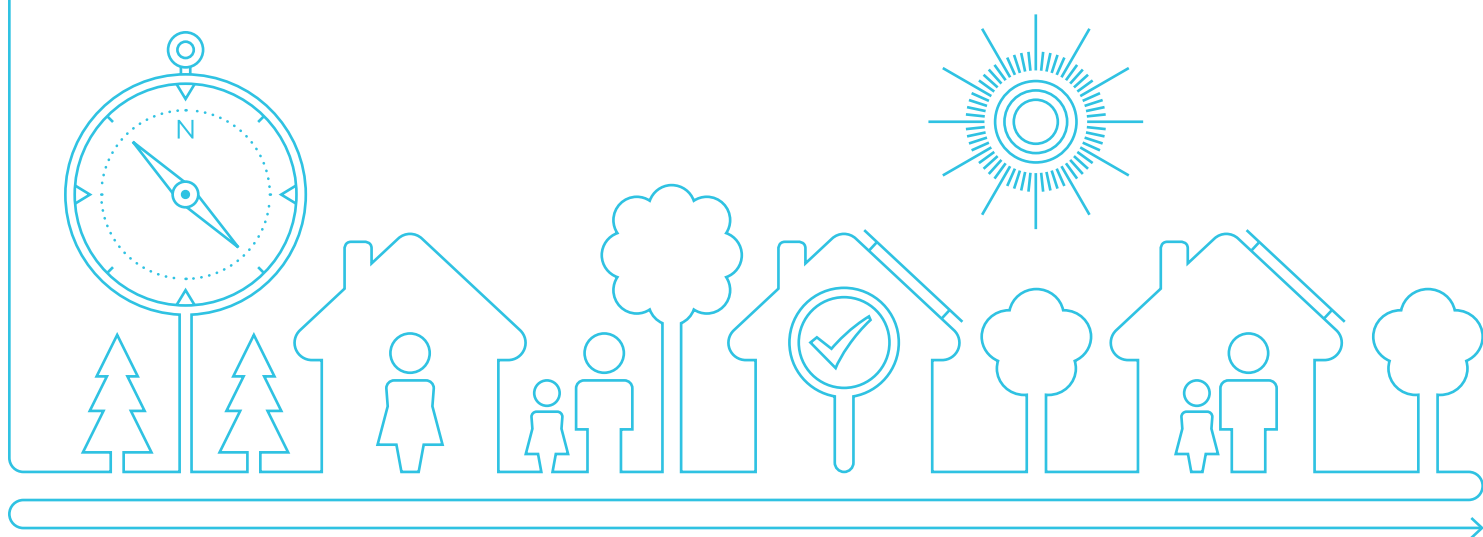
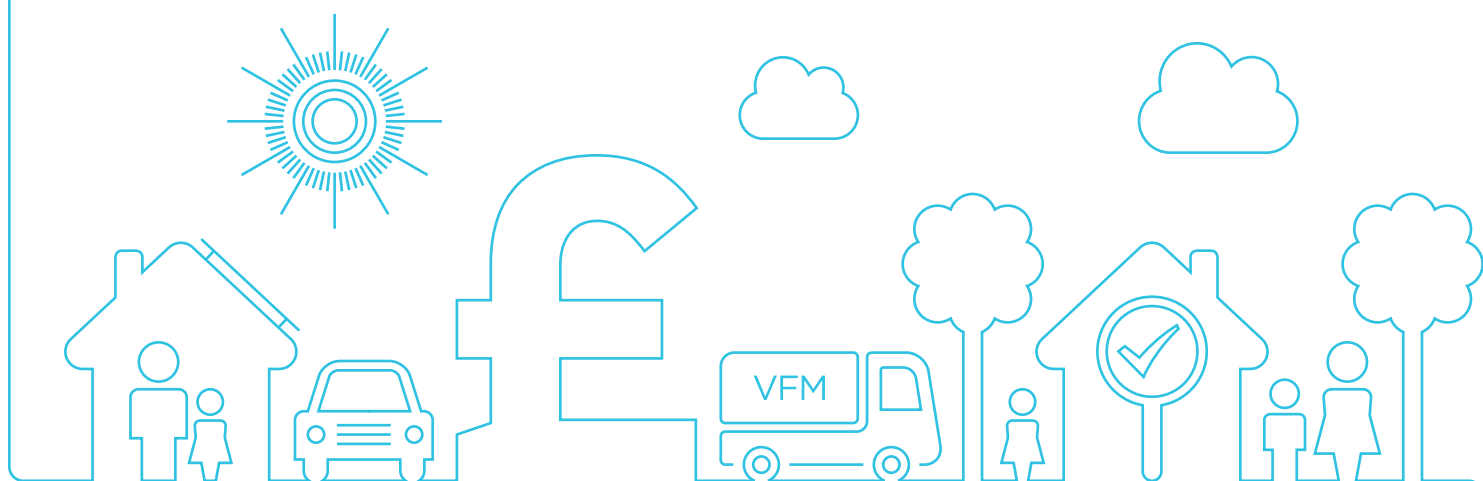
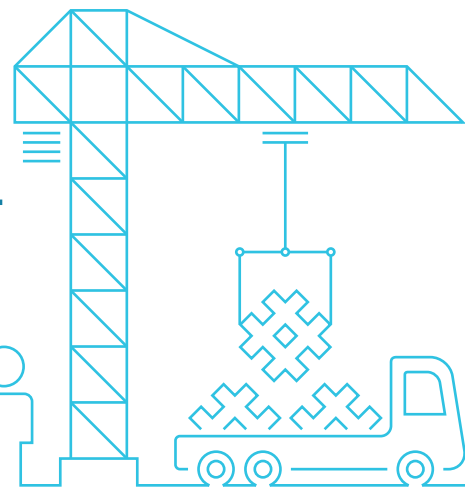


# SHAREHOLDERS ANNUAL REPORT

2014 ⇒ 2015



# INTRODUCTION

## Welcome to our report

This report looks back on the achievements of the final year of our three-year plan which, in itself, has been the source of much pride. We have achieved a great deal.

During the past 12 months, we built 482 much-needed homes and made many existing ones safer and cheaper to heat. We also helped more people manage the impact of the overhauled benefits system and teamed up with one of the nation's largest credit unions to make a range of financial services available to customers.

It was the year we launched our self-service platform for customers to manage their accounts online and to contact our service centre – the same centre that ranked second among all organisations accredited nationally by the Institute of Customer Service. And thanks to mobile working technology, we increased the time spent in neighbourhoods with our customers.

We continued to provide services to get people into employment, self employment and training and offered more employment and leisure opportunities for people with learning disabilities.

It was good to be recognised by 24 Housing magazine as a Top 50 landlord and for our Madeley Road site near Wakefield to be named one of Inside Housing magazine's top 50 affordable developments. The accolades continued when we won the National Housing Federation's Greener Living award for helping customers cut their energy bills and their carbon footprint.

Our standing in the market was also recognised when we achieved a strong A2 credit rating, on the basis of improving financial performance, which was key to securing £200m of funding to build more homes. We entered the first year of new contracts for our expanded Help to Buy and Home Improvement Agencies secured because of our track record for delivering excellent services.

In achieving the objectives of our 2012-15 plan, we have put down the foundations for a strong association ready to meet the challenges of uncertain times.

**Jim Taylor**, Chair of the Board

**Mervyn Jones**, Chief Executive



# GOVERNANCE AND ACCOUNTABILITY

## Board

At present the Board may have up to 12 Members with 3 places reserved for tenants or Customer Services Committee Members. Two new Members Sue Hall and Will Lifford are put forward for election at the Annual General Meeting. Further recruitment is taking place to address skills shortages. The skills and experience Members need include:

- Entrepreneurial leadership
- Strategic awareness
- Risk identification and management
- Financial planning and management
- Social housing policy and care management
- Tenancy and community issues
- The ability to take an independent view
- Analytical skills
- Valuing equality and diversity

Vacancies on the Board and Committees are advertised widely and a rigorous selection process takes place. Members themselves sit on the selection panels and make recommendations on appointments.

## Committees

Three Committees operate across Yorkshire Housing. Committee membership at 31 March 2015 is shown below.

### Customer Services Committee

- John Baker (vice Chair)
- Sean Benbow
- Doreen Benson
- John Bryson
- Christine Emeny
- David Perry
- Stephen Etherington
- Elia Stojanovic (Chair)
- Linda Woodward
- Customer working with the Committee: Emma Robertson-Tierney

### Audit and Risk

- Jacqui Bateson
- Stephen Fox
- Lish Harris
- Philip Johnson (vice Chair)
- Paul Nilsen (Chair)
- Dennis O'Higgins
- Jim Taylor (non voting)

### Remuneration and Nominations

- Jacqui Bateson (Chair)
- Imelda Havers
- Paul Nilsen
- Elia Stojanovic
- Jim Taylor

In addition small Boards are appointed to oversee the work of our trading subsidiary, Space Property, and our treasury subsidiary, YH Finance plc, and a local committee works with tenants in Skipton and the surrounding area.



# GOVERNANCE AND ACCOUNTABILITY

## Governance Review

During the year the Board commissioned housing sector specialists, Campbell Tickell, to carry out a full Governance Review. Campbell Tickell took a wide range of views into account including those of our Regulator, the Homes and Communities Agency, before presenting their report to the Board.

A Steering Group of the Board is now working to deliver the recommended actions. Changes planned include:

1. Reducing Board and Committee sizes and introducing a clear skills focus.
2. Ensuring that the Board has proper responsibility for strategic and policy decisions and risk.
3. Reviewing the role of Committees so they are in a better position to provide the Board with assurance.
4. Strengthening the way in which tenants can support Service Inspection.
5. Promoting a closer working relationship between the Board and the Executive team.
6. Examining the role for our trading subsidiary.

## Board Payment

When Yorkshire Housing was unsuccessful in recruiting a Member with business finance skills, it was decided to introduce payment for Members. The decision was not taken quickly and considerable research and discussion took place. Two new Members have now been successfully recruited. Payment for existing Members has been included on the Governance Review Action Plan and will be introduced from 1 October 2015.

## Managing Risk and Internal Controls

Yorkshire Housing maintains rigorous internal control systems. The effectiveness of these is reviewed regularly through management audits and by Auditors who report directly to the Audit and Risk Committee. In October 2014 a management audit revealed a data error. This meant a number of homes were missed from the annual gas inspection. Action was taken immediately to carry out inspections, and make sure gas systems were safe. The cause of the error was investigated and rectified. This failure of this control was reported to our Regulator, and ultimately the Board was held responsible because whilst no one was harmed there had been potential for harm. The work being done through the Governance Review is crucial to re-build confidence and restore Yorkshire Housing's strong reputation.

In addition to the audit work overseen by the Audit and Risk Committee, the Board receives an annual statement from Directors giving assurance on Internal Controls. Our aim is to balance good control systems with flexibility so that we can respond promptly and sensitively to the widely varying environment in which we provide homes and housing services.



# GOVERNANCE AND ACCOUNTABILITY

## Code of Governance

The Board has adopted the National Housing Federation's Code of Governance 2015 and currently complies with all the Code's provisions except one. The revised Code introduced in April 2015 added an additional recommendation that years of service on previous Boards within the Group must be rolled up to comply with the maximum 9 year limit on Board service.

As noted earlier, in 2014 the Board commissioned a Governance review and as a result will be making changes to Board size and composition over the coming year. To make sure that stability is maintained through the transition period the three Members who have served for more than 9 years including service elsewhere in the Group will continue in post for a temporary period. Our intention is to be fully compliant by September 2016.

## Member Obligations

Obligations for Members are to support our values (Respect, Reliability, and Enthusiasm); use their skills to guide and lead our business; develop and support the Corporate Plan; comply with our Code of Conduct; attend meetings, training and appraisals.

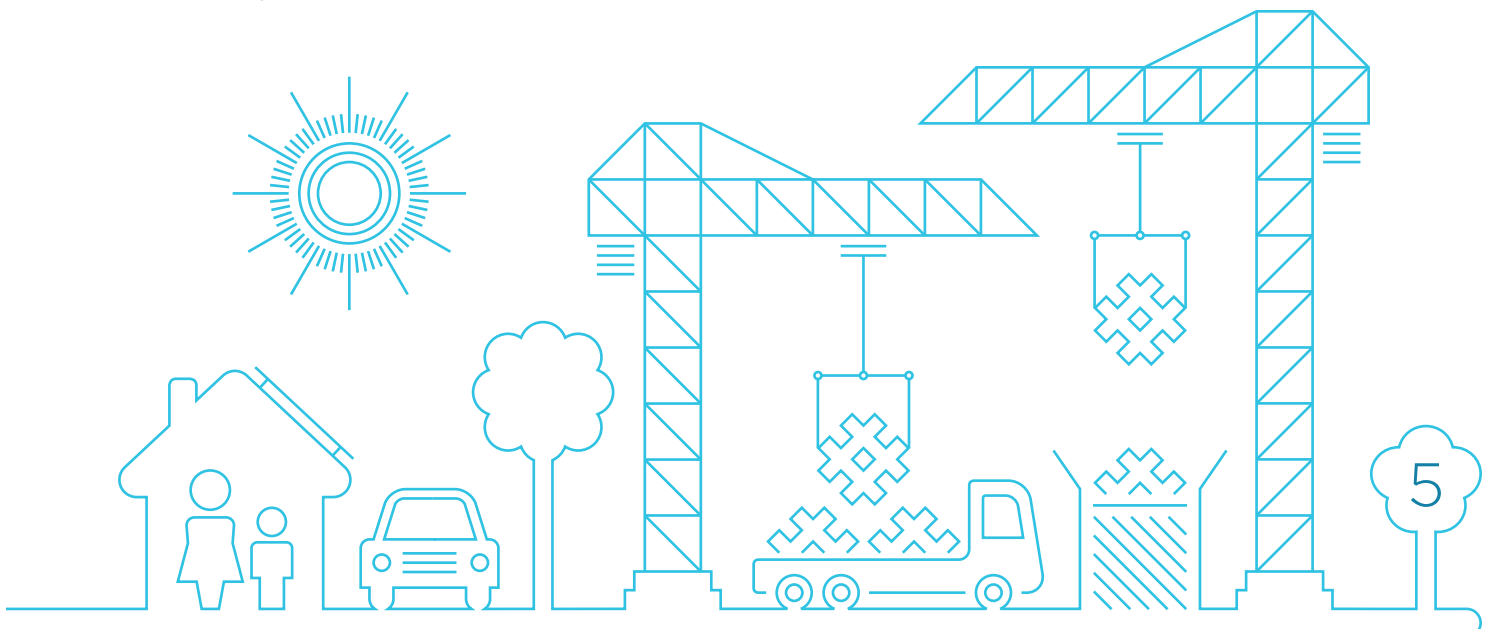
Members are also obliged to act with reasonable care and prudence in the interests of Yorkshire Housing, and to act in a personal capacity, not representing any other organisation or group of people.

## Shareholders

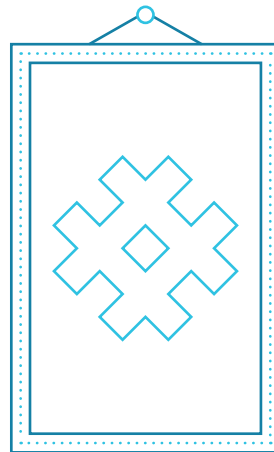
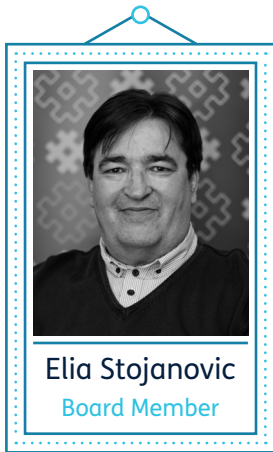
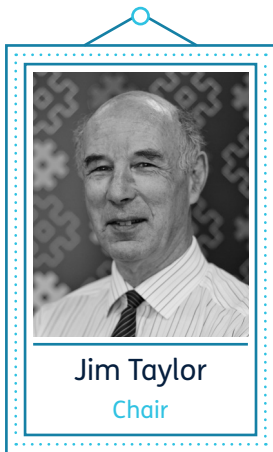
At 31 March 2015 Yorkshire Housing had 210 shareholding members.

A Shareholding Membership Policy is in place. Applicants for shareholding membership must show that they support Yorkshire Housing, widen representation from local communities or improve overall diversity. They also sign to say they will meet Yorkshire Housing's Shareholder Principles.

A shareholder's main role is at Annual General Meetings to consider the Board and Executive team's review of the past year, to adopt the accounts, elect the Board and approve any changes to the Yorkshire Housing Rules. From time to time shareholders may be called on by the Board or senior staff to support the Association's work.



# BOARD MEMBERS - 31 MARCH 2015



# FINANCIAL RESULTS

## Review of the Year

In the year ended March 2015 we made a surplus of £12.6m, slightly down on the previous year. This surplus enabled us to support investment in new homes (£45m this year) and existing homes (£12m this year).

The balance sheet remains strong. We have issued a £200m bond which will provide sufficient funds for the development of new homes in our 2015-18 plan. In the short term, we have used some of the bond proceeds to repay bank loans and will re-draw the funds as we need them over the coming years. In 2014-15, 482 new homes were completed and transferred into management.

## Auditors' Opinion (summary)

The financial statements give a true and fair view of Yorkshire Housing's affairs at 31 March 2015 and of the Yorkshire Housing Group's profit for the year 2014-15. They have been properly prepared in accordance with UK accounting good practice and the Companies Act 2006.

## Solicitors

- DWF
- Rollits
- Devonshires
- Whiteheads
- Trowers & Hamlins

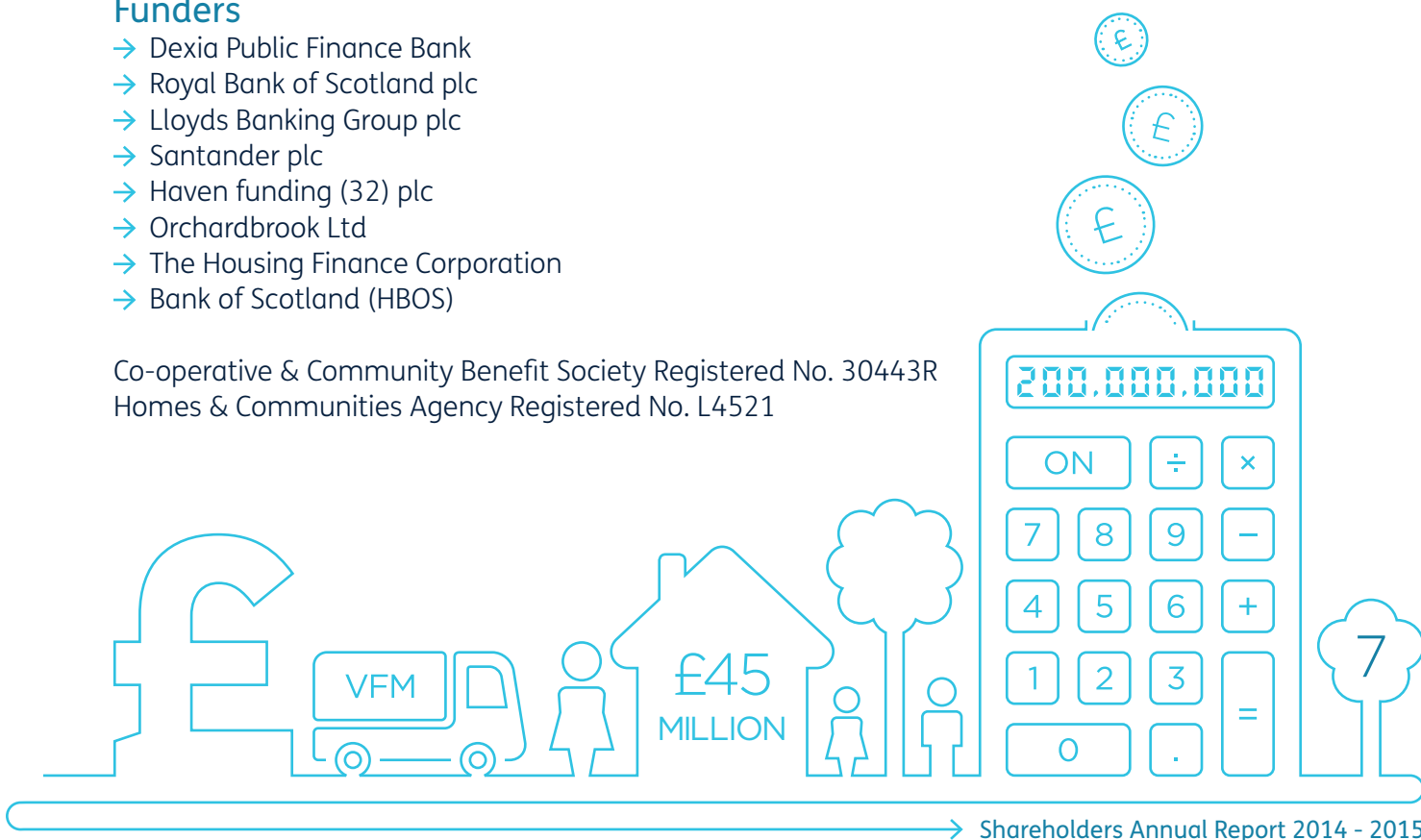
## Auditors

- PriceWaterhouseCoopers (External Auditors)
- BDO (Internal Auditors)

## Funders

- Dexia Public Finance Bank
- Royal Bank of Scotland plc
- Lloyds Banking Group plc
- Santander plc
- Haven funding (32) plc
- Orchardbrook Ltd
- The Housing Finance Corporation
- Bank of Scotland (HBOS)

Co-operative & Community Benefit Society Registered No. 30443R  
Homes & Communities Agency Registered No. L4521



# FINANCIAL RESULTS

<b>Split of income</b>		
Rent		78%
Service charges		7%
Support charges		2%
Other contracts		11%
Property sales		2%

<b>Split of costs</b>		
Repairs and investment		28%
Service		10%
Managing homes		16%
Bad debts		2%
Depreciation		15%
Other contracts		9%
Property sales		2%
Interest		18%

<b>Consolidated income and expenditure account</b>	<b>2015 - £'000</b>	<b>2014 - £'000</b>
Turnover	87,882	81,856
Operating costs	(65,089)	(59,423)
Operating profit	22,793	22,433
Share of operating profit of joint venture	180	183
Profit on property sales	3,350	1,621
Interest receivable and similar income	975	941
Interest payable and similar charges	(14,630)	(12,474)
<b>Profit / (Loss) before tax</b>	<b>12,668</b>	<b>12,704</b>
Tax - Group	(44)	(45)
<b>Profit / (Loss) after tax</b>	<b>12,624</b>	<b>12,659</b>





# FINANCIAL RESULTS

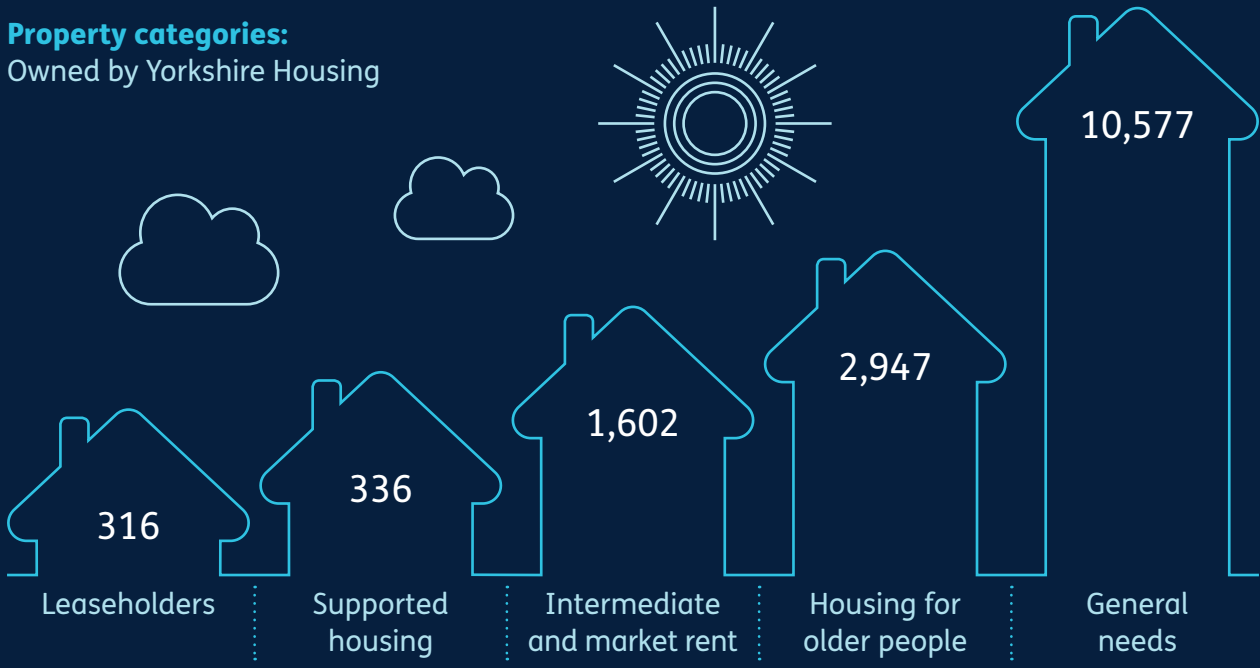
<b>Consolidated balance sheet as at 31 March 2015</b>	<b>2015 - £'000</b>	<b>2014 - £'000</b>
<b>Fixed assets</b>		
Housing properties - cost	871,790	828,854
Social housing grant	(330,314)	(326,279)
Housing properties - depreciation	(82,378)	(70,986)
	<b>459,098</b>	<b>431,589</b>
Other tangible fixed assets	8,084	8,701
Investments	1,109	1,151
<b>Total fixed assets</b>	<b>468,291</b>	<b>441,441</b>
<b>Current assets</b>		
Properties for sale and stock	967	1,269
Properties in the course of construction	1,416	N/A
Debtors	8,352	8,699
Cash deposits and bank accounts	25,527	5,051
	<b>36,262</b>	<b>15,019</b>
Current liabilities	(19,142)	(14,835)
<b>Total assets less current liabilities</b>	<b>485,411</b>	<b>441,625</b>
Creditors: Amount falling due after more than one year	(339,298)	(307,731)
Net pension liability	(2,521)	(603)
	<b>143,592</b>	<b>133,291</b>
<b>Capital and reserves</b>		
Called up share capital	0	0
Income and expenditure accumulated surplus	103,849	94,244
Revaluation reserves	28,713	28,769
Restricted reserve	13	12
Designated reserves	11,017	10,266
	<b>143,592</b>	<b>133,291</b>



# PROPERTY CATEGORIES AND LOCATIONS

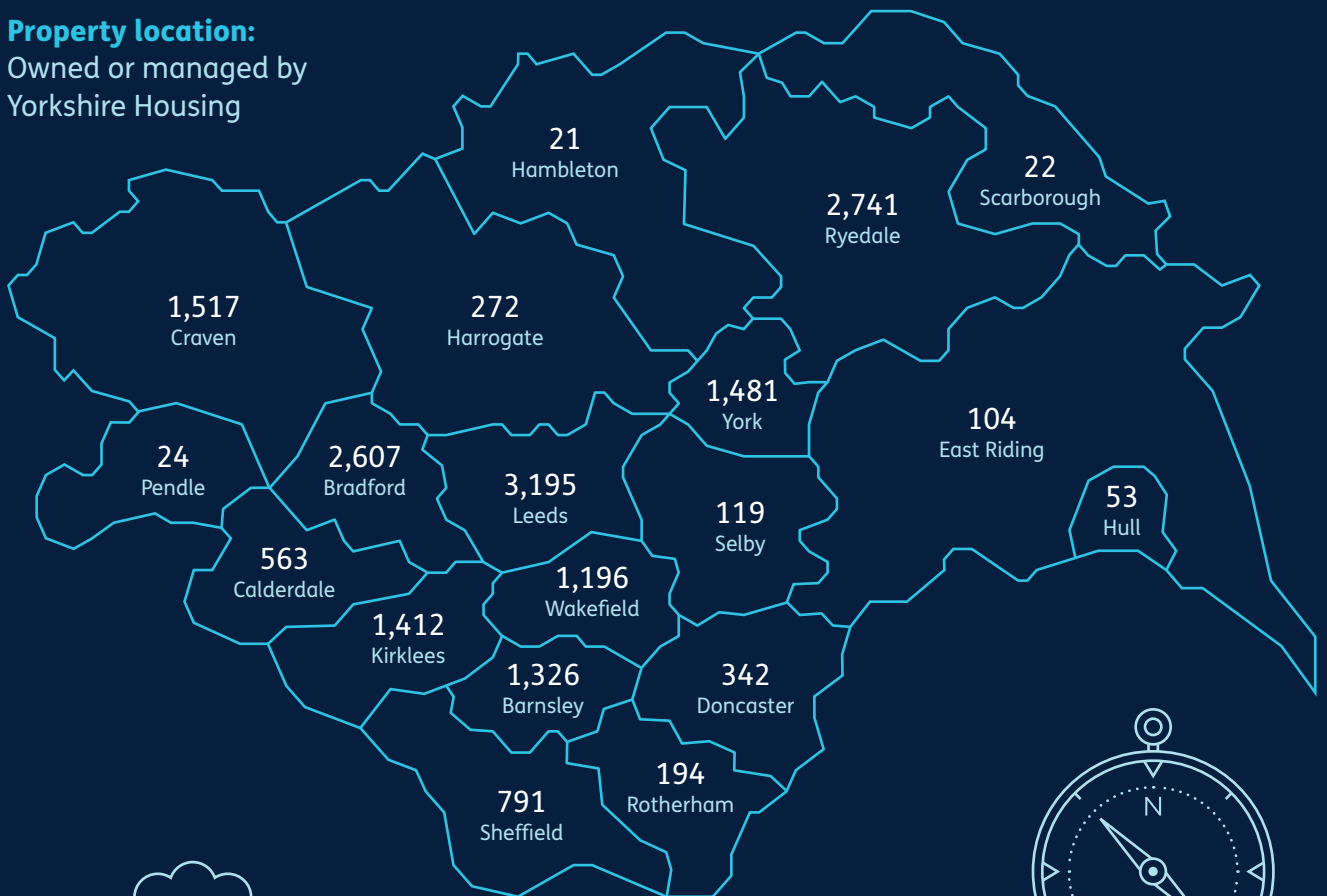
## Property categories:

Owned by Yorkshire Housing



## Property location:

Owned or managed by Yorkshire Housing



# PERFORMANCE RESULTS

<b>General needs average weekly rents</b>	<b>2015</b>	<b>2014</b>
Bedsit	£56.56	£56.87
1 bed property	£72.31	£69.95
2 bed property	£84.44	£81.40
3 bed property	£93.38	£90.16
4 + bed property	£101.23	£97.76
Rent collection	98.5%	99.0%
Current tenant rent arrears	3.15%	2.88%

<b>Lettings</b>	<b>2015</b>	<b>2014</b>
Homes let	1,744	1,710
Average time to let	26 days	34 days
Rent loss due to empty homes	0.77%	1.05%
Lets to ethnic minorities	10%	12%

<b>Repairs</b>	<b>2015</b>	<b>2014</b>
Number of day-to-day and void repairs	48,419	53,317
Repairs appointments kept	99%	99%
<b>Completed on time:</b>		
Emergency	98%	98%
Urgent	96%	96%
Routine	98%	98%

<b>Investment</b>	<b>2015</b>	<b>2014</b>
New homes provided	482	503
Number of homes receiving investment	2,350	2,977
Number of boilers replaced	732	778
Number of kitchens or bathrooms modernised	1,084	1,196
Number of adaptations completed	1,468	1,055



Yorkshire Housing Head office:  
Dysons Chambers, 12-14 Briggate, Leeds LS1 6ER

Telephone: 0113 825 6000  
Email: [enquiries@yorkshirehousing.co.uk](mailto:enquiries@yorkshirehousing.co.uk)  
[www.yorkshirehousing.co.uk](http://www.yorkshirehousing.co.uk)

