

Annual report and financial statements

2018/2019



Homes for Haringey

www.homesforharingey.org

Homes for Haringey Limited

Company limited by guarantee

Company number: 05749092

Year ended 31 March 2019

**Working with residents to provide quality
housing services and decent homes**



Homes for Haringey

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Company information

Name and registered office

Homes for Haringey Limited
48 Station Road
London
N22 7TY

Company registration number
05749092

Company secretary

Puneet Rajput
48 Station Road
London
N22 7TY

Independent external auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Internal auditors

Mazars LLP
Tower Bridge House
St Katherine's Way
London
E1W 1DD

Solicitors

Haringey Council
Legal Services
Alexandra House
10 Station Road
London
N22 7TR

Trowers & Hamblins LLP
3 Bunhill Row
London
EC1Y 8YZ

Pension administrators

Haringey Council
Pensions Team
Alexandra House
10 Station Road
London
N22 7TR

Company information (continued)

Board of directors

Aman Dalvi OBE, Chair of the Board
Independent expert | Appointed: 19/09/17

Adzowa Kwabla-Oklikah, Vice Chair of the Board and Chair of Audit and Risk Committee
Resident representative | Appointed: 21/10/13

Tom McGregor
Independent expert | Appointed: 01/05/12

Andrew Crompton
Independent expert | Appointed: 27/03/18

Olatayo Akinfe
Independent expert | Appointed: 27/03/18

Georgina Walters
Resident representative | Appointed: 21/09/09

Cllr. John Bevan
Council representative | Appointed: 31/07/18

Cllr. Dana Carlin
Council representative | Appointed: 31/07/18

Cllr. Alessandra Rossetti
Council representative | Appointed: 31/07/18

Anastasia Bloom
Independent expert | Appointed: 29/02/16
| Resigned: 25/02/19

El-Farouk Cheik
Resident representative | Appointed: 24/10/16
| Resigned: 29/01/19

Yvette Davis
Resident representative | Appointed: 24/10/16
| Resigned: 29/01/19

Cllr. David Beacham
Council representative | Appointed: 19/05/15
| Resigned: 03/05/18

Cllr. Joanna Christophides
Council representative | Appointed: 19/05/15
| Resigned: 03/05/18

Cllr. Lorna Reith
Council representative | Appointed: 09/06/14
| Resigned: 03/05/18

Executive leadership team

Sean McLaughlin
Managing Director
Appointed: 03/04/18

Chris Liffen
Deputy Managing Director and Executive Director of Property
Appointed: 01/07/13

Astrid Kjellberg-Obst
Executive Director of Operations
Appointed: 04/03/13 | Resigned: 31/03/19

Sandra Skeete
Interim Executive Director of Operations
Appointed: 01/04/2019

Denise Gandy
Executive Director of Housing Demand
Appointed: 01/05/16

David Sherrington, Director of Broadwater Farm
Appointed: 01/07/18
(Director of Asset Management and Deputy Director of Property from 03/04/18 to 30/06/18)
(Interim Executive Director of Property from 22/06/17 to 02/04/18)
Appointed: 04/12/13

Puneet Rajput
Director of Corporate Affairs and Company secretary
Appointed: 03/10/16
Appointed Company secretary: 01/11/16

Strategic report for the year ended 31 March 2019

The Board of Directors present their strategic report and the audited consolidated financial statements for Homes for Haringey Limited for the year ended 31 March 2019.

Overview of the business

Homes for Haringey Limited ('the Company') is the Council's housing management company, under the control of Haringey London Borough Council ('the Council'). The principal activity for the business is the provision and management of housing and appropriate housing support services for people in need.

Our business was established in April 2006 with no share capital and is limited by guarantee. We manage a diverse range of around 23,000 properties primarily on behalf of the Council under the terms of a Management Agreement which runs to 31 March 2026.

Key highlights

Key highlights during the year are set out below.

- We introduced a new Asset Management Strategy to invest approximately £250m to improve Council homes in the borough over the next five years. These major works will improve over 13,500 homes and over 6,500 residents will benefit from the first phase of works starting in autumn 2019.
- We were successful in achieving the second highest homelessness prevention rate in London following the introduction of the new Homelessness Reduction Act.
- Following the gas related fire safety and structural issues identified at our Broadwater Farm estate the previous year, we successfully converted nine medium rise blocks to temporary heating systems on time and without incident.
- We achieved accreditation with the British Safety Council who awarded us four stars out of a possible five for our systems and processes for managing health and safety.
- Our domestic violence support service, Hearthstone, which provides vital support for around 500 victims of domestic violence and abuse each year, were finalists in the prestigious Women in Housing Awards.
- For the second year in a row we made the 'Top 50 landlords' in the 24 Housing Awards and were one of only five ALMOs featured in the list. We were particularly commended for our work on tackling homelessness and anti-social behaviour.
- During the year our 'Project 2020' scheme helped over 400 residents gain the necessary skills and confidence to find training and job opportunities. This included supporting nearly 100 residents back into paid work and over 100 residents into training schemes and apprenticeships.
- We were pleased to be recognised for the tenth time as a 'Top Employer UK' for excellence in employment.
- 52 properties were successfully recovered from fraudulent use and 84 Right to Buy applications were withdrawn or refused representing over £12.6m in potential Right to Buy discounts.
- We saw the number of households evicted due to rent arrears reduce from 32 in 2017/18 to 23 in 2018/19 following a shift in focus from enforcement to sustaining tenancies in response to welfare reform and the roll out of Universal Credit.
- Our occupational therapists helped to plan, design and refurbish our Larkspur Close sheltered housing scheme to support the delivery of an age friendly inclusively designed scheme for the elderly.

Key challenges

The key challenges we faced during the year are set out below.

- Universal Credit was rolled out in Haringey during the year leading to a dramatic increase in the number of tenants claiming the Credit. Delays in receiving the first payment and the challenges associated with not receiving rent directly had a substantial impact on rent arrears, as seen across the sector. By the end of the year we had 903 residents on Universal Credit and the level of arrears for those on Universal Credit rose by £636k.

Strategic report for the year ended 31 March 2019 (continued)

- Despite a number of service improvements that were introduced during the year and in the previous year, we struggled to improve upon levels of tenant and leaseholder satisfaction. This will feature as one of the key objectives of Homes for Haringey's annual plan for 2019/20.
- Our plan to reduce our reliance on temporary accommodation made some good progress during the year by failed to achieve demanding targets largely due to a shortage of available housing and increasing levels of homelessness in the borough and across London. We will be working closely with the Council in 2019/20 to support the introduction of new services and initiatives to increase the supply of housing in the borough.

Our performance

We set ourselves targets that are based on incremental and sustained improvement that help us work towards our goal of being a high performing organisation. The position against our main indicators of performance is set out in the table overleaf.

Our main areas of performance achievement were:

- Collecting 99.49% of General Needs and Sheltered Housing rents in spite of the adverse impact of Universal Credit and reducing former debt arrears as a percentage of rent due by 0.7% to 3.98%.
- Increasing the number of households we prevented from becoming homeless from 1,016 in 2017/18 to 1,087 in 2018/19 and at the same time reducing the number of households in temporary accommodation to 2,938 households in the context of continuing high demand and ongoing supply pressures.
- Achieving 98.2% customer satisfaction with major works and Decent Homes related works.
- Having 83.2% of residents satisfied with their last repair, an increase of 5.4% on the previous year.
- Maintaining gas safety compliance at 100% throughout the year.
- Increasing the proportion of freedom of information requests responded to on time by 5% from 83% in 2017/18 to 88% in 2018/19
- Completing 91% of repairs on the first visit (excluding programmed works) and completing 98.2% of repairs appointments for approximately 28,000 non-emergency repairs orders made during the year.

The Board is keen that areas of underperformance are effectively addressed and this is reflected in Homes for Haringey's current business plan and strategic priorities. Particular areas of underperformance that will be focussed upon are:

- Improving levels of customer satisfaction across our different tenures
- Improving levels of income collection following changes in structure and resources in this service and in the context of a difficult economic climate
- Reducing the number of days taken to re-let empty properties
- Improving the quality and speed of our response to complaints

Ref	Key Performance Indicator	Actual 2017/18	Target 2018/19	Actual 2018/19
Income Collection				
1	% of rent collected	100.16%	100.20%	99.49%
2	% of rent collected for all Temporary Accommodation	97.21%	99.00%	97.27%
3	Current tenant rent and service charge arrears	4.47%	4.20%	4.94%
Empty Properties				
4	Average time (days) to re-let empty properties	32.0 days	24.0 days	37.5 days
5	% rent loss from empty properties	0.64%	0.60%	1.07%
6	Average cost of repairs to empty properties	£3,604	£2,277	£3,722

Strategic report for the year ended 31 March 2019 (continued)

Ref	Key Performance Indicator	Actual 2017/18	Target 2018/19	Actual 2018/19
Repairs and Asset Management				
7	Average cost of responsive repairs	£99.98	£100.00	£113.72
8	% of urgent repairs completed in government time limits	99.7%	99.7%	99.8%
9	% of repairs fixed first time	92.5%	92.0%	91.0%
10	% of tenants satisfied with the quality of their repair	77.8%	80.0%	83.2%
11	% of all properties with a valid gas certificate	100.0%	100.0%	100.0%
12	% of capital projects completed in time	84.0%	90.0%	100.0%
13	% of residents satisfied with capital works	95.0%	95.0%	98.2%
Tenancy Management				
14	% of antisocial behaviour tasks completed in time	84.0%	80.0%	79.0%
15	% of Support Plans in date	97.0%	100.0%	99.0%
16	Number of private tenancy sign ups (Assured Short hold)	312	300	309
17	% of lettings to applicants in Temporary Accommodation	76.6%	70.0%	74.0%
Feedback				
18	% of Freedom of Information requests responded in time	83.0%	95.0%	88.0%
19	% stage 1 complaints responded to in 20 working days	94.0%	95.0%	92.0%
20	% of Members Enquiries answered within 10 days	96.0%	95.0%	96.0%
Homelessness and Temporary Accommodation				
21	Number of homeless households in Temporary Accommodation	2,943	2,672	2,938
22	Number of homeless acceptances	395	546	314
23	Number of homeless preventions	1,016	600	1,087
People				
24	Average number of sickness days per person per year	10.7 days	6.0 days	13.2 days
25	% of staff turnover - voluntary	6.76%	15.00%	1.41%
26	Staff engagement	67%	No Target	72%

Financial summary

In 2018/19, the total amount of money paid for our services ('the Management Fee') was £42.7m compared to £43.1m in the previous year. In 2018/19, our total income was £58.5m.

The Management Fee we receive from the Council covers all our operational costs. For 2018/19, we realised a budget surplus for the year of £0.7m before pension calculations. After taking into account pension adjustments, which all organisations are required to make under accounting regulations, our position was a deficit of £4.6m.

In 2018/19, we were able to absorb growth pressures through a combination of targeted budget reductions and cost underspends against other budgets.

We have continued to grow the reserve held by the Council and earmarked for Homes for Haringey Limited in 2018/19, which at the end of the financial year stood at £1.4m. This designated reserve helps to fund innovation, growth and unforeseen cost pressures.

Strategic report for the year ended 31 March 2019 (continued)

Operational costs (see Fig1)

For 2018/19, our group operating expenditure was £63m, including the £4.6m pension adjustment stated above. We remain one of the largest employers in the borough; employing around 700 permanent and temporary staff and adding £36m to the economy through salaries and benefits.

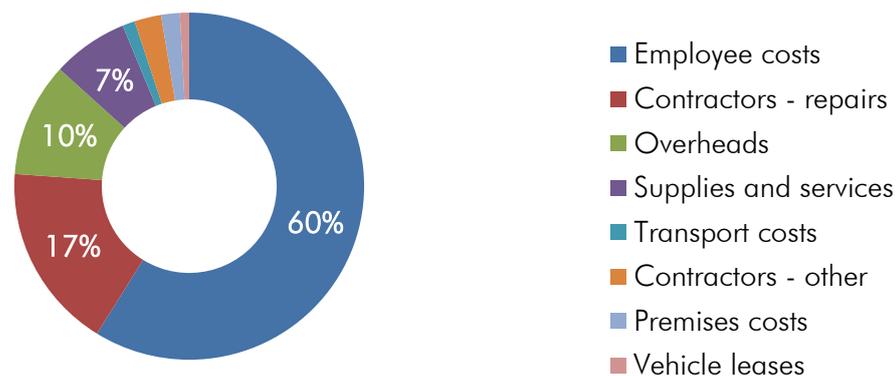
Our contractor repair costs, totalling circa £10.7m, represented 17% of our expenditure, and were made up of the following:

- Gas contractor payments - £5.3m
- Mechanical and electrical contractor payments - £1.3m
- Haringey Repairs Service sub-contractor payments - £4.1m

We work in partnership with the Council and 10% of our operating costs relate to services we procure from them, through service level agreements. IT, customer services, and finance, at a cost of £4.4m, comprise the bulk of services provided by the Council.

Our Haringey Repairs Service (HRS) operates as a trading unit. Their contract for undertaking the repairs for the Council started in 2008. Their trading profit has been steady for the past three years, with a surplus of approximately 3% of income in 2018/19.

Fig 1: Group operating costs 2018/19



Human resources

We carry out an independently commissioned staff satisfaction survey each year. For 2018/19, we were pleased to see a 5% improvement in our overall engagement index to 72% and an 8% improvement in overall job satisfaction to 66%.

This is the second year of gender pay gap reporting. Our analysis of the difference in pay by gender revealed a mean pay gap of -4.4% i.e. the average (mean) hourly rate of pay for female employees was 4.4% higher than the average (mean) hourly rate of pay for male employees. This represents a movement of 8.6% on the previous year figure of 4.2%. The median pay gap was -3.7%.

Our pay gap continues to compare favourably in comparison to the national mean of 17.4%, the public services sector mean of 9.6% and the local government mean of 9.9%.

We offer a productivity-based bonus scheme for craft workers in our Haringey Repairs Service (HRS). Analysis identified a mean bonus gap of 25.8% and a median bonus gap of 14.1%, largely attributable to a predominantly male workforce.

During the course of the year we were pleased to retain our Top Employer UK accreditation for the tenth year, awarded by Top Employers Research LP. Ongoing learning and development is a key aspect of our approach to managing human resources and integral to our Investor in People accreditation. This relates to both our Board and our employees.

Strategic report for the year ended 31 March 2019 (continued)

Equalities and diversity

We are committed to meeting our equalities related obligations and work towards eliminating all forms of discrimination, disadvantage and unfair treatment. This commitment is underpinned in our equality, diversity and inclusion policy which is approved and monitored by the Board.

We recognise the importance and benefits of equalities and diversity; as an organisation, as a service provider and as an employer. We aim to reflect the diversity of the community we serve, provide appropriate and accessible services for all, and to be a representative, democratic, and accountable organisation. We have appropriate monitoring and review mechanisms to assess our performance and progress in achieving our aims.

Risk review

Risks are recorded in a risk register under six risk areas – corporate (organisation wide), health and safety, housing management, homelessness, property and safeguarding. Individual risks are assessed and analysed according to their probability of occurrence and corresponding impact, the product of which gives rise to a corresponding risk score. The risk register is reviewed on a quarterly basis by management and the Audit and Risk Committee. Key risks identified in the register are also reviewed by the Board.

We operate a controls assurance framework that sets out for each risk:

- a) The controls in place to manage that risk
- b) An assessment of the effectiveness of those controls
- c) Remedial action for any controls assessed as weak

The risk strategy was reviewed by the Board during the year and the Board identified seven key strategic risk areas it will focus on. These are set out below.

Description	Severity	Controls
A failure in our obligations under health and safety to our residents, employees and the properties we manage	Low – Medium	Health and safety system; policies and procedures; Corporate Health & Safety Board; competent persons; mandatory training.
A failure to safeguard vulnerable adults and children	Low	Policies and procedures; inter-agency pathways and collaborative working; support plans; mandatory training; good customer profiling.
Poor financial management of company budgets and those managed on behalf of the council	Low – Medium	Board and executive oversight and scrutiny; qualified finance staff and support service; financial policies and procedures.
Poor workforce performance, management and engagement	Medium	Management development and other training programmes; HR strategy; IIP accreditation; appraisal and supervision processes.
A failure in continuity and ability to deliver services to an acceptable standard	Medium	Budgets and reserves; diverse supply chain; contract management; business continuity processes; service improvement programmes.
Acts or omissions by Homes for Haringey that impact its reputation	Medium	Quality management systems; resident scrutiny; policies and procedures; strong partnership with the Council; competent staff; learning and development programmes.
Changes in the social, political, economic, and technological environment that make it harder for Homes for Haringey to fulfil its purpose	Medium – High	Strong partnership with the Council; ALMO trade body; use of reserves; good stakeholder management; skilled IT team and good use of technology.

Strategic report for the year ended 31 March 2019 (continued)

We continue to robustly manage the known risks on our risk register. In addition, we regularly scan the horizon, consider the housing sector risk profile and scrutinise our plans to identify any potential new and emerging risks.

By order of the Board

The strategic report was approved by the Board and signed on its behalf by:



Aman Dalvi OBE
Chair of the Board of Directors
30 July 2019

Directors' report for the year ended 31 March 2019

The Board of Directors present their report and the audited consolidated financial statements for the year ended 31 March 2019.

Board structure and governance

The Board comprises four independent members, four resident members, three Council nominated members and a Chair. Full details are set out on page 5.

Standing committees during the year were the Audit and Risk Committee and the HR and Remuneration Committee. The Audit and Risk Committee met four times during the year. The HR and Remuneration Committee did not meet during the year. Minutes from the Audit and Risk Committee were reported to the Board of Directors.

Executive leadership team

The Executive Leadership Team comprises the Managing Director, Deputy Managing Director & Executive Director of Property, Executive Director of Operations, Executive Director of Housing Demand, Director of Broadwater Farm and Director of Corporate Affairs. The Executive Leadership Team are not directors of the company for legal purposes.

The role of the Executive Leadership Team is to implement policies and strategies approved by the Board as well as a Board approved Business Plan. They are also responsible for achieving the operational targets of a Performance Management Framework which forms part of the Management Agreement between Homes for Haringey Limited and the Council.

Qualifying third-party indemnity provision

The directors and the Executive Leadership Team benefit from a qualifying third-party indemnity provision which has been in place throughout the financial year and up to and including the date that this report is signed.

Directors' interests

The Council is the sole member (owner) of the Company. No director was a member of the Company between 1 April 2018 and 31 March 2019 inclusive.

Business growth

Homes for Haringey is keen to support Haringey Council deliver its manifesto commitments. This includes exploring insourcing opportunities through growth and diversification, delivering services for Haringey's Community Benefit Society and continuing to deliver a programme of property acquisitions to help reduce our reliance on, and the cost of, temporary accommodation provision.

Homes for Haringey Residential Community Interest Company, trading as Move 51 Degrees North

Move 51 Degrees North, a wholly owned subsidiary of Homes for Haringey, ceased trading in July 2017 and currently remains in dormancy.

Directors' report for the year ended 31 March 2019 (continued)

Statement of disclosure in respect of disabled employees

For all internal and external recruitment, we welcome applications from disabled and non-disabled applicants. We are 'positive about disabled people' and ensure our recruitment processes are accessible, inclusive and provide an equality of opportunity for applicants with any disabilities. Any member of staff who becomes disabled during their employment with us is fully supported by Homes for Haringey as well as our Occupational Health and Wellbeing services.

Our training, career development and promotion opportunities are open to all staff and we work hard to ensure no discriminatory practices exist. Equality and diversity training is mandatory for all staff throughout the organisation.

Statement of disclosure in respect of employee involvement

We regularly update our employees on key areas concerning their employment, health and wellbeing through a wide range of channels including supervision sessions, team meetings, internal corporate social media and via email. We recognise and respect the trade unions that our employees belong to and have consultative structures in place for engaging with trade unions. We ensure employees have access to adequate representation as and when required. We also engage in consultation directly through an employee forum.

We conduct annual staff surveys to obtain the views of our employees on key issues in the workplace and respond with actions to address those issues.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland", 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 group and company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company or the group will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' report for the year ended 31 March 2019 (continued)

The directors of the ultimate parent undertaking are responsible for the maintenance and integrity of the ultimate parent undertaking's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each director in office at the date the Directors' report is approved:

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

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent undertaking, Haringey London Borough Council. The directors have received written confirmation that the Council intends to support the Company for at least one year after this report and the financial statements are signed.

Taxation status

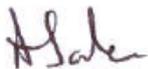
The Company is a local authority controlled company within the meaning of Part V of the Local Government and Housing Act 1989, being a company under the control of Haringey London Borough Council.

Independent auditors

PricewaterhouseCoopers LLP were appointed via resolution as the Company's auditors at the Annual General Meeting held on 25 September 2018.

By order of the Board

The Directors' report was approved by the Board and signed on its behalf by:



Aman Dalvi OBE
Chair of the Board of Directors
30 July 2019

Statement on internal control

This statement is given in respect of the financial statements for Homes for Haringey Limited. We acknowledge our responsibility for making sure that an effective system of internal control is maintained and operated in connection with risk management, internal control and corporate governance.

The Board states that from 1 April 2018 to the date that this statement has been signed, Homes for Haringey Limited's internal control framework has operated effectively and as intended.

Controls assurance

The Board acknowledges that it is responsible for Homes for Haringey's system of internal control and for reviewing its effectiveness. However, it accepts that such a system is designed to manage rather than to eliminate the risk of failure to achieve business objectives. Therefore, such a system can only provide 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

The key controls that were in place and operating throughout the year are set out below.

Policies and procedures	We have written policies and procedures which cover a range of areas intended to ensure consistency and quality in working practices and service delivery.
Business continuity and disaster recovery plans	We have plans in place which help to minimise the risk of interruption to our business in the event of a major disruption to normal functioning arrangements.
Budgets	We produce annual budgets, in accordance with a clearly outlined methodology and which reflect any efficiency savings set for the year and the level of management fee agreed with the Council. These, together with management accounts, are regularly reviewed and approved by the Board. Monthly management accounts are produced and reviewed by the Executive Management Team.
Insurance	We have a comprehensive portfolio of insurance that covers our business activities and helps to insure against risks where appropriate.
Scheme of delegation and limits of authority	We have a Board approved scheme of delegation that sets out delegations of authority to committees, management and staff. Financial Regulations and Contract Regulations set out levels of financial decision-making authority delegated by the Board.
External accreditations	We have Investors in People accreditation at the Gold standard, are an accredited Top Employer, awarded by Top Employers Research LP, and are accredited by the British Safety Council with four stars out of five for health and safety management.
Resident scrutiny panel	We have a trained panel of residents who help to scrutinise services for quality and for compliance with policies and customer standards.
Internal audit	We employ internal auditors to provide independent assurance on the adequacy and effectiveness of our systems of governance, risk management and control. The service also includes targeted investigation of housing and tenancy fraud. During the year they were able to provide an overall opinion that Homes for Haringey has adequate and effective controls in place.
External audit	Our external auditors provide an independent opinion on the financial statements of Homes for Haringey and that the financial statements comply with all relevant accounting regulations.
Performance management	We have a performance management framework agreed with the Council and a comprehensive set of performance indicators that reflect our diverse range of operations. The Board receives regular reports on financial and operational performance and matters of potential strategic significance. The Executive reviews performance of the business on a monthly basis.
An effective Board	We have a Board of management that collectively has the skills identified as needed to manage Homes for Haringey effectively. The Board has ongoing learning and development that helps to ensure its continued effectiveness.

Statement on internal control (continued)

NHF Code of Governance

Homes for Haringey has adopted the National Housing Federation's (NHF) code of governance and code of conduct. We review compliance against these codes each year and confirm that Homes for Haringey complies with all material principles in those codes with the exception of:

Code of governance exceptions:

- B8 refers to shareholder policies. Homes for Haringey Limited has a sole shareholder (the Council) with a closed shareholding, therefore, this part of the code is not applicable.
- Section D relates to the recruitment and reappointment of Board members. Homes for Haringey Limited has a constituency-based Board and in relation to Council nominees to the Board, the selection and appointment process differs from that of the code.

Health and safety

The management of health and safety continues to be a high priority at Homes for Haringey Limited. Health and safety related risks are identified in the risk register and reviewed regularly by the Audit and Risk Committee. A Board member champion for health and safety also has an oversight and scrutiny remit in this area and this provides the Board with an independent source of assurance.

Learning from accidents and incidents is an integral part of toolbox talks and ongoing training programmes. As a landlord and an employer, we have both property and staff facing duties to discharge. To demonstrate how we discharge these responsibilities we have established a health and safety assurance framework which is overseen by a Corporate Health and Safety Board and is also reported on to the main Board. This framework is based on a suite of property compliance and staff facing policies and procedures that determine measures which in turn help drive performance.

Clearly defined performance measures help to demonstrate compliance and provide assurance to the Executive Team and the Board. In addition, we have internal and external audits carried out that help provide independent assurance and identify where current controls need to be strengthened.

Employee health and safety

The umbrella that sets out our commitment to health and safety with defined roles and responsibilities is our health and safety policy. Below the safety policy, there are a number of key policies and procedures that set out how we discharge specific operational (staff related) responsibilities. We have established a set of key performance indicators on a risk basis which are monitored by the Corporate Health and Safety Board and form part of the quarterly assurance Health and Safety Report. Learning from accidents/incidents and absence statistics inform areas for focus, action and training.

Property related health and safety

Our suite of property facing policies set out how we discharge our property related responsibilities on behalf of the Council. These include the management of health and safety in relation to temporary accommodation.

These policies set out our responsibilities, how we will discharge them and how we perform against them. The critical policies include:

- Water hygiene (legionella) policy
- Electrical policy
- Gas policy
- Lift policy
- Lift (adaptations) policy
- Asbestos policy
- Fire policy

Statement on internal control (continued)

Significant internal control issues

Annually, all members of the Executive Leadership Team undertake self-assessments in relation to the extent to which internal controls have been effective. For 2018/19, the Executive Leadership Team acknowledge their respective roles and responsibilities for providing the Board with the assurance it needs in order to determine the overall effectiveness of Homes for Haringey's internal control and assurance framework.

The statement on internal control was approved by the Board and signed on its behalf by:



Aman Dalvi OBE
Chair of the Board of Directors
30 July 2019

Independent auditors' report to the members of Homes for Haringey Limited

Report on the audit of the financial statements

Opinion

In our opinion, Homes for Haringey Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2019 and of the group's and the company's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 March 2019; the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Independent auditors' report to the members of Homes for Haringey Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 13, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent auditors' report to the members of Homes for Haringey Limited (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Andrew Lowe (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

30 July 2019

Consolidated profit and loss account for the year ended 31 March 2019

	Note	2018/19 £000	2017/18 £000
Turnover	5	58,453	56,487
Operating costs		(63,029)	(59,347)
Operating loss	6	(4,576)	(2,860)
Interest payable and similar expenses	11	(1)	(31)
Loss before taxation		(4,577)	(2,891)
Tax on loss	12	-	-
Loss for the financial year		(4,577)	(2,891)

All amounts relate to continuing operations.

The notes on pages 26 to 43 form part of these financial statements.

Consolidated statement of comprehensive income for the year ended 31 March 2019

	Note	2018/19 £000	2017/18 £000
Loss for the financial year		(4,577)	(2,891)
Other comprehensive (expense) / income:			
Actuarial (losses) / gains on the pension scheme	19	(10,839)	4,422
Total comprehensive (expense) / income for the year		(15,416)	1,531

The notes on pages 26 to 43 form part of these financial statements.

Consolidated and company balance sheets as at 31 March 2019

	Note	Group		Company	
		2018/19	2017/18	2018/19	2017/18
		£000	£000	£000	£000
Fixed assets:					
Tangible assets	13	-	-	-	-
Current assets:					
Inventories	14	661	696	661	696
Debtors	15	2,405	1,836	2,411	1,842
Cash at bank and in hand	16	2,266	3,052	2,260	3,046
Total current assets		5,332	5,584	5,332	5,584
Creditors: amounts falling due within one year	17	(5,138)	(5,237)	(5,138)	(5,233)
Total current liabilities		(5,138)	(5,237)	(5,138)	(5,233)
Net current assets		194	347	194	351
Pensions net assets	19	-	1,711	-	1,711
Total assets less current liabilities		194	2,058	194	2,062
Borrowings - non current	18	(303)	(303)	-	-
Provisions for liabilities:					
Pensions and similar obligations	19	(13,643)	-	(13,643)	-
Other provisions	20	(276)	(367)	(276)	(367)
Net (liabilities) / assets		(14,028)	1,388	(13,725)	1,695
Capital and reserves:					
Accumulated losses	22	(5,166)	(589)	(4,863)	(282)
Pension reserve	22	(8,862)	1,977	(8,862)	1,977
Total shareholder's (deficit) / funds		(14,028)	1,388	(13,725)	1,695

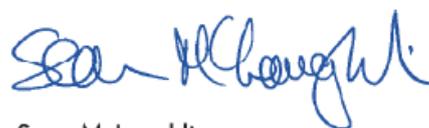
The notes on pages 26 to 43 form part of these financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The loss for the Company for the year was £4,581K (2017/18 loss: £2,958K).

The financial statements on pages 21 to 43 were approved and authorised for issue by the Board on 30 July 2019 and were signed on its behalf by:



Aman Dalvi OBE
Chair of the Board of Directors



Sean McLaughlin
Managing Director

Consolidated statement of changes in equity for the year ended 31 March 2019

	Retained earnings/ (Accumulated losses) £000	Pension reserve £000	Total reserves £000
Balance as at 1 April 2017	2,302	(2,445)	(143)
Loss for the financial year	(2,891)	-	(2,891)
Other comprehensive income for the year	-	4,422	4,422
Total comprehensive (expense) / income for the year	(2,891)	4,422	1,531
Balance as at 31 March 2018	(589)	1,977	1,388

	Accumulated losses £000	Pension reserve £000	Total reserves £000
Balance as at 1 April 2018	(589)	1,977	1,388
Loss for the financial year	(4,577)	-	(4,577)
Other comprehensive expense for the year	-	(10,839)	(10,839)
Total comprehensive expense for the year	(4,577)	(10,839)	(15,416)
Balance as at 31 March 2019	(5,166)	(8,862)	(14,028)

The notes on pages 26 to 43 form part of these financial statements.

Consolidated statement of cash flows for the year ended 31 March 2019

	Note	2018/19 £000	2017/18 £000
Net cash flow from operating activities	26	(786)	10,484
Net cash (used in) / generated from operating activities		(786)	10,484
Net (decrease) / increase in cash and cash equivalents		(786)	10,484
Cash and cash equivalents at the beginning of the year		3,052	(7,432)
Cash and cash equivalents at the end of the year		2,266	3,052
Cash and cash equivalents consists of:			
Cash at bank and in hand		2,266	3,052
		2,266	3,052

The notes on pages 26 to 43 form part of these financial statements.

Notes to the financial statements for the year ended 31 March 2019

1. General information

Homes for Haringey Limited ('the Company') and its wholly owned subsidiary (Homes for Haringey Residential Community Interest Company) (together 'the Group') operate housing management services in the London Borough of Haringey. The Company is wholly owned by Haringey London Borough Council ('the Council').

The Company manages and maintains council homes under the terms of a Management Agreement with the Council. The Company also assesses homeless applications and provides management and support for homeless households in temporary accommodation on behalf of the Council.

The Company is a private company incorporated in the United Kingdom and registered in England and limited by guarantee without share capital. The address of its registered office is 48 Station Road, London N22 7TY.

2. Statement of compliance

The consolidated and company financial statements of Homes for Haringey Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Principal accounting policies

The principal accounting policies, which have been applied in the preparation of these consolidated and company financial statements are set out below. These policies have been applied consistently to all the years presented.

Basis of preparation

The consolidated and company financial statements are prepared on a going concern basis, under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 from presenting its own profit and loss account. The Company has not prepared a cash flow statement on the basis that its cash flow is included within the consolidated statement of cash flows.

These financial statements are prepared in pounds sterling rounded to the nearest thousand ('£000').

Going concern

The directors believe that it is appropriate to prepare the consolidated and company financial statements on the going concern basis due to the continued financial support of the ultimate parent undertaking, Haringey London Borough Council.

The directors have received written confirmation that the Council intends to support the Company and the Group for at least one year after these financial statements are signed.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary as at 31 March 2019. The subsidiary is wholly owned and directly controlled by the Company. Control comprises the power to govern the financial and operating policies of the subsidiary so as to obtain benefit from its activities.

The subsidiary was dormant in nature and has not traded during the year or the preceding financial year. Further details about the subsidiary are shown in note 27.

Notes to the financial statements for the year ended 31 March 2019

3. Principal accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue excludes Value Added Tax (VAT).

The Group recognises revenue as below:

1. Management fee

The management fee receivable from the Council is set through the Council's annual review of its Medium Term Financial Strategy (MTFS). The management fee is recognised on a straight line basis over twelve months during the financial year.

Income from the Council's capital programme and other departments is recognised when the cost of the related goods or works/services carried out have been incurred by the Group.

2. Rendering of services

Revenue from repairs services is recognised by reference to the stage of completion of each job and excludes part-complete jobs. The stage of completion is measured by reference to the materials and labour hours incurred at 31 March 2019 as a percentage of the National Housing Federation (NHF) schedule of rates for each job.

Operating costs

Operating costs are the expenses associated with the Group's business activities. The amounts paid or payable during the year are recognised in the consolidated profit and loss account on an accrual basis and exclude VAT.

Employee benefits

The Group provides a range of employment benefits, including paid annual leave, paid sick leave, bonuses and defined benefit pension schemes.

(i) Short term employee benefits

Short term employee benefits are recognised as an expense in the period the service is received and include gross salaries and wages, bonuses, employer's national insurance contributions, pension costs, sick pay and holiday pay.

(ii) Termination benefits

Termination benefits are usually one-off payments to employees as a result of a decision to terminate employment before the normal retirement date or as a result of an employee's decision to accept voluntary redundancy. Termination benefits are recognised as an expense in the consolidated profit and loss account immediately the decision to terminate an employee's contract becomes irrevocable or when voluntary redundancy is accepted.

(iii) Defined benefit pension scheme

The Group operates a defined benefit pension scheme by participating in the local government pension scheme ('LGPS') for employees of the Company. Remeasurement of the defined benefit liability is reflected in the consolidated statement of comprehensive income, and the service cost and net interest expense are shown in the consolidated profit and loss account. The pension cost charge has been calculated by an independent actuary. Note 19 details the impact of the defined benefit pension scheme.

(iv) Holiday pay accrual

An accrual is made for the cost of annual leave entitlements earned by employees but not taken before the year-end, which employees can carry forward into the next financial year.

Holiday pay accrual is calculated at the wage and salary rates applicable for the annual leave year. For part-time employees, entitlements are calculated on an hourly basis pro rata to the full time entitlement for their post.

Notes to the financial statements for the year ended 31 March 2019

3. Principal accounting policies (continued)

Tangible assets

The Group and Company own no fixed assets therefore, there is no depreciation charge in the consolidated and company profit and loss account.

Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Raw materials and consumables are valued using the weighted average method and are not materially different from their replacement cost.

Work in progress consists of part-completed repairs at the end of the financial year. The cost of work in progress includes materials, direct labour and other direct costs related to the rendering of services.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, bank overdrafts and balances within the Council's banking. The Company's banking is contained within the Council's financing arrangements. The Company's overdrafts comprise of balances represented through inter-company balances with the Council and shown within borrowings under current liabilities.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Rentals payable under operating leases are charged to the consolidated and company profit and loss account on a straight line basis over the term of the lease.

Provisions and contingencies

(i) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provision for disrepair compensation claims is made where failure to repair tenants' homes has been established and any compensation and associated legal costs can be reasonably estimated.

In addition, provision is made for on-going legal matters when it is probable that payment of compensation will settle the legal action.

(ii) Contingencies

Contingent liabilities arise as a result of past events when;

- (a) it is not probable that there will be an outflow of resources or the amount cannot be reliably measured at the reporting date or
- (b) the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control.

Contingent liabilities are not recognised but are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised but are disclosed in the financial statements when an inflow of economic benefits is probable.

Notes to the financial statements for the year ended 31 March 2019

3. Principal accounting policies (continued)

Financial instruments

The Group has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) *Financial liabilities*

Basic financial liabilities, including trade creditors and other payables and borrowings, are recognised on the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Short term trade and other payables within one year are measured at the transaction price.

(ii) *Financial assets*

Basic financial assets, including trade debtors and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Short term debtors receivable within one year are recorded at transaction price less any impairment.

The Company has taken advantage of the exemption which is available under FRS 102 paragraph 1.12(c), (relating to sections 11 and 12 of the standard) as a wholly owned subsidiary not to disclose the following:

- Categories of financial instruments
- Items of income, expenses, gains or losses relating to financial instruments, and
- Exposure to and management of financial risks.

Full disclosure in relation to financial instruments is available in the consolidated financial statements of Haringey London Borough Council.

Impairment of trade debtors

Trade debtors are stated after provisions for impairment of specific debtor accounts. A provision is established to reflect potential loss of income after debt management procedures have been exhausted. Any increase in losses arising from the impairment of trade debtors are recognised in the consolidated and company profit and loss account within operating costs.

Reserves

The use of the Company's reserves is regulated by the Management Agreement with the Council. The Company may request the Council to consider proposals to use reserves and surpluses during the financial planning process. Such proposals will be reflected in the Council's medium term financial strategy and operational budgets for the year(s) in question. The Company's reserves can only be used as agreed by the Council.

Related party transactions

The Group discloses transactions with related parties to explain the effect of such transactions on the consolidated financial statements. Separate disclosure for transactions with the Council is given in note 23.

4. Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key accounting estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are;

(i) *Disrepair provision (note 20)*

The Group provides for disrepair compensation claims where failure to repair tenants' homes has been established and any compensation and the associated legal costs can be reasonably estimated.

Notes to the financial statements for the year ended 31 March 2019

4. Key accounting estimates and assumptions (continued)

(ii) Defined benefit pension scheme (note 19)

The Group participates in the local government pension scheme (LGPS) and has obligations to pay pension benefits to current employees in the scheme and to former employees with deferred benefits. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increase, asset valuation and the discount rate on corporate bonds.

Management estimates these factors in determining the net pension asset or obligation in the balance sheet. The assumptions reflect historical experience and current trends.

5. Turnover

Turnover arises solely in the United Kingdom. The Group's revenues are mainly derived from the management fees receivable from Haringey Council under the Management Agreement for managing and maintaining council homes and for assessing homeless applications and providing management and support for homeless households in temporary accommodation on behalf of the Council. In addition, the Group generates revenue from other services including repairs administration, decent homes administration and other charges to the Council and third parties.

Group	2018/19 £000	2017/18 £000
Management fee receivable from Haringey Council	42,740	43,088
Income from Haringey Council's capital programme	8,773	6,942
Other income from Haringey Council	6,891	6,415
Sundry income and charges	49	42
Total	58,453	56,487

6. Operating loss

Group operating loss is stated after charging:

	Note	2018/19 £000	2017/18 £000
Employee costs	7	36,088	33,104
Depreciation	13	-	5
Impairment of trade debtors	15	6	-
Operating leases	21	532	548
Fees payable to the Company's auditors for the audit of the Company and the Group's consolidated financial statements		24	22
Fees payable to the Company's auditors for the audit of the Company's subsidiary		3	5
Total amount payable to the Company's auditors		27	27

No fees were paid for non-audit services during the year (2017/18: nil).

Notes to the financial statements for the year ended 31 March 2019

7. Employee costs

Group	2018/19	2017/18
	£000	£000
Wages and salaries	25,412	23,914
Social security costs	2,206	2,134
Other pension costs	8,470	7,056
Total employee costs	36,088	33,104

Other pension costs include accruals for current service costs of £63K (2017/18: £143K), therefore, it is different from the total service costs of £8,533K (2017/18: £7,199K) in note 19 - Pensions.

8. Employee information

The average monthly number of employees of the Group expressed in full time equivalents during the year was:

	Permanent 2018/19 Number	Agency 2018/19 Number	Total 2018/19 Number	Total 2017/18 Number
Haringey Repairs Service (HRS)	152	8	160	176
Property Services other than HRS	55	19	74	66
Operations	258	34	292	286
Housing Demand	107	17	124	112
Corporate Affairs	25	4	29	31
Managing Director's Service	3	-	3	4
Total (full time equivalents)	600	82	682	675

Full time equivalents have been calculated on the basis that 36 working hours per week is equal to one full time equivalent.

9. Employee remuneration

The number of permanent employees, whose remuneration (excluding employers' pension and national insurance) was £50,000 or more, fell within the following bands:

Salary bands	Staff numbers	
	2018/19	2017/18
£50,000 to £54,999	26	13
£55,000 to £59,999	10	5
£60,000 to £64,999	7	7
£65,000 to £69,999	5	6
£70,000 to £74,999	1	1
£75,000 to £79,999	-	1
£80,000 to £84,999	1	-
£90,000 to £94,999	1	1
£95,000 to £99,999	1	1
£100,000 to £104,999	-	2
£105,000 to £109,999	2	-
£130,000 to £134,999	1	-
£145,000 to £150,000	1	1
Total	56	38

Notes to the financial statements for the year ended 31 March 2019

9. Employee remuneration (continued)

Key management compensation

Members of the Board of directors and the Executive Leadership Team of Homes for Haringey Limited are considered key management. The compensation paid or payable to key management is shown below:

	2018/19 £000	2017/18 £000
Salaries and allowances	788	668
Employer pension contributions	140	126
Termination benefits	98	-
Total	1,026	794

Attributable to:

Board of directors	10	10
Executive leadership team	1,016	784
Total	1,026	794

10. Directors' emoluments

(a) Company Board members

Directors' emoluments for the Company are as follows:

	2018/19 £000	2017/18 £000
Salary	10	10
Board member expenses	-	-
Total directors' remuneration	10	10

Only the Chair receives a salary. Other Board members do not receive a salary but are entitled to reimbursement of expenses incurred when attending board and committee meetings.

(b) Company Managing Director's remuneration

	Salaries and allowances £000	Employer pension contribution £000	Total £000
2018/19			
Managing Director	150	31	181

	Salaries and allowances £000	Employer pension contribution £000	Total £000
2017/18			
Managing Director (from 1/4/2017 to 21/6/2017)	35	7	42
Interim Managing Director (from 22/6/2017 to 31/3/2018)	116	21	137

The Managing Director is not a director of the Company for legal purposes. The remuneration paid to the Managing Director is included in wages and salaries in note 7 - Employee costs.

Notes to the financial statements for the year ended 31 March 2019

11. Interest payable and similar expenses

Group	Note	2018/19 £000	2017/18 £000
Net interest expense on defined benefit pension	19	(1)	(31)
Total		(1)	(31)

12. Tax on loss

As the Company's Memorandum and Articles of Association are in accordance with the HM Revenue & Customs (HMRC) manual BIM58210, transactions between Homes for Haringey Limited and its Council member (Haringey London Borough Council) are not regarded by HMRC as amounting to trading and, as such, will not attract corporation tax. Transactions with third parties are 'de minimis' and attract no tax liability. There is no deferred tax consequence.

13. Tangible assets

The Group and Company had no tangible assets at 31 March 2019 (2017/18: nil) and there is therefore also no depreciation charge (2017/18: £5K).

14. Inventories

Group and Company

Inventories comprise:

	2018/19 £000	2017/18 £000
Raw materials and consumables	343	341
Work in progress	318	355
Total	661	696

There is no material difference between the carrying amount of the inventory and their replacement cost. Work in progress consists of part-completed repairs at the end of the financial year.

Notes to the financial statements for the year ended 31 March 2019

15. Debtors

	Group		Company	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Trade debtors - Council	388	1,464	388	1,464
Trade debtors - External	26	28	26	28
Amounts owed by group undertakings	-	-	6	6
Total	414	1,492	420	1,498
Less: Provisions for impairment	(12)	(6)	(12)	(6)
Trade debtors - net	402	1,486	408	1,492
Other debtors	5	1	5	1
Prepayments	335	248	335	248
Accrued income - Council	1,563	101	1,563	101
Accrued income - External	100	-	100	-
Total Debtors	2,405	1,836	2,411	1,842

Amounts owed by the Council are unsecured, interest free and are payable on demand.

16. Cash at bank and in hand

Company

The Company's banking is contained within the Council's financing arrangements. Amounts held by the Council under this arrangement are non interest bearing. The cash balance represented through inter-company balances is £2,260K (2017/18: £3,046K).

17. Creditors: amounts falling due within one year

	Group		Company	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Trade creditors - Council	13	296	13	296
Trade creditors - External	49	84	49	84
Total trade creditors	62	380	62	380
Taxation and social security	1,720	1,246	1,720	1,246
Accruals - Council	416	292	416	292
Accruals - External	2,940	3,319	2,940	3,315
Total accruals	3,356	3,611	3,356	3,607
Total Creditors	5,138	5,237	5,138	5,233

Amounts owed to the Council are unsecured, interest free and are repayable on demand.

18. Borrowings – non current

The Council provided unsecured loans for the running costs of the subsidiary at no interest. No new loans were received in the financial year (2017/18: nil). The loan balance at 31 March 2019 totals £303K (31 March 2018: £303K).

Notes to the financial statements for the year ended 31 March 2019

19. Pensions

Company

The Company operates a defined benefit pension scheme for employees. The amounts recognised in the consolidated profit and loss account are as follows:

	Note	2018/19 £000	2017/18 £000
Current service cost		7,286	7,137
Past service cost		1,247	62
Total service cost charged in operating loss		8,533	7,199
Net interest expense on defined benefit pension	11	1	31
Total charge		8,534	7,230

Defined benefit pension scheme (LGPS)

The Company is legally obliged to participate in the Local Government Pension Scheme (the LGPS). The LGPS is a statutory funded scheme offering secured pension arrangements for scheme members under the Local Government Superannuation Act 1972. The LGPS changed from a final salary scheme to a career average revalued earnings (CARE) scheme for benefits built up from 1 April 2014.

The Company is a scheduled body within the London Borough of Haringey Pension Fund (the fund), which is part of the LGPS. The Company operates a salary-related defined benefit pension scheme for its employees. This is a funded scheme, which means that the Company and employees pay contributions, calculated at a level intended to balance pension obligations with pension assets.

Pension obligations were transferred to Homes for Haringey Limited on 1 April 2006 for employees with previous service with the Council who were TUPE transferred to the Company. Further pension obligations were transferred to the Company on 1 May 2016, when employees with previous service with the Council were TUPE transferred to the Company. New employees who meet the requirements of the LGPS are automatically enrolled in the scheme. Scheme members are able to opt out at any time if they want to.

Under the Management Agreement with the Council, the Council has indemnified Homes for Haringey Limited against all costs, proceedings, liabilities and claims of whatever nature in respect of employees' membership of the LGPS whilst in the service of Homes for Haringey Limited or the Council.

A full formal valuation of the scheme was carried out at 31 March 2016 by an independent actuary to the pension scheme. A further assessment of obligations at 31 March 2019 has been made taking account of the requirements of section 28 of FRS 102 (as amended). The actuary, Hymans Robertson LLP, is not an employee of the Company or the Council.

Scheme membership

The membership statistics as at the latest formal valuation on 31 March 2016 are:

	Number 31 March 2016	Total salaries/pensions £000	Average age at 31 March 2016
Active members	441	14,367	53
Deferred pensioners	229	1,039	52
Pensioners	188	1,870	63

Notes to the financial statements for the year ended 31 March 2019

19. Pensions (continued)

Pension assets and obligations

The assets of the scheme are in a fund independent from the Company and are administered by the Council in accordance with the Local Government Pension Scheme Regulations 2013 (as amended). Pension assets are valued at current bid price and held in the proportions below:

Asset category	Value at	Estimated	Value at	Estimated
	31 Mar 2019	proportion	31 Mar 2018	proportion
	£000	%	£000	%
Equities	114,803	65%	112,701	68%
Bonds	47,687	27%	38,120	23%
Property	12,363	7%	11,602	7%
Cash	1,766	1%	3,315	2%
Total	176,619	100%	165,738	100%

The estimated proportions of total assets held in each asset category, shown above, reflect the proportion held by the fund as a whole at 31 March 2019 and at 31 March 2018.

Pension obligations are valued on an actuarial basis using the projected unit credit method, which assesses the future liabilities discounted to their present value. In preparing the valuation of pension assets and obligations, the actuary rolls forward the employer's position as at the latest formal valuation (or the date of joining the fund, if later) to 31 March 2019. The actuary has no reason to believe that the approximations used in rolling forward the valuation to 31 March 2019 will introduce any undue distortion in the results, provided that the actual experience of the employer and the fund has been broadly in line with their assumptions, and that the structure of the membership is substantially unchanged from the date of the latest formal valuation.

The estimated present value of funded defined benefit obligation as at 31 March 2019 comprise:

	Liability split as at 31 March 2019 £000	Liability split as at 31 March 2019 %	Weighted average duration Years
Active members	115,345	60.6%	21.6
Deferred members	30,254	15.9%	23.1
Pensioner members	44,663	23.5%	13.1
Total	190,262	100.0%	18.9

The durations are as they stood at the latest actuarial valuation on 31 March 2016.

Notes to the financial statements for the year ended 31 March 2019

19. Pensions (continued)

Actuarial assumptions

(i) Financial assumptions

Financial assumptions used by the actuary are:

	2018/19 % per annum	2017/18 % per annum
Pension increase rate	2.5%	2.4%
Salary increase rate	3.1%	3.0%
Discount rate	2.4%	2.7%

(ii) Mortality

Life expectancy is based on the fund's Vita Curves with improvements in line with the CMI 2013 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.25% per annum. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

Mortality	Males	Females
Current pensioners	21.8 years	24.1 years
Future pensioners *	23.8 years	26.0 years

* Figures assume members aged 45 years as at the last formal valuation date.

(iii) Historic mortality

Life expectancies for the prior year end are based on the fund's Vita Curves. The allowances for future life expectancy are shown in the following table:

Year ended	Prospective pensioners	Pensioners
31 March 2018	CMI 2013 model assuming the current rate of improvements have peaked and will converge to a long term rate of 1.25% per annum.	CMI 2013 model assuming the current rate of improvements have peaked and will converge to a long term rate of 1.25% per annum.

The mortality assumptions adopted for the year ended 31 March 2019 are identical to those used to value the obligations in the Company's opening position.

(iv) Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HM Revenue & Customs limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Contribution rate

The employer's annual contribution rate is determined by the fund's actuary at the triennial actuarial valuation. The contribution rate certified for Homes for Haringey Limited at the 2016 valuation is 20.7% of pensionable salaries for 2018/19 (2017/18: 22.8%). The Company made employer contributions of £4,019K during the year (2017/18: £4,192K).

Notes to the financial statements for the year ended 31 March 2019

19. Pensions (continued)

Guaranteed Minimum Pension equalisation

A Guaranteed Minimum Pension (GMP) is the minimum pension which defined benefit schemes, such as the LGPS, must provide for scheme members who were contracted out of the State Earnings-Related Pension Scheme (SERPS) between April 1978 and April 1997.

In a High Court ruling in October 2018, pension schemes now have a duty to equalise the benefits for men and women.

The actuary has undertaken an initial estimate of the financial impact of this ruling on the Company's pension scheme and determined that it is not material.

Accordingly, no liability for GMP has been recognised in these financial statements. The liability will be recognised once a final amount has been calculated.

Impact of McCloud judgement

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018, the Court of Appeal upheld a ruling ('McCloud') that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling will apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court but this was denied at the end of June 2019.

LGPS benefits accrued from 2014 will, therefore, need to be enhanced so that all members, regardless of age, will benefit from the underpin. Alternatively, restitution may be achieved in a different way, for example by paying compensation. In either case, the clear expectation is that members would see an enhanced benefit rather than just those currently subject to these protections. There will, therefore, be a retrospective increase to members' benefits which, in turn, will give rise to a past service cost for the scheme employers.

The actuary has undertaken an initial estimate of the financial impact of this judgement on the Company's pension scheme and determined that total liabilities (i.e. the increase in active members' liabilities expressed in terms of the employer's total membership) is in the region of 0.54% higher as at 31 March 2019; an increase of approximately £1,029K.

As a result, this amount has been recorded in these financial statements as a past service cost.

Notes to the financial statements for the year ended 31 March 2019

19. Pensions (continued)

Reconciliation of plan assets and defined benefit obligations

Changes in the fair value of fund assets, defined benefit obligation and net asset/ liability for the year ended 31 March 2019 are detailed below:

Year ended 31 March 2019	Assets £000	Obligations £000	Net asset / liability £000
Fair value of assets	165,738	-	165,738
Present value of funded liabilities	-	164,027	(164,027)
Opening position as at 31 March 2018	165,738	164,027	1,711
Service cost			
Current service cost ¹	-	7,286	(7,286)
Past service cost (including curtailments) ²	-	1,247	(1,247)
Total service cost	-	8,533	(8,533)
Net interest			
Interest income on plan assets	4,503	-	4,503
Interest expense on defined benefit obligation	-	4,504	(4,504)
Total net interest	4,503	4,504	(1)
Total defined benefit cost recognised in the profit and loss account for the year			
	4,503	13,037	(8,534)
Cash flows			
Plan participants' contributions	1,292	1,292	-
Employer contributions	4,019	-	4,019
Benefits paid	(2,967)	(2,967)	-
Expected closing position	172,585	175,389	(2,804)
Remeasurements			
Changes in financial assumptions	-	14,873	(14,873)
Return on assets excluding amounts included in net interest	4,034	-	4,034
Total remeasurements recognised in Other Comprehensive Income (OCI)			
	4,034	14,873	(10,839)
Fair value of assets	176,619	-	176,619
Present value of funded liabilities	-	190,262	(190,262)
Closing position as at 31 March 2019	176,619	190,262	(13,643)

The remeasurements recognised in Other Comprehensive Income (OCI) in the main relate to:

- A £4m increase (2017/18: £1.2m increase) in the value of assets attributable to the scheme, reflecting the difference between actual return over the year and the expected return (recognised in the P&L as the interest income on assets);
- A £14.9m increase (2017/18: £3.2m decrease) in the assessed value of liabilities, resulting, in part, from a decrease in the discount rate from 2.7% (as at March 2018) to 2.4% (as at March 2019).

¹Current service cost includes an allowance for administrative expenses of 0.6% of payroll.

²Past service cost includes retrospective increase to members' benefits of £1,029K, and £218K of discretionary benefits awarded on early retirements.

Notes to the financial statements for the year ended 31 March 2019

20. Other provisions

Group and Company

The Group and Company had the following provisions during the year:

	Disrepair provision £000	Legal provision £000	Total £000
At 1 April 2018	367	-	367
Charged to the profit and loss account	251	25	276
Utilised during the year	(367)	-	(367)
At 31 March 2019	251	25	276

(i) Disrepair provision

Provision for disrepair compensation claims is made where failure to repair tenants' homes has been established and any compensation and the associated legal costs can be reasonably estimated. The provision is expected to be utilised within one year following the reporting date.

The Company has other disrepair cases under consideration. Any potential liabilities arising from these cases are yet to be determined and no provision has been made for them.

(ii) Legal provision

The provision is for on-going legal matters and it is expected to be utilised within one year following the reporting date.

21. Operating leases

Group and Company

Operating lease payments payable within one year of the balance sheet date were in respect of leases expiring:

Within 2 to 5 years	2018/19 £000	2017/18 £000
Motor vehicles	532	548
Total	532	548

Notes to the financial statements for the year ended 31 March 2019

22. Capital and reserves

Group

The Group's reserves comprise the following amounts:

	Accumulated losses (excluding pensions)	Pension reserve	Total reserves 2018/19	Total reserves 2017/18
	£000	£000	£000	£000
At beginning of year	(589)	1,977	1,388	(143)
Loss for the financial year	(4,577)	-	(4,577)	(2,891)
Actuarial gains recognised on the pension scheme	-	(10,839)	(10,839)	4,422
At end of year	(5,166)	(8,862)	(14,028)	1,388

Company

The Company is limited by guarantee and has no share capital.

The Company's reserves comprise the following amounts:

	Accumulated losses (excluding pensions)	Pension reserve	Total reserves 2018/19	Total reserves 2017/18
	£000	£000	£000	£000
At beginning of year	(282)	1,977	1,695	231
Loss for the financial year	(4,581)	-	(4,581)	(2,958)
Actuarial gains recognised on the pension scheme	-	(10,839)	(10,839)	4,422
At end of year	(4,863)	(8,862)	(13,725)	1,695

23. Related party transactions

Homes for Haringey Limited is wholly owned by Haringey London Borough Council, its parent entity. The Company manages and maintains Council properties under the terms of a Management Agreement with the Council. The Company also assesses homeless applications, provides housing advice and support to homeless households in temporary accommodation and manages private sector lettings on behalf of the Council.

There are three Councillors nominated by the Council on the Board during the financial year ended 31 March 2019 (2017/18: three). In addition, four Board members are tenants or leaseholders of the Council (2017/18: four). The tenants have a standard tenancy agreement and are required to fulfil the same obligations and receive the same benefits as other tenants.

Notes to the financial statements for the year ended 31 March 2019

23. Related party transactions (continued)

Transactions with Haringey Council

During the year, the Group received income of £58,404K (2017/18: £56,445K) from the Council. This includes management fee income of £42,740K (2017/18: £43,088K).

The Company's bank balance is held within the balance controlled by the Council (note 17). The Group owed the Council £429K at 31 March 2019 (31 March 2018: £588K) in respect of services provided by the Council (note 16). The Council owed the Group £1,951K at 31 March 2019 (31 March 2018: £1,565K) in respect of fees and works provided to the Council (note 15).

The Council provided unsecured loans for the running costs of the subsidiary at no interest. The loans total £303K at 31 March 2019 (31 March 2018: £303K).

In addition, the Council provides services to the Company under contracted service level agreements. Major payments made for services provided by the Council were:

Major payments to Haringey Council	2018/19	2017/18
	£000	£000
Anti-social behaviour	33	33
Communications	90	74
Corporate finance	1,113	1,272
Customer services	1,405	1,527
Human resources	495	734
Information technology	1,870	2,437
Legal services	787	1,029
Procurement	62	118
Property services	736	688
Total	6,591	7,912

Transactions between the Group and London Borough of Haringey Pension Fund are disclosed in note 19.

Save as disclosed elsewhere in these financial statements, there are no further related party transactions requiring disclosure under FRS 102.

24. Controlling party

The Company is wholly owned by Haringey London Borough Council. Accordingly, the Council is the Company's parent entity and the Group's ultimate controlling party.

The Company is limited by guarantee with no share capital. The liability of the Council is limited to £1 (2017/18: £1) in the event of winding up.

The consolidated financial statements of Homes for Haringey Limited are included within the group financial statements of the Council. The Council's financial statements are available through its website at www.haringey.gov.uk or through the Council's Corporate Finance department at River Park House, 225 High Road, London N22 8HQ.

Notes to the financial statements for the year ended 31 March 2019

25. Haringey Repairs Service (HRS)

Haringey Repairs Service (HRS) is the Company's in-house repairs service. HRS undertakes the repairs contract for Haringey Council. The contract started in April 2008. Its trading profits feed into efficiency targets set for the Company by the Council.

The trading account of HRS is reflected below:

HRS trading account	2018/19 £000	2017/18 £000
Trading income	17,700	16,117
Operating costs:		
Employees	9,445	9,692
Premises	20	21
Transport	1,071	1,123
Supplies and services	1,922	1,511
Contractors	4,056	2,424
Overheads	708	708
Total operating costs	17,222	15,479
Operating surplus	478	638
Net interest expense on defined benefit pension	-	(10)
Trading surplus for the year	478	628

26. Notes to the consolidated statement of cash flows

	2018/19 £000	2017/18 £000
Loss for the financial year	(4,577)	(2,891)
Interest payable and similar expenses	1	31
Operating loss	(4,576)	(2,860)
Defined benefit pension accrual	4,514	3,007
Depreciation of tangible assets	-	5
Decrease / (increase) in inventories	35	(329)
(Increase) / decrease in debtors	(569)	9,219
(Decrease) / increase in creditors	(99)	1,405
(Decrease) / increase in provisions	(91)	37
Cash flow (used in) / generated from operating activities	(786)	10,484

27. Subsidiary undertaking

The Company has a wholly owned subsidiary, Homes for Haringey Residential Community Interest Company, incorporated in the United Kingdom and registered in England. Its registered number is 09543450 and registered office at 48 Station Road, London N22 7TY.

The subsidiary was dormant in nature and has not traded during the year or the preceeding financial year.