



Sandbourne Housing Association

BUSINESS PLAN

For the period 1 April 2021 to 31 March 2026

**Approved by the Board
17 November 2021**



Sandbourne Housing Association (Sandbourne)

Business Plan

for the period 1 April 2021 to 31 March 2026

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 our 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 2021.
- 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 the 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, particularly with the impact of the Covid-19 pandemic restrictions, the increased emphasis on health and safety, the fall-out from Brexit and the added cost that all of these challenges bring to the business.

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 2021

	12 months 2021	12 months 2020
Rent and service charge income	£2,606,435	£2,613,953
Operating surplus for period	£214,051	£301,791
Total assets	£29,983,655	£29,131,638
Rent arrears	£34,167	£39,014
Loans outstanding	£10,142,577	£9,468,615
Lettings in period	19	42
Void costs (inc repairs)	£78,418	£86,109

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 Governance 2020, with some minor exceptions, which are detailed in the 31 March 2021 Financial Statements.

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:

- Maintaining an effective Board including succession planning
- Embedding the requirements of the NHF Code of Governance 2020 into Sandbourne's working arrangements

- 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
- Looking at new ways of improving the energy efficiency of Sandbourne's stock.

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
- The ongoing challenges of increased health and safety legislation and the associated costs of complying with it
- The challenges of "greening" the existing stock
- 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, although increasing costs in recent months resulting from a range of factors is challenging budgetary assumptions and expenditure will need to be closely monitored over the next year. The government has agreed a rent settlement of a maximum of CPI + 1% for the next four years and this will help to combat increasing costs and rising expectations.

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. Existing drawn down funds of approximately £2,000,000 will be used to fund the current development in Poole and then a possible further four or five units of housing. No further borrowing is anticipated at the current time. However, taking into account all the covenants applied by our existing lenders, the additional borrowing capacity of the Association at 30 September 2021 was £5.08 million.

4. KEY STRATEGIC OBJECTIVES FOR 2021/26

4.1 Internal growth

Sandbourne is currently developing six new units on a site in Poole. It is hoped that existing resources will then enable the purchase of a further four or five properties in the next three years.

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 2021 Sandbourne had £2 million from loan facilities to spend and we anticipate generating approximately £200k per annum from existing lettings, although this was not the case in the year to 31 March 2021 due to high levels of expenditure on health and safety improvements. Increases in costs due to a range of factors is likely to restrict surplus funds in the current year as well.

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 was a review of resident engagement, which aimed to look at improving ways of involving residents in setting future strategy and scrutinising existing practices. The Board approved a Resident Engagement Action Plan in 2020 and progress against this Plan is regularly reported to the Board and to the residents.

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 2026 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 2021 was 2.9%, meaning that rent increases in 2022 can be a maximum of 3.9%. Rent rises for the following four years have been capped at 3.0%.
- Operating costs have been increased by 3.0% in 2022/23 and 2.5% in the years 2023/26 and in line with the increased number of units each year. 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 by 2026, but that has not been included in this Plan.

- Development of the six units at Moor View Road is included in the years 2021/22 and 2022/23. Further development of one to two units a year is included for the remaining years of the Plan.

Income and Expenditure Accounts

	Actual 2020/21	Budget 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
	£'000	£'000	£'000	£'000	£'000	£'000
Rent and service charge income	2,606	2,650	2,770	2,861	2,955	3,053
Less: Operating costs	(2,046)	(1,968)	(2,107)	(2,192)	(2,250)	(2,311)
Operating surplus	560	682	663	669	705	742
Less: Interest payable	(405)	(395)	(373)	(358)	(336)	(316)
Add: Other income	40	25	12	12	12	12
Add: SHG released	59	59	59	59	59	59
Surplus for the period	254	371	361	382	440	497

Balance Sheets

	Actual 2020/21	Budget 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
	£'000	£'000	£'000	£'000	£'000	£'000
Housing properties at cost (net of depreciation)	27,682	28,175	28,700	28,793	28,880	28,961
Other fixed assets	48	41	32	46	37	30
	27,730	28,216	28,732	28,839	28,917	28,991
Net current assets	2,254	2,120	1,567	1,333	1,147	1,006
	29,984	30,336	30,299	30,172	30,064	29,997
Long term liabilities						
Loans	(9,818)	(9,493)	(9,154)	(8,704)	(8,217)	(7,711)
SHG	(5,512)	(5,453)	(5,394)	(5,335)	(5,275)	(5,216)
	14,654	15,390	15,751	16,133	16,572	17,070
Capital and reserves	14,654	15,390	15,751	16,133	16,572	17,070
Units of property	480	480	487	488	489	490

Cash Flow Statements

	Actual 2020/21	Budget 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
	£'000	£'000	£'000	£'000	£'000	£'000
Surplus for the period	254	371	361	382	440	497
Add back non-cash items	411	389	401	409	418	422
Cash from operating activities	665	760	762	791	858	919
Sale of housing properties	-	-	-	-	-	-
Expenditure on new housing properties	-	(629)	(671)	(250)	(250)	(250)
Expenditure on component replacement	(483)	(300)	(300)	(300)	(300)	(300)
Other fixed asset expenditure	(7)	(5)	(5)	(25)	(5)	(5)
New loans	990	-	-	-	-	-
Loan repayments	(317)	(325)	(339)	(450)	(487)	(506)
Movement in cash flows	848	(499)	(553)	(234)	(184)	(142)
Cash b/f	1,823	2,671	2,172	1,619	1,385	1,201
Cash c/f	2,671	2,172	1,619	1,385	1,201	1,059

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 periodically reviewed against industry norms. 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 was adopted by the Board in 2021, with some minor exceptions. 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. A recent high level review of the major and planned expenditure for the next 30 years 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 4.3 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 2020/21 which has been managed effectively by the Sandbourne staff and Board so far. An Action Plan was 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 2021
- 7.2 Management Accounts for the six months ended 30 September 2021
- 7.3 Risk Register (last revised November 2021)
- 7.4 Board and Staff Structures
- 7.5 Annual Statement of Internal Controls

SANDBOURNE HOUSING ASSOCIATION

FINANCIAL STATEMENTS

31 MARCH 2021

SANDBOURNE HOUSING ASSOCIATION
31 MARCH 2021

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SANDBOURNE HOUSING ASSOCIATION
31 MARCH 2021

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
Bill Law		
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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SANDBOURNE HOUSING ASSOCIATION
31 MARCH 2021

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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 2021.

Members of the Board

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

Elizabeth Lees - Chair	
Maria Byrne	Appointed September 2020
Paul Frith	
David Joicey	
Bill Law	Co-opted September 2020
Jan Lewis	
Michael Owen	Appointed September 2020
Theresa Saunders	
Ann Schofield	
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.

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

During the year £482,981 [2020: £859,412] 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 be completed in the next year. 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 December 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 – Sandbourne is currently working on improving and extending the ways that residents can be involved in the running of the Association and can express opinions on the services provided. 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. Residents who work directly with Sandbourne to review our services gain a range of experience and are offered relevant training to assist them. This can help them in their professional careers and in their social contacts.
 - (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 to 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. We are also working with residents to introduce a range of service standards to help assess the effectiveness of the services we provide.
 - (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 actively pursue environmentally friendly options where possible and where affordable for both Sandbourne and our residents – 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 believes 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 2021

The full version of the Value for Money Assessment for 2020/21 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. All of this facility has now been drawn down to finance new developments. A development of six new homes is due to start on site in the summer of 2021 and complete in the summer of 2022.
 - 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 two lease extensions in the period generating income of £19,000, 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
 - Work was carried out in the year to increase the number of parking spaces and create a buggy store at the Stourwood Avenue site. This enables more residents to park on site and provides safe and secure storage for more disabled buggies. Both improvements play a part in helping residents to maintain an active role in society and remain in their accommodation for longer.

(c) Environmental Returns

- The 12 properties acquired from Bournemouth Ace in 2019 did not comply with the Decent Homes Standard. Work is ongoing to bring them up to standard including fitting new heating systems, which are more environmentally friendly than the older ones. Work was delayed by the Covid-19 pandemic but is due to be completed in 2022.
- The communal boiler at Harcourt Grange was upgraded in the year making it more efficient and environmentally friendly.
- Electric heating systems were upgraded in 11 properties in the year.
- The Covid-19 pandemic compelled the implementation of home working for most staff. Staff and Board meetings were held remotely on digital platforms throughout the year. This was more environmentally friendly, saved travel time and expenses and often resulted in a higher attendance at meetings.

(d) Asset Management Strategy

- Sandbourne is undertaking a review of the Fire Risk Assessments at all its communal developments over a two-year period. All the 60+ blocks were reviewed in 2020/21 and most of the recommended work has been carried out. The general needs blocks will be reviewed in 2021/22.

In the year 2020/21 Sandbourne has spent £156,490 on fire safety works.

(e) Services to residents

- Sandbourne employed a contractor to review its existing ways of engaging residents in the work of the Association. The Board has now approved an Action Plan to improve Sandbourne's approach and residents will be consulted on the plan and encouraged to share their views on resident engagement over the next year.
- Additional standards of cleaning were commissioned at all developments throughout the Covid-19 pandemic. This was to help keep residents and staff safe from the virus. The additional costs of this cleaning will not be passed on to residents by way of service charges.

(f) Administrative Improvements

- The internet access to the office was upgraded in the year and a new phone system was installed. Both of these improvements have enhanced the service that could be provided to residents when the office had to be closed. The internet access has meant that all staff could successfully work from home when they were required to do so. The phone system enabled calls to the office to be answered by staff from home, so that the phone service to tenants was uninterrupted during the second and subsequent lockdown periods.
- The transfer from office working to remote working has enabled staff to work more flexibly, both in location and in time. This means that staff can provide a better service to residents, have a better work/life balance themselves and reduce the need for overtime, which saves money.

Value for Money Metrics	2021	2020
Metric 1 – Reinvestment %	1.46%	2.66%
Metric 2 – New supply delivered %	0% for social housing units 0% for non-social housing units	0.71% for social housing units 0% for non-social housing units
Metric 3 – Gearing %	30.32%	26.68%
Metric 4 – Earnings before interest, depreciation, amortisation, major repairs included (EBITDA MRI) Interest Cover %	173.8%	186.0%
Metric 5 – Headline social housing cost per unit	£3,615	£3,446
Metric 6 – Operating Margin %	23.2%	27.0%
Metric 7 – Return on capital employed (ROCE) %	2.1%	2.6%

Income year on year between 2020 and 2021 was virtually unchanged but expenditure rose due to the Covid-19 pandemic and budgeted expenditure on fire safety works, which were significantly higher than in 2019/20. Investment in properties was negatively impacted by the pandemic, as only emergency work was carried out for large parts of the year. Gearing has increased because an additional loan of £1,000,000 was drawn down in the year.

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 2020.

NHF Code of Governance 2020

The Board adopted the NHF Code of Governance 2020 during the year and will seek to follow its guidance in all areas of the management of the business with the exception of the following clauses:

Clause number	Principle	Reason for non-compliance
3.1(2)	The chair of the Board does not chair and is not a member of the committee responsible for audit, nor does the chair of the Board chair the committee responsible for remuneration.	The Chair of the Board is allowed to be on the audit and remuneration committees, but not to chair them. This is so that the best use can be made of the skills of the individual Board members.

3.3(4)	There is a dedicated senior Board member (normally a vice-chair or senior independent director) with duties that include appraisal of the chair and assisting the chair to ensure the effectiveness of the Board.	Sandbourne has a Vice-Chair who assists the Chair to ensure the effectiveness of the Board. The Board are appraised as a whole and not as individuals, so the vice Chair does not appraise the Chair directly.
3.7(3)	Maximum tenure will normally be up to six consecutive years (typically comprising two terms of office), but where a member has served six years, and the Board agrees that it is in the organisation's best interests, their tenure may be extended up to a maximum of nine years.	Sandbourne does not currently comply with this requirement and will retain the nine-year rule as standard for the present. Reasons for this include: <ul style="list-style-type: none"> • To maintain a good skill level on the Board. • Greater role for Board members in a small organisation, so need to ensure a good range of skills at all times. • May be harder to recruit Board members to smaller organisations, particularly as Sandbourne does not currently pay Board members. • Recruitment and training of Board members is also time consuming for executive management. • Smaller local area to draw potential Board members from.
3.7(4)	A member who has left the Board is not re-appointed for at least three years.	Currently members leaving the Board can re-apply for membership after one year. Mostly this does not happen, but Sandbourne would want to keep the one-year time scale for the following reasons: <ul style="list-style-type: none"> • In case a new member with a relevant skill cannot be found. • Recruiting from a small area, so limited availability of a good range of skills and volunteers.

3.10	Member appraisal: a full, rigorous and documented appraisal process for the individual members of the Board and its committees, including the chairs, is carried out at least every two years.	This would be difficult to achieve due to the constraints of time and cost. An appraisal of the Board as a whole is more workable and can address whether the Board members consider that they are being effective and whether any changes are required to increase effectiveness. Board members are all currently volunteers.
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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 March 2021 identified the following five principal risks of the business:

Risk	Comments and mitigation
Significant movements in inflation rate – expenditure.	<ul style="list-style-type: none"> • The impact of the pandemic has caused inflation rates to fluctuate and that is likely to continue for at least the next year. • No contractual obligation to offer salary rises or performance related pay, only to review salaries on an annual basis. • Limited ability to delay (or bring forward) planned and major repairs expenditure. • Rent rises of CPI plus 1% for five years from 2020 will help to mitigate rising expenditure. • The UK has now left the EU and some disruption is being experienced in the supply chain, particularly with repairs and maintenance supplies.
Changes in building, health and safety and environmental regulations resulting in unexpected expenditure.	<ul style="list-style-type: none"> • Ongoing planned maintenance to ensure that properties meet current standards. • New standards can only be considered when and if they are brought into effect. However, the Housing White Paper 2020 includes the likelihood of new minimum standards for social housing lets, which could mean increasing planned maintenance expenditure.

	<ul style="list-style-type: none"> • The Association will take advantage of any relevant funding initiatives. • 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. • New developments will aim to meet the highest level of government environmental standards that is practical and affordable. • Current stock will be upgraded to include more environmentally friendly fitments where appropriate and practical.
<p>Major problems encountered with a significant new development.</p>	<ul style="list-style-type: none"> • Use of skilled professionals to set up and manage the contract. • New development is due to start in June 2021 and complete in the spring of 2022. No other developments will be started until this one is completed. • Insurance cover in place. • 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. • 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. • A Development Committee will hold regular meetings while development work is underway. The Board member with relevant expertise has agreed to chair those meetings.
<p>Failure of IT systems or loss of IT support, including malicious intrusion.</p>	<ul style="list-style-type: none"> • Annual review of IT support contracts in place. • Robust back-up procedures. • Business systems can be remotely accessed by IT providers and have response times built into contracts. • Separate IT systems for business management, housing management and finance. • All firewalls and cyber protection are updated regularly and automatically applied.

Financial impact of changes in fire safety and other safety legislation	<ul style="list-style-type: none"> • Advice now being taken from a range of professionally qualified contractors to agree the best course of action for all of Sandbourne's properties with communal areas. • Priority expenditure in the current year to ensure that all properties at least meet the required fire safety requirements currently in place.
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Risks associated with Covid-19 Pandemic

Immediately prior to the 2020 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 risk remains fairly high and the UK was again in a form of lockdown on 31 March 2021. While the pandemic does now appear to be easing in the UK there continues to be the possibility of further restrictions required. 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"> • Limiting the access to the main office and continuing to encourage staff to work from home where possible and practical. • Sensitive management of repairs and maintenance. All statutory repairs and safety checks will continue to be carried out, but other repairs and maintenance can be scheduled when both staff and residents feel that it is safe to do so. • Ensuring that both staff and residents were provided with up to date guidance from the government.
Maintaining effective working practices while under lockdown restrictions.	<ul style="list-style-type: none"> • Lettings are proceeding as normal, but procedures are in place to limit contact between residents and staff and additional cleaning is carried out where required. • All repairs are now being carried out but contractors and staff are sensitive to resident feelings and fears.

	<ul style="list-style-type: none"> • All safety checks continued to be carried out where possible, but extra care continues to be taken to avoid unnecessary contact. • Communal services are being carried out but, again, care is taken to minimise contact and government guidelines on social distancing are followed at all times. • 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.
<p>Financial viability of the business</p>	<ul style="list-style-type: none"> • Sandbourne had significant cash reserves at the year end, meaning that any significant reduction in income due to the pandemic can be managed, at least in the short term. • 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. • The budget for 2021/22 includes a 30% uplift on responsive repairs expenditure to cover potential items that were not carried out in the last year due to the pandemic restrictions. <p>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.</p>

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:

SANDBOURNE HOUSING ASSOCIATION
31 MARCH 2021

- 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. 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
Chair

Signed by E Lees

Date: *28 July 2021*

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

Opinion

We have audited the financial statements of Sandbourne Housing Association for the year ended 31 March 2021 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity/reserves, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2021, and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 2019.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The board are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act 2014 requires us to report to you if, in our opinion:

- the association has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the association's books of account; or
- we have not obtained all the information and explanations necessary for the purposes our audit.

Responsibilities of the board

As explained more fully in the board's responsibilities statement set out on page 15, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the association. We gained an understanding of the association and the industry in which the association operates as part of this assessment to identify the key laws and regulations affecting the association. We enquired with management policies and procedures and made an appropriate team selection (ensuring competence and capability to recognise non-compliance). Key regulations we identified were health and safety regulations, employment law and also those laws and regulations that have a direct impact on the preparation of the financial statements.

Management enquiries covered any knowledge or evidence of actual or potential fraud, litigation and claims which are followed up with corroborative audit review work. We also evaluated management incentives and opportunities for fraudulent manipulation of the financial statements and found nothing to note.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances of fraud, of which there were none.
- Reviewed legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.
- Reviewed filings with the Regulator of Social Housing and FCA and whether there were any late submissions, of which there were none.
- Discussed with management if any health and safety incidents have been recorded during the year, of which there were none.
- Review of the GDPR policy and enquiries to management as to the occurrence of any reportable breaches, of which there were none.
- Reviewed Board minutes and correspondence with the Regulator of Social Housing and FCA.
- Reviewed estimates and judgements made in the accounts for any indication of bias, of which there were none.

- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by Mark Johns

Mark Johns FCA ACCA (Senior Statutory Auditor)
PKF Francis Clark
Towngate House
2-8 Parkstone Road
Poole
BH15 2PW

Date: 13 August 2021

SANDBOURNE HOUSING ASSOCIATION
31 MARCH 2021

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	2	2,665,258	2,668,254
Operating costs		(2,046,624)	(1,949,090)
Operating surplus		618,634	719,164
Gain on disposal of tangible fixed assets	4	-	39,903
Interest receivable and similar income		40,293	54,179
Interest payable and similar charges		(404,583)	(417,373)
Surplus for the period		<u>254,344</u>	<u>395,873</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

Fiona Ferenczy (Company Secretary)

Signed by Fiona Ferenczy

SANDBOURNE HOUSING ASSOCIATION
31 MARCH 2021

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2021 £	2020 £
Fixed Assets			
Housing properties	8	27,681,705	27,638,705
Other tangible fixed assets	9	47,606	53,855
		<u>27,729,311</u>	<u>27,692,560</u>
Current assets			
Debtors	10	142,044	140,568
Cash at bank and in hand		2,670,661	1,822,964
		<u>2,812,705</u>	<u>1,963,532</u>
Creditors: amounts falling due within one year	11	(558,361)	(524,454)
Net current assets		<u>2,254,344</u>	<u>1,439,078</u>
Total assets less current liabilities		29,983,655	29,131,638
Creditors: amounts falling due after more than one year	12	(15,329,449)	(14,731,777)
Total net assets		<u>14,654,206</u>	<u>14,399,861</u>
Reserves			
Called up share capital	14	29	28
Income and expenditure reserve		14,002,211	13,747,867
Designated reserves		651,966	651,966
Total reserves		<u>14,654,206</u>	<u>14,399,861</u>

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

Signed on behalf of the Board

28 July 2021

Signed by E Lees

Elizabeth Lees (Chair)

Signed by P Frith

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

Fiona Ferenczy (Company Secretary)

Signed by Fiona Ferenczy

The notes on pages 25 to 35 form part of these accounts.

SANDBOURNE HOUSING ASSOCIATION
31 MARCH 2021

STATEMENT OF CHANGES IN EQUITY AND RESERVES FOR THE YEAR ENDED
31 MARCH 2021

	Called up share capital £	Income and expenditure reserve £	Designated reserves £	Total £
At 1 April 2020 as restated	28	13,747,867	651,966	14,399,861
Surplus/(deficit) for the year	-	254,344	-	254,344
Transfers in the year	-	-	-	-
Share capital issued/(cancelled)	1	-	-	1
At 31 March 2021	29	14,002,211	651,966	14,654,206

SANDBOURNE HOUSING ASSOCIATION
31 MARCH 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Cash flow from operating activities	15	1,029,727	1,089,739
<u>Cash flow from investing activities</u>			
Payments to acquire tangible fixed assets		(490,452)	(873,318)
Receipts from sales of tangible fixed assets	4	-	116,078
Interest received		40,293	54,179
Net cash flow from investing activities		(450,159)	(703,061)
<u>Cash flow from financing activities</u>			
Proceeds from issue of shares		1	3
Repayment of long term loans		(316,038)	(302,373)
New loan drawn down		990,000	-
Repayment of finance lease liabilities	13	(1,251)	(1,145)
Interest paid		(404,583)	(417,373)
Net cash flow from financing activities		268,129	(720,888)
Net (decrease)/increase in cash and cash equivalents		847,697	(334,210)
Cash and cash equivalents at 1 April 2020		1,822,964	2,157,174
Cash and cash equivalents at 31 March 2021		<u>2,670,661</u>	<u>1,822,964</u>
<u>Cash and cash equivalents consist of:</u>			
Cash at bank and in hand		579,655	735,781
Short term deposits		2,091,006	1,087,183
Cash and cash equivalents at 31 March 2021		<u>2,670,661</u>	<u>1,822,964</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 Homes England 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

SANDBOURNE HOUSING ASSOCIATION
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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 2021 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

	2021 £	2020 £
Rent receivable	2,149,757	2,131,075
Service charges receivable	447,100	475,274
Support income	32,303	35,170
Less: Void losses	(22,725)	(27,566)
	<u>2,606,435</u>	<u>2,613,953</u>
Add: Amortised government grants	58,823	54,301
Net income from social housing activity	<u>2,665,258</u>	<u>2,668,254</u>
Less: Social housing activity expenditure	(2,046,624)	(1,949,090)
Operating surplus from social housing activities	<u>618,634</u>	<u>719,164</u>

3. Accommodation owned and managed

	Number of units at 31 March 2021	Number of units at 1 April 2020
Completed units:		
General needs housing let at social rent	156	156
Housing for older people	266	266
Low cost home ownership	21	21
Leasehold property	37	37
	<hr/>	<hr/>
	480	480
Units in development	-	-
	<hr/>	<hr/>
	480	480

4. Disposals of housing properties held as tangible fixed assets

	2021 £	2020 £
Proceeds from the disposal of housing properties	-	117,500
Less: Carrying value of housing properties	-	(76,175)
	-	<hr/> 41,325
Less: Other disposal costs	-	(1,422)
Surplus on disposal of property	-	<hr/> 39,903

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

	2021 £	2020 £
Auditor's remuneration (including expenses) for audit	10,750	10,500
Auditor's remuneration (including expenses) for non-audit	2,909	2,400
Operating lease rentals	51,493	51,848
	<hr/>	<hr/>

6. Board and key management personnel remuneration

No Board member received any remuneration in the year (2020: £nil). Expenses totalling £83 (2020: £276) were paid to Board members in the year.

The total remuneration for key management personnel in the year amounted to £155,296 (2020: £167,489).

The highest paid member of the management team received remuneration of £87,926 (2020: £85,030) 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 2021 Sandbourne made contributions of £4,893 (2020: £4,723) 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 (2020: 9 employees).

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

	2021 Number	2020 Number
£60,001 to £70,000	-	-
£70,001 to £80,000	1	1

8. Tangible fixed assets – housing properties

	60+ Properties	18+ Properties	Shared Ownership Properties	Under Construction	Total
	£	£	£	£	£
COST					
At 1 Apr 2020	19,656,289	12,673,749	646,601	49,474	33,026,113
Additions	324,373	137,680	-	20,928	482,981
Acquisition	-	-	-	-	-
Disposals	(8,752)	(34,649)	-	(11,116)	(54,517)
Transfers	-	-	-	-	-
At 31 Mar 2021	<u>19,971,910</u>	<u>12,776,780</u>	<u>646,601</u>	<u>59,286</u>	<u>33,454,577</u>
DEPRECIATION					
At 1 Apr 2020	3,480,306	1,800,516	106,586	-	5,387,408
Charge for year	278,991	138,860	3,870	-	421,721
Disposals	(7,424)	(28,833)	-	-	(36,257)
At 31 Mar 2021	<u>3,751,873</u>	<u>1,910,543</u>	<u>110,456</u>	<u>-</u>	<u>5,772,872</u>
NET BOOK VALUE					
At 31 Mar 2021	<u>16,220,037</u>	<u>10,866,237</u>	<u>536,145</u>	<u>59,286</u>	<u>27,681,705</u>
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>

The income, costs and surplus relating to the shared ownership and leasehold properties amount to £110,058 (2020: £109,586), £57,472 (2020: £65,440) and £52,586 (2020: £44,146) respectively.

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

Social housing properties with a net book value of £19,797,948 (2020: £19,829,498) 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 £
COST			
At 1 Apr 2020	140,921	131,243	272,164
Additions	6,183	1,288	7,471
Disposals	(5,162)	-	(5,162)
At 31 Mar 2021	<u>141,942</u>	<u>132,531</u>	<u>274,473</u>
DEPRECIATION			
At 1 Apr 2020	108,408	109,901	218,309
Charge for year	9,378	4,205	13,583
Eliminated on disposals	(5,025)	-	(5,025)
At 31 Mar 2021	<u>112,761</u>	<u>114,106</u>	<u>226,867</u>
NET BOOK VALUE			
At 31 Mar 2021	<u>29,181</u>	<u>18,425</u>	<u>47,606</u>
At 31 Mar 2020	<u>32,513</u>	<u>21,342</u>	<u>53,855</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	(4,196)
Net book value of hire purchase asset at 31 March 2021	<u>1,798</u>
Net book value of hire purchase asset at 31 March 2020	<u>2,997</u>

10. Debtors

	2021 £	2020 £
Trade debtors (gross social housing rent arrears)	46,493	47,693
Less: Provision for doubtful debts	(12,326)	(8,679)
	<u>34,167</u>	<u>39,014</u>
Other debtors	39,923	40,560
Prepayments and accrued income	67,954	60,994
	<u>142,044</u>	<u>140,568</u>

Gross social housing rent arrears includes £0 (2020: £0) to reflect the net present value element adjustment where a repayment schedule is in place.

11. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	51,712	49,269
Rents paid in advance	31,541	24,251
Housing loans	325,378	309,927
Social Housing Grant	58,823	58,165
Other tax and social security	9,035	9,035
Finance leases	1,359	1,252
Other creditors	5,549	5,549
Accruals and deferred income	74,964	67,006
	<u>558,361</u>	<u>524,454</u>

Details of leasing arrangements are provided in note 13.

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

	2021	2020
	£	£
Bank loans	9,817,199	9,158,688
Social Housing Grant	5,511,528	5,571,009
Finance leases	722	2,080
	<u>15,329,449</u>	<u>14,731,777</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 1.86% 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:

	2021	2020
	£	£
Not later than one year	1,478	1,478
Later than one year and not later than five years	739	2,218
	<u>2,217</u>	<u>3,696</u>
Less finance charges	(136)	(364)
	<u>2,081</u>	<u>3,332</u>
Less: Included in current liabilities	(1,359)	(1,252)
	<u>722</u>	<u>2,080</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 £78,582.

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14. Share capital

	2021 £	2020 £
At 1 April 2020	28	29
Issued during the year	1	3
Cancelled during the year	-	(4)
At 31 March 2021	29	28

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

	2021 £	2020 £
Surplus for the year	254,344	395,873
Interest payable	404,583	417,373
Interest received	(40,293)	(54,179)
Depreciation of tangible fixed assets	435,304	421,366
Loss on disposal of fixed assets	18,397	17,726
Surplus of sale of tangible fixed assets	-	(39,903)
Release of Social Housing Grant	(58,823)	(54,301)
Decrease/(increase) in debtors	(5,123)	42,264
(Decrease)/increase in bad debt provision	3,647	339
Increase/(decrease) in creditors	17,691	(56,819)
Net cash flow from operating activities	1,029,727	1,089,739

16. Pensions

The Association operates a defined contribution pension plan for its employees. The amount recognised as an expense in the period was £20,439 (2020: £19,437).

17. 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 £22,452 in the year to PHP [2020: £17,076] 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

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relation to housing management issues and paid them £10,118 in the year (2020: £1,389) 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 2021 Sandbourne had no capital commitments.

Sandbourne Housing Association
Management Accounts
for the six months ended 30 September 2021

1. General

The surplus for the quarter was under budget and this was mainly due to the overspend on repairs and maintenance. More detail on the variances against budget are given below.

2. Balance Sheet

2.1 Housing Properties at Cost

A deposit of £28,308 was paid for the refurbishment of the lift at Ace Court. The total cost for the work is expected to be £40,440.

The boiler at RC was refurbished at a cost of £23,108.

Building work at the site at MVR started in July 2021 and payments of £83,486 have been made to the end of September.

All other expenditure relates to the replacement of components at existing sites.

2.2 Creditors – Amounts falling due within one year

The trade creditors figure at September 2021 was significantly lower than at March 2021. This is partly because the ledger is left open for much longer at the year-end than at the quarter end, so more late invoices are captured, and also because of the lower level of accruals at the quarter end.

3. Property Revenue Account

3.1 Turnover

There has been a high level of re-lets in the year to date and much longer void times than expected. This is mostly related to the restrictions under the pandemic and the caution exercised by Sandbourne in letting properties. It is also caused by the practicalities of managing the high number of lettings. The lettings system is moving back towards a more normal level and time scale, but it is still expected that void losses will be over budget for the year.

3.2 Repairs and Maintenance

Expenditure in this area is significantly over budget for the six-month period.

- Responsive repairs expenditure continues to be high. This is partly related to catch up repairs following the pandemic restrictions and also because the price of materials has increased significantly due to a combination of Covid, Brexit and global supply problems. It is being monitored closely each month but is likely to be over budget for the year.

- Some of the planned expenditure that was included in the budget is likely to cost more than was expected. The lift at Ace Court is likely to be £7,000 over the budgeted amount and other components are also becoming more expensive. The forecast figure for the whole year includes an additional amount of £19,600 to cover this increased cost.
- There have been a large number of voids over the last six months and several of these have needed substantial refurbishment before re-let. The budget for void works for the year has been increased for the year.

3.3 Staff Costs – Housing Management

Staff training and staff expenses are still very low for the quarter and have impacted the level of expenditure. However, the cost for the quarter has also been reduced by the accounting entry for holiday pay accruals at the year end. Staff were allowed to carry forward up to two weeks' leave at the end of December 2020 and were allowed to take it at any time up to the end of June 2021. Very little of this carry forward amount had been taken by the end of March, although all of it has been used by the end of the June quarter. This resulted in an accrual for holiday pay of £14,494 at the year end, which has been released in the current quarter, thus reducing overall cost of salaries.

3.4 Depreciation

The depreciation charge on components was underestimated by £9,000 in the budget and nothing is included in the budget for loss on disposal of an asset. The combination of these two factors means that the forecast depreciation charge for the year has been increased by £19,285.

3.5 Interest received and other income

This is expected to be over budget for the year. Interest on one deposit account for the year to 31 March 2021 was not notified until after that year's accounts had been finalised, so £5,994 has been brought into the current year but was not included in the budget.

The level of resident recharges relating to repairs is also higher than expected, particularly on void properties.

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 2021

	September 2021 £	September 2021 £	March 2021 £	March 2021 £
TANGIBLE FIXED ASSETS				
Housing properties				
At cost		33,702,538		33,454,577
Less:				
Accumulated Depreciation		(5,957,735)		(5,772,872)
		<u>27,744,803</u>		<u>27,681,705</u>
Other fixed assets		43,003		47,606
		<u>27,787,806</u>		<u>27,729,311</u>
CURRENT ASSETS				
Debtors	134,989		142,044	
Cash at bank and in hand	2,483,494		2,670,661	
	<u>2,618,483</u>		<u>2,812,705</u>	
CREDITORS				
Amounts falling due within one year	(450,816)		(558,361)	
		<u>2,167,667</u>		<u>2,254,344</u>
NET CURRENT ASSETS				
		<u>2,167,667</u>		<u>2,254,344</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>29,955,473</u>		<u>29,983,655</u>
CREDITORS – amounts falling due after more than one year				
Loans	(9,653,925)		(9,817,921)	
Social Housing Grant	(5,482,117)		(5,511,528)	
		<u>(15,136,042)</u>		<u>(15,329,449)</u>
TOTAL NET ASSETS		<u><u>14,819,431</u></u>		<u><u>14,654,206</u></u>
RESERVES				
Called up share capital		29		29
Income and expenditure account		14,167,436		14,002,211
Designated reserves		651,966		651,966
		<u>14,819,431</u>		<u>14,654,206</u>
Borrowing to Net Worth Ratio (max. 0.70) = Total loans including those in current liabilities /Net Worth		0.464		0.475
Total loans as % of Historic Cost (max. 55%)		29.61%		30.32%
Total loans including those in current liabilities /Historic cost				

Income and Expenditure Account for the 6 months to 30 September 2021

	Actual to September 2021	Budget to September 2021	Forecast March 2022	Budget March 2022	Variance
	£	£	£	£	£
Turnover	1,312,200	1,324,408	2,650,241	2,658,241	(8,000)
Less:					
Service costs	(251,078)	(255,391)	(510,781)	(510,781)	-
	1,061,122	1,069,017	2,139,460	2,147,460	(8,000)
Less:					
Repairs and maintenance	(250,579)	(177,280)	(404,160)	(354,560)	(49,600)
Staff costs – Housing Management	(100,561)	(113,136)	(226,272)	(226,272)	-
Release of SHG	29,412	29,411	58,822	58,822	-
Depreciation	(223,759)	(215,858)	(451,000)	(431,715)	(19,285)
	515,635	592,154	1,116,850	1,193,735	(76,885)
Less:					
Administration overheads	(172,885)	(188,195)	(376,389)	(376,389)	-
	342,750	403,959	740,461	817,346	(76,885)
Add:					
Interest received and other income	19,640	8,029	25,000	16,058	8,942
	362,390	411,988	765,461	833,404	(67,943)
Less:					
Interest payable	(197,165)	(197,359)	(394,717)	(394,717)	-
Surplus for period	165,225	214,629	370,744	438,687	(67,943)
	14,002,211				
Income and expenditure account b/f					
Income and expenditure account c/f	14,167,436				
Total income	1,312,200				
Less:					
Service costs	(251,078)				
Housing management	(100,561)				
Building Maintenance	(250,579)				
Admin. overheads	(172,885)				
Operating surplus	537,097				
Interest Cover Ratio (min. 1.2)	2.72				

Detailed Income and Expenditure Account for the 6 months to 30 September 2021

	Actual to September 2021 £	Budget to September 2021 £
<u>Income from Social Housing</u>		
Rent receivable	1,090,647	1,097,937
Service charges receivable	227,059	228,971
Support income	16,846	16,500
Less:		
Void losses	(20,909)	(16,000)
Rent losses	(1,443)	(3,000)
	<hr/> 1,312,200	<hr/> 1,324,408
<u>Service charge costs</u>		
Grounds maintenance	(21,926)	(19,023)
Cleaning	(41,188)	(41,416)
Energy costs	(61,981)	(61,696)
Communal repairs	(28,498)	(27,046)
Care monitoring	(43,172)	(44,104)
Fire safety	(18,582)	(16,706)
Laundry	(17,519)	(20,642)
Water and sewerage	(16,345)	(22,958)
Other	(1,867)	(1,800)
	<hr/> (251,078)	<hr/> (255,391)
Repairs costs	(250,579)	(177,280)
<u>Other housing management costs</u>		
Staff costs	(100,561)	(113,136)
Release of SHG	29,412	29,411
Depreciation	(223,759)	(215,858)
	<hr/> (294,908)	<hr/> (299,583)
<u>Administration costs</u>		
Salaries	(85,662)	(96,375)
Office costs	(31,732)	(26,750)
Audit, computer and professional fees	(22,296)	(27,092)
Insurance	(22,882)	(21,478)
Other	(10,313)	(16,500)
	<hr/> (172,885)	<hr/> (188,195)
Surplus on ordinary activities	<hr/> <hr/> 342,750	<hr/> <hr/> 403,959

Risk Register November 2021

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.	3	3	27	<ul style="list-style-type: none"> • The impact of the pandemic has caused inflation rates to fluctuate and that is likely to continue for at least the next year. • No contractual obligation to offer salary rises or performance related pay, only to review salaries on an annual basis. A 0.95% pay increase was applied from 1 October 2020 and an increase of 1.5% is included in the budget for 2021/22. • Limited ability to delay (or bring forward) planned and major repairs expenditure. • Ongoing review of the use of responsive repairs contractors. • Rent rises of CPI plus 1% for five years from 2020 will help to mitigate rising expenditure. However, the maximum increase for 2021 is only 1.7% (0.7% CPI plus 1%). • The UK has now left the EU and some disruption is being experienced in the supply chain, particularly with repairs and maintenance supplies.
19.	Changes in building, health and safety and environmental regulations resulting in unexpected expenditure.	3	3	27	<ul style="list-style-type: none"> • Ongoing planned maintenance to ensure that properties meet current standards. • New standards can only be considered when and if they are brought into effect. However, the Housing White Paper 2020

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
25.	Major problems encountered with a significant new development – specifically Moor View Road (MVR).	2	3	18	<p>includes the likelihood of new minimum standards for social housing lets, which could mean increasing planned maintenance expenditure.</p> <ul style="list-style-type: none"> • The Association will take advantage of any relevant funding initiatives. • 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. • New developments will aim to meet the highest level of government environmental standards that is practical and affordable. • Current stock will be upgraded to include more environmentally friendly fitments where appropriate and practical. <ul style="list-style-type: none"> • Use of skilled professionals to set up and manage the contract – Trinity Architects, Rund Partnership and Glossbrook Builders Ltd. • Insurance cover in place. • Sandbourne will aim to ensure that development work is scheduled carefully, and delayed where necessary, to avoid overstretching staff and resources and to limit the impact of any problems on the business. • MVR is due to start in June 2021 and complete in the spring of 2022. No other developments will be started until this one is completed. • 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.

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
28.	Failure of IT systems or loss of IT support, including malicious intrusion.	2	3	18	<ul style="list-style-type: none"> • 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. • Annual renewal of IT support contracts in place. • Robust back-up procedures (in the cloud). • IT system is backed-up automatically and remotely by external contractor on a daily basis. • 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 laptops to enable them to work remotely. • Seek to arrange alternative support from another provider. • Ask Poole Housing Partnership for assistance. • Separate IT systems for business management, housing management and finance. Thus, less likely to lose all of the working systems at the same time. • 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. • The CEO is responsible for the internal IT needs of the business and will work with Board member JL to assess and implement these. • Board member with IT skills was elected in September 2019. • Sandbourne has good outsourced IT support for both hardware and software matters. • Loss of IT systems would have big impact on Sandbourne's capacity to work from home (see also Risk 51).

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
49.	Financial impact of changes in fire safety and other safety legislation.	3	2	18	<ul style="list-style-type: none"> • Advice now being taken from a range of professionally qualified contractors to agree the best course of action for all of Sandbourne's properties with communal areas. • Board consensus that communal fire alarms should be retained in the 60+ blocks wherever possible. • Plan to upgrade the training of one of the maintenance staff to enable him to better assess the safety and efficacy of all of Sandbourne's fire doors. • Priority expenditure in 2020/21 to ensure that all properties at least meet the required fire safety requirements currently in place.
3.	Breach of employment legislation.	1	3	9	<ul style="list-style-type: none"> • HR advice available through arrangement with Tozers Solicitors. • Legal advice would be taken before any major decision was taken about any aspect of employment. • Comprehensive and regularly updated policies in place. • New staff handbook in place in 2018 after being agreed with other RSLs via Tozers Solicitors. • Extended insurance cover for professional indemnity and the level of cover is reviewed for adequacy at each renewal.
8.	Breach of loan covenants.	1	3	9	<ul style="list-style-type: none"> • Regular checking of loan terms and minimum weekly monitoring of bank balances. • Review of financial position through management accounts and cash flow reports. Financial covenants reported on in the management accounts. • Working with funders to ensure that the removal of LIBOR will not have a negative impact on the calculation (and thus the achievement) of financial covenants.

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
10.	Significant rise in arrears.	1	3	9	<ul style="list-style-type: none"> • Use of knowledge of current tenants to chase arrears in a tenant specific way. • Small staff structure enables early identification to keep a close watch on problematic accounts. • The Association offers a wide range of payment options. • The pandemic has not had a major impact on the level of arrears at Sandbourne, but the situation continues to be closely monitored. • The rollout of Universal Credit continues, but has not proved to be a significant problem yet. • The Association continues to engage with residents to inform them of the changes and to look at ways of helping them to manage their finances. • Significant leasehold arrears are addressed with solicitor involvement and the threat of forfeiture of the lease. • Better recording of arrears actions and the production of a trend analysis has been implemented as a result of recommendations from the internal audit in January 2021.
15.	Significant movements in interest rates.	1	3	9	<ul style="list-style-type: none"> • Current NatWest loan has fixed interest rate set in December 2011 for 15 years for a 25-year loan. • 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. • 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%, which is the rate currently applied. • Base rate is now 0.1%. The state of the economy suggests that it will not be increased in the very short term, but it will go up once the economy starts to recover.

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
20.	Breach of health and safety regulations – properties.	1	3	9	<ul style="list-style-type: none"> • Asbestos survey of all properties carried out and regular monitoring is carried out as required. • 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. • Regular training for staff to keep up-to-date with changing regulations. • Health and Safety related policies reviewed regularly. • Board member appointed with specific expertise in asset management and health and safety. • Employ professional advisers for major works if required. • Annual compliance statement reviewed by the Board each year. • 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. • Sandbourne properties have no ACM cladding and are not high rise, so new government regulations relating to those risk areas will not apply. • Staff made aware of health and safety regulations and policy requirements. • Specific training for certain staff members, eg manual handling, assessing fire doors and working at heights. One member of staff is now qualified to inspect fire doors. • Contractors all have insurance, health and safety policies and DBS checks in place. • Extended insurance cover for professional indemnity.

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
					<ul style="list-style-type: none"> Annual inspection of all communal areas and storage spaces not undertaken in 2020 due to the pandemic, but it will be reinstated as soon as restrictions are sufficiently lifted. The Board has upgraded the reporting of health and safety in the last year and this reporting has been reviewed by the internal auditor and deemed to be reasonable.
22.	Natural or other disaster at one of the Association's properties or offices.	1	3	9	<ul style="list-style-type: none"> Insurance cover in place and reviewed annually. Local authorities have a statutory duty to assist in the re-housing of residents in the event of a disaster. Disaster recovery includes major catastrophe at one of the developments allowing work to be undertaken at another site. Loss of main office – staff can work from home or in one of the other satellite offices. This has been tested during the pandemic and shown to be a practical alternative. 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. All IT hardware equipment upgraded in 2017. New laptops bought in 2020. Staff have been provided with laptop computers to allow access to Sandbourne systems remotely and enable working from home as necessary.
29.	Communications failure – telephones and internet.	1	3	9	<ul style="list-style-type: none"> Customer-facing staff have smart phones that allow access to emails and key documentation in case of call outs etc. New mobiles can be sourced very easily and cheaply if required. New VOIP telephony system at Craigleith which can be accessed from anywhere with internet access.

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
39.	Damage to the Association's public reputation.	1	3	9	<ul style="list-style-type: none"> New phone system installed in August 2020 which can be run from anywhere and enables calls to be transferred to mobiles or other phones. Only certain members of the staff and Board are authorised to speak on the Association's behalf in public or to the press. Legal advice will be taken if information in the public domain is incorrect or misleading. The Association would look to publish its side of the story if appropriate. 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. Professional indemnity insurance is in place. Consider training on managing difficult PR situations. Critical incident reporting in place to highlight any potential issues to management. Encourage staff and Board members to be constantly aware of reputational risk and how to protect it.
41.	Breach of Data Protection Regulations (GDPR).	1	3	9	<ul style="list-style-type: none"> All staff and Board members will receive training to ensure that they understand the requirements of the GDPR regulations. This will normally be updated every two years. An audit of all data processing is ongoing. There is currently a member of the Board with expertise in this area. All computers and mobile phones are password protected. We are investigating the use of encryption for any confidential or personal emails. GDPR was reviewed by the internal auditor in 2019 and 2021 and we are in the process of implementing their

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
					<p>recommendations. 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.</p> <ul style="list-style-type: none"> • The Association has insurance cover in place in the event of an accidental breach. • 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. • Data is regularly reviewed by staff and destroyed if no longer required or out of date. • 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. • 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. • Arrange training in GDPR for the Board.
12.	Significant rise in cost of insurance.	2	2	8	<ul style="list-style-type: none"> • 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. • The combination of the pandemic and Brexit are likely to result in costs rising again in 2021. This rise has been included in the Budget for 2021/22.

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
16.	Change in rent increase regulations or significant movements in inflation rate – rents.	2	2	8	<ul style="list-style-type: none"> Rents can rise by up to CPI plus 1% from 2020 for the following five years. Maximise formula rents wherever possible and ensure that all services provided to residents are charged accordingly wherever possible. Close and rigorous scrutiny of all expenditure. Take advantage of low tender prices if appropriate.
27.	Severe anti-social behaviour (ASB), possibly leading to eviction.	2	2	8	<ul style="list-style-type: none"> Close working relations with local authority ASB Department and other agencies. Excellent knowledge of current residents enabling quick reactions and more personalised response. Close working relationship with the Association's legal representatives and colleagues who manage ASB. 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. 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. 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. Information leaflets on the subject are available and are regularly updated. Policy and working practices on ASB management are regularly reviewed. Articles to update residents on this evolving area of work and to manage their expectations are regularly included in newsletters.

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
31.	Major changes in Welfare Reform.	2	2	8	<ul style="list-style-type: none"> The Association knows its tenants well and works closely with them when there are problems. 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. All new Bournemouth 60+ tenancies will be monthly from October 2017, which mirrors the application of UC. 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.
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"> Housing policy is unlikely to change significantly in the short term as a result of Brexit, as it is largely UK based. Impact on economy is unknown at present, but the fluctuating value of sterling could be significant. 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.
47.	Lease of Beech House and changes to status of PHP	2	2	8	<ul style="list-style-type: none"> Break clause was not triggered in September 2019, so lease will now run until September 2024. Additional office space has now been taken at Beech House to future proof the needs of Sandbourne for the next five years. A review of office space required will be undertaken before the lease of Beech House is renewed. More staff are likely to

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
					<p>be working at least part time from home in the future so less space may be needed.</p> <ul style="list-style-type: none"> • Lease may not be able to be renewed if PHP no longer occupy the building. We are starting to consider what office space will be required from September 2024. • Sandbourne will need to work with PHP to ensure continued access to the IT server room. We will request an access key pad or a key safe to make direct access for users easier.
50.	Managing any future pandemic restrictions.	2	2	8	<ul style="list-style-type: none"> • Good record of how the Covid-19 pandemic in 2020 was managed. Experience can be used for any future pandemics or emergencies. • New phone system will enable staff to answer Sandbourne's main phone line from other locations including their home. • IT systems and equipment in place for home working as required. • Disaster Recovery Plan in place.
4.	Staff assaulted or discriminated against.	1	2	4	<ul style="list-style-type: none"> • Excellent knowledge of current residents, allowing up-to-date procedures to be in place concerning lone working. • Office security lone worker procedure in place including SoloProtect alarm system, which is provided to all front line staff. • All customer-facing staff have access to a mobile telephone. • Staff training. • 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. • Insurance cover in place for staff sick leave/absence due to accidental injury or death. • There is now a "red flag" system on Sassha highlighting all residents who may be a danger to staff.

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
6.	Fraud (including requirements of the Corporate Criminal Offence Regulations).	1	2	4	<ul style="list-style-type: none"> Sandbourne will consider taking legal action against any perpetrators. Internal controls in place to limit possibilities of fraud. Fidelity insurance in place. Increased number of staff allows for more financial controls and increased separation of duties has been introduced. The Association has Whistleblowing and Complaints policies which outline how potential or suspected frauds can be reported. All contractors will be risk assessed to assess the likelihood of fraud being committed. Examination of records held at Companies House will be considered for all new limited company contractors. Payments to staff and suppliers are well managed to reduce the likelihood of fraud. Board member with IT skills was elected in September 2019.
7.	Unexpected loss of a number of Board members.	1	2	4	<ul style="list-style-type: none"> Inform RSH if appropriate and ask for advice in short term. The NHF may also be asked for advice. Co-opt Board members (maximum of five co-optees under the current Rules). Recruit new Board members. 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. Succession planning for Board members in place, which has identified skills that will be needed on the Board in the future. Staggered retirement dates, so unlikely to all leave at once. Regularly update the skills mix and future needs of the Board members.

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
					<ul style="list-style-type: none"> The Rules state that the minimum Board membership is five, with at least three attending a meeting to make it quorate. There are currently 12 out of a possible 12 Board members.
7a.	Unexpected loss of a number of staff members.	1	2	4	<ul style="list-style-type: none"> Ask other staff members to cover if possible. Involve Board members with relevant skills if necessary. Employ temporary staff. Liaise with PHP who may be able to second staff members over. Review business needs and recruit new staff. Annual staff appraisals may give early indication of staff who wish to leave or change their hours. Comprehensive medical cover offered to staff from October 2019 which may reduce sick leave for some staff.
11.	Significant increase in void levels (includes former risk no. 40).	1	2	4	<ul style="list-style-type: none"> 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. The Association's 60+ stock is ideally located, well presented, maintained and managed. The Association's stock and standards of re-lets are very high which means that 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. 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

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
					<p>already significantly below market rent levels and will continue to be so.</p> <ul style="list-style-type: none"> From 2020 all rents can rise by up to CPI + 1% for five years, so we will need to ensure that they remain affordable. Nomination arrangements for all Sandbourne properties are being reviewed to ensure that future tenancies are sustainable. The demand for 18+ (particularly family) housing continues to grow.
13.	Regulation inspection failure.	1	2	4	<ul style="list-style-type: none"> Constant review of policies (maximum triennial) and procedures to promote good practice. Requirement and retention of quality staff and Board members along with triennial enhanced Disclosure Barring Service (DBS) clearance for all frontline staff. Policies are regularly tested by an internal audit programme. The 2021 Internal Audit Report shows all areas covered were at least reasonable.
14.	Forecasts for asset management expenditure inaccurate.	1	2	4	<ul style="list-style-type: none"> Forecasts are reviewed at least annually at the time of the annual budget and rolling 5-year cash flow forecast by the Board. Planned maintenance programme and costing produced and reviewed to ensure are fit for purpose. All planned maintenance now assessed and reviewed internally. There is ongoing assessment of the condition of all major components by the Maintenance Managers. All properties (except Ace Court) currently meet required standards (eg Decent Homes) and the planned maintenance programme is up-to-date. However, the Housing White Paper 2020 indicates that the minimum standard for social housing is under review and may be raised.

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
					<ul style="list-style-type: none"> • The properties at Ace Court are undergoing a refurbishment to bring them up to Decent Homes Standard. • Due diligence (valuations and stock condition surveys) will always be carried out before any new existing properties are transferred into Sandbourne. • Government decisions on environmental measures are likely to increase the cost of asset management, but the extent of these costs is not yet known.
33.	Protection of Vulnerable Adults.	1	2	4	<ul style="list-style-type: none"> • Policy and guidelines reviewed annually. • Safeguarding Register in place. (Matters are also red flagged on Sassha when appropriate.) • Critical incident reporting in place. • Staff receive regular training (annually), although this has been delayed by the pandemic. • 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. • Very few incidents have been reported due to the fact that the nature of the Association's accommodation is supporting and promoting independence. • 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. • Safeguarding is a standard item in staff team meetings. • Board member with expertise in this area.
34.	Inability to recruit or replace key staff members.	1	2	4	<ul style="list-style-type: none"> • The mergers have reduced the potential impact of this. • The Association regularly reviews staff terms and conditions. A full review has been carried out in 2018.

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
					<ul style="list-style-type: none"> • There has been no past experience of difficulty in recruiting suitable staff. • 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. • Introduction of pension provision for all staff in excess of statutory requirements. • Offer of comprehensive medical cover introduced from October 2019. Other terms and conditions have improved following the merger.
43.	<p>Potential future changes in government policy:</p> <ul style="list-style-type: none"> • Removal of the “triple lock” for pensioners. • Introduction of “bedroom tax” for pensioners. • Changes to the funding for supported housing. 	1	2	4	<ul style="list-style-type: none"> • Annual review of service charges at all developments to ensure that properties remain affordable and comply with government regulations on eligible service charges. • 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). • No significant policy changes in the pipeline at present.
51.	Staff working from home.	3	1	3	<ul style="list-style-type: none"> • DSE review of all staff home working conditions undertaken in August 2020. • Staff provided with Sandbourne equipment to ensure that it is safe and suitable for work required. • 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. • Loss of IT systems would have a big impact on Sandbourne’s capacity to work from home (see also Risk 28).

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
48.	Climate change impacting Sandbourne properties	1	2	2	<ul style="list-style-type: none"> • Programme of upgrading electric heating systems to ensure that they are fit for purpose. • Explore ways of making our properties better equipped to manage warmer summer and colder winter temperatures. • Assess the vulnerability of our properties to the impact of rising sea and river levels.
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"> • Comprehensive medical cover offered to all staff from October 2019 to help speed up some medical treatments and thus limit sick leave. • All staff have cover for sickness or holiday absence. • Temporary cover would also be considered if deemed necessary. • Staff would be offered training to cover long-term absence if roles were significantly different. • There is some insurance cover if staff were seriously injured or ill. • An amount will be included in the next budget to pay for this additional cover or training if required.
5.	Difficulties in recruiting skilled Board members.	1	1	1	<ul style="list-style-type: none"> • Use of range of options to recruit new Board members, excluding payment other than reimbursement of reasonable expenses. • There has been no difficulty in recruitment to date. • Sandbourne has carried out a skills audit to identify any current or future areas of Board weakness. This is reviewed regularly at Board meetings. • Succession planning for Board members is now in place and will be reviewed annually. • Any new shareholders will only be recruited if they are also prepared to become Board members at a later date.

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
9.	Association not able to renew loans or obtain additional finance.	1	1	1	<ul style="list-style-type: none"> • Routine work of Association financed from normal day-to-day income. • Additional work, eg development, not carried out unless any required loan finance is in place. • Review existing and future planned maintenance expenditure timings and review other costs and options. • Consider the ongoing financial viability and consider alternative options. • Existing loans are secure unless a breach occurs, which is unlikely.
35.	Introduction of the Voluntary Right to Buy policy for housing associations.	1	1	1	<ul style="list-style-type: none"> • RTB currently does not apply to 60+ properties. • Approximately 60% of tenants are currently receiving HB, so unlikely to be able to afford RTB. • 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. • The Association will look to replace any losses as soon as possible. • 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. • Property prices in the area remain high so properties will still be expensive, even with maximum discounts. • 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.
38.	Changes to Asylum legislation.	1	1	1	<ul style="list-style-type: none"> • 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

Risk No.	Description	Likelihood	Impact	Score	Comments and Mitigation
					<p>right, Sandbourne would refuse the nomination and would not house the applicant.</p> <ul style="list-style-type: none"> The process for assessing waiting list applicants has changed to ensure that adequate checks are made and documented on those applicants are retained. Training for staff in the new rules relating to passport changes and immigration status.
42.	<p>Planned changes to government policy:</p> <ul style="list-style-type: none"> Tightening of rules relating to eligible service charges. 	1	1	1	<ul style="list-style-type: none"> Assessed all service charges at all developments to ensure that properties remain affordable. Consulted with residents to understand those services which are most important to them. Closer scrutiny of all costs involved in providing communal services. Setting minimum standards for all services provided.
45.	<p>Senior staff offering advice or aiding other smaller housing associations in mergers or restructuring.</p>	1	1	1	<ul style="list-style-type: none"> PI insurance is in place. Sandbourne will take legal advice if asked to work formally with another housing association. 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.



BOARD MEMBERS

as at September 2021

(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)

Maria Byrne (2020) – Chair

Joe Waters (2017) – Vice-Chair and Chair of Staffing and Remuneration Committee

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

Liz Lees (2014)

Ann Schofield (2017) – Resident Member

Laurie Wright (2017) – Chair of the Development Committee

Jan Lewis (2019)

Yogesh Vadgama (2019)

Michael Owen (2020)

Bill Law (2021) – Chair of the Audit, Finance and Risk Committee

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

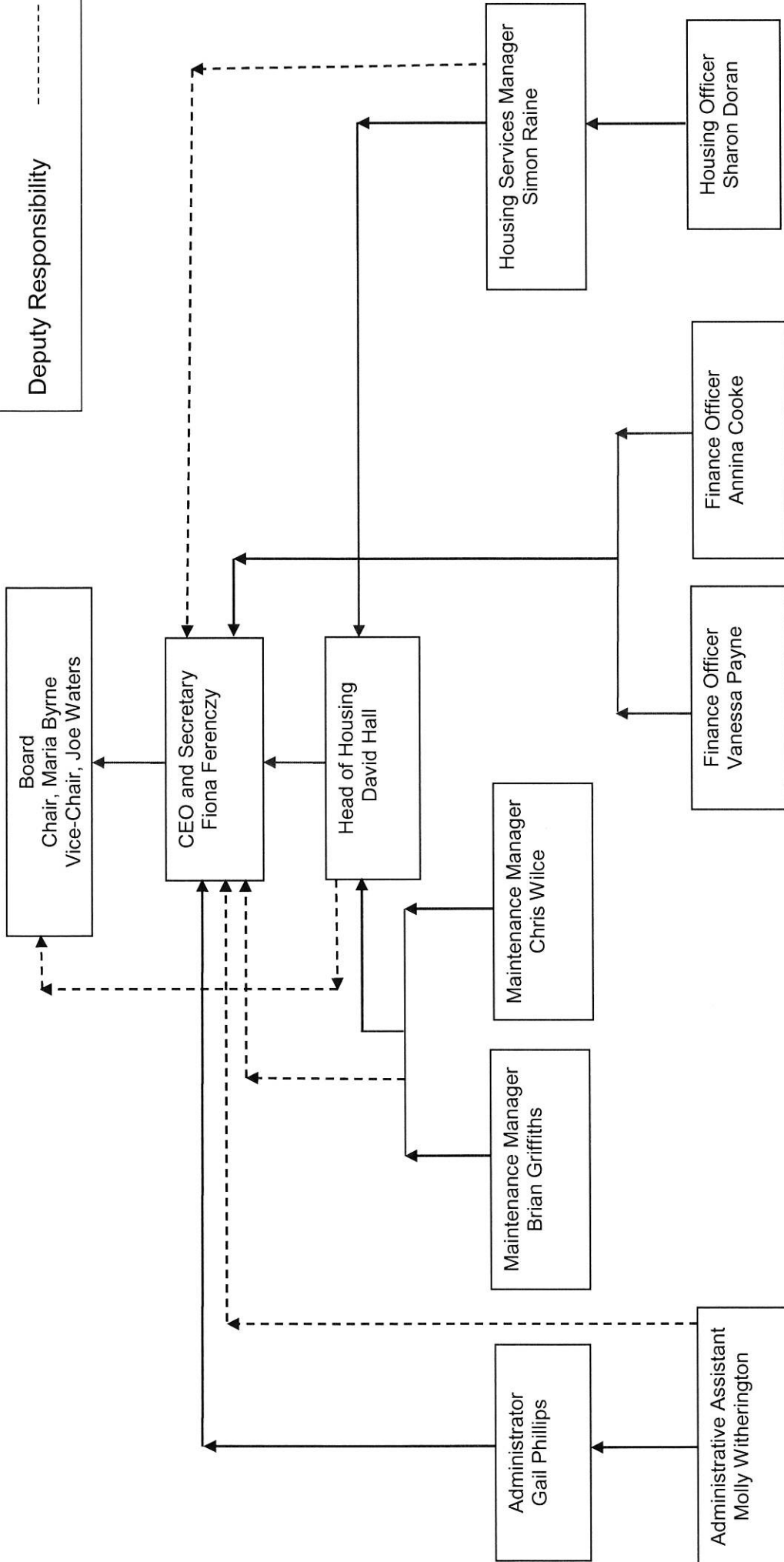
All contact to Board Members to be made via the registered office:

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

Tel: 01202 671222

Email: info@sandbourne.org.uk

SANDBOURNE HOUSING ASSOCIATION
Staff Structure
 November 2021



Sandbourne Housing Association

Annual Statement of Internal Controls

Board members noted on 28 July 2021 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 formally validated as part of the merger due diligence work in 2014/15. A summary of the 30-year Plan was presented to the Board in September 2020, showing that the required expenditure for the period 2021/50 was manageable and that there were not any particularly high spikes of expenditure during that period. The updating of records for individual properties and developments is continuing as the maintenance staff survey the properties.
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 these 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. The latest audit in January 2021 did not indicate any major lack of controls.
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. The latest full review took place in March 2021. 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. This facility has been thoroughly tested in 2020/21 during the Covid-19 pandemic restrictions and been shown to work well. A new phone system was installed in 2020 and this has enhanced Sandbourne's ability to carry out office functions remotely if required. The broadband has also been upgraded in the last year.
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.
25. A Threats to Business Continuity Register has been set up to record all such threats. Action can then be taken to reduce future risks as required.

26. An Information Assets Register has been set up to identify all data held by Sandbourne, who has access to it and when it should be destroyed if appropriate. This will help the Association to manage its responsibilities under GDPR.

