

Derby Homes Financial Statement 2013 / 2014



DERBY HOMES LIMITED

(A company limited by guarantee)

Company No. 4380984

**Registered with
The Homes & Communities Agency
No. 4576**

Report and Financial Statements

Year ended 31 March 2014

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(A company limited by guarantee)

Company No. 4380984

Report and Financial Statements

Year ended 31 March 2014

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Report and Financial Statements Year Ended 31 March 2014

Board Members, Executive Officers, Advisors and Bankers

Directors

D J Rees	(appointed 28.02.02)
A G S Osler (Chair)	(appointed 28.02.02; deceased 29.06.14)
I M MacDonald	(appointed 28.02.02)
R M Troup	(appointed 29.05.03; resigned 27.05.08; re-appointed 07.06.10; resigned 23.05.12; re-appointed 22.5.13; resigned 28.11.13)
T Ndlovu	(appointed 07.05.04; resigned 28.11.13)
R M Webb	(appointed 27.07.04; resigned 09.06.05; re-appointed 25.05.06)
M Redfern	(appointed 26.07.05)
K Whitehead	(appointed 24.10.07; resigned 25.7.13)
A Holme	(appointed 17.02.09; resigned 28.11.13)
S B Perry	(appointed 17.02.09; resigned 23.12.13)
J Keith	(appointed 25.05.11; resigned 22.5.13)
M Ainsley	(appointed 27.09.11)
M Menzies	(appointed 27.10.11; resigned 24.9.13)
A Martin	(appointed 23.05.12; resigned 28.11.13)
L Winter	(appointed 23.05.12; resigned 22.5.13)
F Walker	(appointed 29.11.12)
D Roberts	(appointed 22.5.13; resigned 28.11.13)
B Shanker	(appointed 28.11.13; resigned 11.6.14)
S Russell	(appointed 11.6.14)

Executive officers

D Enticott
S Bennett
M J Murphy

Secretary

D Enticott

Registered Office

The Council House
Corporation Street
Derby
DE1 2FT

Solicitors

Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham
B3 2ES

Auditor

BDO LLP
5 Temple Square
Temple Street
Liverpool
L2 5RH

Bankers

The Co-operative Bank
East Street
Derby
DE1 2AL

Report of the Directors Year Ended 31 March 2014

The Directors also referred to as the Board, present their annual report and the audited financial statements for the year ended 31 March 2014.

A list of the directors who have served during the year is included on page 2.

Date of Incorporation

The date of incorporation was 25 February 2002 with trading commencing on 10 April 2002.

The Board and Executive Officers

The Board of Derby Homes Limited consists of 9 voluntary members. There are 3 tenant (one currently vacant), 3 Councillor and 3 independent members (one currently vacant). The makeup of the Board and their term of office is determined by Derby Homes Limited Memorandum and Articles of Association, which govern the Company.

The Board and Executive Officers are set out on page 2.

Board members are registered as the Company Directors with Companies House. They have been selected to collectively provide the skills and competencies to successfully steer the Company in accordance with its Mission and Aims. The Executive Officers do not have the legal status of Company Directors; they act within the authority delegated by the Board.

It is with great sadness that the Board reports the sudden passing of the Chair of Derby Homes on 29 June 2014.

Bob was more than a figurehead for Derby Homes – he was an inspiring person who engaged with tenants and employees and genuinely wanted to understand their issues. Bob will be missed by us all but his vision and passion for improving the lives of people in this city will not be lost.

In the short term M Redfern, Vice Chair will undertake Chair duties in accordance governance procedures.

Report of the Directors (continued)

Year Ended 31 March 2014

Audit Committee

This Committee operates independently of the Chair of the Board, reporting to the directors and the members at the Annual General Meeting and is open to questions from members of the public.

The primary function of the Committee is to:

- monitor the integrity of financial statements of the company
- review the Company's internal financial control system and risk management system
- monitor and review the effectiveness of the company's internal audit function.

Provision of Information to Auditor

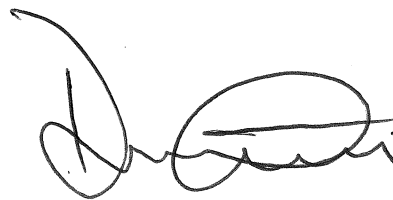
So far as each of the directors is aware at the time this report is approved:

- There is no relevant audit information of which the company's auditor is unaware, and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information (s234 ZA(2)).

By order of the Board



M Redfern
Vice Chair
31 July 2014



D Enticott
Secretary
31 July 2014

Directors' Responsibilities Statement Year Ended 31 March 2014

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law and law applicable to registered social housing providers in England require the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Housing SORP;
- make judgments and accounting 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Housing and Regeneration Act 2008. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Operating and Financial Review Year Ended 31 March 2014

The Board present the Operating and Financial Review for the year ended 31 March 2014.

Strategic Report

Principal Activities

The core business of Derby Homes is the management of and investment in Derby City Council's social housing stock comprising of 13,399 properties, under delegation from the Council under section 27 of the Housing Act 1985.

This includes:

- Housing management of the Council's residential stock, including rent calculation and collection, leasehold management, and repairs ordering
- Maintaining Council housing and Council owned public buildings through our Repairs Team (since 1 June 2010)
- Maintenance of the Council's residential stock including asset management planning; preparing and monitoring the investment programme for Estates Pride and major capital works; planned maintenance and responsive repairs through providers and contractors and developing partnering arrangements
- Contributing to the Council's Housing Strategy, working in partnership and developing other strategic initiatives
- Tenant involvement
- Financial control of the management fees drawn down from the Housing Revenue Account (HRA) and other income
- Calculation and collection of leasehold charges.

Derby Homes also directly provides services to 514 leaseholders of the Council and has agreements with external landlords to manage and maintain 101 properties. These landlords include Guinness Northern Counties Housing Association, Lillian Prime Ltd, War Memorial Village (Derby) and other landlords. Derby Homes also provides other services to the Council.

Derby Homes is registered with the Homes and Community Agency and has 33 properties for rent which it owns in its own right. Derby Homes has also acquired 5 flats in a Victorian building which it partly owns and manages in partnership with Revive Healthy Living. Derby Homes has an option to purchase outright in 2037.

Operating and Financial Review (continued) Year Ended 31 March 2014

Strategic Report (continued)

Review of Results

The income and expenditure account for the period is set out on page 31. Following the processing of FRS17 transactions the business returned a deficit after taxation for the period of £0.386m. This was after a charge of £0.902m which arose from the application of FRS17 on accounting for pensions, as disclosed in Note 7 to the financial statements plus £0.067m relating to interest payable on loans from the Council.

	£'000	£'000
Underlying management account operating surplus		583
FRS 17 adjustments:		
Add back of employer pension contributions paid in year	1,245	
Less past service cost	(-)	
Less current service costs	(1,896)	
		(651)
Operating (deficit)		(68)
Less net interest on pensions		(251)
Less other interest payable		(67)
Retained (deficit) for the year		<u>(386)</u>

The 2013/14 financial performance – once pension factors are removed – has been exceptional. Approx. £1m of one off costs associated with electrical periodic testing, various gas related projects and asbestos removal works, a 15% increase in the number of voids, one off costs from new van purchases plus £250,000 support towards the new Intensive Housing Management service has been contained within the in year budget.

There are significant underlying savings in the Repairs and Overheads budgets. These are planned to be re-invested in 2014/15 to cover the increasing number of void properties and create a £0.5m revenue budget to cover the revenue losses associated with the Company's planned increase in housing stock. These are to be made available at affordable rent levels, with the number of owned properties planned to increase from 38 to 89 by March 2015, with plans for further expansion of the stock as part of the Council's plans to deliver 700 homes. This is expected to continue the pattern of recent years of increasing the fixed asset base of homes in both number and value terms. At the start of HRA reform in 2012, the company had under £0.7m fixed assets and £3.6m of reserves excluding pension fund deficit. The equivalent figures are now £2.7m and £6m and the fixed asset base should increase substantially further during the next few years as the stock grows and the reserves are invested into further homes to rent.

The Board is satisfied with the performance of the company during 2013/14.

Operating and Financial Review (continued)

Year Ended 31 March 2014

Strategic Report (continued)

Corporate Governance

The Board is responsible for the strategic direction of the Company and policy framework. Implementation of the framework and day to day management of the business is delegated to the Director of Derby Homes and other Executive Officers who attend Board meetings and meet regularly between Board meetings.

The Company Governance Arrangements include:

- the Memorandum and Articles of Association
- standing orders for conduct of Board and General meetings
- Operational Board constitution
- delegation of responsibilities
- financial regulations
- procurement rules
- appointment and recruitment of Board members
- code of conduct for Board members
- standing orders for Appointment of Staff
- protocol on Board member, Executive team and staff relations
- Partnership or management agreement between the Council and Derby Homes.

The Board meets bi-monthly. Copies of the agenda for each meeting are published a week in advance and are available for public inspection at Derby Homes Head Office and at Local Housing Offices. The public is welcome to attend the meetings and, at the discretion of the Chair, may be invited to speak although only Board members have the right to speak and vote at Board meetings. Any confidential items will be clearly marked on the agenda according to Standing Orders.

Minutes of Board meetings are published on Derby Homes' website, www.derbyhomes.org with agendas and reports.

The Board delegates some decision making to the following Boards or Committees:

- Operational Board
- Audit Committee.
- Remuneration Committee

Membership of these groups consists of Board members and, in the case of the Operational Board, tenant and leaseholder representatives.

Operating and Financial Review (continued)

Year Ended 31 March 2014

Strategic Report (continued)

Risk Management

Derby Homes has a successful track record of managing risk as an integral part of its governance and management systems. The Board (following prior consultation with the Audit Committee) approves a written risk management policy, strategy and framework which defines risk, sets out a statement of intent, identifies a risk framework and allocates responsibility and monitoring roles within the organisation.

Risk management means identifying the risks facing the company and deciding how to minimise them through implementing risk management action plans. Risks can have both adverse and positive consequences for the organisation. The risk management process helps to assess what these are likely to be and allows the organisation to make an informed decision about how to deal with the identified risk. Risk can never be eliminated completely, so risk management is used to ensure risks are identified and their consequences understood. Based on this information, action can be taken to ensure appropriate resources are directed at controlling the risk or minimising the effect of potential loss.

Each risk has a Risk Management Action Plan. Progress on these plans was reviewed and reassessed and scores updated in March 2014. No high risk issues identified, with just one amber risk:

- Reduction in rental income as a consequence of government changes

This is unlikely to impact on the company in the short term – the risk is a longer term issue related mainly to the implementation of Universal Credit.

Major Developments during 2013/14

2013/14 saw the outcome of Derby City Council's review into housing management launched late 2012. The outcome of this review saw the creation of a new partnership agreement between Derby Homes and the Council to strengthen the way that we work together. From December 2013, Derby Homes has started to manage additional services on behalf of the Council. These include Housing Options, Derby Advice and a homeless hostel - Milestone House. In addition to these changes, Derby Homes have been asked to support the Council's aim of delivering 700 homes for rent in Derby. In order to do this, further operational savings of £0.6m have been required but allowed to be retained by Derby Homes to support this objective. Additional homes run at a loss in the early years and require subsidy. This subsidy is being generated through greater efficiency in management and maintenance arrangements on both an on-going and one-off basis. Reserves of both Derby Homes and the Council (HRA) have been set aside to support this major initiative.

Operating and Financial Review (continued)

Year Ended 31 March 2014

Strategic Report (continued)

As part of the Review of Housing Services we looked at how all of Derby Homes' operations are undertaken with a view to generating additional income for the Council where possible. Again the combined impact of these reviews has helped the Council considerably in terms of additional income to offset some of its reduced resources. Part of these savings has been generated through combining support services under the Council. This resulted in the transfer of 23 staff from Derby Homes to the Council's employment to join a combined team operated by the Council.

The Council and Derby Homes have now agreed an updated Partnership (formerly Management) agreement and overarching Service Level Agreements for the new and continuing services provided by the Council to Derby Homes. Further development of the depot as a central hub for Derby Homes is planned for 2014/15, to follow on from the successful opening of the former Mill as office accommodation in 2012.

There have been major restructurings of housing and income management during the year to reflect the impact of welfare reform. The Council and Derby Homes have agreed additional resources in this area to sustain income levels and advice to tenants. We have also supported tenants who wish to move to smaller homes, with a consequent reduction in the number of tenants affected by that benefit change.

Derby Homes also launched our apprentice scheme, employing 20 new trade apprentices, bringing our total to 24, and with plans in place to increase this further to around 40 in the near future.

Now that the Council's review of housing has concluded, the future for Derby Homes looks good. Our financial position – while appearing difficult overall due to the presence of a considerable pension fund deficit of £14m – for which there is a long term recovery plan in place – remains robust and indeed should enable sensible investment in partnership with the Council to develop new homes to let at affordable rent levels.

Operating and Financial Review (continued)

Year Ended 31 March 2014

Strategic Report (continued)

Principal themes of the Long Term Finance Strategy and outcomes are as follows:

The ten year contract to manage Council housing until 2022 required a reduction of £1m in the management fee over the four years to 2014/15 in order to increase spending on delivery and maintenance of the Council's housing stock. These savings have now been delivered and indeed surpassed. As a result of costs being reduced ahead of the reductions in management fee, the financial results and reserves are better than they will be in the longer term. There remains an underlying surplus of around £0.5m a year. The Board agreed to set this towards subsidising future new build properties owned by Derby Homes.

The financial result for the year shows a deficit of £0.386m after FRS 17 pension adjustments of £0.902m and, while the balance sheet overall shows a negative value of the company of £8.1m, this is due entirely to the pension fund deficit which now stands at £14.1m. This is being dealt with by increased contributions from Derby Homes relating to this deficit, over a period determined by Derbyshire County Council as pension fund administrators. Contribution rates are recommended based on the triennial review of the pension fund. For 2014/15, Derby Homes Board has agreed to increase contributions above the minimum level recommended by the scheme actuaries with a view to reducing the period over which the deficit might need to be recovered. As a result of the overall deficit, the Company relies on the Council to support it through a representation letter from the Council's Strategic Director of Resources, which effectively underwrites the pension fund deficit of the company.

If the pension fund deficit is removed, balance sheet reserves stand at £5.96m, of which £4.66m are designated reserves, with a balance of £1.3m held as general reserves. This demonstrates a period of strong growth within the company over the past few years; since 2010 General Reserves have increased from £2m to £6m and Fixed Assets from £0.4m to £2.7m.

Dynamics of the company

The main factors that will have a potential impact on the future financial results include:

The Welfare Reform Act and resultant changes to the Housing Benefit system which may result in additional pressure on the company's housing management services. Departments particularly affected are those handling arrears and direct debit processing, both of which have had additional resources added to them and is likely to require further additions once Universal Credit is fully introduced.

Right to Buy numbers have increased markedly over the last two years, from 35 in 2011/12 to 70 in 2012/13 to 138 in 2013/14. This impacts on the company as the management fee from the Council is reduced as a result, requiring further efficiencies to be generated to match this loss of funds.

Operating and Financial Review (continued)

Year Ended 31 March 2014

Strategic Report (continued)

The Company's financial position is robust in the short term. The current level of operating surplus excluding pension fund adjustments means that sufficient funding is available to sustain the existing operations of the Company and fund the development of up to 200 homes.

Investment and improvement for the future

If the pension fund deficit is removed, the company has reserves of £5.96m and it intends to invest these funds in supporting the creation of more affordable housing for Derby plus other objectives and issues that arise from time to time. The extent of these other items has reduced as many of the issues have now been addressed. The current allocation of reserves is as follows:

- General operating reserve, set at 4% of turnover £1.3m
- Gas related works £412,000
- Electrical Inspection remedial works £20,000
- Improving access to IT and common rooms £40,000
- Development pump priming £38,000
- Business Transformation Reserve £500,000
- Depot and office improvements £450,000
- Intensive Housing Management support £100,000
- New build / acquisition reserve – balance £3.1m

The Board has agreed that any balance can be invested in supporting new homes and this level of reserves should be sufficient to support the company's stock increasing to at least 200, depending on the level of additional resources – for instance grants – that can be obtained.

The new build revenue reserve, created using the balance of savings made over the past few years, now has £3.1m available. This funding can be used alongside borrowing from the Council to purchase or build new homes as part of the new partnership arrangements. Such investments would be protected from the Right to Buy and for flats in particular could mean that investments become possible where they would not be viable for the Council directly.

Operating and Financial Review (continued)

Year Ended 31 March 2014

Strategic Report (continued)

Service Performance

The Chair's Briefing meeting reviews the organisations performance indicators and the implementation of action plans arising from this. The table below is a sample of key performance indicators comparing performance for 2013/14 with the previous two years.

Indicator	Description	2011/12 Achieved	2012/13 Achieved	2013/14 Achieved
DH Local 24 (BVPI 63)	Energy Efficiency - average SAP (Standard Assessment Procedure) rating of dwellings.	71.20	72.01	72.60
DH Local 43 (HMP210)	Rent collected by the local authority as a proportion of rents owed on Housing Revenue Account (HRA) dwellings	98.28%*	99.4%	100.22%
DH Local 8 (BVPI 66b)	No. of tenants with more than seven weeks of (gross) rent arrears as a % of the total number of tenants.	6.49%	5.78%	4.82%
DH Local 27	Tenant Satisfaction with Landlord (All)	83.08%	83.40%	95.70%
DH Local 29 (BVPI 75a/b/c)	Tenant Satisfaction with views taken into account	64.40%	61.80%	96.00%
National Indicator 158	Non-Decent Local Authority Dwellings (percentage)	0%	0%	0%
DH Local 21 (BVPI 212)	Average time taken to re-let local authority housing.	23.3 days	20.3days	24.1 days

* 11/12 Rent measure was BV66a
(12/13: 98.25%)

Operating and Financial Review (continued)

Year Ended 31 March 2014

Strategic Report (continued)

Performance Highlights 2013/14

Performance remains very good, with key indicators all meeting or exceeding targets set by the Council.

As forecasted in last year's accounts, void levels and turnover times have deteriorated during 2013/14 as a result of the pressure of welfare reform and in particular the social sector size criteria's impact on housing benefit claims. While Derby Homes has helped a number of tenants to relocate and has seen a reduction in the numbers affected as a consequence from around 1,700 to around 1,300, there has been an increase of about 15% in the number of voids that have had to be dealt with, partly as a consequence. This has been managed without any material increase in void costs, but has seen a slight increase in the turnaround time to 24 days. To put this in context though, this is only just higher than the target for 2011/12 before welfare reform began. Overall therefore the balance between cost and performance has been managed to reflect value for money principles.

Rent collected has also remained about the same level of overall collection at 100.22% despite a considerable (%) increase in average rent levels and the impact of welfare reform mentioned above. This again is an outstanding result, and reflects both the additional resources put towards this area by both the Council and the Board and the hard work of those involved. The delay to the introduction of Universal Credit has also helped performance for this year.

Awards

Derby Homes has continued to support the Osmaston Community Association of Residents (OSCAR), which apart from running the country's largest Neighbourhood Watch scheme, has now entered a partnership with Derby Homes to deliver 95 homes in the Osmaston estate, of which 40 will be available at affordable rents, with the support of Derby City Council and the Homes and Communities Agency. OSCAR has received numerous nominations for awards as a result of their efforts in this project and wider contribution to the change in that estate.

Derby Homes remains accredited to a number of awards including ROSPA Gold for Health and Safety, Investors in People, ISO 9001 and others.

Two tenants were nominated as 'Tenant of the year' at national awards this year.

Operating and Financial Review (continued)

Year Ended 31 March 2014

Employee Involvement

Derby Homes Ltd firmly believes there is a strong link between the provision of quality services to customers and a harmonious working environment, and this is best achieved where effective communications are established with management and employees. To support this, consultation with employees or the recognised trade unions has continued at all levels, with the aim of ensuring views are taken into account when decisions are made that are likely to affect their interests. Employees are made aware of the financial and economic performance of their business units and the company as a whole. Communication with all employees continues through electronic internal newsletters, team meetings and employee briefings.

The company has been through a further period of uncertainty during the last year with changes to support service arrangements affecting a number of employees. Staff surveys indicate a slight reduction in overall morale, but remains overwhelmingly positive, with only 7% disagreeing that they enjoyed working for Derby Homes. The company is committed to the creation of a happy and productive work environment that values and encourages all employee contributions.

The company continues to operate a policy of only using compulsory redundancy as last resort. New employment opportunities will be found for those people who want to remain working at Derby Homes. This policy will be continued for at least the immediate future, but may have to be reviewed should restructuring in the future result in costs that cannot be supported. At the moment, this is not the case and the policy can continue to be applied.

Derby Homes have recruited 20 apprentices during 2013/14 and have plans to expand this by a further 10 to 15 during 2014/15. These will be short term opportunities to learn and train while carrying out real work which should help them to get a job in the future.

Training Employees and the Board

The Board is committed to training and developing Board members and employees. The organisation is recognised as an Investor-In-People. Performance reviews or job chats are carried out with every employee and a personal training plan developed. The company operates an annual Qualification Training Scheme open to all employees. This scheme enables employees to apply for financial assistance and paid leave to attend academic courses. An in-house training programme is operated. The company operates both an E-Induction training package for employees and E-training for Board Members. The Board has a training and development programme which includes an individual appraisal scheme which identifies personal areas for development. An annual training programme is carried out for Board members of compulsory and optional courses, both internally and externally run.

Operating and Financial Review (continued)

Year Ended 31 March 2014

Equality and Diversity

The Directors of Derby Homes Ltd believe everyone has the right to the same access to services and employment opportunities, to respect and to feel safe and secure in their own home and neighbourhood. Everyone has a right to make use of the opportunities offered by Derby Homes Ltd and to use all parts of our service.

Through our Equalities Scheme, Actions Plans and Equality Impact Assessments the Board promotes diversity in the provision of our services and employment and will not tolerate discrimination. Derby Homes Ltd will make sure no individual or group applying for housing services or employment is treated less favourably than any other person or group because of their individual characteristics. These characteristics include, but are not limited to, disability, ethnicity, colour, race, religion, gender, sexual orientation and age. The Directors will work together with all service providers and customers to ensure that this commitment is met across the entire organisation.

Derby Homes is committed to promoting equal opportunities and valuing diversity. Our aim is equality for everyone who works for Derby Homes and uses our services. We recognise that we must have a workforce that is as diverse as the community we live in, so that we can provide the most effective services. Our objective is to create a workplace culture that respects and values each other's differences.

A diverse workforce adds value to any organisation, making it more responsive and flexible and making it a place where people want to work. Having a diverse workforce ensures that we have high levels of skills and understanding, that improves our ability to meet the needs and aspirations of the communities we serve.

Going Concern

At its meeting on 31 July 2014, the Board of Derby Homes Ltd approved the statement that, in their opinion, Derby Homes Ltd has adequate resources to continue in operational existence for the foreseeable future. The company has a 10 year contract (8 years still to run) in place with Derby City Council to pay management fees in return for delivery of housing management and maintenance services, as prescribed in the Services Agreement.

In addition, the Council recognises that, following the processing of FRS17 accounting transactions, the company does not have sufficient reserves to offset the resultant pension fund deficit. The Council therefore undertakes to provide continuing support to enable the financial statements of Derby Homes to be prepared on a going concern basis.

Accordingly, it continues to adopt the going concern basis in preparing the financial statements.

Operating and Financial Review (continued)

Year Ended 31 March 2014

Internal Controls Assurance

The Board acknowledges responsibility for ensuring that an effective system of internal control is maintained and operated throughout the company.

The system of internal control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Ongoing development and maintenance of the system is undertaken by managers within the Company. In particular, the system includes:

- corporate governance arrangements operated through the Board and Committees
- standing orders and financial regulations
- an ongoing process for identifying, evaluating and managing significant risks faced by the Company
- comprehensive budgeting systems
- regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts
- setting targets to measure financial and other performance information and BVPI reporting.

The Company procures internal audit services from the Central Midlands Audit Partnership. Internal audit's work is based on their independent risk assessment and complies with the CIPFA code of practice for internal audit. The Head of Audit and Risk Management reports the results of internal audit work to the Director and Company Secretary and the Audit Committee. The Head of Audit and Risk Management also provides an independent opinion on the adequacy and effectiveness of the system of internal financial control.

Our review of the effectiveness of the system of internal financial control is informed by:

- the work of managers within the company;
- the work of the internal auditors as described above; and
- the external auditors in their reports.

The Audit Committee has received the Director of Derby Homes' annual report on internal control assurance on behalf of the Senior Management Team and has conducted its review of the effectiveness of the system of internal financial control. This review has included consideration of any changes needed to maintain the effectiveness of the risk management and control process.

Operating and Financial Review (continued)

Year Ended 31 March 2014

Derby Homes – Value for Money self-assessment

Derby Homes has always taken Value for Money (VfM) seriously and the new requirement of the Homes and Communities Agency (HCA) to formally assess our VfM position is consistent with the approach that we have always adopted – of driving efficiency gains for a social purpose to improve not diminish services to tenants.

History of Efficiency gains and Strategic Approach

Derby Homes' mission statement is:

"To deliver a high quality housing service for Derby"

Our mission complements the 2020 Vision for Derby produced by the Derby City Partnership and the City Council's Housing Strategy and Capital Strategy.

As a managing agent for Derby City Council, Derby Homes is contributing to the Council's corporate mission to help "to make Derby a city where people are proud to live and the Council a place where people are proud to work."

Derby Homes' Strategic Objectives are:

- Great Homes – including providing affordable new homes
- Great Neighbourhoods
- Great Customer Services
- Great Value

Derby Homes aims to provide excellent services by embedding a culture of VfM throughout the organisation to make sure we meet the needs of all of our customers. The overarching VfM strategy is reported within the Derby Homes website <http://www.derbyhomes.org/performance/VfM> and was approved by the Board on 20th June 2013. This includes details on how we successfully have and plan to continue to fully integrate VfM into our planning and performance frameworks:

- VfM considerations embedded into all stages of service planning
- Strong basis in financial management and budget processes
- Robust performance management structure with VfM included in performance reports routinely
- Benchmarking with other Arm's Length Management Organisations (ALMO's) on cost and performance
- Customer involvement in setting priorities and monitoring performance
- More scrutiny of procurement
- Tenant Reviews of our services.

Operating and Financial Review (continued)

Year Ended 31 March 2014

Value for money self-assessment continued

Before Housing Revenue Account (HRA) reform in 2012, efficiencies were necessary to maintain services at their previous levels and to rebalance spending between management and maintenance. In 2010, the Board of Derby Homes launched a programme – Business Transformation (BT) – to deliver £2.2m of overall savings with a view to reducing the overall costs of the service by £1m and reinvesting £1.2m in improved maintenance levels – of which the majority (£1m) has been invested in increased cyclical/planned maintenance to improve estates generally.

In addition to this, and in order to deliver greater numbers of new homes for prospective tenants, further savings of £1.2m were required in 2013/14 and 2014/15. Taken together, these savings have amounted to a 14% real terms reduction in the cost of management but a substantially increased investment in planned maintenance.

Some examples of the efficiency gains that have been made are:

- The change in office headquarters from the rented Cardinal Square to Council owned London Road Depot will deliver annual savings in excess of £150,000.
- The removal of essential car allowances to staff saved £125,000.
- Revisions to the insurance specification and re-tendering saved £90,000.
- Negotiating IT contracts and reviewing IT capital requirements has saved over £200,000.
- Support services budgets have been reviewed and savings of £400,000 have been identified for 2014/15.
- Increased productivity of the in house Repairs team following the implementation of operatives having repairs jobs allocated directly to handheld devices (previously paper job cards) and repair materials being stocked on vans (previously collected from suppliers), enabling the reduction in the use of agency labour and sub-contractors, saving £670,000.
- Investing in directly owned vans rather than leasing them, saving £100,000
- Re-procurement of major components supply and mobile phone contracts has saved approximately £600,000.
- Review of Housing management posts saving £270,000.

We have further plans to save money through a long term procurement of supplies for repairs to be delivered in 2014, and in finalising the accommodation and van savings.

Operating and Financial Review (continued)

Year Ended 31 March 2014

Value for money self-assessment continued

Investment of savings

As a result of the delivery of these savings, Derby Homes' Board have been able to consider investment in additional priorities. Those delivered include:

£1,000,000 a year additional investment in cyclical maintenance as mentioned above.

Investment of £1.25m in new vans for maintenance teams. Not only does this save further funding as a result of eliminating leasing charges, lower maintenance and fuel bills, they also look better and have created further efficiencies by being stocked appropriately to the job of the particular driver or team. The vans deliver annual savings of at least £100,000 compared to hire costs and with the benefit of speed restrictions and more efficient new models, fuel economy has improved by 7 to 10% (about £15,000) and there is also a Co2 reduction in the region of 37 tonnes. Diesel particulate matter emissions have also reduced.

£200,000 a year has been invested in apprentices. Derby Homes have taken on an additional 20 apprentices bringing the total to 24, and have plans to expand this to 40, of which the next 10 are already being recruited. As the apprentices learn, they will become positive assets for their teams and will be funded by further efficiency gains as a result of their contribution.

Intensive Housing Management – Derby Homes has contributed over £200,000 a year in funding towards sustaining support for our most vulnerable tenants. Costs of managing such tenancies are inevitably higher than for 'standard' tenancies, and the loss of Supporting People funding could have meant the loss of support. Working with Derby City Council, Derby Homes has reduced the costs of this service but sustained it for the future.

Welfare Reform support for tenants – £320,000 additional staffing to specifically help tenants affected by the welfare reform changes and to sustain income levels for the Council as the landlord. Substantial increases in funding for this area has resulted in high proportions of tenants affected by welfare reform being able to claim Discretionary Housing Payments and to keep a relatively low increase in arrears as a result of the changes so far.

Additional Void costs – as a result of welfare reform and general market conditions, there has been a substantial increase in void levels this year (around 16%) but cost increases have been kept to around half of this level. Nonetheless, there is an additional pressure of around £165,000 that has had to be funded as a consequence. Not only have efficiency gains in maintenance kept this cost to a minimum, but void losses have actually reduced despite the increased pressure from general conditions and turnover. This is due to a planned approach to reshaping longer term voids. Britannia Court has been demolished, and Oakvale House has been refurbished in order to create new homes for the elderly in Arboretum ward. These were previously part of 'passive' voids and have now been resolved.

Operating and Financial Review (continued) **Year Ended 31 March 2014**

Value for money self-assessment continued

Electrical Testing

The requirement for electrical testing of homes was recently increased from an inspection every ten years to one every five years. This potentially placed around two thirds of our tenancies outside the updated requirement. The Board set aside £700,000 of funding to catch up with the new requirement within a year. With the exception of under 100 homes where at least 5 attempts have been made, all homes have been inspected and the relevant upgrade work undertaken.

New Homes

The Board approved a strategy in January 2013 of investing as much as possible into subsidising the creation of new homes, supporting the Council's target of delivering 700 homes across Derby Homes and the Council. One-off savings created by delivering efficiency gains ahead of schedule or in addition to those anticipated has resulted in funds of around £3m being available to support this programme. In addition to this, on-going revenue support is also required to support new homes that do not have a sufficient external grant. The balance of funding available has been set aside for this purpose at this stage. The exact balance of one-off and on-going support will need to be reviewed in the light of the outcome of the FRS102 consultation currently taking place.

Derby Homes currently has 38 homes on our balance sheet, with plans to increase this substantially over the next few years to around 200 to 300 depending on funding availability. Current plans include:

- 95 homes being delivered, of which 40 will be affordable rented homes, as part of the largest community led housing development scheme in the country with the Osmaston Community Association of Residents (OSCAR) and the financial support of the Council and the HCA through land and grants.
- Refurbishment of Nightingale Road commercial property into 5 flats with the support of HCA empty homes grant and the Council.
- Purchase and refurbishment of Chesapeake Day Centre into 6 flats.
- Bid to the HCA for a further 22 homes to be delivered over the next three years (2015/18) affordable homes programme.
- Purchase of affordable homes as a result of the joint venture vehicle for Osmaston (former Rolls-Royce factory site) between the Council and Keepmoat – expected to be around 70 homes.

In total there are 143 additional homes to be added to our stock already planned, and Derby Homes will consider other opportunities as they arise.

In terms of VfM, the plans involve recognition that these assets will not be financially viable on their own and require subsidy. Many have the support of the Council and the HCA which reduces the investment required by Derby Homes and therefore stretches overall plans further. This support is critical to Derby Homes' long term mission and objectives and for the delivery plans for the Council, but work counter to any formal measure of VfM. There is therefore a need to factor in the social value of a home that is subsidised.

Operating and Financial Review (continued)

Year Ended 31 March 2014

Value for money self-assessment continued

Social Value

A simple measure of VfM is to compare the rent paid by tenants with the Local Housing Allowance (LHA) which is a measure of the local market conditions – and used to limit housing benefit payments for those in the private rented sector. By comparing these two levels, the net financial benefit either to the tenant or to the government where Housing benefit is set by reference to the rental level, can be measured.

Across the Council housing stock, rent charges total £18.9m a year less than the LHA, of which roughly half benefits tenants and the other half Housing Benefit (HB).

New Homes

Our modelling on new build indicates that there is a need for a peak investment of about £57k in a new home to sustain rents at social levels (target rent plus 5%). In the longer term though, this investment is mostly returned as long as the home lasts for 60 to 70 years as they should with normal levels of costs and voids etc. If Derby Homes were to match the rent offered by the LHA – that is the 30th percentile rent, the rent faced by the tenant would be £16.26 a week or £845 a year more than on a social rent. Over 60 years, this amounts to a £50,000 cash benefit for either the tenant or housing benefit in lower rents compared to the LHA level.

The £57k peak investment will reduce by the end of 60 years marginally to around £35k but the main difference in the long term will be to the value of the asset. With the operation of inflation of 2.5% a year, the open market value of the home might be around £455k, and it would be £155k on the most pessimistic balance sheet valuation of 34% for social purposes. It can therefore be seen that for a peak investment of £57k, an appreciating asset worth at least £155k and a benefit to tenant and government of £50k can be obtained. In the long term, ALMO housing makes financial sense for everyone at this cost level. It is of course, still an issue about how the initial investment and cash flow is found, but in essence, development that can be let at social rent levels can still work in the very long term.

This analysis excludes a number of further benefits that would accrue in terms of economic impact / taxes as a result of the building of the home, the health benefits to the tenant and the impact on the LHA level over the long term of increased supply. All these factors would add to the overall social benefit of delivering new homes.

In terms of development, we have also led the £1m remodelling and refurbishment of Oakvale House, a derelict former sheltered housing complex, to create 26 new, high quality flats for the Council that have been re-named Rose Homes by children from the neighbouring school in a competition. Derby Homes took the place of the traditional main contractor and managed the site, delivering the work with a mix of its own workforce and small, local builders. This 'Rose Homes model' is now being used to deliver new build and conversion sites as an alternative to employing the traditional development contractor where this works better – for instance on smaller sites with no cross subsidy from sales.

Operating and Financial Review (continued) **Year Ended 31 March 2014**

Value for money self-assessment continued

Social benefits

In addition to the financial benefit of social housing, there are considerable other positive social impacts including:

Planned improvement schemes across 1970s estates like the Stockbrook Street and Brook Street areas, which have lots of communal land that is often poorly designed and sometimes dilapidated. The programme has also installed car hard standings and communal parking in targeted hotspots where lack of parking causes serious issues. These issues create additional benefits beyond a financial return – in terms of improved layout and feel of the relevant areas.

A positive impact on the local labour market through decent working conditions and opportunities for apprentices. We have managed to avoid compulsory redundancies and have a positive relationship with our Trades Unions.

Fire Safety impacts – we are committed to installing sprinklers in all our new homes where this is technically feasible, and have hard wired smoke detectors in all homes. We are working in partnership with Derbyshire Fire and Rescue Service to support their campaign to get sprinklers fitted as standard in all new homes.

Support for tenants – welfare reform has had a significant impact on many tenants, and our support has helped many to access discretionary housing payments and other support and advice. We have prevented many evictions and helped to house many of the most vulnerable tenants in the City. In particular we have actively supported the Ordinary Lives project of the Council to try and sustain as many tenancies in the community for all those that wish to do so.

Energy Saving – in addition to the 2011/12 installation of £6m worth of solar panels that has benefited tenants electricity bills by around £100 annually, we have also obtained £4m of Community Energy Saving Programme funding towards insulation and have improved the warmth of around 2,700 homes that were previously difficult to heat. Further work in this area is planned where Energy Company Obligation or other funding can be obtained.

Apprentice Scheme

In partnership with Derby College, we have launched a substantial expansion of our apprenticeship scheme with an increase particularly in maintenance. We plan to further increase this to a sustainable level of around 40 posts. This investment at the very least gives a number of opportunities to apprentices to learn skills and to increase their chances of getting permanent posts whether with Derby Homes or elsewhere. While we cannot guarantee posts for all, we will try and plan to create options for some, and others will get jobs requiring the skills that they are being taught.

Operating and Financial Review (continued)

Year Ended 31 March 2014

Value for money self-assessment continued

Youth Intervention Work

Derby Homes has supported*Enthusiasm – a local youth work charity – for many years now and continues to offer over £100,000 a year of funding towards their work in supporting youth work on estates. We have also run a Junior Wardens scheme that involves younger children in taking responsibility for their areas.

Partnership Working

We continue to work with a large number of partners including the Council, Fire, Police and Health services. Additionally the Derby Community Association of Partners (DACP) representing tenants across the City and also OSCAR to tackle local issues to Osmaston where we have embarked on an ambitious programme to improve the area through new homes and facilities. We are also a full member of the Central Midlands Audit Partnership which delivers Internal Audit services to many public sector bodies in Southern Derbyshire and further.

Operating and Financial Review (continued) **Year Ended 31 March 2014**

Value for money self-assessment continued

Benchmarking / Financial returns

Derby Homes has consistently used Housemark to consider its relative VfM and to report to the Board. It used the analysis that this provided to suggest areas of concern and to target savings accordingly.

Each year the Board receives a report summarising the performance of Derby Homes within the Housemark group which is shown on the website:

<http://cmis.derbyhomes.org/CMISWebPublic/Meeting.aspx?meetingID=5419>

A user friendly summary of these costs and the relative service performance is also shown on the website:

<http://www.derbyhomes.org/performance/benchmarking>

These reports show that most areas are moving in the right direction. Over recent years, corporate overheads have been reduced significantly from around 20% to around 15% and costs of accommodation and information technology and services have been specifically targeted to be reduced as a consequence.

In terms of the future, the current report indicates that there appears to be an issue with respect to resident involvement. A review of this area by the new Head of Housing Management has resulted in a fresh approach being adopted and this will be delivered during 2014.

Derby Homes is currently procuring a new long term materials supply contract which we expect to provide further efficiencies in price, quality and operation.

Further approaches

In addition to the 'traditional' Housemark approach, further ways of comparing are used to assess our overall position in comparison with others.

Firstly, local regional information is being collated both by Efficiency East Midlands and by the Regional ALMO Finance Directors' group. These will prove useful in targeting more specific areas and considering ways forward. Already the East Midlands ALMO Chief Executives' group has started a process of considering joint working and procurement where such a grouping will help.

Secondly, CIPFA have recently published a guide on financial management for Housing Boards, suggesting specific measures that can be used to judge if financial plans are sustainable.

Thirdly, Capita have compared financial ratios for their HRA business plan model which is used by Derby City Council and Derby Homes.

Operating and Financial Review (continued)

Year Ended 31 March 2014

Value for money self-assessment continued

These latter ones are recent developments (March 2014) and bring HRA Business Planning (HRABP) more into line with the approach adopted by many housing associations with a view to satisfying their financial providers (banks and other financial institutions) of their financial sustainability. The approach to overall financial ratios below therefore relates to the whole HRABP and its financial position, not just to Derby Homes. Extracts of key results from the CIPFA and Capita approaches are set out below:

Measure (2014/15 budget)	Derby	Capita Median	Capita position (out of /15)	CIPFA Green	CIPFA Red	CIPFA Result
Costs						
Rent and service charges per home £	4,223	4,595	12th Highest			
Management costs / turnover % (DH+DCC)	23.3%	-	-	< 20%	>25%	Amber
Maintenance costs per home £	1,196			<£1,200	>£1,500	Green
Operating costs per home £	2,208	2,167	7 th Highest			
Operating Margin per home £	1,158	1,573	Lowest			
Operating Margin / turnover %	25%	25%	8th Highest	>20%	<10%	Green
Capital spend (exc New build) per home £	828	1,555	Lowest			
Net income per home £	331	265	6 th Highest			
Debt and Ratios						
Return on Capital Employed	3.8%	1.5%	3 rd Highest			
Debt per home	17,134	17,134	Median (8 th)			
Interest rate on debt %	4.39%			<5.5%	>7%	Green
Debt/Debt+Reserves%	58%	23%	3 rd Highest			
Reserves /Turnover %	40%			>20%	<5%	Green
Debt / Asset Value %	60.7%			<60%	>80%	Amber
Use of the Debt Cap	96%	91%	3rd Highest			
Interest Cover	1.37	2.22	12 th Highest	>1.2	<1.05	Green

Operating and Financial Review (continued)

Year Ended 31 March 2014

Value for money self-assessment continued

CIPFA recommend that Boards select a few key indicators to monitor and the suggested ones are highlighted in the table above. The full list of indicators suggested by both approaches is shown to give a complete picture at this point.

The figures reflect the strategic approach adopted by the Council and Derby Homes to the management of the HRA. Costs are about median while rent is lower than the median, with a lower but still adequate operating margin as a result. The debt is also average but at £17,000 a home is around 60% of the Existing Use Value for Social Housing (EUVSH), indicating that there is capacity to support further borrowing in future. The return on capital employed is 3.8% reflecting the very low asset values in the plan as a result of valuing on a EUVSH basis (about £28k a home). Within the cost structures, the cost of maintenance has increased markedly on a few years ago and the management cost has reduced in line with the strategy set out at that time. The business transformation from a high management, low maintenance structure to a more balanced one is now essentially completed and the results on the ground have translated into better performance and satisfaction levels.

The very low spend on existing homes' capital reflects both the huge investment in decent homes between 2002 and 2006 and the consequent lower need for capital investment for the following decade or so, plus the continuing efficiency of procurement arrangements which have been flexibly deployed to maximise VfM.

The rent remains low in comparison to both the LHA and to the comparative group, but has increased considerably over the last five years. In terms of increasing income further, the restriction of increases in future to CPI plus 1% a year is likely to lead to this pattern continuing. The decisions of the Council to increase the rent over the last few years – with the support of the DACP – has helped hugely to prevent the operating margin becoming so small that insufficient funds would be available to invest in the priorities mentioned in this report.

Summary

In conclusion, the overall strategy adopted by both the Council and the Board has worked and continues to work in delivering a Value for Money service for tenants and outcomes in terms of replacement homes, decent homes and a good repair service for a reasonable rent. Rents themselves remain good Value for Money and provide a social benefit of almost £19m a year. Derby City Council and Derby Homes will continue to fulfil our mission to 'deliver a high quality housing service for Derby' with the support of our partners and our tenants.

Operating and Financial Review (continued)

Year Ended 31 March 2014

Financial Review and Capital Structure

The main accounting policies are set out on pages 36 to 39.

As a wholly owned Arm's Length Management Organisation (ALMO) subsidiary of Derby City Council, the capital structure has been approved by the Council. The balance sheet set out on page 33 shows a deficiency of total funds which results from the defined pension fund liability but as noted in the Directors' Report and Accounting Policies, this major liability is underwritten by the Council. Excluding the pension liability, total reserves as at 31 March 2014 amount to £5.96m.

Treasury Policy, Cash Flows and Liquidity

The company benefits from participation in the Council's treasury policy arrangements and management and other fees are paid in advance during the year, allowing the company to maintain a satisfactory cash flow and liquidity position. As part of the Council's group banking arrangements, temporary cash flow issues are managed by the Council. The Company is also able to benefit from the Council's access to the Public Works Loans Board for long term fixed rate borrowing should it be necessary. In practice the cash flow is largely positive at present.

Statement of Compliance

The Board has endeavoured to follow the principles as detailed in the 2008 statement of Recommended Practice in the production of its Operating and Financial Review.

The Board is of the opinion that the Operating and Financial Review meets the requirement of the Accounting Standard Board's 2006 Reporting Statement.

The Operating and Financial Review (including the Strategic Report) was approved by the board on 31 July 2014 and signed on its behalf by:



M Redfern
Vice Chair

Date 31.7.14



D Enticott
Secretary

Date

31/7/14

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DERBY HOMES LIMITED

We have audited the financial statements of Derby Homes Limited for the year ended 31 March 2014 which comprise the income and expenditure account, the statement of total recognised surpluses and deficits, the balance sheet, the cash flow statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with the Housing and Regeneration Act 2008 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2014 and of its surplus 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, the Housing and Regeneration Act 2008 and the Accounting Direction for Registered Providers of Social Housing 2012.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DERBY HOMES LIMITED (continued)

Matters on which we are required to report by exception

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

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

BDO LLP
6th August 2014

*Hamid Ghafoor (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Liverpool
United Kingdom
Date*

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

Income and Expenditure Account Year Ended 31 March 2014

	Notes	2014 £'000	2013 £'000
Turnover	2	32,296	30,062
Operating costs	2	(32,364)	(28,546)
Operating (Deficit) / Surplus	4	(68)	1,516
Interest payable and similar charges		(67)	(12)
Pension finance costs	5	(251)	(443)
(Deficit) / Surplus on ordinary activities before taxation		(386)	1,061
Tax on surplus on ordinary activities	6	-	-
(Deficit) / Surplus on ordinary activities after taxation	12	(386)	1,061
Retained (Deficit) / Surplus for the year		(386)	1,061

All amounts relate to continuing activities.

There are no differences between the deficit for the year and its historical cost equivalent.

Statement of Total Recognised Deficits and Surpluses for the year ended 31 March 2014

		2014 £'000	2013 £'000
(Deficit) / Surplus for the financial year		(386)	1,061
Actuarial gain (losses) relating to pensions	7	<u>2,579</u>	<u>(3,524)</u>
		2,193	(2,463)
Prior year adjustment		-	-
Total recognised gain (losses) for the year		<u><u>2,193</u></u>	<u><u>(2,463)</u></u>

All recognised gains and losses are included in this statement and all relate to continuing activities.

Balance Sheet At 31 March 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Housing Properties			
Cost less depreciation		3,166	1,213
Capital grant		(1,507)	(1,049)
Net book value of housing properties		1,659	164
Other fixed assets		1,027	1,000
	8	2,686	1,164
Current assets			
Debtors	9	9,567	6,679
Stock		176	131
Cash in hand		2	2
		9,745	6,812
Creditors: amounts falling due within one year	10	(5,213)	(2,348)
Net current assets		4,532	4,464
Creditors: amounts falling due after one year	11	(1,258)	(184)
Net assets before pension liability		5,960	5,444
Defined benefit pension liability	7	(14,062)	(15,739)
Net liabilities after pension liability		(8,102)	(10,295)
Reserves			
Defined benefit pension liability reserve	12	(14,062)	(15,739)
Designated reserves	12	4,660	4,144
Revenue reserves	12	1,300	1,300
Total funds	12	(8,102)	(10,295)

These financial statements were authorised and approved by the Board of Directors on 31 July 2014.

Signed and dated on behalf of the Board of Directors



M Redfern Date 31.7.14
Vice Chair



D Enticott Date 31/7/14
Secretary

Cash Flow Statement Year Ended 31 March 2014

	2014 £'000	2013 £'000
Reconciliation of operating surplus to net cash Inflow/(outflow) from operating activities		
Operating (deficit) / surplus	(68)	1,516
Loss on disposal of fixed assets	1	29
Depreciation	370	396
Increase in stocks	(45)	(18)
(Increase) / Decrease in debtors	(2,889)	1,058
Increase / (Decrease) in creditors	2,865	(2,364)
Prior year adjustment on fixed assets	4	7
Movement in FRS17 adjustment	651	292
Net cash inflow from operating activities	889	916
Cash flow statement		
Net cash inflow from operating activities	889	916
Return on investments and servicing of finance	(67)	(12)
Capital Expenditure:		
Fixed Asset additions	(1,896)	(896)
Cash inflow before financing	(1,074)	8
Financing – new long term loan	1,087	-
Financing – loan principal repayments	(13)	(8)
Increase in cash	-	-

Reconciliation of net cash flow to movement in net debt for the year ended 31 March 2014

	2014 £'000	2013 £'000
Increase in cash in the year	-	-
Cash outflow from decrease in debt and lease financing	<u>(1,074)</u>	<u>8</u>
Movement in net debt in the year	(1,074)	8
Net debt at 1 April 2013	<u>(182)</u>	<u>(190)</u>
Net debt at 31 March 2014	<u>(1,256)</u>	<u>(182)</u>

Analysis of changes in net debt

	1 April 2013 £'000	Cash flow	31 March 2014 £'000
Cash at bank and in hand	<u>2</u>	<u>-</u>	<u>2</u>
	2	-	2
Debts falling due after more than one year	<u>(184)</u>	<u>(1,074)</u>	<u>(1,258)</u>
Net debt	<u>(182)</u>	<u>(1,074)</u>	<u>(1,256)</u>

Notes to the Financial Statements Year Ended 31 March 2014

1. Principal accounting policies

The company is incorporated under the Companies Act and is registered with the Homes & Communities Agency as a Registered Provider. The following Accounting Policies have been applied consistently in dealing with items which are considered to be material in relation to the financial statements.

Basis of accounting

The financial statements of the company are prepared in accordance with applicable accounting standards and the Statement of Recommended Practice (SORP) 2010 – Accounting by registered social housing providers update 2010, and comply with the Accounting Direction for Private Registered Providers of Social Housing 2012.

Going Concern

The financial statements have been prepared on a going concern basis. The company's balance sheet shows a net liability due to the inclusion of pensions liabilities required under FRS 17, Retirement Benefits. However, this is underwritten by Derby City Council.

Turnover

Turnover represents collectable rental income (i.e. rent debit less rent loss due to voids) and service charges, fees payable from Derby City Council and other income from operating activities.

Operating Costs

Operating costs are attributable to the day to day running costs of the company. These include housing management, property repair, maintenance and major improvement works.

Overheads and Administrative Costs

These are allocated across operating cost headings on the basis of staff time or other appropriate methods.

Tangible fixed assets and depreciation

Housing properties are principally properties available for rent and are stated at cost less social housing grants and depreciation. Any additions include the cost of acquiring land and buildings, development costs and expenditure incurred in respect of enhancements to existing properties. Other fixed assets are included in the balance sheet at historical cost, less depreciation where appropriate.

Notes to the Financial Statements

Year Ended 31 March 2014 (continued)

Depreciation is provided on all assets based on the historical cost less attributable grants above any de minimis value using the straight line method over the remaining life of the asset. The following component rates have been applied:

Asset Type	Depreciation	De minimis values
Housing Properties:		
Kitchens	Over 20 years	Nil
Bathrooms	Over 25 years	Nil
Boilers	Over 13 years	Nil
Heating system	Over 26 years	Nil
Roof	Over 60 years	Nil
Wiring	Over 40 years	Nil
Doors	Over 30 years	Nil
Windows	Over 30 years	Nil
Non-componentised	Over 80 years	Nil
Land	Not depreciated	
Computer equipment	Over 3 years	£10,000
Motor vehicles	Over 7 years	Nil
Plant & machinery	Over 5 years	£10,000
Office equipment	Over 10 years	£10,000

Where items of computer equipment, plant and machinery and office equipment are purchased at less than the above de minimis values they may be capitalised if they form part of a larger capital scheme.

Going forward the useful life of components will be reassessed annually.

Impairment

The company will undertake impairment reviews where there is an indication that impairment may have occurred.

Taxation including deferred tax

The charge for taxation is based on the surplus for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided on all timing differences in accordance with FRS 19 – Deferred Taxation. Deferred tax assets are accounted for to the extent they are regarded as recoverable. The company does not discount deferred tax.

Operating leases

Rentals under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

Notes to the Financial Statements

Year Ended 31 March 2014 (continued)

Pension costs

Local government pension scheme

The company participates in the Derbyshire County Council defined benefit (open) superannuation fund, a funded benefit scheme. The pension charge is based on a full actuarial valuation of the fund as at 31 March 2013.

The amounts charged to operating surplus in respect of this scheme are the current service costs and any gains and losses on settlements and curtailments. They are included as part of staff costs.

The interest cost and the expected return on assets are included as other finance costs.

Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

The company has fully adopted Financial Reporting Standard 17 "Retirement Benefits" during the year.

Debtors and creditors

The income and expenditure and balance sheet accounts of the company are maintained on an accruals basis. This means that sums due to or from the company during the year are included, whether or not the cash has been received or paid in the year.

Value Added Tax (VAT)

Rental income received from housing properties is exempt from VAT and accordingly any expenditure incurred in relation to those properties is inclusive of VAT. All other income and expenditure figures exclude VAT.

Accounting for grants

Grants received relating to revenue expenditure are credited to the income and expenditure account as they become receivable. In certain circumstances, grant funding may be repayable if the conditions of the funding are not met.

Where grant is received as a contribution towards the capital cost of fixed assets it is deducted from the fixed asset cost.

Notes to the Financial Statements

Year Ended 31 March 2014 (continued)

Reserves

The Board at its meeting in January set aside from within its projected reserves funding for various projects listed in page 27 above. These have been classified as designated reserves and are expected to be utilised within two years with the majority of the funding to be used within a year.

Two projects may take longer to be fully utilised: firstly Business Transformation Reserve – which is designed for ‘Invest to Save’ investments or where restructuring costs are to be incurred. Currently there are no firm plans against this reserve. Finally there is a new build reserve which comprises the balance of funds available as approved by the Board in March. This is intended to subsidise investments in new build homes where Derby Homes are the substantive owner. A number of sites have been identified and are being considered for development / acquisition and further schemes will follow over time as opportunities arise. The intention is to use these funds to meet any revenue shortfall in the initial years of any new investment and / or cover any immediate impairment charge that may arise on the properties.

True and Fair Override

Under the requirements of the SORP, capital grant income received as a contribution towards capital cost of fixed assets is deducted from the fixed asset cost on the balance sheet. This treatment is contrary to the Companies Act 2006 which states fixed assets should be stated at purchase price, or valuation, less any provision for depreciation or diminution in value and that grants should be shown as deferred income. The purpose of the capital grants is to subsidise the cost of the social housing and the income from properties is a function of net cost. Accordingly the Board considers it necessary to adopt the treatment set out in SSAP4 in order to give a true and fair view of the financial position of the company.

Notes to the Financial Statements

Year Ended 31 March 2014 (continued)

2. Turnover, operating costs and operating surplus/ (deficit)

	Year ended 31 March 2014					
	Notes	Turnover	Operating Costs	Additional FRS 17 pension costs	Total Operating Costs	Operating Surplus or (deficit)
		£'000	£'000	£'000	£'000	£'000
Social Housing Lettings	2.1	76	48	0	48	28
Management of Social Housing for the Council		9,765	9,037	290	9,327	438
Maintenance and Repair of Social Housing for the Council		15,598	15,568	273	15,841	(243)
Capital Works undertaken for the Council		4,905	4,870	55	4,925	(20)
Public Buildings Work undertaken for the Council		1,275	1,275	26	1,301	(26)
Development work for Derby Homes and the Council		4	335	8	343	(339)
Other activities		673	579	0	579	94
Total		32,296	31,712	652	32,364	(68)

The additional FRS 17 pension costs are due to the actuarial assessment of pension current service costs included above being at a higher level than the actual pension contributions which were paid and included in operating costs.

As a result of the above the Capital Works and the Public Buildings work undertaken for the Council show deficits for the year but would otherwise have showed break even, the arrangements with the Council being on an actual cost recovery basis.

Notes to the Financial Statements

Year Ended 31 March 2014 (continued)

	Year ended 31 March 2013					
	Notes	Turnover	Operating Costs	Additional FRS 17 pension costs	Total Operating Costs	Operating Surplus or (deficit)
		£'000	£'000	£'000	£'000	£'000
Social Housing Lettings	2.1	57	35	-	35	22
Management of Social Housing for the Council		10,352	9,070	140	9,210	1,142
Maintenance and Repair of Social Housing for the Council		15,089	14,643	115	14,758	331
Capital Works undertaken for the Council		2,714	2,688	24	2,712	2
Public Buildings Work undertaken for the Council		1,392	1,411	13	1,424	(32)
Other activities		458	407	-	407	51
Total		30,062	28,254	292	28,546	1,516

2.1 Social Housing Lettings

	2014 £'000	2013 £000
Rents (net of void loss)	67	50
Service charge income	9	7
Net rental income	76	57
Expenditure		
Property insurance	3	3
Other supplies & services	15	26
Depreciation	30	6
Total Expenditure	48	35
Operating surplus on Social Housing lettings pre interest charges	28	22

Notes to the Financial Statements

Year Ended 31 March 2014 (continued)

3. Information regarding directors and employees

Directors and executive officers' emoluments are as shown below. No pension contributions were made for Directors. Actual fee levels have remained frozen in 2013/14.

	2014 £'000	2013 £'000
Directors' emoluments		
Aggregate emoluments	16	16
Pension contributions	-	-
	<u>16</u>	<u>16</u>

Executive Officers' emoluments

During the period there were three permanent executive officers including a Temporary Director of Derby Homes. The post of Chief Executive of Derby Homes was replaced with the post of Director of Derby Homes from October 2013.

These executive officers are listed on page 2.

	2014 £'000	2013 £'000
Aggregate emoluments – executive officers	261	262
Pension contributions – executive officers	<u>28</u>	<u>28</u>
	289	290
Interim Director of Derby Homes consultant	-	57
	<u>289</u>	<u>347</u>
Emoluments paid to the highest paid executive officer	111	75
Pension contributions – highest paid executive officer	<u>12</u>	<u>8</u>
	<u>123</u>	<u>83</u>

The highest paid Executive Officer is a member of the Derbyshire County Council defined benefit superannuation fund, with ordinary member status with no enhanced or special terms applying.

Notes to the Financial Statements Year Ended 31 March 2014 (continued)

Average number of persons employed (full time equivalents)

	2014	2013
Housing management	200	181
Central services and regeneration	24	38
Maintenance and repairs	205	195
	429	414

Full time equivalents are calculated based on a standard working week of 37 hours.

Staff costs during the year (including directors and executive officers)

	2014 £'000	2013 £'000
Wages and salaries	10,593	10,263
Social security costs	764	754
Pension	1,963	1,519
	13,320	12,536
Past service cost	-	31
	13,320	12,567

Salary bandings for all employees earning over £60,000

	2014 Number	2013 Number
£60,000 to £70,000	-	-
£70,001 to £80,000	2	3
£80,001 to £90,000	-	-
£90,001 to £100,000	-	-
£100,001 to £110,000	1	-

4. Operating deficit

	2014 £'000	2013 £'000
The operating deficit is after charging:		
Depreciation	370	396
Loss on disposal of assets	1	29
Auditor's remuneration:		
- audit services	18	18
- non-audit services, taxation	2	3
Operating lease rentals - equipment	-	14

Notes to the Financial Statements Year Ended 31 March 2014 (continued)

	2014 £'000	2013 £'000
5. Other finance costs		
Interest cost on pension obligation	2,575	2,464
Expected return on assets	(2,324)	(2,021)
	<u>251</u>	<u>443</u>
6. Tax on deficit on ordinary activities		
	2014 £'000	2013 £'000
United Kingdom corporation tax	-	-
	<u>-</u>	<u>-</u>
Factors affecting tax charge for year		
	2014 £'000	2013 £'000
(Deficit)/Surplus on ordinary activities before tax	<u>(272)</u>	<u>1,061</u>
Surplus on ordinary activities multiplied by corporation tax	-	212
Effects of:		
Non-taxable income and deductions	-	(212)
Adjustment to tax in respect of prior periods	<u>-</u>	<u>-</u>

7. Pensions

The company participates in the Derbyshire County Council defined benefit (open) superannuation fund, a funded final salary benefit scheme. In accordance with Financial Reporting Standard No. 17 – Retirement Benefits (FRS 17), the Company is required to disclose certain information regarding assets, liabilities, income and expenditure related to pension schemes for its employees.

The most recent valuation was carried out as at 31 March 2014 and has been updated by independent actuaries to the Derbyshire County Council Pension Fund to take account of the requirements of FRS 17 in order to assess the liabilities of the fund as at 31 March 2014.

Notes to the Financial Statements

Year Ended 31 March 2014 (continued)

Pension obligations were transferred to the company on 25 February 2002 when the company commenced trading. Any net pension deficit as at this date relating to employees who transferred to the company remained a liability of the parent organisation Derby City Council.

The amounts recognised in the balance sheet are as follows:

	2014	2013
	£'000	£'000
Present value of funded obligations	(59,824)	(57,726)
Fair value of scheme assets	45,762	41,987
Deficit	<u>(14,062)</u>	<u>(15,739)</u>

The amounts recognised in the income and expenditure account are as follows:

	2014	2013
	£'000	£'000
Interest on obligation	2,575	2,464
Expected return on scheme assets	<u>(2,324)</u>	<u>(2,021)</u>
Finance costs	251	443
Current service cost	1,896	1,512
Past service cost	-	31
Total	<u>2,147</u>	<u>1,986</u>

The amounts recognised in the statement of recognised gains and (losses) are as follows:

	2014	2013
	£'000	£'000
Actuarial (losses) relating to pensions	2,579	(3,524)
Net (losses)	<u>2,579</u>	<u>(3,524)</u>

Notes to the Financial Statements

Year Ended 31 March 2014 (continued)

Changes in the present value of the defined benefit obligation are as follows:

	2014	2013
	£'000	£'000
Opening defined benefit obligation	57,726	47,887
Interest cost	2,575	2,464
Actuarial loss / (gains)	(2,189)	6,482
Benefits paid	(768)	(1,223)
Current service cost	1,896	1,512
Past service cost	-	31
Members contributions	584	573
Closing defined benefit obligation	59,824	57,726

Changes in the fair value of scheme assets are as follows:

	2014	2013
	£'000	£'000
Opening fair value of scheme assets	41,987	36,407
Expected return	2,324	2,021
Actuarial gains	390	2,958
Contributions by employer	1,245	1,251
Benefits paid	(768)	(1,223)
Members contributions	584	573
Closing fair value of scheme assets	45,762	41,987

The actual gain on scheme assets in the period was £2,714,000 (2012/13 - £4,979,000) gain.

During the year, the Company paid employer contributions of £1,245,000 (2012/13 - £1,251,000). The contribution rate is determined by the Fund's Actuary based on a triennial actuarial valuation. The company expects to contribute £1,586,000 to its defined benefit pension scheme in 2014/15. The employer contribution rate is to increase to 15% (2013/14 - 10.9%).

Notes to the Financial Statements Year Ended 31 March 2014 (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
	%	%
Equities	70	66
Property	5	5
Government & other bonds	19	20
Cash/liquidity	6	9
Total assets	100	100

The proportions of total assets held in each asset type, shown above, reflect the proportion held by the fund as a whole at 31 March 2014 and 31 March 2013.

Assets are valued at realisable value, principally bid price for investments.

The principal actuarial assumptions at the balance sheet date are as follows:

	2014	2013
	%	%
Discount rate	4.3	4.4
Rate of increase in salaries	3.7	4.15
Rate of increase in pensions	2.9	2.4
Expected rate of return on assets	5.84	5.47
Life expectancy at 31 March 2014:		
Of a male/ (female) future pensioner aged 65 in 20 years' time		24.1 (26.6) years
Of a male/ (female) current pensioner aged 65		22.0 (24.2) years

Notes to the Financial Statements

Year Ended 31 March 2014 (continued)

The amounts of deficits and experience adjustments for defined benefit pension plans for the current and previous four periods are as follows:

Defined benefit pension plans

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Defined benefit obligation	(59,824)	(57,726)	(47,887)	(44,515)	(31,169)
Scheme assets	45,762	41,987	36,407	35,194	19,818
	<u>(14,062)</u>	<u>(15,739)</u>	<u>(11,480)</u>	<u>(9,321)</u>	<u>(11,351)</u>
Percentage funded	76%	73%	76%	79%	64%
Experience adjustments on scheme liabilities	-	-	-	1,658	-
Experience adjustments on scheme assets	<u>390</u>	<u>2,958</u>	<u>(1,712)</u>	<u>580</u>	<u>4,094</u>

None of the comparative figures have been restated to reflect the change in equities value from mid-market price to bid price. The restatement has not been made on the basis that any adjustments are not material to the financial statements.

Notes to the Financial Statements

Year Ended 31 March 2014 (continued)

8. Tangible fixed assets

	Social Housing Properties Held for letting	Social Housing Properties Under Development	Computer Equipment	Motor Vehicles	Other Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2013	1,229	-	1,850	1,047	13	4,139
Disposals	-	-	(208)	-	(13)	(221)
Additions	1,455	528	163	209	-	2,355
At 31 March 2014	2,684	528	1,805	1,256	-	6,273
Depreciation						
At 1 April 2013	16	-	1,725	172	13	1,926
Adjustment	-	-	4	-	-	4
Disposals	-	-	(207)	-	(13)	(220)
Charge for the year	30	-	163	177	-	370
At 31 March 2014	46	-	1,685	349	-	2,080
Capital Grant						
At 1 April 2013	(1,049)	-	-	-	-	(1,049)
Receipts in year	-	(458)	-	-	-	(458)
At 31 March 2014	(1,049)	(458)	-	-	-	(1,507)
Net book value						
At 31 March 2013	164	-	125	875	-	1,164
At 31 March 2014	1,589	70	120	907	-	2,686

There is a legal charge on certain land and buildings held by Derby City Council as security that the company will discharge all its liabilities in relation to the property.

The Social Housing Properties Held for Letting are Freehold.

The five flats held at 119 Green Lane, Derby are jointly held between Derby Homes and Revive, with an option to buy in 2037.

Notes to the Financial Statements

Year Ended 31 March 2014 (continued)

	2014 £'000	2013 £'000
Expenditure on works to existing properties		
Amount capitalised	-	-
Amount charged to income and expenditure account	12	19
	<u>12</u>	<u>19</u>

9. Debtors: amounts falling due within one year	2014 £'000	2013 £'000
Amounts due from parent company	7,988	5,402
Trade debtors	228	90
Other taxation	1,093	1,031
Prepayments and accrued income	258	156
	<u>9,567</u>	<u>6,679</u>

Included in amounts due from the parent company is £3,820,000, (2012/13 - £1,479,000), being a bank account held on the company's behalf by Derby City Council.

10. Creditors: amounts falling due within one year	2014 £'000	2013 £'000
Amounts owing to parent company	1,900	777
Trade creditors	1,237	612
Corporation tax	5	5
Other taxation and social security	215	27
Other creditors	28	-
Accruals and deferred income	1,828	927
	<u>5,213</u>	<u>2,348</u>

Included within the Amounts owed to parent company is £13,415 (2012/13 - £8,000) relating to the New Build Loan

11 Creditors: amounts falling due after one year	2014 £'000	2013 £'000
Amounts owing to parent company – New Build Loan	<u>1,258</u>	<u>184</u>
Repayments are due as follows:		
Between 1 and 2 years	14	16
Between 2 and 5 year	43	24
In more than 5 years	1,201	144

Notes to the Financial Statements

Year Ended 31 March 2014 (continued)

Included within the creditors falling due after more than 1 year is a loan of £1.082m (2012/13 - nil) charged at 6% interest rate and a loan of £0.176m (2012/13 - £0.184m) charged at 5.06% interest rate. The loans are secured by way of a legal charge held by Derby City Council over certain land and buildings.

12	Reserves	Pension Reserve	Designated Reserves	Restricted Fund	General Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000
	Balance at 1 April 2013	(15,739)	4,144	-	1,300	(10,295)
	Receipt			31		31
	Applied in year			(31)		(31)
	Surplus for the year	(902)	516			(386)
	Actuarial gain in year	2,579				2,579
	Balance at 31 March 2014	(14,062)	4,660	-	1,300	(8,102)

The designated reserves totalling £4.66m are planned to be used to fund a variety of works as detailed on page 27 of the Operating & Financial Review.

The Restricted Fund, relates to a Big Lottery Fund Grant towards the Oscar Tracks projects.

13 Capital Commitments

At 31 March 2014 there were capital commitments totalling £2.295m, relating to a new build project (2012/13 - £nil).

14 Operating Lease Commitments

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as follows:

Equipment	2014 £'000	2013 £'000
-----------	---------------	---------------

Expiry date :

Between 1 and 2 years	-	13
Between 2 and 5 years	-	1

15 Parent Undertaking

The Company is a local authority controlled company within the meaning of Part V of the Local Government and Housing Act 1989, being a company under the control of Derby City Council. Copies of the financial statements for Derby Homes Limited can be obtained from the Secretary, Derby Homes Limited, The Council House, Corporation Street, Derby, DE1 2FT. Consolidated accounts are prepared by Derby City Council.

The Directors consider that Derby City Council is the ultimate controlling party.

Notes to the Financial Statements

Year Ended 31 March 2014 (continued)

16 Related Party Undertaking

During the year Derby Homes received income from Derby City Council, its parent company, and paid for services provided by Derby City Council. The company has taken advantage of the exemptions available under FRS 8 for the disclosures relating to transactions with other group companies.

Two Board members are also tenants of the Council and have a standard tenancy agreement and are required to fulfil the same obligations and receive the same benefit as other tenants. There are no significant rental arrears to report in relation to these tenants as at year end.

During the year a tenant Board member bought a Derby City Council property under the Right to Buy scheme. Consequently, he resigned as a tenant Board member.

17 Accommodation in Management and Development

At the end of the year accommodation in management for each class of accommodation was as follows:

	2014	2013
Social Housing		
General needs housing – social	11,850	11,915
General needs housing – affordable	12	-
Supported housing and housing for older people	1,662	1,654
Total Social Housing	13,524	13,569
Non Social Housing		
Market rent	14	14
Other shared equity	-	-
Total non-Social Housing	14	14
Total owned and managed	13,538	13,583

Included in the above table are 33 (2012/13 - 10) owned properties let as general needs housing – social and 5 (2012/13 - 5) owned properties let as non-social housing at market rent.

All other properties are managed on behalf of other organisations:

	2014	2013
Derby City Council	13,399	13,455
Metropolitan Housing Ltd	-	66
Parkview Properties Derby Ltd	9	9
Lillian Prime Trust	6	5
The Guinness Trust	33	33
War Memorial Village (Derby) Ltd	53	-
	13,500	13,568