Financial Statements
31 March 2021

Lincolnshire Housing Partnership

Case Study

"You came along and changed our lives"

Couple reveal how finding a new home with Lincolnshire Housing Partnership was better than 'winning the Pools'.

For five years, 62-year-old Terry and his wife paid more than they could afford to live in a home that was in shocking disrepair. They rented the house in Lincolnshire from a private landlord. The couple say the property was riddled with rot, damp, and mould, had unsafe floors and ceilings, and regularly leaked in water when it rained. The conditions were not only affecting their mental wellbeing, but their physical health too. And on top of their four-weekly rent, they had to pay for the annual safety checks on their boiler. They often went short on food to meet payments.

"We were desperate," said Terry. *"I felt suicidal. Then you came along, gave us a palace, and changed our lives. You were kind."*

In October 2020, Terry and his wife moved into a dormer bungalow near Grimsby, owned by Lincolnshire Housing Partnership. He has nothing but praise for the new home, the support they have received and especially for Helen Bell, our Lettings Officer, who helped secure the tenancy.

"When I say it felt like winning the pools, it is an under-statement," said Terry.

Not only are their weekly rent payments substantially lower, their home is dry, safe and warm with features to help with accessibility; repairs are carried out when they are needed; the annual boiler service is taken care of and their utility bills have more than halved.

"I cannot put into words what you have done. You change lives. "I believe you saved mine. Moving in had an immediate effect, not just financially, but on our health. "When we got the keys and the lady left, I sat on the stairs and cried. This is something I don't do but I was so grateful and overwhelmed. You have no idea what lives you help. There are people out there that could be in a worse situation than we were. Keep going."

Julie Hunt, Lettings Manager at LHP, said: *"We would like to thank Terry for his kind words, especially about the support he received from Helen. We wish him and his wife many happy years in their home.*

"Our homes should be somewhere we feel safe and secure. They are where we seek sanctuary, put down roots and build our lives. But as we have heard from Terry, a poor home can quickly affect our mental and physical health.

"We are just happy we were able to help."

Contents

Information

Board of Management

Chair
Anthony Read

Yvonne Lowe
Paul Casey
Carl Dewey
Jiggy Lloyd
Rob Griffiths (resigned 15 September 2020)
Rob Jones

Simon Parkes
John Crowther (appointed 15 September 2020)

Co-Optee
John Crowther (resigned 15 September 2020)
Kate Lindley (appointed 2 February 2021)
Sally Marshall-Mills (appointed 2 February 2021)

Chief Executive

Chief Executive
Murray Macdonald

Secretary

Secretary
Mike Walters
(resigned 31 July 2020)

Zoe Wortley
(appointed 31 July 2020)

Executive Directors

Executive Director of Customers
Bridget Lloyd

Executive Director of Resources
Julie Kennealy (resigned 31 October 2020)

Interim Finance Director
Kathryn Price (appointed 28 September 2020)
Interim Director of Resources (from 2 November 2020)

Executive Director of Business Transformation
Suzanne Wicks

Executive Director of Property
Alex Dixon (appointed 6 April 2020)

Registered Office:
Westgate Park,
Charlton Street,
Grimsby, North
East Lincolnshire
DN31 1SQ

Financial Conduct Authority Registered Number: 7748

Regulator of Social Housing Registration Number: 4877

Chair & Chief Executive Report

2021 was an unprecedented year for everyone and LHP was no exception. Our priority at the outset of the pandemic was, and has remained, the safety of our customers and staff whilst ensuring our service delivery and we are grateful to all of our LHP colleagues and partners for their hard work and commitment throughout such a challenging period.

Despite the circumstances LHP continued to make progress with achievements being an increased focus on reducing voids and repairs and proactively working with customers to address customer debt to deliver an upper quartile performance in income and arrears management. All of this is important as it gives us the ability to reinvest in the way we continue to deliver for our customers.

Staff were enabled to work remotely very smoothly by the rollout of digital capability to ensure our high levels of customer support didn't fall and we achieved an increase in our Investors in People score that we will continue to build on to ensure it is maintained and indeed improved. Coupled with this shortly after year-end we conducted our first ever Best Companies survey with excellent results which give us an in depth understanding of how we can improve and ensure LHP is a great place to work for our staff. Underpinning our activity here was the introduction of a Corporate training plan and our Senior Managers completed management training as well.

Our finances remain strong with us retaining our Standard and Poors credit rating of A+ and we very successfully completed the sale of our £75m retained bond improving our liquidity significantly.

The Governance of LHP is hugely important to us and despite all the challenges of the past year we were delighted to secure an upgrade in our Governance rating to G1, the highest possible, just after year end. During the year we also strengthened the Board with two new appointments welcoming Kate Lindley and Sally Marshall-Mills who both bring with them considerable expertise for the benefit of LHP.

Looking forward, in March we began a consultation with customers, staff, stakeholders and the Board to review what is important to LHP as we look to formulate our new Corporate plan to take effect from April 2022.

Customers will also benefit from the rollout of our new housing management system in August which will enhance the way we are able to look after them and where we are also improving the current telephony offering which will allow us to address customer enquiries through more channels and provide an even better service.

Overall, we are proud of our achievements over the last year and look forward to the future with confidence.

Chair & Chief Executive Report

Key Facts

- Retained the S&P Credit Rating of A+
- The sale of 75m of retained bonds in two tranches. An initial sale of £40m of retained bonds from our 2014 public issuance and an agreed one-year deferred sale of the remaining £35m
- An increased focus on reducing voids and repairs, which were achieved despite the ongoing Coronavirus pandemic
- Proactively addressing customer debt to ensure an upper quartile performance in income and arrears management
- The rollout of IT hardware and software that allows colleagues to work remotely and continue to deliver high levels of support
- An increase in the IIP score, with constructive feedback that allows for an action plan to be put in place to continue this upward trajectory in the future
- Introduced a Corporate Training Plan and our Senior Managers completed management training
- For new employees, the induction and onboarding process was made available online
- A staff wellbeing group was introduced

Key financial highlights

	2020/2021 Actual	2019/2020 Actual
	£m	£m
Turnover	55	53
Operating Surplus	16	16
Operating Margin	30%	30%
Interest Payable	24	7
Total Fixed Assets	305	297
Debt	209	161
Net Worth	103	116
Interest Cover	57%	170%
Net debt: NBV	55%	51%

There was an increase of 3% in fixed assets, reflecting the continued investment in new build properties, during the year an additional 89 units were added to the stock, alongside 27 units being demolished, in line with the corporate plan.

LHP also recorded:

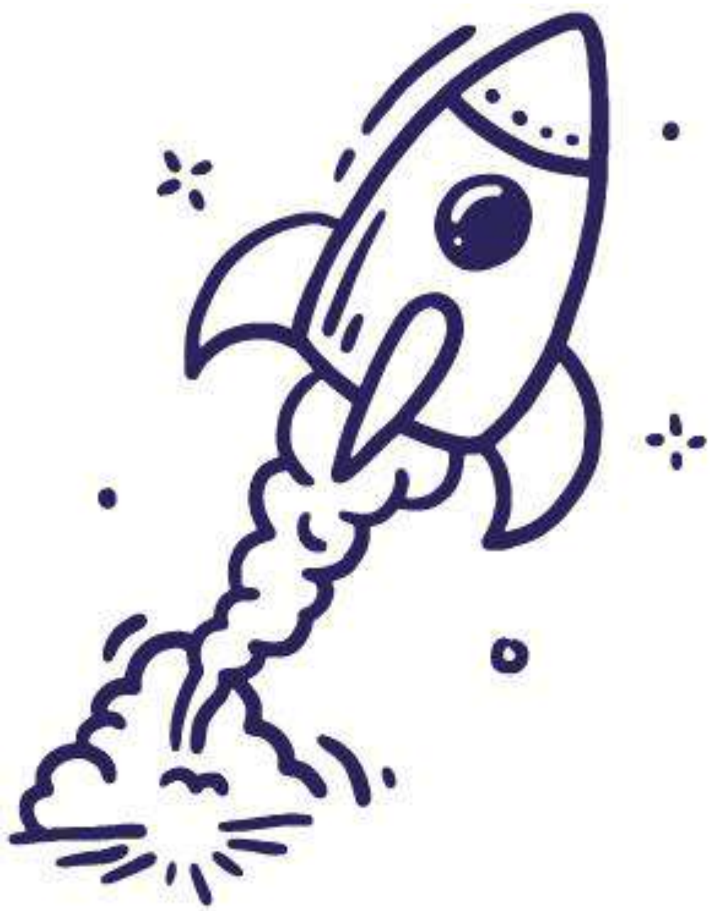
- Stable underlying Interest Cover ratios. 2021 ratio excluding break costs (235%)
- Improved liquidity with adequate reserves to meet the expenditure commitments over three years
- Closing cash balance of £41.8m as at 31st March 2021

Chair & Chief Executive Report

Operational Performance

LHP has improved operational performance in voids, re-let times and arrears management with highlights including:

- Average re-let times improved during the year from 83 days in Q1 to 77 days in Q4.
- 141 properties were vacant at year end. This compares well to 410 in April 2020 and represented 1.2% of stock.
- 95.6% of the repairs were completed right first time placing LHP's performance in the HouseMark upper quartile.
- 94% of LHP's customers were satisfied with their most recent repair. This was marginally short (less than 1%) of the HouseMark upper quartile position.
- Current tenant arrears have remained stable at year end, against a backdrop of more significant Universal Credit rollout and COVID -19 uncertainty. The year-end position of 1.84% current tenant arrears placed LHP's performance in the top quartile.



Statement of The Board's Responsibilities in Respect of The Financial Statements

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the group and association and of the income and expenditure for the period of account.

In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the group and association, and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Account) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the group and association and to prevent and detect fraud and other irregularities.

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

Statement of Compliance

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in paragraph 4.7 of the 2018 SORP for Registered Social Housing Providers.

The Strategic Report was approved on 27th July 2021
on behalf of the Board

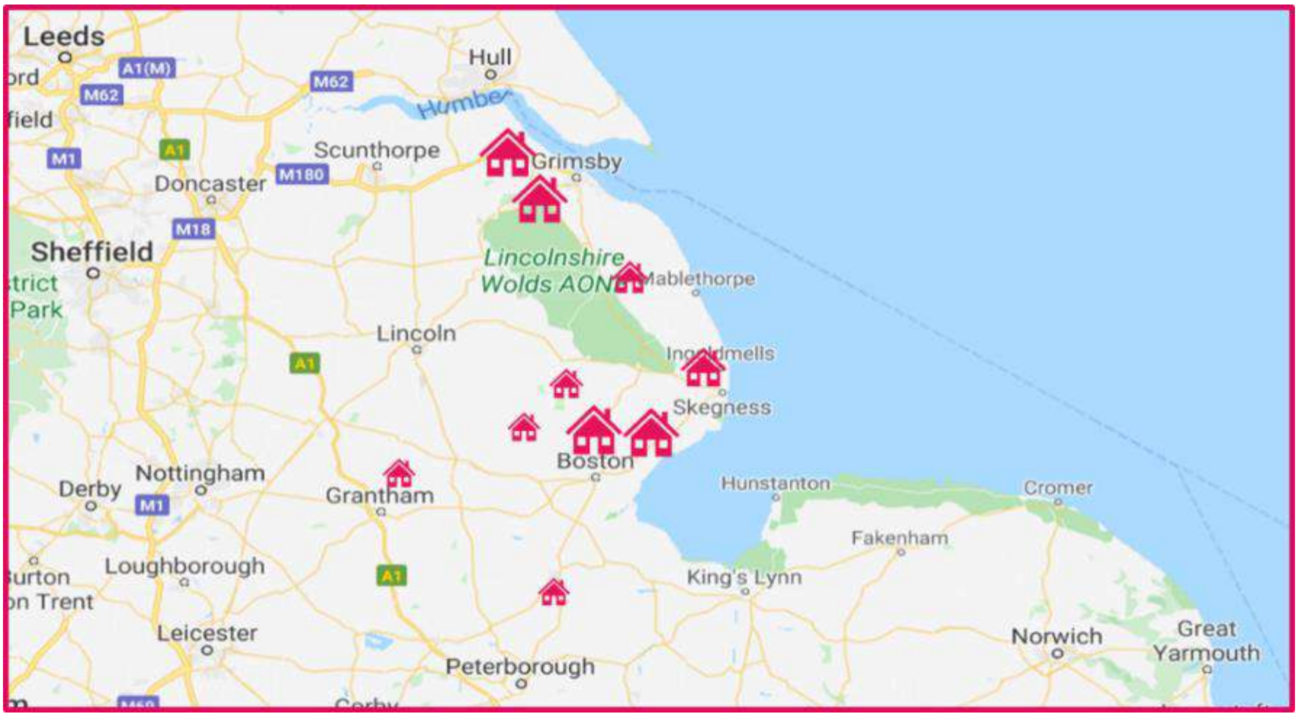
DocuSigned by:
Anthony Read
B78E71ADFE3A428...............

Anthony Read
Chair

Strategic Report

About LHP

LHP is a registered provider of social housing whose purpose is to provide affordable homes for people in the greatest need in Lincolnshire. Our homes are located across the east coast of Lincolnshire. Over 75% of our stock holdings are found near Boston and Grimsby, which include some of the poorest wards in the country.



LHP's core social purpose means that as an organisation we concentrate our support and investment activities to ensure the long-term well-being of our customers, staff, and the communities in which we are based. LHP exists to provide high quality and affordable homes in strong communities across Lincolnshire and we remain resolute in our commitment to that purpose which drives all we do. We focus on meeting the needs of our existing residents by investing in their homes, local communities, and services.

95% of our revenue is derived from social housing activity, with general needs rental properties accounting for 79% of our units.

Strategic Report

Our Customers

One of LHP's core values is "Customer First," and we put customers at the heart of our decision making and develop services that are built around their needs. This includes having a Customer Scrutiny Panel and several Key Service Improvement Panels, which review and make recommendations as to how LHP can improve its services along with interrogating our performance.

"Together" is another of LHPs core values and we work in partnership to provide:

- Homes across a range of tenures which address the needs of the community; from people looking to rent their first home, where they can safely bring up their families to homes where they can have a comfortable and independent old age
- Communal spaces which can be used safely by everyone and promote a sense of community
- Support for our customers to maximise their income and manage any debt
- Support for our elderly and disabled customers to be independent
- Develop employment and training opportunities which benefit our customers and the wider Community
- Work with key stakeholders and the wider community to encourage strong communities

Our values

Great Homes, Strong Communities

Customer first

We will put customers at the heart of our decision-making process and develop services that are built around their needs.

This emphasis will be felt by customers in every interaction with us, driving up our customer satisfaction and ensuring we invest our money where it has the greatest impact.

Listen, act and learn

We will create a structured opportunity for stakeholders, staff, and customers to provide feedback.

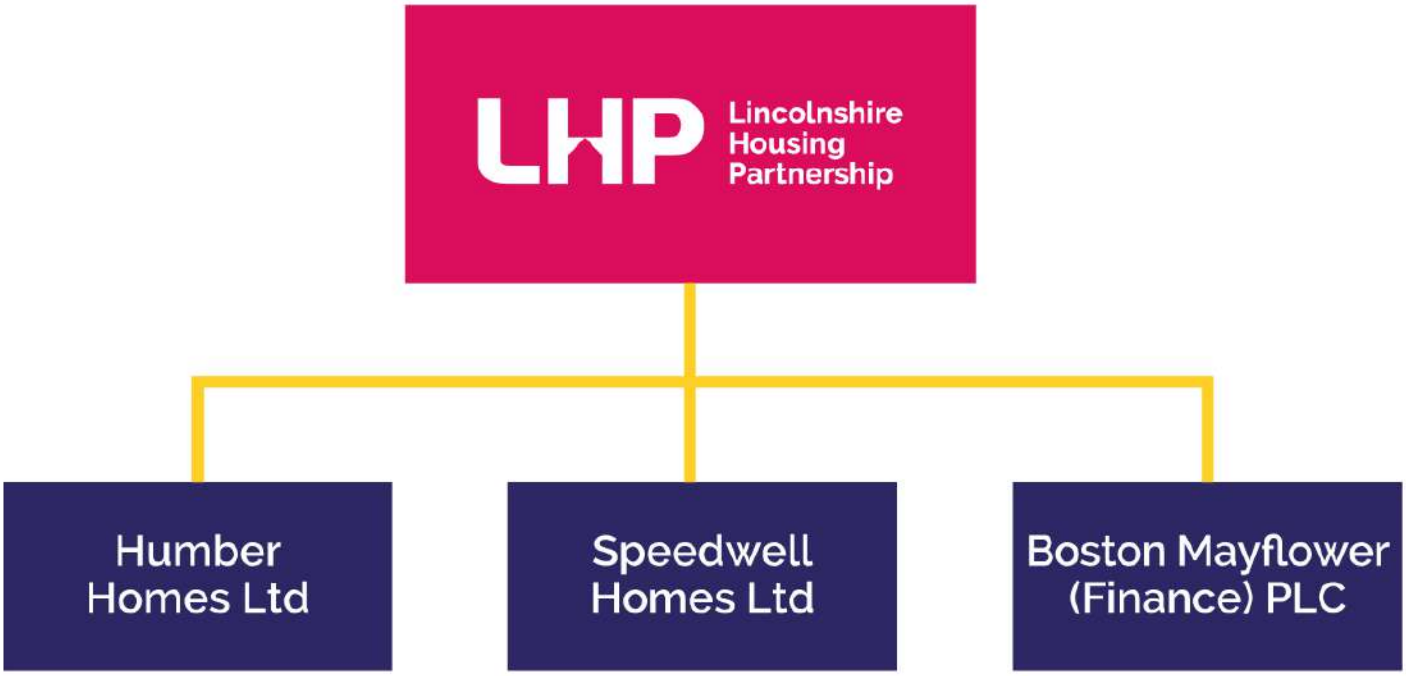
We will value this time and insight and use it to act and learn from it. Before investing in new and existing projects, we will seek the views of those set to benefit.

Together

We will proactively seek out new partnerships and work to build on the many successful joint working projects already underway.

We can achieve more by working together with our key stakeholders and by working together as one team.

Corporate Structure



Strategic Report

LHP's Executive Leadership Team

Murray Macdonald
Chief Executive

- Responsible for directing the company, preparing, and implementing strategic and operational plans
- 15 years' experience in housing and housing focused culture
- Chair of Finance Committee and full Board Member Lincolnshire NHS CCG
- Committed to delivering excellent services to tenants and partners

Bridget Lloyd
Executive Director of Customers

- Housing professional with 20 years' experience, 10 of those at a senior level
- Specialises in people, equality & diversity, and equal opportunities
- Focusses on the customer journey, ensuring that the customer voice supports the business to shape service delivery and challenges performance

Alex Dixon
Executive Director of Property

- Over 25 years' experience in housing asset management, maintenance, and development
- Promotes an innovative approach to housing, through new design and sustainability principles
- Previously held directorships at Freebridge Community Housing and Bromford Housing Group

Suzanne Wicks
Executive Director of Strategy, Culture and Digital

- Over 25 years' experience in the housing association and local government sectors
- Focused on business and digital integration and transformation for the past 12 years
- Former non-executive director and Senior Independent Director at Greenfields Community Housing, as well as Chair of the Home Committee, and a member of the Governance & Remuneration Committee

Kathryn Price
Executive Director of Finance

- Experienced commercial finance director, leader, and qualified coach
- Expertise in delivering sustainable change to improve business performance
- Proven experience in the charity, housing, and commercial sectors, undertaking consultancy assignments and senior positions to deliver improvements to financial viability, value for money and business capability

Strategic Report

Corporate Plan

The Corporate Plan established six strategic priorities and clearly identified key deliverables for each priority by the end of the plan period.

As part of the Business Planning process, LHP has considered its current operating environment carefully and has factored this environment into its corporate objectives, risk management strategy, assurance framework and its financial plan.

Our Corporate Strategy

Each priority is underpinned by a key strategy that outlines how the priorities will be achieved.

The Coronavirus pandemic has seen LHP accelerate progress on the Digital Transformation Strategy enabling effective remote working during lockdown. These remote working changes are being consolidated and expanded as we work at pace on how we bring forward a longer-term agile workspace and practices for the near future.

To ensure LHP's customers receive excellent and timely services, investment continues into our MGI (Mary Gober International) Customer First programme to ensure staff consistently act in a customer focused can-do manner, which puts LHP's customers at the heart of the business.

LHP value the effective relationships with our Local Authority partners and have actively supported wider community improvement ambitions and longer- term strategic plans for growth and economic wellbeing across the Group's operating area.

LHP has prioritised strong governance. The Group is overseen by a single Board of skilled and experienced professionals.

Strategic Report

Corporate Strategy and Objectives

LHP's Business Plan is built around a clearly stated organisational strategy focused on improving both operational effectiveness and customer satisfaction.

Asset Management and Growth Strategy

Expansion within Lincolnshire

LHP has its main concentration of assets in two of the nine local authority areas of Lincolnshire, we have agreed to explore growth within these areas and to the other areas of Lincolnshire, but not beyond.

Meeting High Rental Demand Needs to Support Regeneration

We will explore growth in areas of high rental need where clear rental markets are seen to provide income to continue to regenerate other areas of our asset holding

Acquisition rather than land led development

We will consider the continued acquisition of new s106 and non s106 homes from developers but not engage in significant speculative land led development.

No outright sale

We will continue to grow our core rented products and not engage in the acquisition of properties for outright sale

Our strategy concentrates on our core product, social and affordable housing, and the Group ended the year with 12,091 (2020: 12,106) affordable dwellings including 311 (2020: 290) shared ownership properties.

The table summarises our current stock portfolio. Our shared ownership properties represent less than 3% of our stock and the proportion of shared ownership properties in our planned growth programme is limited to compliance with planning policy within our Local Authority areas to support housing need and, as such, is not speculative in nature.

LHP – Summary of Stock	2021	2020
Rented General needs	10,029	10,025
Older / Supported persons dwellings	1,751	1,791
Shared ownership	311	290
Total affordable dwellings	12,091	12,106
Other properties	3	19
Leaseholders	367	364
Total Dwellings	12,461	12,489

Economic Uncertainty

The housing crisis remains one of central and local government focus regardless of the uncertainty around the UK's departure from the EU and, most recently, COVID-19. Our business is focused around the needs of our communities and the nature of our business is counter cyclical; economic uncertainty historically has driven an increase in needs for the nature of the service we offer. We have focused carefully on our business risks and scenario testing for the potential catastrophic consequences economic uncertainty could bring. We are a financially resilient organisation operating a low-risk business and financial strategy, supporting our residents and the wider communities that serve them.

Housing Demand

LHP's economic profile was assessed as strong at the year-end by S&P Global as part of the organisation's rating review in April 2021. East England continues to demonstrate slow but steady population growth; the numbers of households on our local authority waiting lists has grown 1.1% year-on-year since 2016. Social rents are lower than market rents across the area, indicating good levels of affordability.

Growth

LHP has operated a low-risk strategy with new-build development concentrated on traditional social housing activities with limited market risk and predictable income streams and no plans in place to change this approach. Within this asset growth programme, the organisation is focused on embedding, assessing, and refining its development service. We are committed to growth of 509 units over the 5 years from 2021/22.

Environmental, Social and Governance (ESG)

LHP believe that they can and should contribute to a more sustainable future. In doing so, LHP can create positive environment and social impacts and outcomes that benefit the customers, communities, employees and other stakeholders.

LHP's ESG strategy provides a framework where ESG is integrated into ongoing strategic and operational activities. This is achieved by including ESG considerations in the strategy, policy, and decision-making processes. Through integrating with the wider business processes, LHP will ensure that ESG is delivered effectively and efficiently to maximise the benefits to the communities where we operate.

To be able to demonstrate the impact of ESG progress, as part of the business planning and monitoring process alongside its' existing performance framework, LHP will set measurable ESG objectives and targets.
In addition to quantifiable targets, the strategy will incorporate qualitative measures which will be reported by the specific business areas.

Impacts of Welfare Reform

LHP has closely monitored the impact of Welfare Reform on our customers throughout the year and taken a supportive approach with customers moving onto Universal Credit, which continues to protect income and sustain tenancies.

Key elements of our approach to supporting financial wellbeing of residents include:

- LHP works closely with Citizens Advice across all areas providing a seamless transition between housing advice and financial advice, whilst working closely with Age UK, CA staff and volunteers. We provide support to customers on a needs basis and the CA provides a “Help to Claim” service for those requiring assistance with making a Universal Credit claim.

- LHP has a specialist Income Team, led by a dedicated Head of Service to ensure income remains a priority at a corporate level.

- LHP also have a Money Support service which is part of the Income Team providing a free service to LHP customers, which includes undertaking benefit checks, assistance with benefit claims, budgeting and utility tariffs.

- A pre-tenancy financial assessment is undertaken to ensure potential new tenants can afford the properties they are being offered, with referrals made to the Money Support Service for assistance when appropriate.

- Universal Credit arrears are monitored closely, and every new claimant is contacted directly to offer tailored support and guidance and to discuss their rental responsibilities.

- Payment arrangements are agreed with those customers in rent arrears that are affordable, sustainable and are closely monitored.

citizens advice

UC Universal Credit

Housing for Vulnerable and Older People

Supporting vulnerable and older customers to live well and independently in their own homes remains a key priority for the Association. LHP’s property portfolio includes over 1,800 properties suitable for vulnerable and older residents, comprising flats, bungalows and traditional sheltered housing schemes. Support is provided to help residents live as independently as possible, but the organisation is acutely aware that the design of some of the accommodation provided is dated and needs to be refreshed so that it meets the future needs and aspirations of an ageing population. In conjunction with our Asset Management Strategy, scheme appraisal work is underway to ensure this accommodation is fit for purpose and future proofed to meet changing needs.

Strategic Report

Rents

The Association has a rent setting policy that complies with the Government's rent guidelines and the Rent Standard. From April 2020, Registered Providers will be able to increase social rents by CPI+1% for a period of five years. CPI for September 2019 was 1.7%, resulting in a standard increase from April 2020 of 2.7%.

Group Financial Performance

Financial Review and Results Position

The financial results are set out on pages 51 to 106. The accounting policies of the Group are set out on pages 58 to 69 of the Financial Statements.

The Group deficit, (before changes to investment property valuations, and actuarial changes in the valuation of defined benefit pension schemes) for 2021 was £7.8m, compared to a surplus of £8.8m at 31st March 2020. The deficit was a result of the Group incurring £18.4m of loan breakage costs as part of a treasury restructuring process. Without these breakage costs a surplus of £10.6m would have been reported.

Turnover has increased by £1.6m to £54.7m (2020: £53.1m). Operating Expenditure has slightly increased from £37.2m to £38.6m, with cost of first tranche sales falling from £1.5m to £1.3m. This has resulted in an improved operating profit of £16.2m, compared to £16.0m last year and a consistent operating margin of 29.63% (2020 – 30.16%).

Interest and financing costs have increased by £17.0m to £24.2m for year ended 31st March 2021 (2020: £7.2m). This increase included break costs of £18.4m incurred upon breaking the Lloyds Bank fixed rate agreement and the conversion of the variable rate loan and the RCF facility with Lloyds Bank to a single RCF facility, securing a more competitive interest rate moving forward.

The group continues to produce a strong operational financial performance.

Strategic Report

The table below summarises the overall results for the Group:

Consolidated Statement of Comprehensive Income

	2021 £'000	2020 £'000
Total Turnover	54,690	53,139
Operating expenditure and cost of sales	(39,859)	(38,721)
Gain on disposal of property, plant and equipment (fixed assets)	1,376	1,611
Operating surplus	16,207	16,029
Net Interest and financing costs	(24,100)	(7,196)
Increase in Valuation of Investment Properties	100	-
(Deficit)/ Surplus for the year	(7,793)	8,833

Comprehensive Statement of Financial Position

	2021 £'000	2020 £'000
Net book value of tangible and intangible assets	305,414	296,778
Net current (liabilities)/assets	35,673	5,066
Total assets less current liabilities	341,087	301,844
Loans and long-term creditors due after 1 year	(229,058)	(181,807)
Pension liability	(9,381)	(3,749)
Total net assets	102,648	116,288
Revenue reserve	57,986	71,382
Revaluation and restricted reserve	44,662	44,906
Total reserves	102,648	116,288

Strategic Report

As at April 2021, LHP had the following credit rating:

S&P Global

Ratings

A+

Outlook Negative

April 2021

- In April 2021, had its credit rating affirmed as A+ by Standard and Poor's. While this now includes a negative outlook (due in some part to extra expenditure impacted by rebound spend related to Covid-19) it nevertheless re-affirms Lincolnshire Housing Partnership's financial strength and resilience.

- LHP has a stronger liquidity position due to its recent capital raising, providing further resilience to withstand potential pressures from the pandemic

Strategic Report

Treasury Management

The Group is funded by a combination of retained reserves, long-term funding from the capital markets and grants awarded. LHP reviews and updates its Treasury Management Strategy and Policy on an annual basis to ensure financial risks are managed effectively, considering best practice and changes in the Regulatory approach of the Regulator of Social Housing. The Treasury Management Policy, Strategy and procedures are structured to minimise exposure to funding, price, credit, cash flow and liquidity risks that could jeopardise the delivery of Corporate Objectives.

Performance against the Treasury Management Strategy is reviewed on an annual basis. Compliance with the Treasury Management Policy is reported to the Board quarterly as part of the Financial Performance Report. Stress testing of the Business Plan is conducted on a quarterly basis both to identify key financial risk areas and to ensure appropriate contingency plans are in place.

Existing Funding

In November 2020, LHP's facilities with Lloyds Bank were restated to form a 5-year Revolving Credit Facility (RCF) of £91.2m of which £62m was immediately drawn to replace the previous facility leaving £29.2m undrawn The new facilities were fully secured on housing assets owned by LHP.

On 5 June 2020, LHP agreed the sale of £40m from the £150m bond agreed in 2014. This was sold on that date and settled on 14 June 2020. This brings the sale from this bond to £115m having already sold £75m in 2014.

As at 31 March 2021, LHP had a total of £62m drawn from Lloyds Bank RCF and £130m drawn funding via the Capital Markets. It had undrawn facilities of £29.2m in loan financing available from RCF and £35m unsold facilities from the Capital Markets.

Strategic Report

The loan portfolio at 31 March 2021 is summarised below:

Facility	Total facility £m	Drawn Value £m	Undrawn Value £m	Rate
Bond	150.0	115.0	35.0	Fixed Interest Rate 4.321%
Private Placement	15.0	15.0	0.0	Fixed Interest Rate 4.077%
Lloyds Bank RCF	91.2	62.0	29.2	Compounded SONIA + 1.12%
Total	256.2	192.0	64.2	

Sale of Retained Bond and conversion of bank borrowings

On 5 June 2020, LHP agreed the sale of £40m from the 2014 £150m Bond and settled on 19 June 2020. Immediately following the sale of the retained bond, the Lloyds Bank fixed term borrowings were converted to a variable rate loan at 3-month LIBOR + 0.475%. Break costs of £18.4m incurred upon breaking the Lloyds Bank fixed rate agreement were covered by the premium of £18.7m received on the sale of the £40m bond. On 24 November 2020, LHP converted the variable rate loan and the RCF facility with Lloyds Bank to a single RCF facility of £91.2m from which £62m was immediately drawn.

On 5 June 2020, LHP agreed the forward sale of the of remainder of the £150m retained bond, £35m being sold and settled on 7 June 2021.

Existing Hedged Position

Following the sale of the retained bond, a variable interest rate facility was put in place alongside an existing Revolving Credit Facility and both were replaced by a single Revolving Credit Facility of the same combined facility value based upon a compounded SONIA variable rate.

LHP's fixed rate capital market funding has no embedded or stand-alone interest rate swaps, and as such, there is no mark to market cash or security call risk.

The 2021 Business Plan is funded in full, utilising only the proceeds of the retained Bond sold in June 2021, together with the full RCF facility. The current RCF is agreed until November 2025.

The cash balance at the end of 2020/21 is £41.2m (2019/20: £11.8m).

Sufficient liquid funds will be maintained to cover committed capital expenditure for 24 months.

Strategic Report

Loan covenants are based on interest cover and asset value (gearing). Performance against these measures is carefully monitored to ensure that breaches of the covenant do not occur. There are no covenant failures throughout the year under review and no breaches of covenant are forecast throughout the life of the Business Plan.

LHP has a 30-year business plan which is updated, and stress tested on a quarterly basis both to identify key financial risk areas and to ensure appropriate contingency plans are in place.

An extensive suite of stress-testing has been developed with independent specialist advisors. The suite includes 7 single variant and 4 multi-variant tests which are evaluated against the financial covenants and golden rules. These tests cover a range of themes including:

- Operational risks, focusing on operating costs. This includes the risk of a significant adverse event affecting the residents and requiring prompt investment in the properties
- Revenue risks, including the regulation of rental income and market exposure
- Treasury including macro-economic and financing risks
- Development and Investment, including the introduction of more sales risk on shared ownership homes and the potential impact of delayed handover and sales
- Updated “Bad Brexit” scenario (using Bank of England Stress test assumptions)
- Perfect Storm - a combination of the above
- COVID-19 Impact remains as a stress test in the planning assessment

Value for Money (VfM)

The Board leads the Value for Money (VfM) approach, through setting the Corporate Strategy and approving the VfM strategy as well as the budget and business plan. The financial planning process ensures that LHP achieves a healthy balance between delivering customer satisfaction, maintaining quality homes, creating a supply of new housing and providing a great place for employees to work whilst ensuring the financial health of the organisation.

The Regulator of Social Housing published a VfM Standard in 2018. The standard set out the requirement to have an approach agreed by the Board to achieve VfM in meeting the strategic objectives and that demonstrates delivery of VfM to the stakeholders.

2020/21 VfM in summary

The budget for 2020/21 included a savings target of £990k from various sources and these have been achieved.

Digital transformation

We have continued to implement our digital strategy, the means by which we will reduce overhead costs in the future. During 2020/21 we have embedded our agile working approach and continued to deliver our services effectively during the Covid-19 pandemic.

In 2021/22 the benefits from the investment in the new single housing management system begin to be realised with identified savings of £250k built into the budget and plans in place to achieve the remaining £500k savings by 2023/24. In 2020/21 the full implementation of RentSense meant that the savings from a reduction in two FTEs were fully realised.

The Aareon Smartworld technology platform will be implemented during 2021/22 and is the basis for creating a service for our customers that is accessible on estates, responsive and able to endorse customers’ enquiries at the first point of contact with the target to achieve 30% of transactions via the self-service portal.

Benefits from the Aareon Smartworld platform will also be realised in back office areas and savings have been built into the 2021/22 budget and future years to reflect the realisation of transaction efficiencies.

Procurement

During 2020/21 we completed the refresh of our procurement function and putting in place policies and procedures which are now driving VfM in our expenditure in 2021/22 and beyond.

Treasury

During 2020/21 we generated better VfM from our funding facilities through renegotiating our Lloyds facility into a single 5-year RCF allowing us to repay and reborrow as required, thereby saving interest costs.

The sale of £75m of retained bonds in June took advantage of the low interest rates environment while avoiding negative cost of carry.

As a result, our Weighted Average Cost of Capital reduced from 4.45% to 3.44%

Housing Assets – Looking back

A significant focus has been given during 2020/21 to develop and begin the implementation of plans to reduce the cost per property of maintenance through efficient delivery of planned maintenance and improving the efficiency of the repairs service. LHP continued its work to improve the overall value for money of its operations by ensuring that investment was made at the right level and at the right time in its assets and those assets which were not performing well were reviewed and action was taken. During this year we were affected by the COVID pandemic and especially during the first lockdown our operations were significantly reduced. To ensure we recovered from this LHP undertook the following projects:

Voids

During the first lockdown we ceased operations on our void properties and so when we remobilised in July 2020, we had 205 active voids awaiting repair and reletting. LHP undertook a significantly increased work programme to tackle this backlog and reduced the number of voids at year end to 56.

In addition to this there were 131 homes that had been decommissioned and were awaiting demolition at the start of 2020/21. By the financial year end these had all been demolished.

Low Demand Properties

LHP has several properties that are in low demand due to their location, size, amenity or other factor. The output of the SHAPE (Savills Housing Asset Performance Evaluation) review undertaken in the previous year showed that certain sheltered bedsit schemes were low demand and so during 2020/2021 LHP stopped letting those in the least popular schemes and began to plan for undertaking options appraisals on these.

Planned Investment and Decent Homes

The COVID pandemic led to a significant reduction in our planned investment programme. In consultation with our partners and following robust risk assessments, external works recommenced during summer 2020, with the agreement of the affected customers. This resulted in a significant investment programme of renewals of roofs, windows and doors being undertaken in the second half of the year bringing forward work from 2021/22. This has ensured that the next year's programme is concentrated on those works that could not be undertaken internally such as kitchens, bathrooms, heating and rewiring, during the pandemic.

Despite the reduction of planned investment programme LHP has maintained a 100% compliance rate for the Decent Homes Standard. However, some works which were originally planned for 2020-21 under our higher Decent Homes Plus Standard were delayed. These works will be prioritised during 2021/22 ensuring LHP can return to the Decent Homes Plus Standard as soon as possible.

Housing Assets - Looking Forward

As we now look forward to the full easing of government restrictions during summer 2021 LHP will continue to undertake projects to further improve the value for money in its operations and the improvement of its assets, these will include:

SAP 69

LHP has an average SAP rating for its homes of 73.29. It is the aim of LHP to ensure all homes have a minimum rating of 69 by 2028. This will be an important step towards our aim to be net carbon neutral by 2030.

Board oversight

The Board maintains direct oversight and control of progress made in delivering our value for money commitments via:

- Bi-annual internal reporting against the VfM metrics prescribed by the RSH.
- Quarterly performance monitoring of a suite of KPIs that demonstrate delivery of our strategic priorities.
- Quarterly financial monitoring of performance against our budget and business plan.
- External benchmarking e.g. Housemark, Global Accounts and external publications,
- Engagement with our customers to involve and obtain feedback on our VfM progress, including through our satisfaction survey process and our tenant forums.
- Ensuring efficiency savings within the business plan are specifically identified and can be successfully planned for.

Value for Money Metrics

The performance against the metrics required by the Regulator of Social Housing is presented below.

		2021	2020	2020 Median
Metric 1	Reinvestment %	5.93%	7.22%	7.20%
Metric 2A	New Supply Delivered - Social housing units	0.73%	1.04%	1.50%
Metric 3	Gearing %	55.24%	50.59%	44.00%
Metric 4	EBITDA MRI	56.67%	170.34%	170.00%
Metric 4 (Adjusted)	Metric 4 - EBITDA MRI - adjusted to remove loan break costs	234.77%	-	-
Metric 5	Headline Social Housing Cost per unit	£3,155	£3,147	£3,830
Metric 6A	Operating Margin - Social housing lettings only	27.20%	27.46%	25.70%
Metric 6B	Operating Margin (overall)	27.12%	27.13%	23.10%
Metric 7	Return on Capital Employed	4.75%	5.31%	3.40%

Metric 1 - Reinvestment %

This metric looks at the investment in properties, both existing stock and new supply as a percentage of total value of properties held. LHP reported 5.93%, which is below the 2020 sector median of 7.20%. This demonstrates our significant investment in our existing stock, and our modest development programme. LHP expects this metric to increase in 2021 because of an increased development programme and continued investment in the existing stock in line with the asset management strategy.

Metric 2A - New Supply Delivered - Social housing units

This metric is the number of new housing units acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end. During the year LHP added 22 social rented properties, 24 shared ownership properties and 43 Other Social Housing to its stock.

Strategic Report

Metric 3 - Gearing %

This metric assesses how much of the adjusted assets are made up of the debt and the degree of dependence on the debt finance. Gearing was 55.24%, an increase from 50.59% in 2020. This is higher than the 2020 sector median. A proportion of the newly acquired debt in year was used to break a long-standing loan, thus not invested in assets but utilised to secure more competitive interest rates going forward.

Metric 4 - EBITDA MRI

This is a key indicator for liquidity and investment capacity. It measures the level of surplus that LHP generates, excluding depreciation, and compares it to the interest payable. LHP is reporting EBITDA MRI of 56.67%, being significantly lower than 170.34% reported in 2020, with the significant reduction due to the £18.4m loan break costs. If the break costs were to be excluded, the metric would be 234.77%, which is well above the 2020 sector median of 170%.

Metric 5 - Headline Social Housing Cost per unit

This unit cost metric assesses the headline social housing cost per unit as defined by the Regulator. LHP has slightly increased its social cost per unit to £3,155 from £3,147 in 2020. This is significantly lower than the 2020 sector median of £3,830.

Metric 6A – Operating Margin – Social housing lettings only

This demonstrates the profitability of operating assets before exceptional expenses are considered. Social housing lettings were at 27.20% slight lower than 27.46% in 2020.

Metric 6B - Operating Margin (overall)

The overall Operating Margin demonstrates the profitability of on-going operations, excluding surpluses on fixed asset sales. The 2021 performance is ahead of budget at 27.12%, being slightly lower than the previous year (27.13%) and above 2020 sector median (23.10%).

Metric 7 -Return on Capital Employed

The Return on Capital Employed gives an indication of how well LHP makes a financial return on the assets it owns. For 2021 the performance was 4.75%, which is better than the 2020 sector median (3.40%) but slightly lower than 2020 (5.31%).

Demonstrating Value for Money to our Residents is a clearly stated priority within our corporate plan. Our strategy is to reduce our overhead costs and reallocate savings made to areas that matter most to our customers and delivering lower cost repairs through our in-house repairs service.

Group Board

The Board comprises up to twelve Board members, including non-executive members and co-optees, and is responsible for the organisation's strategy and policy framework and managing the affairs of the business.

The Board members are drawn from a wide background, bringing together professional, commercial, and local experience. Recruitment is carried out against a skills matrix. This ensures that the full range of necessary skills and experience are available on the board to have proper oversight of delivery of the corporate plan.

A robust independent Customer Scrutiny Panel ensures that the organisation is held to account for the quality of its service delivery and the panel reports directly to the Board. There are a range of Service Improvement Panels and a diverse range of other ways for residents to get involved to shape and improve services.

The Board determines and sets the corporate vision, values, and priorities. LHP have strengthened the Board during the year by appointing two co-optee Board Members.

Anthony Read – Chair

- More than 30 years' experience in banking and finance, property finance, risk assurance and debt management
- Owner of a consultancy business
- Also Board member and Chair of the Audit Committee at Peaks and Plains Housing Trust

Carl Dewey – Board Member

- Over 25 years' experience within the social housing sector
- Extensive skills in financial management, sales, governance and health and safety compliance
- Currently the Director of Maintenance Services at Southern Housing Group

Jiggy Lloyd – Board Member

- Independent adviser to organisations on sustainability strategy, sustainable development and public policy
- Previously held senior posts in UK and multi-national companies
- She owns a consultancy business

Rob Jones – Board Member

- Rob has held several different commercial roles at Board level and senior roles in higher education
- He has also run his own consultancy business, specialising in supporting a wide variety of businesses through strategic change projects

Paul Casey – Board Member

- More than 30 years' experience in the social housing sector
- Director of an affordable housing consultancy (HALO)
- Board member of Nottingham Community Housing Association and Horizon GP

Strategic Report

Yvonne Lowe – Board Member

- More than 25 years' experience in the housing association sector
- Qualified in governance, regulation, risk management, and strategy
- 10 years working at a director level
- Freelance management consultant, working on business transformation projects

John Crowther – Board Member

- Experienced Finance Director of many registered providers throughout the UK
- Chair of Audit & Risk for Hundred Houses Society in Cambridge
- Previous engagements on many successful merger situations

Simon Parkes – Board Member (Senior Independent Director)

- Extensive experience at Board level
- Previously served in the Armed Forces and the Civil Service where he served on the boards of various departments
- Deputy Vice Chancellor of Finance and Infrastructure at the University of Lincoln

Sally Marshall-Mills – Co-opted Board Member

- Significant financial and governance experience has been gained from a 34-year career in Local Government
- Led the delivery of regeneration schemes having worked with public and private sector partners to develop strategic partnerships which have successfully unlocked long term economic growth

Kate Lindley – Co-opted Board Member

- More than 20 years of experience leading customer focused operational services and business transformation within both local authorities and the housing sector
- Currently works as a Client Services Director for Socitm Advisory, specialising in digitally enabled business transformation

 **Anthony Read** *Chair*	 **Carl Dewey** *Board Member*	 **Jiggy Lloyd** *Board Member*
 **John Crowther** *Board Member*	 **Paul Casey** *Board Member*	 **Rob Jones** *Board Member*
 **Simon Parkes** *Board Member*	 **Yvonne Lowe** *Board Member*	 **Kate Lindley** *Co-Optee Board Member*
 **Sally Marshall-Mills** *Co-Optee Board Member*		

Annual Review of Performance

Homes and Communities Agency Interim Regulatory Judgement (April 2021)	Governance: G1 Viable: V2 The regulatory route for the rating was in a Stability Check and Reactive Engagement.
Investors in People	Accredited in Investors in People
Best Companies	Ones to Watch accreditation (awarded in May 2021)
CSE	Customer Service Excellence Standard
HouseMark	Complaints accredited (awarded March 2021)
Telecare Services Authority	Accreditation achieved in 2019.
Credit Rating S&P Global	A+ Rating affirmed, April 2021 (Outlook Negative)

Registered Provider Regulation

As a Registered Provider of social housing (RP), the Association is regulated by the Regulator of Social Housing (RSH).

Employees

With an average of 363 full time equivalent employees, the Association recognises its people as one of its most valuable assets. This year saw the review and launch of our People Strategy with a core focus on developing our staff, delivering a new traineeship programme aimed at employing local people, and creating a highly trained, engaged, and agile workforce.

Our Digital Transformation Strategy has over the last twelve months ensured that our staff have the technology they need to deliver great services anywhere. The planned and accelerated rollout of Windows 10, MS Office 365 and new mobile devices and laptops was delivered at the start of the pandemic and enabled staff to work safely and remotely.

Our new Housing Management solution, Aareon Smart World, incorporating QL and 1st Touch, will be the final element to allow fully mobile working. The solution is enabling us to automate the transactions element of our business meaning our staff have capacity to deliver the “human” side of the services that add so much value to our customers.

The new system will deliver “My LHP”, our new 24/7 digital portal and app for customers allowing customers to engage with LHP at a time that suits them. All systems are due to be live in the summer of 2022.

Our ambitions for an agile workforce go further than just technology. This year we have worked with staff groups to develop the Agile Working Guidelines and we are in the process of considering what the workplace of the future might look like.

We have reviewed and updated our Onboarding and Induction process so that it can be completed online and ensure that new employees get to know LHP even before day 1. The induction includes attending an external Customer First training programme using the Mary Gober International framework, to ensure that they have the skills to deliver excellent customer service.

The Association holds accreditation in Investors in People and saw scores increase by nearly 10% this year. We are in the process of developing our talent management programme, “Rising Stars” to recognise and nurture talent within LHP to aid succession planning.

All members of our Corporate Management Team have completed a level 7 Leadership Development Programme this year. In addition, we have delivered a Managers Development Programme for all line managers across the organisation as we recognise how important they are to our success.

The Association has an Equality and Diversity Policy and is an Equal Opportunities employer. We are committed to taking positive action to ensure that job vacancies are known widely within the community and further afield where appropriate. We are an accredited ‘Disability Confident’ employer and positively encourage and support disabled people within the workplace.

People from all backgrounds are encouraged to apply for vacancies regardless of race, gender, age, religion, sexual orientation, gender reassignment, marital status, pregnancy or disability, and we support both new and existing staff through agreed training and development plans through our People Strategy.

Pay is benchmarked externally every three years to ensure fairness and objectivity. New or changed roles are assessed against an employee agreed evaluation tool to ensure parity in pay. A review of terms and conditions for all employees has been completed to ensure alignment across the organisation.

This year has seen the establishment of the Wellbeing Ambassador Group. The Group is delivering the Health and Wellbeing Programme to support employees, offering a range of activities and initiatives and a focus on mental health, which in the last 12 months has been more important than ever before.

Remuneration Policy

The People & Governance Committee, comprising a Chair and three other Board members, is responsible for setting the Group’s remuneration policy for its Executive Directors and other staff.

The Committee pays close attention to remuneration levels in the sector in determining the remuneration packages of the Executive Directors. Total Remuneration packages are set having regard to each Executive Director’s responsibilities and pay levels for comparable positions.

All Executive Directors are employed on the same terms with a notice period of three months.

Pensions

The group participates in three multi-employer pension schemes. These are the Lincolnshire County Council Local Government Pension Scheme (LGPS), the East Riding of Yorkshire Council Local Government Pension Scheme (LGPS) and the Social Housing Pension Scheme (SHPS) administered by The Pensions Trust (TPT). Following full staff consultation, the SHPS Defined Benefit scheme was closed to new entrants at the end of this year. The SHPS Defined Contribution scheme was expanded to give staff a wider choice of contribution level.

Resident Involvement

LHP's aim is to deliver Customer Service Excellence and believes that this is achieved by working together with our customers. Our customers' voice is at the heart of everything that we do and we are committed in providing customers with the opportunity to be involved in our decision making processes with a view to improving the service we provide, looking to seek their opinion at every opportunity.

Customer First, Together and Listen, Act & Learn are underpinning values for LHP.

Working with our Customer Scrutiny Panel (CSP) and our 6 Service Improvement Panels, service and performance reviews are undertaken delivering positive changes to better meet customer expectations.

Covid 19 and the restrictions over the last year has had an impact on the resident involvement activities that we would have normally undertaken during the year, but we were able to continue with regular CSP meetings digitally. Each member of the CSP was provided with a laptop and training to ensure we could continue engaging with them.

This year we have implemented the CSP recommendations following their review of our complaints handling service. These recommendations have led LHP to achieve compliance with the Housing Ombudsman's Complaints Handling Code. We report all learning outcomes back to our customers via social media and newsletters. During the year they have also completed full reviews of our Repairs & Maintenance Policy and Mobility Scooter Policy, providing recommendations that are in the process of being implemented.

LHP have commissioned TPAS (Tenant Participation Advisory Service) to support a wide-ranging review of customer scrutiny, customer involvement and wider engagement. The CSP are currently working closely with TPAS in undertaking a thorough review to explore and reflect on the purpose and role of the panel and how they want to work in the future.

LHP were early adopters of the National Housing Federation Together with Tenants and our values are all met by implementing this Charter. It also shows our commitment to our customers throughout the organisation. This is particularly important given the emphasis within the Housing White paper on working closely with our customers

LHP are working with our customers to agree a Customer Charter and deliver to customer expectations regarding satisfaction measures.

Modern Slavery and Human Trafficking

The Group is committed to understanding modern slavery risks and ensuring that we comply with our legal and regulatory responsibilities, including the Modern Slavery Act 2015. We take care to ensure that slavery and human trafficking does not exist in any part the Group.

Internal Control and Risk Management

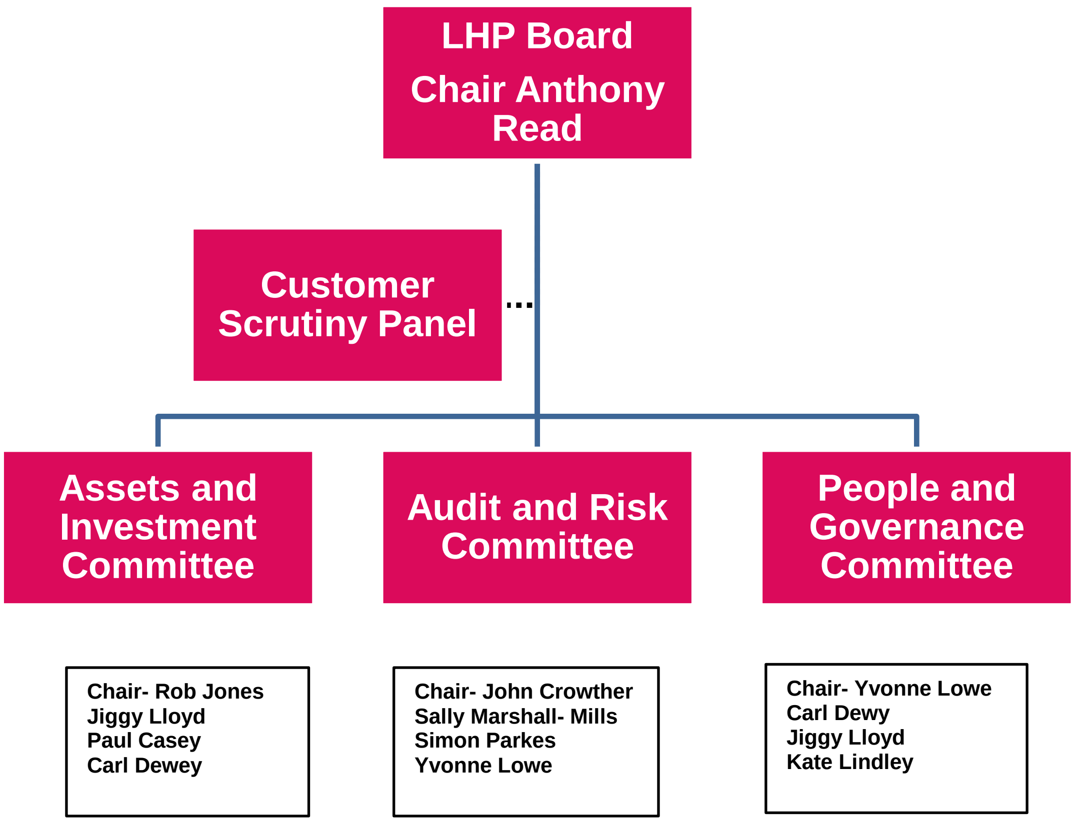
The Board acknowledges it has ultimate responsibility for ensuring that the Association has in place a system of control that is appropriate to the various business environments in which it operates.

The Board recognises that the internal control system can provide reasonable but not absolute assurance against material misstatement or loss and are committed to continuous improvement in our internal control processes. The system of control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

The Board retains overall responsibility for the governance of the organisation, with appropriate delegation to the three committees: The Audit & Risk Committee, the Assets & Investment Committee, and the People & Governance Committee. The Committees consider a range of strategic, financial and compliance issues as defined in the Association's Standing Orders.

The Board continues to operate under the National Housing Federation Model Code of Governance 2015, that was adopted as required by the Regulatory Framework.

LHP has strengthened its Board and welcomed new members with strong skill sets in Finance, Audit and Risk Management, and digital transformation. The Remuneration & Nomination Committee was reviewed and re-launched as the People and Governance Committee to further strengthen governance arrangements.



Strategic Report

The LHP board has a sustained focus on improving governance and regulatory considerations, including focus on board reporting and the strategic risk register and the response to Covid-19 continues to emphasise this approach.

The board completed the action plan agreed with the RSH; a Regulatory desktop assessment resulted in LHP being awarded a regulatory judgement of G1/V2 . The recent engagement has reassured the regulator that LHP has improved its controls and processes to ensure the accuracy of business plan data, board reporting and regulatory returns. LHP's approach to stress testing and mitigation strategies has also been strengthened.

LPH's comprehensive process of assurance across all six areas of Landlord Health & Safety, incorporates internal and external testing on both a quantitative and qualitative basis.

Internal Audit

KPMG are LHP's internal auditors. KPMG tailor the audit plan to align with our strategic risks that ensures a bespoke approach to organisational need. In developing the audit plan KPMG considered LHP's current sources of assurance and prioritised reviews where any assurance gaps were noted.

During the year, action was taken in relation to all identified audit recommendations, and progress was monitored by the Executive Leadership Team and the Audit & Risk Committee, with KPMG sample testing a series of implemented recommendations to ensure compliance. This process delivered improvements in performance, providing assurance in the areas of Risk Management and Assurance, Fraud Risk, Rents, Contract Management, Voids, Allocations and Lettings, Disaster Recovery and Cyber Security. Extensive work has also been undertaken the strengthen the process supporting regulatory returns.

The Financial Regulations are reviewed and remain suitable for the business and operation of the Association; The Financial Regulations are supported by a framework of policies and procedures with which the employees must comply. These cover issues such as treasury management, health and safety, data and asset protection and fraud prevention and detection.

Whistleblowing – The Group's Whistleblowing policy enables employees to raise issues on a confidential basis. Procedures exist to ensure any whistleblowing incidents are independently investigated promptly.

All organisations face a level of risk in almost all the things that they do. The diverse nature of a social housing provider's activities means that the organisation faces different types of risk that require different responses.

Strategic Report

LHP has an established comprehensive Risk and Assurance Framework, which is fully embedded across the organisation operating at both a strategic level and across all operational departments. This is supported by a robust Internal Audit Program undertaken by KPMG, a suite of process compliance reviews undertaken across all areas of the organisation by our internal risk and assurance team and a wide range of external 3rd party quality assurance testing across all areas of landlord health and safety and business and financial planning

LHP considers the risk profile against the Sector Risk Profile on an annual basis and we have identified the key risks that could impact on the achievement of our corporate objectives.

The Board have considered the possible impacts of Brexit, including multi-variance stress testing to understand the impact on the identified risks. LHP operates to a robust key control framework, with assurance on its effectiveness assessed through regular testing of the controls.

Identifying the significant risks and ensuring they are effectively managed is a key part of the Board’s governance duty.

Our single consolidated performance and risk management system, allows for succinct reporting with a holistic approach

The Board considers its appetite for different types of risks on an annual basis.

Over the course of the year the Board has actively considered and assessed the key strategic risks facing the organisation and responded to information presented by the Executive. The key financial risks are built into the process of stress testing, which is conducted on a quarterly basis; additional multi-variance stress testing has also been undertaken against estimates from the bank of England BREXIT worst case economic outlook, and more recently stress tests have been based upon more general stretches of economic, commercial and government policy estimates, demonstrating financial resilience and establishing mitigating strategies where the results of the stress tests indicate a detrimental outlook for LHP.

The table on the following page summarises our principle risks. Assurance over the control of risks is achieved through continuous review and ongoing actions to ensure mitigations are in place to prevent crystallisation.

Strategic Report

Key Risk Area	Risk	Controls & Mitigations
Governance and Compliance (Health and Safety)	Failure of compliance with statutory landlords and corporate health and safety legislation	• Specialist Qualitative Testing • Suite of compliance polices in place, reviewed by industry specialists, approved by Board • Suite of compliance polices in place, reviewed by industry specialists, approved by Board.
	Operational impact of flood or other natural disaster resulting in an emergency in LHP communities	• Documented emergency procedures • Strong relationships with local authorities and engaged with local emergency planning procedures
Finance, Viability and VFM	Failure to meet regulatory standards through a failure to submit accurate and timely returns to the regulator	•Control framework in place •Independent validation of regulatory returns
	Uncertainty in defined benefit pension costs	• Defined benefit scheme closed to new members •Business Plan and Stress Testing
	Increase in inflation rates above assumption in the business plan	• Monthly financial and treasury performance reports • Regular economic indicators received and acted upon • Compliance with covenants is monitored • Covenants carry a safety net • Business Plan and Stress Testing

Strategic Report

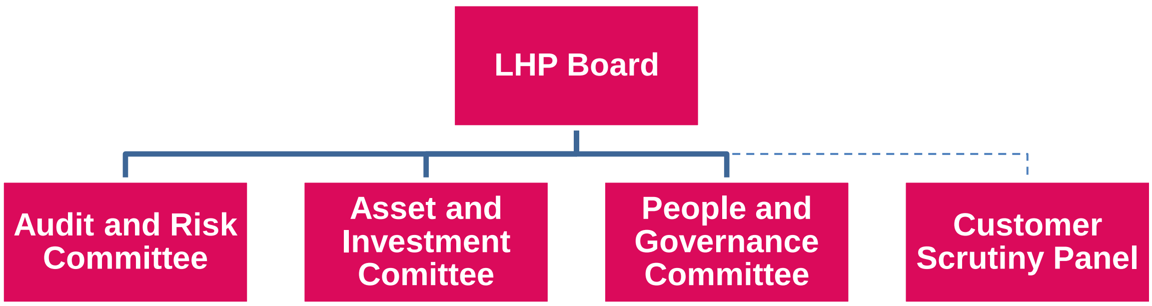
Key Risk Area	Risk	Controls & Mitigations
Finance, Viability and VFM (continued)	Increased Rent Loss Through Poor Voids Performance	• Monitoring of performance against target • Appropriate structure and resource in place to deliver the service
	Decline in income and increases in arrears	•Adopted a supportive approach to managing debt recovery- taking a constructive individual approach •Performance reporting in place, with early warning systems •16 stage income recovery process
	Pandemic Outbreak	• Safe systems of work across all areas of the organisation with staff working remotely where possible • PPE utilised where appropriate • Proactive internal and external comms • Additional reporting of core areas in place
Customer service and satisfaction	Risk of customer dissatisfaction and poor standards of service	• Customer involvement and empowerment Strategy • Together with tenant's customer charter • Strong Scrutiny Panel • Robust working partnerships with local partners • MGI Trained Colleagues
Operational- Digital Security	Cyber Security breach	• Multi-function authentication • Dark Trace cyber defence platform. • Virtual Private Network • Policies and procedures in place for ICT security and data protection
Operational- Integration & systems implementation	Failure to deliver Housing Management System Project	• Agreed project management methodology utilised with a dedicated project team led by a highly skilled project manager • Robust project governance
People, Retention, and development	Employee wellbeing, morale & performance	• Proactive approach to ensure staff feel safe and secure in their employment • Positive consistent communications • Health and safety wellbeing support available

Governance

Lincolnshire Housing Partnership (LHP) is a charitable Community Benefit society registered under the Co-operative and Community Benefit Societies Act 2014. As a registered provider of social housing we are regulated by the Regulator of Social Housing and Homes England. We must comply with the Standards that together form the regulatory framework. We are also regulated by the FCA as a Community Benefit Society.

Internal Governance

The LHP Governance Structure is detailed below:



LHP has a Board made up of 8 independent non-executive Board members, 2 Co-opted Board Members and supported by 3 committees which are made up of the Board members. The Board and its' committees monitor LHP performance through KPIs and a robust assurance regime. LHP targets top quartile performance in all areas and monitors a range of areas including customer satisfaction; affordability of homes; health and building safety compliance; risk management and performance against business plan delivery.

The Customer Scrutiny Panel (CSP) is not part of LHPs formal governance structure. However, it does report its' findings to the Board or relevant committee and CSP's chair has a standing invite to Board meetings but no voting rights.

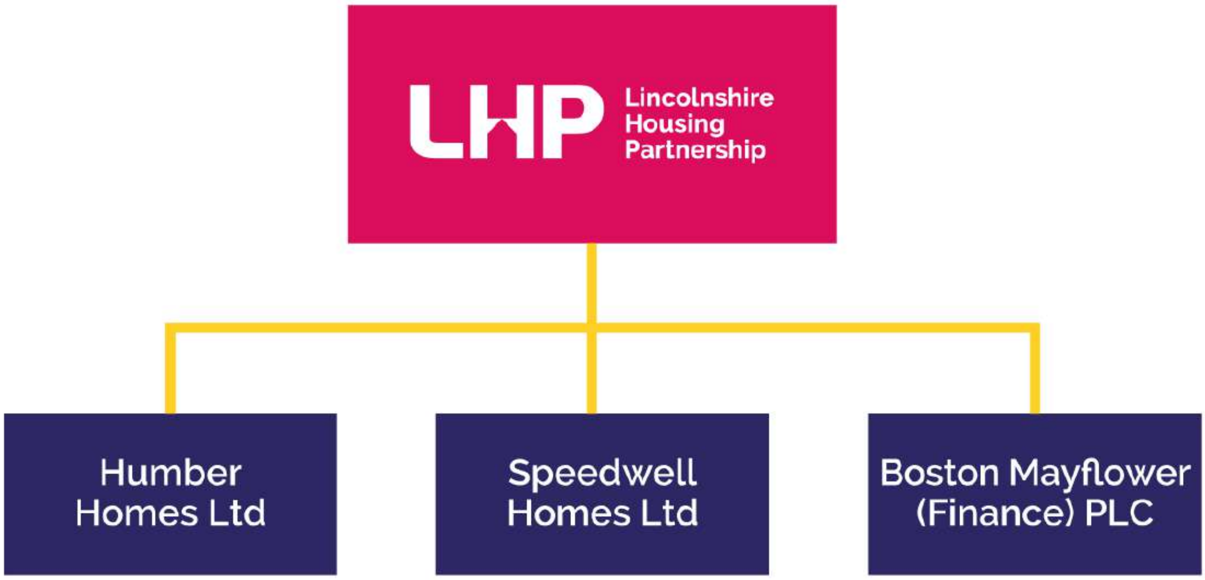
LHP are required to submit statutory returns to the Regulator of Social Housing, and Homes England.

LHP has a robust audit regime and reporting processes to ensure that we comply with all Regulatory Standards and our internal rules.

LHP is committed to providing high quality and open governance and does this through ensuring that our Board and CSP are properly supported and trained to give the right level of scrutiny, support and challenge to the LHP Chief Executive, Directors and the wider business.

Strategic Report

Group Structure



The Group consists of the following companies:

- Boston Mayflower Finance PLC (BMF)
- Speedwell Homes Ltd (SH)
- Humber Homes Limited (HHL)

Boston Mayflower Finance PLC
Boston Mayflower Finance is a Public Limited Company (PLC) and a wholly owned subsidiary. BMF is a special purpose vehicle for issuing notes and bonds.

Speedwell Homes Ltd
Speedwell Homes is a company limited by guarantee and a wholly owned subsidiary. SH is a market rent vehicle and provides management for private landlords of a very small number of properties under lease.

Humber Homes
Humber Homes is a wholly owned subsidiary and is a non-trading company, set up as part of the mechanism for the redevelopment of the Yarborough estate.

Strategic Report

Good corporate governance is essential to the Group. It provides the basis for sustainable long-term business activity. LHP currently adopts the 2015 National Housing Federation Excellence in Governance Code. The Code includes the following principles:

- Ethics
- Accountability
- Customer first
- Openness, diversity & inclusion
- Review & renewal
- Clarity
- Control
- Structure

The Association will continue to meet the principles of best practice set out in its chosen Code. This means that the Board will continue to share via this annual Strategic Report information regarding the Board itself and the Committees that it operates. The Board considers that this annual Strategic Report is fair, balanced and understandable.

Governance and Viability Standard

LHP complies with the Governance and Viability Standard of the Regulator of Social Housing (RSH). Our governance rating is G1 and our financial viability rating is V2, with the upgrade the G1 being awarded in April 2021.

Viability Statement

Covid-19 Pandemic Operational & Asset Management Response

LHP swiftly responded to the COVID19 situation, putting in place the Gold control team consisting of ELT members and relevant heads of service. The Gold control team ensured a co-ordinated and controlled response, enabling the organisation to continue delivering essential services, such as the Emergency Plus Repairs Service, and providing support to our most vulnerable Customers as well as to our employees. As restrictions have lifted LHP has responded to the change in regulations and recommenced much of its operations, including the return to normal repairs service and face to face visits with customers. The office environment is being adapted to accommodate new ways of working in the future, still allowing for social distancing should the need remain.

Additional measure in place to support activities during the pandemic.

- Weekly Performance Dashboard
- Early roll out of laptops has allowed the offices to remain closed to all but essential users, a booking system is in operation
- Additional training was provided to management on managing teams remotely, this has helped ensure productivity did not declined
- Wellbeing programme launched to provide extra support to staff both during the pandemic
- Our customer contact centre remained fully operational, with offices made COVID secure
- Minimised the impact on arrears by implementing a supportive targeted customer approach
- During the height of the pandemic the repairs programme was reduced to emergency and essential work, normal service has now resumed
- Landlords Building Health & Safety Compliance work continued throughout with weekly reporting to Gold Team
- COVID Risk Assessments completed prior to entering a customer’s home, with PPE utilised when advised
- Our Key Controls have been adapted to align with new ways of working to ensure they remain robust

Financial Response

- Sufficient liquidity is in place to meet our internal liquidity policy.
- Limited use of Government furloughing scheme where employee roles have been impacted
- A robust range of Covid-19 stress testing and recovery planning has been undertaken and no breaches in financial covenant or internal golden rules are forecast
- Temporary change in asset policy to ensure Decent Homes standards are maintained across properties

Strategic Report

Provision of information to the Auditor

All of the current Board members have taken the steps that they ought to have taken to ensure they are aware of any information needed by the Group's auditor for the purposes of their audit, and to establish that the auditor is aware of that information. The Board members are not aware of any relevant audit information of which the auditor is not aware.

Going Concern

Having considered the plans and forecast of LHP and taking account of the advice received over the year from independent professional advisers on the business activity and the continued support of its funders, the Board has a reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future. LHP also received Credit rating A+ with a negative outlook as at January 2021.

The Board have assessed the risk of the Covid-19 pandemic on LHP and concluded that there is limited negative impact to the ongoing business activity.

For this reason, they continue to adopt the going concern basis in the preparation of these financial statements.

Statement of Compliance with Regulatory Standards

The Strategic Report has been prepared in accordance with applicable reporting standards and legislation. The Board can also confirm that the Group has complied with the Regulator of Social Housing's Governance and Financial Viability Standard.

DocuSigned by: Anthony Read B78F71ADFF3A428...	DocuSigned by: 7C3199B074D3407...	DocuSigned by: Zoe Wortley A5AB5BA68CA3442...
Anthony Read	**Simon Parkes**	**Zoe Wortley**
Chair	*Board Member*	*Company Secretary*

Independent Auditor's Report to the Members

Opinion

We have audited the financial statements of Lincolnshire Housing Partnership Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2021 which comprise the Group and Association Statement of Comprehensive Income, the Group and Association Statement of Financial Position, the Consolidated Statement of Changes in Reserves, the Consolidated Statement of Cash Flows 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 FRS 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 Group's and of the Association's affairs as at 31 March 2021 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Cooperative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Independent Auditor's Report to the Members

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board of Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

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

Responsibilities of the Board of Management

As explained more fully in the Statement of the Board's Responsibilities set out on page 8, the Board of Management 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 of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intends to liquidate the Group or the Association 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 web-site at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

→ We obtained an understanding of laws, regulations and guidance that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.

- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

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

DocuSigned by:
Beever and Struthers
9B661240F813482...

Beever and Struthers, Statutory Auditor
St George's House, 215/219 Chester Road, Manchester, M15 4JE

Date:

25-Aug-21
....

Statement of Comprehensive Income

	Notes	Year Ended 31 March 2021		Year Ended 31 March 2020	
		Group	Association	Group	Association
		£'000	£'000	£'000	£'000
Turnover	2	54,690	54,667	53,139	53,119
Cost of sales	2	(1,303)	(1,303)	(1,511)	(1,511)
Operating expenditure	2	(38,556)	(38,555)	(37,210)	(37,210)
Gain on disposal of property, plant and equipment	6	1,376	1,376	1,611	1,611
Operating surplus		16,207	16,185	16,029	16,009
Interest receivable		155	162	20	27
Interest and financing costs	7	(24,255)	(24,255)	(7,216)	(7,216)
Gift Aid		-	6	-	7
Increase in valuation of Investment Properties	13a	100	-	-	-
(Deficit)/surplus before tax	8	(7,793)	(7,902)	8,833	8,827
Taxation	9	-	-	–	–
(Deficit)/surplus for the year after tax		(7,793)	(7,902)	8,833	8,827
Actuarial (loss)/gain in respect of pension schemes	12	(5,843)	(5,843)	4,343	4,343
Total comprehensive (Deficit)/ income for the year		(13,636)	(13,745)	13,176	13,170

Statement of Compliance
The financial statements on pages 51 to 106 were approved and authorised for issue by the Board on 27 July 2021 and were signed on its behalf by:

DocuSigned by:
Anthony Read
B78F71ADFF3A428...............................
Anthony Read
Chair

DocuSigned by:
7C3199B074D3407.................................
Simon Parkes
Board Member

DocuSigned by:
Zoe Wortley
A5AB5BA68CA3442...............................
Zoe Wortley
Company Secretary

The consolidated and parent results relate wholly to continuing activities and the notes on pages 58 to 106 form an integral part of these accounts.


0345 604 1472
info@lincolnshirehp.com
www.lincolnshirehp.com
LHP
LHP

Statement of Financial Position

	Note	As at 31 March 2021 Group	As at 31 March 2021 Association	As at 31 March 2020 Group	As at 31 March 2020 Association
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets – Property	13a	302,706	302,219	294,605	294,219
Tangible fixed assets – Other	13b	2,708	2,708	2,172	2,172
Investment in subsidiaries	14	-	13	-	13
		305,414	**304,940**	296,778	296,404
Current assets					
Properties in the course of sale	16	387	387	901	901
Stock	15	122	122	119	119
Trade and other debtors	17	1,818	2,122	2,427	2,721
Cash and cash equivalents	18	41,795	41,660	11,780	11,629
Less: Creditors: Amounts falling due within one year	19a	(8,449)	(8,394)	(10,161)	(10,071)
Net current assets/(liabilities)		35,673	35,897	5,066	5,299
Total assets less current liabilities		341,087	340,837	301,844	301,703
Creditors: amounts falling due after more than one year	19b&c	(229,058)	(229,058)	(181,807)	(181,807)
Provisions for liabilities					
Pension provision	12	(9,381)	(9,381)	(3,749)	(3,749)
Total net assets		**102,648**	**102,398**	116,288	116,147
Reserves					
Non-equity share capital	23	-	-	-	-
Income and expenditure reserve		57,986	57,736	71,382	71,241
Revaluation reserve		44,662	44,662	44,902	44,902
Restricted reserves		-	-	4	4
Total reserves		**102,648**	**102,398**	116,288	116,147

The financial statements on pages 51 to 106 were approved and authorised for issue by the Board on 27 July 2021 and were signed on its behalf by:

DocuSigned by:
Anthony Read
B78F71ADFF3A428...

Anthony Read
Chair

DocuSigned by:
7C3109B074D3407...

Simon Parkes
Board Member

DocuSigned by:
Zoe Wortley
A5AB5BA68CA3442...

Zoe Wortley
Company Secretary

The consolidated and parent results relate wholly to continuing activities and the notes on pages 58 to 106 form an integral part of these accounts.

Consolidated Statement of Changes in Reserves

	Income and expenditure reserve	Restricted reserves	Revaluation	Total Reserves
	£'000	**£'000**	**£'000**	**£'000**
Balance as at 31 March 2019	**58,115**	**4**	**45,746**	**103,865**
Prior Period Adjustment	(753)	-	-	(753)
Surplus from Statement of Comprehensive Income	8,833	-	-	8,833
Pension revaluation from Statement of Comprehensive Income	4,343	-	-	4,343
Transfer from revaluation reserve to income and expenditure reserves	844	-	(844)	-
Balance as at 31 March 2020	71,382	**4**	**44,902**	**116,288**
Surplus from Statement of Comprehensive Income	(7,793)	(4)	-	(7,797)
Pension revaluation from Statement of Comprehensive Income	(5,843)	-	-	(5,843)
Transfer from revaluation reserve to income and expenditure reserves	240	-	(240)	-
Balance as at 31 March 2021	**57,986**	**-**	**44,662**	**102,648**

The notes on pages 58 to 106 form an integral part of these accounts.

Consolidated Statement of Changes of Cash Flows

	Year Ended 31 March 2021	Year Ended 31 March 2020
	£'000	**£'000**
Net cash generated from operating activities (see Note i)	**22,644**	**22,171**
Cash flow from investing activities		
Purchase of tangible fixed assets	(19,062)	(21,652)
Proceeds from sale of tangible fixed assets	2,343	3,301
Grants received	-	35
Interest received	155	20
	(16,564)	**(18,296)**
Cash flow from financing activities		
Interest paid and similar charges	(24,255)	(7,216)
Loan issue costs	(206)	-
New secured loans	119,896	9,500
Repayment of borrowings	(71,500)	-
	23,935	**2,284**
Net change in cash and cash equivalents	**30,015**	**6,159**
Cash and cash equivalents at the beginning of the year	**11,780**	**5,621**
Cash and cash equivalents at the end of the year	**41,795**	**11,780**

Consolidated Statement of Cash Flows

	Year Ended 31 March 2021	Year Ended 31 March 2020
	£'000	**£'000**
Cash flow from investing activities		
(Deficit)/ surplus for the year	(13,636)	13,176
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	8,746	9,037
Amortisation of loan issue costs	43	24
(Increase) / decrease in properties in the course of sale	514	438
(Increase) / decrease in stock	(3)	(5)
(Increase) / decrease in trade and other debtors	612	(1,490)
Increase / (decrease) in trade and other creditors	(1,868)	171
Increase / (decrease) in provisions	5,632	(4,483)
Carrying amount of tangible fixed asset disposals	1,780	2,254
Adjustments for investing or financing activities:		
Proceeds from the sale of tangible fixed assets	(2,343)	(3,301)
Revaluation of Investment Properties	(100)	-
Government grants utilised in the year	(790)	(846)
Interest payable	24,212	7,216
Interest received	(155)	(20)
Net cash generated from operating activities	**22,644**	**22,171**

Notes to the Financial Statements

Legal Status

The Group Company (Lincolnshire Housing Partnership) is a registered society in England under the Co-operative and Community Benefit Societies Act 2014. It has exempt charitable status and is registered with the Regulator of Social Housing as a Registered Provider (RP) of social housing. Registered office is Westgate Park, Charlton Street, Grimsby, North Lincolnshire DN31 1SQ. Lincolnshire Housing Partnership's principal activity is to provide social housing.

The Group comprises the following entities:

Name	Incorporation	Registered / Non-registered
Lincolnshire Housing Partnership	Co-operative and Community Benefit Societies Act 2014	Registered
Humber Homes Limited	Companies Act 2006	Non-registered
Speedwell Homes Limited	Companies Act 2006	Non-registered
Boston Mayflower Finance plc	Companies Act 2006	Non-registered

Principal Accounting Policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year.

Basis of accounting

The Group's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018. The Group is required under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated Group financial statements.

The financial statements comply with the Co-operative and Communities Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the accounting direction for Private Registered Providers of Social Housing 2019. The financial statements are prepared on the historical cost basis of accounting (including deemed cost upon adoption of FRS102) and are presented in sterling £'000 for the year ended 31 March 2021.

The Group's financial statements have been prepared in compliance with FRS102. In complying with FRS102 the Group and Association meets the definition of a Public Benefit Entity.

Notes to the Financial Statements

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS102:

- No cash flow statement has been presented for the parent company,
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole.
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Basis of consolidation

The Group financial statements consolidate the financial statements of Lincolnshire Housing Partnership and its subsidiary undertakings up to 31st March 2021.

Going Concern

Lincolnshire Housing Partnership has considerable resources and, therefore, the Board believes the Group is well placed to manage its business risks successfully despite current uncertainties in the social housing sector and the current pandemic. The Board has a reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in the preparation of these financial statements.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Development expenditure

The Group capitalises development expenditure in accordance with the accounting policy described on pages 64 and 65. Initial capitalisation of costs is based on management's judgement once development scheme is confirmed; this is usually when Board approval has taken place including when access to the appropriate funding is secured. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Categorisation of housing properties. The Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that market rented properties are investment properties. The Group has identified a cash generating unit for impairment assessment purposes at a property scheme level.

Impairment

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified. The Group perform impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property. The cash flows are derived from the business plan for the next 30 years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

In response to the Covid-19 epidemic no impairment triggers have been identified. Cashflow forecasts have not been affected by the pandemic and demand for social housing in Lincolnshire remains high. There has been no indication of a reduction in property sale values for stock LHP have disposed of.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which they are based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 12.

Bad debt provision

LHP make a provision for rental arrears, which are considered to be non-recoverable. The full value of former tenant debt is provided for. The provision for current tenant debt is calculated based upon the value of the debt.

Notes to the Financial Statements

Other key sources of estimation and assumptions

Tangible fixed assets

Completed housing properties at FRS 102 transition date are stated at deemed cost at the transition date and subsequently at cost and all other tangible fixed assets are held at historic cost. Both are depreciated over their useful lives considering residual values, where appropriate. For housing property assets, the assets are broken down into components based on management's assessment of the properties. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The carrying value of tangible fixed assets at 31 March 2021 was £305.4 million.

For rental and trade debtors

the estimate for receivables relates to the recoverability of balances outstanding at the year-end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Merger Accounting

Where merger accounting is used the investment is recorded in the associations at the nominal value of the shares issued together with the fair value of any additional consideration paid. In the Group's financial statements, merger subsidiary undertakings are treated as if they had already been a member of the group. The results of such a subsidiary are included for the whole period in the year it joins the group. The corresponding figures for the previous year include its results for that period, the assets and liabilities at the previous balance sheet date and the shares issued by the association as consideration as if they had always been in issue.

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and Homes England, income from the sale of shared ownership and other properties developed for outright sale and other income and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Supporting People income is recognised under the contractual arrangements.

Support income and costs including Supporting People income and costs

Supporting People (SP) contract income received from Administering Authorities is accounted for as SP income in the Turnover as per note 2. The related support costs are matched against this income in the same note.

Support charges included in the rent are included in the Statement of Comprehensive Income from social housing lettings note 3 and matched against the relevant costs.

Service charges

Service charge income and costs are recognised on an accrual's basis. The Group operates fixed service charges on a scheme-by-scheme basis in full consultation with residents. Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long-term creditors.

Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

Taxation

Lincolnshire Housing Partnership has charitable status and is not subject to Corporation Tax.

For the subsidiary companies the tax expense for the period comprises current and deferred tax. Tax is recognised in profit and loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated based on tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generate taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits,
Any deferred tax balances are reversed when all conditions for retaining associated tax allowances have been met, and
Where timing differences relate to interests in subsidiaries and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Notes to the Financial Statements

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair value of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Value Added Tax (VAT)

The Group charges VAT on some of its income and can recover part of the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the Group and not recoverable.

Tangible fixed assets and depreciation

Housing properties are stated at either historical cost or deemed cost at transition date to FRS102 on 1 April 2014 and at cost thereafter, less accumulated depreciation.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL.

Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Group depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

Structure – 80-120 Years
Roofs – 60-70 Years
Windows and Doors – 30 Years
Bathroom – 25-30 Years
Kitchen – 20 Years
Central Heating / Boiler – 15-30 Years
Lifts – 35-40 Years
Wiring / Electrical – 30 Years
Garages-30 Years
Facias, guttering and soil pipes – 30 Years

The Group depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Depreciation is charged on other tangible fixed assets on a straight- line basis over the expected economic useful lives which are as follows:

Office Buildings – 100 Years
Computer equipment & software – 3 Years
Improvements/Refurbishing Leasehold Premises – 5 Years
Motor Vehicles – 3 Years
Other equipment – 10 Years
Fixtures and fittings – 10 Years

Shared ownership properties

The costs of shared ownership properties are split between current and fixed assets based on the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

Capitalisation of administration costs

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

Operating leases

Payments are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Investment property

Investment property includes market rented properties not held for the social benefit of the Group.

There are 3 market rented properties within the Group. These are not designated as investment properties as the number of properties is immaterial to the Group.

Valuation of investments

The Association holds £50K shares with £37.5k unpaid in its subsidiary, Boston Mayflower Finance plc at cost less impairment. There are no other investments.

Stock and properties held for sale

Stock of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

Properties developed for shared ownership are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

At each reporting date, stock and properties held for sale are assessed for impairment. If there is evidence of impairment, the carrying amount is
reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Statement of Comprehensive Income.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Social Housing and other government grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been accounted for in accordance with the performance model adopted at transition.

Post transition, where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. Social Housing Grant (SHG) received for items of cost written off in the Statement of Comprehensive Income Account is included as part of Turnover.

Where there is a government grant associated with housing properties as part of a stock transaction, the fair value of the obligation to repay or recycle the government grant is reflected in the fair value of the housing properties and therefore no additional value is attributed to the government grant transferred.

SHG must be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes England. SHG may however have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Notes to the Financial Statements

Recycling of capital grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

Disposal Proceeds Fund (DPF)

Historical receipts from the sale of SHG funded properties less the net book value of the property and the costs of disposal were credited to the DPF up until 5 April 2017 when due to de-regulatory measures there are no longer requirements to show new proceeds from relevant disposals in the DPF. The DPF closed on 6 April 2020.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Retirement benefits

Pension and other post-employment benefits. The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector.

LHP participates in three schemes. The Social Housing Pension Scheme (SHPS), a defined benefit multi-employer pension scheme administered by TPT Retirement Solutions (TPT). TPT also provide the defined contribution auto enrolment scheme. The Lincolnshire County Council Pension Fund and the East Riding Pension Fund are both multi-employer defined benefit Local Government Pension Schemes (LGPS). Further details are given in note 12.

Revaluation Reserve

The revaluation reserve represents the difference on transition between the fair value of social housing properties and other assets and the historical cost carrying value, where deemed cost transitional relief was taken.

Restricted reserves

The Group has no restricted reserves. The previous year's balance of £4k relating to a Lottery Grant was utilised 2020/21.

Financial instruments

Financial assets and financial liabilities are measured at transaction price initially plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal. Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the
present value of the future payments discounted at a market rate of interest for a similar debt.

Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.

Financial instruments held by the Group are classified as follows

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method,
Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method,
Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method,

Notes to the Financial Statements

Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment,

An investment in another entity's equity instruments other than non- convertible preference shares and non-puttable ordinary and preference shares are held at cost less impairment.

Loans

All loans held by the Group are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction price plus transaction costs initially, and subsequently at amortised cost using the effective interest rate method. Loans repayable within one year are not discounted.

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

The following financial instruments are assessed individually for impairment:

a. All equity instruments regardless of significance; and
b. Other financial assets that are individually significant.

Other financial instruments are assessed for impairment either individually or grouped based on similar credit risk characteristics.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

a. For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

b. For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

c. If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in profit or loss immediately.

Notes to the Financial Statements

Segmental Reporting

As Boston Mayflower Finance plc holds debt, which is Publicly traded, the parent body, Lincolnshire Housing Partnership, is required to disclose consolidated information about its operating segments in accordance with IFRS 8. The Chief Operating Decision Maker (CODM) has been identified as the Group Executive Directors.

The Group Executive Directors have identified the operating segments as General Needs & Supported Housing and Low-Cost Home Ownership, reflecting the way in which the organisation is operated and managed. The Group Executive Directors receive information regarding the financial and operational performance of these segments on a regular basis.

General Needs & Supported Housing incorporates all our social rented housing provision, including both social rent and affordable rent properties. Income is derived primarily from rent and service charges.

Low Cost Home Ownership comprises those properties where we have sold a proportion of the equity share to the occupier whilst retaining the remaining equity and the freehold of the property. Income is derived from service charges in respect of the properties and from rent charged on the unsold equity element of the properties.

Analysis of the Statement of Comprehensive Income by segment is provided in notes 2 and 3 to these financial statements. Our management reporting structure does not require analysis of assets and liabilities by segment, and these are therefore not included in the analysis of segmental reporting.

2a. Turnover, cost of sales, operating expenditure and operating surplus

Group	2021			
	Turnover	**Cost of sales**	**Operating expenditure**	**Operating surplus**
	£'000	**£'000**	**£'000**	**£'000**
Social housing lettings (note 3a)	52,134	-	(37,956)	14,178
Low cost home ownership sales	1,672	(1,303)	-	369
Telecare services to third parties	546	-	(526)	20
Community support	15	-	(74)	(59)
Residual income	298	-	-	298
Market rent	25	-	-	25
Total	**54,690**	**(1,303)**	**(38,556)**	**14,831**

Group	2020			
	Turnover	**Cost of sales**	**Operating expenditure**	**Operating surplus**
	£'000	**£'000**	**£'000**	**£'000**
Social housing lettings (note 3a)	50,486	-	(36,623)	13,863
Other social housing activities				
Low cost home ownership sales	1,953	(1,511)	–	442
Activities other than social housing (note 3c)				
Telecare services to third parties	575	–	(557)	18
Community support	31	–	(30)	1
Residual income	65	–	–	65
Market rent	29	-	-	29
Total	**53,139**	**(1,511)**	**(37,210)**	**14,418**

2b. Turnover, cost of sales, operating expenditure and operating surplus

	2021			
Association	**Turnover**	**Cost of sales**	**Operating expenditure**	**Operating surplus**
	£’000	**£’000**	**£’000**	**£’000**
Social housing lettings (note 3b)	52,111	-	(37,955)	14,156
Low cost home ownership sales	1,672	(1,303)	-	369
Telecare services to third parties	546	-	(526)	20
Community support	15	-	(74)	(59)
Residual income	298	-	-	298
Market rent	25	-	-	25
Total	**54,667**	**(1,303)**	**(38,555)**	**14,809**

	2020			
Association	**Turnover**	**Cost of sales**	**Operating expenditure**	**Operating surplus**
	£’000	**£’000**	**£’000**	**£’000**
Social housing lettings (note 3b)	50,466	-	(36,623)	13,843
Other social housing activities				
Low cost home ownership sales	1,953	(1,511)	–	442
Activities other than social housing (note 3c)				
Telecare services to third parties	575	–	(557)	18
Community support	31	–	(30)	1
Residual income	65	–	–	65
Market rent	29	–	–	29
Total	**53,119**	**(1,511)**	**(37,210)**	**14,398**

2c. Big Lottery Fund grant

Boston Mayflower Limited received payments during the year to 31 March 2016 from the Big Lottery Fund, totalling £160,091, with (£86,802) being forwarded to Partners in the Improving Financial Confidence project. The net grant has been treated as a restricted grant and accordingly has been spent totally on the Improving Financial Confidence project.

	2021	2020
	£	£
Unspent Grant Balance brought forward	4,398	4,398
Add Grant Awarded in Year	-	-
Less Grant to Partners	-	-
Net Grant Available in Year	-	4,398
Less Expenditure in Year	(4,398)	-
Unspent Grant Balance	-	4,398

Notes to the Financial Statements

3a. Turnover, operating expenditure and operating surplus

Group	Rented Housing	Low Cost Home Ownership	Other	Total 2021	Total 2020
	£'000	£'000	£'000	£'000	£'000
Income					
Rent receivable net of identifiable service charge	47,116	687	813	**48,616**	47,106
Service charge income	2,135	66	289	**2,490**	2,486
Amortised government grants	756	-	-	**756**	762
Other Income from Social Housing Lettings	254	1	17	**272**	132
Turnover from Social Housing Lettings	50,261	754	1,119	**52,134**	50,486
Operating expenditure					
Management	16,716	-	14	**16,730**	15,923
Service charge costs	2,710	-	207	**2,917**	2,601
Routine maintenance	7,406	-	-	**7,406**	7,422
Planned maintenance	1,357	-	-	**1,357**	1,618
Major repairs expenditure	360	-	-	**360**	333
Bad debts	457	-	2	**459**	(98)
Depreciation of Housing Properties	8,423	250	-	**8,673**	8,824
Demolition costs	54	-	-	**54**	-
Operating expenditure on Social Housing Lettings	37,483	250	223	**37,956**	36,623
Operating Surplus on Social Housing Lettings	12,778	504	896	**14,178**	13,863
Void losses (being rental income lost as a result of a property not being let, although it is available for letting)	1,229	8	170	**1,407**	959

3b. Turnover, operating expenditure and operating surplus

Association	Rented Housing	Low Cost Home Ownership	Other	Total 2021	Total 2020
	£'000	£'000	£'000	£'000	£'000
Income					
Rent receivable net of identifiable service charge	47,093	687	813	**48,593**	47,086
Service charge income	2,135	66	289	**2,490**	2,486
Amortised government grants	756	-	-	**756**	762
Other Income from Social Housing Lettings	254	1	17	**272**	132
Turnover from Social Housing Lettings	50,238	754	1,119	**52,111**	50,466
Operating expenditure					
Management	16,715	-	14	**16,729**	15,923
Service charge costs	2,710	-	207	**2,917**	2,601
Routine maintenance	7,406	-	-	**7,406**	7,422
Planned maintenance	1,357	-	-	**1,357**	1,618
Major repairs expenditure	360	-	-	**360**	333
Bad debts	457	-	2	**459**	(98)
Depreciation of Housing Properties	8,423	250	-	**8,673**	8,824
Demolition costs	54	-	-	**54**	-
Operating expenditure on Social Housing Lettings	37,482	250	223	**37,955**	36,623
Operating on Social Housing Lettings	12,756	504	896	**14,156**	13,843
Void losses (being rental income lost because of a property not being let, although it is available for letting)	1,229	8	170	**1,407**	959

Notes to the Financial Statements

4. Accommodation owned, managed and in development

	2020 No. of Properties		2021 No. of Properties	
	Owned	Managed	Owned	Managed
Social Housing Under development at the end of year:				
General needs housing intermediate rent	24	–	68	–
General needs housing affordable rent	2	–	-	–
General needs housing social rent	17	–	-	–
Low-cost home ownership	21	–	30	–
	64	–	98	–

	2020 No. of Properties						2021 No. of Properties	
	Owned	Managed	Additions	Disposals	Other	Tenure Change	Owned	Managed
Under management at the end of the year:								
General needs housing	9,716	7	22	(73)	7	(3)	9,672	4
Affordable Rent General Housing	139	-	-	-	2	-	141	-
Supported housing and housing for older people	1,761	-	-	-	(40)	-	1,721	-
Low-cost home ownership	290	-	24	(3)	-	-	311	-
Extra care housing	30	-	-	-	-	-	30	-
Other Social Housing	163	-	43	-	6	-	212	-
Total owned and managed	12,099	7	89	(76)	(25)	(3)	12,087	4
Non-Social Housing Under management at the end of the year:								
Market rented	12	7	-	-	(15)	(1)	3	-
Leasehold Properties	364	-	-	(2)	4	1	366	1
	376	7	-	(2)	(11)	-	369	1

5. Accommodation managed by and leased to others

	2021 No. of properties	2020 No. of properties
General needs	12	12
Supported housing	58	58
Non-social housing	22	22
Total	92	92

Lincolnshire Housing Partnership owns property managed by or leased to other bodies.

6. Profit on disposal of property, plant, and equipment (fixed assets)

Group and Association	Right to Buy/ Right to Acquire sales of housing properties	Outright sales of housing properties	Shared ownership staircasing sales	Total 2021	Total 2020
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Proceeds of sales	1,468	577	298	2,343	3,301
Less: Costs of sales	(555)	(187)	(225)	(967)	(1,690)
Total	913	390	73	1,376	1,611

7. Interest and financing costs

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Defined benefit pension charge	84	194	84	194
On loans repayable within five years	441	4	441	4
On loans wholly or partly repayable in more than five years	5,053	6,763	5,053	6,763
Costs associated with financing	275	255	275	255
Loan breakage Costs	18,402	-	18,402	-
	24,255	7,216	24,255	7,216

In June 2020, loan breakage costs of £18,402k were incurred to exit a variable loan facility held with Lloyds Bank.

8. Surplus on ordinary activities

	2021	2020
	£'000	£'000
The operating surplus stated after charging / (crediting)		
Auditors remuneration (excluding VAT):		
Audit of the group financial statements	48	36
Audit of subsidiaries	1	1
Fees payable to the Association's auditor and its associates for other services to the Group:		
Taxation compliance services	-	1
Service charge certification	4	4
Depreciation of housing properties	8,673	8,824
Depreciation of other fixed assets	398	212
Surplus on sale of other fixed assets	(1,376)	(1,611)

9. Taxation

No taxation charge arises as the Association has been granted charitable status accepted by HMRC.

10. Directors' remuneration

	2021 £'000	2020 £'000
The aggregate emoluments paid to or receivable by non- executive Directors and former non-executive Directors	68	67
The aggregate emoluments paid to or receivable by executive Directors and former executive Directors	757	679
The aggregate emoluments paid to or receivable by Directors (key management personnel)	757	679
The emoluments paid to the highest paid Director excluding pension contributions	147	147
The aggregate amount of any consideration payable to or receivable by third parties for making available the services of a Director	112	-
The aggregate amount of any consideration payable to Directors for loss of office	78	-

Murray Macdonald is the Chief Executive of LHP and the highest paid director. His remuneration in relation to the period of account amounted to £146,611 (2020: £147,430).

He is a member of the defined benefit pension scheme. The scheme was funded in line with the pension scheme guidelines for the Group, to which the Group contribute £39,585 for the year ended 31 March 2021 (2020: £35,115)

Emoluments were made to the following members of the board

Name	Appointed/ Resigned	2021 £	2020 £
Anthony Read		15,000	8,068
Lynda Bowen	Resigned 17/09/19	-	7,483
Rob Jones		7,500	7,500
Robert Griffiths	Resigned 15/09/20	3,750	7,500
Stephen Cousins	Resigned 15/09/20	1,000	2,000
Jiggy Lloyd		5,000	5,000
Yvonne Lowe		7,500	7,292
Stephen Savage	Resigned 10/04/19	-	462
Paul Casey		5,000	5,000
Carl Dewey		6,000	6,000
John Crowther		6,500	5,000
Simon Parkes		9,500	5,786
Sally Marshall-Mills	Appointed 02/02/21	833	-
Kate Lindley	Appointed 02/02/21	833	-
		68,416	67,091

11. Employee information

	2021	2020
	No.	No.
The average number of persons employed during the year expressed in full time equivalents was:		
Office staff	247	252
Wardens, caretakers, and cleaners	11	12
Operatives	105	95
	363	359
Staff costs		
	£'000	£'000
Wages and salaries	11,448	10,606
Social Security costs	1,077	970
Other pension costs	1,127	925
	13,652	12,501

Aggregate number of full-time equivalent staff whose remuneration exceeded £60,000 in the period:	2021	2020
	No.	No.
£60,000 - £70,000	10	9
£70,000 - £80,000	4	1
£80,000 - £90,000	1	-
£90,000 - £100,000	-	1
£120,000 - £130,000	-	1
£130,000 - £140,000	3	1
£140,000 - £150,000	-	1
£170,000 - £180,000	1	-
£180,000 - £190,000	1	1

No loans have been made to employees in the year ended 31 March 2021 (2020 £0)

12. Pension Obligations

The Social Housing Pension Scheme (SHPS) (for new employees)

The Group participates in the Social Housing Pension Scheme (the Scheme), a multiemployer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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

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

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

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

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

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

Similarly, actuarial valuations of the scheme were carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

The liabilities are compared, at the relevant accounting date, with the Group’s fair share of the Scheme’s total assets to calculate the Group’s net deficit or surplus.

The total contributions made for the year ended 31 March 2021 were £977k of which employer’s contributions totalled £525k and employees’ contributions totalled £452k. The agreed contribution rates for future years range from 4-16.7% for employers and 4-10.5% for employees, depending on age.

Principal Actuarial Assumptions

The following information provided by The Pension Trust (TPT) is based upon the full actuarial valuation of the fund at 31 March 2019 and September 2019 updated to 31 March 2021.

	31 March 2021	31 March 2020
Rate of increase in salaries	3.87%	2.5%
Rate of increase for pensions in payment / inflation	3.87%	2.5%
Discount rate for scheme liabilities	2.22%	2.3%
Inflation assumption (CPI)	2.87%	1.5%
Commutation of pensions to lump sums	75%	75%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

Current Pensioners	
Males	21.6 years
Females	23.5 years
Future Pensioners	
Males	22.9 years
Females	25.1 years

Notes to the Financial Statements

Analysis of the amount charged to operating costs in the Statement of Comprehensive Income	31 March 2021 £'000	31 March 2020 £'000
Employer service cost (net of employee contributions)	(526)	(534)
Expenses	(13)	(13)
Total operating charge	**(539)**	**(547)**
Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	214	192
Interest on pension liabilities	(247)	(262)
Amounts charged/credited to financing costs	**(33)**	**(70)**
Amount of gains and losses recognised in the Statement of Comprehensive Income		
Actuarial gains/(losses) on pension scheme assets	674	227
Actuarial gains/(losses) on scheme liabilities	(2,905)	1,285
Actuarial gain/(loss) recognised	**(2,231)**	**1,512**
Movement in surplus / (deficit) during the year		
(Deficit) in scheme at 1 April	(1,494)	(2,937)
Movement in year: Employer service cost (net of employee contributions)	(539)	(547)
Employer contributions	724	548
Past service cost	–	–
Net interest/return on assets	(33)	(70)
Remeasurements	(2,231)	1,512
(Deficit) in scheme at 31 March	**(3,573)**	**(1,494)**

Notes to the Financial Statements

	31 March 2021	31 March 2020
Asset and Liability Reconciliation	**£'000**	**£'000**
Reconciliation of Liabilities at start of period	(10,268)	(10,704)
Service cost	(539)	(547)
Interest cost	(247)	(262)
Employee contributions	(218)	(179)
Remeasurements	(2,905)	1,285
Benefits paid	151	139
Past Service cost	-	-
Curtailments and settlements	-	-
Liabilities at end of period	**(14,026)**	**(10,268)**
Reconciliation of Assets at start of period	8,774	7,767
Return on plan assets	214	192
Remeasurements	674	227
Employer contributions	724	548
Employee contributions	218	179
Benefits paid	(151)	(139)
Assets at end of period	**10,453**	**8,774**
(Deficit) in scheme at 31 March	**(3,573)**	**(1,494)**

Local Government Pension Scheme ("LGPS")

The Lincolnshire County Council Pension - for TUPE employees formerly Boston Mayflower. The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by the Lincolnshire County Council. The total contributions made for the year ended 31 March 2021 were £253k, of which employer's contributions totalled £228k and employees' contributions totalled £25k. The agreed contribution rates for future years are 29.7% for employers and range from 5.5% to 11.4% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 March 2021 by a qualified independent actuary.

	31 March 2021	31 March 2020
Rate of increase in salaries	3.15%	2.2%
Rate of increase for pensions in payment / inflation	2.85%	1.9%
Discount rate for scheme liabilities	2.0%	2.3%
Inflation assumption (CPI)	2.85%	1.9%
Commutation of pensions to lump sums	75%	75%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	31 March 2021	31 March 2020
Current Pensioners		
Males	21.1 years	21.4 years
Females	23.6 years	23.7 years
Future Pensioners		
Males	22.0 years	22.4 years
Females	25.0 years	25.2 years

Notes to the Financial Statements

Analysis of the amount charged to operating costs in the Statement of Comprehensive Income	31 March 2021 £'000	31 March 2020 £'000
Employer service cost (net of employee contributions)	(100)	(159)
Past service cost	-	(10)
Total operating charge	(100)	**(169)**
Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	277	350
Interest on pension liabilities	(350)	(427)
Amounts charged/credited to financing costs	**(73)**	**(77)**
Amount of gains and losses recognised in the Statement of Comprehensive Income		
Actuarial gains/(losses) on pension scheme assets	277	350
Actuarial gains/(losses) on scheme liabilities	(460)	(596)
Actuarial gain/(loss) recognised	**(183)**	**(246)**
Movement in surplus / (deficit) during the year		
(Deficit) in scheme at 1 April	(3,276)	(3,220)
Movement in year: Employer service cost (net of employee contributions)	(110)	(169)
Employer contributions	230	261
Past service cost	-	-
Net interest/return on assets	(73)	(77)
Remeasurements	(541)	(71)
(Deficit) in scheme at 31 March	**(3,770)**	**(3,276)**

Notes to the Financial Statements

	31 March 2021	31 March 2020
Asset and Liability Reconciliation	**£'000**	**£'000**
Reconciliation of Liabilities at start of period	(15,419)	(17,879)
Service cost	(100)	(169)
Interest cost	(350)	(427)
Employee contributions	(25)	(30)
Remeasurements	(2,976)	2,602
Benefits paid	488	484
Past Service cost	-	-
Curtailments and settlements	-	-
Liabilities at end of period	**(18,382)**	**(15,419)**
Reconciliation of Assets at start of period	12,143	14,659
Return on plan assets	277	350
Remeasurements	2,425	(2,673)
Employer contributions	230	261
Employee contributions	25	30
Benefits paid	(488)	(484)
Assets at end of period	**14,612**	**12,143**
(Deficit) in scheme at 31 March	**(3,770)**	**(3,276)**

Local Government Pension Scheme ("LGPS")

The East Riding of Yorkshire Council Pension - for TUPE employees formerly Shoreline. The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by the East Riding of Yorkshire Council. The total contributions made for the year ended 31 March 2021 were £461k of which employer's contributions totalled £405k and employees' contributions totalled £56k. The agreed contribution rates for future years are 37.4% for employers and range from 5.8% to 11.4% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 March 2021 by a qualified independent actuary.

	31 March 2021	31 March 2020
Rate of increase in salaries	3.75%	2.8%
Rate of increase for pensions in payment / inflation	2.85%	1.9%
Discount rate for scheme liabilities	2.0%	2.3%
Inflation assumption (CPI)	2.85%	1.9%
Commutation of pensions to lump sums	75%	75%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	31 March 2021	31 March 2020
Current Pensioners		
Males	21.0 years	20.9 years
Females	23.7 years	23.3 years
Future Pensioners		
Males	21.2 years	21.8 years
Females	25.5 years	24.8 years

Notes to the Financial Statements

Analysis of the amount charged to operating costs in the Statement of Comprehensive Income	31 March 2021	31 March 2020
	£'000	**£'000**
Employer service cost (net of employee contributions)	(305)	(395)
Past service cost	-	(4)
Total operating charge	**(305)**	**(399)**
Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	760	888
Interest on pension liabilities	(738)	(935)
Amounts charged/credited to financing costs	**22**	**(47)**
Amount of gains and losses recognised in the Statement of Comprehensive Income		
Actuarial gains/(losses) on pension scheme assets	760	888
Actuarial gains/(losses) on scheme liabilities	(1,043)	(1,334)
Actuarial (loss) recognised	(283)	(446)
Movement in surplus / (deficit) during the year		
Surplus/(Deficit) in scheme at 1 April	1,021	(2,075)
Movement in year: Employer service cost (net of employee contributions)	(305)	(395)
Employer contributions	341	640
Past service cost	-	(4)
Net interest/return on assets	22	(47)
Remeasurements	(3,116)	2,902
Surplus/(Deficit) in scheme at 31 March	**(2,037)**	**1,021**

Notes to the Financial Statements

	31 March 2021	31 March 2020
Asset and Liability Reconciliation	**£'000**	**£'000**
Reconciliation of Liabilities at start of period	(32,442)	(39,140)
Service cost	(305)	(395)
Interest cost	(738)	(935)
Employee contributions	(56)	(57)
Remeasurements	(7,707)	7,126
Benefits paid	1,063	963
Past Service cost	-	(4)
Curtailments and settlements	-	-
Liabilities at end of period	**(40,185)**	(32,442)
Reconciliation of Assets at start of period	33,463	37,065
Return on plan assets	760	888
Remeasurements	4,591	(4,224)
Employer contributions	341	640
Employee contributions	56	57
Benefits paid	(1,063)	(963)
Assets at end of period	**38,148**	33,463
Surplus/(Deficit) in scheme at 31 March	**(2,037)**	**1,021**

Notes to the Financial Statements

13a Tangible fixed assets – Housing Properties

Group	Housing Properties for Letting Completed	Housing Properties for Letting Under Construction	Low Cost Home Ownership Properties Completed	Low Cost Home Ownership Properties Under Construction	Total Housing Properties
	£'000	£'000	£'000	£'000	£'000
Cost					
At start of the year	329,887	321	19,173	12	**349,393**
Additions to properties acquired	-	5,918		2,483	**8,401**
Revaluation	100	-	-	-	**100**
Works to existing properties	9,555	-	-	-	**9,555**
Schemes completed	5,014	(5,014)	1,124	(1,124)	**-**
Transfer of tenure	(1,185)	1,185	222	(222)	**-**
Disposals	(2,662)	-	(228)	-	**(2,890)**
At the end of the year	340,709	2,410	20,291	1,149	**364,559**
Depreciation and impairment					
At start of the year	54,224	-	563	-	**54,787**
Charge for year	8,099	-	250	-	**8,349**
Impairment losses	(465)	-	-	-	**(465)**
Disposals	(785)	-	(33)	-	**(818)**
At the end of the year	61,073	-	780	-	**61,853**
Net book value					
31-Mar-21	279,636	2,410	19,511	1,149	302,706
31-Mar-20	275,663	321	18,610	12	294,606

Included within the above note are 3 investment properties with a year-end balance of £490k (2020: £390k). These properties have been valued by Watsons Property using a qualified chartered surveyor in accordance with the RICS Valuation Appraisal Manual. The properties have been valued based on Open Market Value as at 23 November 2020.

Housing Properties Comprise:	2021	2020
	£'000	£'000
Freeholds	302,706	293,884
Long leaseholds	-	596
Short leaseholds	-	126
	302,706	294,606

Notes to the Financial Statements

Association	Housing Properties for Letting Completed	Housing Properties for Letting Under Construction	Low Cost Home Ownership Properties Completed	Low Cost Home Ownership Properties Under Construction	Total Housing Properties
	£'000	£'000	£'000	£'000	£'000
Cost					
At start of the year	329,500	321	19,173	12	**349,006**
Additions to properties acquired	-	5,918	-	2,483	**8,401**
Revaluation	-	-	-	-	**-**
Works to existing properties	9,555	-	-	-	**9,555**
Schemes completed	5,014	(5,014)	1,124	(1,124)	**-**
Transfer of tenure	(1,185)	1,185	222	(222)	**-**
Disposals	(2,662)	-	(228)	-	**(2,890)**
At the end of the year	340,222	2,410	20,291	1,149	**364,072**
Depreciation and impairment					
At start of the year	54,224	-	563	-	**54,787**
Charge for year	8,099	-	250	-	**8,349**
Impairment losses	(465)	-	-	-	**(465)**
Disposals	(785)	-	(33)	-	**(818)**
At the end of the year	61,073	-	780	-	**61,853**
Net book value					
31-Mar-21	279,149	2,410	19,511	1,149	302,219
31-Mar-20	275,276	321	18,610	12	294,219

Works to existing properties in the year:	2021	2020
	£'000	£'000
Components capitalised	9,555	10,421
Amounts charged to expenditure	360	333

Notes to the Financial Statements

13b Tangible fixed assets – Other

Group and Association	Freehold Offices	Computer and Office Equipment	Motor Vehicles	Playground Equipment	Total Non-Housing Assets
	£'000	£'000	£'000	£'000	£'000
Cost					
At start of the year	1,665	5,483	11	33	7,192
Additions	179	927	-	-	1106
Disposals	-	(4,385)	(11)	-	(4,396)
At the end of the year	1,844	2,025	-	33	3,902
Depreciation and impairment					
At start of the year	178	4,800	11	31	5,020
Charge for year	38	359	-	1	398
Impairment losses	-	-	-	-	-
Disposals	-	(4,213)	(11)	-	(4,224)
At the end of the year	216	946	-	32	1,194
Net book value					
31-Mar-21	1,628	1,079	-	1	2,708
31-Mar-20	1,487	683	-	2	2,172

14 Fixed asset investments

Group companies

The Group comprises the following companies, all registered in England:

Name	Incorporation and ownership	Regulated / Non-regulated	Nature of business
Lincolnshire Housing Partnership	Company 100%	Regulated	Housing Association
Humber Homes Limited	Company 100%	Non-regulated	Property Development
Speedwell Homes Limited	Company 100%	Non-regulated	Market Renting
Boston Mayflower Finance plc	Company 100%	Non-regulated	Financing

Association	Other subsidiaries	Boston Mayflower Finance plc
	£'000	£'000
31 March 2020	-	13
31 March 2021	-	13

15 Stock

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Building Materials	75	77	75	77
Goods for sale or hire	47	42	47	42
	122	119	122	119

16 Properties in the course of sale

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Properties held for sale				
Low cost home ownership properties:				
Completed	387	901	387	901
	387	901	387	901

17 Trade and other debtors

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Rent arrears	2,184	1,928	2,184	1,926
Less: provision for bad debts	(1,297)	(1,212)	(1,297)	(1,212)
Amounts due from Group undertakings	-	-	330	330
Trade Debtors	113	190	113	190
VAT repayment due from HMRC	1	71	1	71
Other debtors	78	-	78	-
Prepayment and accrued income	739	1,450	713	1,416
Total	1,818	2,427	2,122	2,721

Debtors are all due within one year

18 Cash and cash equivalents

	Group		Association	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Cash at bank and in hand	41,795	11,780	41,660	11,629

Notes to the Financial Statements

19a. Creditors: amounts falling due within one year

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	565	1,657	565	1,657
Rents and service charges paid in advance	1,762	2,170	1,762	2,170
Amounts due to Group undertakings	-	-	285	286
Corporation Tax	-	-	-	-
VAT due to HMRC	443	-	443	-
Accruals and deferred income	3,894	3,736	3,609	3,450
RTB sales receipts due to council	-	269	-	269
Deferred Capital Grant (Note 20)	756	762	756	762
Recycled Capital Grant Fund (Note 21)	172	131	172	131
Other creditors	857	1,436	802	1,346
	8,449	10,161	8,394	10,071

19b. Creditors: amounts falling due after more than one year

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loans (Note 19c)	209,896	161,500	209,231	160,810
Less: Loan arrangement fees (Note 19c)	(895)	(690)	(230)	-
Deferred Capital Grant (Note 20)	19,829	20,710	19,829	20,710
Recycled Capital Grant Fund (Note 21)	228	173	228	173
Disposal Proceeds Funds (Note 22)	-	114	-	114
	229,058	**181,807**	**229,058**	**181,807**

19c. Net Debt Analysis

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loans repayable by instalments				
Within one year	-	-	-	-
In one year or more, but less than two years	-	-	-	-
In two years or more and less than five years	-	3,000	-	3,000
In five years or more	132,896	134,000	132,896	133,400
Loans not repayable by instalments				
Within one year	-	-	-	-
In one year or more, but less than two years	-	-	-	-
In two years or more and less than five years	62,000	9,500	62,000	9,500
In five years or more	15,000	15,000	14,335	14,910
Less: loan issue costs	(895)	(690)	(230)	-
	209,001	**160,810**	209,001	**160,810**

On 8 September 2014 Lincolnshire Housing Partnership Limited borrowed £90m from the capital markets through its subsidiary Boston Mayflower Finance plc via a combination of a 45-year bond issue and a 15-year Private Placement. Loans are secured by floating charges on all the Association's assets and fixed charges on individual properties.

The amount payable in relation to the bond issue is an intercompany creditor for Lincolnshire Housing Partnership Limited with the amount owed to its subsidiary, Boston Mayflower Finance plc. Boston Mayflower Finance plc recognises an equivalent intercompany debtor within its accounts and the third party liability to repay the bond on 8 September 2059.

On 19 June 2020 Lincolnshire Housing Partnership Limited sold additional £45m from the retained capital markets through its subsidiary Boston Mayflower Finance plc. Lloyds loan of £62m has been converted into RCF in November 2020 for 5 years.

Notes to the Financial Statements

19c. Net Debt Analysis (continued)

The interest rate profile of the Association at 31 March 2021 was:

	Total	Variable rate	Fixed rate	Weighted	Weighted average term
	£'000	**£'000**	**£'000**	**%**	**Years**
Instalment loans	115,000	–	115,000	4.32	39
Non-instalment loans – Bond Premium	17,896	–	17,896	-	39
Non-instalment loans	15,000	–	15,000	4.08	9
Lloyds Revolving Credit	62,000	62,000	-	1.17	5
	209,896	62,000	147,896	2.39	23

As at 31 March 2021 the Association has the following borrowing facilities:	£'000
Undrawn committed facilities	29,200
Undrawn facilities	35,000
	64,200

19d. Analysis of Changes in Net Debt

Group	Notes	At 1 April 2020	Cash Flows	Non-cash Changes	At 31 March 2021
		£'000	**£'000**	**£'000**	**£'000**
Cash and Equivalents		11,780	30,015	-	41,795
Debt Due within one year		-	-	-	-
Debt Due after more than one year	19c	(161,500)	(48,396)	-	(209,896)
Net Debt		(149,720)	(18,381)	-	(168,101)

20. Deferred Capital Grant

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
At start of the year	21,472	21,437	21,472	21,437
Grant received during the year	-	35	-	35
Grant recycled in the year – RCGF	-	116	-	116
Grant recycled in the year – DPF	-	730	-	730
Amortisation	(756)	(762)	(756)	(762)
Released to income in the year	(34)	(84)	(34)	(84)
Released to RCGF	(97)	-	(97)	-
At the end of the year	**20,585**	21,472	20,585	21,472
Amount due to be released < 1 year	756	762	756	762
Amount due to be released > 1 year	19,829	20,710	19,829	20,710
Total deferred capital grant	**20,585**	21,472	20,585	21,472

21. Recycled Capital Grant Fund

		Group		Association	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
At start of the year		303	288	303	288
Inputs:	Grant recycled	97	131	97	131
Recycling:	New Build	-	(116)	-	(116)
At the end of the year		**400**	**303**	**400**	**303**

22. Disposal Proceeds Fund

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
At start of the year	114	844	114	844
Use / allocation of funds	(114)	(730)	(114)	(730)
At the end of the year	**-**	**114**	**-**	**114**
Amount less than three years old	-	-	-	-
Amount three years or older where repayment may be required	-	114	-	114

23. Non-equity share capital

The Association's constitution is that of a Co-operative and Community Benefit Society, therefore there is no share capital.

Lincolnshire Housing Partnership Limited retains a £12,500 investment in Boston Mayflower Finance plc and is the registered holder of 50,000 shares of £1 each, of which £12,500 has been paid.

24. Capital commitments

	2021	2020
	£'000	£'000
Capital expenditure that has been contracted for, but has not been provided for in the financial statements	10,208	10,484
Capital expenditure that has been authorised by the Board, but has not been contracted for	652	1,213
Total capital expenditure in the next 12 months	10,860	11,697

The Association expects these commitments to be financed with:

Social Housing Grant	-	-
Committed loan facilities	-	-
Proceeds from the sale of properties	1,601	1,597
Existing cash balances	9,259	10,100
Total capital expenditure in the next 12 months	10,860	11,697

25. Operating leases

	2021	2020
	£'000	£'000
Land and buildings		
Less than 1 year	516	516
1 to 2 years	516	516
Between 2 to 5 years	129	645
5 years or more	-	-
Others		
Less than 1 year	442	421
1 to 2 years	437	421
2 to 5 years	229	642
5 years or more	-	-

26. Contingent liability

There were no contingent liabilities to third parties as at 31 March 2021.

27. Grant and financial assistance

	2021	2020
The total accumulated government grant and financial assistance received or receivable at 31 March	40,973	40,973
Held as deferred grant (note 20)	20,585	21,472
Recognised as income in Statement of Comprehensive Income	**11,504**	**10,714**

28. Related parties

Lincolnshire Housing Partnership Limited is the Parent entity in the Group and ultimate controlling party. The Group has taken advantage of the exemption available under Section 33.1A FRS 102 not to disclose transactions with wholly owned subsidiary undertakings.

There have been no Directors' loans during the reporting year (2020: £Nil).

No tenancy agreements are held by Board members.

There have been no transactions with key management personnel and their close family, (including compensation paid)

Related party balances are not secured.

The Group entered the following related party transactions in the year ended 31 March 2021:

Transactions with registered and non-registered elements of the business The Association provides management services, other services, and loans to its subsidiaries.

The Association also receives charges from subsidiaries. The quantum and basis of those charges are set out below:

	Management charges		Interest Charges		Interest Received	
	2021	2020	2021	2020	2021	2020
Non-regulated entities	£'000	£'000	£'000	£'000	£'000	£'000
Boston Mayflower Finance plc	-	-	5,053	3,852	-	-
Speedwell Homes Limited	3	3	-	-	7	7
	3	3	-	-	7	7

Intra-group management fees

Intra-group management fees are receivable by the Association from subsidiaries to cover the running costs the Association incurs on behalf of managing its subsidiaries and providing services. The management fee is calculated by using varying methods of allocation.

In March 2021 Speedwell Homes Limited declared a £5,930 gift aid payment to the Association (2020: £7,400).

Intra-group interest charges

Intra-group interest is charged by the Association to its subsidiaries at an agreed commercial rate.

www.lincolnshirehp.com

Lincolnshire Housing Partnership Limited registered as a charitable Community Benefit Society under the Co-operative and Community Benefit Societies Act 2014 with registered number: 7748. Data Protection registration number: ZA345449 Registered Office: Westgate Park, Charlton Street, Grimsby, North East Lincolnshire, DN31 1SQ