

**SW9 COMMUNITY HOUSING**  
**(A company limited by guarantee)**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2022**

**(Charity No. 1170586)**  
**(Company No. 09574528)**

## **SW9 COMMUNITY HOUSING**

### **FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

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## SW9 COMMUNITY HOUSING

### REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) FOR THE YEAR ENDING 31 MARCH 2022

#### THE TRUSTEES, EXECUTIVE OFFICER, AND ADVISORS

The members of SW9 Community Housing are its Trustees for the purpose of charity law. The Trustees, executive officer, and advisors who were in office during the year and up to the date of signing the financial statements were:

<b>Trustees</b>	Dee Alapafuja Adebayo Ajibade Andrew Sternberg Benjamin Peart (resigned 11 May 2022) Colin Faulkner Daniel Cromb Daniel Garza Joshua Lindsey (resigned 23 April 2021) Kieran Godwin (appointed 15 Jun 2021) Olukayode Ajisebutu Paul Brett Steven Warren Tazeem Abbas (appointed 8 July 2021)
<b>Secretary</b>	Sarah Patrice
<b>Executive Officer</b>	Delroy Rankin
<b>Registered office</b>	6 Stockwell Park Walk London SW9 0FG
<b>Independent auditor</b>	BDO LLP Chartered Accountants and Statutory Auditors 55 Baker Street London W1U 7EU
<b>Solicitors</b>	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B3 2ES
<b>Bankers</b>	HSBC West End Business Banking Centre, 16 King Street Covent Garden, London WC2E 8JF
<b>Registrations</b>	Company No. 09574528 Charity No. 1170586

## **SW9 COMMUNITY HOUSING**

### **REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) FOR THE YEAR ENDING 31 MARCH 2022**

#### **Continued**

The Trustees are pleased to present their annual Directors' report together with the financial statements of the Charity for the year ending 31 March 2022 which are also prepared to meet the requirements for a Directors' Report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act "2006", the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

#### **Chair's Report**

Over the past financial year, and indeed currently, we continue to live through a most significant phase in world history. Many of the biggest challenges facing SW9 Community Housing ['SW9'] today are linked to health and work, from pandemic recovery to the rapidly evolving labour market and a cost of living crisis brought on by a succession of major events.

Ensuring residents have access to the right services, at the right time, remains vital to meeting the Charity's objectives. SW9 exists to provide complex services to residents, while delivering significant improvements and sustained positive change for all members of the community in which we live and work. On behalf of the Trustees, I should like to express my sincerest thanks to residents, both tenants and leaseholders and the community at large, for their endurance through the pandemic. Whether you are established residents, or new members of the community, thank you all for getting involved with the Charity during this past year.

Community engagement was strengthened by SW9's RISE programme of engagement opportunities which continued to offer residents a myriad of ways of getting involved. Throughout the year opportunities for engagement were made available to all residents, despite the pandemic which continued to hinder many planned activities.

I am proud of the range of activities SW9 delivered to residents, the vast majority of which were delivered for free and oriented around giving families opportunities they may not ordinarily have access to. It is a primary motivation for the Charity to offer individuals possibilities to develop personally, supporting both their future and that of their families.

If you are a new tenant or a leaseholder who joined SW9 during the past year, I extend a warm community welcome to you. Stockwell and Brixton are exciting places to live as testified by the many new residents who chose to make this community their home. The regeneration of the Stockwell Park Estate has been made possible through the continued support of Network Homes as landlord, whom I should like to thank for the considerable knowledge, expertise, and sustained commitment of its staff.

SW9's operations adapted well during unprecedented times. I am thrilled that we have talented new colleagues who joined recently enabling the organisation to continue to deliver core services and support our vulnerable residents. We do not underestimate the impact from the economic downturn and will continue to support residents through their difficulties.

In closing I would like to thank my fellow trustees particularly welcoming new members, as well as the management and staff of the Charity, for their hard work and dedication. To find out more about how we are "keeping it local", please visit our website [www.sw9.org.uk](http://www.sw9.org.uk) or telephone 0207 326 3700.

Our residents are the reason we are here.

Yours,

  
**Dee Alapafu**  
Chair, SW9 Community Housing

## **SW9 COMMUNITY HOUSING**

### **REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) FOR THE YEAR ENDING 31 MARCH 2022**

#### **Continued**

#### **Our purpose and activities**

The purposes of the Charity are:

- Deliver high quality housing, repairs, and support services;
- Work in partnership with our parent organisation, Network Homes Limited, in the delivery of the physical regeneration of Stockwell Park and surrounding street properties;
- Demonstrate high standards of governance, promoting the benefits of tenant management; and
- Further the sustainability and diversity of the community.

The principal activity of SW9 Community Housing ("the charitable company"/"the Charity") is to provide property management and maintenance services on behalf of Network Homes Limited, the Landlord, under a 25-year Management Agreement. In accordance with the Management Agreement between the charitable company and Network Homes Limited, one of the key purposes is to deliver first class housing, support, and repairs services to the residents of Stockwell Park and surrounding street properties, as defined by the Charity's Area of Benefit.

To do this, the charitable company retains a percentage of the annual rental income paid by tenants living in properties under the management of the charitable company. The accommodation provided is for people on low or moderate incomes, and in housing need. The accommodation under the management of the charitable company ranges from single person accommodation up to large family dwellings. The charitable company also manages purpose-built specialist accommodation for those in need of support or personal care. It also provides community development and community engagement to ensure Stockwell Park remains a sustainable and vibrant multicultural environment.

The charitable company also provides services to tenants who have purchased their home on a long lease, either on a shared ownership basis or outright purchase at market value.

The total number of homes under the management of the charitable company is 1,718 of which, 900 are for general needs, 630 are leasehold homes, 65 are shared ownership properties while 48 are supported housing. 40 are classed as older persons' housing and 35 are affordable rent. This number will increase in 2021-22 as further new homes are built on Stockwell Park by Network Homes Limited, a Registered Provider with Homes England, and parent company to the charitable company.

The vision that shapes the charitable company's activities remains the promotion of tenant management, and local control and accountability. The charitable company encourages tenants and residents to actively influence the services provided through membership of its Trustee board, residents' forums, and community development groups.

The charitable company also has the general charitable aim of contributing to the quality of life of tenants of the Stockwell Park Estate and surrounding street properties by expanding their horizons through the provision of exciting, challenging and accessible activities including employment and welfare advice through signposting tenants to stakeholder partners.

The charitable company endeavours to encourage all within the community to take part in activities and attend community events held throughout the year, irrespective of tenure type. These activities are either free or subsidised to ensure they are affordable and available to all.

The charitable company continues to foster links with other local organisations which provide additional services to the residents of Stockwell Park and surrounding street properties. The charitable company recognises the positive contribution other organisations can make to further its aims and objectives, for those most vulnerable residents.

## **SW9 COMMUNITY HOUSING**

### **REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) FOR THE YEAR ENDING 31 MARCH 2022**

#### **Continued**

#### **Volunteers**

Members of the Board of Directors and Committees did not receive any remuneration for the work they carried out in the capacity of the charitable company in the year ending 31 March 2022. In addition, several residents and friends of the charitable company gave their time voluntarily in assisting with specific projects and community activities, including the packing of food parcels and hampers for vulnerable residents.

#### **Achievement and Performance**

The charitable company provided a variety of related services to 1,718 homes. The number of homes according to tenure type is shown below:

General needs:	900
Leaseholders:	630
Shared Ownership:	65
Supported Housing:	48
Older Persons' Housing:	40
Affordable Rent:	35

Due to the pandemic impacts on the general economy and the continued rollout of Universal Credit, net rental income as a percentage of rents owed fell to 96.64% in the financial year ending 31 March 2022. To help support those experiencing financial difficulty, the charitable company invested resources to help 77 residents and, as a direct result of early intervention, there were no evictions for the non-payment of rent. The percentage of tenants in arrears remains under 2%. This places the Charity in the top five London based social housing providers.

The focus of the charitable company remains the provision and delivery of quality housing services and community engagement and development. Improving levels of customer satisfaction is the major priority and the year ending 31 March 2022 was another year of continuous improvement, with an increase of 4% to 76%.

Performance in other areas continued to improve for the period ending 31 March 2022. Although the number of days taken to re-let an empty property had almost doubled to 53.9 days, this was largely due to the switch to a new main repairs contractor combined with the high number of voids created by new Thrayle House.

The charitable company monitors all expenditure, particularly repairs and maintenance which is the largest single budget. During the year under review the Charity signed a three-year contract with Seville.

Developments Limited to deliver responsive repair services to the properties under management, replacing Chigwell (London) who had been the principal repairs contractor for the previous 12 months.

Post the Grenfell tragedy, the social housing sector has continued to emphasise the need for Health and Safety compliance, particularly in terms of fire safety. The charitable company has continued to work alongside Network Homes Limited (the landlord) to improve fire safety measures at a number of the residential buildings under its management. Recladding works have completed at Park Heights, a fifteen and twenty storey tower block. A further building is due to undergo cladding replacement works during 2021-22. The cost of these works will be paid for by Central Government. 100% of the properties under the management have a valid Fire Risk Assessment.

## **SW9 COMMUNITY HOUSING**

### **REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) FOR THE YEAR ENDING 31 MARCH 2022**

#### **Continued**

#### **Community Engagement**

SW9's RISE programme of engagement opportunities continued to offer residents a myriad of ways of getting involved. These include:

- Resident improvement panel
- Street and block champions
- Accredited training
- Employment and education programme and grants
- Family activities
- Art exhibitions
- Resident's meetings
- Eat well and digital inclusion scheme
- Homework club
- Calendar club
- Easter and Christmas hamper project
- Weekly lunches at our older person scheme
- Collaborate working with resident panels

Throughout the year ending 31 March 2022, 145 opportunities of engagement were made available to residents. In total 1,125 residents got involved with the Charity. These figures are impressive particularly as the pandemic continued to hinder many of the planned activities.

The individuals engaged via a total of 900 instances during this period, showing that many residents chose to take part in more than one activity. This figure reflects the trust that our residents had in us to deliver quality activities in a Covid-safe environment, with a huge number returning time and again.

The SW9 Improvement Panel have contributed greatly to service improvements withing SW9 through their programme of projects.

To date, the Improvement Panel have been involved in the following projects:

- Production of the Resident Engagement Strategy
- SW9 website mystery shopping
- Attending repairs and estates team meeting

Further projects the panel will be working towards include:

- Parking
- Service improvement plan
- Cost of living increase

Close contact is maintained with the Community Centre, run by the Community Trust, as well as our partners at Network Homes, with regular meetings held to discuss ways in which we can better support each other and deliver projects of shared importance.

## **SW9 COMMUNITY HOUSING**

### **REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) FOR THE YEAR ENDING 31 MARCH 2022**

#### **Continued**

#### **Financial Review**

The main source of income reported by the charitable company for the year ending 31 March 2022 on its charitable activities was £9,466k (2021: £8,675k).

Total expenditure in the year was £9,264k (2021: £8,302K), of which £1,097k was charged to the Statement of Financial Activities under major repairs and routine maintenance.

The highest area of expenditure for the charitable company is Employee Costs. Employees are key to the ongoing success of the business and therefore the Trustees will continue to approve expenditure for investment in staff development. Employee costs account for 12% of expenditure.

The charitable company recorded a surplus of £202k during the year, which was 46% lower than the previous year (2021: £373k). There have been increases in management costs as well as service costs in the year.

The charitable company is financed using its positive cash flow and retained reserves, which are not distributable. The charitable company has no loan facilities from banks or other lending institutions. The trustees consider the charitable company has the capacity to continue to operate without requiring external finance.

The trustees are committed to ensuring the future financial stability of the charitable company and continually review the financial position and consider any changes required.

The charitable company receives no other income apart from its charitable activities, and therefore costs must be met as part of the charitable company's rental income.

The charitable company endeavours to put value for money at the heart of everything it does by being prudent in its allocation of funds and creating the environment where management and staff remain cost conscious. The charitable company strives to get the balance right between costs, performance and quality, this is particularly important at this time when the social housing sector is consolidating and cost cutting.

The framework adopted by the charitable company includes:

- driving down costs;
- improving our services;
- cutting waste; and
- increasing customer satisfaction.

## SW9 COMMUNITY HOUSING

### REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) FOR THE YEAR ENDING 31 MARCH 2022

#### Continued

#### Economic and operating environment

The period 2021-22 has been a financial year of phenomenal events and change. SW9 is not complacent about the continuing risks from the pandemic even though the year has seen an overall lessening of dangers. We have seen the rise of economic threats from resurgent inflation and risk of recession. These threats will impact SW9's operations as well as residents and their families in the local community, dangers which the management and board are fully cognisant of.

It is clear the country has very significant economic problems to address whilst at the same time emerging from a once in one-hundred year pandemic and following the financial crash of 2008-09 with the ensuing global financial crisis. The operating environment for the housing sector is extremely difficult as cited in cogent terms by the housing regulator in its Quarterly Survey for Q4 January to March 2022.

#### Inflation and risk of recession

Continuing global inflationary pressures intensified following Russia's invasion of Ukraine which further aggravated supply shocks from the UK's exit from the European Union, the economic impacts of the pandemic, and from the draconian pandemic lockdown policies in China. (<https://www.bankofengland.co.uk/monetary-policy-report/2022/may-2022> © Bank of England 2022). In line with experiences of most businesses in the country, SW9 contended with increases in costs of labour and materials which rose sharply in the housing sector. A special mid-term adjustment was agreed with SW9's main contractor for repairs and voids refurbishment, equating to an overall increase in rates of roughly 11%.

SW9's residents are experiencing a cost of living crisis which has consumed the general population with household disposable incomes projected to fall in 2022 by the second largest amount since records began in 1964. Further increases are expected in household energy prices with a projected large increase in October when the energy price cap is next reset. Higher food and goods prices are also expected following the war in Ukraine.

Tightening of the labour market has made recruitment very difficult, with SW9 experiencing many instances of candidates pulling out of the recruitment process to accept competing offers.

#### Impact of Monetary policy

Quantitative easing [QE] has been a primary monetary policy lever since the global financial crisis of 2009 and over time, the stock of BoE purchased assets has grown to almost £900bn. What is notable is that almost half of this amount was accumulated relatively recently to support the UK economy following the pandemic. If Bank Rate rises are insufficient to control inflation, the other available monetary policy tool would be to reduce the supply of money or Quantitative Tightening [QT] a policy environment which central banks have little experience of.

SW9's financial situation is closely monitored as the economy encounters uncertain times. Flexibility will be needed to allow any increasing risks to be effectively managed. SW9's board is fully cognisant of the risks and the corporate risk register is reflective of the board's horizon scanning. The Charity has shown resilience during the first 2 years of the pandemic, when income remained reasonably stable, and business plans proved to be robust, supported by SW9's close association with its parent organisation, Network Homes, whose significant investment in IT systems enabled the majority of SW9 staff to seamlessly work from home during periods of lockdown. We have therefore been able to maintain essential services to our residents.

We are mindful of the significant economic impact on residents, which is likely to be severe and lasting. Although we have adapted well as a business, we understand that many of our residents are (and will be) facing financial stresses. Our compassionate approach has been adopted to support all those who need help through these difficult times. As a resident-led organisation with a focus on local geography, SW9 will continue to provide good quality services to the Stockwell Park Estate and to its managed street properties.

## **SW9 COMMUNITY HOUSING**

### **REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) FOR THE YEAR ENDING 31 MARCH 2022**

#### **Continued**

#### **Economic and operating environment (continued)**

We are a charity that was established with the very objective to put residents and the local community first, and this we will continue to do. Our priority at SW9 is to ensure that residents, staff, and the people we all care for remain safe and protected.

#### **Coronavirus pandemic**

The spring of 2021 saw a re-opening of the economy but in difficult circumstances for the Charity, as for most businesses and organisations. The second wave of the Covid pandemic had subsided and on 23 March, to mark one year exactly after the first lockdown, there was the solemn moment of 2-minutes silence held to remember all those who had died from COVID-19.

The year in review saw the continued rollout of the vaccination programme. The Charity adopted a cautious approach throughout this time being fully aware of continuing risks to staff and residents. England's ban on rental property evictions expired and the Joseph Rowntree Foundation warned that as many as a million people faced losing their homes in the coming months. SW9 is pleased to report that no eviction notices were issued for rent arrears.

The legal compulsion to self-isolate ended from late February 2022. At the time of writing this report, there has been an uptick in cases of the Omicron sub-variants BA.4 and BA.5 which are being monitored by the UK Health Security Agency. The previous year's financial results recorded considerable uncertainty surrounding the prospective effectiveness of vaccines. That position became clearer as the vaccination programme decoupled the link between infection and hospitalisations and deaths.

SW9's Income Team act as welfare benefits advisers by signposting residents to resolve benefits issues, maximise their income and improve their financial situation. Using knowledge and experience acquired over many years, our staff ensure that SW9 respond dynamically to government changes being made to welfare benefits and assistance programmes. Our focus is on tenancy sustainment to make a real difference to our customers' lives, even in the most difficult circumstances.

Our judgement is that negative impacts arising from a general and prolonged economic downturn can and will, be managed. Good governance and an agile management team will be the foundation of rapid decision making to protect the Charity's position.

#### **Investment Powers and Policy**

The Trustees, having regard to the liquidity requirements of the charitable company, have kept available funds in a money market interest-bearing account. Due to historic low interest rates the monies on deposit achieved an average of 0.5% interest against a Consumer Price Index of 1.9% for the year.

#### **Reserve Policy**

The reserves of the charitable company are unrestricted funds as shown on page 26. The total funds held by the charitable company at the end of the year are £1,346k, which are available for general charitable use.

The charitable company policy is to maintain reserves equivalent to three months operating costs. Average monthly operating costs are £503k; therefore, the reserves retained will be set at £1,510k.

When surpluses exceed £1,510k, the trustees will decide how much of the excess can be used for community benefit projects. Apart from effective management of the major contracts of the business, the reserves will be increased as a result of the additional units of stock. The risks associated with the level of reserves will be managed by the production and scrutiny of financial information and ensuring that robust processes and controls are adhered to.

The trustees will review the Reserves Policy on an annual basis.

## SW9 COMMUNITY HOUSING

### REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) FOR THE YEAR ENDING 31 MARCH 2022

#### Continued

#### Plans for the Future Period

The trustees of the charitable company are committed to provide a first class, resident-led housing repairs service, and support services to the residents of the Stockwell Park Estate and surrounding street properties. There are five key business objectives the trustees and management consider a priority for 2022-23. They are:

- **Customer Service Improvement Plan**

With roots firmly entrenched in community-led housing, and with aims and objectives clearly defined, the Charity must consistently demonstrate the value of resident-led, local estate based services. Resident satisfaction ratings stagnated during and following the pandemic, and in some areas declined since a high point in 2019. With the physical regeneration of the estate and street properties near completion and following £210-million of inward investment overseen by the parent organisation, Network Homes, the trustees and management now place the highest priority on transitioning the customer experience. The challenge for the Charity is to ensure its working practices are fit for the present and adaptable for the future. The use of technology to maximise productivity, improve efficiency, and deliver great services will play a key role in the journey of service improvement.

- **Options Review Agreement**

The Options Review Agreement is a legally binding agreement between SW9 and Network Homes. The review is underway to establish whether SW9 could become a viable stand-alone registered housing provider, independent of Network Homes. Both SW9 and Network Homes have jointly commissioned various consultants to assist with the process.

Trustees know and respect that they cannot alone make a significant decision about SW9 becoming independent. That ultimate decision rests with residents by way of a ballot. If Trustees decide it is not a viable proposition to seek independence, or a ballot takes place, but the Trustees and management are not successful in securing resident support, then the current arrangements whereby Network Homes remains the landlord and SW9 remain the managing agent, will continue.

- **Expand our Digital Inclusion and self-service**

As part of our digital inclusion programme, the Charity will continue to encourage customers to access services on-line. The Charity still has an ambitious target to facilitate 80% of transactions online by the end of 2022. The Charity will continue to maximise the benefit of its relationship with the parent, Network Homes by participating with information technology initiatives which add value to the customer experience and drive up back-office efficiency. The Charity will continue to benefit from these projects at no additional cost, as it is already included within the Surplus Rent paid to the parent quarterly in arrears.

#### **Increase the provision of social rented housing within the locality**

The Charity will explore how it can best use its reserves and balance sheet capacity to increase the provision of social rented housing within the local area by taking advantage of Affordable Housing initiatives targeted at small community organisations. The Charity will work with other sector partners to secure funding to accomplish its objective to own property assets and provide social rented housing to those in most need.

## **SW9 COMMUNITY HOUSING**

### **REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) FOR THE YEAR ENDING 31 MARCH 2022**

#### **Continued**

#### **Plans for the Future Period (continued)**

- **Review the Charity's costs and greater drive to deliver increased value**

The Charity will have a clear Value for Money [VfM] strategy and ensure it is consistently understood across the organisation. It will align costs to the strategy and differentiate between the strategically-critical good costs from the non-essential bad costs. In addition to examining cost-reduction in terms of benchmarks, SW9 will adopt a strategic ambition to set the bar high and explore all possibilities, rather than settling for marginal gains. The Charity will examine those costs that have seemed too difficult to tackle, such as property, structural inefficiency, and complex legacy operations. Being creative means looking beyond what's always been done and asking why and what are the alternatives.

#### **Principal Risks and Uncertainties**

The Trustees have considered the principal risks and uncertainties facing the charitable company. The main financial impact of risk is of an unforeseen fall in income or increase in expenditure. The fall in income arises as a direct consequence of a probable increase in rent arrears resulting from rising inflation and rising costs of living, the expected economic downturn (or recession) causing some rent payers to claim Universal Credit. Additional expenditure due to budget overruns or unplanned events are also liable to occur.

The Trustees have also considered non-financial risks including building health and safety compliance, which is deemed paramount, and any potential breach is a principal risk. The charity's Risk Register is reviewed by all trustees twice per year and considered by the relevant committee four times per year.

#### **Structure, Governance and Management**

The charitable company was set up following the decision by Network Housing Group and its social landlord entities to amalgamate into one single social landlord, Network Homes Limited. The charitable company is a resident-led, locally managed, non-asset holding entity that provides a range of property management and maintenance services on behalf of Network Homes Limited following the stock transfer from the London Borough of Lambeth in March 2007.

The charitable company was incorporated on 5 May 2015 under the name of Stockwell and Brixton LMO. Stockwell and Brixton LMO changed its name to SW9 Community Housing on 15 August 2015. On 29 March 2016 Network Homes Limited paid £5,193 to the charitable company as initial funding. The charitable company became active from 1 April 2016. The charitable company is limited by guarantee and governed by its Memorandum and Articles of Association dated 28 March 2016.

#### **Appointment of Trustees**

The Trustees, as set out on page 1, comprise of non-executive board members and are responsible for managing the affairs of the charitable company. The board of Trustees is usually composed of:

- 10 residents (5 leaseholders & 5 tenants);
- 2 independent individuals appointed for their skills, knowledge and/or experience; and
- 1 local authority appointee.

The appointment of residents as Trustees and Company Members is via an open and democratic election process. These positions are publicised, and applications received and considered by the current members of the Trustees group of the charitable company. If there are more eligible tenant nominations than vacancies arising, an election process is held in accordance with the Articles. The Trustees make recommendations to the Board of Network Homes Limited for approval of those individuals to the SW9 Board. The appointments of the two 'independent' trustees are agreed by the members of the Trustees, while the local authority representative is appointed by the London Borough of Lambeth.

## **SW9 COMMUNITY HOUSING**

### **REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) FOR THE YEAR ENDING 31 MARCH 2022**

#### **Continued**

#### **Appointment of Trustees (continued)**

Procedures are in place to identify and recruit suitably skilled trustees to provide strength, balance, and diversity of thought to the board of the charitable company. Areas of expertise considered include social housing, finance, legal, marketing and communications, community engagement, procurement, and development.

Whilst the resident Trustees do occupy properties within the Area of Benefit (Stockwell Park and surrounding street properties) they are occupied on the same terms as other residents in similar circumstances, and they are not able to use their position within the charitable company to any unfair advantage.

#### **Trustee Induction and Training**

New trustees complete an induction and training programme. During the induction they are briefed on their legal obligations under charity and company law, the Charity Commission guidance on public benefit, and their legal obligations generally. Trustees are introduced to the content of the Memorandum and Articles of Association, the Board structure, committees and decision-making processes, the business plan and recent financial performance of the charitable company. Trustees are also encouraged to spend a day with management and staff and other trustees and to also attend external training events to develop their knowledge and skills, as needed.

#### **Organisation**

The board of Trustees, which can have up to 13 members, determine the policy and strategy for the charitable company. The board meets a minimum of four times per year. There are sub-committees covering; finance, risk and audit; services; and human resources and remuneration, which normally meet a minimum of four times a year in addition to the board meetings. These committees have been established with delegated authority from the Board to review matters in detail and they report back to each board meeting as appropriate.

Day to day management of the charitable company is delegated to the Senior Leadership Team which is comprised of the:

- Executive Director;
- Head of Finance and Resources;
- Head of Housing & Estate Services; and
- Head of Corporate Services.

#### **Related Parties**

None of the trustees receive remuneration or other direct benefit from their work with the charitable company. Any connection between a trustee and senior manager of the charitable company with a supplier or any contracted company must be disclosed to the full board of Trustees and Company Secretary. In the current year no such party transactions were reported.

All resident Trustees live in homes under the management of the charitable company. Generally, this does not affect their capacity to make independent and fair decisions, but if there is a specific situation where there may be conflicted interests, Trustees will remove themselves from meetings in accordance with the requirements of the Articles of Association and their legal duties and responsibilities.

Network Homes Limited is the 'Parent' of the charitable company, which is not wholly owned. The charitable company operates as an autonomous entity but receives some corporate service assistance such as regulatory and statutory compliance oversight, internal audit, information systems, rent accounting, procurement, asset management and development services, from Network Homes Limited.

## **SW9 COMMUNITY HOUSING**

### **REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) FOR THE YEAR ENDING 31 MARCH 2022**

#### **Continued**

#### **Pay Policy for Senior Staff**

The charitable company operates a spot salary for all staff including senior managers. The spot salaries are independently benchmarked every three years against other social housing organisations in London.

The remuneration benchmark is the mid-point of the range paid for similar roles adjusted for a weighting of up to 2.5%. If recruitment has proven difficult in the recent past a market supplement is also paid with the pay maximum no greater than the highest benchmarked salary for a comparable role.

The spot salaries are reviewed annually and generally an inflationary increase is applied. This is dependent upon the financial success of the charitable company, and also increases being offered by the parent, Network Homes Limited, and other social housing providers in London.

The charitable company's Executive Director holds no equity interest and although he does not have the legal status of director, he acts as chief officer within the authority delegated to him by the Trustees.

Directors' and Officers' liabilities insurance is in place.

#### **Risk Management**

The trustees have a risk management strategy which comprises:

- a bi-annual review of the principal risks and uncertainties that the charitable company faces;
- the establishment of policies, systems, and procedures to mitigate those risks identified in the bi-annual review;
- to take guidance and direction through horizon scanning of committees and board as to identifiable risks; and
- the implementation of procedures designed to minimise or manage any potential impact on the charitable company should those risks materialise.

## SW9 COMMUNITY HOUSING

### REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) FOR THE YEAR ENDING 31 MARCH 2022

#### Continued

#### Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fund raising as “soliciting or otherwise procuring money or other property for charitable purposes.”

In relation to the above the charitable company confirms that it has not directly solicited for funds through fundraising for the year ended 31 March 2022 and has not had any involvement of commercial participators or professional fund-raisers, or third parties.

The charitable company has not received any complaints in relation to fundraising activities nor does it consider it necessary to design specific procedures to monitor such activities since it does not approach any individuals for funds.

The charitable company does not have any undertaking to be bound by any regulatory scheme, however the Charity is a member of Fundraising Regulator's Code of Fundraising Practice and complies with the relevant codes of practice. The charitable company does not consider it necessary to comply with any voluntary code of practice.

#### Significant Risks 2021-22

The charitable company has identified a list of strategic level risks, of which the following risks have been identified as having the highest priority. To mitigate these risks, the Trustees have control measures and policies in place to ensure regulations and guidelines are adhered to and followed.

Risk Description	Ownership	Control Measures
<b>Energy Price Rises</b> (new risk from Q3 2021-22) <b>Impact On Residents:</b> rise in energy costs leading to strains on household budgets already exacerbated by the general increase in costs of living. <b>Impact on the Charity:</b> Instability of utility prices in the wholesale market leading to higher energy costs & increased subsidy from the Charity, impacting surplus & reserves. Inadequate investigation into the financial effects of variation in gas & electricity import tariffs leading to poor purchasing decisions & even higher costs.	Senior Leadership Team / Services Committee	Signposting of residents to government assistance programmes & external organisations offering support and advice:  Energy Bill Rebate, Warm Home Discount, Household Support Fund, Debt Advice and Support, National Debtline, StepChange (debt charity)  Close working with NH energy procurement team, to include tariff checking with energy suppliers, analyses using price comparison organisations, additional help and support from utility supplier or independent sources.  Ensure that current assumptions on import tariffs are based on known current tariffs.  Undertake sensitivity analyses illustrating the impact on the Charity from gas & electricity tariff variations.
<b>Poor Operational Management Leading to Poor Performance</b>  Mismanagement of main Responsive Repairs & Voids Refurbishment contractor; poor systems integration; failure to deliver adequate quality of services to residents.	Senior Leadership Team / Services Committee	Monitor & improve performance of main contractor Seville through forum of regular contract meetings.  Firmly enforce control systems for approvals & sign-off.  Actively manage disrepair cases.  Improve the experience for residents' incoming telephone calls to the Repairs Department.

SW9 COMMUNITY HOUSING

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) FOR THE YEAR ENDING 31 MARCH 2022

Continued

Risk Description	Ownership	Control Measures
<p><b>Leadership/ People Risk</b></p> <p>Failure to recruit, retain, and engage a diverse workforce in the right numbers with the right skills, behaviours, and experience.</p>	<p>Senior Leadership Team / Human Resources Committee</p>	<p>Workforce plan aligned to corporate objectives &amp; delivery of plan overseen by SLT.</p> <p>Shape staff recruitment strategy &amp; staff retention strategy to business needs.</p> <p>Regular &amp; focussed updates from HR colleagues e.g., recruitment tracker weekly update.</p> <p>HR colleagues arrange &amp; attend all interviews.</p> <p>Job advertisements placed with a wider range of relevant media.</p> <p>Regular team meetings, leadership &amp; mentoring programmes to encourage team building.</p> <p>Resilience building through cross-training and alternating distribution of duties.</p> <p>Access to independent occupational health service; and Employee Assistance Programme.</p> <p>Ongoing training provided to managers.</p> <p>Robust use of probationary process for new starters; enforcement of regular one-to-one meetings for all staff.</p> <p>Temporary positions likely to be vacant for more than 3-months filled by fixed term contract employees.</p>
<p><b>Health and Safety</b></p> <p>Risk of serious health &amp; safety breach or non-compliance with health &amp; safety laws &amp; regulations.</p>	<p>Senior Leadership Team / Board</p>	<p>Regular &amp; succinct reports to board and committees.</p> <p>Servicing of fire extinguishers, weekly fire alarm tests, fire evacuation drills, electrical installation test, compartmental checks.</p> <p><b>Gas Safety case</b> to be placed on the risk register with control measures &amp; mitigations; thorough review before planned 3-yearly HSE visit in July; Repairs Manager to be included in monthly meetings &amp; brought up to speed with system of risk management procedures, meetings, and key issues.</p> <p>Office-based / estate-based H&amp;S measures informed by government guidance and government public health measures in relation to Coronavirus [COVID-19] pandemic.</p> <p>General strengthening of Health &amp; Safety management systems across all operational areas.</p> <p>Increased monitoring and reporting of H&amp;S activities occurring daily, weekly, and monthly.</p> <p>Operational meetings to include Health and Safety with regular reporting to those meetings.</p>

SW9 COMMUNITY HOUSING

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) FOR THE YEAR ENDING 31 MARCH 2022

Continued

Risk Description	Ownership	Control Measures
		<p>System of Occupational Risk Assessments to inform management and staff of specific H&amp;S issues and design mitigating actions.</p> <p>Briefing sessions and training programmes to increase workplace risk awareness culture.</p> <p>Review of SW9 H&amp;S Policy with changes in high-level approach.</p> <p>Regular reporting attendance to Network Homes' Health and Safety Panel meetings.</p>
<p><b>Risk of workplace &amp; commuting exposure to infection from COVID-19 disease</b></p> <p>Risk of imbalance between maintaining productivity and providing a safe working environment.</p> <p>Impact of COVID-19 on ability to operate and maintain safe, high quality services to residents and the Estate during the pandemic.</p>	<p>Senior Leadership Team/ Finance Risk and Audit Committee</p>	<p><b>Workplace, Office, &amp; Management Mitigations</b></p> <p><u>NATIONAL VACCINE PROGRAMME</u>: encouragement to staff to get vaccinated and reduce the risk of death &amp; serious symptoms.</p> <p><u>REPETITION OF BASIC MESSAGE</u>: ventilation, hands-face-space, mask-wearing, &amp; general hygiene. Manage number of office based staff using blended/ hybrid working patterns.</p> <p><u>REDUCED CONTACT &amp; MIXING</u>: Colleagues working from home when required to do so; face-to-face meetings minimised; and in-person meetings minimised.</p> <p><u>HEALTH</u>: Promote vaccine take-up, wellbeing and mental health support offered to all colleagues, focus on mental well-being at regular one-to-one meetings.</p> <p><u>MANAGEMENT</u>: weekly meetings of SLT, weekly All Staff Meetings, 4-weekly meetings with nominated board member for Health and Safety, regular meetings with Board and FRA Committee, regular updates from Human Resources to all staff.</p>
<p><b>Litigation risk</b></p> <p>Failure to resolve differences over interpretation of the Management Agreement and associated agreements.</p>	<p>Senior Leadership Team/ Board</p>	<p>Ensure framework for dispute resolutions is being followed.</p> <p>Board and management have open access to legal advice to inform discussions and negotiations.</p> <p>Maintain close working between board, officers, and legal advisors.</p> <p>Remain engaged in collaborative working with all parties, to continuously deliver high quality services.</p> <p>Manage disrepair caseload using legal expertise. Reduce the caseload through proactive preventive operational measures deployed to minimise new cases from emerging.</p>

## SW9 COMMUNITY HOUSING

### REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) FOR THE YEAR ENDING 31 MARCH 2022

Continued

Risk Description	Ownership	Control Measures
<p><b>Risks from sustained rising inflation in the general economy</b></p> <p>Increased arrears &amp; bad debts from pressure on household incomes; overspends against budget; ineffective financial management support to departments.</p>	Head of Finance / Finance Risk & Audit Committee	<p>Residents signposting to relevant agencies, assisting with Universal Credit applications, arrears repayment plans, flexible payment agreements.</p> <p>Close monitoring of budgets linked to business planning &amp; objectives.</p> <p>Use of costing procedures for service delivery.</p> <p>Regular review of reserves and investments.</p> <p>Refine in-house skills to interpret budgetary information and financial reports.</p> <p>Manage disrepair cases to limit legal costs.</p> <p>Regular financial stress testing &amp; scenario testing</p> <p>Individual departmental expenditure accounts for clarity &amp; control of expenditure.</p>
<p><b>Risk to Services and Operations</b></p> <p>Failure to exert control over externally commissioned asset management activity.</p>	Senior Leadership Team / Services Committee	<p>Assisted by dedicated M&amp;E Team at Network Homes.</p> <p>Promote closer partnership working with Network's Development and Asset Management teams.</p> <p>Appropriate budget setting process with transparency over costs.</p> <p>Accessible databases for accurate and timely information.</p> <p>Action plans for latent defects and other works on refurbished blocks.</p> <p>Development contractor to have on-site operative for 12-month post completion period.</p>
<p><b>Data Protection risk; governance and compliance risk</b></p> <p>Failure to implement Data Protection/ Information Governance principles and practices;</p> <p>Failure to implement Housing Standards including: the Decent Homes Standard, Fitness for Habitation Act, Regulator of Social Housing Economic and Consumer Standards.</p>	Head of Corporate Services / Finance Risk & Audit Committee	<p>Develop and maintain 'Accountability Principle' (Article 5(2) GDPR to demonstrate compliance.</p> <p>Maintain clear understanding of data protection risk identification, impact on corporate objectives and impact on stakeholder expectations.</p> <p>Establish and deploy data protection risk and control assessments.</p> <p>Establish and deploy training and refresher training programme.</p> <p>Regular reminders and good practice guidance at staff meetings.</p> <p>Programme of annual assessment to test compliance with the Charity's own rules, regulations of the Charities Commission, and housing standards of the Regulator of Social Housing.</p>

## **SW9 COMMUNITY HOUSING**

### **REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) FOR THE YEAR ENDING 31 MARCH 2022**

#### **Continued**

#### **Continuous Improvement – Going Concern**

The Spring of 2021 saw a re-opening of the economy but in difficult circumstances for SW9. A vaccination programme began amidst evidence of a third wave of the pandemic and the Summer of 2021 saw an end to all social contact restrictions. The Charity understandably adopted a cautious approach throughout this time being fully aware of continuing risks to staff and residents. Because of a backlog of repairs which had accumulated during previous lockdowns when services were limited to emergencies, for a time SW9 struggled to process and complete repairs. However, despite a deterioration in several key performance indicators, we gradually began to deal with the backlog and provide a full range of services. Income collection proved to be remarkably resilient with tenant arrears being only fractionally over target for the year under review.

The Charity has reviewed its risk register and does not consider the organisation to be in a stress situation. The liquidity policy is to retain sufficient cash/cash-equivalent funds for the business to operate without any income for up to 3-months. Cash flow is monitored and reported monthly to the Finance Risk and Audit Committee.

During Quarter 4 of the last financial year there was escalation of risks in certain areas including the risk of financial exposure from under recovery of energy costs. This risk is being mitigated by efficient purchasing of energy from the wholesale market and regular sensitivity analyses provide to the board.

Our cash position remains strong and this position is not expected to deteriorate in the foreseeable future. The business environment is expected to remain challenging, but SW9 is well placed with adequate reserves to meet these challenges from a position of strength.

On this basis the Board has reasonable expectations that the Charity has adequate resources to continue its operations for the foreseeable future, being a period of at least 12 months from the date of approval of the accounts.

The Board therefore continues to adopt the going concern basis in preparing the financial statements.

#### **Trustees' Responsibilities in Relation to the Financial Statements**

The Charity Trustees (who are also the directors of SW9 Community Housing for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Charity trustees to prepare financial statements for each year which give a true and fair view of the state and affairs of the charitable company and of the incoming resources and application of resources, including income and expenditure, of the charitable company for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 Charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

## SW9 COMMUNITY HOUSING

### REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) FOR THE YEAR ENDING 31 MARCH 2022

#### Continued

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Trustees' Responsibility for Internal Control

The internal control function is carried out by the parent company, Network Homes Limited. The Trustees of the charitable company have overall responsibility for ensuring the effectiveness of their internal control. The Trustees recognise that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of Network Homes Limited's assets and interests.

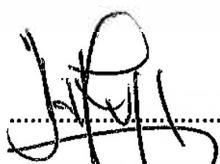
#### Statement as the Disclosure to our Auditor

In so far as the trustees are aware, at the time of approving our Trustees' annual report:

- there is no relevant Information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware; and
- the Trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

#### Independent auditors

The report of the Trustees incorporating the strategic report was approved and authorised for issue by the Trustees on 12 July 2022 and were signed on its behalf by:



Dee Alapafu, Chair



Paul Brett, Board Member; Chair of Finance Risk and Audit Committee

## **SW9 COMMUNITY HOUSING**

### **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SW9 COMMUNITY HOUSING FOR THE YEAR ENDED 31 MARCH 2021**

**Continued**

#### **Opinion on the financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2022 and of its incoming resources and application of resources and application of resources 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 Companies Act 2006.

We have audited the financial statements of SW9 Community Housing ("the Charitable Company") for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

#### **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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remain independent of the Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions related to going concern**

In auditing the financial statements, we have concluded that the Trustees' 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 Charitable Company'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 Trustees with respect to going concern are described in the relevant sections of this report.

## **SW9 COMMUNITY HOUSING**

### **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SW9 COMMUNITY HOUSING FOR THE YEAR ENDED 31 MARCH 2021**

#### **Continued**

#### **Other information**

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

We have nothing to report in this regard.

#### **Other Companies Act 2006 reporting**

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

- the information given in the Report of the Trustees, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Report of the Trustees, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

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

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

## **SW9 COMMUNITY HOUSING**

### **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SW9 COMMUNITY HOUSING FOR THE YEAR ENDED 31 MARCH 2021**

#### **Continued**

#### **Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are 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 Trustees 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 Trustees are responsible for assessing the Charitable Company'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 Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

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

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

- We obtained an understanding of the legal and regulatory frameworks through our accumulated knowledge and consideration of sector information that is applicable to the Charitable Company. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the financial reporting framework including but not limited to United Kingdom Generally Accepted Accounting Practice, the Charities Act 2011, the Companies Act 2006, Data Protection Act 2018, Bribery Act 2010 and tax legislation.
- We understood how the Charitable Company is complying with those legal and regulatory frameworks by making enquiries to management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of minutes.
- We assessed the susceptibility of the Charitable Company's financial statements to material misstatement, including how fraud might occur by discussing with management where it is considered there was a susceptibility of fraud relating to management override of controls and improper income recognition. In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.

## SW9 COMMUNITY HOUSING

### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SW9 COMMUNITY HOUSING FOR THE YEAR ENDED 31 MARCH 2021

Continued

#### Extent to which the audit was capable of detecting irregularities, including fraud (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

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

DocuSigned by:  
  
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Philip Cliftlands (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK

Date 22 August 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**SW9 COMMUNITY HOUSING****STATEMENT OF FINANCIAL ACTIVITIES****(Including income and expenditure account)****For the year ended 31 March 2022**

The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure are derived from continuing activities.

For more information, please refer to accounting policy on 'Fund accounting'.

	<b>Note</b>	<b>Total Funds 2022 £'000</b>	<b>Total Funds 2021 £'000</b>
<b>Income</b>			
Income from charitable activities	2	9,466	8,675
Income from investing activities		-	-
<b>Total Income</b>		<b>9,466</b>	<b>8,675</b>
 <b>Expenditure</b>			
Total expenditure on charitable activities	3	(9,264)	(8,302)
 <b>Net income before taxation</b>		<b>202</b>	<b>373</b>
 Taxation	8	-	-
<b>Net income after taxation</b>		<b>202</b>	<b>373</b>
 <b><u>Reconciliation of funds</u></b>			
Total funds brought forward		1,144	771
Transfer to reserves			
 <b>Total funds carried forward</b>		<b>1,346</b>	<b>1,144</b>

# SW9 COMMUNITY HOUSING

## STATEMENT OF FINANCIAL POSITION

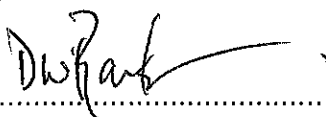
As at 31 March 2022

	Note	2022 £'000	2021 £'000
<b>Current assets</b>			
Debtors	10	298	554
Cash and cash equivalents	11	2,792	4,095
		<u>3,090</u>	<u>4,649</u>
Creditors: amounts falling due within one year	12	(1,703)	(3,151)
<b>Net current assets</b>		<u>1,387</u>	<u>1,498</u>
Provisions for liabilities and charges	13	(41)	(354)
<b>Total net assets</b>		<u>1,346</u>	<u>1,144</u>
<b>The funds of the charity:</b>			
Unrestricted funds		1,346	1,144
<b>Total reserves</b>		<u>1,346</u>	<u>1,144</u>

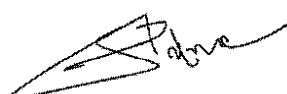
Notes on pages 27 – 37 form part of the financial statements.

The financial statements on pages 25 to 37 were approved and authorised for issue by the Trustees on 12 July 2022 and were signed on its behalf by:

Delroy Rankin, Executive Director

  
.....

Sarah Patrice, Secretary

  
.....

## **SW9 COMMUNITY HOUSING**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

#### **1. Accounting policies**

SW9 Community Housing is incorporated in England and is registered under the Companies Act 2006 and the Charity Act 2011. The Charitable Company's registered address is 6 Stockwell Park Walk, London, SW9 0FG, United Kingdom.

Network Homes Limited is the immediate and ultimate parent and prepares consolidated financial statements for the Group undertakings at 31 March 2022. The consolidated financial statements of Network Homes Limited are available from Network Homes Limited, The Hive, 22 Wembley Park Boulevard, Wembley, Middlesex, HA9 0HP.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom applicable accounting standards, including, Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102"), and Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ('the SORP 2019'), and the Companies Act 2006.

The Charitable Company meets the definition of a public benefit entity under FRS 102 and the Charity commission guideline for England and Wales (section 7.1.5).

The Charitable Company's presentation currency is Great British Pounds. Amounts are presented in thousands unless stated otherwise.

#### **Going concern**

These financial statements are prepared on a going concern basis. The Charity understandably adopted a cautious approach throughout the pandemic difficulties taking account of continuing risks to staff and residents. A backlog of repairs had accumulated during previous lockdowns when services were limited to emergencies, and for a time SW9 struggled to process and complete repairs. There was a deterioration in several key performance indicators whilst operations gradually began to deal with the backlog and provide a full range of services. Due to the foregoing, complaints and customer satisfaction indices were adversely impacted.

Income collection proved to be remarkably resilient given the circumstances, with tenant arrears being only fractionally over target for the whole year. Our cash position remains strong and this position is not expected to deteriorate in the foreseeable future. The business environment is expected to remain challenging, but SW9 is well placed with adequate reserves to meet these challenges from a position of strength.

The Charity has reviewed its risk register and does not consider the organisation to be in a stress situation. The liquidity policy is to retain sufficient cash/cash-equivalent funds for the business to operate without any income for up to 3-months. Cash flow is monitored and reported monthly to the Finance Risk and Audit Committee.

The Board is of the opinion that the risks and uncertainties identified should not threaten the sustainability and viability of SW9 as a going concern. Therefore, it is not appropriate to modify the key assumptions and judgements while preparing the financial statements and a material uncertainty does not exist.

## **SW9 COMMUNITY HOUSING**

### **NOTES TO THE FINANCIAL STATEMENTS – continued**

**For the year ended 31 March 2022**

#### **1. Accounting policies – continued**

##### **Cash flow statement**

The parent, Network Homes Limited produces a publicly available consolidated statement in which the Charitable Company's financial statements are included. It has therefore elected to apply the exemption from making disclosures in relation to cash flow statement in accordance with FRS 102.

##### **Charitable activities**

The Charitable Company aims to deliver high quality housing, support, estate and community services to residents and tenants living on the Stockwell Park Estate and surrounding street properties.

##### **Income**

Income is recognised when the Charitable Company has entitlement to the funds, it is probable that the income will be received, and the amount can be measured reliably. Income represents rental and service charge income receivable and investment income from interest on money market deposits. Turnover excludes value added tax where applicable.

##### **Rents and service charges**

Income from rents and service charges are recognised by the Charitable Company on a receivable basis.

##### **Fund accounting**

The Charitable Company's funds consist of unrestricted funds which are available to spend on activities that further any of its purposes. The Charitable Company has not reported any restricted funds, however there is a designated contingency reserve of £250k set aside to mitigate any uncertain future events.

##### **Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to make payment, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is accounted for on an accrual basis and has been classified under the headings that aggregate all costs related to the category.

##### **Support Costs**

Support costs comprise staff costs incurred in relation to the furtherance of the Charitable Company's objectives and the costs have been apportioned on the basis of head count.

##### **Governance Costs**

Governance costs relate to expenditure incurred in the governance of the Charitable Company's assets and compliance with constitutional and statutory requirements.

##### **Defined contribution scheme**

The Charitable Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Charitable Company pays fixed contributions into an independent separate entity that administers the funds. Once the contributions have been paid the Charitable Company has no further payment obligations. The contributions are recognised as an expense in the Statement of Financial Activities when they are due.

## **SW9 COMMUNITY HOUSING**

### **NOTES TO THE FINANCIAL STATEMENTS – continued**

**For the year ended 31 March 2022**

#### **Value added tax (VAT)**

The Charitable Company is part of Network Homes Limited's VAT Group. Network Homes Limited is partially exempt in relation to VAT and accordingly is able to recover from HM Revenue and Customs part of the VAT incurred on expenditure. At the year-end VAT recoverable or payable is included in the Statement of Financial Position and irrecoverable VAT is accounted for in the Statement of Comprehensive Income within the relevant expense line of Network Homes Limited.

#### **Taxation**

The Charitable Company has charitable status and thereby is exempt from tax on its charitable activities.

#### **Debtors**

Trade debtors are recognised at the settlement amount due on 31 March 2022. Prepayments are valued at the amount prepaid.

#### **Related parties**

The Charitable Company discloses transactions with related parties which are not wholly owned within the same Group. The Charitable Company does not disclose transactions with members of the same Group that are wholly owned as allowed by FRS 102 paragraph 33.1A.

#### **Financial Instruments**

Financial asset represents financial resources available to the Charitable Company and these comprise cash at bank and in hand, trade debtors and other debtors. A financial liability is a financial claim on the Charitable Company's resources and comprises creditors, accruals and amount to parent undertaking.

The Charitable Company's financial instruments are all categorised as basic and are initially recognised at the amount receivable or payable including any related transaction costs and subsequently measured at the cash or other consideration expected to be paid or received.

#### **Critical judgements and estimation uncertainty**

The following are the significant management judgements and estimates applied in these financial statements:

#### **Amounts due from Network Homes Limited**

From 1st April 2016 SW9 took over the responsibility of managing and collecting rents from tenants. However, ownership rights and responsibilities relating to certain pre-existing debts and overpayments have not been fully concluded. Mutual agreement over these matters has not yet been achieved and as a result entitlement to certain rental debts and responsibilities associated with the settlement of historic overpayments remain uncertain.

## SW9 COMMUNITY HOUSING

### NOTES TO THE FINANCIAL STATEMENTS – continued

For the year ended 31 March 2022

#### 2. Income from charitable activities

	Total Funds 2022 £'000	Total Funds 2021 £'000
<b>Rental Income</b>		
Rented accommodation	5,275	5,029
Sheltered accommodation	759	523
Leasehold accommodation	437	256
	<b>6,471</b>	<b>5,808</b>
<b>Service Charges Receivable</b>		
Rented accommodation	993	718
Sheltered accommodation	225	271
Leasehold accommodation	1,043	1,122
	<b>2,261</b>	<b>2,111</b>
<b>Other social housing activities:</b>		
Other Income	533	564
<b>Total social housing lettings</b>	<b>9,265</b>	<b>8,483</b>
<b>Non-social housing activities:</b>		
Other income	201	192
<b>Total Income from charitable activities</b>	<b>9,466</b>	<b>8,675</b>

Income from investing activities is disclosed separately in the Statement of Financial Activities and relates to interest on money market deposit.

All income in the current year and prior year relates to unrestricted funds.

# SW9 COMMUNITY HOUSING

## NOTES TO THE FINANCIAL STATEMENTS – continued

For the year ended 31 March 2022

### 3. Expenditure on charitable activities

2022	Management	Repairs	Services	Total
	£'000	£'000	£'000	£'000
Staff costs	733	216	191	1,140
Governance	85	-	-	85
Support	187	28	34	249
Recruitment	53	1	1	55
Training	24	4	4	32
Community engagement	-	-	72	72
Office costs	69	10	13	92
Management charge	3,217	-	-	3,217
Property maintenance	-	1,097	-	1,097
Provision of service to residents	-	-	1,810	1,810
Other operational costs	1,415	-	-	1,415
	<b>5,783</b>	<b>1,356</b>	<b>2,125</b>	<b>9,264</b>

2021	Management	Repairs	Services	Total
	£'000	£'000	£'000	£'000
Staff costs	982	256	208	1,446
Governance	140	-	-	140
Support	131	21	37	189
Recruitment	13	10	1	24
Training	1	-	-	1
Community engagement	-	-	54	54
Office costs	64	10	18	92
Management charge	3,016	-	-	3,016
Property maintenance	-	1,100	-	1,100
Provision of service to residents	-	-	1,810	1,810
Other operational costs	430	-	-	430
	<b>4,777</b>	<b>1,397</b>	<b>2,128</b>	<b>8,302</b>

Expenditures mainly relate to the provision of services to residents, property maintenance and fees payable to the parent company. Management charge of £3,217k (2021: £3,016k) relates to surplus rent payable to the parent company as detailed in the management agreement. This amount is calculated as 47% of the total rents and other rents receivable for the year less rent and service charge void losses.

All expenditure in the current and prior year relates to unrestricted funds.

## SW9 COMMUNITY HOUSING

### NOTES TO THE FINANCIAL STATEMENTS – continued

For the year ended 31 March 2022

#### 4. Analysis of support and governance costs

	Support 2022 £'000	Governance 2022 £'000	Support 2021 £'000	Governance 2021 £'000
Finance	161	-	116	-
Human resources	87	-	72	3
Consultancy	-	53	-	123
Audit fees	-	32	-	14
Recruitment	1	-	1	-
	<b>249</b>	<b>85</b>	<b>189</b>	<b>140</b>

Finance support cost allocation is based on head count and all other support cost is apportioned based on actual costs.

#### 5. Employee information

The monthly average number of persons employed during the year, including the Executive Officer, is based on an assumption that a full-time equivalent employee (FTE) works 35 hours and includes employees on both permanent and fixed term contracts:

	2022		2021	
	FTE	Head Count	FTE	Head Count
Office staff	42	56	36	51
Scheme-based staff	2	2	2	2
	<b>44</b>	<b>58</b>	<b>38</b>	<b>53</b>

Staff costs for the above employees were:

	2022 £'000	2021 £'000
Wages and salaries	1,443	1,397
Social security costs	136	137
Pensions costs	75	78
	<b>1,654</b>	<b>1,612</b>

The staff of the Charitable Company participates in the defined contribution scheme run by the Social Housing Pension Scheme. Pension costs are employer's cost payable to the Pension Trust.

## SW9 COMMUNITY HOUSING

### NOTES TO THE FINANCIAL STATEMENTS – continued

For the year ended 31 March 2022

#### 5. Employee Information (continued)

The number of staff receiving remuneration in excess of £60,000 per annum at 31 March 2022 is as follows:

	2022	2021
£60,000 - £69,999	-	2
£70,000 - £79,999	2	-
£110,000 - £119,999	1	1
£120,000 - £129,999	-	1

The figures stated above exclude amounts attributable to employers' national insurance and pensions costs. In addition, remuneration of the Executive Director includes a legacy baseline amount to compensate for the closure of the Local Government Pension Scheme in 2007 by Network Housing Group being the predecessor to the Charity's parent organisation Network Homes Limited, a decision that was taken following independent legal and pensions advice.

#### 6. Directors' emoluments

The Directors are defined as members of the Trustees and the Executive Officers. The Trustees of the Charitable Company did not receive any remuneration in the year and there was no reimbursement of expenses.

Day-to-day management of the Charitable Company is delegated to the Senior Leadership team which is comprised of the following:

- Delroy Rankin, Executive Director
- Orane Lewis, Head of Finance
- Dipak Patel, Head of Corporate Services

#### Remuneration of key management personnel

	2022 £'000	2021 £'000
Aggregate emoluments payable to Senior Leadership Team	270	364
Pension contributions payable to Senior Leadership Team	19	23
<b>Total emoluments</b>	<b>289</b>	<b>387</b>

Senior Leadership Team members are ordinary members of the defined contribution Social Housing Pension Scheme on the same basis as that available to all staff. The Charitable Company did not make any contribution to any individual pension arrangements on their behalf. The notice period for termination of their contracts is three months. No pension contributions were made on behalf of any non-executive Director.

#### 7. Net income before tax

	2022 £'000	2021 £'000
Surplus on ordinary activities before taxation is stated after charging:		
Fees for the audit of the Company's financial statements	10	14

Audit fees are reviewed on an annual basis.

## SW9 COMMUNITY HOUSING

### NOTES TO THE FINANCIAL STATEMENTS – continued

For the year ended 31 March 2022

#### 8. Taxation

The Charitable Company is a charity for tax purposes and is therefore not subject to corporation tax on its charitable activities. There was no non-charitable income in the year.

#### 9. Debtors: amounts falling due within one year

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Rent and service charges	347	638
Less: provision for bad and doubtful debts	<u>(160)</u>	<u>(182)</u>
	187	456
Other debtors	66	68
Trade debtors	46	30
Less: provision for bad and doubtful debts	-	-
Prepayments and accrued income	<u>-</u>	<u>-</u>
	<b><u>298</u></b>	<b><u>554</u></b>

All debts are due within one year.

#### 10. Cash at bank and in hand

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	<u>2,792</u>	<u>4,095</u>

## SW9 COMMUNITY HOUSING

### NOTES TO THE FINANCIAL STATEMENTS – continued

For the year ended 31 March 2022

#### 11. Creditors falling due within one year

	2022 £'000	2021 £'000
<b>Client accounts</b>		
Service charge and client funds	50	-
Trade creditors	201	36
Rent and service charges received in advance	211	672
Owed to Group undertakings	551	901
Other creditors	57	50
Accruals	633	1,492
	<b>1,703</b>	<b>3,151</b>

Amounts owed to Group undertakings are payable on a quarterly basis based on the management agreements.

#### 12. Provisions for Liabilities and Charges

	2022 £'000	2021 £'000
Provisions for Liabilities and Charges	<u>41</u>	<u>354</u>

Provisions are recognised when the Charity has an obligation at the Statement of Financial Position date. Amounts have been included for liabilities relating to disrepair claims, prepaid rents at the year-end date, a claim in relation to the provision of CCTV services, and a claim in relation to properties being refurbished.

#### 13. Parent undertaking and ultimate parent undertaking

The immediate and ultimate parent undertaking and controlling party is Network Homes Limited, a Company incorporated in England and registered with the Homes England (registration no. L4825).

Network Homes Limited consolidates the financial statements of all the Group undertakings at 31 March 2022. The consolidated financial statements of Network Homes Limited are available from Network Homes Limited, The Hive, 22 Wembley Park Boulevard, Wembley, Middlesex, HA9 0HP.

## **SW9 COMMUNITY HOUSING**

### **NOTES TO THE FINANCIAL STATEMENTS – continued**

**For the year ended 31 March 2022**

#### **14. Related parties**

At 31 March 2022, the total rent and service charge the Charitable Company received from tenant Trustees members' amount to £70,096 (2021: £68,075). The tenant Trustee members all of whom have paid rents and service charge to the Charitable Company at arm's length had no outstanding balances at the year end. They are listed below as follows:

- Mr Dee Alapafuja
- Mr Daniel Garza
- Mr Steven Warren
- Mr Adebayo Ajibade
- Mr Olu Ajisebutu
- Mr Paul Brett
- Mr Colin Faulkner
- Mr Benjamin Peart
- Dr Daniel Cromb
- Kieran Godwin
- Tazeem Abbas

#### **15. Contingent Liability**

At 31 March 2021, SW9 CH was invoiced for a total of £622,956 by the parent company for Business Transformation projects. Having reviewed the terms of the management agreement and taken legal advice, it is the Board's view that it is not probable that SW9 CH will be liable for these costs. A legal process is underway and a final determination of liability will be made in the new financial year.

## SW9 COMMUNITY HOUSING

### NOTES TO THE FINANCIAL STATEMENTS – continued

For the year ended 31 March 2022

#### Other directorships

Trustees had the following external directorships, not including directorships of subsidiaries of Network Homes Limited. There were no transactions with any of the entities listed below.

Trustees Member	Other entities	Position
Benjamin Peart	Redeem Information System	Director
Paul Brett	Brett Consultants Limited	Director
Tazeem Abbas	Kittoe and Co. Limited The Tranquil Otter Limited The Tranquil Otter Investments Limited Deeside Communications Limited Caldew School	Director Director Director Director Director