

Annual Report

The Wrekin Housing Trust Limited

For the year ended 31 March 2018

Company No. 03558717
Regulator of Social Housing No. LH4220
Registered Charity No: 1074701

Contents

Introduction from Chair and Managing Director	1
Board members, executive officers and advisors	2 – 6
Report of the board	7 – 13
Strategic report	14 – 29
Statement of responsibilities of the board	30
Independent auditor's report to the members of The Wrekin Housing Trust Limited	31-33
Statement of comprehensive income	34
Statement of changes in reserves	35
Statement of financial position	36
Notes to the financial statements	37-63

Introduction from Chair and Managing Director

The Trust has had another successful year in 2017/18, out-performing its business plan once again, recording a surplus for the year of over £14.3m.

The Trust's stock again saw a net increase, with 566 new homes completed during the year and plans and financing in place to deliver almost 1,800 additional homes over the next five years. Once again the Trust continued to develop further new extra care schemes, completing Ashwood in Oswestry and The Coppice in Shrewsbury, bringing its total number of extra care schemes to nine.

The Trust also continued to improve the quality of its existing asset base, by investing £12.1m via its capital improvement programme and selling 165 of its older, uneconomic properties under the asset renewal strategy, which generated sale proceeds of £11.9m for reinvestment in new homes. Since the start of the asset renewal strategy in 2005/06, 1,796 of these properties have been disposed of, generating in excess of £124m, which has helped the Trust deliver 4,299 new homes in the same period – a ratio of 2.39 new homes for every old one sold. The Trust is now ranked as the 27th largest developer among registered providers and ranked 6th in terms of percentage growth in stock achieved in the last year.

During 2017/18 the Trust continued to develop its close relationships with its customers via the Tenants and Customer Assurance panels, the Tenant Auditors and the Quality Inspectors. This focus on excellence in service delivery continues to manifest itself in consistently high levels of performance. Despite the ongoing challenges of welfare benefit reform, levels of rent arrears, which were already some of the lowest in the country, reduced again in 2017/18. Performance in re-letting void properties also remained strong.

Through its same day repairs service, the Trust was able to complete 85% of all repairs on the day that they were reported and the average time taken to complete all repairs was the best in the social housing sector, at 2.2 days. Customer satisfaction with the repairs service remains above 90% and the costs of providing this exemplary service were almost £0.5m lower in 2017/18 than in 2016/17.

The high levels of performance and satisfaction have once again been achieved against the backdrop of the second year of 1% rent reductions. The Trust challenged itself to match the rent reduction with a 1% reduction in operating costs and it out-performed significantly against that budget, as it had done in 2016/17. A further 1% operating cost reduction has been built into 2018/19 budgets and the Trust is well placed to achieve this in 2019/20 as well.

During the year a considerable amount of focus has been directed at the development of a revised group structure as part of the governance plan arising out of the regulatory in-depth assessment in 2016. Plans are now well advanced to collapse and streamline that structure, whereby the activities of the Trust's current parent company, The Wrekin Housing Group Limited, will be the subject of a transfer of engagement into the Trust, enabling The Wrekin Housing Group Limited to be liquidated. At this point the Trust will become the group parent entity and the activities of Shropshire Housing Alliance, South Shropshire Furniture Scheme and Fuse CIC (which are currently fellow subsidiaries of The Wrekin Housing Group Limited along with the Trust) will transfer into the Trust. Choices Housing Association will become a subsidiary of the Trust (again rather than being a subsidiary of The Wrekin Housing Group Limited). The Trust will retain its own two, current subsidiaries, namely Old Park Services Limited and Strata Housing Services Limited. It is particularly pleasing to note that these efforts have been recognised by the regulator in the recent award of G1 status for governance to the group.

Finally, we remain committed to maximising the potential of our team of staff through training, development and "living" the Trust values. Our success to date and going forward is reliant upon them continuing to provide excellent and cost effective services and we thank them for their continued efforts.

Anne Ward
Chair

Wayne Gethings
Managing Director

Board members, executive officers and advisors

The membership of the board and its committees is set out below:

Chair:

Steve Jones (resigned 30 January 2018)
Anne Ward (appointed 30 January 2018) b

Other members:

John Broadhead (appointed 30 January 2018)
James Dickson (appointed 30 January 2018) c
Alison Fisher a
Deborah Griffiths (appointed 30 January 2018)
Jacqueline Esimaje Heath d
Desmond Hudson (appointed 30 January 2018) a,c
Laura Hilditch (resigned 30 January 2018)
Harry Ireland (resigned 30 January 2018)

Niku Mawby (resigned 30 January 2018)
Angela McClements (appointed 30 January 2018) a
Danielle Oum (appointed 30 January 2018) b
Richard Overton (resigned 30 January 2018)
Mark Robertson (resigned 20 September 2017)
Annette Shipley (appointed 30 January 2018) b
Paul Weston (appointed 30 January 2018) a
Helen Whittingham (appointed 03 May 2017,
resigned 30 January 2018)
Esther Wright (appointed 30 January 2018) c

Sue Lane (resigned 30 January 2018)

Key to current committee membership:

a Group Audit and Assurance Committee

b Remuneration

c Old Park Services Limited

d Strata Housing Services Limited

Executive Officers:

Managing Director
Director of Financial Services
Group Chief Executive
Company Secretary

Wayne Gethings
Francis Best
John Broadhead
Catherine Rogerson

Head Office and Registered Office:

Colliers Way
Old Park
Telford
TF3 4AW

External Auditors:

Grant Thornton UK LLP
Chartered Accountants, Registered Auditors
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Registered by the Charity Commissioners (Registered Charity No 1074701)

Registered by the Social Housing Regulator. No. LH4220

Company Registration No. 3558717

VAT Registration No 974801202

Board members, executive officers and advisors (continued)

The biographies of the board members are set out below:

John Broadhead

John is the Group Chief Executive of The Wrekin Housing Group and an Executive Board Member of The Wrekin Housing Group Board. He assists the Group Board in determining strategic direction and updates them on key issues which may affect the Group as a whole.

His career in housing started in 1977 and between that time and 1986 he held a number of positions with both Local Authorities and Housing Associations. In 1986 he became Deputy Director of Housing at Wrekin Council. In 1999 he was the Director of Corporate Services for The Wrekin Housing Trust and was responsible for HR, ICT, Communications and Marketing, Legal and the Company Secretary. He became Chief Executive of The Wrekin Housing Trust in 2000 and subsequently Group Chief Executive. He is a Fellow of the Chartered Institute of Housing and a member of the Chartered Institute of Management.

James Dickson

James has a strong sector background having been involved in the social housing sector for over 30 years, working in both Scotland and England. He retired in July 2013 after nine years as Chief Executive of a small Housing Association in Gloucester and twelve years prior to this, was Chief Executive of a rural association in the West Highlands.

He has extensive non executive experience including chairing various boards and committees. Currently, he is a member of Guinness Care, having previously been a board member of the Guinness Partnership. He is also the Chair of Devon Sheltered Homes Trust and a board member of Severn Vale Housing Society in Tewkesbury.

Alison Fisher

Alison worked in IT and Finance in the private sector for over 25 years, latterly as UK Business Manager for CSC, a large global IT provider. Whilst starting her career in IT Support she has spent the majority of it in Business Management, focused on financial management, business planning and governance.

Alison is currently Chair of the WHG Audit & Assurance Committee - a post she has held since September 2014. Alison holds a number of other non-executive and trustee positions, including being Chair of The Pioneer Housing Group and Deputy Chair of the Birmingham and Solihull Bench. Alison also sits as a magistrate in the Adult Criminal, Family Proceedings and Crown Courts and is also a lay member of the disciplinary panel for The Bar Tribunals and Adjudication Service. For many years Alison has been actively involved in community fund-raising for both the NSPCC and Cancer Research UK.

Debbie Griffiths

Debbie is the former Group Chief Executive of Housing Plus Group; a role she held for over 13 years. Prior to this she was Director of Operations for the South Staffordshire Housing Association. Since leaving Housing Plus, Debbie has established her own coaching and housing consultancy. She is a qualified coach/mentor and works with senior leaders in a range of sectors and also undertakes consultancy projects in the social housing sector including strategic and governance reviews, as well as acting as an interim director.

Debbie has a track record of working at board level, where she has gained experience of leading operations in asset management/ investment, housing services and care and support. She has considerable experience of strategic management planning, governance, risk management and financial strategy and planning and development. Debbie also has considerable non-executive experience, having served on a number of local

Board members, executive officers and advisors (continued)

and regional bodies, including chairing the South Staffordshire LSP and being a member of the NHF West Midlands regional committee.

Jacqueline Esimaje Heath

Jacqui's background is in residential development and management consultancy in both the public and private sectors. In her previous roles she has held responsibility in the areas of residential property development, housing consultancy, regeneration, private sector renewal and residential sales and marketing.

Architecturally trained and a qualified PRINCE2 practitioner, Jacqui is Director of Strategic Projects at a large housing association operating in London and the South East. She is also a Governor Designate and Project Director for a potential new primary school in South London.

Jacqui's experience is focused in the areas of development and regeneration. She has successfully managed a range of complex projects and programmes to time and budget. She also has extensive knowledge and expertise in government funding regimes and she has advised both central and local government in the delivery of capital funding programmes. Jacqui is also an experienced non-executive director, with over 14 years' experience in providing strategic leadership in the not for profit sector. She has also acted as a mentor to individuals operating at both non-executive and operational levels.

Jacqui has family connections in Shropshire.

Desmond Hudson

Desmond is a qualified solicitor, whose early career was in financial services, initially in legal services and compliance and later in operations. This included becoming Managing Director of Britannia Life in 1996 for two years. He is the former Chief Executive of The Law Society and a former Chief Executive of The Institute of Chartered Accountants in Scotland.

Desmond has held a number of non-executive roles with national agencies and professional bodies, including Chair of the Taxation Disciplinary Board, Director of the Solicitor's Indemnity Fund, Co-chair of Queens Counsel Appointments and Chair of RICS Nominations Committee. He has been responsible for corporate strategy and financial strategy throughout his career. He also has extensive experience of regulatory compliance, audit, risk management, and governance. Desmond lives in Oswestry.

Angela McClements

After completing education, Angela worked within the Conveyancing Department at a local Solicitor firm and having gained a wealth of experience within the legal sector, moved on to work for Telford Development Corporation where she was employed for 5 years.

Following this, Angela managed the Parliamentary Constituency Offices for Bruce Grocott MP and Peter Bradley MP over a 15 year period. As part of this role she developed a wealth of experience in various policy fields including housing, regeneration, homelessness and social housing. Angela was dealing with the then Government from Cabinet Ministers down. She also acted as a key liaison between the Member of Parliament and Local Government.

Angela then returned to the private sector working for a Commercial Property Consultancy in Shropshire. She has represented the area where she was born and brought up in Arleston since 2007, being heavily engaged in her community.

Board members, executive officers and advisors (continued)

For 4 years Angela led a cross party group of Councillors at Telford and Wrekin Council as Chair of an award winning Scrutiny Committee. In 2015 she was promoted to the Cabinet leading on Regeneration and Communities. In 2016 this role was increased to include all major infrastructure projects, highway development and transport. This role included the lobbying for, and securing multi-million capital funding, from the Government for Transport Projects and the development and installation of a complex Bridge project in the Centre of Telford.

Danielle Oum

Danielle has a professional background in the learning, skills and regeneration sectors with the Learning and Skills Council and more recently as Head of Federation with Groundwork, the national environmental charity. In parallel to her professional career, Danielle has also held a number of non-executive and chair roles in the NHS and social housing sectors, including Optima Family HA, Dudley PCT, Walsall Healthcare NHS Trust and Dudley & Walsall Mental Health Trust.

Danielle brings extensive experience of board working, having worked with Regulators, Strategic Partners and local organisations. She also brings a strong understanding in social care, health and housing policy. Danielle has a background in working in Equality and Diversity and is currently working with NHS England to improve performance in this area. She holds an MA in Equal Opportunities from Birmingham City University and lives in Birmingham.

Annette Shipley

Annette has a considerable background in corporate leadership in a number of organisations, including EAGA Plc, specialising in energy provision and once one of the largest social enterprises / employee owned companies in the UK. She was a member of the executive board for over 20 years, before moving into management consultancy with Baxendale and later Excellence3.

Annette brings considerable experience of working at a strategic level within both small and large organisations. Her professional specialism is leadership, customer services, OD, HR, and communications. She has extensive operational and customer focused experience across EAGA Plc. Annette has held a number of voluntary and non-executive board roles across her industry sectors and the NHS. Outside of work, Annette is local Parish Councillor for the village of Werrington, near Stoke on Trent. She is also a keen kayaker, having recently achieved both her Level 1 and Level 2 British Canoeing Association qualifications.

Anne Ward

Having retired from a rewarding and successful career in social housing, Anne has since dedicated her time to Chairing The Wrekin Housing Group, bringing with her experience of successful leadership, stakeholder involvement and change management. Anne's career has spanned from Housing Officer to Chief Executive and she has held various Non-Executive Director roles on a number of Boards and forums, including Housing, Economic, Development, Local Government Review, Regulation and a range of strategic partnerships.

With strong communication skills, Anne is a good team builder and motivator, with experience of leading start up organisations and major change programmes. Passionate about good governance, quality of service and people development, Anne has a persuasive style and significant experience of dealing with a range of audiences and individuals, requiring tact and diplomacy, balanced with a tenacity and determination to achieve organisational objectives.

Board members, executive officers and advisors (continued)

Paul Weston

Paul is the Chief Financial Officer of Housing and Care 21, a social enterprise providing housing and care to older people. He is a qualified chartered accountant with 25 years experience in business and finance, covering both consumer products and service sectors. Paul has previously worked for the Home Group and Allied Healthcare Group as Chief Financial Officer. Prior to this, Paul was a Director of Fruit of the Loom, and Group Financial Controller at SSL International Plc, an international manufacturer and distributor of healthcare and consumer brands.

In 2015, Paul won the HANA Finance Director 2015 award. He brings a wealth of experience in strategic financial management and planning, treasury, tax, acquisitions and disposals and bank refinancing. This experience has been gained in both the private and housing sectors at executive level. Operationally, Paul has been responsible for legal, IT, procurement and treasury functions. He also has more recent experience of working as a non-executive director with the health and housing sectors.

Esther Wright

Esther is a Solicitor by profession, who specialised in criminal defence before moving into the charitable sector in 2002. Between 2003 and 2005 she lived and worked in Australia for an entertainment and arts complex. She then returned to the UK where she worked in charitable fundraising and events management for The Stroke Association. During her career, Esther has been responsible for managing UK teams and advising national and international charities in developing a series of large scale, high income fundraising events.

Esther established her own event management consultancy, ElevenTen Consultancy and Event Management, in 2008, working with businesses, charities and individuals in marketing, business development and events management. She now manages and owns two businesses in the hospitality sector.

Esther has held non-executive roles with Reviive and Fuse CIC, both social enterprises, as well as a trusteeship with the British and International Federation of Festivals. Esther became a Fellow of the Royal Society of Arts in 2018.

Report of the Board

The board presents its report and audited financial statements for the year ended 31 March 2018.

Principal activities

The Wrekin Housing Trust Limited ('the Trust') is a registered charity and a company limited by guarantee, governed by its memorandum and articles of association which set out its charitable objects. The Trust is also registered with the social housing regulator and was set up for the purpose of accepting a large scale voluntary transfer of housing stock from Telford and Wrekin Council. This transfer took place on 25 March 1999.

The Trust wholly owns two companies, Old Park Services Limited ('Old Park Services') and Strata Housing Services Limited ('Strata'), both of which are private limited companies. Old Park Services Limited was incorporated on 15 December 2000 and its principal activity is the provision of housing and property related services and associated software to other social landlords. Strata Housing Services Limited was incorporated on 14 October 2013 and began trading on 1 April 2014. Its principal activity is the provision of housing development services to the Wrekin Housing Trust Limited. On 17 September 2004 the Trust became a subsidiary of The Wrekin Housing Group Limited as a means to further its wider strategic and growth objectives. The Wrekin Housing Group Limited was a non-trading property company limited by guarantee until 18th January 2018, at which point it converted to a Co-operative and Community Benefit Society registered with the Financial Conduct Authority. The Wrekin Housing Group Limited is registered with the social housing regulator. The Trust's principal activities are the development and management of social housing.

Business review

Details of the Trust's performance for the year are set out in the Strategic Report that follows this report of the board.

Housing properties

Details of changes to the Trust's fixed assets are shown in notes 13, 14 and 16 to the financial statements. Housing property values are considered in the Strategic Report.

Payment of creditors

The Trust agrees terms and conditions for its business transactions with suppliers at the time of supply. Payment is then made on these terms, subject to the terms and conditions being met by the supplier.

Financial instruments

The Trust's approach to risk management is outlined in the Strategic Report.

Future developments

Details of the Trust's future developments are included in the Strategic Report.

Investing in employees

The Trust is committed to ensuring and promoting equality of opportunity for all in the services that it delivers and the way that those services are delivered, ensuring that differences are recognised. The Trust is also committed to ensuring equality for all its employees and applicants for employment.

As a provider of social housing the Trust is aware that the quality of life for many people has been undermined by discrimination and disadvantage. The Trust is committed to responding to social diversity in today's society and strives to reflect this in its own organisational culture.

Report of the Board (continued)

Motivated and committed employees are essential to achieving our aim of providing high quality services to our residents and the board embraces the need for employees to be empowered and involved at every level of the organisation.

As a longstanding holder of the Gold standard of Investors in People IiP our ongoing commitment to the development of employees is externally validated.

Our ROSPA Gold accreditations evidences that we have achieved a very high level of performance, demonstrating well developed occupational health and safety management systems and have a culture which supports an outstanding control of risk with very low levels of error, harm and loss.

The Trust is recognised as being part of the Disability Confident Scheme. This accreditation is awarded in recognition of our commitment to good practice in employing people who have a disability.

Our structured approach to learning and development enables employees to fulfil their role and develop their full potential within the Trust. The development of our employees continues to be essential in growing our organisation and attracting and retaining talented employees. This is achieved by an appropriate combination of locally delivered in-house training courses, one-off courses of a specialist nature and courses based at local further education colleges. Increasingly, job shadowing and secondment opportunities within the Trust and wider group are being used to develop employees' skills and understanding.

In addition to its in-house training provision, the Trust also provides support for employees undertaking external courses and qualifications. Each year the Trust supports at least 10% of employees to pursue further education courses in this way. Once again, in response to business need, this year we have continued to undertake training of employees in the repair, maintenance and servicing of renewable technologies which feature in an increasing number of the Trust's newly acquired properties, and also in the areas of HR, Law, Accountancy and executive MBAs.

The Trust has also continued its successful maintenance apprenticeship programme and it has also taken on further cohorts of business administration and maintenance trainees, many of whom have found employment either at the Trust or other employers following their placements. It has also continued to offer work placements for school and college leavers and volunteers to enable individuals to enhance their experience and employability prospects. The Trust is entering its second year in terms of a partnership agreement with a local college to deliver the academic element of our maintenance apprenticeship programme.

Health and safety

The board is aware of its responsibilities on all matters relating to health and safety. The Trust has prepared detailed health and safety policies and provides staff with training and education on health and safety matters. Regular progress is monitored through meetings of the Health and Safety Committee and the Trust has won a number of awards reflecting the commitment to high standards in this area.

Report of the Board (continued)

Board members and executive directors

The board members and executive officers who served during the year and to the present date are set out on page 2.

As part of the annual appraisal process, an assessment has been made of members' skills and experience to ensure that the board continues to carry out its role effectively.

The executive directors are the Group Chief Executive and the directors listed on page 2. The Group Chief Executive is now a board member, however the other executive directors are not board members, hold no interest in the Trust's shares and act as executives within the authority delegated by the board.

The Trust has insurance policies which indemnify its board members and executive directors against liability when acting for the Trust.

Remuneration

Policy

The board is responsible for setting the Trust's remuneration policy for its executive directors on the advice of the Remuneration Committee, which agrees the appointment of executive directors and their remuneration, as well as the brief within which the executive directors can negotiate staff salaries. The Remuneration Committee pays close attention to remuneration levels in the sector in determining the remuneration packages of the executive directors. Basic salaries are set having regard to each executive director's responsibilities and pay levels for comparable positions.

Pensions

The executive directors are members of the Shropshire County Pension Fund, a defined benefit career average salary pension scheme. They participate in the scheme on the same terms as all other eligible staff and the Trust contributes to the scheme on behalf of its employees.

Other benefits

The executive officers are entitled to other benefits such as the provision of a car and life assurance.

Service contracts

The executive directors are employed on the same terms as other staff. Their notice period is twelve months.

Report of the Board (continued)

Non-executive board member remuneration

Fees were paid as follows in respect of the year ended 31 March 2018. In accordance with the articles of association a non-executive board member entitled to remuneration who is also a member of the board of another group company is not entitled to additional remuneration; the figures stated may therefore have been paid in respect of service on the board of the company or of its parent The Wrekin Housing Group Limited.

James Dickson	£5,427
Deborah Griffiths	£1,996
Jacqueline Esimaje Heath	£4,988
Desmond Hudson	£1,899
Alison Fisher	£5,461
Harry Ireland (resigned 30 January 2018)	£3,642
Steve Jones (resigned 30 January 2018)	£9,424
Niku Mawby (resigned 30 January 2018)	£3,708
Angela McClements	£1,899
Danielle Oum	£1,899
Mark Robertson (resigned 20 September 2017)	£2,064
Annette Shipley	£1,899
Anne Ward	£7,030
Paul Weston	£1,899
Helen Whittingham (resigned 30 January 2018)	£1,596
Esther Wright (resigned 30 January 2018)	£5,364

No remuneration was received by other board members in the year.

Group Structure

At the date of approval of these financial statements, the group comprised the Trust (and its subsidiaries, Old Park Services and Strata), Choices Housing Association (Choices), Shropshire Housing Alliance (SHA), South Shropshire Furniture Scheme (SSFS) and FUSE Enterprise CIC (FUSE), a partnership of complementary organisations with mutual trading relationships. All those organisations were subsidiaries of The Wrekin Housing Group Limited at 31 March 2018.

During 2017 a review was undertaken of the Group structure to ensure adequate scrutiny and oversight from the Group Board across all areas of the business. In December 2017 a new Group Board was appointed and the Group and Trust Boards were brought together to operate co-terminously whilst the legal process of conversion to Co-operative and Community Benefit Societies and transfer of engagement took place. The Wrekin Housing Group became a Co-operative and Community Benefit Society, registered with the Financial Conduct Authority, on 18 January 2018. The intention is now for The Wrekin Housing Trust Limited to also convert to a Co-operative and Community Benefit Society to enable a transfer of engagement to take place from The Wrekin Housing Group Limited to The Wrekin Housing Trust Limited.

Shropshire Housing Alliance and South Shropshire Furniture Scheme are going through a similar conversion process to become Co-operative and Community Benefit Societies. Group Board members have been appointed to the boards of SHA, SSFS and Fuse in order for them to operate co-terminously, whilst going through this legal process. Once all of the conversions are complete the intention is to

Report of the Board (continued)

complete further transfers of engagement from Shropshire Housing Alliance, South Shropshire Furniture Scheme and Fuse CIC into The Wrekin Housing Trust Limited.

Ultimately, once the transfers of engagement are complete Choices Housing Association Limited will become a subsidiary of The Wrekin Housing Trust Limited. Old Park Services Limited and Strata Housing Services Limited will remain subsidiaries of The Wrekin Housing Trust Limited. The activities of South Shropshire Furniture Scheme, Shropshire Housing Alliance and FUSE Community Interest Company will be integrated into the Wrekin Housing Trust Limited and will continue as brand names within that company.

The Group Board is supported by an Audit & Assurance Committee and a Remuneration Committee.

NHF Code of Governance

The board is pleased to report that the Trust complies with the principles, provisions and (to the extent it is relevant) best practice guidance contained in the National Housing Federation's Code of Governance 2015. The board recognises its responsibilities for ensuring that arrangements are made for keeping proper books of account with respect to the Trust's transactions and its assets and liabilities and for maintaining a satisfactory system of internal controls over the Trust's books of account and transactions and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Over the past 15 months there have been significant governance changes and all of the issues identified through the In-depth Assessment have been addressed and actioned. Through that process the Board have ensured that they complied with the principles, provision and best practice guidance contained in the National Housing Federation's Code of Governance 2015. The Board is satisfied that there are appropriate arrangements in place with respect to the assets and liabilities and that there is a system of internal control in preventing and detecting fraud and other irregularities.

The Group Board have agreed to implement a Governance Plan through which they can continue to challenge their effectiveness in order to ensure that they exercise good governance by:

- Having governance policies, processes and systems in place that are fit for purpose
- Being well informed and making high quality decisions
- Having a structured approach to succession planning to attain and retain the required skills set
- Creating tailored induction and development programmes
- Annually evaluating the Board, through individual and collective performance appraisals, which will provide feedback to achieve continual improvement.

The co-regulation framework has a strong resident element with the Customer Assurance Panel overseeing performance, the Tenant Auditors examining aspects of WHT's process and the Tenants' Panel being the representative body involved in policy development as well as general consultation. A Customer Voice Panel has been established which ensures that customers have direct access to the Board.

The organisation remains compliant with the Regulator of Social Housing's Governance and Financial Viability Standard, and has achieved a G1 assessment for governance and a V2 assessment for financial viability in 2018.

Internal controls assurance

The board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, and not absolute, assurance of compliance with all relevant legislation and against material misstatement or loss. The process for identifying, evaluating and managing the significant risks faced by the Trust is ongoing and has been in place throughout the period commencing 1 April 2017 up to the date of approval of the annual report and

Report of the Board (continued)

financial statements. The board receives and considers reports from management on these risk management and control arrangements during the year. The arrangements adopted by the board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework include:

Identifying and evaluating key risks

The board has established a risk management strategy, setting out its attitude to risk in the achievement of its objectives, which underpins the risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation and control of significant risks. The executive management group regularly consider reports on these risks and is responsible for reporting to the board any significant changes affecting key risks. More detailed risk assessments are carried out by managers at all levels in the business using the Trust's risk management software. All matters brought to the executive management group or board for decision are supported by such risk assessments.

Control environment and internal controls

The processes to identify and manage the key risks to which the Trust is exposed are an integral part of the internal control environment. These processes, which are reviewed annually and revised where necessary, include strategic planning, succession planning and recruitment of executive directors and senior staff, regular performance monitoring, control over developments and the setting of standards and targets for health and safety, data protection, fraud prevention and detection and environmental performance. During the period since 1 April 2017, the board considered the following matters which are of particular importance to the control environment:

- a fundamental review of the group structure and governance arrangements, as detailed above, to ensure that the board can provide effective leadership in setting strategy and ensuring that the company has appropriate financial and other resources to achieve its long term strategic objectives;
- further consideration of the impact on the business of the Welfare Reform Act 2012, particularly in relation to the rollout of Universal Credit;
- further consideration of the development strategy, including the options for raising additional loan finance, to ensure that the Trust can deliver its growth objectives in a climate of limited grant subsidy;
- ways of enhancing controls to provide greater resilience against the growing threat of cyber-crime and malicious attacks;
- a thorough review of risk management strategy and processes at the Trust and the methods used to provide assurance and other information to the board. Considerable focus was also given to refining the Trust's approach to stress testing.

Information and reporting systems

Financial reporting procedures include strategic financial plans, underpinned by detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the board. The board regularly receives reports on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

Monitoring arrangements

Regular management reporting on control issues provides assurance to successive levels of management and to the board. It is supplemented by regular reviews by internal audit which provide independent

Report of the Board (continued)

assurance to the board through its Group Audit and Assurance Committee. The arrangements include a rigorous procedure to ensure that recommendations are carefully considered and implemented or, occasionally, varied with the agreement of the Group Audit and Assurance Committee.

Going concern

After making enquiries the board has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements. The principal factors that the board have considered in determining that the going concern basis of preparation remains appropriate are as follows:

- At the year end the Trust had loan facilities totalling £440 million, of which £70 million was undrawn at 31 March 2018. The Trust has a long-term business plan which shows that the remaining undrawn amount will be committed to its development programme during the period through to 2020.
- The business plan also shows that the Trust is able to service these debt facilities whilst continuing to comply with lenders' covenants.

Public benefit

The board confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities.

Annual general meeting

The annual general meeting will be held on 24 September 2018 at The Wrekin Housing Trust, Colliers Way, Old Park, Telford, TF3 4AW.

Auditors

In accordance with section 489 of the Companies Act 2006, a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the forthcoming Annual General Meeting.

The report of the board was approved by the board on 3rd September 2018 and signed on its behalf by:



C M Rogerson
Company Secretary

Strategic Report

Background

Activities

The Wrekin Housing Trust Limited's (the 'Trust's') head office is based at Colliers Way, Telford. Whilst the majority of the Trust's properties are located within the borough of Telford and Wrekin, in line with the board's growth strategy, expansion has continued into the wider Shropshire area, Staffordshire, Wolverhampton and Herefordshire.

The Trust's development programme was delivered under the Asset Renewal Strategy, whereby the proceeds of sale of uneconomic properties are used to fund the development of new properties and the Trust continued to make good progress with this long-term strategy. There was a net increase of 200 in the number of properties owned by the Trust in 2017/18.

The Trust rents out 12,629 (2017: 12,325) properties with the accommodation available ranging from one-bedroom flats to five bedroom houses.

The Trust has a turnover of £71m (2017: £67m) and employs a workforce of just under 500 people, making it one of the largest businesses in Telford. The Trust is currently managed by a board of twelve members consisting of ten independent members, one member nominated by the Borough of Telford and Wrekin Council and the Group Chief Executive. The chair is one of the independent board members.

Local services operate from eight bases in Telford, located either on estates or in local shopping centres, within walking distance of 90% of tenants, together with offices in Shrewsbury, Wem and Stafford. These bases offer an integrated housing management and repairs service, under the management of a general manager. A specialist team is responsible for supported housing, branded as Retirement Living, which provides 2,017 units of supported housing and housing for older people, again under the management of a general manager.

The Trust's portfolio of over 2,500 garages is managed by a separate team and has a turnover of £773,000 (2017: £774,000). 828 leasehold properties and 198 shared ownership properties are also managed by the local teams. The local teams are supported by specialist support teams, known as consultancies, operating from the Trust's head office.

External influences

In developing its plans the Trust has to consider the external influences which impact on the business and deal with these challenges.

The Government pledge to deliver 300,000 new homes and significant increase in capital funding seeks to encourage registered providers to undertake new developments to address the national shortage of affordable housing. The original policy emphasis was for home ownership products (such as rent to buy or shared ownership) which present a significant challenge in the housing markets in which we operate. More recently the development of affordable rent housing has been reintroduced but these constant changes impact upon our forward planning. There is also uncertainty around the long term revenue funding for supported housing projects such as Extra Care housing.

The national shortage of skilled construction workforce combined with a desire to accelerate the delivery of housing has led to a Government emphasis on off-site manufacture. This is something we have explored with a local supplier on a scheme at Gordon Road, Telford. This approach would need a significant increase in volume in order to achieve notable cost savings and efficiencies.

Strategic Report (continued)

Work continues on the delivery of 737 units under the Affordable Homes Programme 2015-18 with grant funding of £20.9m secured for completion by March 2022. This programme is on track to be delivered within the required timescale.

Further funding of £60.7m has been secured under the Shared Ownership Affordable Homes Programme 2016-21 for the delivery of 1,382 units by March 2022.

Objectives and strategy

During 2017/18 The Wrekin Housing Group carried out a fundamental review of its strategic plan for the period 2018 to 2021.

The group's purpose is straight forward: To be an outstanding housing association that excels in meeting and supporting local housing need.

In the new strategic plan, for the period from 2018 to 2021, the group will aim to achieve its purpose through the following actions:-

- Through listening to our customers we will understand the current and future needs of our locality better than any other;
- We will work towards providing homes that are best in terms of energy efficiency and sustainability;
- We will be a fair and trusted employer supporting the development and skills of our people;
- We will be relentless in our search for value and efficiency;
- We will be considered by partners to be trusted and collaborative;
- We will seek opportunities to promote jobs and economic growth in our locality, directing our spending to support the people in our locality, maximising the social value of our services and delivering wider community benefits;
- We will develop business models of care and support to create a bold and innovative service provider; and
- We will ensure that we meet the highest standards of leadership, management and governance.

Performance and development

The key deliverables and the action required to deliver them are set out in the table below.

Deliverable	Action
Through listening to our customers we will understand the current and future needs of our locality better than any other	<ul style="list-style-type: none">• to implement the new 'Voice of the Customer' and Governance arrangements• to maintain market intelligence on prospective partnerships and develop alliances

Strategic Report (continued)

Deliverable	Action
We will work towards providing homes that are best in terms of energy efficiency and sustainability	<ul style="list-style-type: none"> to produce a development strategy and plan, maximising the number of new homes to invest £22.6m in existing assets by 2020 to deliver 820 homes predominantly in Shropshire and Staffordshire by March 2021 to deliver the asset management strategy ensuring a sustainable property portfolio to identify and take action on non-performing assets, disposing of 420 properties by 2021, generating proceeds of £23.1m for reinvestment
We will be a fair and trusted employer supporting the development and skills of our people	<ul style="list-style-type: none"> to implement the outcomes of the equal pay audits by delivering a reviewed employee strategy to deliver the health and safety strategy, ensuring the highest standards of health and safety
We will be relentless in our search for value and efficiency	<ul style="list-style-type: none"> develop and embed group value for money reporting against the new VFM statement to implement all approved operational team plans to deliver the approved financial plans for 2018/19 to deliver an overall group surplus of £4.3m to achieve a reduction in operating costs to meet the 1% p.a. rent reduction by 2020
We will be considered by partners to be trusted and collaborative	<ul style="list-style-type: none"> to deliver a successful transfer of Bushbury TMO to investigate the transfer of Council housing stock in Shropshire
We will seek opportunities to promote jobs and economic growth in our locality, directing our spending to support the people in our locality, maximising the social value of our services and delivering wider community benefits	<ul style="list-style-type: none"> to implement the funding mechanism for the promotion of Social Enterprise to implement the income management and Welfare Reform plan to implement the Voluntary Right to Buy

Strategic Report (continued)

Deliverable	Action
We will develop business models of care and support to create a bold and innovative service provider	<ul style="list-style-type: none"> to develop a growth plan for supported housing to streamline the operation of the Shireliving Extra Care and Retirement Living Schemes to develop a viability plan for the future of the Limewood Dementia Unit to produce a strategy on the future of the LD care homes, considering their re-provision to achieve 'good' ratings at CQC inspections
We will ensure that we meet the highest standards of leadership, management and governance	<ul style="list-style-type: none"> to implement the new governance structure the group board to review succession planning and skills against future strategic needs to review governance and board effectiveness annually to continue to review and revise the group assurance arrangement relating to risk, stress testing, the role of audit and health and safety

Customer service

Tenant satisfaction

During the year the Trust has undertaken surveys with its customers based on the STARS methodology, which allow us to benchmark key satisfaction information. Customers are selected at random on an ongoing basis during the year and asked four key questions by phone. The question about customers' satisfaction that their views were being listened to and taken into account is now a quarterly survey. The results of their responses for the quarter ending 31 March 2018 are shown in the table below:

Category	2017/18
Overall satisfaction with service provided by the Trust	94%
Satisfaction with how the Trust deals with repairs and maintenance	95%
Satisfaction that they get value for money for their rent	97%
Satisfaction with being treated fairly and with respect	95%
Satisfaction with views being listened to and taken into account	94%
Satisfaction with the neighbourhood as a place to live	95%

Strategic Report (continued)

Customer service (continued)

Other customer satisfaction information is now gathered in specific service areas as follows:-

Satisfaction with the relet process (Score of 1 -10)	9.64
Satisfaction with repair carried out (Rapid Response)	94.1%
Satisfaction with right first time	85.4%
Satisfaction with capital improvements	98.45%

Whilst these figures are positive, the focus of the surveys is more to identify any areas of dissatisfaction and find ways to improve the services to customers.

Repairs service delivery

In 2017/18 the Trust reduced operating costs in the maintenance area by continuing to deliver its same day repairs service, whilst extending the hours that it is available to tenants to 8am until 8pm, seven days a week. Tenant satisfaction continues on an upward curve and whilst the average time taken to complete repairs remains the best in the country (*Source: Housemark benchmarking 2017*), it has increased slightly to 2.2 days. This is due to non-urgent jobs logged after 8pm now being attended the following day, or when most convenient for the tenant, as a more economical way of managing them.

Rent losses from voids

Once again performance in this area was strong, with rent losses restricted to 1.04% of rental income receivable (2017: 0.28%). The reason for the increase on the previous year is due to new Extra Care units handed over prior to the end of the year. These units take slightly longer to let when they are first handed over as they are designed for a very specific client base.

Finance

The Trust recorded a strong operating surplus for the year of £23.8m (2017:£24.1m), which meant that it had significantly outperformed against its budget. Once again, rental levels were set in line with current government and regulatory guidance. Continuous review of working practice and strong financial monitoring meant that all areas of the organisation contributed to this result. Variable interest rates remained at low levels throughout the year. The local property market also continued to perform strongly, allowing the Trust to outperform its targets for disposals under the Asset Renewal Strategy, both in terms of property numbers and the total surplus achieved on sales.

The Trust's financial performance for 2017/18 has exceeded both the lenders' covenants and the constraints of the business plan.

	2018	2018	2017	2017
Ratio	Target	Actual	Target	Actual
Interest Cover Ratio	1.20%	1.76%	1.22	1.63
Asset Cover Ratio	110%	124%	110%	125%

Strategic Report (continued)

Finance (continued)

In common with most LSVTs, the Trust made deficits over the early years of its existence as a result of the investment in its stock, only starting to make surpluses once the initial programme of improvement works had been completed. The Trust's business plan indicates that it will continue to make strong surpluses over the life of that plan.

Human resources

The board recognises that the success of our business depends on the quality of our managers and employees. In any organisation some employee changes are inevitable and it is healthy to bring in some new employees every year. However, a high level of staff turnover leads to increased recruitment costs, lower productivity, lower morale and reduced internal controls assurance during the changeover period.

Employee turnover, calculated as the number of leavers in the year divided by the permanent employee headcount at the end of the year was 14.7% (2017: 12.5%). The increase is due to a large number of employees reaching the end of temporary contracts during the year. If these were excluded from the calculation the turnover reduces to 8.2%.

Development

Under its Asset Renewal Strategy the Trust sets out to add three new properties for every two older, uneconomic properties that are disposed of. 2017/18 was the thirteenth year of the strategy. During 2017/18 the Trust sold 165 properties (2017: 143). A further 51 properties were sold under the Right to Buy and Right to Acquire provisions.

During the year the Trust added 566 properties to its stock. This was achieved by means of a combination of traditional development and section 106 planning gains.

The Trust's current business plan demonstrates that the future development programme will add a further 1,790 units to the Trust's stock over the next 5 years, through a mixture of traditional development and section 106 and off the shelf acquisitions.

Value for Money

The Wrekin Housing Group Value for Money strategy for the period to 2020 was approved by the Group board in July 2017 and this outlines the Group's plans to build on the considerable achievements of the last few years and to ensure that it meets the regulatory standard. Within the overall group picture the Trust will be a major contributor to the delivery of that strategy and a few highlights of its performance in 2017/18 and plans for the future are outlined below:

Return on assets:

- Transferred housing stock – the homes acquired by the Trust on transfer and still in its ownership have continued to benefit from significant and effective investment. This has been borne out by the favourable outcome of the five yearly stock condition survey, last updated at the end of 2013/14, which showed that the stock condition had improved over the previous five years whilst unit rates for planned maintenance replacement of kitchens, bathrooms etc. had come down in real terms;

Strategic Report (continued)

- Development programme – during 2017/18 the Trust completed 566 homes and at the year end there were 434 units on site, with total scheme costs of over £50m. The completed units provide a mix of general needs rented units and shared ownership properties along with 12 rented properties providing supported housing specifically for those with learning disabilities and 4 shared ownership purchases under the HOLD (Home Ownership for Long term Disabilities) scheme. The trust also delivered 146 rented Extra Care units.
- We are currently ranked 27th in the list of largest Registered Provider developers, based on numbers of homes completed, and we are ranked 6th in terms of the percentage increase in housing stock achieved over the last year, at 5%. The Trust plans to acquire or develop 1,790 new homes over the next five years. During 2017/18, the Trust delivered specialist extra care schemes at Alexandra Road, Oswestry and Holyhead Road, Bickton, Shrewsbury comprising 146 units across the two schemes. We are also continuing to provide a wide range of homes across Shropshire, Telford, Staffordshire and Wolverhampton.
- its people – Highlights during 2017/18 included:
 - Association of Gas Safety Managers 2018- Gas Safety Collaboration Award
 - Association of Gas Safety Managers 2018- Gas Safety, Leadership and Board Participation Award (shortlisted)
 - Housing Heroes Awards 2018-Central Services Team of the Year-ICT Team (shortlisted)
 - Housing Heroes Awards 2018 – Exceptional Contribution by a CIH member – Morag Bailey- Regional winner and shortlisted for national award.
 - Local Authority Building Control Awards- Best Social or Affordable New Housing Development- The Coppice Extra Care Scheme and Gordon Road Development (both shortlisted)
 - Local Authority Building Control Awards- Best Inclusive Building- The Coppice Extra Care Scheme (shortlisted)
- its brand – the Trust is gaining a strong reputation for innovation and quality across the sector which has allowed it to continue to sell maintenance services and computer software solutions to other registered providers to generate further funds for investment into its core activities and attract other complementary organisations into the wider group;
- its culture – the Trust's stated values are translated into the way it does business, constantly trying to improve its services (as can be seen by its application of systems thinking principles to all its core operations), save money (with all areas of the business contributing to savings against budget once again in 2017/18) and contribute to its communities (for example by means of staff volunteering days, charitable fund-raising activities by staff and through its Community Fund grants).

Maximising resources and delivering efficiency:

With the 1% rent reductions it is ever more important to ensure that we are getting best value from our resources, so that that we can continue to develop new homes, improve existing services and provide value to the communities in which we operate. Those aims are embedded in the Trust's current strategic plan to the extent that, for any activity to be included in that plan, it had to demonstrate that its outcome would deliver increased value for money by reducing costs, increasing quality or adding social value.

Strategic Report (continued)

Key achievements in 2017/18 and future actions include:

- continuing the focus on driving down unit costs, thereby delivering further savings of £774k on the capital improvement programme, bringing the total savings over the last 8 years to almost £8.7m. As a consequence the number of improvements completed were slightly less than originally planned (3,004 against 3,171);
- out-performing against the Trust's budget for the 2017/18 financial year, which in itself incorporated a 1% reduction in operating costs to mitigate the impact of the 1% rent reduction. The Trust generated an operating surplus that was £3.501m higher than budget, which could potentially fund approximately 80 new homes. The increase in first tranche sales of shared ownership properties and a review of the repairs service, including introducing a new 8-2-8 service to tenants, were significant contributory factors to this additional surplus. The Trust also exceeded its targets for numbers and average sale values of property disposals under the asset renewal strategy, which is also used to fund future developments of new homes, and made savings of £402k on treasury costs;
- continuing the Trust's Asset Renewal Strategy, under which, by means of its net present value model, older uneconomic properties or those that are in low demand are identified and sold. The proceeds are then reinvested, along with some grant funding and bank borrowing, to build new homes. Since the start of the strategy in 2005/06, 1,796 properties have been sold, generating proceeds of just over £124m. Over the same period 4,299 homes have been developed or acquired from other providers, which represents 2.39 new homes for every old property sold;
- using the separate subsidiary company, Strata Housing Services Limited, to provide development services to the Trust, which has already saved the Trust £2.19m in VAT that would otherwise have been an irrecoverable cost since it began operating at the beginning of 2014/15;
- monitoring the Trust's long term business plan to ensure that it can aim to achieve further 1% reduction in operating costs in years 2018/19 and 2019/20. This will mitigate the impact of the 1% rent reduction on the Trust, whilst maintaining the quality of its services and preserving its development programme to deliver three new homes for every two disposed of under the Asset Renewal Strategy, thus achieving the objectives in its current strategic plan. The detailed budget for 2018/19 once again demonstrates that the Trust is on track to achieve that saving;
- maintaining the Trust's excellent operational performance levels with all key performance indicators continuing to be in the top quartile or even the top 10% positions in its Housemark peer group. All customer satisfaction measures recorded in the STAR survey are also in the top 10% when compared nationally;
- continuing to use "systems thinking" principles during 2018/19 to undertake reviews of:
 - digital services
 - leasehold management
 - Able living
 - Induction and recruitment process

Strategic Report (continued)

Metrics

In accordance with the Regulator's revised VFM standard, detailed below is the set of key metrics, calculated directly from the financial statements, which permit comparability across the sector. These metrics are in relation to The Wrekin Housing Group Limited as the Trust is not required to calculate metrics based on its own results.

The impact of a smaller development programme in the year compared to that of 2016/17 has resulted in lower metrics for reinvestment, new supply delivered, and gearing. Social housing cost per unit has increased slightly and operating margin has decreased slightly, mainly as a result of the increase in the current service cost of the Trust's element of the Shropshire Council Pension Fund. Part of the increase in social housing cost per unit is attributable to the increase in the quantum of the cost of providing service-chargeable services to tenants. This total has increased due to the increase in the number of extra care schemes. These additional service costs are recovered through service charges to tenants, but this is obviously not reflected in the calculation of the social housing cost per unit metric.

Whilst the 'Reinvestment' and 'New supply delivered' metrics have reduced they are still towards the higher end of the sector. Two consecutive years of growth in new supply of 5.3% and 4.4% is a considerable achievement.

Metric	2018	2017
Reinvestment	8.4%	14.2%
New supply delivered (social housing)	4.4%	5.3%
New supply delivered (non-social housing)	0.1%	0.0%
Gearing	63.8%	64.8%
Interest cover	136.1%	134.7%
Social housing cost per unit	£3,269	£3,094
Operating margin (social housing lettings)	35.7%	38.2%
Operating margin (overall)	26.2%	27.8%
Return on capital	5.5%	4.9%

Delivering social value:

We contribute to the well-being of our tenants, the wider community and broader neighbourhoods in many ways. Although some of the benefits are hard to measure, we can provide some estimates based on

Strategic Report (continued)

the factual information we have. The Trust will continue to work with other group members to ensure that the impact of these activities is maximised. For example:

- continuing to work with the tenancy sustainment team at Shropshire Housing Alliance to work with prospective and new tenants of the Trust to ensure that they are ready to take on a tenancy and better equipped to sustain that tenancy over the longer term. The team undertake pre-tenancy assessments with prospective tenants, which includes a robust budget and affordability discussion, ensuring they have the means and the skills to set-up and manage a home. In 2017/18 the team carried out over 410 such assessments.
- using the Money Matters service, now operated via Shropshire Housing Alliance but previously run directly by the Trust over a number of years, to ensure that customers of the Trust access the welfare benefits to which they are entitled and are as well prepared as possible to cope with the impacts of welfare benefit reform. During 2017/18 the Money Matters team successfully brought in more than £2.5m in additional benefits for our customers, engaging with 2,401 households and carrying out 631 pre-tenancy assessments and benefit checks;
- maintaining our commitment to providing a range of good quality placements and training opportunities within the local community. During 2017/18 the group directly employed 21 apprentices and 15 trainees, gave 125 volunteer opportunities and provided 21 student work placement opportunities including student nurse and student social worker work placements;
- using the Reviive furniture and recycling brand, now operated via the Trust's subsidiary Old Park Services Limited, to provide affordable furniture to both tenants and the wider community, as well as recycling unwanted furniture to reduce the impact on the environment with regard to landfill and CO2 emissions. During 2017/18 the Trust provided discounts to its tenants on Reviive's standard prices and 286 furniture packs were provided to individuals setting up a home for the first time. 511 tonnes of furniture were collected and 447 tonnes were reused or recycled, with 491 tonnes of CO2 emissions being avoided as a result.

The board remain committed to strengthening the value for money culture that already exists within the organisation, to ensure that this is factored into all decision-making processes to exceed the expectations of the standard and mitigate the continuing impact of the 1% reductions in rental income over the next two years.

Risks and uncertainties

The main risks that may prevent the Trust achieving its objectives are considered and reviewed annually by the senior management team and board as part of the corporate planning processes. The risks are recorded and assessed in terms of their impact and probability. Major risks, presenting the greatest threats to the Trust, are regularly reported board together with action taken to manage the risks and the outcome of the action. These risk reports include assessments of key controls used to manage the risks. Exposure to price and credit risk comes through changes in government policy such as changes to the funding regime, rent setting or other duties required of registered providers. These risks are regularly reported to the board with the potential effects being modelled through the business plan. Measures are taken to reduce the exposure to such risks wherever possible.

The Trust has identified the major risks to successful achievement of its objectives and these are considered overleaf.

Strategic Report (continued)

Key Risk	Detail	Action
Pension Fund	Ensuring a cessation is not inadvertently triggered which would incur significant costs. Remaining an active member of the LGPS potentially exposes the group to continually increasing employment costs above inflation.	Appraisal review undertaken by independent external advisors. Stress testing regularly reviewed and monitored by the board
Additional Finance	Continuing to develop in line with aspirations will only be possible if the group can secure affordable additional finance, delivered in a timely manner at margins that meet our business plans and with covenants which can be met.	Regular monitoring and reporting of potential exposure to board via management accounts, business plan updates and stress testing. Treasury management advice received and reviewed from independent external advisors to ensure that optimal financing arrangements are secured
Information Technology & GDPR	IT systems and procedures must be sufficiently robust to deliver the business plan, be able to withstand any form of cyber- attack and ensure all information held is done so securely.	Comprehensive back up arrangements and business continuity plans. Cyber security measures reviewed regularly internally and by internal auditors. Continued training for all staff on cyber security and GDPR compliance. Penetration testing of systems by external consultants.
Adverse economic conditions	Adverse economic conditions cause under-performance against strategic objectives or financial plans	Regular monitoring of actual performance against budget and business plan via management accounts and suite of key metrics.

Strategic Report (continued)

Key Risk	Detail	Action
Refinancing	Inability to refinance on favourable terms and in a timely manner meaning inability to repay funders and possible breach of covenants leading to funder intervention and event of default.	<p>Business plan updated regularly.</p> <p>Stress testing regularly reviewed by board.</p> <p>Regular updates on progress with regard to refinancing, incorporating advice from external treasury advisors, reviewed by board.</p>
Health and safety or regulatory failure	Health & safety processes and systems failure put at risk customers, service users, staff and the general public which could lead to prosecution, regulatory intervention, loss of finance and risk to reputation both of Wrekin and the wider housing sector.	<p>Audits of key areas undertaken by various audit bodies and reported to Audit and Assurance Committee.</p> <p>Health and safety information reported regularly to board as part of key metrics together with progress reports on implementation of audit recommendations.</p> <p>Periodic reports on CQC inspection taken to board including progress reports on implementation of recommendations.</p>
Poor financial performance and cashflow	Failure to deliver the budget set by the board within a framework that escalates any significant change back to the board. Failure to collect sufficient cash or to prevent overspends will not return the surplus required to deliver objectives and may breach covenants.	<p>Regular monitoring of performance against budget via management accounts.</p> <p>Regular monitoring of key financial metrics against golden rules and triggers agreed by board.</p>

Strategic Report (continued)

Key Risk	Detail	Action
Development and sales	On the basis that much of the future development aspirations are supported by asset disposals, we must ensure the sales programme and revenues are supported/evidenced by independent market evidence and are deliverable.	Monitoring of asset renewal sales against budget both in terms of numbers sold and values achieved. Regular monitoring of market information to enable early identification of negative trends.
Inability to draw on existing loans	Inability to draw on existing loans in support of the approved business plan.	Regular monitoring of covenant compliance via suite of key financial metrics Maintenance of agreed level of liquid funds derived from the stress testing results. This could be used as short to medium term buffer in the event of difficulties with draw down. Maintenance of comprehensive Assets and Liabilities register to quantify financial commitments.

Financial position

The Trust's income and expenditure account and balance sheet are summarised in Table 1 (page 29) and the following paragraphs highlight key features of the Trust's financial position at 31 March 2018.

Accounting policies

The Trust's principal accounting policies are set out on pages 37 to 43 of the financial statements. The Trust's accounts have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers.

Housing properties

At 31 March 2018 the Trust owned 13,457 housing properties (2017: 13,257). The properties were carried in the statement of financial position at cost (after depreciation) of £564.9m (2017: £538.6m). Whilst housing properties are stated at historic cost, the Trust obtained a valuation during the year in relation to loan debt coverage. The valuation was carried out by independent professional valuers, Savills (L & P) Limited, Chartered Surveyors and provided an Existing Use Value for Social Housing (EUV-SH) for 10,864 of the Trust's housing properties charged as security to its funders at 31st March 2018 of £459.1m. The remaining 2,593 properties were not in charge at 31 March 2018.

Investment in housing properties this year was funded through a mixture of bank finance, social housing grant and proceeds from sales under the Asset Renewal Strategy. The Trust's treasury management arrangements are considered below.

Strategic Report (continued)

Pension costs

The Trust participates in the Shropshire County Pension Fund (SCPF), a career average salary defined benefit scheme offering good benefits for our staff. The Trust has contributed to the scheme in accordance with levels, set by the actuaries, of 14.5% of pensionable pay in the year to 31 March 2018 in respect of future service benefits. For 2018/19 the employer contribution rate will remain at 14.5%. During the year the Trust made a lump sum payment of £517,800 in respect of past service deficits. Annual lump sum payments will also continue, being £537,000 in 2018/19 and increasing each year thereafter by 3.7%.

Capital structure and treasury policy

During the year the Trust drew down £15m of borrowing under its loan facilities. The high level of activity under the Trust's development programme continued during 2017/18 with several large schemes completing during the year, and others starting on site which will be completed during 2018/19 and 2019/20. The Trust's current business plan shows that the remainder of the undrawn facilities will be drawn down to fund the development programme over the next three years. At 31 March 2018 the Trust's drawn bank loans totalled £370m as shown below. All of the Trust's loans have been treated as basic financial instruments under the provisions of FRS 102.

Maturity	2018 £m	2017 £m
Less than one year	-	-
Between one and five years	170	155
After five years	200	200
	<u>370</u>	<u>355</u>

The Trust borrows, principally from banks and building societies, at both fixed and floating rates of interest. The Trust's policy is to keep between 50 per cent and 80 per cent of its borrowings at fixed rates of interest. At the year end, 61% of the Trust's borrowings were at fixed rates. The fixed rates of interest range from 5.925% to 7.25% (including margins) and these have been factored into the Trust's long-term business plan.

The trend information in Table 1 (page 29) shows that debt per unit has increased in 2017/18. The view of the board and the regulator is that given the investment in stock that the Trust has undertaken over the last 18 years the level of debt per unit is not at an unreasonably high level.

The Trust borrows and lends only in sterling and so is not exposed to currency risk.

Cash flows

There was a cash inflow from operating activities this year of £38.0m (2017: £30.5m), reflecting the strong level of operating surplus achieved in the year. Once again the Trust's operating costs were well controlled, outperforming budget in respect of management costs and routine maintenance and delivering the planned maintenance programme within budget whilst still maintaining the Decent Homes standard and delivering other improvements to the stock. The continuing low level of bank interest rates has meant that, once again, the Trust has been able to make considerable savings against budget on its variable rate debt. As at 31 March 2018 the Trust held 39% of its total debt on variable rates.

Strategic Report (continued)

Future developments

A key influence on the timing of borrowings is the rate at which planned maintenance and development activity takes place. The board has approved plans (i) to spend £9.5m during the next financial year under its planned maintenance programme, on investing in existing stock to ensure that the properties continue to meet the Decent Homes standard and making other improvements, and (ii) through its Asset Renewal Strategy to add 1,790 properties over the next 5 years while continuing to dispose of older, expensive properties. Undrawn loan facilities of £70m were available under existing arrangements to fund this and future expenditure.

Statement of compliance

In preparing this strategic report, the board has followed the principles set out in Part 2 of the SORP 'Accounting by Registered Housing Providers' 2014. The financial statements comply with FRS 102, SORP 2014 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The board further confirms that the Trust has complied with the requirements of the Social Housing regulator Governance and Financial Viability Standard and has the required register of assets and liabilities in place.

The strategic report was approved by the board on 3rd September 2018 and signed on its behalf by



Anne Ward
Chair

Strategic Report

Table 1 – Trust highlights, five-year summary

For the year ended 31 March	2018	2017	2016	2015*	2014
Trust Income and Expenditure account (£'000)					
Total turnover	71,367	67,019	64,170	59,330	56,762
Income from lettings	65,263	62,681	59,643	56,356	54,707
Operating surplus	23,832	24,073	21,102	20,011	20,811
Total recognised gain for the year	19,298	1,518	17,986	4,533	28,398
Trust Balance Sheet (£'000)					
Housing properties, net of depreciation	564,884	538,614	480,263	404,334	328,221
Investment Properties	13,840	11,276	11,101	10,942	-
SHG and other capital grants	-	-	-	-	(34,352)
Housing properties, net of depreciation and grants	579,724	549,890	491,364	415,276	293,869
Other fixed assets	3,720	3,887	4,079	3,835	3,746
Fixed assets net of capital grants and depreciation	582,444	553,777	495,443	419,111	297,615
Net current assets/(liabilities)	7,176	(3,511)	(828)	(5,689)	170
Total assets less current liabilities	589,620	550,266	494,615	413,422	297,785
Creditors (due over one year)	452,223	429,741	386,190	319,270	224,713
Pensions liability	38,290	40,716	30,134	32,138	18,104
Reserves - revenue	98,261	78,963	77,445	61,168	54,122
- restricted	846	846	846	846	846
	589,620	550,266	494,615	413,422	297,785
Accommodation figures					
Total housing stock owned at year end	13,457	13,257	13,018	12,950	12,465
Statistics					
Surplus for the year (adjusted for pension movement) as % of turnover	27.0%	2.3%	28.0%	7.6%	50.0%
Rent losses (<i>voids and bad debts as % of rent and service charges receivable</i>)	1.5%	0.9%	1.3%	1.6%	0.9%
Rent arrears (<i>gross arrears as % of rent and service charges receivable</i>)	1.2%	1.5%	1.6%	1.6%	1.2%
Interest cover (<i>surplus before interest payable divided by interest payable and capitalised interest</i>)	1.66%	1.44	1.67	2.04	2.43
Liquidity (<i>current assets divided by current liabilities</i>)	1.7	0.7	0.9	0.7	1.0
Gearing valuation (<i>total loans as % of Total Fixed Assets + Net Current Assets (excluding Pensions)</i>)	62.8	64.5	64.5	63.3	75.6
Net Debt per home owned	£27,441	£26,687	£24,219	£20,090	£17,609

*The 2015 figures have been restated for the changes relating to the adoption of FRS102.

Statement of responsibilities of the board

Statement of the responsibilities of the board for the financial statements

The board is responsible for preparing the annual report and financial statements in accordance with applicable law and regulations. Company law requires the board to prepare financial statements for each financial year. Under that law the board members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including Financial Reporting Standard 102, the financial reporting standard applicable in the United Kingdom and Republic of Ireland. Under company law the board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Trust for that period.

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2014 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

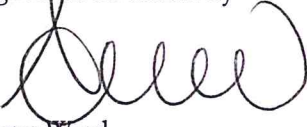
The board is responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Companies Act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

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Trust's auditor is unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This annual report is available on the Trust's website www.wrekinhousingtrust.org.uk and summary information from the annual report is also contained in the annual report to tenants. The maintenance and integrity of The Wrekin Housing Trust Limited's web site and the information contained in the annual report to tenants is the responsibility of the board. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The statement of responsibilities of the board was approved by the board on 3rd September 2018 and signed on its behalf by



Anne Ward
Chair

Independent auditor's report to the members of The Wrekin Housing Trust Limited

Opinion

We have audited the financial statements of The Wrekin Housing Trust Limited (the 'charitable company') for the year ended 31 March 2018 which comprise the statement of comprehensive income, the statement of changes in reserves, the statement of financial position and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report to the members of The Wrekin Housing Trust Limited (continued)

Other information

The board is responsible for the other information. The other information comprises the information included in the annual report, set out on pages 1 to 29 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Board have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Board.

Matters on which we are required to report by exception

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

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

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Responsibilities of the board set out on page 30, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using

Independent auditor's report to the members of The Wrekin Housing Trust Limited (continued)

the going concern basis of accounting unless the board either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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



Joanne Love
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

3rd September 2018

Statement of comprehensive income

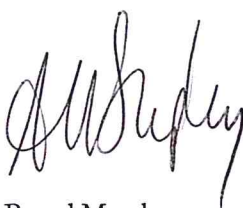
		2018	2017
	Note	£'000	£'000
Turnover	3	71,367	67,019
Movement in the value of fair assets	3, 16	721	175
Operating expenditure			
Operating costs	3	(48,256)	(43,121)
Operating surplus	3, 6	23,832	24,073
Surplus on the sale of fixed assets-housing properties(non operational)	4	9,452	4,371
(Loss)/gain on disposal of other fixed assets (non operational)		(18)	46
Interest receivable and similar income	7	18	6
Interest payable, financing and similar costs	8	(20,014)	(19,846)
Gift aid covenanted from subsidiary		1,103	1,937
Surplus on ordinary activities before gift aid and taxation		14,373	10,587
Tax on surplus on ordinary activities	12	(25)	(50)
Surplus for the year		14,348	10,537
Actuarial gain/(loss) in respect of pension schemes	11	4,950	(9,019)
Total comprehensive income for the year		19,298	1,518

The results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 3rd September 2018 and signed on its behalf by:



Chair
Anne Ward



Board Member
Annette Shipley



Secretary
Catherine Rogerson

Statement of changes in reserves

	Income and expenditure reserve	Restricted Reserve	Total
	£'000	£'000	£'000
Balance as at 1 April 2016	77,445	846	78,291
Surplus for the year	10,537	-	10,537
Other comprehensive income for the year	(9,019)	-	(9,019)
Balance at 31 March 2017	78,963	846	79,809
Surplus for the year	14,348	-	14,348
Other comprehensive income for the year	4,950	-	4,950
Balance at 31 March 2018	98,261	846	99,107

The accompanying notes form part of these financial statements.

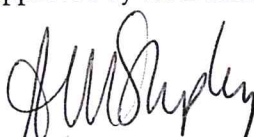
Statement of financial position

		2018	2017
	Note	£'000	£'000
Tangible fixed assets			
Housing properties	13	564,884	538,614
Investment properties	16	13,840	11,276
Other tangible fixed assets	14	3,720	3,887
		<u>582,444</u>	<u>553,777</u>
Current assets			
Stock		158	283
Properties for sale	17	2,368	1,816
Debtors	18	6,563	7,333
Cash at bank and in hand		7,959	220
		<u>17,048</u>	<u>9,652</u>
Creditors: amounts falling due within one year	19	<u>(9,872)</u>	<u>(13,163)</u>
Net current assets / (liabilities)		<u>7,176</u>	<u>(3,511)</u>
Total assets less current liabilities		<u>589,620</u>	<u>550,266</u>
Creditors: amounts falling due after more than one year	20	452,223	429,741
Pension liability	11	38,290	40,716
Capital and reserves			
Revenue reserve	26	98,261	78,963
Restricted reserve	26	846	846
		<u>99,107</u>	<u>79,809</u>
Trust's funds		<u>589,620</u>	<u>550,266</u>

The financial statements were approved by the Board on 3rd September 2018 and signed on its behalf by:



Chair
Anne Ward



Board Member
Annette Shipley



Secretary
Catherine Rogerson

Company number: 03558717

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 Legal status

The Trust is incorporated under the Companies Act 2006 as a company limited by guarantee without share capital, as a Registered Provider of Social Housing and a Registered Charity. The subsidiaries (note 15) are also incorporated under the Companies Act 2006. The registered address of the company is Colliers Way, Old Park, Telford, TF3 4AW.

2 Accounting policies

Basis of accounting

The financial statements of the Trust are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

The Trust is a public benefit entity in accordance with FRS 102.

The financial statements are presented in sterling (£).

Exemption from consolidated accounts

The financial statements present information about the Trust as an individual undertaking and do not consolidate the results of its subsidiary companies as the Trust is a wholly owned subsidiary of The Wrekin Housing Group Limited, which produces publicly available consolidated financial statements.

Disclosure exemptions

The accounts of the Trust have adopted the following disclosure exemptions:

- the requirement to present a statement of cashflows and related notes
- financial instrument disclosures, including:
 - categories of financial instruments
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to and management of financial risks

Going concern

The Trust's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The Trust has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Trust's day to day operations. The Trust also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants. On that basis the board has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements have been made include:

Notes to the financial statements (continued)

2 Accounting policies (continued)

Impairment

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared to its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised in the statement of comprehensive income.

Useful lives of depreciable assets

Management review its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to changes to decent homes standards which may require more frequent replacement of key components. Accumulated depreciation at 31 March 2018 was £80m.

Classification of Loans as basic

Management have considered the terms of the loan agreement in relation to the Trust's facility and concluded that it does meet the definition of a basic financial instrument, therefore is held at amortised cost.

Valuation of investment properties

Management reviews its valuation of housing properties at each reporting date, based on formal valuation reports or an update to those reports based on market conditions.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in note 11). The liability at 31 March 2018 was £38.3m.

Turnover and revenue recognition

Turnover comprises rental income receivable in the year, income from property sales, and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year.

Rental income is recognised from the point properties become available for letting. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Value added tax

The Trust's main income stream, being rent, is exempt for VAT purposes. The majority of expenditure is subject to VAT, which the Trust is unable to reclaim – this expenditure is therefore shown inclusive of VAT. VAT can be reclaimed under the partial exemption method for certain other activities, and this is credited to the statement of comprehensive income.

Corporation tax

Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Interest payable, financing and similar costs

Interest is allocated and is charged to the statement of comprehensive income, based on the interest rate charged by the Trust's funders and the time over which the relevant loan balances were outstanding.

Other interest payable is charged to the statement of comprehensive income in the year.

Pensions

The Trust participates in the Shropshire County Pension Fund (SCPF). This is a defined benefit final salary pension scheme administered by Shropshire County Council in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998. The assets of the scheme are invested and managed independently of the finances of the Trust.

For the SCPF, scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets in the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the Trust through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income.

Disposal proceeds fund

With effect from 7 April 2017 there is no longer a requirement for net proceeds from the disposal of property under voluntary purchase grant and statutory right to acquire legislation and regulations to be included within a disposal proceeds fund. The balance in the fund at the 7 April 2017 will continue to attract interest which is calculated on a daily basis with the interest rate applied being determined by the level of total deposits.

The fund can be applied for specific purposes ranging from acquisition of dwellings for letting, to repair or improvement of vacant dwellings or buildings otherwise subject to demolition. The fund may be repayable, at the discretion of the Homes England, in certain specific circumstances. The fund is included within creditors until such time that all funds have been applied.

Reserves

The Trust establishes restricted reserves for specific purposes where their use is subject to external restrictions.

Gift aid donation

The trust received charitable donations from its wholly owned subsidiaries, Old Park Services Limited and Strata Housing Services Limited, during the year. This has been accounted for as income in the statement of comprehensive income for the year.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development costs and expenditure incurred in respect of improvements.

Expenditure on Shared ownership properties is split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Investment properties

Investment properties consist of market rented residential properties. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in value recognised in the statement of comprehensive income.

Government grants

Government grants include grants receivable from Homes England and its predecessor bodies, local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure under the accruals model. Grant is allocated to the land and structure components of the associated asset in proportion to their cost. Grant due from the funding bodies or received in advance is included as a current asset or liability.

Grant released on the sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the statement of comprehensive income.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the association is recognised only when these conditions are met. A grant received before the recognition criteria are satisfied is recognised as a liability.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Depreciation of housing properties

The Trust separately identifies the major components which comprise its housing properties and charges depreciation, so as to write down the cost of each component to its estimated residual value, on a straight line basis over its estimated useful economic life. Freehold land is not depreciated. The structural components of the Trust's housing properties are depreciated at the following annual rates:

Dwelling Type	Assessed Depreciable Life (Years) – by period of construction				
	Pre-1945	1945-1964	1965-1974	1975-1984	Post 1985
General needs flats & maisonettes	80	90	100	100	120
General needs houses & bungalows & shared ownership houses	80	100	100	100	120
High rise flats	N/A	80	100	N/A	N/A
Sheltered flats & maisonettes	80	100	100	100	120
Sheltered houses & bungalows	80	100	100	100	120

The Trust depreciates the other major components of its housing properties at the following annual rates:

Component	Depreciable Life (Years)
Roof	60
Boiler	15
Heating System	30
Kitchen	20
Bathroom	30
Windows	30
Electrics	40
Solar Panels	30
Air Source Heat Pumps	30

Notes to the financial statements (continued)

2 Accounting policies (continued)

Other fixed assets

Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold land and buildings	4%
Sheltered scheme furniture, fixtures and fittings	20%
Computers and office equipment	10%-33%
Plant, machinery and vehicles	20%

Leased assets

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Properties for sale

Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Provision for liabilities

Provisions are recognised when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Stock

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Liquid resources

Liquid resources are readily disposable current asset investments.

Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Financial Instruments

All the Trust's financial instruments have been classified as basic financial instruments. Basic financial instruments are recognised at amortised historical costs.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

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

Notes to the financial statements (continued)

3 Turnover, operating costs and operating surplus

Continuing activities

	2018 Turnover £'000	2018 Operating costs £'000	2018 Operating surplus £'000	2017 Turnover £'000	2017 Operating costs £'000	2017 Operating surplus £'000
Social housing lettings	65,263	(44,685)	20,578	62,681	(40,926)	21,755
Other social housing activities:						
Renting & letting of garages	774	(228)	546	774	(212)	562
Leaseholder service charges & communal repairs	626	(626)	-	762	(762)	-
Other	14	-	14	9	-	9
	<u>66,677</u>	<u>(45,539)</u>	<u>21,138</u>	<u>64,226</u>	<u>(41,900)</u>	<u>22,326</u>
	1,794	-	1,794	1,263	-	1,263
	<u>3,617</u>	<u>(2,717)</u>	<u>900</u>	<u>1,705</u>	<u>(1,221)</u>	<u>484</u>
Non-social housing activities						
Shared ownership 1 st tranche sales	72,088	(48,256)	23,832	67,194	(43,121)	24,073

Notes to the financial statements (continued)

3 Turnover, operating costs and operating surplus (continued)

Particulars of income and expenditure from social housing lettings

	General needs housing 2018 £'000	Supported housing and housing for older people 2018 £'000	Total 2018 £'000	Total 2017 £'000
Rents receivable net of identifiable service charges	48,992	9,064	58,056	56,545
Service charge income	1,189	5,202	6,391	5,451
Amortised government grants	816	-	816	685
Turnover from social housing lettings	50,997	14,266	65,263	62,681
Management	(6,069)	(843)	(6,912)	(5,931)
Services	(2,092)	(7,665)	(9,757)	(7,639)
Routine maintenance	(9,635)	(1,592)	(11,227)	(11,720)
Rent losses from bad debts	(97)	(5)	(102)	(115)
Major repairs expenditure	(4,599)	(1,206)	(5,805)	(5,481)
Depreciation of housing properties	(8,952)	(1,930)	(10,882)	(10,040)
Operating costs on social housing lettings	(31,444)	(13,241)	(44,685)	(40,926)
Operating surplus on social housing lettings	19,553	1,025	20,578	21,755
Void losses	188	676	864	438

Notes to the financial statements (continued)

4 Surplus on sale of housing assets

	2018 £'000	2017 £'000
Disposal proceeds	15,289	12,383
Carrying value of fixed assets	(5,837)	(7,268)
	9,452	5,115
Disposal proceeds fund (note 22)	-	(744)
	9,452	4,371

5 Accommodation in management

Accommodation in management for each class of accommodation was as follows:

	2018 No.	2017 No.
General needs housing	10,414	10,305
Supported housing	2,017	1,856
Shared ownership	198	164
Total owned in management	12,629	12,325
Properties where the Trust had residual freehold interest	828	932
	13,457	13,257

Of the total owned, 629 (2017: 468) were managed by third parties, and 127 (2017: 117) properties were managed by Old Park Services Limited.

Notes to the financial statements (continued)

6 Operating surplus

The operating surplus is arrived at after charging/ (crediting):

	2018	2017
	£'000	£'000
Depreciation of housing properties	10,882	10,040
Depreciation of other tangible fixed assets	442	512
Operating lease charges	1,253	1,055
Auditor's remuneration (excluding VAT):		
for audit services	38	37
for non-audit services:		
-Tax advice	28	18
-Tax compliance	12	12
-iXBRL tagging	3	3

7 Interest receivable and similar income

	2018	2017
	£'000	£'000
Interest received from temporary investments with banks and building societies	15	3
Other interest receivable	3	3
	18	6

8 Interest payable, financing costs and similar charges

	2018	2017
	£'000	£'000
Loans and bank overdrafts	17,858	17,351
Funders security/facility fee	1,098	1,428
Valuer's fee	12	11
Defined benefit pension charge	1,030	1,045
Other interest payable	16	11
	20,014	19,846

Notes to the financial statements (continued)

9 Employees

Average monthly number of employees expressed in full time equivalents: (calculated based on a standard working week of 36 hours)	2018 No.	2017 No.
Office staff	268	276
Trades employees	158	160
Scheme managers, estate officers and cleaners	54	44
	<u>480</u>	<u>480</u>
Staff costs:	2018 £'000	2017 £'000
Wages and salaries	14,040	13,772
Social security costs	1,369	1,351
Other pension costs	3,707	2,664
	<u>19,116</u>	<u>17,787</u>

The following full time equivalent numbers of staff received emoluments of:

	2018 No.	2017 No.
£60,001-£70,000	4	4
£70,001-£80,000	5	2
£80,001-£90,000	1	4
£90,001-£100,000	4	2
£120,001-£130,000	-	2
£130,001-£140,000	2	1
£140,001-£150,000	-	-
£150,001-£160,000	1	-
	<u>17</u>	<u>15</u>
Total	<u>17</u>	<u>15</u>

At 31 March 2018, in addition to the employees detailed above, there were 8 employees (2017: 8) of the Wrekin Housing Trust Limited seconded to Shropshire Housing Alliance, a sister company within the Wrekin Housing Group Limited. The costs of those employees were met by that entity.

Notes to the financial statements (continued)

10 Key management personnel, board members and executive directors

Expenses paid during the period to Board Members amounted to £1,874 (2017: £1,583).

The aggregate amount of the total cost of key management personnel to the business (including benefits in kind and pension contributions) during the year was £532,348 (2017: £485,705).

	2018 £'000	2017 £'000
Executive directors		
Basic salary	408	366
Benefits in kind (car provision)	22	23
Pension	36	33
Social security contributions	53	47
	<hr/>	<hr/>
Total	519	469
	<hr/>	<hr/>
Board members		
Fees	14	17
	<hr/>	<hr/>

As detailed in the Report of the Board, the Trust and Group boards operated co-terminously during the year. Board member fees disclosed in that report may have been paid in respect of service on the board of the Trust or of its parent The Wrekin Housing Group Limited. The fees disclosed above relate only to those board members who were part of the Trust board prior to the appointment of the new group board. All other fees were met by the parent company.

The emoluments of the highest paid director, the Group Chief Executive, were £158,158 excluding pension contributions. The Group Chief Executive is not a member of the pension scheme and therefore pension contributions in both years were nil.

The highest paid director in 2016/17 received emoluments of £135,198.

During the year the aggregate compensation for loss of office of key management personnel was £nil (2017: £nil).

11 Pensions

The Trust participates in the Shropshire County Pension Fund which is a defined benefit career average salary pension scheme. Triennial actuarial valuations are performed by a qualified actuary using the "projected unit" method. The most recent formal valuation of the Fund was completed as at 31 March 2016.

Contributions

The employer's contributions to the Shropshire County Pension Fund (SCPF) by the Trust for the year ended 31 March 2018 were £2,213,000 (2017: £2,146,000) and the employer's contribution rate was fixed at 14.5% of pensionable pay until 31 March 2018 with regard to future service benefits. For the 2018/19 year this rate will remain 14.5%. In addition, annual lump sum payments are being made in respect of past service deficits. The lump sum payment for 2017/18 was £517,800, and will be £537,000 in 2018/19. The Trust will continue to make additional lump sum payments in line with the deficit contribution schedule, as agreed with the SCPF payable over 22 years. As a result of the 2016 valuation, deficit contributions will increase at a rate of 3.7% per annum over the recovery period.

Notes to the financial statements (continued)

11 Pensions (continued)

Principal actuarial assumptions

	31 March 2018 % per annum	31 March 2017 % per annum
Rate of increase in salaries	3.6	3.8
Rate of increase in pensions in payment	2.2	2.3
Discount rate	2.7	2.6
Inflation assumption	2.1	2.3

Mortality Assumptions

The post retirement mortality assumptions used to value the benefit obligation at March 2017 and March 2018 are based on the PA92 series. The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	2018 No. of years	2017 No. of years
Retiring today:		
Males	23.1	23.0
Females	26.3	26.2
Retiring in 20 years:		
Males	25.3	25.2
Females	28.6	28.5

Amounts recognised in the statement of financial position:

	2018 £'000	2017 £'000
Fair value of employer assets	85,389	83,432
Present value of funded liabilities	(123,679)	(124,148)
Net liability	<u>(38,290)</u>	<u>(40,716)</u>

Notes to the financial statements (continued)

11 Pensions (continued)

Analysis of the amounts charged to the statement of comprehensive income:

	2018 £'000	2017 £'000
Net interest cost	1,030	1,045
Current service cost	3,563	2,509
Administration expenses	68	69
Effect of curtailments	76	86
Amount charged to operating costs	3,707	2,664
Total amount recognised in the statement of comprehensive income	4,737	3,709

Reconciliation of opening and closing balances of the present value of scheme liabilities:

	2018 £'000	2017 £'000
Opening scheme liabilities	(124,148)	(97,500)
Current service cost	(3,563)	(2,509)
Interest cost	(3,207)	(3,494)
Contribution by members	(781)	(796)
Curtailement loss	(76)	(86)
Benefits paid	2,433	1,638
Actuarial loss/(gain)	5,663	(21,401)
Closing scheme liabilities	(123,679)	(124,148)

Reconciliation of opening and closing balances of the fair value of plan assets:

	2018 £'000	2017 £'000
Opening fair value of plan assets	83,432	67,366
Interest income	2,177	2,449
Contributions by the employer	2,213	2,146
Contribution by members	781	796
Benefits paid	(2,433)	(1,638)
Administration expenses	(68)	(69)
Actuarial (loss)/gain	(713)	12,382
Closing fair value of plan assets	85,389	83,432

Notes to the financial statements (continued)

11 Pensions (continued)

Major categories of plan assets as a percentage of total plan assets:

	2018	2017
Equities	53.0%	60.1%
Bonds	23.1%	18.6%
Property	4.9%	5.0%
Cash	2.0%	2.2%
Other	17.0%	14.1%

Sensitivity Analysis

Disclosure Item	None	0.1% p.a. discount rate	0.1% p.a. inflation	0.1% p.a. pay growth	1 Year increase in life expectancy
	£'000	£'000	£'000	£'000	£'000
Liabilities	123,679	121,308	126,096	124,213	125,985
Assets	(85,389)	(85,389)	(85,389)	(85,389)	(85,389)
Deficit	38,290	35,919	40,707	38,824	40,596
Projected service cost for next year	3,306	3,210	3,406	3,306	3,376
Projected net interest cost for next year	1,005	975	1,070	1,019	1,067

Notes to the financial statements (continued)

12 Taxation

	2018 £	2017 £
Current Tax		
UK corporation tax on surplus for the year	11	-
Adjustments in respect of prior years	14	50
	<u>25</u>	<u>50</u>
Total current tax	<u>25</u>	<u>50</u>
Total tax on results on ordinary activities	<u>25</u>	<u>50</u>
Surplus on ordinary activities before tax	14,373	10,587
Theoretical tax at corporation tax rate of 19% (2017: 20%)	2,731	2,117
Effects of:		
Income not taxable	(2,720)	(2,117)
Adjustments to tax in respect of prior periods	14	50
	<u>25</u>	<u>50</u>
Total tax charge	<u>25</u>	<u>50</u>

Notes to the financial statements (continued)

13 Fixed assets - housing properties

Housing Properties	Social housing properties completed £'000	Social housing properties under development £'000	Shared ownership properties completed £'000	Total £'000
Cost				
At 1 April 2017	550,576	52,295	7,398	610,269
Improvements to existing properties	6,325	-	-	6,325
Additions	1,242	39,440	897	41,579
Change of Tenure	(5,058)	-	5,058	-
Schemes completed	69,816	(69,816)	-	-
Transfer to assets held for sale	(4,267)	-	(2,863)	(7,130)
Transfer to Investment Properties	(513)	-	-	(513)
Disposals	(5,611)	-	-	(5,611)
At 31 March 2018	<u>612,510</u>	<u>21,919</u>	<u>10,490</u>	<u>644,919</u>
Depreciation and impairment				
At 1 April 2017	71,105	-	550	71,655
Change of Tenure	(81)	-	81	-
Charged in year	10,782	-	100	10,882
Released on disposal	(2,382)	-	(87)	(2,469)
Released on transfer to Investment Properties	(33)	-	-	(33)
At 31 March 2018	<u>79,391</u>	<u>-</u>	<u>644</u>	<u>80,035</u>
Net book value				
At 31 March 2017	<u>479,471</u>	<u>52,295</u>	<u>6,848</u>	<u>538,614</u>
At 31 March 2018	<u>533,119</u>	<u>21,919</u>	<u>9,846</u>	<u>564,884</u>

Notes to the financial statements (continued)

13 Fixed assets – housing properties (continued)

Expenditure on works to existing properties

	2018	2017
	£'000	£'000
Amounts capitalised – component replacement	6,325	6,080
Amounts charged to statement of comprehensive income	5,805	5,481
	<hr/>	<hr/>
Total	12,130	11,561
	<hr/>	<hr/>

Social housing grant (SHG)

	2018	2017
	£'000	£'000
Total accumulated SHG receivable at 31 March :		
Recognised in the statement of comprehensive income	3,662	2,912
Held as deferred income	73,868	67,580
	<hr/>	<hr/>
	77,530	70,492
	<hr/>	<hr/>

Impairment

The Trust considers individual schemes to be separate Cash Generating Units (CGUs) when assessing for impairment, in accordance with the requirements of Financial Reporting Standard 102 and SORP 2014. No impairment charge has been made this year.

Notes to the financial statements (continued)

14 Tangible fixed assets - other

	Freehold buildings and land	Sheltered scheme furniture, fixtures and fittings	Computers and office equipment and furniture	Plant and machinery and vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2017	5,071	25	3,749	231	9,076
Additions	24	-	273	-	297
Disposals	(37)	-	(1)	(5)	(43)
At 31 March 2018	<u>5,058</u>	<u>25</u>	<u>4,021</u>	<u>226</u>	<u>9,330</u>
Depreciation and impairment					
At 1 April 2017	1,674	25	3,320	170	5,189
Charged in year	224	-	202	16	442
Depreciation on Disposals	(17)	-	(1)	(3)	(21)
At 31 March 2018	<u>1,881</u>	<u>25</u>	<u>3,521</u>	<u>183</u>	<u>5,610</u>
Net book value					
At 31 March 2017	<u>3,397</u>	<u>-</u>	<u>429</u>	<u>61</u>	<u>3,887</u>
At 31 March 2018	<u>3,177</u>	<u>-</u>	<u>500</u>	<u>43</u>	<u>3,720</u>

15 Investment in subsidiaries

At the year end the Trust had two wholly owned subsidiaries, Old Park Services Limited and Strata Housing Services Limited. These financial statements do not consolidate the results of those entities as consolidated financial statements are prepared by the Trust's parent undertaking, the Wrekin Housing Group Limited. It holds one £1 ordinary share in each company which equates to a 100% holding. The principal activities of Old Park Services Limited are to provide housing and property related services and associated software to other social landlords. The principal activity of Strata Housing Services Limited is the provision of development services to its parent company, the Trust. The Trust has the right to appoint members to the boards of the subsidiaries and thereby exercises control over them. Both subsidiaries are non-regulated companies.

Company	%	Surplus for the year	Reserves
Old Park Services Limited	100	£274,555	£424,867
Strata Housing Services Limited	100	£657,000	£418,000

Notes to the financial statements (continued)

16 Investment properties non-social housing properties held for letting

	2018 £'000	2017 £'000
At 1 April	11,276	11,101
Additions	1,843	-
Increase in value	721	175
	<hr/>	<hr/>
At 31 March	13,840	11,276

Investment properties were valued at 31 March 2018. The investment properties comprise 117 units known as the Hedgerows development, 6 flats at The Red House Priorslee, and 10 houses on a new mixed tenure development in Herefordshire known as Well Gardens. All properties are managed by the Trust's wholly owned subsidiary company Old Park Services Ltd. A directors valuation was undertaken based on information provided by a professional external valuer.

17 Properties held for sale

	2018 £'000	2017 £'000
Completed shared ownership properties	321	96
Properties held for outright sale- asset renewal strategy	2,047	1,720
	<hr/>	<hr/>
	2,368	1,816
	<hr/>	<hr/>

Notes to the financial statements (continued)

18 Debtors

	2018 £'000	2017 £'000
Rent and service charges receivable	792	929
Less: provision for bad and doubtful debts	(590)	(756)
Prepayments and accrued income	772	2,820
Other capital grant received	654	628
Other debtors	994	412
Trade debtors	72	3
Less: provision for bad and doubtful debts on non-rental debtors	(229)	(273)
Amounts owed by group undertakings	4,098	3,570
	<u>6,563</u>	<u>7,333</u>

There are no special payment term, interest or security arrangements in place with regard to amounts owed by the parent company or by subsidiary or other group undertakings.

19 Creditors: Amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	2,123	1,791
Rent and service charges received in advance	1,344	1,199
Other taxation and social security	484	499
Pension contributions due	200	196
Social housing grant received in advance	103	542
Amounts owed to group undertakings	1,684	3,969
Accruals and deferred income	2,828	2,923
Disposal proceeds fund (note 22)	-	1,021
Holiday pay accrual	156	156
Deferred grant income (note 21)	816	685
Other creditors	134	182
	<u>9,872</u>	<u>13,163</u>

There are no special payment term, interest or security arrangements in place with regard to amounts owed to the parent company or by subsidiary or other group undertakings.

Notes to the financial statements (continued)

20 Creditors: Amounts falling due after more than one year

	2018 £'000	2017 £'000
Debt (note 24)	369,284	354,007
Recycled capital grant fund (note 23)	219	492
Deferred grant income (note 21)	80,342	73,745
Disposal proceeds fund (note 22)	2,378	1,497
	<u>452,223</u>	<u>429,741</u>

21 Deferred grant income

	2018 £'000	2017 £'000
At 1 April	74,430	67,339
Grant received in the year	7,725	8,098
Transfer to recycled capital grant fund	(181)	(272)
Released to income in the year	(816)	(735)
	<u>81,158</u>	<u>74,430</u>
At 31 March		
Amounts to be released within one year	816	685
Amounts to be released in more than one year	80,342	73,745
	<u>81,158</u>	<u>74,430</u>

Notes to the financial statements (continued)

22 Disposals proceeds fund

	2018 £'000	2017 £'000
At 1 April	2,518	1,768
Net sale proceeds recycled	-	879
Interest accrued	15	11
Acquisition of dwellings for letting	(155)	(140)
Balance at 31 March	<u>2,378</u>	<u>2,518</u>

The above balance is disclosed as follows:

	2018 £'000	2017 £'000
Amounts due within one year	-	1,021
Amounts due after more than one year	<u>2,378</u>	<u>1,497</u>
	<u>2,378</u>	<u>2,518</u>

The fund has been used to purchase social housing properties in accordance with permitted uses of the fund. A further £1.125m has been committed with the approval of the Homes England. During the year £nil was repaid (2017:£nil).

23 Recycled capital grant fund

	2018 £'000	2017 £'000
At 1 April	492	220
Grants recycled	181	272
Interest accrued	1	-
Acquisition of dwellings for letting	(455)	-
Balance at 31 March	<u>219</u>	<u>492</u>

Withdrawals from the recycled capital grant fund have been used for the purchase and development of new housing schemes for letting.

Notes to the financial statements (continued)

24 Debt analysis

	2018 £'000	2017 £'000
Due after more than one year		
Bank loans	370,000	355,000
Loan refinancing fees	(716)	(993)
	<u>369,284</u>	<u>354,007</u>
Repayable in		
Two years or more but less than five years	169,284	154,007
After five years	200,000	200,000
	<u>369,284</u>	<u>354,007</u>

The bank loans are secured by fixed charges on individual properties and by a floating charge over the assets of the Trust. The interest rate in relation to £225m of debt is fixed for periods of between 4 and 22 years. The average rate of interest for fixed loans including margins at 31 March is 6.50%. The Trust has a total loan facility of £440m. At 31 March 2018 the Trust had undrawn loan facilities of £70m (2017:£85m).

25 Share Capital

The Wrekin Housing Trust is a company limited by guarantee and therefore has no share capital.

26 Reserves

Revenue reserves include all retained surpluses and deficits in relation to current and prior periods.

At 31 March 2018, the revenue reserve included £38,290,000 in respect of the defined benefit pension liability (2017: £40,716,000).

Restricted reserves relate to the agreement with the former English Partnerships that the Trust retains all receipts from the sale of housing assets on the Woodside estate for reinvestment in the regeneration of the estate.

Notes to the financial statements (continued)

27 Financial commitments

	2018 £'000	2017 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	33,741	54,633
Expenditure authorised by the board but not contracted for	49,460	11,128
	<u>83,201</u>	<u>65,761</u>

The above commitments reflect the continuation of the Trust's Asset Renewal and Development Programme. The commitments will be financed through a combination of borrowings, which are available for draw-down under existing loan arrangements, social housing grant, expected shared ownership sales proceeds, property sales under the Trust's Asset Renewal Strategy and cash generated from operating activities.

Operating leases

The future minimum lease payments of leases are as set out below. Leases relate office accommodation and vehicles.

The Trust's future minimum operating lease payments are as follows:	2018 £'000	2017 £'000
Within one year	963	1,294
Two to five years	2,323	3,025
	<u>3,286</u>	<u>4,319</u>

28 Contingent liabilities

The Trust had no contingent liabilities to disclose at 31 March 2018 (2017: £nil).

29 Related parties

As a wholly owned subsidiary of The Wrekin Housing Group Limited the company is a qualifying entity so it is exempt from the requirements of FRS102 to disclose transactions with other members of the group headed by The Wrekin Housing Group Limited on the grounds that the consolidated accounts are publicly available.

There are no other related party transactions to report that have not been disclosed elsewhere in these financial statements. Please see note 10 for details of executive and board remuneration.

Notes to the financial statements (continued)

30 Ultimate parent undertaking

The Trust is not required to prepare consolidated accounts as these have been prepared by the Trust's ultimate parent company, The Wrekin Housing Group Limited, which is incorporated in England.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by The Wrekin Housing Group Limited.

A copy of the group accounts is publicly available from the Trust's registered office as shown on page 2.