



**Sandbourne Housing Association**

# **BUSINESS PLAN**

**For the period 1 April 2020 to 31 March 2025**

**Approved by the Board  
9 December 2020**



## **Sandbourne Housing Association (Sandbourne)**

# **Business Plan**

**for the period 1 April 2020 to 31 March 2025**

## **1. VISIONS AND OBJECTIVES**

### **1.1 Vision**

Remaining a small local housing provider delivering high quality homes and providing services that are tailored to the needs of our customers.

### **1.2 Aims and Objectives**

Sandbourne strives to continually improve its services to all its residents and to make its buildings and services as accessible as possible.

Sandbourne has the following specific aims:

- To be locally based and primarily operating in the BCP Council and Ringwood areas.
- To provide high quality, affordable homes to enable residents to live independently.
- To provide additional homes as the opportunity arises.
- To empower residents to have a direct say in the way that their homes and services are managed and to play an active role in the continuous improvement and development of systems and services.
- To seek to add social benefit to our residents in all we do. And to explore ways of measuring this investment.
- To employ high quality, dedicated staff who can assist residents in benefiting from the quiet enjoyment of their homes and promote all aspects of equality and diversity.
- To invest in our staff, to ensure that they have the resources and skills to fulfil their role and to develop those skills where appropriate.
- To seek to continually improve our services and adapt them to the needs and requirements of our residents.
- To use local contractors wherever reasonable.
- To strive to embed Value for Money principles in all its activities.
- To actively pursue environmentally friendly options where possible and where affordable for both Sandbourne and our residents.
- To remain 'SMALL' (defined as less than 1,000 homes by the Regulator). 480 homes as at November 2020.
- To remain independent.

## **2. EXTERNAL CONTEXT**

- 2.1** Sandbourne is a not for profit registered housing provider (RP) with charitable status, more commonly known as a housing association. It is registered with, and regulated by, the Regulator of Social Housing (RSH) (registration number LH0418) and Financial Conduct Authority (FCA) (registration number 12740R as a Community Benefit Society under the Co-operative and Community Benefit Societies and Credit Union Act 2014). It is also an exempt charity (number 403885) and is an affiliated member of the National Housing Federation (NHF).

Although an independent organisation, Sandbourne is subject to extensive regulation and changes imposed by both central government and its primary regulator in the sector, the RSH.

Sandbourne, as a RP, is required to co-operate with the local authorities (LAs) in the areas in which it operates and to assist those LAs in their statutory obligations in relation to meeting housing need in their area. It currently operates in three local authority areas – BCP Council, Dorset Council and New Forest District Council.

Although 'SMALL' compared to many RPs that operate across its area, Sandbourne is the largest provider of rented social housing for the 60+ age group in Bournemouth after the LA.

The landscape in which registered providers operate continues to be complicated, not least in the light of the uncertainty over the Brexit discussions. The current year has been further complicated by the outbreak of the Covid-19 pandemic and the related restrictions which have been imposed on individuals and businesses.

## **3. INTERNAL CONTEXT**

### **3.1 History of the Association**

Sandbourne was formed from the merger of Bournemouth Housing Society for the Elderly (BHSE) and Broadway Park Housing Association (BPHA) in January 2015.

They were joined in January 2016 by Ringwood and District Old People's Housing Society Ltd and in February 2019 by Bournemouth Ace Housing Association Ltd.

In 2019, with FCA approval, Sandbourne changed its year end to 31 March each year. This is in line with most other registered providers and will make benchmarking more useful and more powerful.

### 3.2 Overview of the current Association at October 2020

	12 months 2020	18 months 2019
Rent and service charge income	£2,613,953	£3,917,616
Operating surplus for period	£301,791	£578,761
Total assets	£29,131,638	£29,106,032
Rent arrears	£39,014	£29,341
Loans outstanding	£9,468,615	£9,770,989
Lettings in period	42	44
Void costs (inc repairs)	£86,109	£91,852

### 3.3 Information on Board and Staff

#### 3.3.1 Board

Sandbourne has a strong, diverse Board with a broad range of expertise. Members are unpaid. Composition of the Board is regularly reviewed with succession planning being at the forefront of those reviews. Members are recruited to fill both identified current and future requirements. The individual members' details are set out in Appendix 7.4(1).

Sandbourne has adopted the National Housing Federation (NHF) 2011 Model Rules which include a maximum nine-year term of office for members.

Sandbourne has adopted the NHF "Code of Conduct 2012; With good practice for members", "Excellence in governance; Code for members and good practice guidance" and "Promoting board excellence for housing associations (2015 edition)". The NHF has produced a new Code of Governance in 2020, which will be reviewed by the Board in early in 2021.

Sandbourne has always managed to recruit members to the Board with the skills identified with little difficulty.

#### 3.3.2 Staff

In September 2019 Fiona Ferenczy was appointed as the Chief Executive of Sandbourne and now combines that role with the Director of Finance role. She is supported by David Hall, the Head of Housing, who was appointed in December 2019. The current staffing structure can be seen in Appendix 7.4(2).

Sandbourne has robust staffing arrangements with many staff members having been in post for a significant number of years. They are qualified, experienced and all afforded training opportunities to continue with their professional development.

### 3.4 Strategic aspirations and challenges

The strategic aspirations of the Board for the future of the business include:

- Working with other small local providers
- Maintaining an effective Board including succession planning



- Retaining a high quality effective workforce, including succession planning
- Maintaining robustness in service delivery to residents
- Working with residents to promote good service delivery and better understand their needs and aspirations.
- Employing apprentices, where possible and where the business case can be proved
- Developing new homes and acquiring suitable existing properties
- Maintaining existing properties to a high level of at least 'Decent Homes' Standards as finances permit.

The challenges to these strategies envisaged by the Board include:

- Loss of senior staff or Board members and inability to recruit high quality replacements
- Financial or skills shortages resulting in imbalance in the business aims concerning new and existing stock
- The ongoing impact of the Covid-19 pandemic which has forced a change in priorities over the last year and which could continue to do so for the foreseeable future.
- Damage to reputation which cannot be overcome.

### **3.5 Resources and capacity**

The Association is financially viable and is able to afford to fund all revenue expenditure out of normal rental income. 2020 saw the first rent rise in four years and the government has agreed a rent settlement of CPI + 1% for the next four years, which has been factored into this Business Plan.

New development is funded either from any income which is surplus to the routine expenditure planned or from borrowing additional funds as the business allows. Sandbourne negotiated a new £2 million loan facility with Triodos Bank Ltd in 2018 and this has now been fully drawn down ready to use in future developments. Taking into account all the covenants applied by our existing lenders, the additional borrowing capacity of the Association at 30 September 2020 was £4.6 million.

## **4. KEY STRATEGIC OBJECTIVES FOR 2019/24**

### **4.1 Internal growth**

Sandbourne will seek opportunities to develop new properties in the local areas in which it already works, as resources allow. The target would be to add a further 12 new properties to the portfolio over the period of this Plan.

Sandbourne's policy is for slow and steady growth using borrowing facilities where available and any surpluses generated from the business which are not currently required for normal day to day work. At 1 November 2020

Sandbourne had £2 million from loan facilities to spend and we anticipate generating approximately £200k per annum from existing lettings.

Further borrowing is not anticipated at the moment.

#### **4.2 External growth**

Sandbourne will look at ways of establishing relationships with other small local registered and non-registered housing providers to share best practice with them and look at ways of assisting each other to provide the best possible service to our tenants. This may include assistance with housing management and administrative tasks, provision of advice or training, pursuing joint development opportunities, and the option of a full merger if the other party requests it.

Any opportunities to work with other smaller local housing providers will only be considered if there is sufficient capacity and resources within Sandbourne to undertake the work and if there is a clear value for money advantage to both parties.

#### **4.3 Asset management**

The Board aims to make the best use of all the assets owned and managed by Sandbourne. Over the next five years Sandbourne will seek to implement and expand on a plan to ensure that all assets are used to maximise Value for Money, including acquiring or disposing of assets to meet the aims and objectives of this plan and to provide a high quality service to all our current and future residents. The priorities of the Board in this matter will be:

- Considering selling properties which are expensive or difficult to let, manage or maintain, as they become vacant. This would include some older properties, some in blocks where the Association owns less than 50% of the units and some stand-alone properties where recycling the capital receipt achieves better Value for Money.
- Buying back properties in blocks where we own more than 50% of the units. This would facilitate better management of those blocks.
- Looking at building on existing land which is under-utilised. This would include infill sites on existing developments and conversions of buildings currently used for non-residential purposes.
- Considering different rental models as opportunities arise eg market rents and fixed term tenancies on new properties to maximise return on investment at the start of a property's life.

#### **4.4 Services to residents**

Consolidation of services to existing residents with initial high priority on developing approaches to enhancing customer engagement and scrutiny. This would form the basis for framework on developing existing or new services and work with partner organisations in service provision to residents.

One of the main areas of focus in 2020/21 is a review of resident engagement, which aims to look at improving ways of involving residents in setting future strategy and scrutinising existing practices.

#### **4.5 Promotion of Social Benefit**

Look at ways of promoting social benefit to all of Sandbourne's residents and of measuring the impact of that benefit. Existing social benefit includes the security of tenure of living in a Sandbourne property, the affordability of the rents and the potential to enjoy a lifetime home with the option of transferring between properties owned by Sandbourne. Resident involvement in the running of Sandbourne's business could also provide social benefits to both the local community and to individual residents.

### **5. RESOURCES**

#### **5.1 Financial Resources**

The table below sets out the financial forecast for the five periods to 31 March 2025 and includes summary Income and Expenditure Accounts, Balance Sheets and Cash Flow Statements. The following assumptions have been made in these accounts:

- Rents have been increased by CPI + 1% each year throughout the period of this Plan. The CPI in September 2020 was 0.5%, meaning that rent increases in 2021 can be a maximum of 1.5%. Rent rises for the following four years have been capped at 2.0%.
- Operating costs have been increased by 2% each year and in line with the increased number of units. This is higher than projected inflation for the period, but the impact of Brexit is still uncertain and the Covid-19 pandemic has resulted in a shortage of some construction materials.
- The loan facility from Triodos Bank has now been fully drawn down and can be used for development purposes over the period. It has been assumed that further borrowing will be required in the year 2024/25.
- Development of the six units at Moor View Road is included in the year to 31 March 2022. Further development of 1 to 2 units a year is included for the remaining years of the Plan.

**Income and Expenditure Accounts**

	Actual 2019/20	Budget 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Rent and service charge income	2,614	2,645	2,690	2,778	2,846	2,908
Less: Operating costs	(1,949)	(2,116)	(1,992)	(2,057)	(2,107)	(2,152)
Operating surplus	665	529	698	721	739	756
Less: Interest payable	(417)	(429)	(371)	(362)	(347)	(328)
Add: Other income	94	56	12	12	12	12
Add: SHG released	54	59	59	59	59	59
Surplus for the period	396	215	398	430	463	499

**Balance Sheets**

	Actual 2019/20	Budget 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Housing properties at cost (net of depreciation)	27,639	27,827	28,892	29,090	29,185	29,279
Other fixed assets	54	58	58	58	58	58
	27,693	27,885	28,950	29,148	29,243	29,337
Net current assets	1,439	2,120	1,070	904	797	1,695
	29,132	30,005	30,020	30,052	30,039	31,032
Long term liabilities						
Loans	(9,161)	(9,904)	(9,580)	(9,241)	(8,826)	(9,378)
SHG	(5,571)	(5,486)	(5,427)	(5,368)	(5,308)	(5,249)
	14,400	14,615	15,013	15,443	15,906	16,405
Capital and reserves	14,400	14,615	15,013	15,443	15,906	16,405
Units of property	480	481	487	489	490	491

## Cash Flow Statements

	Actual 2019/20	Budget 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Surplus for the period	396	215	398	430	463	499
Add back non-cash items	331	373	376	393	396	397
Cash from operating activities	727	588	774	823	859	896
Sale of housing properties	116	-	-	-	-	-
Expenditure on new housing properties	(227)	(370)	(1,200)	(350)	(250)	(250)
Expenditure on component replacement	(227)	(250)	(300)	(300)	(300)	(300)
Other fixed asset expenditure	(13)	(5)	(5)	(5)	(5)	(5)
New loans	-	990	-	-	-	1,000
Loan repayments	(304)	(300)	(324)	(339)	(415)	(448)
Movement in cash flows	(334)	653	(1,055)	(171)	(111)	893
Cash b/f	2,157	1,823	2,476	1,421	1,250	1,139
Cash c/f	1,823	2,476	1,421	1,250	1,139	2,032

### 5.2 Staffing Resources

The financial and existing growth plans do not envisage that further staff members are required, although there is the aim of employing another apprentice, possibly focussing on finance, if resources allow.

All areas of the business currently have at least two members of staff working in them. This provides resilience within the business and enables some succession planning to be undertaken in the event of a staff member leaving.

All staff members have up-to-date job descriptions and these are reviewed at the annual appraisal. Staff salaries are reviewed against industry norms on a three-year cycle, next due in October 2021. Adjustments to individual salaries are made as required and affordable.

### 5.3 Plans in relation to ongoing governance needs of the Association

Sandbourne regularly reviews the latest publications (Rules, Governance and Best Practise) provided by the National Housing Federation (NHF) and other professional bodies. The new NHF "Code of Governance 2020: equipping for excellence" will be considered by the Board in early 2021 and adopted if suitable. All recommendations are considered so as to maintain effective and efficient governance arrangements which include robust succession planning for Board membership.

Sandbourne do not currently consider it necessary to pay Board members as there has been no difficulty to date in recruiting and retaining members with the required skills and knowledge.



Board members are offered training, given the opportunity to receive trade magazines and are regularly updated on important matters by the management team between Board meetings.

Sandbourne has a comprehensive set of policies which have maximum triennial review dates and which prompt regular reviews of business practices. Most of these policies were reviewed by the Board in 2019, so will not be reviewed again until 2022, unless circumstances change.

Sandbourne has four committees that consider matters in more detail as the need arises. These comprise:

- Audit, Finance and Risk
- Development
- Management and Governance Oversight
- Staffing and Remuneration

## **5.4 Other business matters**

### **5.4.1 Ensuring compliance with regulation and best practice**

The Sandbourne Board meet at least six times a year and have standing agenda items that cover a wide range of issues designed to include all aspects of the business over each annual cycle. In addition, a full annual statement of internal controls is presented to the Board for consideration and review each year. A summary of this statement can be found in Appendix 7.5.

The management team keep up-to-date with requirements and expectations through attendance at seminars, membership of professional and trade bodies and subscription to relevant information services.

### **5.4.2 Maintaining and developing the resilience of the Association**

The Sandbourne staffing structure is designed so that all areas of the business have at least two people who can carry out the work. This provides cover for most roles in case of short or medium term absence. Longer term absence is reviewed on a case by case basis. The major aim of the Sandbourne Board is to maintain resilience in Sandbourne's core business and only develop new areas of business if future resilience can be assured. The Board regularly reviews the viability and security of the business through the following means:

- Preparation of annual budgets, which are closely compared to the actual results in the quarterly management accounts. Variance reporting seeks to explain departures from budget, both favourable and adverse, and cash flow monitoring ensures that any shortfalls in available finances are highlighted as early as possible.
- A range of Key Performance Indicators (KPIs) are produced quarterly and include a traffic lights approach to areas of concern for the business. These KPIs include all aspects of Health and Safety, a range of general business KPIs and a summary of all resident engagement each quarter.

- Sandbourne has a Risk Register which alerts the Board to areas of risk for the business. This is reviewed in detail, at least biannually, by the Audit, Finance and Risk Committee and presented to the Board for consideration and approval. It is also a standing agenda item for each Board meeting.
- Annual review of planned maintenance needs. This flags up years of projected higher levels of expenditure and enables the work to be scheduled in a more manageable way. Sandbourne also has a stock condition survey which is regularly updated by the maintenance staff. During the last year the Board reviewed a high level summary of the planned and major expenditure work for the next 30 years. This summary did not indicate that Sandbourne would have any significant problems with the funding of this proposed programme of works.
- Sandbourne has a comprehensive level of insurance cover which is reviewed by staff and Board members on an annual basis.
- Review of stock impairment is considered by the Board on an annual basis. The main focus of this review is the level and length of void periods. This may give an indication of properties which are becoming hard to let and, thus, less valuable to the business. A range of options for those properties can then be considered by the Board.
- The Board has developed an Asset Management Strategy to ensure that the best use is made of all Sandbourne's stock. Details of this strategy are given in point 4.1.2 of this document.
- Sandbourne has a Disaster Recovery and Business Continuity Policy to ensure that the business can continue to function effectively in a wide range of difficult circumstances. The Covid-19 pandemic presented an emergency in 2020 which has been managed effectively by the Sandbourne staff and Board so far. An Action Plan has been drawn up to highlight the areas of concern and how they could be, and were, managed. The lessons learned from this experience will be reviewed by the Board once the pandemic has passed and improvements or amendments made where required.

#### 5.4.3 Business efficiency and providing value for money

A further significant aim of the Board is for Sandbourne to be an effective and efficient provider of social housing in the local area. The Board uses a range of tools to ensure that value for money is a priority but not at the expense of good service and still enables the Association to develop and grow.

- The merger of BHSE and BPHA, and the subsequent incorporation of Ringwood and Ace, has enabled Sandbourne to make efficiency savings across the board. These were not a major driver of the initial mergers but were incidental to the exercise.
- The quarterly management accounts provide a regular opportunity to review the performance of the business and look at ways of working more efficiently or using resources more effectively.

- Sandbourne has a Board agreed programme of review undertaken by internal auditors to assess the effectiveness of the business and suggest better ways of working.
- The Asset Register facilitates better use of all the Association's assets.
- The Board produces an annual Value for Money Statement setting out how savings have been made or how efficiencies have been achieved.

#### 5.4.4 Risk assurance

Sandbourne has a Risk Register which is regularly reviewed and updated by the Board. The Register identifies those top risks which could have a major impact on the viability of the business and which need to be considered most often. It also includes other potential risks, which are either very unlikely to happen or which would have a lesser impact on the business. The Board seeks to find ways to minimise all risk to the business by avoiding risky activities or by implementing strategies that will mitigate or limit the risks. The ways in which it does this include the following:

- Regularly reviewing and updating the Risk Register.
- Looking to insure against a range of risks and ensuring that those insurances are valid.
- Appointing professional Board members with a range of skills to both set and challenge the strategy for the business.
- Ensuring that all Board and staff members are kept up-to-date with changes in regulation, government policy and relevant legislation.
- Appointing trained and professional staff to carry out the day-to-day running of the business and offering a good range of training opportunities to those staff, including Lone Worker training, Safeguarding Awareness training and Health and Safety training. Professional staff are also encouraged and supported in updating their own Continuing Professional Development, often paid for by Sandbourne.
- Paying the professional fees of those staff who require a professional qualification to carry out their roles.
- Using good quality IT systems which enable staff to carry out their roles effectively. Also ensuring that there is always adequate support and training for those systems.
- Appointing good quality and reliable contractors and professional advisors to carry out those roles which the staff cannot fulfil.
- Using internal audit professionals to assess the effectiveness of Sandbourne's systems of policies and controls.

## 6. SUMMARY

This plan sets out Sandbourne's strategic vision for the next five years. It shows that Sandbourne intends to grow slowly, improve service provision and maintain high quality assets while still providing value for money, with effective governance oversight and remaining a viable business.

It will be reviewed and updated at least annually by the Board and senior management. A full revision of the plan will be made in 2022.

**7. APPENDICES**

- 7.1 Financial Statements for the 12 months ended 31 March 2020
- 7.2 Management accounts for the six months ended 30 September 2020
- 7.3 Risk Register
- 7.4 Board and Staff Structures
- 7.5 Annual Statement of Internal Controls



**SANDBOURNE HOUSING ASSOCIATION**

**FINANCIAL STATEMENTS**

**31 MARCH 2020**

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31 MARCH 2020

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INFORMATION

**Registered Numbers**

Community Benefit Society	12740R
Homes and Communities Agency	LH0418
Exempt Charity	403885

**Members of the Board**

Elizabeth Lees	Chair
Joe Waters	Vice-Chair
Maria Byrne	Chair of Audit, Finance and Risk Committee and of Staffing and Remuneration Committee
Paul Frith	
David Joicey	Chair of Management and Governance Oversight Committee
Jan Lewis	Chair of Development Committee
Michael Owen	
Theresa Saunders	
Ann Schofield	
Yogesh Vadgama	
Laurie Wright	

**Senior Management Team**

Fiona Ferenczy MA ACA MCIH	Chief Executive Officer and Company Secretary
David Hall MCIH	Head of Housing

**Registered Office**

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**Auditors**

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2-8 Parkstone Road  
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**Solicitors**

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Exeter  
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Humphries Kirk LLP  
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**Bankers and Building Societies**

Cambridge and Counties Bank Ltd  
National Westminster Bank Plc  
Nationwide Building Society  
Triodos Bank UK Ltd

## BOARD REPORT

The Board Members present their report and the audited financial statements for the year ended 31 March 2020.

### Members of the Board

The Board members who have served during the year were as follows:

Elizabeth Lees - Chair	
Maria Byrne	Co-opted March 2020
Paul Frith	
David Hall	Resigned October 2019
David Joicey	
Jan Lewis	
Keith Mallett	Resigned September 2019
Michael Owen	Co-opted November 2019
Theresa Saunders	
Ann Schofield	
Henry Taylor	Resigned August 2019
Yogesh Vadgama	
Joe Waters	
Laurie Wright	

### Review of the Operations of the Association

Sandbourne Housing Association (Sandbourne) is a not for profit organisation governed by a voluntary Board. It is a Community Benefit Society, an Exempt Charity and is registered with the Homes and Communities Agency.

In February 2019 Sandbourne acquired all the business, assets and liabilities of Bournemouth Ace Housing Association Ltd (Ace). The main asset, Ace Court, was brought into Sandbourne's accounts at a valuation of £200,000.

The principal activity of Sandbourne is the provision of affordable housing in Poole, Bournemouth, Ringwood and the surrounding area.

During the year £859,412 [2019 (18 months): £1,106,203] was spent on the purchase and alteration of housing properties for rent.

### Rent

Rents are set in accordance with government guidance.

### Repairs and Maintenance

All of Sandbourne's properties meet the requirements of the government's Decent Homes Standard, with the exception of some of the flats at Ace Court. These are currently in the process of being refurbished and the work is expected to have been completed by the end of 2020. Sandbourne carries out a range of planned and responsive maintenance to enable all its properties to be maintained to a high standard and to continue to meet the Decent Homes Standard as a minimum.



## **Reserves**

Sandbourne maintains two designated reserves. These were set up to cover expenditure on major repairs for all the rented properties and cyclical repairs for shared ownership properties.

All other reserves are classified as free and are used for the general running of the business.

## **Treasury Matters**

The objective of the Board is to ensure that the provision of the financial resources necessary to run Sandbourne's business is adequately maintained. Surplus funds will be invested in interest-bearing cash accounts; loans will be entered into, after due financial appraisal, where additional funds are required for new development and the smooth running of the business.

## **Value for Money**

### Strategy

Sandbourne aims to embed value for money in all its thinking. We aim to provide the best possible service to our current and future residents and other stakeholders while still remaining financially viable. This means that we have to ensure that our services are provided in an effective, efficient and economic way.

Our regulator, the Regulator of Social Housing (RSH), assesses all registered providers of social housing on their commitment to providing value for money within their businesses. It specifically states that all registered providers must demonstrate:

- (a) A robust approach to achieving value for money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance.
- (b) Regular and appropriate consideration by the board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures.
- (c) Consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case.
- (d) That they have appropriate targets in place for measuring performance in achieving value for money in delivering strategic objectives, and that they regularly monitor and report their performance against these targets.

### Vision

Sandbourne seeks to be a high quality housing provider of choice in the local area.

### Objectives

Sandbourne has a range of objectives as set out in its Business Plan, which was reviewed in January 2020. The objectives and their impact on Value for Money are:

- (a) To be locally based and primarily operating in the Poole, Bournemouth, Ringwood areas – the Board believes that by concentrating the business in a defined local area which it knows well, it can provide the best possible service while containing the cost of those services. Opportunities which arise to provide services outside this area will only be undertaken if a real value for money benefit to both the business and the residents can be shown.
- (b) To provide high quality, affordable homes to enable residents to live independently – high quality homes last longer, require less maintenance and are more comfortable to live in. However, expenditure on quality must be tempered against affordability to ensure that our homes are available to those in greater financial and housing need.
- (c) To provide additional homes as the opportunity arises – surpluses generated by the business are retained within the business and used to improve existing homes or provide new ones.
- (d) To empower residents to have a direct say in the way that their homes and services are managed and to play an active role in the continuous improvement and development of systems and services – residents are encouraged to work with Sandbourne to improve service provision and suggest new ways of working. Sandbourne currently has two resident Board members who contribute to the strategy and direction of the business. Other residents have opportunities to contribute to the business through regular meetings with staff, surveys on general service provision and specific topics and concerns, feedback forms on the website and in each newsletter and directly by phone, letter or email.
- (e) To seek to add social benefit to our residents in all we do. And to explore ways of measuring this investment – the best form of social benefit for our residents is the provision of affordable, secure and safe places to live. This also provides a social benefit to society as a whole.
- (f) To employ high quality, dedicated staff who can assist residents in benefitting from the quiet enjoyment of their homes and promote all aspects of equality and diversity – investing in staff means that they are more likely to stay with Sandbourne, will be more motivated in their work and will, thus, offer a better service to residents.
- (g) To invest in our staff, to ensure that they have the resources and skills to fulfil their role and to develop those skills where appropriate – Sandbourne promotes lifelong learning and encourages all staff to undertake training that will help broaden their life experience and improve their professional skills. Where appropriate, and where finances allow, Sandbourne will also fund this training.
- (h) To seek to continually improve our services and adapt them to the needs and requirements of our residents – Sandbourne regularly reviews the services that it provides to ensure that they meet the needs and aspirations of each cohort of residents and that they provide value for money to the business as a whole.

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31 MARCH 2020

- (i) To use local contractors wherever reasonable – local contractors know the area in which we are based and we work with them to provide services tailored to our residents and stock. Sandbourne is also a significant customer for these contractors, which means that we can benefit from a cost effective, more personalised service from them.
- (j) To strive to embed Value for Money principles in all its activities – Sandbourne is constantly seeking to provide the best possible service to all its current and future residents at a price which is affordable and financially viable.
- (k) To invest in environmentally friendly options where possible and where affordable – the long term future of the planet is important to Sandbourne and we will look to protect that future wherever possible. As technologies develop, it may also be the case that the environmentally friendly option is also the best value for money option.
- (l) To remain 'SMALL' (defined as less than 1,000 homes by the Regulator) – the size of the organisation enables us to really know our residents and to react quickly to new opportunities which offer better value for money or to adapt business procedures to counter threats.
- (m) To remain independent – the Board believe that independence enables Sandbourne to provide the best service to our residents at the current time. However, the status of the Association is not set in stone and is reviewed regularly.

Value for Money in the year to 31 March 2020

The full version of the Value for Money Assessment for 2019/20 can be found on Sandbourne's website. The following is a summary of that report.

(a) Financial Returns

- Sandbourne refinanced its loan with Triodos Bank in 2018 and also arranged a new £2,000,000 borrowing facility. £1,000,000 of these funds was drawn down in the year to finance the building of a new development. Unfortunately, that development has not yet been able to go ahead, but the funds are invested in an interest bearing account and will be available when the development can be started.
- Sandbourne currently owns 58 properties which are let on long leases. Sandbourne's policy is always to agree to the extension of these leases, but to negotiate terms to get the best deal for the business as a whole. There have been three lease extensions in the period generating income of £27,250, which will be used for capital projects in the business.
- Sandbourne currently has two properties which are let out on market rents. These are both properties which were bought on the open market with no social housing grant to offset the cost. They are let at market rent to enable Sandbourne to recoup some of this cost. The current annual income from these two properties is £17,340.

(b) Social Returns

- Planning was obtained to increase the number of parking spaces at the Stourwood Avenue site and to create a further buggy store on the site.

This will help to alleviate the parking problems at the site and enable a further 10 to 12 residents to maintain their mobility by having their own mobility scooters. Both these improvements help tenants to maintain social activity and interaction for longer.

(c) Environmental Returns

- The 12 properties acquired from Bournemouth Ace in 2019 did not comply with the Decent Homes Standard. Work is currently being undertaken to bring them up to this standard and was due to be completed by December 2019. Unfortunately, due to a number of problems, including issues with damp, the work is ongoing. The full cost of the work will be included in the report for 2020/21.
- The communal boiler at Highfield was upgraded in the year making it more efficient and environmentally friendly.
- Electric heating systems were upgraded in 20 properties in the year.

(d) Asset Management Strategy

- The purchase of an existing satisfactory property in Twyford Way, where Sandbourne already owns a number of other properties. The property was in good condition and was able to be let within a few weeks of purchase on a social rent.
- The conversion of the communal lounge at St Kilda into two one bed flats was completed in the year and both flats are now let on social rents.

(e) Services to residents

- The installation of individual electric meters in flats at Ace Court will enable the residents to monitor their own energy usage and select the energy provider which gives them the best value for money.
- Surveys sent to all tenants asking about their satisfaction with Sandbourne. The main outcome of the survey will be a review of resident involvement and scrutiny.
- Fire Risk Assessments have been carried out in all communal areas over the last year. This has resulted in a considerable amount of work to be carried out to improve fire safety and will be the major focus of planned maintenance works in 2020/21.

(f) Administrative Improvements

- Following the retirement of the CEO in December 2019, the Director of Finance was appointed to that role and will focus on the finance, strategy and governance needs of the business. A review of the senior management team was also undertaken and the Board agreed to appoint a deputy to the CEO rather than an almost equal partner. The new Head of Housing was appointed in December 2019 and he will focus on the front line services of the business.

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Value for Money Metrics	2020	2019 (annualised where appropriate)
Metric 1 – Reinvestment %	2.66%	2.79%
Metric 2 – New supply delivered %	0.71% for social housing units 0% for non-social housing units	0.72% for social housing units 0% for non-social housing units
Metric 3 – Gearing %	26.68%	30.25%
Metric 4 – Earnings before interest, depreciation, amortisation, major repairs included (EBITDA MRI) Interest Cover %	186.0%	204.6%
Metric 5 – Headline social housing cost per unit	£3,446	£3,257
Metric 6 – Operating Margin %	27.0%	29.9%
Metric 7 – Return on capital employed (ROCE) %	2.6%	3.5%

Income year on year between 2019 and 2020 was virtually unchanged, but expenses increased overall and particularly in service charge provision, which is not recouped until the following year, and fire safety works undertaken. This has resulted in the fall in Operating Margin percentage and ROCE.

#### **Compliance with Governance and Financial Viability Standard**

The Board confirms that Sandbourne complies with the requirements of the revised Governance and Financial Viability Standard applicable for the year from 1 April 2019.

#### **Principal Risks of the Business**

The Board of Sandbourne recognises that all business activities carry risk and that these risks need to be managed, mitigated or avoided to safeguard the business and the assets owned by it. Sandbourne has a register of business risks which is reviewed at least twice a year in detail by the Audit, Finance and Risk Committee and at least annually by the full Board.



The latest review in November 2019 identified the following two principal risks of the business:

Risk	Comments and mitigation
Significant movements in inflation rate – expenditure.	<ul style="list-style-type: none"> <li>• No contractual obligation to offer salary rises or performance related pay, only to review salaries on an annual basis.</li> <li>• Limited ability to delay (or bring forward) planned and major repairs expenditure.</li> <li>• Rent rises of CPI plus 1% for five years from 2020 will help to mitigate rising expenditure.</li> <li>• Outcome of Brexit negotiations and fluctuations of sterling may have impact on inflation.</li> </ul>
Major problems encountered with a significant new development.	<ul style="list-style-type: none"> <li>• Use of skilled professionals to set up and manage the contract.</li> <li>• Insurance cover in place.</li> <li>• Sandbourne will aim to ensure that development work is scheduled carefully, and delayed where necessary, to avoid overstressing staff and resources and to limit the impact of any problems on the business.</li> <li>• Expertise and skills from partner organisations and contractors will be helpful, but there is still a potential for a significant amount of management time to be taken up with any large project.</li> <li>• A Development Committee will hold regular meetings while development work is underway. The Board member with relevant expertise has agreed to chair those meetings.</li> </ul>

### Risks associated with Covid-19 Pandemic

Immediately prior to the year end a new major risk to Sandbourne emerged. A new coronavirus had been identified in China in late 2019 which was spreading rapidly around the world. In March 2020 the World Health Organisation declared that the disease had reached pandemic level and on 23 March 2020 the whole of the UK was put into immediate lockdown. The risks to Sandbourne, its residents and staff, and the procedures put in place to mitigate and manage those risks, can be summarised as follows:

Risk	Mitigation and management
Ensuring the safety of residents and staff.	<ul style="list-style-type: none"> <li>• Immediate closure of the main office with all staff working from home. Staff were able to log into</li> </ul>

	<p>Sandbourne's central server from home from day one of lockdown, meaning that there was no break in the provision of service.</p> <ul style="list-style-type: none"> <li>• Suspension of all but emergency face to face contact with residents. Residents were able to contact Sandbourne by telephone, email and letter and we endeavoured to respond as quickly as possible to any correspondence.</li> <li>• Ensuring that both staff and residents were provided with up to date guidance from the government.</li> </ul>
<p>Maintaining effective working practices while under lockdown restrictions.</p>	<ul style="list-style-type: none"> <li>• All lettings were suspended to protect staff and existing tenants from infection. Lettings were only restarted in June when the level of infection was reducing and it was considered that they could be carried out safely.</li> <li>• All repairs except for emergency repairs were suspended. Urgent and routine repairs have been gradually reinstated as safety measures were able to be put in place, but the service is not yet fully back to normal.</li> <li>• All safety checks continued to be carried out where possible, but extra care was taken to avoid unnecessary contact.</li> <li>• Communal services were initially disrupted, but were reinstated as soon as possible and in some cases increased or upgraded to protect residents.</li> <li>• Housing staff helped tenants to adapt to the new restrictions including offering support for those trying to claim emergency benefits and contacting a number of residents who were identified as having no local support.</li> </ul>

<p>Financial viability of the business</p>	<ul style="list-style-type: none"> <li>• Sandbourne had significant cash reserves at the year end, meaning that a significant reduction in income due to the pandemic restrictions was not going to have a major impact, at least in the short term.</li> <li>• Income has held up well throughout the pandemic period to date and there is no immediate threat to the business. However, the Board is conscious that future months may present further challenges.</li> <li>• There will need to be higher expenditure in the second half of the year to catch up on some of the routine repairs that are outstanding but, again, Sandbourne has sufficient funds to withstand this.</li> <li>• The Board have considered the impact of Covid-19 on Sandbourne for at least 12 months after the date of signing of these Financial Statements and are comfortable that the business will remain a going concern. Thus, the accounts have been prepared on a going concern basis.</li> </ul>
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The Board will continue to monitor the ongoing impact of the pandemic on the business but, up to the date of the approval of these Financial Statements, the Board consider that the risk has been well managed and does not pose a significant threat to Sandbourne.

#### **Internal Controls' Assurance**

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

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

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which Sandbourne is exposed and is consistent with Turnbull

principles as incorporated in the Tenant Services Authority circular 07/07 Internal Controls Assurance.

The process adopted by the Board in reviewing the effectiveness of the system of internal controls, together with some of the key elements of the control framework, includes:

- Identification and evaluation of key risks;
- Regular monitoring by the Board and taking corrective action;
- Maintaining a control environment and written procedures; and
- Financial and other information reported to and reviewed by the Board.

The internal control framework and the risk management process are subject to regular review by Internal Auditors who are responsible for providing independent assurance to the Board via its Audit, Finance and Risk Committee. The Audit, Finance and Risk Committee considers internal control and risk at each of its meetings during the year.

The Board has received the Director of Finance's annual report, has conducted its annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

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

### **Statement of the Board's Responsibilities**

The Co-operative and Community Benefit Society Act 2014 and other registered provider legislation require that the Board prepare financial statements for each financial year which give a true and fair view of the state of affairs of Sandbourne and of its income and expenditure for that period. In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time Sandbourne's financial position and to 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 in England 2015. It also has general responsibility for taking reasonable steps to safeguard Sandbourne's assets and to prevent and detect fraud and other irregularities.

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The Board is also responsible for ensuring that this report is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2014.

### **Auditors**

The members of the Board confirm that:

- So far as each one is aware, there is no relevant information of which the auditors are unaware; and
- They have taken all the steps that they ought to have taken to make themselves aware of any relevant information which could be required by Sandbourne's auditors and to establish that the auditors are made aware of that information.

By order of the Board

Elizabeth Lees      **Signed by E Lees**  
Chair

Date:                      **22<sup>nd</sup> July 2020**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANDBOURNE  
HOUSING ASSOCIATION

We have audited the financial statements of Sandbourne Housing Association for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and Reserves, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to Sandbourne's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit has been undertaken so that we might state to Sandbourne'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 Sandbourne and Sandbourne's members as a body, for our audit work, for this report, or for any opinions we have formed.

**Respective responsibilities of the Board and auditors**

As explained more fully in the Statement of the Board's Responsibilities on page 13, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and international Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeprivate>

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of Sandbourne's affairs as at 31 March 2020 and of the income and expenditure of the Association for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

**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 if, in our opinion;

- the Association has not kept proper books of account; or
- a satisfactory system of control over transactions has not been maintained; 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.

Francis Clark LLP  
Towngate House  
2-8 Parkstone Road  
Poole  
BH15 2PW

**Signed Francis Clark LLP**

Date: 19.08.2020

SANDBOURNE HOUSING ASSOCIATION  
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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
31 MARCH 2020

	Notes	2020 £	2019 (18 months) £
Turnover	2	2,668,254	3,996,420
Operating costs		<u>(1,949,090)</u>	<u>(2,802,613)</u>
Operating surplus		719,164	1,193,807
Gain on disposal of tangible fixed assets	4	39,903	359,476
Interest receivable and similar income		54,179	50,277
Interest payable and similar charges		<u>(417,373)</u>	<u>(615,046)</u>
Surplus on ordinary activities for the period		395,873	988,514
Other comprehensive income	17	-	277,148
Surplus for the period		<u>395,873</u>	<u>1,265,662</u>

On behalf of the Board

Elizabeth Lees (Chair)

**Signed by E Lees**

Paul Frith (Chair of Audit, Finance and Risk Committee)

**Signed by P Frith**

**Signed by Fiona Ferenczy**

Fiona Ferenczy (Company Secretary)



SANDBOURNE HOUSING ASSOCIATION  
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STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020 £	2019 £
<b>Fixed Assets</b>			
Housing properties	8	27,638,705	27,280,211
Other tangible fixed assets	9	53,855	54,300
		<u>27,692,560</u>	<u>27,334,511</u>
<b>Current assets</b>			
Debtors	10	140,568	183,172
Cash at bank and in hand		1,822,964	2,157,174
		<u>1,963,532</u>	<u>2,340,346</u>
Creditors: amounts falling due within one year	11	(524,454)	(568,825)
Net current assets		<u>1,439,078</u>	<u>1,771,521</u>
<b>Total assets less current liabilities</b>			
Creditors: amounts falling due after more than one year	12	29,131,638	29,106,032
		<u>(14,731,777)</u>	<u>(15,102,047)</u>
Total net assets		<u>14,399,861</u>	<u>14,003,985</u>
<b>Reserves</b>			
Called up share capital	14	28	29
Income and expenditure reserve		13,747,867	13,357,270
Designated reserves		651,966	646,686
Total reserves		<u>14,399,861</u>	<u>14,003,985</u>

The financial statements were approved and authorised for issue by the Board on

**22nd July 2020**

Signed on behalf of the Board

Elizabeth Lees (Chair)

**Signed by E Lees**

Paul Frith (Chair of Audit, Finance and Risk Committee)

**Signed by P Frith**

**Signed by Fiona Ferenczy**

Fiona Ferenczy (Company Secretary)

The notes on pages 21 to 31 form part of these accounts.

SANDBOURNE HOUSING ASSOCIATION  
31 MARCH 2020

STATEMENT OF CHANGES IN EQUITY AND RESERVES FOR THE YEAR ENDED  
31 MARCH 2020

	Called up share capital £	Income and expenditure reserve £	Designated reserves £	Total £
At 1 April 2019 as restated	29	13,357,270	646,686	14,003,985
Surplus/(deficit) for the year	-	395,873	-	395,873
Transfers in the year	-	(5,280)	5,280	-
Share capital issued/(cancelled)	(1)	4	-	3
At 31 March 2020	28	13,747,867	651,966	14,399,861

SANDBOURNE HOUSING ASSOCIATION  
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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 (18 months) £
Cash flow from operating activities	15	1,089,739	1,804,508
<u>Cash flow from investing activities</u>			
Payments to acquire tangible fixed assets		(873,318)	(1,112,196)
Receipts from sales of tangible fixed assets	4	116,078	452,083
Interest received		54,179	50,277
Net cash flow from investing activities		(703,061)	(609,836)
<u>Cash flow from financing activities</u>			
Proceeds from issue of shares		3	5
Repayment of long term loans		(302,373)	(447,126)
New loan drawn down		-	999,980
Repayment of finance lease liabilities	13	(1,145)	(1,517)
Interest paid		(417,373)	(615,046)
Net cash flow from financing activities		(720,888)	(63,704)
Net (decrease)/increase in cash and cash equivalents		(334,210)	1,130,968
Cash and cash equivalents at 1 April 2019		2,157,174	1,026,206
Cash and cash equivalents at 31 March 2020		<u>1,822,964</u>	<u>2,157,174</u>
<u>Cash and cash equivalents consist of:</u>			
Cash at bank and in hand		735,781	1,394,208
Short term deposits		1,087,183	762,966
Cash and cash equivalents at 31 March 2020		<u>1,822,964</u>	<u>2,157,174</u>

NOTES TO THE FINANCIAL STATEMENTS

**1. Summary of significant accounting policies**

(a) General information and basis of preparation

Sandbourne Housing Association (the Association) is a not for profit organisation governed by a voluntary Board. The Association is a Community Benefit Society, an Exempt Charity and is registered with the Homes and Communities Agency.

The Association was formed of the merger of Bournemouth Housing Society for the Elderly and Broadway Park Housing Association Ltd in 2015, the acquisition of Ringwood and District Old People's Housing Society Ltd in 2016 and the acquisition of Bournemouth Ace Housing Association Ltd in 2018.

The principal activity of the Association is the provision of affordable housing in the Poole/Bournemouth conurbation, the town of Ringwood and the surrounding area.

The Association constitutes a public benefit entity as defined by FRS 102.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)", the Statement of Recommended Practice for Social Housing Providers 2014 and with the Accounting Direction for private registered providers of social housing in England 2015. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling, which is the functional currency of the Association.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(b) Tangible fixed assets

Tangible fixed assets (including social housing properties) are stated at cost to the Association less accumulated depreciation. Cost includes costs directly attributable to making the asset capable of operating as intended, such as expenditure on improvements. Such expenditure will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful life of the property.

Depreciation is provided on all tangible fixed assets (except land) at rates calculated to write off the cost, less any residual value, of each asset on a straight line basis over its expected useful life as follows:

Land	Not depreciated
Housing properties – structure	100 to 125 years
Housing properties – lifts	25 years
Housing properties – kitchens	20 years
Housing properties – bathrooms	30 years
Housing properties – roofs	50 to 60 years
Housing properties – boilers	10 years
Housing properties – windows and doors	30 years
Fixtures and fittings in communal areas	10 years
Office furniture and equipment	5 years
Solar panels	25 years

Housing properties under construction are not depreciated until they are in use.

The useful economic lives of all tangible fixed assets are reviewed annually.

(c) Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other administrative expenses.

(d) Investments

Cash investments are recognised at fair value.

(e) Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a financing transaction it is measured at present value.

(f) Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. The level at which an impairment is assessed is either on a block basis (for those properties owned in blocks) or on an individual basis (for those properties owned individually). The key indicators considered for impairment are frequency of tenancy change and length of void periods for each cash generating unit.

If an indication of impairment is identified the carrying value of the property or group of properties will be reduced to the estimated recoverable amount. The associated impairment write down amount will be recognised in expenditure through the Statement of Comprehensive Income.

(g) Leases

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest rate method. The related obligations, net of future finance charges, are included in creditors.

Rentals payable and receivable under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

(h) VAT

The Association is not VAT-registered, so all expenditure is shown inclusive of VAT.

(i) Turnover and other income

Turnover is measured at the fair value of the consideration received or receivable in the period. The policies adopted for the recognition of turnover and other income are as follows:

- Turnover represents rental and service charge income receivable in the year (net of rental and service charge losses from void properties) and any revenue grants received or receivable.
- Other income is made up predominantly of interest received or receivable on cash investments.

(j) Sale of fixed assets

The disposal of any assets held as fixed assets will be accounted for through the Statement of Comprehensive Income in the period in which the disposal takes place. Where the surplus or loss on disposal of such assets is material to the accounts, the net amount will be shown on the face of the Statement of Comprehensive Income, with further details set out in the notes to the financial statements. Otherwise, any surplus or loss will be included in Operating Costs.

Proceeds from the first tranche disposals of shared ownership properties are included in Turnover in the period in which the disposal occurred and the costs of sale are included in Operating Costs. Proceeds from the sale of subsequent tranches are treated as disposals of fixed assets.

(k) Government grants

Government grants have been received from the Homes and Communities Agency and from local authorities in respect of many of the Association's housing properties. These grants are recognised at the fair value of the asset received. The assets are accounted for using the cost model and the grant is accounted for using the accruals model. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within Turnover.

(l) Employee benefits - Pensions

The Association operates a defined contribution pension plan for the benefit of its employees. Contributions are expensed as they become payable.

(m) Reserves

The Association has three reserves – an Income and Expenditure Reserve, a Major Repairs Reserve and a Cyclical Repairs Reserve. The Cyclical Reserve is restricted to funding cyclical repairs for the leasehold properties which contribute to it. Neither of the other two reserves is restricted.

(n) Merger and Acquisitions

Where Sandbourne joins with another entity of similar size and nature on a voluntary basis, the amalgamation will be accounted for as a merger. The financial statements will be presented as if the two entities had always been one.

Where Sandbourne joins with another entity that is significantly smaller or different in nature, the amalgamation will be accounted for as an acquisition. The assets, liabilities and reserves of the acquired entity will be brought into the Sandbourne financial statements at their fair value on the date of the acquisition. If the amount paid to acquire the entity is greater than the fair value of the net assets and liabilities, the excess will be treated as goodwill and written off over its expected useful life. If the amount paid to acquire the entity is less than the fair value of the net assets and liabilities, the difference will be treated as income in the year of acquisition and accounted for through the Statement of Comprehensive Income.

(o) Judgements and key sources of estimation uncertainty

The following judgements have been made in the process of applying the above accounting policies that have had a significant effect on the amounts recognised in the financial statements:

- The carrying value of all Sandbourne's housing properties is reviewed for potential impairment on an annual basis. The Board have taken the view that each individual property is a cash generating unit in its own right and that any adjustment for impairment of valuation should be made accordingly. The value of each property to Sandbourne is primarily based on its ability to generate rental income. Thus, the impairment review

focuses on void times and void losses for each property over the previous year. In the judgement of the Board, there has been no impairment of the value of Sandbourne's housing properties in the year to 31 March 2020 or in the period up to the signing of these accounts.

- Each of the material leases entered into by Sandbourne were assessed and categorised as either finance or operating leases. In the judgement of the Board, the terms of one lease had transferred most of the risks and rewards of ownership to Sandbourne, making it a finance lease. In this case the asset leased has been included in the balance sheet as a fixed asset and a corresponding loan has been included in creditors. In all other cases the Board considered that most of the risks and rewards of ownership had not been transferred to Sandbourne and only the annual cost of leasing those assets has been included in these accounts.
- The Board has reviewed the impact of the Covid-19 pandemic on the Association and its business up to the date of the signing of these accounts and does not consider it to have been material. Thus, there has been no adjustment to these accounts relating to the impact of the pandemic.

The following key sources of estimation have been applied to these financial statements:

- The carrying value of all fixed assets except for land (net of their estimated residual values) are depreciated over their estimated useful lives. These estimated useful lives and the estimated residual values of assets are reviewed regularly based on internal information and sector averages.
- The financial statements contain reserves for major and cyclical repairs. These are regularly reviewed for their completeness based on known levels of replacements and renewals of such assets.
- The carrying value of rental debts is reviewed on an annual basis to ensure that all debts are collectable. These accounts include an estimated provision against those rental debts which are deemed to be doubtful.

## 2. Social housing turnover and costs

	2020	2019 (18 months)
	£	£
Rent receivable	2,131,075	3,155,041
Service charges receivable	475,274	729,486
Support income	35,170	58,199
Less: Void losses	(27,566)	(25,110)
	<u>2,613,953</u>	<u>3,917,616</u>
Add: Amortised government grants	54,301	78,804
Net income from social housing activity	<u>2,668,254</u>	<u>3,996,420</u>
Less: Social housing activity expenditure	(1,949,090)	(2,802,613)
Operating surplus from social housing activities	<u>719,164</u>	<u>1,193,807</u>



**3. Accommodation owned and managed**

	Number of units at 31 March 2020	Number of units at 1 April 2019
Completed units:		
General needs housing let at social rent	156	155
Housing for older people	266	264
Low cost home ownership	21	22
Leasehold property	37	37
	<u>480</u>	<u>478</u>
Units in development	-	3
	<u>480</u>	<u>481</u>

**4. Disposals of housing properties held as tangible fixed assets**

	2020 £	2019 £
Proceeds from the disposal of housing properties	117,500	463,700
Less: Carrying value of housing properties	<u>(76,175)</u>	<u>(92,607)</u>
	41,325	371,093
Less: Other disposal costs	<u>(1,422)</u>	<u>(11,617)</u>
Surplus on disposal of property	<u>39,903</u>	<u>359,476</u>

**5. Surplus on ordinary activities is stated after charging/(crediting):**

	2020 £	2019 £
Auditor's remuneration (including expenses) for audit	10,500	8,400
Auditor's remuneration (including expenses) for non-audit	2,400	-
Operating lease rentals	<u>51,848</u>	<u>70,789</u>

**6. Board and key management personnel remuneration**

No Board member received any remuneration in the year (2019: £nil). Expenses totalling £276 (2019 (18 months): £514) were paid to Board members in the year.

The total remuneration for key management personnel in the year amounted to £167,489 (2019 (18 months): £231,640).

The highest paid member of the management team received remuneration of £85,030 (2019 (18 months): £112,211) excluding pension contributions.

The Association makes pension contributions on behalf of the Chief Executive into a defined contribution personal pension scheme. The Chief Executive is an ordinary member of this scheme and no special or enhanced terms apply. During the year to 31 March 2020 Sandbourne made contributions of £4,723 (2019 (18 months): £6,432) into the scheme.

## 7. Staff costs

The average number of employees, including members of the executive team, calculated on a full time equivalent of 35 hours per week, was 9 employees (2019: 9 employees).

The number of employees who received more than £60,000 as their employee package (excluding pension costs) are as follows:

	2020 Number	2019 Number
£60,001 to £70,000	-	2
£70,001 to £80,000	1	-

## 8. Tangible fixed assets – housing properties

	60+ Properties £	18+ Properties £	Shared Ownership Properties £	Under Construction £	Total £
<b>COST</b>					
At 1 Apr 2019	19,299,586	12,150,449	727,860	139,410	32,317,305
Additions	368,153	241,326	-	23,256	632,735
Acquisition	-	226,677	-	-	226,677
Disposals	(11,450)	(57,895)	(81,259)	-	(150,604)
Transfers	-	113,192	-	(113,192)	-
At 31 Mar 2020	<u>19,656,289</u>	<u>12,673,749</u>	<u>646,601</u>	<u>49,474</u>	<u>33,026,113</u>
<b>DEPRECIATION</b>					
At 1 Apr 2019	3,211,230	1,718,064	107,800	-	5,037,094
Charge for year	277,107	126,050	3,870	-	407,027
Disposals	(8,031)	(43,598)	(5,084)	-	(56,713)
At 31 Mar 2020	<u>3,480,306</u>	<u>1,800,516</u>	<u>106,586</u>	<u>-</u>	<u>5,387,408</u>
<b>NET BOOK VALUE</b>					
At 31 Mar 2020	<u>16,175,983</u>	<u>10,873,233</u>	<u>540,015</u>	<u>49,474</u>	<u>27,638,705</u>
At 31 Mar 2019	<u>16,088,356</u>	<u>10,432,385</u>	<u>620,060</u>	<u>139,410</u>	<u>27,280,211</u>

The income, costs and surplus relating to the shared ownership properties amount to £109,586 (2019 (18 months): £180,958), £65,440 (2019 (18 months): £108,226) and £44,146 (2019 (18 months): £72,732) respectively.

Total accumulated impairments of £0 are recognised in the opening position.

Social housing properties with a net book value of £19,829,498 (2019: £19,743,793) have been pledged as security for liabilities of the Association. These assets have restricted title.

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**9. Tangible fixed assets – other**

	Office furniture and equipment £	Equipment in communal lounges £	Total £
<b>COST</b>			
At 1 Apr 2019	143,911	128,975	272,886
Additions	11,638	2,268	13,906
Disposals	(14,628)	-	(14,628)
At 31 Mar 2020	<u>140,921</u>	<u>131,243</u>	<u>272,164</u>
<b>DEPRECIATION</b>			
At 1 Apr 2019	112,663	105,923	218,586
Charge for year	10,362	3,978	14,340
Eliminated on disposals	(14,617)	-	(14,617)
At 31 Mar 2020	<u>108,408</u>	<u>109,901</u>	<u>218,309</u>
<b>NET BOOK VALUE</b>			
At 31 Mar 2020	<u>32,513</u>	<u>21,342</u>	<u>53,855</u>
At 31 Mar 2019	<u>31,248</u>	<u>23,052</u>	<u>54,300</u>

Included in the above assets is one hire purchase asset. The net book value of this asset is as follows:

	£
Cost	5,994
Accumulated depreciation	(2,997)
Net book value of hire purchase asset at 31 March 2020	<u>2,997</u>
Net book value of hire purchase asset at 31 March 2019	<u>4,196</u>

**10. Debtors**

	2020 £	2019 £
Trade debtors (gross social housing rent arrears)	47,693	37,680
Less: Provision for doubtful debts	(8,679)	(8,339)
	<u>39,014</u>	<u>29,341</u>
Other debtors	40,560	94,371
Prepayments and accrued income	60,994	59,460
	<u>140,568</u>	<u>183,172</u>

Gross social housing rent arrears includes £0 (2019: £0) to reflect the net present value element adjustment where a repayment schedule is in place.

**11. Creditors: amounts falling due within one year**

	2020	2019
	£	£
Trade creditors	49,269	103,413
Rents paid in advance	24,251	30,311
Housing loans	309,927	297,216
Social Housing Grant	58,165	58,533
Other tax and social security	9,035	9,370
Finance leases	1,252	1,146
Other creditors	5,549	5,638
Accruals and deferred income	67,006	63,198
	<u>524,454</u>	<u>568,825</u>

Details of leasing arrangements are provided in note 13.

**12. Creditors: amounts falling due after more than one year**

	2020	2019
	£	£
Bank loans	9,158,688	9,473,773
Social Housing Grant	5,571,009	5,605,999
Recycled Capital Grant Fund	-	18,944
Finance leases	2,080	3,331
	<u>14,731,777</u>	<u>15,102,047</u>

Bank loans from lending institutions are secured by specific charges on the Association's housing properties and are repayable at rates of interest between 2.05% and 6.05% over terms of between 25 and 30 years.

Details of leasing arrangements are provided in note 13.

**13. Leases (Lessee)**

The Association has taken out one finance lease for the acquisition of a photocopier. Total future minimum finance lease payments are as follows:

	2020	2019
	£	£
Not later than one year	1,478	1,478
Later than one year and not later than five years	2,218	3,696
	<u>3,696</u>	<u>5,174</u>
Less finance charges	(364)	(697)
	<u>3,332</u>	<u>4,477</u>
Less: Included in current liabilities	(1,252)	(1,146)
	<u>2,080</u>	<u>3,331</u>

In 2014 the Association took out a 10-year lease on its offices in Poole. The lease expires in September 2024. The amount payable up to the end of the lease is £101,034.

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**14. Share capital**

	2020	2019
	£	£
At 1 April 2019	29	26
Issued during the year	3	5
Cancelled during the year	(4)	(2)
At 31 March 2020	28	29

The shares have no rights to any interest or share of surpluses. If the Association is dissolved, then the assets can be distributed as decided by a Special General Meeting, but the shareholders are not entitled to anything other than the return of the £1 face value of the share.

**15. Reconciliation of operating surplus to cash flow from operating activities**

	2020	2019
	£	(18 months) £
Surplus for the year	395,873	1,265,662
Interest payable	417,373	615,046
Interest received	(54,179)	(50,277)
Depreciation of tangible fixed assets	421,366	627,985
Loss on disposal of fixed assets	17,726	17,023
Surplus of sale of tangible fixed assets	(39,903)	(359,476)
Release of Social Housing Grant	(54,301)	(78,804)
Receipt of donated assets (net of SHG)	-	(174,331)
Decrease/(increase) in debtors	42,264	(55,008)
(Decrease)/increase in bad debt provision	339	3,241
Increase/(decrease) in creditors	(56,819)	(6,553)
Net cash flow from operating activities	1,089,739	1,804,508

**16. Pensions**

The Association operates a defined contribution pension plan for its employees. The amount recognised as an expense in the period was £19,437 (2019 18 months: £23,639).

**17. Other Comprehensive Income**

On 25 February 2019 Sandbourne acquired all the assets and liabilities of Bournemouth Ace Housing Association Ltd (Ace) for no consideration. These assets and liabilities were brought into Sandbourne's accounts at that date at their fair value. Income and expenses in relation to Ace were included in Sandbourne's Statement of Comprehensive Income from 25 February 2019.

Details of the transfer of assets and liabilities are as follows:

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	£
Fixed assets	
Land and buildings	200,000
Current assets	
Debtors	840
Cash at bank and in hand	110,097
Creditors: amounts falling due within one year	(8,120)
Social Housing Grant	(25,669)
Net assets	<u>277,148</u>
Other comprehensive income to Sandbourne	<u>277,148</u>

**18. Related Party Transactions**

The following tenants served as Board members throughout the year:

Theresa Saunders

Ann Schofield

Their tenancies are on normal commercial terms similar to all other tenants and they cannot use their position to their advantage.

David Joicey is a Sandbourne Board member and is employed by Poole Housing Partnership (PHP). Sandbourne has a contractual agreement with PHP in relation to the provision of office space. Sandbourne paid £17,076 in the year to PHP [2019 (18 months): £24,720] as rent for those offices and the provision of sundry other services. All services were provided on an arms-length basis.

Michael Owen is a Sandbourne Board member and is a Partner with Capsticks Solicitors LLP. Sandbourne use Capsticks for legal advice in relation to housing management issues and paid them £1,389 in the year for those services. All services were provided on an arms-length basis and Michael Owen played no part in them.

**19. Capital Commitments**

As at 31 March 2020 Sandbourne had no capital commitments (2019: £131,537).

**Sandbourne Housing Association**  
**Management Accounts**  
**for the six months ended 30 September 2020**

**1. General**

The quarter was again impacted by the government restrictions relating to the Coronavirus pandemic. Responsive repairs and lettings have been carried out throughout the quarter, but the service is not completely back to normal. There have been some catch up repairs, so expenditure is higher than budgeted and the planned fire safety work is also being carried out. Lettings are being staggered to limit the possible spread of any infection, so void losses and lost rent continue to be significant factors in the quarter.

The overall surplus for the six-month period was £262,577, compared to a budgeted figure of £104,560. Further details of this variance are set out below.

**2. Balance Sheet**

**2.1 Housing Properties at Cost**

The major changes in the quarter were £54,412 spent on Ace Court, £19,746 spent on fire safety improvements at Craigleith and £19,295 spent at Harcourt Grange to upgrade the communal boiler.

**2.2 Debtors**

The difference in debtors relates to rent owed, which is much lower at the end of September than at the end of March. This is mainly due to the cycle of payment of Housing Benefit, which is four weekly rather than monthly. A payment of £37,925 was received on 2 July 2020, meaning that almost all of the payment related to June rents. There was then a second payment on 30 July 2020 clearing much of the July rent owing. The payments for August and September were then later in the month reducing rent arrears at the quarter end.

**2.3 Cash**

The additional cash is from the Triodos Bank loan facility which was fully drawn down in April 2020.

**2.4 Creditors – Amounts falling due within one year**

There is no obvious reason why creditors should be lower in this quarter than at the year end, except for the timing of payments in the month and the fact that the creditors ledger is kept open longer at the year end to ensure that the Financial Statements include all the amounts owing at the year end.

**2.5 Creditors – Amounts falling due after more than one year**

This includes the remainder of the draw down of the Triodos Bank loan.

### **3. Property Revenue Account**

#### **3.1 Turnover**

Income in the quarter is lower than budget because of the delays in the refurbishment of Ace Court, which means that those flats are not yet fully rented out. There have also been some longer than normal void times over the quarter due to the Covid-19 restrictions on lettings.

#### **3.2 Service charge costs**

Service costs are under budget for the six months but likely to be over budget for the year due to the higher level of communal cleaning that was carried out in the pandemic.

#### **3.3 Repairs and Maintenance**

Expenditure in this area is significantly less than budget.

- Responsive repairs were suspended for most of the first quarter due to the Covid-19 restrictions. Catch up repairs are now taking place but responsive repairs expenditure is still likely to be under budget for the year.
- Fire safety works make up a large part of the budget for the year. These could not be carried out under lockdown restrictions but work has now restarted. However, having carried out new Fire Risk Assessments on the 60+ properties, it is likely that expenditure will not need to be as high as originally estimated.

#### **3.4 Staff costs – Housing management**

As staff were working from home for much of the quarter there was not much expenditure on travel expenses and also very little on training.

#### **3.5 Administration overheads**

The main underspend here is on salaries and other staffing costs for the same reasons as 3.4 above.

There is also an overspend on audit, computer and professional fees. This relates to the legal expenses incurred on the aborted purchase of the property in Ringwood, which had been capitalised, but have now been written off.

#### **3.6 Interest received and other income**

Interest rates have fallen on all Sandbourne's accounts, meaning that less interest is expected over the year.

#### **3.7 Interest payable**

This is under budget due to the lower level of interest rates on those accounts still on a variable rate.

### **4. Cashflow Considerations**

The Association currently has sufficient cash in hand to finance its business needs for the foreseeable future.



## Balance Sheet as at 30 September 2020

	September 2020	September 2020	March 2020	March 2020
	£	£	£	£
<b>TANGIBLE FIXED ASSETS</b>				
Housing properties				
At cost		33,228,108		33,026,113
Less:				
Accumulated Depreciation		(5,589,121)		(5,387,408)
		<u>27,638,987</u>		<u>27,638,705</u>
Other fixed assets		52,085		53,855
		<u>27,691,072</u>		<u>27,692,560</u>
<b>CURRENT ASSETS</b>				
Debtors	92,108		140,568	
Cash at bank and in hand	2,870,835		1,822,964	
	<u>2,962,943</u>		<u>1,963,532</u>	
<b>CREDITORS</b>				
Amounts falling due within one year	(457,726)		(526,533)	
<b>NET CURRENT ASSETS</b>		<u>2,505,217</u>		<u>1,436,999</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		30,196,289		29,129,559
<b>CREDITORS – amounts falling due after more than one year</b>				
Loans	(9,992,253)		(9,158,689)	
Social Housing Grant	(5,541,598)		(5,571,009)	
		<u>(15,533,851)</u>		<u>(14,729,698)</u>
<b>TOTAL NET ASSETS</b>		<u><u>14,662,438</u></u>		<u><u>14,399,861</u></u>
<b>RESERVES</b>				
Called up share capital		28		28
Income and expenditure account		14,010,444		13,747,867
Designated reserves		651,966		651,966
		<u>14,662,438</u>		<u>14,399,861</u>
<b>Borrowing to Net Worth Ratio (max. 0.70)</b> = Total loans including those in current liabilities /Net Worth		0.482		0.449
<b>Total loans as % of Historic Cost (max. 55%)</b>		31.0%		28.67%
Total loans including those in current liabilities /Historic cost				

## Income and Expenditure Account for the 6 months to 30 September 2020

	Actual to September 2020	Budget to September 2020	Forecast March 2021	Budget March 2021	Variance
	£	£	£	£	£
Turnover	1,294,471	1,314,429	2,605,696	2,645,343	(39,647)
Less:					
Service costs	(228,818)	(236,134)	(484,421)	(472,268)	(12,153)
	<u>1,065,653</u>	<u>1,078,295</u>	<u>2,121,275</u>	<u>2,173,075</u>	<u>(51,800)</u>
Less:					
Repairs and maintenance	(162,765)	(316,710)	(540,000)	(633,419)	93,419
Staff costs – Housing Management	(102,497)	(110,036)	(219,000)	(224,476)	5,476
Release of SHG	29,412	29,267	58,534	58,534	-
Depreciation	(220,172)	(216,172)	(432,344)	(432,344)	-
	<u>609,631</u>	<u>464,644</u>	<u>988,465</u>	<u>941,370</u>	<u>47,095</u>
Less:					
Administration overheads	(170,137)	(173,623)	(341,792)	(348,500)	6,708
	<u>439,494</u>	<u>291,021</u>	<u>646,673</u>	<u>592,870</u>	<u>53,803</u>
Add:					
Interest received and other income	8,680	14,376	20,000	28,752	(8,752)
Capital receipts	19,000	13,500	27,000	27,000	-
	<u>467,174</u>	<u>318,897</u>	<u>693,673</u>	<u>648,622</u>	<u>45,051</u>
Less:					
Interest payable	(204,597)	(214,337)	(415,000)	(428,675)	13,675
Surplus for period	<u>262,577</u>	<u>104,560</u>	<u>278,673</u>	<u>219,947</u>	<u>58,726</u>
	<u>13,747,867</u>				
Income and expenditure account b/f					
Income and expenditure account c/f	<u>14,010,444</u>				
Total income	1,294,471				
Less:					
Service costs	(228,818)				
Housing management	(102,497)				
Building Maintenance	(162,765)				
Admin. overheads	(170,137)				
Operating surplus	<u>630,254</u>				
Interest Cover Ratio (min. 1.2)	<u>3.08</u>				

**Detailed Income and Expenditure Account for the 6 months to 30 September 2020**

	Actual to September 2020 £	Budget to September 2020 £
<u>Income from Social Housing</u>		
Rent receivable	1,064,658	1,077,729
Service charges receivable	227,956	238,852
Support income	15,631	16,848
Less:		
Void losses	(13,774)	(16,000)
Rent losses	-	(3,000)
	<hr/> 1,294,471	<hr/> 1,314,429
<u>Service charge costs</u>		
Grounds maintenance	(16,798)	(18,258)
Cleaning	(47,388)	(33,924)
Energy costs	(59,425)	(61,645)
Communal repairs	(22,996)	(26,754)
Care monitoring	(38,870)	(43,574)
Fire safety	(4,925)	(6,642)
Laundry	(18,080)	(20,579)
Water and sewerage	(19,528)	(22,958)
Other	(808)	(1,800)
	<hr/> (228,818)	<hr/> (236,134)
Repairs costs	(162,765)	(316,710)
<u>Other housing management costs</u>		
Staff costs	(102,497)	(110,036)
Release of SHG	29,412	29,267
Depreciation	(220,172)	(216,172)
	<hr/> (293,257)	<hr/> (296,941)
<u>Administration costs</u>		
Salaries	(87,312)	(93,734)
Office costs	(25,252)	(23,820)
Audit, computer and professional fees	(27,057)	(23,228)
Insurance	(20,816)	(20,437)
Other	(9,700)	(12,404)
	<hr/> (170,137)	<hr/> (173,623)
Surplus on ordinary activities	<hr/> 439,494	<hr/> 291,021

## Risk Register

### 23 September 2020

The following is a list of the principal risks that could have an impact on the business of the Association, together with an assessment of the likelihood of those risks occurring and the possible impact that each risk would have. For both likelihood and impact a score of 1 is low and a score of 3 is high. The impact score is then squared and multiplied by the likelihood score to give the gross score. Any comments or mitigating circumstances are then taken into account. The risks have been ordered to list from the highest score downwards as opposed to the risk number order as the score can change whereas the risk number will stay the same with new risks being added to or existing risks being removed in the future.

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
17.	Significant movements in inflation rate – expenditure.	2	3	18	<ul style="list-style-type: none"> <li>• No contractual obligation to offer salary rises or performance related pay, only to review salaries on an annual basis. A 2% salary rise was included in the budget for 2019, which is more than current inflation (CPI for August 2019 was 1.7%).</li> <li>• Limited ability to delay (or bring forward) planned and major repairs expenditure.</li> <li>• Ongoing review of the use of responsive repairs contractors.</li> <li>• Rent rises of CPI plus 1% for five years from 2020 will help to mitigate rising expenditure.</li> <li>• Outcome of Brexit negotiations and fluctuations of sterling may have impact on inflation.</li> </ul>
25.	Major problems encountered with a significant new development.	2	3	18	<ul style="list-style-type: none"> <li>• Use of skilled professionals to set up and manage the contract.</li> <li>• Insurance cover in place.</li> <li>• Sandbourne will aim to ensure that development work is scheduled carefully, and delayed where necessary, to avoid</li> </ul>

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
					<p>overstretching staff and resources and to limit the impact of any problems on the business.</p> <ul style="list-style-type: none"> <li>• Expertise and skills from PHP and Rund Partnership staff will be helpful, but there is still a potential for a significant amount of management time to be taken up with any large project.</li> <li>• A Development Committee will hold regular meetings while development work is underway. The Board member with relevant expertise has been asked to chair those meetings.</li> </ul>
16.	Change in rent increase regulations or significant movements in inflation rate – rents.	3	2	12	<ul style="list-style-type: none"> <li>• Rents can rise by up to CPI plus 1% from 2020 for the following five years.</li> <li>• Maximise formula rents wherever possible and ensure that all services provided to residents are charged accordingly wherever possible.</li> <li>• Close and rigorous scrutiny of all expenditure. Take advantage of low tender prices if appropriate.</li> <li>• New Bournemouth 60+ tenancies are monthly from October 2017, which will reduce the cost of collecting the rent for those tenancies.</li> </ul>
19.	Changes in building and environmental regulations resulting in unexpected expenditure.	3	2	12	<ul style="list-style-type: none"> <li>• Ongoing planned maintenance to ensure that properties meet current standards.</li> <li>• New standards can only be considered when and if they are brought into effect.</li> <li>• The Association will take advantage of any relevant funding initiatives.</li> <li>• Reviewing and monitoring of fire inspections and regulations following Grenfell. Current indications are that further expenditure will be required, but impossible to quantify that at this stage.</li> </ul>

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
46.	Merger of Poole, Bournemouth and Christchurch councils (LGR).	3	2	12	<ul style="list-style-type: none"> <li>• This took place in April 2019. The impact of this initial merger was minimal, but at present most services are still being provided from the original separate parts of the entity.</li> <li>• As services are merged over time problems with delivery may be encountered.</li> <li>• Sandbourne will ensure that it has adequate cash reserves to cover any delays in receiving payments of HB or UC.</li> <li>• Sandbourne is actively engaged with keeping up the pressure on the ongoing operation of the Dorset Home Choice scheme for nominations which will continue to be in place after LGR.</li> <li>• Sandbourne holds its own waiting list for 60+ applicants. This will reduce void times if local authority nominations are not functioning efficiently immediately after the merger.</li> <li>• Delays in or problems with the merger of other BCP departments, such as Planning or Legal Services may have a negative impact on areas of Sandbourne's work, such as new development.</li> </ul>
3.	Breach of employment legislation.	1	3	9	<ul style="list-style-type: none"> <li>• HR advice available through arrangement with Tozers Solicitors.</li> <li>• Legal advice would be taken before any major decision was taken about any aspect of employment.</li> <li>• Comprehensive and regularly updated policies in place.</li> <li>• New staff handbook in place in 2018 after being agreed with other RSLs via Tozers Solicitors.</li> <li>• Extended insurance cover for professional indemnity and the level of cover is reviewed for adequacy at each renewal.</li> </ul>



Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
8.	Breach of loan covenants.	1	3	9	<ul style="list-style-type: none"> <li>• Regular checking of loan terms and minimum weekly monitoring of bank balances.</li> <li>• Review of financial position through management accounts and cash flow reports. Financial covenants reported on in the management accounts.</li> <li>• Government policy requiring the Association to reduce rents will mean that covenants need to be monitored more closely for the next six months. However, the announcement of rent increases of CPI plus 1% for five years from 2020 will ease the situation from that date.</li> <li>• Draw down of new loan finance from Triodos Bank is comfortably within all covenants but will require higher levels of monitoring in the short term.</li> <li>• Merger with Ace Housing, which took place in February 2019, has also increased the Balance Sheet and eased covenants.</li> </ul>
10.	Significant rise in arrears.	1	3	9	<ul style="list-style-type: none"> <li>• Use of knowledge of current tenants to chase arrears in a tenant specific way.</li> <li>• Small staff structure enables early identification to keep a close watch on problematic accounts.</li> <li>• The Association offers a wide range of payment options.</li> <li>• Changes in government benefit legislation eg 'bedroom tax' and restrictions on benefit increases from April 2013 have put pressure on residents' finances, though the elderly have been exempt in many cases.</li> <li>• The rollout of Universal Credit is proving challenging and increasing arrears, but only currently applies to a small number of tenants.</li> <li>• The Association is engaging with residents to inform them of the changes and to look at ways of helping them to manage their finances.</li> </ul>



Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
					<ul style="list-style-type: none"> <li>Significant leasehold arrears are addressed with solicitor involvement and the threat of forfeiture of the lease.</li> </ul>
15.	Significant movements in interest rates.	1	3	9	<ul style="list-style-type: none"> <li>Current NatWest loan has fixed interest rate set in December 2011 for 15 years for a 25-year loan.</li> <li>Most of the Nationwide loans are on short term fixed rates. These are due for review between February 2022 and June 2024. The Board will look to obtain the best fixed rates available when the existing ones expire.</li> <li>The margin payable on the Nationwide loans is due to rise by 0.15% each year until 2020. The impact of this change is already included in the Business Plan.</li> <li>The loan with Triodos Bank is not on a fixed rate. The current loan agreement means that interest is charged at 1.8% over base rate, with a minimum rate of 2.05%. The current rate is therefore 2.55%.</li> <li>Base rate is now 0.75%, but it may be reduced as a result of the current economy slow down.</li> </ul>
20.	Breach of health and safety regulations – properties.	1	3	9	<ul style="list-style-type: none"> <li>Asbestos survey of all properties carried out and regular monitoring is carried out as required.</li> <li>Procedures in place to carry out regular health and safety checks, fire safety equipment, gas safety checks, legionella, electrical safety checks, tree surveys, etc. Any failures or concerns relating to these safety checks will be reported in the quarterly KPIs, which have been amended to better report this information to the Board.</li> <li>Regular training for staff to keep up-to-date with changing regulations.</li> <li>Health and Safety Policy reviewed every year.</li> <li>New Board member appointed in the last year with specific expertise in asset management and health and safety.</li> </ul>

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
					<ul style="list-style-type: none"> <li>• Employ professional advisers for major works if required.</li> <li>• Annual compliance statement reviewed by the Board each year.</li> <li>• Health and safety assessments carried out on a regular basis, eg review of workstations. New fire risk assessments have been carried out in the light of the Grenfell disaster. All major recommendations are being acted on. Any new information or problems noted will be considered.</li> <li>• Sandbourne properties have no ACM cladding and are not high rise, so new government regulations relating to those risk areas will not apply.</li> <li>• Staff made aware of health and safety regulations and policy requirements.</li> <li>• Specific training for certain staff members, eg manual handling, assessing fire doors and working at heights.</li> <li>• Contractors all have insurance, health and safety policies and DBS checks in place.</li> <li>• Extended insurance cover for professional indemnity.</li> <li>• Annual inspection undertaken of all communal areas and storage spaces.</li> <li>• Sandbourne will task the Audit, Finance and Risk Committee to specifically review and consider Health and Safety matters and how they should be reported as KPIs.</li> </ul>
22.	Natural or other disaster at one of the Association's properties or offices.	1	3	9	<ul style="list-style-type: none"> <li>• Insurance cover in place and reviewed annually.</li> <li>• Local authorities have a statutory duty to assist in the re-housing of residents in the event of a disaster.</li> <li>• Disaster recovery includes major catastrophe at one of the developments allowing work to be undertaken at another site.</li> <li>• Loss of main office – staff can work from home or in one of the other satellite offices.</li> </ul>

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
					<ul style="list-style-type: none"> <li>• Computers now set up so that anyone can access their own work from the office at Craigleith. New VOIP telephony has recently been installed at Craigleith, allowing telephones to be used from anywhere with internet access.</li> <li>• All IT hardware equipment upgraded in 2017.</li> <li>• Staff have been provided with laptop computers to allow access to Sandbourne systems remotely and enable working from home as necessary.</li> </ul>
28.	Failure of IT systems or loss of IT support.	1	3	9	<ul style="list-style-type: none"> <li>• Annual renewal of IT support contracts in place.</li> <li>• Robust back-up procedures (in the cloud).</li> <li>• IT system is backed-up automatically and remotely by external contractor on a daily basis.</li> <li>• Business systems can be remotely accessed by IT providers and have response times built into contracts. Staff who regularly work out of the office have been provided with tablets to enable them to work remotely.</li> <li>• Seek to arrange alternative support from another provider.</li> <li>• Ask Poole Housing Partnership for assistance.</li> <li>• Separate IT systems for business management, housing management and finance. Thus, less likely to lose all of the working systems at the same time.</li> <li>• Updated all IT equipment in 2017 to later and better supported versions of software. All firewalls and cyber protection are updated regularly and automatically applied.</li> <li>• System review completed in 2018 by external consultants and recommendations are being implemented.</li> <li>• New Board member with IT skills was elected in September 2019.</li> <li>• Sandbourne has good outsourced IT support for both hardware and software matters.</li> </ul>

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
29.	Communications failure – telephones and internet.	1	3	9	<ul style="list-style-type: none"> <li>• Customer-facing staff have smart phones that allow access to emails and key documentation in case of call outs etc.</li> <li>• New mobiles can be sourced very easily and cheaply if required.</li> <li>• New VOIP telephony system at Craighleith which can be accessed from anywhere with internet access.</li> </ul>
39.	Damage to the Association's public reputation.	1	3	9	<ul style="list-style-type: none"> <li>• Only certain members of the staff and Board are authorised to speak on the Association's behalf in public or to the press.</li> <li>• Legal advice will be taken if information in the public domain is incorrect or misleading.</li> <li>• The Association would look to publish its side of the story if appropriate.</li> <li>• Where the Association has made a mistake we will normally be prepared to admit this after taking legal and insurance advice as appropriate and issue an apology if required.</li> <li>• Professional indemnity insurance is in place.</li> <li>• Consider training on managing difficult PR situations.</li> <li>• Critical incident reporting in place to highlight any potential issues to management.</li> </ul>
41.	Breach of Data Protection Regulations (GDPR).	1	3	9	<ul style="list-style-type: none"> <li>• All staff and Board members will receive training to ensure that they understand the requirements of the GDPR regulations.</li> <li>• An audit of all data processing is ongoing.</li> <li>• There is currently a member of the Board with expertise in this area.</li> <li>• All computers and mobile phones are password protected.</li> <li>• We are investigating the use of encryption for any confidential or personal emails.</li> </ul>

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
					<ul style="list-style-type: none"> <li>• A review of computer and IT needs was recently undertaken by a professional consultant. The final report has been received and is being acted on.</li> <li>• The Association has insurance cover in place in the event of an accidental breach.</li> <li>• The Association has a number of policies which relate to this area (Data Protection, Disclosure of Personal Information, Whistleblowing/Public Disclosure) and which are updated regularly.</li> <li>• Data is regularly reviewed by staff and destroyed if no longer required or out of date.</li> <li>• Wherever possible no documents containing confidential information to be distributed or sent out of the office showing the full names and addresses of any staff member or resident. Such documents should show the names and addresses in a coded or abbreviated form.</li> <li>• The decision to combine the three Sassa housing management systems into one was taken in July 2018 and this has reduced the GDPR management requirements.</li> <li>• We are looking at the possibility of establishing a Board Portal to enable all confidential Board information and reports to be held in one place and to reduce the use of email communication.</li> <li>• Internal audit reviewed this area in 2019. We are waiting for their formal assessment and recommendations which will be considered by the Board.</li> </ul>

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
27.	Severe anti-social behaviour (ASB), possibly leading to eviction.	2	2	8	<ul style="list-style-type: none"> <li>• Close working relations with local authority ASB Department and other agencies.</li> <li>• Excellent knowledge of current residents enabling quick reactions and more personalised response.</li> <li>• Close working relationship with the Association's legal representatives and colleagues who manage ASB.</li> <li>• Two members of staff now to deal with all reports. They will take into consideration support needs and possible protection of vulnerable adults needs. They will take a reasonable and proportionate approach to all reports of ASB.</li> <li>• Staff have increasing knowledge and experience in managing anti-social behaviour and its related matters. Training to expand and update this knowledge is offered as required.</li> <li>• All prospective tenants are interviewed and risk assessed by the Housing Management Team. A history of ASB may result in the offer of the tenancy being withdrawn.</li> <li>• Information leaflets on the subject are available and are regularly updated.</li> <li>• Policy and working practices on ASB management are regularly reviewed.</li> <li>• Articles to update residents on this evolving area of work and to manage their expectations are regularly included in newsletters.</li> </ul>
31.	Major changes in Welfare Reform.	2	2	8	<ul style="list-style-type: none"> <li>• The Association knows its tenants well and works closely with them when there are problems.</li> <li>• From October 2017 Universal Credit (UC) has been introduced for all new working age claimants. There is still no definite indication of when it will apply to all tenants. This piecemeal approach will lessen the impact on Sandbourne and give us more time to support those tenants who need it.</li> </ul>



Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
					<ul style="list-style-type: none"> <li>All new Bournemouth 60+ tenancies will be monthly from October 2017, which mirrors the application of UC.</li> <li>Staff to keep up-to-date with government announcements to ensure that any timing or policy changes are noted and the potential impact on the business assessed.</li> </ul>
44.	Impact of Brexit on the UK economy as a whole. Also, any changes to UK housing policy as a result of Brexit.	2	2	8	<ul style="list-style-type: none"> <li>Housing policy is unlikely to change significantly in the short term as a result of Brexit, as it is largely UK based.</li> <li>Impact on economy is unknown at present, but the fluctuating value of sterling could be significant.</li> <li>UK employment market may suffer a skills shortage if EU staff are not able to work freely here. This is not expected to have a direct impact on Sandbourne, although it may have an indirect impact on those tenants who receive or need care and support if care staff become more difficult to recruit and retain. Maintenance staff and contractors may also be more expensive.</li> </ul>
48	Managing any future pandemic restrictions.	2	2	8	<ul style="list-style-type: none"> <li>Good record of how the Covid-19 pandemic in 2020 was managed. Experience can be used for any future pandemics or emergencies.</li> <li>New phone system will enable staff to answer Sandbourne's main phone line from other locations including their home.</li> <li>IT systems and equipment in place for home working as required.</li> <li>Disaster Recovery Plan in place.</li> </ul>
4.	Staff assaulted or discriminated against.	1	2	4	<ul style="list-style-type: none"> <li>Excellent knowledge of current residents, allowing up-to-date procedures to be in place concerning lone working.</li> <li>Office security lone worker procedure in place including SoloProtect alarm system, which is provided to all front line staff.</li> <li>All customer-facing staff have access to a mobile telephone.</li> </ul>



Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
					<ul style="list-style-type: none"> <li>• Staff training.</li> <li>• Health cover includes a 24-hour helpline for staff and some counselling opportunities. Healthcare cover upgraded from October 2019 to include some private health care.</li> <li>• Insurance cover in place for staff sick leave/absence due to accidental injury or death.</li> <li>• There is now a “red flag” system on Sassha highlighting all residents who may be a danger to staff.</li> <li>• Training offered to staff as appropriate.</li> <li>• Sandbourne will consider taking legal action against any perpetrators.</li> <li>• Resilience training was undertaken in October 2018.</li> </ul>
6.	Fraud (including requirements of the Corporate Criminal Offence Regulations).	1	2	4	<ul style="list-style-type: none"> <li>• Internal controls in place to limit possibilities of fraud.</li> <li>• Fidelity insurance in place.</li> <li>• Increased number of staff allows for more financial controls and increased separation of duties has been introduced.</li> <li>• The Association has Whistleblowing and Complaints policies which outline how potential frauds can be reported.</li> <li>• All contractors will be risk assessed to assess the likelihood of fraud being committed.</li> <li>• Payments to staff and suppliers are well managed to reduce the likelihood of fraud.</li> <li>• New Board member with IT skills was elected in September 2019.</li> </ul>
7.	Unexpected loss of a number of Board members.	1	2	4	<ul style="list-style-type: none"> <li>• Inform RSH if appropriate and ask for advice in short term. The NHF may also be asked for advice.</li> <li>• Co-opt Board members (maximum of five co-optees under the current Rules).</li> <li>• Recruit new Board members.</li> </ul>

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
					<ul style="list-style-type: none"> <li>• Recruit shareholders with a view to them becoming Board members. The willingness to be a Board member will be a priority for any new shareholders.</li> <li>• Succession planning for Board members in place, which has identified skills that will be needed on the Board in the future.</li> <li>• Staggered retirement dates, so unlikely to all leave at once.</li> <li>• Regularly update the skills mix and future needs of the Board members.</li> <li>• The Rules state that the minimum Board membership is five, with at least three attending a meeting to make it quorate. There are currently 10 out of a possible 12 Board members. A new Board member with skills in Housing Law is due to be co-opted at the November 2019 Board meeting.</li> <li>• Group Board appraisal carried out in June 2018 to identify any areas of weakness or any skills' gaps. This is regularly reviewed by the CEO, Chair and Vice-Chair.</li> </ul>
7a.	Unexpected loss of a number of staff members.	1	2	4	<ul style="list-style-type: none"> <li>• Ask other staff members to cover if possible.</li> <li>• Involve Board members with relevant skills if necessary.</li> <li>• Employ temporary staff.</li> <li>• Liaise with PHP who may be able to second staff members over.</li> <li>• Review business needs and recruit new staff.</li> <li>• Annual staff appraisals may give early indication of staff who wish to leave or change their hours.</li> <li>• Comprehensive medical cover offered to staff from October 2019 which may reduce sick leave for some staff.</li> </ul>

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
11.	Significant increase in void levels (includes former risk no. 40).	1	2	4	<ul style="list-style-type: none"> <li>• Sandbourne maintains its own waiting lists for Bournemouth 60+ properties other than Craigleith which is subject to nomination arrangements. The waiting list is robust, but manageable. The process produces sufficient demand to meet the Association's void turnover, despite a surplus of such stock in the area. Revised allocation procedures have contributed significantly to a reduction in void times (under normal staffing circumstances).</li> <li>• The Association's 60+ stock is ideally located, well presented, maintained and managed.</li> <li>• The Association's stock and standards of re-lets are very high which means that, with the current exception of the Ringwood 60+ stock, we have had little difficulty in letting properties within target (21 calendar days) in the past. Tenant priorities have also been revised so that properties are offered to those most in need first.</li> <li>• Maintaining rents at social housing level instead of moving to the higher 'affordable' rents should also assist in maintaining and improving demand for our stock. Rents are already significantly below market rent levels and will continue to be so.</li> <li>• From 2020 all rents can rise by up to CPI + 1% for five years, so we will need to ensure that they remain affordable.</li> <li>• Nomination arrangements for all Sandbourne properties are being reviewed to ensure that future tenancies are sustainable.</li> <li>• Sandbourne has also carried out some local advertising in Ringwood to increase visibility in the local area.</li> <li>• The demand for 18+ (particularly family) housing continues to grow.</li> </ul>

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
13.	Regulation inspection failure.	1	2	4	<ul style="list-style-type: none"> <li>• Constant review of policies (maximum triennial) and procedures to promote good practice.</li> <li>• Requirement and retention of quality staff and Board members along with triennial enhanced Disclosure Barring Service (DBS) clearance for all frontline staff.</li> <li>• Policies are regularly tested by an internal audit programme. The 2019 Internal Audit Report shows all areas covered were at least reasonable.</li> </ul>
14.	Forecasts for asset management expenditure inaccurate.	1	2	4	<ul style="list-style-type: none"> <li>• Forecasts are reviewed at least annually at the time of the annual budget and rolling 5-year cash flow forecast by the Board.</li> <li>• Planned maintenance programme and costing produced and reviewed to ensure are fit for purpose.</li> <li>• All planned maintenance now assessed and reviewed internally. There is ongoing assessment of the condition of all major components by the Maintenance Managers.</li> <li>• All properties (except Ace Court) currently meet required standards (eg Decent Homes) and the planned maintenance programme is up-to-date.</li> <li>• The properties at Ace Court are undergoing a refurbishment to bring them up to Decent Homes Standard. This should be complete by mid 2021.</li> <li>• Due diligence (valuations and stock condition surveys) will always be carried out before any new existing properties are transferred into Sandbourne.</li> </ul>
33.	Protection of Vulnerable Adults.	1	2	4	<ul style="list-style-type: none"> <li>• Policy and guidelines reviewed annually.</li> <li>• Safeguarding Register in place. (Matters are also red flagged on Sassha when appropriate.)</li> <li>• Critical incident reporting in place.</li> <li>• Staff receive regular training (annually).</li> </ul>

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
					<ul style="list-style-type: none"> <li>• Regular safeguarding promotion to residents (in all newsletters and to all new residents) as to what it means and what to do and what to expect.</li> <li>• Very few incidents have been reported due to the fact that the nature of the Association's accommodation is supporting and promoting independence.</li> <li>• The Association has a Professional Conduct and Boundaries Policy and staff have been required to sign up to this and to state their compliance with specific expectations.</li> <li>• Safeguarding is a standard item in staff team meetings.</li> </ul>
34.	Inability to recruit or replace key staff members.	1	2	4	<ul style="list-style-type: none"> <li>• The mergers have reduced the potential impact of this.</li> <li>• The Association regularly reviews staff terms and conditions. A full review has been carried out in 2018.</li> <li>• There has been no past experience of difficulty in recruiting suitable staff.</li> <li>• Current staff turnover is historically very low. However, a new member of staff started in April 2019 and a second staff change took place in December 2019</li> <li>• Introduction of pension provision for all staff in excess of statutory requirements.</li> <li>• Offer of comprehensive medical cover introduced from October 2019.</li> <li>• Other terms and conditions have improved following the merger.</li> </ul>

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
43.	<p>Potential future changes in government policy:</p> <ul style="list-style-type: none"> <li>• Removal of the “triple lock” for pensioners.</li> <li>• Introduction of “bedroom tax” for pensioners.</li> <li>• Changes to the funding for supported housing.</li> </ul>	1	2	4	<ul style="list-style-type: none"> <li>• Annual review of service charges at all developments to ensure that properties remain affordable and comply with government regulations on eligible service charges.</li> <li>• There may be some “top up” funding from the LA where some support services are provided or to soften any change in policy in the short term (only likely to apply to properties at Craigleith).</li> <li>• No significant policy changes in the pipeline at present.</li> </ul>
42.	<p>Planned changes to government policy:</p> <ul style="list-style-type: none"> <li>• Tightening of rules relating to eligible service charges.</li> </ul>	3	1	3	<ul style="list-style-type: none"> <li>• Assessed all service charges at all developments to ensure that properties remain affordable.</li> <li>• Consulted with residents to understand those services which are most important to them.</li> <li>• Closer scrutiny of all costs involved in providing communal services.</li> <li>• Setting minimum standards for all services provided.</li> </ul>
45.	<p>Senior staff offering advice or aiding other smaller housing associations in mergers or restructuring.</p>	3	1	3	<ul style="list-style-type: none"> <li>• PI insurance is in place.</li> <li>• Sandbourne will take legal advice if asked to work formally with another housing association.</li> <li>• Business Plan is now likely to include a policy of approaching small, local housing associations to offer assistance. Legal advice will need to be taken before any major decisions are taken. Any offers of assistance will only be made if there is sufficient spare capacity in the business and if there is a good business case for carrying out any work.</li> </ul>

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
49.	Staff working from home.	3	1	3	<ul style="list-style-type: none"> <li>• DSE review of all staff home working conditions undertaken in August 2020.</li> <li>• Staff provided with Sandbourne equipment to ensure that it is safe and suitable for work required.</li> <li>• Regular contact with all staff members by phone, email or video conferencing. Once possible again, regular team meetings in the office will also be reinstated to keep everyone connected.</li> </ul>
12.	Significant rise in cost of insurance.	2	1	2	<ul style="list-style-type: none"> <li>• Insurances were put out to tender in June 2015. The merged Association was able to achieve significant savings in insurance costs compared to the two separate entities. Costs rose in 2018 and 2019 due to losses in the insurance market, however, there is still a saving over the amounts paid by the three individual organisations.</li> <li>• The market is due to be tested again in 2020.</li> </ul>
47.	Lease of Beech House	2	1	2	<ul style="list-style-type: none"> <li>• Break clause was not triggered in September 2019, so lease will now run until September 2024.</li> <li>• Additional office space has now been taken at Beech House to future proof the needs of Sandbourne for the next five years.</li> </ul>
1.	Chief Executive or other key member of staff unable to work for an extended period.	1	1	1	<ul style="list-style-type: none"> <li>• Comprehensive medical cover offered to all staff from October 2019 to help speed up some medical treatments and thus limit sick leave.</li> <li>• All staff have cover for sickness or holiday absence. Temporary cover would also be considered if deemed necessary.</li> <li>• Staff would be offered training to cover long-term absence if roles were significantly different.</li> <li>• There is some insurance cover if staff were seriously injured or ill.</li> </ul>



Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
					<ul style="list-style-type: none"> <li>An amount will be included in the next budget to pay for this additional cover or training if required.</li> </ul>
5.	Difficulties in recruiting skilled Board members.	1	1	1	<ul style="list-style-type: none"> <li>Use of range of options to recruit new Board members, excluding payment other than reimbursement of reasonable expenses.</li> <li>There has been no difficulty in recruitment to date.</li> <li>Sandbourne has carried out a skills audit to identify any current or future areas of Board weakness. This was updated at the Board Away Day in June 2018. Two new Board members were elected in September 2019 as a result of this policy and a further new member is due to be co-opted at the November 2019 Board meeting.</li> <li>Succession planning for Board members is now in place and will be reviewed annually.</li> <li>Any new shareholders will only be recruited if they are also prepared to become Board members at a later date.</li> </ul>
9.	Association not able to renew loans or obtain additional finance.	1	1	1	<ul style="list-style-type: none"> <li>Routine work of Association financed from normal day-to-day income.</li> <li>Additional work, eg development, not carried out unless any required loan finance is in place.</li> <li>Review existing and future planned maintenance expenditure timings and review other costs and options.</li> <li>Consider the ongoing financial viability and consider alternative options.</li> <li>Existing loans are secure unless a breach occurs, which is unlikely.</li> </ul>

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
35.	Introduction of the Voluntary Right to Buy policy for housing associations.	1	1	1	<ul style="list-style-type: none"> <li>• RTB currently does not apply to 60+ properties.</li> <li>• Approximately 60% of tenants are currently receiving HB, so unlikely to be able to afford RTB.</li> <li>• The Association's policy will be to preserve stock for social use, wherever reasonable, after taking into account the presumptions to sell under the new government Voluntary Right to Buy scheme.</li> <li>• The Association will look to replace any losses as soon as possible.</li> <li>• Current guidelines on the Voluntary Right to Buy suggest that qualification levels will be fairly high, so will restrict those who are eligible to apply.</li> <li>• Property prices in the area remain high so properties will still be expensive, even with maximum discounts.</li> <li>• The government has extended the pilot scheme, but not yet implemented it and no date is yet set for roll out to the whole of the sector.</li> </ul>
38.	Changes to Asylum legislation.	1	1	1	<ul style="list-style-type: none"> <li>• Sandbourne carries out its own checks on all nominations and waiting lists for its properties to ensure that residents have the right to reside in the UK. Where there is any doubt over that right, Sandbourne would refuse the nomination and would not house the applicant.</li> <li>• The process for assessing waiting list applicants has changed to ensure that adequate checks are made and documented on those applicants are retained.</li> </ul>



## **BOARD MEMBERS**

### **as at December 2020**

(Note: dates in brackets show when they first became an elected Board member at the Association's AGM and are sorted in earliest date order)

**Liz Lees** (2014) – Chair

**Joe Waters** (2017) – Vice-Chair

**Paul Frith** (2012) – Chair of the Audit, Finance & Risk Committee and Chair of the Staffing & Remuneration Committee

**David Joicey** (2013) – Chair of the Management and Governance Oversight Committee

**Theresa Saunders** (2014) – Resident Member

**Ann Schofield** (2017) – Resident Member

**Laurie Wright** (2017) – Chair of the Development Committee

**Jan Lewis** (2019)

**Yogesh Vadgama** (2019)

**Michael Owen** (2019)

**Maria Byrne** (2020)

**Bill Law** (2020) – Co-opted Board Member

Members serve a maximum term of 9 years from their first election at an AGM.

All contact to Board Members to be made via the registered office:

Sandbourne Housing Association  
Beech House  
28-30 Wimborne Road  
Poole BH15 2BU

Tel: 01202 671222

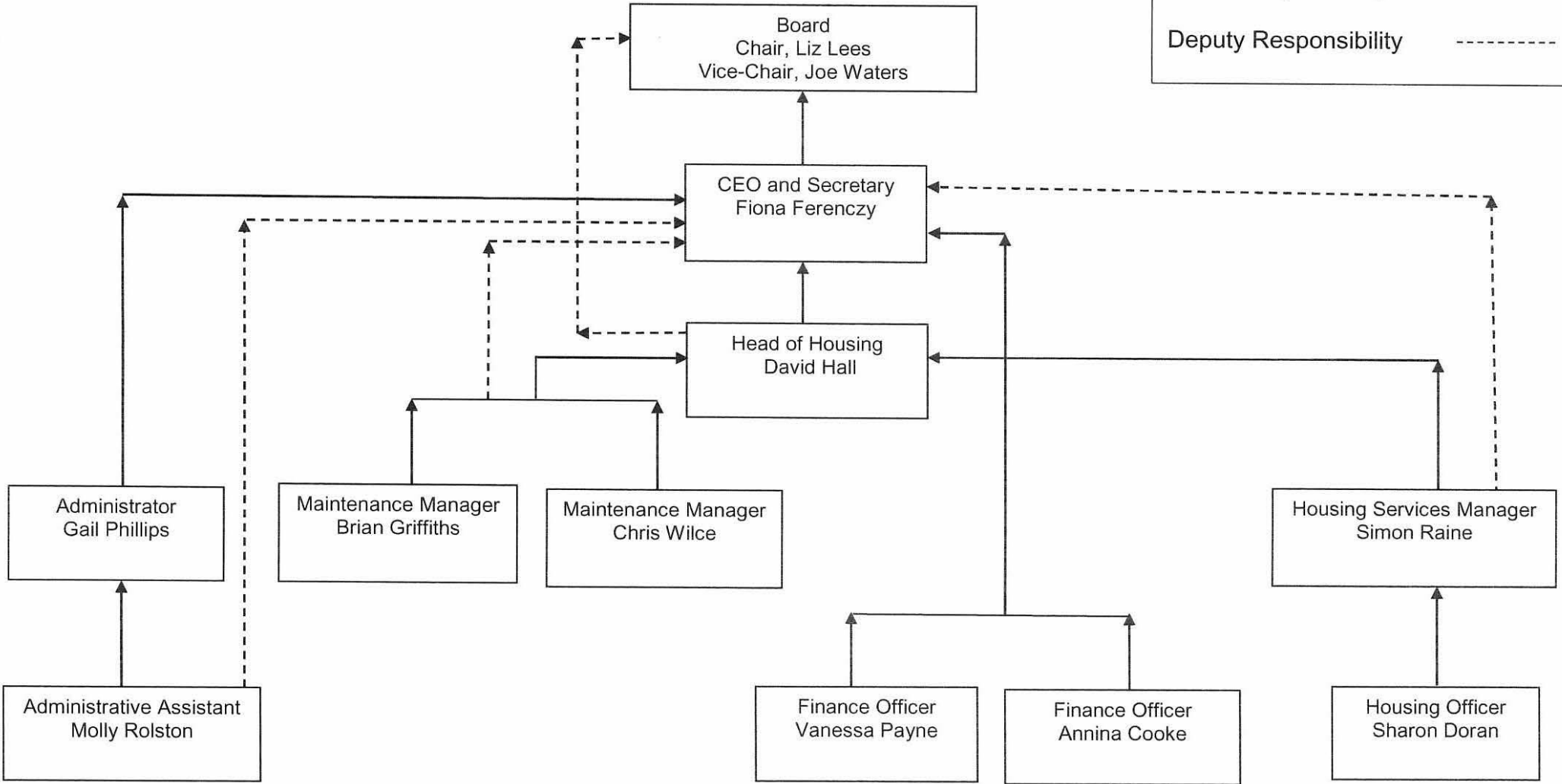
Email: [info@sandbourne.org.uk](mailto:info@sandbourne.org.uk)

**SANDBOURNE HOUSING ASSOCIATION**  
**Staff Structure**  
 December 2020

**Line Management responsibility:**

Direct Responsibility      \_\_\_\_\_

Deputy Responsibility      - - - - -



## **Sandbourne Housing Association**

### **Annual Statement of Internal Controls**

Board members noted on 22 July 2020 the following significant sources of internal and external assurance with regards to organisational control:

1. Sandbourne is managed by a Board of volunteers who are appointed by the AGM for a maximum period of nine years. The Board is responsible for the strategy and direction of the Association.
2. Board members are selected for their skills and relevant knowledge. A review of the skills required by the Board is carried out on a regular basis and new Board members are appointed to try and fill any gaps.
3. Board member Declarations of Interest are updated annually and are a standing agenda item at every Board meeting.
4. All Board decisions are considered to be collective, unless otherwise specified.
5. There is the facility for certain decisions to be taken by the Chair between Board meetings. Any such decisions are reported to the next Board meeting to be considered and ratified.
6. Standing Orders and Financial Regulations are in place and updated regularly.
7. All properties let by Sandbourne are owned by the Association. Title deeds are held either by the Association's solicitors or by the Association's lenders, where a property is used as security for a loan.
8. All properties meet the requirements of the Decent Homes Standard as a minimum (or are currently being brought up to that standard).
9. There is a fully funded annual, five-year and 30-year planned maintenance programme to keep the properties up to a high standard of repair. This was last reviewed and validated as part of the merger due diligence work in 2014/15 and work is currently underway to fully update the programme records in 2020.
10. There is a five-year Business Plan which is reviewed annually by the Board.
11. The Chief Executive produces an annual Budget which is reviewed in depth by the Audit, Finance and Risk Committee and formally approved by the Board.
12. Quarterly Management Accounts are produced for the Board. These are compared to the Budget and an analysis of any significant variances is provided.
13. An up-to-date Cash Flow Statement is provided at every Board meeting.

14. Financial Statements are produced on an annual basis and this are subject to a full financial audit by external auditors. External audit reports are addressed directly to the Board.
15. The Board also appoints internal auditors to regularly review a wide range of the Association's policies and procedures. Reports from the internal auditors are addressed directly to the Board.
16. Key performance indicators (KPIs) are produced quarterly covering a range of areas as agreed by the Board. These currently include:
  - (a) Financial KPIs
  - (b) Health and safety KPIs
  - (c) Resident Involvement KPIs
17. There is a Risk Management Strategy and a Risk Register in place that is updated at least annually by the Board. Board members are encouraged to review existing risks and consider new risks at each Board meeting.
18. Sandbourne has comprehensive insurance cover in place, which is reviewed on an annual basis to ensure that all risks to the business are considered and covered where appropriate.
19. Sandbourne has a Business Continuity Policy in place. Staff have the ability to work away from the main office in other smaller offices or at home if the need arises. IT and phone systems can be adapted to facilitate this as required.
20. There is a comprehensive set of policies in place covering all the main areas of the business, including staffing and employment. These were reviewed in full in 2019.
21. Sandbourne pays a retainer to a legal firm to ensure that employment law matters can be dealt with effectively as they occur.
22. Staff have annual appraisals to assess their performance and to identify areas of training or support. Frontline staff are DBS checked as required.
23. A Gifts and Hospitality Register is in place and is reviewed by the Board on an annual basis.
24. A Fraud Register is in place to record all attempts or suspicions of fraud against the Association. The Association also has policies on Fraud and Whistleblowing encouraging staff and Board members to report any suspicions they have of fraud or malpractice.

Members are asked to consider the contents of this report and confirm that they accept the internal controls identified here give reasonable assurance with regards to the organisational control of the Association.