective Equipment (PPE) costs.
- Rental bad debts may increase.

To understand these, and other risks, a number of increasingly challenging scenarios have been modelled.

These were used to establish the point at which:-

- Cash would run out; and/or
- Covenants with banks would be broken.

The scenario modelling performed on the forecasts for 2021 and 2022 demonstrated that even under the most challenging conditions:-

- Cash does not run out.
- Bank covenants continue to be met.
- JRHT does not need to draw funds from the £15m loan facility with JRF.

2 Accounting Policies (continued)**(ii) Going concern (continued)**

Based on this above, the Board is of the opinion that JRHT has access to adequate resources to continue to operate without disruption for the foreseeable future, being a period of at least 12 months after the date on which the Annual Report and financial statements are signed. For this reason, JRHT continues to adopt the going concern basis in the financial statements.

(iii) Significant judgements and estimates

The following are the significant management judgements made in applying the accounting policies of JRHT that have the most significant effect on the financial statements.

(a) Impairment

As part of JRHT's continuous review of the performance of assets, management identify any properties or schemes that have increasing void losses, are impacted by policy changes or where the decision has been made to dispose of these properties. These factors are considered to be an indication of impairment.

Where there is an indication of impairment, the assets are written down to the recoverable amount and any impairment losses are charged to operating surpluses.

(b) Classification of loans as basic

Management have considered the terms of loan agreements and concluded that they meet the definition of a basic financial instrument, therefore they are held at amortised cost.

(c) Classification of Business Properties as Other Fixed Assets

Management consider that assets held as business properties should be classified as other fixed assets since they are held for social benefit.

(d) Investment Property Valuation

As a consequence of the Covid-19 pandemic, one investment property valuation undertaken during the year included a material uncertainty clause. Management has determined that this does not give rise to a material difference in valuation.

2 Accounting Policies (continued)**(iii) Significant judgements and estimates (continued)****Estimation uncertainty**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenditure is provided below. Actual results may be substantially different.

(a) Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based upon the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key housing components. Accumulated depreciation at 31 December 2020 was £32,319,000.

(b) Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets including investment properties. This involves developing estimates and assumptions consistent with how market participants would price the instrument or asset. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from actual prices. Fair value measurements have been applied to bonds and loan stock and investment properties. The total values of these at 31 December 2020 were £1,319,000 and £3,198,000 respectively.

(c) Deferred Land

JRHT has acquired certain land from local authorities on deferred consideration terms. The payment is triggered when the properties developed on that land are sold or after a specified date is reached. The sum payable is a percentage of the market value of the properties on the land. The future payment is therefore uncertain and an estimate of the future market value of those properties is required. That estimated future payment is discounted to the Statement of Financial Position date which involves a judgement of the discount rate to be used. The value of the deferred land in the Statement of Financial Position at 31 December 2020 was £3,276,000.

(d) Hartrigg Oaks - Non-Refundable Residence Fees

Non-refundable Residence Fees payable by residents of Hartrigg Oaks are set by reference to actuarial factors linked to life expectancy and estimations of future interest rates. The Non-refundable Residence Fees are amortised in the Financial Statements using the anticipated lives of the individual residents at a rate based on advice from JRHT's actuaries. The amortisation in the year was £267,000 and the unamortised balance of the Non-refundable Residence Fees at 31 December 2020 was £4,402,000.

(e) Hartrigg Oaks - Capitalised Community Fees

Capitalised Community Fees payable by residents of Hartrigg Oaks are set by reference to actuarial factors linked to life expectancy, estimations of future interest rates and future fee levels. The Capitalised Community Fees are amortised in the Financial Statements using the anticipated lives of the individual residents at a rate based on advice from JRHT's actuaries. The amortisation in the year was £173,000 and the unamortised balance of the Capitalised Community Fees at 31 December 2020 was £2,192,000.

(f) Shared ownership sales percentages

Future shared ownership sales at New Lodge are estimated at 50% reflecting the percentage of each property expected to be sold at completion.

2 Accounting Policies (continued)

(iv) Turnover and revenue recognition

Turnover comprises rental and fee income receivable in the year, income receivable from shared ownership first tranche sales, other goods and services supplied in the year (excluding VAT) and grants receivable in the year.

Rental income is recognised at the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Charges for care and support services funded under supporting people and local authority care contracts are recognised as they fall due under the contractual arrangements with the Administering Authorities.

Sales of Housing Land and Buildings are recognised on the date of the legal completion of the sale. The proceeds of sale of the first tranche of shared ownership properties are stated net of any contribution required to cross subsidise other elements of the scheme concerned and are included in turnover.

Surpluses on subsequent tranches and from other sales are recognised in their entirety in the Statement of Comprehensive Income on the date of the legal completion of the sale. At JRHT's Extra Care schemes the Trust is committed to buying back property on the termination of the lease. The price paid to the outgoing resident is the original price paid plus a percentage of the equity appreciation and is included in surpluses on sale. The remaining equity appreciation is retained by JRHT.

(v) Fixed Assets

(a) Housing Land and Buildings

Housing Land and Buildings, which includes properties for letting, residential care homes and extra care schemes, are stated at cost and includes properties in the course of construction which are being developed with a view to JRHT retaining a long-term interest. Cost of Housing Land and Buildings includes directly attributable management expenses and directly attributable finance costs which are capitalised until the property reaches practical completion.

The cost of pre-1990 rented property in New Earswick was re-stated at the Existing Use Value - Social Housing as at 31 December 2013, in accordance with the SORP at that time. The increase in cost is reflected through a Revaluation Reserve.

Costs of modernisation and improvements to existing properties are capitalised if they result in the replacement of a component or the enhancement of the economic benefit of the structure.

(b) Shared Ownership properties

Included within Housing Land and Buildings is JRHT's retained interest in dwellings developed on Shared Ownership terms. Under Shared Ownership arrangements the purchaser acquires a portion of the equity of the property and has an option to acquire at any time further portions up to a limit determined by JRHT: The price payable is a corresponding portion of the market value of the property at the date of the initial purchase or the exercise of the option. A rent is payable on any portion of the equity which is retained in the JRHT's ownership.

At the discretion of JRHT, the terms of tenure between rent, shared ownership and outright ownership can be varied over time.

The book value of JRHT's retained interest in Shared Ownership properties is stated at cost, plus cost of equity subsequently repurchased by JRHT.

The book value of the equity in Shared Ownership Properties held for resale is included within Current Assets as Housing Stock Held for Resale.

2 Accounting Policies (continued)**(v) Fixed Assets (continued)****(c) Deferred Land**

JRHT has a number of housing schemes where land has been purchased on deferred consideration terms. Where the terms allow for final payment of the land value to be made by a specified date, the liability has been recognised at the net present value of estimated future cash flows and the value of land within Housing Land and Buildings has been increased accordingly. Where no date for the purchase of the land exists, the liability is shown within contingent liabilities.

(d) Hartrigg Oaks

Hartrigg Oaks represents the cost of construction of 152 bungalows, 43 rooms in the Care Centre, and communal facilities, together with apportioned management expenses, start-up costs, and directly attributable finance costs incurred up to completion.

On subsequent sales, when a new lease for the occupation of a bungalow at Hartrigg Oaks is entered into, the cost of the bungalow is restated at the Fully Refundable Residence Fee, or equivalent sum, included in the lease for that bungalow.

(e) Other Land and Buildings

Other Land and Buildings, which are held to support the wider social housing community or which are let at sub-market rents, are treated as 'property, plant and equipment' and are stated at cost. Cost of Other Land and Buildings includes directly attributable management expenses and directly attributable finance costs which are capitalised until the property reaches practical completion.

(vi) Homebuy

Under the Homebuy loan arrangements JRHT has made loans to individuals to enable them to purchase a property. The loan is equivalent to a specified percentage, ranging from 12½% to 30% of the market value of the property. No interest is charged on the loan but JRHT is entitled to receive the specified percentage of the market value of the property which is credited in full to interest receivable in the Statement of Comprehensive Income when it is sold. The loans are secured on the properties to which they relate. This scheme is supported by the Homes and Communities Agency through the provision of Social Housing Grant.

(vii) Investment Property

Properties held for investment are held at fair value within the Statement of Financial Position with gains and losses recognised in the Statement of Comprehensive Income. A formal independent valuation in accordance with RICS Valuation Standard guidelines is obtained every three years.

(viii) Depreciation**(a) Housing Land and Buildings**

No depreciation is provided on freehold land.

Housing Properties are categorised into their main components and these components are depreciated over their estimated useful economic lives to their estimated residual value. Depreciation of Housing Properties and their components are calculated at the following rates:-

2 Accounting Policies (continued)**(viii) Depreciation (continued)****(a) Housing Land and Buildings (continued)**

Structure of Housing Properties built since 1 January 2000: over 100 years

Structure of Housing Properties built prior to 1 January 2000:-

Housing Properties built before 1950: over 50 years from 1 January 2000

Housing Properties built since 1950: over the balance of 100 years from 1 January

Roofs: over 45 years

Windows: over 35 years

Boilers : over 15 years

Kitchens: over 25 years

Mechanical Systems: over 40 years

Bathrooms: over 30 years

Lifts: over 30 years

Fire Protection: over 20 years

Resident Safety and Security Equipment: over 20 years

(b) Shared Ownership properties

No depreciation is provided on freehold land.

Shared Ownership properties are depreciated over their estimated useful economic lives to their estimated residual value. Under shared ownership, residents may acquire additional shares in the property and ultimately own the property outright, known as 'staircasing out'. The useful economic life is therefore dependent upon choices made by residents. Based on past experience of 'staircasing out', an estimated useful economic life of 70 years has been applied to shared ownership properties

(c) Hartrigg Oaks

The buildings at Hartrigg Oaks are depreciated on a straight line basis, so as to write down the net book value of the buildings to their estimated residual value over their estimated useful economic lives. Depreciation is calculated over the balance of 100 years from 1 January 2000.

(d) Other Land and Buildings

Other Buildings are depreciated on a straight line basis, so as to write down the net book value of the buildings to their estimated residual value over their estimated useful economic lives. Depreciation is calculated at the following rate:-

Other Buildings built since 1 January 2000: over 50 years

Other Buildings built since 1950: over the balance of 50 years from 1 January 2000

Other Buildings more than 50 years old at 1 January 2000 and those from which the JRHT receives no financial benefit have been fully depreciated

(e) Vehicles, Furniture and Equipment

Vehicles, Furniture and Equipment are written off over five years by a straight line method. Computer Equipment is written off over three years by a straight line method. Kitchen fittings and equipment at the newly refurbished Folk Hall New Earswick are written off at various rates ranging between 8 and 40 years by a straight line method.

(f) Intangible Fixed Assets

Computer software is written off over five years by a straight line method.

2 Accounting Policies (continued)**(ix) Stock**

Stock, which comprises materials, loose tools, other building supplies, and food and drink, is stated at the lower of cost and net realisable value.

(x) Government Grants

Government grants include grants receivable from the Homes England, local authorities and other government organisations. Government grants received for housing properties are amortised to the Statement of Comprehensive Income over the useful life of the housing property structure under the accruals model.

Government grants relating to revenue activities are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate once reasonable assurance has been gained that JRHT will comply with the conditions and that the funds will be received.

Government grants due or received in advance are included as current assets or liabilities.

Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the Statement of Financial Position in creditors.

(xi) Other Grants

Other Grants, which includes legacies and other donations, are recognised as follows:-

- (a) Grants that are not subject to future performance related conditions are recognised as revenue when the grant is receivable
- (b) Grants that are subject to future performance related conditions are recognised as revenue when those conditions are met. Grants that are received before the conditions have been met are recognised as a liability

(xii) Deferred Income - Amounts Received in Advance**(a) Leaseholders**

JRHT has entered into Leases in which it is required to defer income to match against future expenditure on maintenance and repairs and equipment from sums collected via the service charge. Interest is added to the sums set aside at JRHT's marginal cost of borrowing.

(b) Residential Care Homes and Extra Care

JRHT has deferred income to match against future expenditure on furnishings and equipment at its Residential Care Homes and Extra Care schemes from fees and service charges received from residents. Interest is added to the sums set aside at JRHT's marginal cost of borrowing.

(c) Rents Received in Advance

JRHT has received rental income in advance on Office Accommodation which is released to the Statement of Comprehensive Income over the length of the lease.

(d) THFC Bond

Proceeds from the bond, based on the price at issue were in excess of the nominal value of the THFC bond issue which is repayable in 2043. The excess, net of expenditure incurred in securing the facility, is being released to the Statement of Comprehensive Income over the term of the bond.

2 Accounting Policies (continued)**(xiii) Hartrigg Oaks Capitalised Community Fees**

Hartrigg Oaks Capitalised Community Fees represent sums paid in advance by residents at Hartrigg Oaks towards the Community Fee. Capitalised Community Fees are not refundable when a resident leaves Hartrigg Oaks on a permanent basis, except partial repayments, on a decreasing basis, are made over the first 56 months of residence. Capitalised Community Fees are amortised in the Accounts over the anticipated lives of the residents at a rate based on advice from JRHT's actuaries.

(xiv) Recycled Capital Grant Fund

Following the full sale of a rented property (other than under the Voluntary Purchase Grant or Social Homebuy programmes), the demolition of a property, the partial sale of a shared ownership property or upon a Homebuy redemption, the Social Housing Grant attributable to that property is transferred to the Recycled Capital Grant Fund. Sums in that Fund must be applied in accordance with criteria established by the Homes and Communities Agency.

(xv) Hartrigg Oaks Residence Fees

Hartrigg Oaks Residence Fees represents sums received from residents under the Lease and Care Agreements at Hartrigg Oaks. Fully Refundable Residence Fees are refundable in the original sum within 14 days of a resident leaving Hartrigg Oaks on a permanent basis. No interest is payable by JRHT on the sums received. Non-refundable Residence Fees are not refundable when a resident leaves Hartrigg Oaks on a permanent basis except partial repayments, on a decreasing basis, are made over the first 56 months of residence. Non-refundable Residence Fees are amortised in the Accounts over the anticipated lives of the residents at a rate based on advice from JRHT's actuaries.

(xvi) Bonds and Loan Stock

JRHT has issued Bonds and Loan Stock at its Residential Care Homes. Residents who take up Bonds or Loan Stock are entitled to a rebate on their fee. Any interest which is earned on the Bonds or Stock in excess of the rebates given is available to provide Bursary Support to those residents in the Homes who are unable to meet the full fee. Repayments are made when a resident ceases to be in occupation or following a re-assessment of a resident's financial position.

Bonds and Loan Stock are recognised in the Statement of Financial Position at the Net Present Value of the estimated future cash flows. The timing of future payments, which will be triggered when a resident ceases occupation, are uncertain and it has been assumed that one in eight residents will cease occupation in any one year based on past experience

(xvii) Restricted Reserves: Sales Re-investment Fund

The surplus on sale over book cost arising from sales of property under the Government's Voluntary Purchase Grant and Social Homebuy programmes have been transferred to the Sales Re-investment Fund. Sums in the Fund will be released when they have been applied to provide replacement housing property.

(xviii) Revaluation Reserves

The revaluation surplus of pre 1990 rented property in New Earswick has been transferred to a Revaluation Reserve.

(xix) Major Repairs and Cyclical Maintenance

Expenditure on Major Repairs, including re-improvements, and Cyclical Maintenance on general needs housing accommodation and Residential Care Homes is charged to the Statement of Comprehensive Income in the year in which it is incurred unless it involves the replacement of a capitalised component or the enhancement of the economic benefit of the structure. Major Repair Social Housing Grant which is received is offset against expenditure incurred.

2 Accounting Policies (continued)**(xx) Impairment**

Impairment reviews are carried out on an annual basis in accordance with Financial Reporting Standard 11 for all properties where there is a relevant triggering event.

(xxi) Joseph Rowntree Foundation

Joseph Rowntree Housing Trust (JRHT) is a subsidiary of the Joseph Rowntree Foundation (JRF). JRF is an independent social change organisation working to solve uk poverty.

Directors as well as certain other staff are employed on joint JRF:JRHT contracts. Shared costs are apportioned between JRF and JRHT on the basis of an estimate of delivery cost.

(xxii) Pensions

JRHT participates in Social Housing Pension Scheme (SHPS) defined contribution schemes. Some employees of JRHT used to be employed by JRF at a point when a SHPS defined benefit scheme was open. Contributions to meet the costs of past service deficits are, therefore, met by JRF.

(xxiii) VAT

JRHT is registered for VAT. Expenditure is included gross of VAT and any recoveries made are netted off other operating costs (Note 3a).

(xxiv) Financial Instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in the Statement of Comprehensive Income. At each year end, the instruments are revalued to fair value, with the movements posted to income or expenditure.

JRHT has not adopted hedge accounting for financial instruments.

(xxv) Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method, less any impairment.

(xxvi) Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

Joseph Rowntree Housing Trust
Registered Charity

3a Turnover, Operating Costs and Operating Surplus for the Year

	2020				2019			
	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Operating Surplus/ (Deficit) £'000	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Operating Surplus/ (Deficit) £'000
<i>Social Housing Lettings (note 3b)</i>	18,488	-	(18,148)	340	17,239	-	(17,348)	(109)
<i>Other Social Housing Activities</i>								
First Tranche Shared Ownership Sales	892	(627)	-	265	1,663	(954)	-	709
Disposal of Current Assets	496	(135)	-	361	472	(414)	-	58
Gain/Loss on disposal of Housing Properties (note 6)	-	-	712	712	-	-	1,160	1,160
Community Services and Special Initiatives (note 4)	1,278	-	(1,191)	87	2,969	-	(1,447)	1,522
Management Services	56	-	(60)	(4)	62	-	(60)	2
Property Services	24	-	(62)	(38)	45	-	(74)	(29)
Other - Leasehold Units at Extra Care Schemes	506	-	(577)	(71)	482	-	(493)	(11)
Other - VAT	-	-	6	6	-	-	24	24
<i>Non-social Housing Activities</i>								
Other (note 3c)	4,578	-	(3,750)	828	5,877	-	(2,198)	3,679
	<u>26,318</u>	<u>(762)</u>	<u>(23,070)</u>	<u>2,486</u>	<u>28,809</u>	<u>(1,368)</u>	<u>(20,436)</u>	<u>7,005</u>

Included within turnover for 2020 is grant received from the government's coronavirus job retention scheme of £117,580.

3b Social Housing Lettings

	2020				Total £'000	2019 Total £'000
	General Needs £'000	Supported Housing and Older People £'000	Care Homes £'000	Low Cost Home Ownership £'000		
Rent Receivable net of Identifiable Service Charges	5,914	1,539	-	1,737	9,190	8,924
Service Charge Income	76	667	-	316	1,059	900
Charges for Support Services	1	2,973	4,459	324	7,757	6,930
Amortised Government Grant	202	191	-	89	482	485
Turnover from Social Housing Lettings	6,193	5,370	4,459	2,466	18,488	17,239
Management	(1,732)	(498)	(649)	(678)	(3,557)	(3,224)
Service Charge Costs	(93)	(870)	-	(358)	(1,321)	(1,103)
Support Charges	-	(3,653)	(4,274)	(490)	(8,417)	(7,599)
Routine Maintenance	(535)	(142)	(67)	(45)	(789)	(1,001)
Planned Maintenance	(659)	(112)	(77)	(63)	(911)	(1,062)
Major Repairs Expenditure	(120)	(196)	(1)	(44)	(361)	(501)
Bad Debts	(27)	(3)	-	(7)	(37)	(36)
Depreciation of Housing Properties	(1,381)	(725)	(152)	(329)	(2,587)	(2,573)
Other Costs	(209)	-	-	41	(168)	(249)
Operating Costs on Social Housing Lettings	(4,756)	(6,199)	(5,220)	(1,973)	(18,148)	(17,348)
Operating Surplus/(Deficit) on Social Housing Lettings	1,437	(829)	(761)	493	340	(109)
Void Losses	75	143	1,437	29	1,684	1,094

Charges for Support Services, together with the associated costs include Supporting People contracts.

3c Other Non-social Housing Activity

	2020			2019		
	Turnover £'000	Operating Costs £'000	Operating Surplus/ (Deficit) £'000	Turnover £'000	Operating Costs £'000	Operating Surplus/ (Deficit) £'000
Hartrigg Oaks	3,266	(3,809)	(543)	2,943	(3,777)	(834)
Hartrigg Oaks Sales (Note 6)	-	1,340	1,340	-	2,523	2,523
Revaluation of Investment property	435	-	435	2,078	-	2,078
Business Properties and Farms	877	(1,281)	(404)	856	(944)	(88)
	4,578	(3,750)	828	5,877	(2,198)	3,679

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4 Community and Special Initiatives

The net income breaks down as:-

	2020	2019
	£'000	£'000
Bursary Shortfall at Residential Care Homes	(213)	(192)
Adjustment to restate Bonds and Loan stock at net present value	(40)	(46)
Hartrigg Oaks Bursary Support	(83)	(51)
Special Initiatives - Care	4	(4)
Contribution to New Earswick Schools	(25)	(158)
New Earswick Community Grants	(18)	(14)
New Earswick Folk Hall	(230)	(277)
JRF Grant for Heritage Assets (note 33 (d))	396	497
JRF Capital Grant (note 33 (d))	271	360
JRF Bursary support- (note 33 (d))	314	314
JRF Revenue support- (note 33 (d))	-	1,494
National Lottery Grant Hartfields	80	80
National Lottery Grant Hartfields Expenditure	(73)	(71)
Horizon 2020 Grant	129	-
Horizon 2020 Expenditure	(130)	-
Derwenthorpe Community Facilities	(10)	(27)
Other	(9)	(30)
Management Expense allocation	(276)	(353)
	<u>87</u>	<u>1,522</u>

5 Housing Stock

	Supported Housing &		Care Homes	Low Cost		Hartrigg Oaks	Leasehold Schemes for Elderly	Total
	General Needs	Housing for Older People		Home Ownership	Extra Care Leasehold			
At 1 January	1,230	350	133	464	66	195	155	2,593
Net Switches in Tenure	3	8	-	(11)	-	-	-	-
Sales	-	-	-	(7)	-	-	-	(7)
Held for Sale	(1)	-	-	-	-	-	-	(1)
At 31 December	<u>1,232</u>	<u>358</u>	<u>133</u>	<u>446</u>	<u>66</u>	<u>195</u>	<u>155</u>	<u>2,585</u>

Within Low Cost Home Ownership there are 139 units in Supported Housing and Housing for Older People schemes.

All General Needs and Supported Housing and Housing for Older People is let at a social rent.

In addition, the JRHT manages 43 units within two leasehold schemes and owns 13 shops, two farm holdings and a property leased to a third party to provide a Residential Care Home for people with mental illness. There are also 4 units used as accommodation by scheme managers.

6 Surplus on Sales

	2020			2019
	Housing Properties £'000	Hartrigg Oaks £'000	Total £'000	
Sales proceeds	2,262	2,369	4,631	9,217
Less: Cost of properties sold (Notes 13 and 14)	(1,659)	(977)	(2,636)	(5,542)
Depreciation (Note 13)	164	-	164	202
Grant Previously amortised (note 24)	(34)	-	(34)	(39)
Direct Costs	(21)	(52)	(73)	(155)
	<u>(1,550)</u>	<u>(1,029)</u>	<u>(2,579)</u>	<u>(5,534)</u>
Surplus on sales	<u>712</u>	<u>1,340</u>	<u>2,052</u>	<u>3,683</u>

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7 Staff Costs

The following table includes staff costs of both JRF and JRHT as certain individuals operate across both entities. These are primarily staff who work within central services (eg People team Technology and Change and Finance). Central costs are apportioned between the two legal entities on the basis of an estimate of the cost of delivering services. Total staff costs, including those shared with JRF, during the year were :-

	2020			2019		
	JRF £'000	JRHT £'000	Total £'000	JRF £'000	JRHT £'000	Total £'000
Wages and salaries	4,409	13,425	17,834	3,773	12,203	15,976
Retirement, redundancy and exit payments	-	118	118	34	154	188
National Insurance contributions	433	1,047	1,480	373	945	1,318
Other pension costs	261	695	956	668	611	1,279
	<u>5,103</u>	<u>15,285</u>	<u>20,388</u>	<u>4,848</u>	<u>13,913</u>	<u>18,761</u>

The average weekly number of persons, including part time staff, employed directly or indirectly by JRHT during the year was 713 (2019: 664).

The average number of full time equivalent employees, based on a working week of 35 hours, was 599 (2019: 551).

8 Trustees', Executive Directors, Key Management Personnel and Higher Paid Employees' Emoluments

No Trustee received any emoluments or benefits in kind in respect of their services.

The benefits in kind of the current Group Chief Executive relate to relocation costs actually incurred.

In 2019 the previous Chief Executive was required to split his time between York and London and was therefore deemed to have two places of work. In recognition of the fact that a significant amount of time was spent in York, and that the Chief Executive's family remained based in London, Trustees agreed to fund accommodation in York and pay for travel expenses between London and York to facilitate this. The Benefit in Kind assigned to the Chief Executive of £12,000 consisted of accommodation (£1,000), travel expenses (£4,000) and tax and national insurance (£7,000). These costs are included in the table below. The Chief Executive received no payments directly, apart from his core salary.

	2020				2019				
	Basic Salary £'000	Benefits in kind £'000	Pension contributions £'000	Total Benefits £'000	Basic Salary £'000	Compensation for loss of office £'000	Benefits in kind £'000	Pension contributions £'000	Total Benefits £'000
Chief Executive to 28 June 2019	-	-	-	-	85	-	12	5	102
Chief Executive from 1 September 2020	50	5	3	58	-	-	-	-	-
JRF Executive Director to 17 April 2020	39	-	2	41	101	-	-	6	107
Acting JRF Executive Director from 20 April 2020	54	-	3	57	-	-	-	-	-
JRHT Executive Director from 11 March 2019	98	-	6	104	76	-	-	5	81
Director of Finance	98	-	6	104	95	-	-	6	101
Director of Corporate Services	98	-	6	104	95	-	-	6	101
	<u>437</u>	<u>5</u>	<u>26</u>	<u>468</u>	<u>452</u>	<u>-</u>	<u>12</u>	<u>28</u>	<u>492</u>

The aggregate remuneration of Key Management personnel was as follows:-

	2020 £'000	2019 £'000
Basic Salary	437	452
Benefits in Kind	5	12
Pension Contributions	26	28
Employer's NIC	52	62
	<u>520</u>	<u>554</u>

The total remuneration of key personnel apportioned to JRHT during the year was £265,000 (2019: £277,000).

The emoluments of the highest paid directors, the JRHT Executive Director, the Director of Finance and the Director of Corporate Services excluding pension contributions were £98,000 each in 2020 (2019: the JRF Executive Director £101,000)

All directors are entitled to be members of the pension scheme on the same terms as all staff.

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8 Trustees', Key Management Personnel (Directors) and Higher Paid Employees' Emoluments (continued)

The number of higher paid employees of JRHT, excluding directors, for whom a percentage of full year, full time emoluments (including pension contributions and benefits in kind) was apportioned to JRHT fell in the following ranges:-

	2020	2019
£60,001 - £70,000	9	5
£70,001 - £80,000	7	5
£80,001 - £90,000	1	1
£90,001- £100,000	1	1
£140,001- £150,000	-	1

The above bandings include six employees who left during the year. Equivalent annual remuneration places two of these employees in the £60,001 to £70,000 band, three of these employees in the £70,001 to £80,000 band and one of these employees in the band for £90,001 to £100,000. In addition, four employees who joined during the year are also included. Equivalent annual remuneration places three of these employees in the £60,001 to £70,000 band and one of these employees in the band for £80,001 to £90,000.

9 Interest Receivable

	2020	2019
	£'000	£'000
Interest receivable and similar income	129	147
Income from other investments	11	22
	<u>140</u>	<u>169</u>

10 Interest Payable and Similar Charges

	2020	2019
	£'000	£'000
Interest Paid:		
Orchardbrook Ltd	79	82
Joseph Rowntree Foundation	14	19
Lloyds Banking Group plc	1,039	1,087
THFC Bond	798	798
Handelsbanken	309	347
	<u>2,239</u>	<u>2,333</u>
Interest Applied to:		
Income received in advance	41	51
Bonds and Loan Stock	16	33
Recycled Capital Grant Fund (Note 23)	1	9
Bank Overdraft	35	65
	<u>2,332</u>	<u>2,491</u>
Less Capitalised:		
Housing Land and Buildings (Note 13)	(255)	(501)
	<u>2,077</u>	<u>1,990</u>
Capitalisation rate used to determine the finance costs capitalised during the period	<u>3.7%</u>	<u>4.0%</u>

11 Comprehensive Income for the Year

	2020	2019
	£'000	£'000
Surplus for the year is stated after charging:		
Depreciation		
Recurring	3,130	3,086
Payments under operating leases	62	68
Auditors' Remuneration (inclusive of VAT)		
In their capacity as Auditors	33	30
Tax compliance	3	-

12 Taxation on Ordinary Activities

	2020	2019
	£'000	£'000
UK Corporation Tax on Surplus for the Year	-	27
Under accrual of Corporation tax in respect of previous year	1	-
Total Current Tax	<u>1</u>	<u>27</u>

13 Housing Land and Buildings

	Housing Property held for Letting	Shared Ownership Properties	Residential Care Homes	Other Housing Property	Property in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January	119,144	21,685	11,261	1,209	6,793	160,092
Additions	1,668	14	-	-	4,220	5,902
Disposals	(118)	(6)	-	-	-	(124)
Sales (Note 6)	(960)	(699)	-	-	-	(1,659)
Works to Existing Properties	620	17	-	-	-	637
Increase in valuation of deferred land	480	-	-	-	-	480
Reclassification	516	(542)	26	-	-	-
Transfer to Assets Held For Sale	(60)	-	-	-	(516)	(576)
At 31 December	121,290	20,469	11,287	1,209	10,497	164,752
Depreciation						
At 1 January	18,335	4,129	1,531	280	-	24,275
Charge for the year	2,106	315	152	14	-	2,587
Sales (Note 6)	(72)	(92)	-	-	-	(164)
Disposals	(118)	(6)	-	-	-	(124)
Reclassification	168	(169)	1	-	-	-
Transfer to Assets Held For Sale	(19)	-	-	-	-	(19)
At 31 December	20,400	4,177	1,684	294	-	26,555
Net Book Value						
At 1 January	100,809	17,556	9,730	929	6,793	135,817
At 31 December	100,890	16,292	9,603	915	10,497	138,197
Represented by:						
Freehold Land and Buildings	94,981	15,690	9,603	915	10,497	131,686
Long Leasehold Land and Buildings	5,909	602	-	-	-	6,511
	100,890	16,292	9,603	915	10,497	138,197

- (i) Included within the net book value of £100,890,000 (2018: £100,809,000) of Housing Properties held for letting are Supported Housing and Housing for Older People properties with a net book value of £38,748,994 (2019: £37,719,633)
- (ii) Additions in the year include £153,355 (2019: £178,573) in respect of Development Administration and £255,638 (2019: £501,080) in respect of capitalised interest.

13 Housing Land and Buildings (continued)

- (iii) The total accumulated Social Housing Grant received by the JRHT up to 31 December 2020, including Major Repairs Grant, was £36,429,024 (2019: £36,429,024).
- (iv) Properties are stated at historical cost except for pre 1990 rented properties in New Earswick which are stated at deemed cost being Existing Use Value for Social Housing (EUV-SH).

The carrying value of housing properties that would have been included in the financial statements had the assets been carried at historic cost less accumulated depreciation is as follows:

	2020	2019
	£'000	£'000
Housing Properties at historical cost	157,421	152,761
Accumulated depreciation	(26,137)	(23,927)
	<u>131,284</u>	<u>128,834</u>

(v) Expenditure on works to existing properties

	2020	2019
	£'000	£'000
Improvement works capitalised	37	272
Components capitalised	599	1,153
Amounts charged to income and Expenditure	<u>361</u>	<u>501</u>
	<u>997</u>	<u>1,926</u>

- (vi) JRHT considers individual schemes to be separate Cash Generating Units (CGUs) when assessing impairment, in accordance with the requirements of Financial Reporting standard 102 and SORP 2018. No impairment charge was made during the year.

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14 Hartrigg Oaks

	2020	
	£'000	£'000
Cost		
At 1 January		36,701
Expenditure in the year	29	
Current Residence Fees on bungalows re-sold in the year	2,369	
Less: previous Residence Fees on bungalows re-sold in the year	(977)	
Increase in Residence Fees on bungalows re-sold in the year		<u>1,421</u>
At 31 December		<u>38,122</u>
Depreciation		
At 1 January		758
Charged in the year		<u>48</u>
At 31 December		<u>806</u>
Net Book Value		
At 1 January		35,943
At 31 December		37,316

Hartrigg Oaks is a Continuing Care Retirement Community built on land under JRHT's ownership in New Earswick. It consists of 152 bungalows, a 43 room Care Centre, together with communal facilities.

15 Other Fixed Assets - Tangible assets

	Other Freehold Land and Buildings £'000	Vehicles, Furniture and Equipment £'000	Total £'000
Cost			
At 1 January	16,896	1,094	17,990
Additions	28	-	28
Reclassification	(173)	173	-
Transfer to Investment Properties	-	-	-
Disposals	-	(13)	(13)
At 31 December	<u>16,751</u>	<u>1,254</u>	<u>18,005</u>
Depreciation			
At 1 January	3,772	645	4,417
Reclassification	(33)	33	-
Charge for the year	350	145	495
Disposals	-	(13)	(13)
At 31 December	<u>4,089</u>	<u>810</u>	<u>4,899</u>
Net Book Value			
At 1 January	13,124	449	13,573
At 31 December	12,662	444	13,106

Other Freehold Land and Buildings consists of the JRHT's business and office premises including solar panels, communal areas at Extra Care schemes and non-housing property in New Earswick and Derwenthorpe. Income generated from these holdings is included within Business Properties and Farms (note 3b). The net book value of the income generating properties at 31 December 2020 was £9,271,000 (2019: £9,499,000).

16 Other Fixed Assets - Intangible assets

	IT Software
	£'000
Cost	
At 1 January	59
Additions	-
Disposals	-
At 31 December	<u>59</u>
Depreciation	
At 1 January	59
Charge for the year	-
Disposals	-
At 31 December	<u>59</u>
Net Book Value	
At 1 January	-
At 31 December	-

17 Homebuy Loans

	2020	2019
	£'000	£'000
At 1 January	2,392	2,520
Repayments	<u>(36)</u>	<u>(128)</u>
At 31 December	<u>2,356</u>	<u>2,392</u>

Homebuy loans are secured on the properties to which the loan relates and are repaid in line with the terms of the scheme.

18 Investment Properties

	2020	2019
	£'000	£'000
At 1 January	2,763	440
Transfer from Other Freehold Land & Buildings	-	245
Gain on revaluation	<u>435</u>	<u>2,078</u>
At 31 December	<u>3,198</u>	<u>2,763</u>

Investment properties are included in the statement of financial position at market value based on formal valuations undertaken in December 2019 and November 2020 by an independent, qualified, chartered surveyor with experience of these types of assets. The valuations were carried out in accordance with the provisions of the RICS Valuation - Global Standards Current Edition (the "Red Book"). As a consequence of the Covid-19 pandemic, the valuation undertaken in 2020 included a material uncertainty clause. Management has determined that this does not give rise to a material difference in valuation.

19 Properties held for sale

	2020	2019
	£'000	£'000
Shared ownership properties		
Completed properties	236	840
Work in progress	516	-
	<u>752</u>	<u>840</u>
Work in Progress Developed for Outright Sale	-	-
Housing Land and Buildings	41	104
Other Freehold Land and Buildings	-	-
	<u>793</u>	<u>944</u>

20 Trade and Other Debtors

	2020		2019	
	£'000	£'000	£'000	£'000
Stock		84		93
Rent Arrears				
Rent and service charges receivable	569		503	
Provision for bad and doubtful debts	<u>(164)</u>		<u>(138)</u>	
		405		365
Prepayments and accrued income		21		865
Other Debtors		<u>947</u>		<u>787</u>
		<u>1,457</u>		<u>2,110</u>

21 Creditors: Amounts falling due within one year

	2020	2019
	£'000	£'000
Debt (Note 25)	78	1,076
Rent in Advance	329	295
Recycled Capital Grant Fund (Note 23)	47	46
Deferred Grant Income (Note 24)	482	485
Accruals and deferred income	1,414	1,749
Other Creditors	<u>1,154</u>	<u>1,691</u>
	<u>3,504</u>	<u>5,342</u>

22 Creditors: Amounts falling due after one year

	2020		2019	
	£'000	£'000	£'000	£'000
Debt (Note 25)		57,316		54,895
Deferred Income - amounts received in advance:				
Rents received in advance	133		183	
Leaseholders	1,255		992	
Residential Care Homes and Extra Care	982		921	
Hartrigg Oaks	372		361	
THFC Bond	967		1,009	
		3,709		3,466
Capitalised Community Fees:				
At 1 January	1,992		1,706	
Received in the year	434		446	
Repaid in the year	(61)		-	
Amortisation in the year	(173)		(160)	
At 31 December		2,192		1,992
Recycled Capital Grant Fund (Note 23)		1,496		417
Deferred Grant Income (Note 24)		40,486		41,994
Hartrigg Oaks Residence Fees (Note 26)		29,278		28,408
Bonds and Loan Stock (Note 27)		1,319		1,539
Deferred Land		3,276		2,796
		139,072		135,507

23 Recycled Capital Grant Fund (RCGF)

	2020	2019
	£'000	£'000
At 1 January	463	1,195
Transfer in the year (Note 24)	1,043	126
Applied in the year (Note 24)	-	(995)
Homebuy Grant repaid (Note 24)	36	128
Interest added to the Fund (Note 10)	1	9
At 31 December	1,543	463

RCGF is applicable in the following periods:-

	2020	2019
	£'000	£'000
Within one year (Note 21)	47	46
More than one year (Note 22)	1,496	417
	1,543	463

24 Deferred Grant Income

	2020 £'000	2019 £'000
At 1 January	42,479	40,673
Received in the year	-	1,395
Transferred from Properties in the Course of Construction (note 13)	-	116
Transferred from RCGF (Note 23)	-	995
Transferred to RCGF (Note 23)	(1,043)	(126)
Homebuy Grant Applied to RCGF (Note 23)	(36)	(128)
Grant Previously amortised on Properties Disposed	34	39
Grant Previously amortised on Properties held for sale	16	-
Amortisation in the year	(482)	(485)
	<hr/>	<hr/>
At 31 December	40,968	42,479

Deferred Grant Income is due in the following periods:-

	2020 £'000	2019 £'000
Within one year (Note 21)	482	485
More than one year (Note 22)	40,486	41,994
	<hr/>	<hr/>
	40,968	42,479

25 Debt Analysis**Borrowings are represented by :**

	2020 £'000	2019 £'000
Housing Loans (Note i)	42,222	40,738
Hartrigg Oaks loans (Note ii)	172	233
THFC Bond (Note iii)	15,000	15,000
	<hr/>	<hr/>
	57,394	55,971

Note i

The Housing Loans comprise:-

	2020 £'000	2019 £'000
Orchardbrook Ltd	722	738
Lloyds Banking Group plc Facility A	10,000	10,000
Lloyds Banking Group plc Facility B (Tranche1)	8,000	8,000
Lloyds Banking Group plc Facility B (Tranche2)	5,000	6,000
Handelsbanken Loan 1	8,000	8,000
Handelsbanken Loan 2	10,500	8,000
	<hr/>	<hr/>
	42,222	40,738

- (a) The loans from Orchardbrook Ltd are settled by equal half-yearly instalments of capital and interest over the estimated life of the scheme for which the loan was provided. The final instalments fall to be repaid in the period 2019 to 2047. The rates of interest are fixed and range from 9.25% to 15.875%. The loans are secured against 65 of JRHT's properties.

25 Debt Analysis (continued)

- (b) Facility A from Lloyds Banking Group plc is for a 30 year term with a bullet repayment at a fixed rate of interest. The average rate charged during the year was 4.76%. The margins increase over the life of the loan so that from September 2030 the rate, including margins, is 4.83%. The loan is secured against 123 of JRHT's properties and is fully repayable on 9 December 2036.
- (c) Facility B (Tranche 1) from Lloyds Banking Group plc is for a 28 year term with a bullet repayment at a fixed rate of interest. The interest rate charged during the year was 4.35%. The margins increase over the life of the loan, so that from 24 March 2036 the rate, including margins, is 4.38%. The loan is secured against 119 of JRHT's properties and with a final repayment due on 24 December 2037.
- (d) Facility B (Tranche 2) from Lloyds Banking Group plc is for a 20 year term with repayments at 3 yearly intervals and a final repayment on 28 December 2034. Interest charged during the year was 3.58%. The margins increase over the life of the loan, so that from 28 March 2028 the rate, including margins, is 3.62%. The loan is secured against 86 of JRHT's properties.
- (e) Handelsbanken Loan 1 represents a revolving credit facility of £8m . Interest is charged at a variable rate linked to LIBOR: the average rate charged during the year was 1.62%. The Facility, which is available until June 2023, is secured against 127 of JRHT's properties.
- (f) Handelsbanken Loan 2 represents a revolving credit facility of £15m . Interest is charged at a variable rate linked to LIBOR: the average rate charged during the year inclusive of non- utilisation fees was 2.22%. The Facility, which is available until June 2023, is secured against 219 of JRHT's properties.

The Housing Loans are repayable in the following periods:-

	2020		2019	
	£'000	£'000	£'000	£'000
In one year or less (Note 21)		18		1,015
Between one and two years	19		18	
Between two and five years	1,071		1,065	
In five years or more	41,114		38,640	
		<u>42,204</u>		<u>39,723</u>
		<u>42,222</u>		<u>40,738</u>

Note ii

The Hartrigg Oaks Loan comprises:-

	2020	2020
	£'000	£'000
Joseph Rowntree Foundation		
Fixed	<u>172</u>	<u>233</u>

Interest is charged on this fixed loan at an interest rate of 6.75%. The loan is due to be repaid in 2023.

25 Debt Analysis (continued)

The Hartrigg Oaks Loan is repayable in the following periods:-

	2020		2019	
	£'000	£'000	£'000	£'000
In one year or less (Note 21)		60		61
Between one and two years	60		60	
Between two and five years	52		112	
		<u>112</u>		<u>172</u>
		<u>172</u>		<u>233</u>

Note iii

A bond of £15m from THFC was taken out in 2013. Interest is charged at a fixed rate of 5.2%. The bond is secured against 240 of the Trust's properties and is repayable in 2043.

The THFC Bond is repayable in the following periods:-

	2020		2019	
	£'000	£'000	£'000	£'000
In one year or less (Note 21)		-		-
Between one and two years	-		-	
Between two and five years	-		-	
In five years or more	15,000		15,000	
		<u>15,000</u>		<u>15,000</u>
		<u>15,000</u>		<u>15,000</u>

26 Hartrigg Oaks Residence Fees

	Fully Refundable Fees £'000	Non-refundable Fees £'000	Total £'000
At 1 January	24,169	4,239	28,408
Received in the year	1,819	430	2,249
Repaid in the year	(1,112)	-	(1,112)
Amortised in the year	-	(267)	(267)
At 31 December	<u>24,876</u>	<u>4,402</u>	<u>29,278</u>

27 Bonds and Loan Stock

	2020 £'000	2019 £'000
At 1 January	1,539	1,944
Bonds and Loan Stock received in the year	-	-
Bonds and Loan Stock repaid in the year	(213)	(459)
Indexation	13	30
Transfer to Bursary shortfall	(60)	(22)
Adjustment to net present value	40	46
At 31 December	<u>1,319</u>	<u>1,539</u>

Indexation represents an increase in sums due to Bedford Court bond holders, following the rise in RPI during the year.

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28 Note to the statement of cash flows

	2020		2019	
	£'000	£'000	£'000	£'000
28a Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities				
Operating Surplus		2,486		7,005
Depreciation of Housing Buildings	2,587		2,573	
Depreciation of Hartrigg Oaks	48		48	
Depreciation of Other Fixed Assets	495		465	
Amortisation of Government Grant	(482)		(485)	
Amortisation of Non-refundable Residence Fees	(267)		(257)	
Amortisation of Capitalised Community Fees	(173)		(160)	
Decrease in Net Present Value of Loan Stock	40		46	
Increase in value of Investment Property	(435)		(2,078)	
Decrease/(Increase) in Stock of Materials	9		(9)	
Surplus on sale of properties	(2,052)		(3,683)	
Decrease in Housing stock held for resale	167		1,595	
Decrease in Debtors	597		(512)	
Decrease in Creditors	(595)		(1,039)	
		(61)		(3,496)
Net Inflow from Operating Activities		2,425		3,509

28b Sale of Existing Stock of Housing Properties

	2020 £'000	2019 £'000
Proceeds from sales (Note 6)	2,262	3,398
Less: Direct Expenditure (Note 6)	(21)	(46)
	2,241	3,352

28c Net Cash Movement on Hartrigg Oaks Properties

	2020 £'000	2019 £'000
Residence Fees received	2,249	4,040
Residence Fees repaid	(1,112)	(1,036)
	1,137	3,004
Less: Direct Expenses (Note 6)	(52)	(109)
	1,085	2,895

28d Analysis of changes in net debt

	At 1.1.20 £'000	Cash Flows	At 31.12.20 £'000
Cash	(4,097)	606	(3,491)
Bank Loans due within one year	1,076	(998)	78
Bank Loans due greater than one year	54,895	2,421	57,316
Total	51,874	2,029	53,903

29 Capital Commitments

	2020 £'000	2019 £'000
Expenditure authorised not contracted	32,374	10,154
Expenditure contracted less certified	7,824	11,055
	40,198	21,209

Capital commitments include £3,469,000 for deferred land payments where there is no fixed date for the payment.

The above commitments will be financed primarily through borrowings available for drawdown under existing facilities (£4,551,000), JRF's commitment to provide funding of up to £50m to support JRHT's house building programme (£9,793,000), social housing grant (£7,596,000) and property sales (£18,258,000).

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30 Leasing Commitments

JRHT's total future minimum operating lease payments are set out below:

	2020	2019
	£'000	£'000
Within one year	17	62
Between two and five years	5	22
	22	84

31 Ultimate Controlling Party

The ultimate controlling party of JRHT is the Joseph Rowntree Foundation (JRF) which is a charitable company limited by guarantee registered in England and Wales and regulated by the Charity Commission. The consolidated accounts of JRF can be obtained from Joseph Rowntree Foundation, The Homestead, 40 Water End, York, YO30 6WP or on its website www.jrf.org.uk.

32 Non Equity Share Capital

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions upon a winding up. Shares in JRHT issued to members are not transferrable. Upon a shareholder ceasing to be a member, his/her share is forfeited and the value credited to the revenue reserve.

	2020	2019
	£'000	£'000
Shares of £1 in issue at the start of the year	9	-
Issued	2	9
Surrendered	(2)	-
Shares at the end of the year	9	9

33 Joseph Rowntree Foundation (JRF) - Related Party Transactions

(a) Outstanding Loans

Outstanding loans from JRF at 31 December 2020 amounted to £172,368 (2019: £233,003). Loans advanced were £nil and loan repayments amounted to £60,635. Interest charged on loans from JRF during the year was £14,464 (2019: £18,512). Further details can be found in note 25.

(b) Loan facility

JRF provides a facility for up to £15,000,000 to JRHT, for any short term cash flow requirements, negating the need to source external funding. Interest will be charged at market value rates, taking external advice as necessary. As at 31 December 2020 none of this facility had been drawn (2019: £Nil).

(c) Grants

JRF provided a grant of £314,000 to JRHT in 2020 to provide bursary support. The amount payable to JRHT in 2019 was £314,000.

JRF provided a revenue support grant to JRHT in 2019 of £1,494,000 (2020: Nil).

JRF provided a grant to JRHT in 2019 to fund capital works required to improve Fire Safety within Housing Properties of £360,000 (2020: Nil).

JRF provided a grant of £396,000 to JRHT in 2020 towards the direct running and management costs of heritage assets. The amount payable to JRHT in 2019 was £497,000.

JRF provided a grant to JRHT in 2020 to fund early-stage costs of its house building programme of £271,000. This is the first drawdown of grants of up to £50m agreed with JRHT to create 1,000 new homes over 10 years.

34 Other Related Parties

One resident, Mrs F Charnock, with a tenancy on normal commercial terms and no arrears at 31 December 2019, was a member of the JRHT Board until the second quarter of 2019.

Mr Steven Burkeman, who was a Trustee until October 2019, also owns a property whereby a monthly estate charge is due to JRHT. The sum due is on normal commercial terms and there were no arrears at the year end.

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35 Financial Assets and Liabilities

	2020	2019
	£'000	£'000
Financial assets that are debt instruments measured at amortised cost	5,720	6,286
Financial liabilities measured at amortised cost	(140,962)	(138,908)
Financial liabilities that are measured at fair value through the surplus or deficit	(1,319)	(1,539)
	<u>(136,561)</u>	<u>(134,161)</u>

Financial assets measured at amortised cost are represented by current assets excluding prepayments and accrued income.

Financial liabilities measured at amortised cost are represented by all short and long term liabilities excluding those measured at fair value and liabilities to HMRC.

Financial liabilities measured at fair value are represented by the deferred bonds and loan stock. The difference between the carrying amount and contractually obliged payments is:-

	2020	2019
	£'000	£'000
Carrying amount	1,319	1,539
Contractual Obligations	1,374	1,634
	<u>(55)</u>	<u>(95)</u>

36 Post Balance Sheet Events

There are no Post-Balance Sheet events to report.