

Our vision is to deliver brilliant social housing

Wulvern Housing Limited Report of the Board & Financial Statements

Year Ended 31 March 2015



Our purpose

Wulvern's purpose is to provide affordable homes and thriving neighbourhoods

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Wulvern Housing Limited

Board Members, Executive Officers, Advisors and Bankers



Graham Eades
Chair Independent
(appointed Chair 25/09/13)



Phil Morgan
Vice Chair Independent
(appointed Vice-Chair 25/09/13)



Steve Jones
Chair of Audit & Assurance



Mo Grant
Local Authority board member



Peter Mason
Local Authority board member



Bob Tarry
Chair of Governance



Laura Foster
Independent board member



Mark Terry
Independent board member



Gifty Asamoah
Tenant board member



Amanda Calvert
Co-optee board member

Tony Sproston Tenant board member (resigned 20/01/15)

Peter Groves Local Authority board member (resigned 10/06/15)



Wulvern Housing Limited

Board Members, Executive Officers, Advisors and Bankers



Sue Lock
Chief Executive



Sasha Deepwell
Deputy Chief Executive



Diane Jones
Executive Director
(Finance & Risk)



Kevin Williams
Executive Director
(Growth & Enterprise)



Nicole Kershaw
Executive Director
(Customers & Homes)

Secretary and Registered Office

Diane Jones
Wulvern House
Electra Way
Crewe
CW1 6GW

External Auditors

BDO LLP
5 Temple Square
Temple Street
Liverpool
L2 5RH

Internal Auditors

Baker Tilly Risk Advisory Services LLP
Festival Way
Festival Park
Stoke-on-Trent
Staffordshire
ST1 5BB

Solicitors

Trowers & Hamlins LLP
Heron House
Albert Square
Manchester
M2 5HD

Bankers

National Westminster
The Square
Crewe
Cheshire
CW1 2HN



Report of the board for the year ended 31 March 2015

The Board present their report and the audited financial statements for the year ended 31 March 2015.

Principal Activities

Wulvern Housing Limited (the Association) is a registered provider with charitable status registered under the Co-operative and Community Benefit Societies Act 2014 operating principally in Cheshire, but with some interests in Staffordshire. Its principal activities are the management and development of social housing. An operating and financial review of the activities for the period is set out on [page 8](#). Wulvern has one subsidiary, Wulvern Platform Limited, whose objectives are to deliver development services to Wulvern Housing and provide aids and adaptations services to both Wulvern and external customers.

Review of Business

The Board is reporting a consolidated surplus before taxation of £2,093,000 (2014, £774,000 deficit).

The Board and Executive Directors

The Board members who served during the period are set out on [page 1](#). The Board members are drawn from a wide background bringing together professional, commercial and local experience. Maureen Grant was appointed on 24th September 2014.

Tony Sproston resigned effective 20th January 2015 and Mandy Calvert was co-opted onto the Board on 28th January 2015. The Executive Directors have no legal status as directors of Wulvern Housing Limited although they act within the authority delegated by the Board.

Corporate Governance

The Board has adopted the revised 2015 National Housing Federation (NHF) Excellence in Governance Code for members which ensures highest standards of corporate governance. Wulvern Housing Limited complies with the principal recommendations of the revised code.

Declarations of Interest

All Board members are required to complete a declaration of interests form to register their financial and other interests that could potentially conflict with their role as a member of the Board for Wulvern Housing Limited. They are also required to declare any interests at the start of Board meetings where they have an interest that conflicts with some or all of the business to be discussed at that meeting. Board members are not permitted to take part in the discussion of or vote on those items in which they have an interest and are required to withdraw from the meeting.

The Board

The Board is responsible for managing the affairs of Wulvern Housing Limited and meets formally at least seven times a year. It comprises 11 non-executive members at the year end.



Report of the board for the year ended 31 March 2015 continued

Committees

Wulvern Housing has two standing committees:

Group Audit and Assurance Committee

The Group Audit and Assurance Committee consists of five members and is responsible for overseeing all aspects of affairs relating to internal controls and audit, external audit and the statutory financial statements, financial and non-financial risk assurance and tenant scrutiny findings. The Committee report directly to the Board, in accordance with regulatory guidance and accounting practice. The Committee meets at least four times per year.

Governance Committee

The Governance Committee consists of four members and is responsible for overseeing the size, structure and composition of the Board (including skills and expertise) and making recommendations to the Board with regard to any changes. The committee is also responsible for setting the remuneration of the Senior Executives for Wulvern Housing Limited. The members of the Committee have no personal interest in the outcome of the decisions and give due regard to the interests of the stakeholders and to the financial and commercial health of Wulvern Housing Limited. The Committee meets on a periodic basis as and when required.

The Local Authority

Cheshire East Council has two nominees (three at 31/03/2015) on the Board of Wulvern Housing Limited.

Board's Responsibilities

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

Co-operative and Community Benefit Societies Act law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Board members 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 association and of the surplus or deficit of the association for that period.

In preparing these financial statements, the board members are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;

- State whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers (Update 2010) 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 association will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 the Housing and Regeneration Act and the Accounting Direction for Private Registered Providers of Social Housing in England from April 2012.

They are also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the board for the year ended 31 March 2015 continued

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by Registered Social Housing Providers (Update 2010).

Financial statements are published on the Association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Association's website is the responsibility of the Board members. The Board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.



Statement of the Board on Internal Financial Controls

The Board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2015 and to the date of approval of these financial statements.

For the year ended 31 March 2015, the Board can make the following statement:

The Board acknowledge their ultimate responsibility for ensuring that Wulvern has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information used within Wulvern or for publication;
- The maintenance of proper accounting records;
- The safeguarding of assets against unauthorised use or disposition.

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss.

Key elements include ensuring that:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of Wulvern's assets;
- Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared which allow the Board and management to monitor the key business risks and financial objectives and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up to date financial and other information and significant variances from budgets are investigated as appropriate;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.
- The Board reviews reports from management, internal auditors, external auditors and from its own Audit Committee to provide reasonable assurance that the control procedures are in place and are being followed. This includes a general review of the major risks facing Wulvern. The Internal Auditors make regular reports to the Board.

Report of the board for the year ended 31 March 2015 continued

The Internal Auditors (Baker Tilly) have reported the following statement in their 2013/14 annual report:

“ We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of Wulvern Housing’s arrangements. For the 12 months ended 31 March 2015, based on the work we have undertaken, our opinion of Wulvern Housing’s arrangements for governance, and control are that adequate and effective arrangements are in place. Adequate and effective corporate risk management arrangements are also in place with a caveat to further refine and embed operational processes. ”

The Internal Audit opinions received from Baker Tilly were based on the compliance and risk based assurance work conducted during 2014/15 which provided positive opinions across key system areas including a review of Key Financial Controls, Development – Invoice Financial control, Complaints Management and Empty Homes Repairs Process and Resource Management. The reports from the four assurance reports were received by the Audit and Assurance Committee, three were categorised as Green, reflecting a “substantial” level of assurance with one report relating to Empty Homes, categorised as Amber/Green, reflecting a “reasonable” level of assurance with issues identified requiring action. A total of 15 recommendations were made across all areas, of these, 10 were categorised as ‘Low’ and 5 as ‘Medium’ priority.

A number of advisory audits were also carried out which do not provide an assurance opinion, however, of note, was the Risk Maturity Validation review which identified that Wulvern has, corporately, demonstrated a strong risk management framework.



Report of the board for the year ended 31 March 2015 continued

The Internal Auditors (Baker Tilly) have reported the following statement in their 2013/14 annual report:

Disclosure of information to the auditor

The members who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the auditor of Wulvern Housing Limited is unaware; and each member has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Employees

The strength of Wulvern lies in the quality and commitment of its employees. Our ability to meet objectives and commitments to our customers in an efficient and effective manner depends upon the contribution of our employees throughout the organisation. Wulvern is committed to equal opportunities for all our employees and has embraced the equality, diversity and inclusion ethos across the organisation.

Auditor

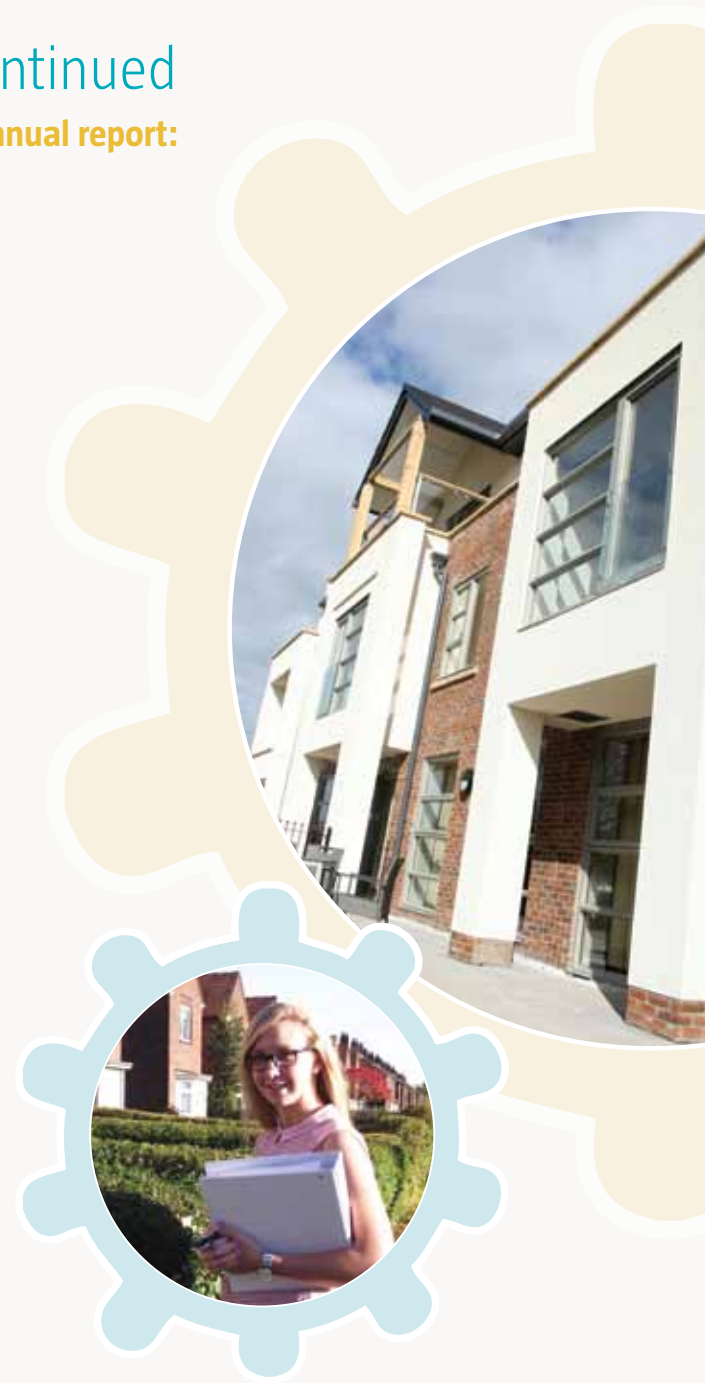
A resolution to re-appoint BDO LLP as auditor of the company was proposed and approved at the Annual General Meeting.

The report of the Board was approved on 29th July 2015 and signed on its behalf by:



A handwritten signature in blue ink, appearing to read 'Diane Jones'.

Diane Jones
Company Secretary



Group Operating and Financial Review

Background

Activities

Wulvern Housing Limited is a Housing Association and Registered Provider based in Crewe, Cheshire. We are a Co-operative and Community Benefit Society with charitable aims and operate the following key business streams:

- 'General needs' housing for social and affordable rent, primarily by those who are unable to rent or buy at open market rates;
- Supported housing and care for people who need additional housing-related support or additional care;
- Sub-market rents to offer a further choice to customers who cannot access full market rental or purchase; and
- Low-cost home ownership, primarily shared ownership whereby residents purchase a share in the equity of their homes and pay rent to Wulvern on the remainder.

Wulvern Platform Limited is a wholly owned subsidiary of Wulvern Housing Limited.

Objectives and strategy

Wulvern's priorities and strategy are set out in a corporate plan that is reviewed and approved by the Board each year.

External influences

Government policies are aimed at significantly increasing housing supply to meet the growing demand for affordable housing. The Homes and Communities Agency (HCA) was established to raise the standards of services for affordable housing tenants, and as an agency for the delivery of new housing and regeneration. Their role is to create thriving communities and affordable homes.

Our vision is 'To provide brilliant social housing'.

Our corporate objectives are to:

- Enable Customers to Prosper
- Build Pride in Place
- Grow Our Business
- Develop Brilliant People
- Stay Financially Strong



Group Operating and Financial Review continued

Performance for 2014/15 year is summarised below:

Overall, Wulvern's underlying operating performance showed an improvement over last year. This year's results are explained in more detail below.

Turnover

Wulvern's consolidated turnover was £27.35m for the year; this was a 11.97% increase on the previous year. Rent loss through voids increased to 4.2% from 2.0%, Current rent arrears decreased from 3.46% to 2.72%.

Operating Costs

Consolidated operating costs were £19.4m compared to prior year of £19.1m (+1.6%);

Cash Flow

The consolidated cash flow statement for the financial year is on [page 54](#) the highlights being:

- Operating activities generated a £11.4m positive cash inflow versus a prior year of £8.7m cash inflow.
- The net cash outflow for interest payable was £7.7m compared to £6.4m in 2013/14.
- We spent £23.0m on construction and purchase of housing properties, and also re-investment in existing housing stock. This was part funded by capital grants received of £5.6m and proceeds from sale of housing properties of £0.8m.
- Net cash outflow before utilisation of additional liquid financing was £12.9m. Loan advances drawn down in the year totalled £49.0m less loan repayments of £24.3m resulted in an overall increase in cash for the year of £11.8m.

Treasury management

- At Wulvern we have an established treasury policy which incorporates management of the company cash flows, banking, money markets and capital market transactions. The effective control of risk within these activities and the pursuit of optimum performance consistent with these risks is a fundamental part of the policy.



Group Operating and Financial Review continued

Loan facilities

The Association was established and is financed by a loan facility provided jointly by the Royal Bank of Scotland and the Newcastle Building Society. In September 2014 agreement was reached with Warrington Borough Council and a Private Investor to provide further loan facilities to Wulvern Housing to fund its ongoing Development Programme. Below is a summary of agreed facilities and loans by lender as at 31st March 2015.

As at March 2015 total loans drawn was £150.7m at an average rate of 4.49% from a facility of £215.7m. Of this £56.8m is fixed for varying periods up to 31 years. This is in line with our Treasury Policy. The financial statements for the year to 31 March 2015 deliver an outcome which is fully compliant with all the financial covenants required by the funders in accordance with our approved 30 year Business Plan.

Development

During the year £22m has been invested in providing new homes as we continue to deliver on the Affordable Homes Programme and Affordable Homes Guarantee Programme.

We were successful in securing £14.7m HCA grant funding for the delivery of 568 units as part of the 2015 – 2018 Affordable Homes Guarantee Programme.

Staff turnover

The Board recognises that Wulvern's success depends on the quality of our managers and staff. In any organisation some staff changes are inevitable; however a high level of staff turnover leads to increased recruitment costs, lower productivity, low morale and reduced internal controls assurance during the changeover period.

A target level for staff turnover, calculated as number of leavers in the year divided by the permanent staff headcount, at the end of the year is 15%. For 2014/15 our staff turnover was 18.9% (2013/14: 21.8%), the key driver of this performance is the organisational redesign and restructured front line services.

Financial Position

Wulvern's income and expenditure account and balance sheet are summarised on [pages 61 and 62](#); a summary of key features of our financial position at 31 March 2015 is included on [page 13](#).



Group Operating and Financial Review continued

Risk and Uncertainty

Pensions:

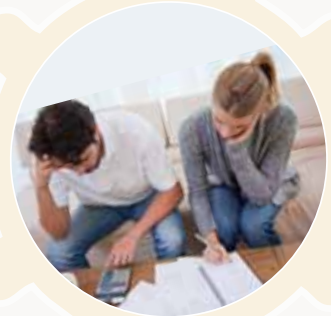
- Our Board are aware that volatility with pension costs remains a key risk for the Association and continue to keep abreast of developments. Following the implementation of Auto Enrolment in April 2014 we have seen an increase in membership of the SHPS Defined Contribution scheme. In terms of the impact of the latest SHPS Defined Benefit valuation which was carried out as at September 2014, we can see a worsening picture on a 'like for like' basis. This shows the Wulvern future service contribution rate is set to increase from 11.4% to 16.6%, which has a financial impact of an additional £43k, plus an increase in the deficit contributions of £13k. There are however changes planned for the scheme which would see an increase in the pensionable age and a reduced cap on annual pension increases.
- The Cheshire Pension Fund triennial valuation at March 2013 shows the funding levels for the scheme is 113%, a surplus of £3.3m. The latest estimate for March 2015 is still showing a pension asset although this is reduced from the March 2013 valuation level.

Welfare Reform:

- During the year we have continued to develop strategies and action plans to mitigate the impact of Welfare and Housing Reform measures. We have maintained our proactive approach to income collection and have looked to anticipate as far as possible, the impact of new measures such as Universal Credit as they are introduced.
- We have carried out further 'stress testing' and Business Plan modelling to ensure we continue to understand the potential threats to our income stream.
- We have undertaken a complete restructure of our front line services and streamlined all areas of the organisation to reduce our operating costs and ensure value for money in the delivery of our services to our customers and in the maintenance of our properties.

Development Programme:

- Throughout the year, the focus of our development programme has been to ensure that we met the Affordable Homes Programme deadline of March 2015. Non completion had the potential to impact funding through required payback of the grant funding received and/or loss of final grant payment. We are pleased to report we achieved compliance with the HCA deadlines.
- The changing financial markets and availability of long term loan arrangements has created challenges for the organisation. Failure to secure sufficient funding would have had serious implications for our ongoing development programme. Following an extensive refinancing exercise which concluded in September 2014, Wulvern has now secured the required funding to support our Growth and Diversification Strategy 2014 - 2019. As a result of our loan arrangements now being with multiple investors, we have had to be mindful of the various reporting requirements and loan covenant arrangements. We have put additional processes in place to ensure these requirements are met.



Group Operating and Financial Review continued

Affordable Rents

As part of the new Affordable Homes Programme, Wulvern has made commitments to the HCA regarding the delivery of revenue funding for its development programme. This will be achieved through the conversion of existing housing stock from social to affordable rents. At 31 March 2015 we were ahead of target with 170 existing properties converted during the year. We are monitoring this actively against target to ensure we can achieve this commitment.

Information Security

One of our top strategic risks identified during the year related to the protection of our information assets to minimise the risk of fraudulent activity, inappropriate disclosure or sabotage which could result in financial loss, legal challenge and loss of reputation. We have conducted Information Security Awareness training for all staff and commissioned a detailed analysis of our information security policies, procedures and practices in order to identify any potential gaps and assess the level of information security within the organisation against industry best practice.

We have established an Information Security Steering Group in order to provide ongoing direction, support and consideration to the management of Information Security initiatives and Information Risk management within Wulvern.

HCA Regulatory Framework

Wulvern has received assurance from the Home and Communities Agency that its regulation status following the annual assessment complies with the governance requirements of the governance and financial viability standard and we achieved a V1/G1 rating. New regulatory standards are currently in consultation and will be adopted when finalised.

Housing properties

At 31 March 2015 the Association owned 5,442 housing properties (2014: 5,185). The properties were carried in the balance sheet at net book value (after depreciation and impairment) at £127.8 million (2014: £114.6 million).

The Board appointed professional valuers to value the housing properties as at 31 March 2015. At that date, the value of the properties on the basis of Existing Use Value Social Housing (EUV-SH) of £198.70m and Market Value Subject to Tenancies (MV-STT) of £9.76m giving a combined valuation of £208.46, an increase of 11.0% over March 2014.



Group Operating and Financial Review continued

Pension costs

The Association participates in three pension schemes, a defined benefit scheme with the Social Housing Pension Scheme (SHPS), a defined contribution scheme, also with the Social Housing Pension Scheme, and a defined benefit scheme with the Cheshire Pension Fund (LGPS).

We have contributed to the schemes in accordance with the levels set by the actuary of between 11.4% and 17.8% for the defined benefit schemes and between 4% and 8% for the defined contribution scheme.

Accounting policies

The Group accounting policies are set out on [pages 55-56](#) in the notes to the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties, capitalisation of major repairs and depreciation.

Going concern

The Associations financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. The Government's announced intentions have led to a reassessment of the Associations 30 year plan and other budget/forecast data as well as an assessment of imminent or likely breach in borrowing covenants. We consider it appropriate to continue to prepare for financial statements on a going concern basis.

Statement of compliance

The Board has endeavoured to follow the principles as detailed in the updated 2010 Statement of Recommended Practice (SORP) and the Social Housing Accounting Direction in the production of the Operating and Financial Review (OFR). The Board is of the opinion that the OFR meets the requirement of Reporting Standard 1: Operating and Financial Review.

Summer Budget announcement

In the budget statement of 8th July 2015 the Government stated its intention to mandate changes to social housing rents. This is covered in more detail in note 34.



Group Operating and Financial Review continued

Operating And Financial Review Two Year Summary

For the year ended 31 March

	2015	2014
Group Income and Expenditure Account	£000	£000
Total Turnover	27,350	24,427
Income from Social Housing Lettings	25,233	23,656
Operating Surplus before Taxation	7,976	5,357
Group Surplus/ (Deficit) for the Period before Taxation	2,093	(774)
Consolidated Balance Sheet	£000	£000
Fixed Assets	131,739	118,712
Net Current Assets	13,288	912
Loans	150,723	126,000
Revenue Reserves excluding Pensions asset	(4,732)	(6,508)
Revenue Reserves including Pensions asset	(4,492)	(5,162)
Accommodation Figures	No.	No.
Total housing stock owned at year end	5,442	5,185
Statistics		
Operating Surplus before Taxation as a % of turnover	29.2%	21.9%
Rents Loss (voids as % of rent and service charges receivable)	4.2%	2.0%
Current Rent Arrears (arrears as % of rent and service charges receivable)	2.72%	3.46%
	£000	£000
Total debt per home owned	(27,696)	(24,301)
Total Reserves per home owned	(825)	(996)

Group Operating and Financial Review continued



Value for Money Self-Assessment

Board Overview of Value for Money Self-Assessment

At Wulvern we have always maintained a keen focus on delivering **value for money** to our customers, colleagues, stakeholders and the tax payer. We believe it is all about managing the business efficiently and effectively, driving economies to achieve our corporate goals and targets, delivering our services in the way that is important to our customers and ensuring Wulvern remains an employer of choice.

In considering how successful we are in these efforts in a way that makes sense and resonates with the people who touch our business, we assess our outcomes through the long terms goals set out in our strategic plan and the objectives we set year on year to achieve these.

Following the Governments recent budget announcements we are mindful of the increasing pressure on our future value for money agenda. We have referred to this in our future plans on page 56.

Wulvern's Vision and Plan

Wulvern's vision is to provide brilliant social housing. To do this we will ensure that:

- Every customer knows a key contact within Wulvern who is passionate, skilled and accountable for their service
- Every customer and colleague understands what is expected of them to maintain their contract with Wulvern
- Every colleague every day knows the contribution they make to delivering brilliant social housing
- All colleagues in Wulvern know they are part of one big team working together in line with our agreed behaviours for the benefit of customers

Against this vision, together with our customers, we have developed the Wulvern Plan which sets out our long term goals for the next seven years to 2022. Each year we update the priorities for the coming year in the context of our operating environment, the changing needs of our customers and stakeholders, and the challenges we face externally. Against these we set annual objectives, measures and targets so that our progress can be reviewed, measured and reported to the Board. These feed into our service plans and individual's performance objectives ensuring that every colleague is connected and has real clarity about their priorities, with efforts across the whole organisation streamlined into delivering services which matter to our customers and deliver value for money.

We have five goals (*set out on page 59*) with clear outcomes and a good understanding of how we will achieve them.

Group Operating and Financial Review continued

Value for Money Self-Assessment continued

Value for money highlights for the year

We have undertaken a broad programme of activity aimed at achieving our corporate targets for the year and delivering value for money benefits across all of our services over the past year. The Executive Team's report covers these in detail but there are some key achievements of which we are particularly proud and which we believe have really driven to the heart of what delivering value for money is all about.

Achieving our £2million operating cost reduction target

In 2012 we took the view that we needed to permanently lower the cost base of the organisation by around £2m, which represented over 10% of our total operating costs for that year. Through the cost reduction programme we were looking to achieve three main objectives:

- Lowering the costs of our services, enabling us to deliver more for less to our customers

- Presenting a more attractive financial position to potential investors so that we could secure additional funding at competitive rates to finance the construction of new homes
- Generating the surpluses we needed to service the new capital

We set ourselves a target date of March 2017 to achieve these savings and this has remained at the forefront of our Value for Money agenda. We are delighted that we have exceeded our plans by achieving just over £2m by March 2015, two years earlier than the target date. We have done this through a systematic approach to better procurement, a full restructure of our executive team and senior management layer and service reviews.

Redesigning our front line services

Following the review of services to customers, Wulvern has made significant organisational changes to ensure we weather economic changes, improve services for customers and remain a strong, viable and growing organisation. We have redesigned our frontline services to ensure we get closer to each and every one of our 15,000 customers. Working with customers and colleagues, using a Lean Systems Thinking approach, we have analysed and challenged how we operate, assessed processes through the principles of Value for Money and have delivered enhanced customer services which go beyond the existing sector norms.

Through a careful selection process in which customers were involved, we have placed colleagues into newly created roles and delivered comprehensive training programmes to ensure they are fully equipped to deliver the new ways of working.

The changes are now all implemented and are delivering, at reduced costs, a greatly enhanced service that our customers value. Neighbourhood Workers are now fully mobilised and managing small patches of around 250 homes, each in four neighbourhood hubs, working face to face with customers to help make a real difference to their lives. As a result of the close relationships we are forging, we have seen significant and tangible improvements in our performance, particularly with regard to rent arrears. Despite the impacts of welfare reform which have had real impact and imposed genuine hardships on many of our customers, these have reduced from 3.46% at March 2014 to 2.72% at March 2015.

Since the redesigned front line services were rolled out we have held a number of customer events and new customer panels have been set up. Feedback on the new services is extremely positive, with residents telling us that we now have a much better understanding of their needs and are responding in a way which generates real customer confidence.

Group Operating and Financial Review continued

Value for Money Self-Assessment continued



Delivering Extra Care housing

One of our specialisms is the provision of Extra Care housing. This offers older people a combination of independence, security and on-site care and support provision, either through rent or shared ownership. Extra Care accommodation brings huge benefits not only to the residents but to the economy and tax payers overall. The Joseph Rowntree Foundation has identified that nearly two thirds of residents in Extra Care accommodation say they feel less isolated with an enhanced sense of well-being and in many cases, due to the on-site care and support services, are able to return home quicker from hospital admissions, with real savings to the NHS.

Building on the successes of our existing Extra Care schemes in Nantwich and Crewe, we have opened two new schemes in Northwich and Chester during the year and appointed an Extra Care Manager with a remit to enhance our service to customers in all of our schemes. These schemes enable people right across Cheshire to live independently in modern, stylish and comfortable homes with access to specialist on-site support.

In providing Extra Care we have developed partnerships with local agencies such as Age UK and FAB Fitness. These partners deliver social activities and events aimed at enabling residents to remain physically and mentally active in later life. As well as the individual benefits this brings, it also enables us to create more balanced communities within our schemes, where residents with a greater mix of needs and abilities can live in a cohesive and supportive environment.

Group Operating and Financial Review continued

Value for Money Self-Assessment continued

Effective use of assets

A key objective for Wulvern is the delivery of new homes so that we will continue to grow for the benefit of customers. We have employed a clear strategy to achieve this which includes pro-actively seeking out new development opportunities, both within Cheshire East and more recently extending into Cheshire West and Chester, securing additional capital to finance the construction costs and lowering the operating cost base of the organisation to create surpluses to service the increased debt. Through a series of re-financing deals, the most recent completing in September 2014, Wulvern has increased its borrowing from £60m at transfer in 2003 to just under £217m, the majority of which has been used to finance the supply of new or replacement homes.

In raising additional finance we have focussed on how to achieve our maximum, prudent borrowing levels by leveraging the greatest value from our assets to provide the security we need.

Over the past two years we have carried out an extensive securitisation programme, working with our legal and financial advisors who have helped us find ways of generating the best returns from our assets, for example through using a market valuation basis wherever possible. We have been working with Cheshire East Council to amend historic planning permissions and lift restrictions on a number of our properties so that going forward we will also be able to value these on a market value basis. We have analysed our housing assets to ensure we create appealing portfolios which satisfy the needs of the different funders who have invested in Wulvern.

Since April 2011, as part of our Affordable Homes Contracts with the HCA, we have been converting a significant proportion of our houses coming up for re-let from social to affordable rents. Utilising our assets in this way has delivered real value to the organisation through a substantial revenue uplift providing the subsidy we need to fund our development programmes as levels of HCA grant funding have steadily declined.

Using our assets to leverage additional borrowing and generate revenue subsidies for our development programme delivers the best return on assets to Wulvern as, due to the nature of our transfer agreement whereby 50% of the sales proceeds are returned to the council, disposal of assets is not a viable option for us.

During the year we have reviewed our Asset Management strategy and are now taking a fundamentally different approach to how we plan investment in our properties. This centres around having an accurate picture of the condition of all our properties and formulating strategies across repairs and improvements to address the findings in the most cost effective way. The new methodology has seen a shift away from the historic approach of undertaking work purely in response to customer demand and on the basis of the stock condition survey data, which can be very assumption based.

We are now using in-house operatives to survey individual properties linked to information gathered from the Property, Person, Place (PPP) visits which we now undertake as part of our new front line services in neighbourhoods. This is providing a rich, detailed profile of each property on which to base investment decisions.



Group Operating and Financial Review continued

Value for Money Self-Assessment continued

Embedding Value for Money

During 2014/15 we have implemented a systematic approach to ensuring Value for Money is understood and at the forefront of day to day activities throughout the whole organisation. We have undertaken extensive reviews of our service costs and performance and now have a deeper understanding of where we are performing well and where we need to focus on improvements.

On an annual basis we set very clear Value for Money targets and are careful to express these in ways that are meaningful to all of our colleagues. These targets are translated into individual objectives which are cascaded to all colleagues through their personal development plans. We hold business meetings every month across all service areas to review progress and create a forum for colleagues to contribute their ideas. The outcomes from these meetings are regularly and widely reported and this enables all staff to see how their individual efforts combine to achieve the targets, keeping the business motivated and focussed.

We have actively engaged with staff at all levels across the organisation in various ways to reinforce the key messages and ensure value for money remains a priority at all times in everything we do. It has now become instinctive for all our colleagues to consider every business decision and challenge whether this is delivering the best value for money.

There are times where we recognise that the improvements we have set ourselves can only be achieved through multi-disciplined teams resourced from across the business working together. In these instances we have set up formal projects to deliver the outcomes we require and each of these is sponsored by an Executive Director. Our approach to these initiatives is based on our Lean Systems continuous improvement methodology and, where necessary, we have sourced experienced project managers to lead these projects. Progress is monitored at our monthly Executive and Operational Management team meetings, and by working in this way we have achieved some real successes and delivered the outcomes we have set ourselves.

While we genuinely believe we have established a very effective Value for Money culture in the business, we commissioned the Housing Quality Network as respected sector specialists to review our approach and help us to understand where we may have gaps and what we can do to improve. We were delighted with the outcome of the review as this confirmed we are making significant strides forwards with our value for money agenda on a number of fronts, but it also highlighted where we could focus more attention going forward. As part of this review all the senior managers attended a Value for Money Masterclass and this has broadened our thinking around how we can use a wider range of techniques to critically evaluate our performance in the future.

We have undertaken extensive reviews of our service costs and performance and now have a deeper understanding of where we are performing well and where we need to focus on improvements.



Group Operating and Financial Review continued Value for Money Self-Assessment continued

Our opinion

2014/15 has been a real success story for Wulvern in many ways, not least in the delivery of Value for Money. We have made great strides forward in creating a genuine understanding around what value for money means in the context of our goals and have set clear targets so that every member of the organisation knows their individual and collective contributions. We have been clear about our priorities and put in place a variety of measures to ensure we genuinely understand how our business is performing against these and we have been engaged with our customers and responsive to their needs.

In doing this we have been able to assess where we have done some things really well and achieved great outcomes for our customers and stakeholders, but we also understand better the areas where improvements could be made. We are good at making informed decisions on the use of our resources, understanding the trade-offs we are making and the opportunity costs of these decisions.

Our performance indicators and risk management are well embedded in our day to day operations, with performance results regularly and transparently reported to our customers, colleagues and stakeholders. We have customer Value for Money and Scrutiny Panels in place and improvement actions arising from these are monitored by our Audit and Assurance Committee.

We are clear about the savings we are making and how these are being invested back into the business, enabling us to achieve our long terms goals, in particular the supply of new homes. We consider we have maximised our assets to the full and thought about the ways in which they can generate the best return. We benchmark our services giving us insights into our costs and the relationship between cost and performance. We look at how we compare to others and how we are performing over time. While we do very well in some areas, along with many other providers in the sector, there are areas for improvement both in terms of cost and performance, and these are a focus for us in the coming year.

In our opinion Wulvern has met all the requirements of the Value for Money standard and the report from the Executive Team provides transparent and robust evidence to demonstrate this. We are confident that we have achieved value for money in delivering our objectives and how what we have achieved translates into better services for our customers and maximises the investment we can make in the supply of new homes.



Group Operating and Financial Review continued Value for Money Self-Assessment continued

The Executive Team's report - Our Value for Money Strategy

To help us achieve our corporate goals and deliver value for money commitments we have developed a strategy with focus on the following key themes:

Governance and culture

This is about ensuring the Board and colleagues are clear that to deliver value for money there needs to be strong leadership, ownership and accountability and there is clarity and understanding about the HCA's Value for Money Standard. We have a commitment embedded in each of our Promises to customers which sets out what we will do to deliver and measure Value for Money and how our customers can help us achieve this.

Maximising resources and balancing cost with quality

Recognising that our resources are scarce, we discuss and challenge decisions around our investment priorities, using business cases and options appraisal techniques which consider not only financial but also non-financial benefits such as customer well-being. We engage with our customers to understand what matters most to them and through this we know what their priorities are and have established that they do not want us to compromise on quality just to save money. We undertake regular benchmarking to understand the costs of our services and the balance between cost and quality against which we overlay customer satisfaction to help shape future service plans and achieve the best allocation of our resources.

Cost effectiveness

We continually look at ways to control and reduce our costs and we use Lean Systems Thinking as our continuous improvement methodology, through which we improve the efficiency of our services and eliminate waste. We have had in place a £2m operating cost reduction target since 2012/13 which we achieved by March 2015, two years earlier than originally planned. This has been delivered principally through business restructuring, service reviews and re-procurement initiatives and has been critical in re-shaping our business not only to be more effective, but also to be attractive to investors and ensure we could service the additional capital investment we required to fund our growth plans. Going forward we continue to set challenging targets for Value for Money.

Performance management

Using a variety of methods and sources, we benchmark our performance to assess how we compare to others. In addition to comparing ourselves to others in the sector we have our own performance measures which we use to look at trends and understand the year on year outcomes of our actions. Where we identify any weaknesses or performance issues, we take time to understand the reasons why and how we can make improvements.

Group Operating and Financial Review continued Value for Money Self-Assessment continued

The Executive Team's report - Our Value for Money Strategy

Transparency and reporting

We are committed to openness with our customers, colleagues and other stakeholders, showing them that we operate and use our resources fairly and effectively. Against our objectives and performance measures the Board see regular reports and progress updates and through our internet and website we provide information our customers and colleagues have said they would like to see. We are honest and truthful in the information we report, highlighting where we are performing well but equally where we have room for improvement or are off target. Our philosophy is one of sharing and seeking feedback through as many channels as possible so that we can continue to improve.

Customer focus and involvement

Delivering services to the quality our customers require at lowest cost is at the heart of what is important to our business. We involve our customers in a variety of ways from high level satisfaction surveys to more formal panel and group arrangements to provide channels where all of them can contribute to setting our service priorities, help shape the specifications and make more informed choices between service options.

Social return on investment

We believe in a holistic approach to delivering value to our customers which includes a continued commitment to wider community development and the wellbeing of our customers. We understand how our activities deliver this social value by applying the wellbeing valuation method, using the British Household Panel Survey dataset. Using this we evaluate returns from asset management, community programmes and providing new homes.

Risk management

Wulvern operates a Risk Management Framework which considers risks to the delivery of our corporate objectives. While we are convinced we do deliver value for money, we recognise that being able to satisfactorily demonstrate this can be a challenge and we therefore include this along with our other key risks on our strategic risk register. Maintaining this effectively ensures that controls and actions are in place to mitigate the risks and we capture assurances to assess the effectiveness of these controls, all of which are reported to Board and the Executive Team on a quarterly basis.

Group Operating and Financial Review continued Value for Money Self-Assessment continued

ENABLING CUSTOMERS TO PROSPER

Focus for the year

Wulvern has a range of customers with diverse needs and challenges. Our desired outcomes range from the customer experience with our core services to helping our customers become more independent and financially resilient. We segment our services between those which we offer more generally to the majority of our customers, our offering to older people and the specialist involvement we have with more vulnerable customers. We believe it is important that we have an understanding of each and every one of our customers in a way which means we can best help them achieve their individual aspirations.

In 2013/14 we redesigned our frontline services to ensure we could get closer to each of our customers. This has been done without increasing the overall complement of staff in Wulvern, but by re-allocating resources to the key front line roles. Neighbourhood Workers are now managing smaller patches of around 250 homes each in four neighbourhood hubs, working closely with all of our customers. 2014/15 has been the year of embedding these new ways of working and testing the effectiveness of the design and the readiness of our specially selected colleagues to embrace this transformational change. We set a number of objectives and targets to enable us to do this and are delighted with our successes as well as the insights we have gained around what works best for us and our customers. We have canvassed opinion from our customers around the new approach and have received overwhelming endorsements and constructive suggestions about future improvements we can make which have informed our plans for 2015/16.



Group Operating and Financial Review continued Value for Money Self-Assessment continued

Front Line Customer Services

Customers are at the heart of all we do, and we set out a challenging list of what we intended to achieve in 2014/15. Overall we are really pleased to have made massive strides forwards on a number of these initiatives, recognising however as we deepened our understanding of our customers' priorities, we would be flexible in responding to these.

Our initial focus was on mobilising 100% of our redesigned front line services as quickly as possible, with the first of the four hubs operational by August 2014 and the remaining 3 live by November 2014. Since then we have been operating our new neighbourhood service and every customer now has a Neighbourhood Worker who works out in the neighbourhoods, visits them at home and is available via mobile phone or email to provide a holistic service, capable of answering and actioning any query or concern.

In order to successfully provide this new service, it was imperative that we had the right technology solution in place, and this has been a key consideration over the past year.

Wulvern is now at the forefront of developing integrated, real time technology via tablets which allow the Neighbourhood Workers to interact with the customer in their own home. Mobile working has allowed our Neighbourhood Workers to be accessible to their customers by giving them the capability of operating predominantly in their Neighbourhoods. As well as the increase in customer satisfaction levels and service that this new way of working is producing, we are experiencing big rises in efficiency. Prior to the introduction of mobile working, the Neighbourhood Workers were spending on average at least three days a week in the office updating the Housing Management system. With the mobile solution we have developed, the time spent in the office has reduced to approximately one day a week. In efficiency gains, this represents an annual saving of £214,189.

The front end of the integrated, live system is accessed by the Wulvern Dashboard, which is not only a live link to Wulvern's housing management system but also gives the Neighbourhood Workers the key tools to prioritise their work within their neighbourhoods and focus on the priority issues.

The Neighbourhood Dashboard covers the issues which affect the neighbourhood and the Customer Dashboard gives the Neighbourhood Worker a holistic view of what is going on for a customer. This allows the Neighbourhood Worker who might visit for one issue to have the capability of addressing other issues with that customer at the same visit, increasing the satisfaction for the customer and reducing administrative time for Wulvern.

Mobile Working backed by the Wulvern Dashboard technology allows us to:

- Work in the field with minimal time in the office
- Read/respond to emails and calendar appointments
- Make a rent payment
- Monitor performance
- Prioritise workload
- Access Choice Based Lettings
- Take photos and scan documents
- Complete tenancy visits (PPP)



E.g. A Customer is in arrears and the Neighbourhood Worker plans to make a visit. Once the customer dashboard is consulted, the Neighbourhood Worker notices that the Gas Service is due, as well as the annual PPP tenancy visit (Property, Person, Place). This allows the Neighbourhood Worker's visit to sort the arrears issue out and, while there, they are able to book a Gas Service visit and also conduct the PPP with the customer.

This would not have been possible before Mobile Working as the Neighbourhood Worker would have to book appointments and return to the office to access the information resulting in a follow up visit with the customer.

Group Operating and Financial Review continued

Value for Money Self-Assessment continued

Front Line Customer Services continued

The results from the redesigned front line services and the introduction of the mobile technology can easily be seen when we measure the outcomes. By understanding their personal circumstances we are better able to help our customers with financial issues ranging from helping them to pay their rents to accessing any benefits to which they are entitled.

This is especially important with the advent of the spare room subsidy and future planned welfare reforms which can only create new financial challenges and increased affordability issues for many of our customers.

A key success story is around reducing our current tenant rent arrears and addressing the impact of Welfare Reforms. In July 2014 prior to mobilisation, current tenant areas were at 3.57% and these have dropped to 2.45% at April 2015.

Since the spare room subsidy was introduced in April 2013, we have supported 167 customers to downsize to smaller homes, although this in itself has contributed to the increasing number of empty homes we have seen during the year. At the end of the year, there were 460 customers still affected by the 'bedroom tax', and of these 275 were in rent arrears equating to £141,027. This year Wulvern's MoneyWise team has received 287 referrals for welfare benefits and money advice and has managed to secure £406,543 of financial relief for our customers. At the year end we had 61 customers on Universal Credit and, of these, 12 were having the housing element paid directly to Wulvern through Alternative Payment Arrangements (APA).

The collection rate for Universal Credit customers for May 2015 was 86.15% with total arrears being £35,077, which reflects the 5 weeks it takes for the first Universal Credit payments to come through.

Another real success has been the increase in customers with bank accounts. From our profiling surveys were able to establish that at March 2014 only 50% of our customers had bank accounts.

From the 750 or so PPP visits undertaken in the year, around 92% of those customers now have bank accounts. This will prove critical going forward with the advent of Universal Credit and direct payments. To further assist with this we have also been looking at how we can improve the number of customers who have internet access, which is currently just over 50%. We have collated information around the location of public buildings offering free internet access and have offered to customers access to on line modules giving practical advice on how to use and benefit from the internet.

It is our intention to visit all of our customers in their homes and carry out an assessment of their needs from a Property, Person and Place perspective (PPP) visit. By the end of the year already 25% of these visits had been completed. From the feedback we have had from our customers, we know that the changes we have made are having a positive impact and transforming the support we are able to provide to them.

Our Value for Money Customer Panel has reported:

"We feel our views have been taken on board through the focus groups that were held and we have had valid input into the changes made in the service for the benefit of the tenant population as a whole."

"Through the restructure, being included in the recruitment process was very important to us. It gave us a chance to ensure Wulvern were recruiting the right people for the roles in customer facing areas."

Our Colleagues have said:

"I feel happy and involved in our new way of neighbourhood working. Customers who usually come to me with concerns in the neighbourhood have told me that any time they need to speak with their Neighbourhood Worker, they can get hold of him and they are happy."

Group Operating and Financial Review continued Value for Money Self-Assessment continued

Front Line Customer Services continued

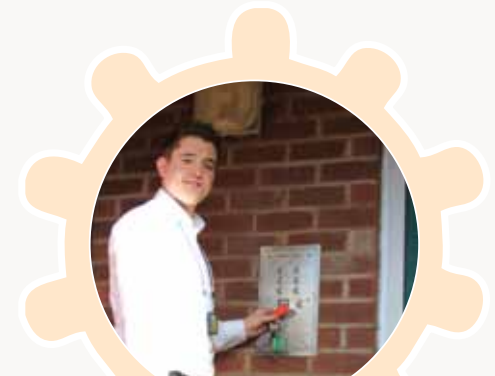
We have taken other decisions about how we provide support to our customers. We currently have two town centre offices providing front line services, one in Crewe and the other in Nantwich. We were originally considering extended opening hours for the convenience of our customers and to encourage payment of rent. Having carried out an appraisal, we now believe that this is not a good value for money decision and instead we are proposing to close the shops and focus on increasing customer access through the other channels. A review in November 2014 showed that on average only 59 people per week visited our Crewe office and 60 people went to our Nantwich office. This is set against our total number of 15,000 customers and compares with an average 1,500 visit per week to our website. The annual savings we will make from the closures will be in excess of £65,000 and, particularly given that this is a service no longer fully utilised by or popular with our customers, this money can be better used to increase the regular face to face contact through the new Neighbourhood Workers, servicing the new hubs we have opened up at a number of our sites and funding the shift to digital access through our Digital Inclusion strategy.

As we now understand our customers' priorities and concerns better, we have been able to focus on other matters which are important to them. Affordable warmth and green energy is high on the agenda for our customers and in response to this we have recently created a new role to specialise in the green energy programme and environmental investment. In the year we have delivered some real environmental and financial benefits to both our customers and the organisation. Having fitted Solar PV panels on the roof of our head office in Crewe in 2013/14, we have seen our energy bills over the past year reduce by around 16%. Customers are seeing savings from a range of initiatives including the fitting of 296 new 'A' rated condensing boilers in our homes as well as replacing the boiler at one of our Sheltered Courts. Through this we expect customers to see around a 20% reduction on their energy bills going forward. We also retain a company to manage electricity and gas contracts for all supplies paid by Wulvern and on-charged to customers and utility services to support the empty homes process. The savings from this to customers in 2014/15 was £54,778.

We also look to access grants and funding opportunities wherever we can. For example, we installed 15 gas mains last year by the National Grid through a funding agreement which gave us a saving of £7,500. We participate in the Knowledge Transfer Partnership which is a government funded two year scheme between universities and businesses. Through this we have received £34,600 in government funding, plus an investment from Manchester Metropolitan University of £20,700, and this has enabled us to fit external wall insulation to 129 properties, cavity fill our one multi-story block of flats and install air source heat pumps at 40 of our properties all at a total cost of only £51,900 to Wulvern. We continue to work with the customers living in these properties to ensure they understand what measures they can take to get the maximum benefit from these energy saving measures and reduce their fuel costs, saving them around 10% per year.

Part of our plans for the year in helping our customers prosper was to look at how we could put in place an employment and training scheme, enabling local employment and apprenticeship opportunities.

In 2015/16 we will be working in partnership with our local further education provider, South Cheshire College, to recruit four new Wulvern Apprentices in the areas of Customer Support, Finance, IT and Trades. This will be a two year programme with the opportunity for a further apprentice to join our Trades team for four years to become a qualified electrician. In addition to the Apprentices, Wulvern will be supporting two Graduate placements, one in Neighbourhoods and the second within our Development Team. Next year will also see us working more closely with our Development partner organisations to maximise the Apprentice and Local Labour clauses within our new build contracts to include more of those people living in our communities who want to secure an employment opportunity.



Group Operating and Financial Review continued

Value for Money Self-Assessment continued

Independent Living Services

Wulvern delivers Independent Living services to older and vulnerable customers providing preventative support solutions and specialist housing options. By March 2015 we were delivering support to 1,724 households across Cheshire enabling people to live independently in their home of choice for as long as possible. Our offer includes a 24/7 personal alarm service, a mobile support service delivered on a one-to-one basis in people's homes, a well-being service that delivers a range of opportunities for people to engage in activities that improve their health and well-being and Independent Living accommodation within our Sheltered Courts.

In May 2014 our services were reviewed by Cheshire East and were judged to be Level A services, the highest possible grading. The report stated that:

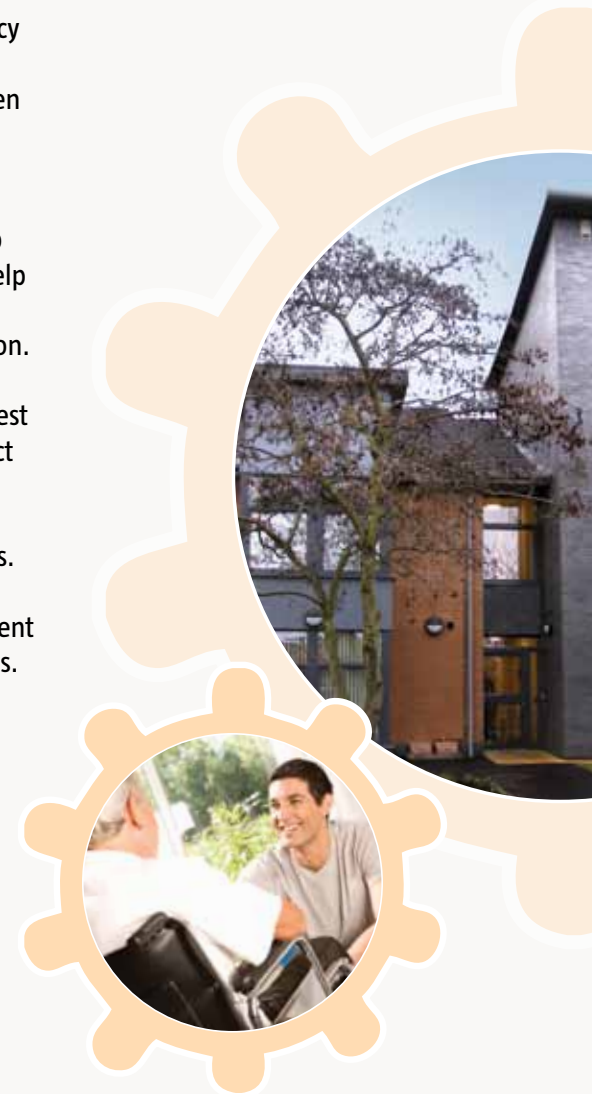
"In order to achieve Level A an organisation must be able to show that the service is not only delivered to a high standard but that it is strategically managed and regularly reviewed to ensure continued improvement."

In so doing it must also strive to meet changing client, family, local, regional and national developments and agendas. In this case (Wulvern) is developing to meet the demands at all levels and it is clear that considerable effective and well organised work is on-going".

We have worked hard in 2014/15 to enhance our service offering and create greater value, with one of key achievement being that we have streamlined our processes and increased the time our Mobile Support Officers spend with customers to 83% compared with 63% in the previous year. We have continued to work in partnership with Cheshire East Citizens Advice Bureau which has enabled our older customers to claim £333,000 in additional benefits over the course of the year.

We are now able to provide and install falls detectors and key safes for customers, on a full cost recovery basis, and in the year we delivered 42 detectors and installed 125 key safes.

We have introduced a 24/7 emergency response service for customers, at a cost of £16,000. This means that when one of our customers has a fall, but is not injured and does not require an ambulance, we can send out a trained responder who, with the help of specialist lifting equipment, can help the person safely back on their feet without the need for hospital attention. Since January 2015, we have been working in partnership with North West Ambulance Service (NWAS) to conduct falls assessments for older people. By year-end we had completed 23 assessments following NWAS referrals. The aim of this pilot, which will be evaluated after six months, is to prevent future falls and hospital re-admissions.



Group Operating and Financial Review continued Value for Money Self-Assessment continued

Fresh Start

The Fresh Start programme offers support to vulnerable people with a history of offending behaviours. Funded by a £35,000 contribution from Cheshire East's Supporting People programme, and a £3,000 investment by Wulvern, Fresh Start helps to reduce offending rates and improve community safety in the Crewe area. The service delivers support to ten people at any one time and has an established track record of enabling people to achieve the best possible outcomes, which for this year have been:

- 15 people secured accommodation
- 12 people did not re-offend
- 6 people accessed mental health support services
- 6 people accessed specialist drug & alcohol treatment services
- 3 people engaged in adult learning courses
- 2 people moved into employment
- No legal action was brought against any individual for tenancy related matters

In March 2015, we secured additional funding of £12,500 from NHS England, part of the national 'Through The Gate Project', which will enable Fresh Start to support a further five people with specific drug and alcohol issues between April and October 2015. Fresh Start produced a net social return on investment of £444,000 in 2014/15.



Group Operating and Financial Review continued

Value for Money Self-Assessment continued

Extra Care housing and services

Extra care housing offers older people a combination of independence, security, and on-site care and support. It delivers significant benefits for older people, the wider community and neighbourhoods, partners and commissioners and this is reflected in the growing capital investment in Extra Care Schemes across the country in recent years. Extra Care residents are able to return home quicker from hospital admissions, due to on-site care and support, saving the NHS up to £500 per bed per day.

Our Extra Care provision enables older people across Cheshire to live safely and independently in modern, stylish and comfortable homes, with access to specialist on-site support and a full health and well-being programme. By year end, we were supporting 170 people across three Extra Care schemes, with a fourth scheme handed-over towards the end of the year.

Throughout the year we had extended our offer and carried out a number of service improvements to secure better outcomes for customers, to create greater social value and to improve our bottom-line.

Our key achievements for the year include:

- The launch of our third Extra Care scheme, Anderton Place, and the development of our fourth scheme, Deva Point. These high specification schemes have enabled us to extend and improve our asset base whilst improving housing options for older people in Northwich and Chester. As part of this we were able to offer 25 new properties for shared ownership, creating more choice for customers and improving our overall financial viability.
- Within the Extra Care schemes, we have created the provision of on-site business opportunities for 11 local social enterprises, enabling these businesses to offer valuable training and employment places for local people, including supported placements for people with learning disabilities and mental health issues. We have seen over 360 visits per week from older people living in the area to our on-site hairdressing, bistro and other facilities which has generated additional rental income of £10,000. This has helped to keep service charges to a minimum for residents and underlines our commitment to the delivery of truly inclusive environments and the creation of social value.
- A broader on-site service offering to customers through local social enterprise activity, designed to improve the well-being of residents. This includes agencies such as Age UK & FAB Fitness who deliver social activities and events, aimed at enabling residents to remain physically and mentally active in later life.



Group Operating and Financial Review continued Value for Money Self-Assessment continued

Social Return on Investment

We are committed to delivering social value to our customers and the wider community and have worked to implement some tangible benefits as well as being able to demonstrate a financial return of £19.7m from our community programmes and the delivery of new homes. In the year we have worked with Cheshire East council to deliver five satellite multi agency hubs in our priority urban neighbourhoods which provide our customers with access to financial and digital inclusion, employment, training and health and wellbeing.

Four of these hubs now have specialist well-being advisors providing information and support to our customers.

We continue to offer neighbourhood based premises to the following voluntary sector partners in our drive to support local social enterprise activity. In the past year we have made investments across a number of initiatives that have generated significant returns.

- Pathways CIC provide services that support people with health issues back into work.
- Christian Concern (CCC) deliver a range of local activities, including training, furniture recycling and food banks.
- Greenspaces CIC deliver a range of environmental projects and initiatives across our Sherborne estate in Crewe, in partnership with local schools.
- Catch 22 support vulnerable families with complex needs
- Community Cycle sells recycled bikes at affordable prices which has contributed towards the running costs of local after-school care provision and projects for young people 'not engaged in education, employment or training' (NEETs).

Project	Wulvern Investment £000s	SROI £000s	Details of Wulvern Investment
Pathways CIC	9	6,259	Rent contribution on a community property
Christian Concern*	11	10,892	Rent contribution on a community property
Greenspaces CIC	4	584	Rent contribution on a community property
Catch 22	9	230	Rent contribution on a community property
Community Cycles Recycles	3	777	50% rent contribution on a community property
Fresh Start	3	444	Investment funding
Total	39	19,186	

* The return of £10,892k covers the period from August 2011 to February 2015.

In addition to the financial returns we have measured on our social investment, we have helped to fund a range of neighbourhood-based activities designed to enable inclusion and well-being and to create social value in 2014/15.

We also measure Social Return on Investment from the new homes we build and this has created a return in 2014/15 of £484,000.

Group Operating and Financial Review continued Value for Money Self-Assessment continued

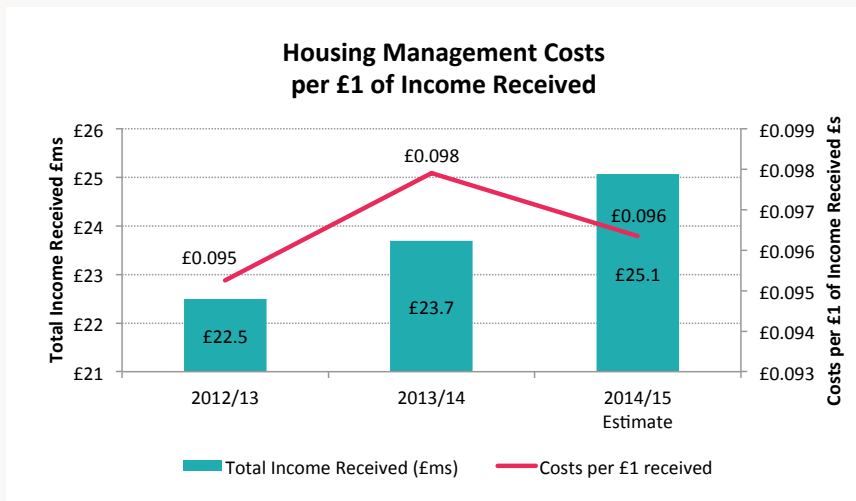
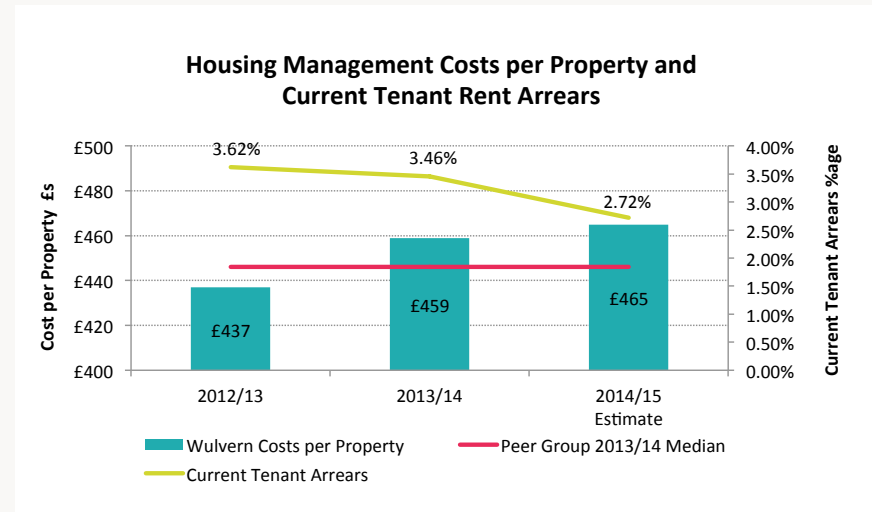
We have made an investment in our front line services and are focussed on ensuring that we strike the right balance between costs of our housing management services, performance in terms of maintaining and protecting our income and customer satisfaction with our services.

Service costs and performance

Over the past three years we have continued to invest in our housing management, allocating more resources to front line services to get closer to our customers. This has been done without increasing the overall complement of staff in the organisation.

In 2014/15 additional resources were temporarily allocated to this area to help with the allocation of empty homes.

In focussing more resources in our front line services we have been able to consistently reduce our arrears, with a March 2015 year end position achieving 2.72%. This puts us in the Housemark 2013/14 Upper Quartile.



As well as focussing on the performance of our arrears we monitor the outcome of our strategy in other ways, including looking at the costs of our Housing Management function against the income we receive.

We can see that for every £1 or rent we receive, our Housing Management costs have remained below 10p and in 2014/15 we have seen this drop from 9.8p to 9.6p. We consistently achieve strong monthly collection rates with an average of 98.8% in 2014/15, and have set ourselves the target of achieving this again in 2015/16.

We have no doubt that the investment we have made in housing management has been the right one. It is proving to be very effective and delivering good Value for Money.

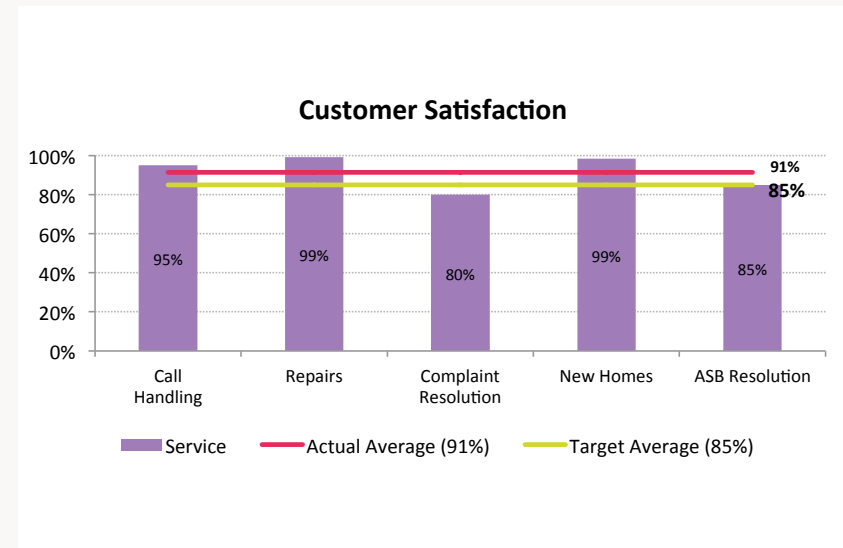
Group Operating and Financial Review continued Value for Money Self-Assessment continued

Service costs and performance continued

Wulvern consistently achieves high levels of customer satisfaction and we set a target for an average of 85% in the year. We consider that overall this achieves the right balance between cost and performance and creates the best value for money.

Satisfaction results were closely monitored to ensure that levels were maintained while we were reducing costs and going through the disruption of changing the way we worked in our neighbourhoods.

We are delighted that we have significantly outperformed this target, with an average score of 91%. Our best performing service was repairs coming in at 99% and even the traditionally difficult area of complaint resolution achieved an 80% satisfaction rating.



Group Operating and Financial Review continued Value for Money Self-Assessment continued

Future plans

We have set out clear objectives, measures and targets against the goal of enabling customers to prosper. The key themes are around further embedding the new ways of working in our neighbourhoods, focussing particularly on protecting income collection rates, gaining deeper insights into how to address our arrears performance and understanding how we can best monitor the impact of Universal Credit. We want to finish the delivery of our Digital Inclusion Strategy and develop wellbeing policies and actions for customers, including an Employment and Training Strategy. We also have plans for the future of Mobile Working in Wulvern, further development of our Extra Care services, a strategic review of our Independent Living offer and partnerships to provide opportunities for Apprentices and Graduates.

With the introduction of front line Mobile Working, Wulvern has already transformed the way it works with customers and we are now looking to further improve this and the self-serve options for customers and colleagues.

We have entered an innovative, industry leading partnership with a foremost sector IT provider to develop the Wulvern Dashboard into a fully integrated product which works seamlessly not only with the housing management system, but also with Wulvern's tenant online web access and mobile phone app.

The enhancements that this new product will provide, which is due for launch later this year, include elimination of re-work via back office support and improved accuracy and speed of data input on an increased range of activities. The estimated saving of one element alone (automatic inputting of People, Property & Place visit information) will create an annual efficiency saving of £36,288. We are currently designing the specification further, matching the product to Wulvern's and customers' requirements and anticipate further efficiency savings to be generated from this product, which is being designed, built and tested against our new neighbourhoods service. It will facilitate the sending of correspondence remotely, input photos and documents directly into the housing management system and ensure that wherever our Neighbourhood Workers are, they can work efficiently and effectively.

We are aiming for a maximum of three clicks on the tablet front end to take a Neighbourhood Worker to the precise action or information they need to support the customer.

In addition to improving further remote working for Wulvern colleagues, we are working on improvements to our customer web access to services and our customer mobile phone app. Our aim is to increase self-service by customers from the current level of 270 users by an average of 50 new customers signing up each month to reach 900 by the end of March 2016 and up to 2,000 users by the end of March 2017. We anticipate that this will generate further efficiencies in terms of reduced phone and person contact and will be monitoring the savings made. We are designing the front end of all services to be similar in look, so Neighbourhood Workers can assist customers with getting on line and will be working with customers to ensure that what is designed works for them. Our approach is a multi-channel one with the aim of increasing customer interaction and contact with Wulvern in order to protect our income stream and further sustain tenancies for customers.

During the next phase of development with our Extra Care services we plan to develop a new Quality and Performance Framework that will enable us to improve the measurement and evaluation of our Extra Care provision and enable us to better demonstrate the impact that Extra Care delivers for customers, neighbourhoods and commissioners. We plan to conduct a Value for Money review of our direct and contracted staffing resources to ensure that we deliver optimum results from our future human resource investments and to generate increased financial and social value through our on-site businesses and activities.

With the risks to Supporting People funding, it is important that we review our Independent Living Service and have in place a funding strategy which will enable us to keep and grow this vital service to our customers. We will be conducting a strategic review of our Independent Living offer in 2015/16 which will include a detailed Value for Money appraisal of all our services.

Group Operating and Financial Review continued Value for Money Self-Assessment continued

BUILDING PRIDE IN PLACE



Focus for the year

As important as the front line services is the way in which we run and maintain our properties, ensuring our neighbourhoods are clean, safe and welcoming for our customers. We want people to aspire to live in a Wulvern home of their choice which meets their aspirations and which they can afford, enabling them to sustain their tenancies with us. We recognised as we were setting our plans for 2014/15 that our priority had to be on transforming our front line services, and we therefore took the decision that the full review of our property services would follow the year after.

In advance of this review, we did look at certain aspects of property management and focussed primarily on improving our asset management strategy and planned investment programme. We also commissioned an internal review towards the end of the year to look into how we could address the rising number of empty homes, including our processes for allocating and letting homes.



Group Operating and Financial Review continued Value for Money Self-Assessment continued

Key achievements

In advance of the property review, the plans this year for delivering value for money centred on having an accurate picture of the condition all our properties and formulating strategies across repairs and improvements to address the findings in the most cost effective way. During the year we did a 'root and branch' review of our asset management strategy and gained board approval to adopt a fundamentally new approach which shifts us away from the historic method of undertaking work purely in response to customer demand and on the basis of the stock condition survey data. We are now using in-house operatives to survey individual properties linked to information gathered from Property, Person Place (PPP) visits being rolled out as part of our new front line services in neighbourhoods, and using these surveys to develop new programmes of planned investment. Just prior to the year-end we recruited an experienced Asset and Investment Manager which is a key appointment for us. This will enable us to take this strategy to the next level and he will also play a critical role in the planned property reviews.

In the year we also undertook a re-procurement of the provision of our materials supply via a competitively tendered mini competition. The key driver for the decision to re-tender was value for money and efficiency with increased automation of processes, full introduction of van stock control systems, use of van tracking to increase stock deliveries, reduced collection of materials by colleagues to increase productivity, improved management information and better KPIs, including more transparent pricing with regular benchmarking. We selected a new supplier who was appointed from July 2014 have recently carried out a full review of the new service.

In terms of financial benefits, not only was the appointed supplier tendering at around 5.7% lower than the other suppliers, but the review has shown we are also achieving savings against the previous supplier. We are now purchasing the same goods for around £15,000 a year less and we have recently implemented a full van stocks control system for Joiners vans which we estimate will save a further £20,000 annually and this solution will be rolled out to all other repairs and empty homes trades during the year delivering a further estimated annual saving of £10,000.

There are also a number of non-financial advantages with the new supplier including vastly improved service at the stores counters improving relations with the Wulvern operatives. The kitchen supplier has massively improved the customer experience when having a new kitchen by introducing CAD drawings. We now also have the option for the supplier to deliver van replenishments to trades directly to them at agreed locations saving operatives time and increasing productivity and customer satisfaction through a more responsive service.

Another of our key objectives for 2014/15 was a review of the service to empty properties to achieve more back to back lettings. However, as the year progressed we became increasingly concerned about the rising number of empty homes, coupled with increasing re-let days and accumulating void losses, and our focus switched to addressing this issue as a matter of urgency. We set up a project to address this in January 2015 with the initial phase being to look at how we could implement some quick wins and also to gather and analyse data to better understand and tackle the underlying causes.

Group Operating and Financial Review continued Value for Money Self-Assessment continued

Key achievements continued

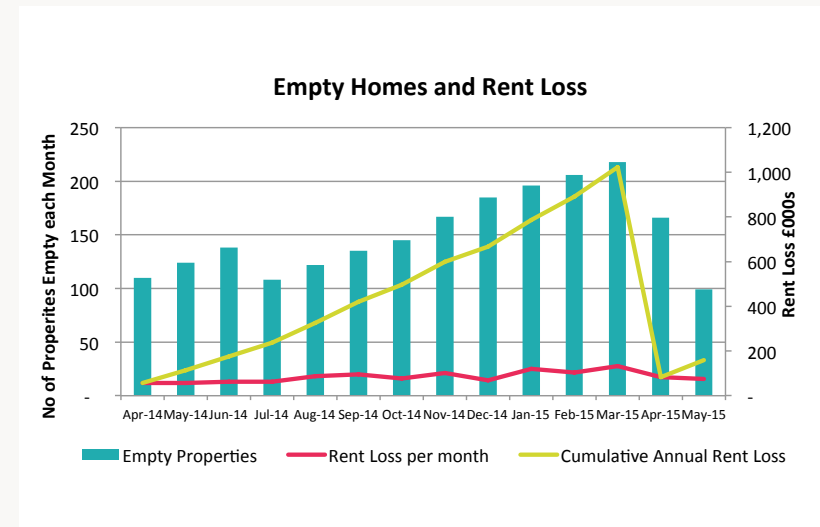
Reasons for the increase in empty homes include the delivery of 377 new homes in the year from the completion of our Affordable Homes Programme and the number of customers moving through downsizing in response to the 'Bedroom Tax'.

Difficulties with re-letting the properties are due to the scale of the 'backlog' work required to bring the properties back to re-let standards and the allocation of properties through the Choice Based Lettings system which has not worked effectively for us.

We redirected trade operatives from Responsive Repairs and our Major Works teams to clear the repair backlog and reallocated our front line resources to supplement the allocations team as a short term measure.

We are delighted with the immediate improvements we have made, bringing the number of our empty properties down to fewer than 100 by the end of May 2015*, and also how we have been able to identify process improvements which will sustain these results into the future. We are now achieving our objective of back to back lettings and our target for 2015/16 is to bring the number of empty properties down further to around 50 and then maintain this level going forward. If we can keep our empty properties at this level going forward, compared to 2014/15 where we have suffered a rent loss of £1,023,000, we estimate an annual saving of more than £500,000.

* By July 2015 the number of Empty Homes had reduced further to 55.

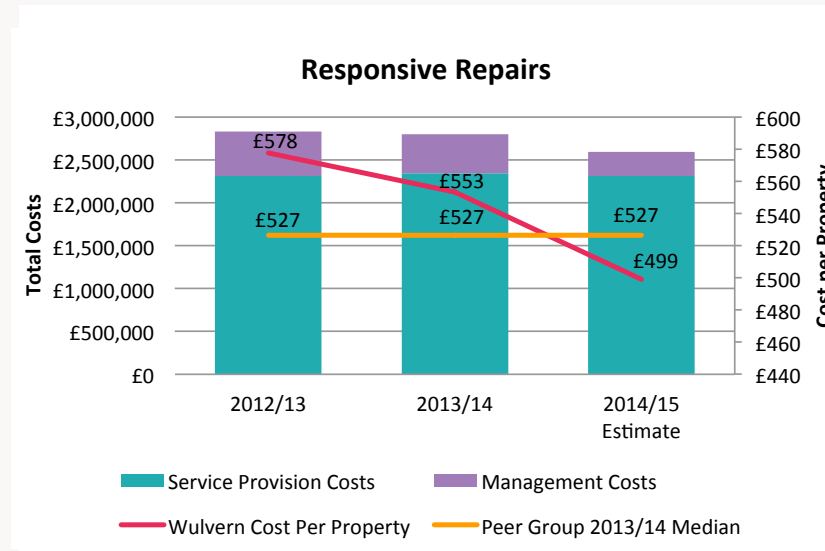


Group Operating and Financial Review continued Value for Money Self-Assessment continued

Service costs and performance

We have taken a critical look at the costs of our property services both from a benchmarking perspective and in terms of how the costs are trending year on year. We have used the Housemark results to look at how we compare against our selected peer group and, using the same peer group constituents, have considered how are costs compare against the information reported in the HCA's Sector Global Accounts.

As the Housemark benchmarking final results will not be available for inclusion in this report, we have taken our submission data and, using the Housemark methodology, estimated our results for the last financial year and compared these against Housemark's results for the year to March 2014.



Wulvern's responsive repair costs have reduced in overall terms with the cost per property coming down steadily since 2012/13.

Our estimate for 2014/15 is £499 which is well below the 2013/14 peer group median of £527.

We can see that reducing management costs are the main contributory factor as well as the fact that year on year costs are spread over a larger number of units.

The reduction in management costs is due to a reallocation of resources to the Empty Homes project towards the end of the year as well as a saving in the total overheads of the organisation and the amount allocated to this service.

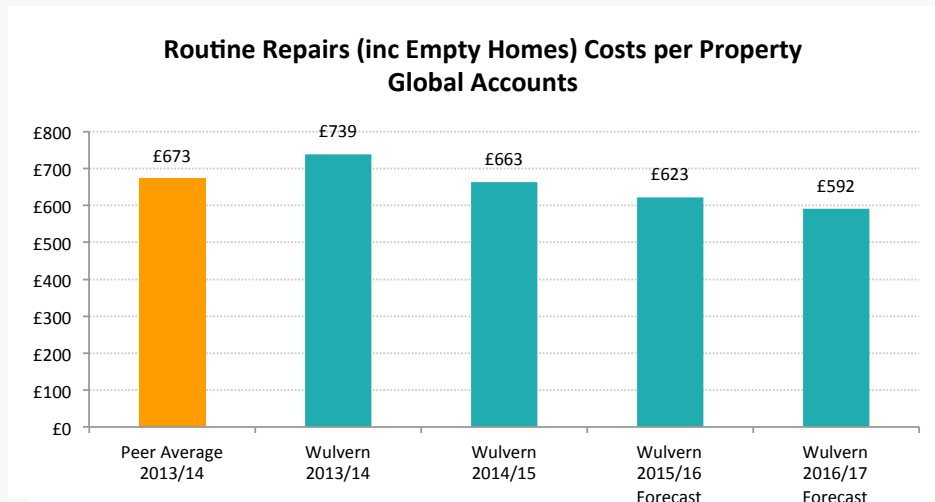
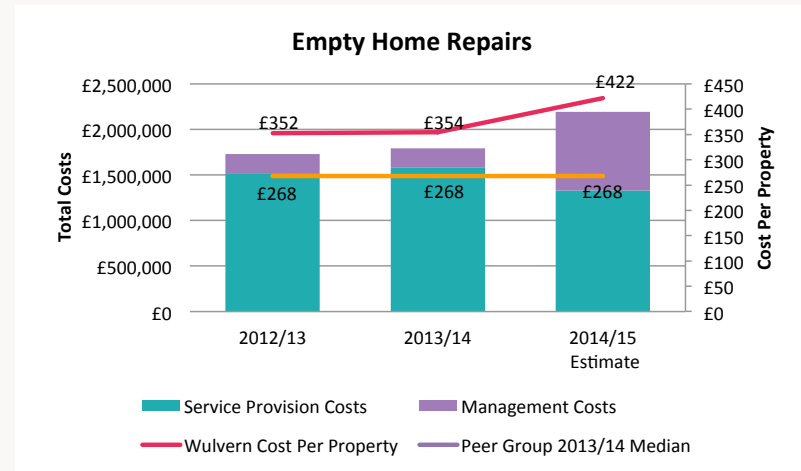
Group Operating and Financial Review continued Value for Money Self-Assessment continued

If we look at how our routine repairs costs (including empty homes) compare from a Global Accounts perspective, using the same peer group we have the following results.

Service costs and performance continued

Our 2013/14 Empty Homes repair costs remained broadly consistent with the previous year at around £350 per property. This is above the peer group median of £268.

In January 2015 resources from across the business including the Repairs and Major Works teams were re-directed to the Empty Homes project. The result was that not only did we see an overall increase in expenditure, but the cost per property rose to £422 for the year which is well above the peer group median for 2013/14. However this was a conscious decision to tackle the backlog and address the increasing loss of rental income. Despite the increased costs we believe this has been the correct approach as by July 2015 we had reduced our backlog from 218 properties at March 2015 to 55.



In 2013/14 routine repairs for Wulvern was £739 per unit compared to the peer average of £673. Our results for 2014/15 are showing a real improvement, reducing by £76 to £633 which puts us below the 2013/14 peer average.

Going forward, even with an inflationary allowance, our business plan is showing further year on year savings. This reflects the £250,000 cost savings target we have included for 2015/16 onwards.

We fully expect to see further significant savings from our review of property services planned to start towards the end of this year, completing in 2015/16. This should reduce the costs even further than those assumed in our current business plan.

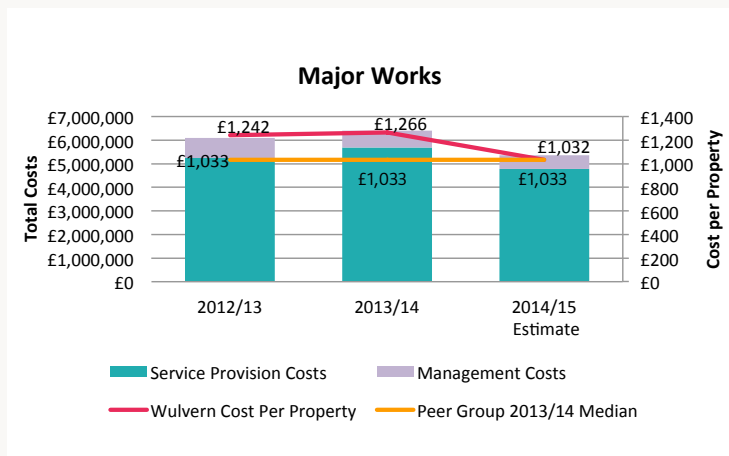
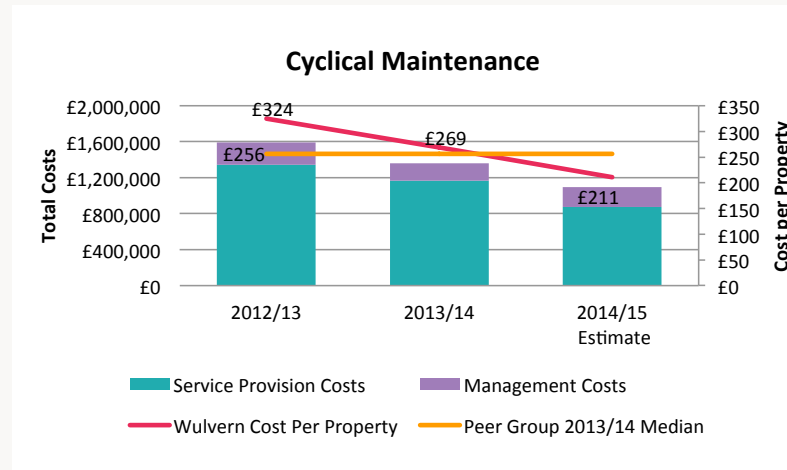
Group Operating and Financial Review continued Value for Money Self-Assessment continued

Service costs and performance continued

A significant proportion of Wulvern’s cyclical maintenance costs relate to the upkeep of our Sheltered Courts, some of which are ageing and therefore drive high maintenance requirements. We are carrying out a planned programme of ongoing improvements aimed at reducing this.

In 2012/13 our costs were above the peer group median to 2013/14 which is the value we are taking for benchmarking purposes. However these had come more in line with £256 for 2013/14.

Our estimates for 2014/15 show the costs coming in significantly lower than in previous years, but this is mainly as we have not undertaken some of planned re-decorating of the communal spaces, as in 2015/16 we are undertaking significant works to our fire safety arrangements. We have therefore delayed decorating until these are completed.



Major Works costs reflect the investments we make in our properties and, as well as the normal replacement programmes, include all our environmental improvements and the adaptations we make for the benefit of our disabled customers.

In 2012/13 and 2013/14 we had a pretty consistent level of expenditure around £200 per property above the peer group median for 2013/14. We believe this type of investment delivers huge benefits to our customers and also creates more appealing neighbourhoods.

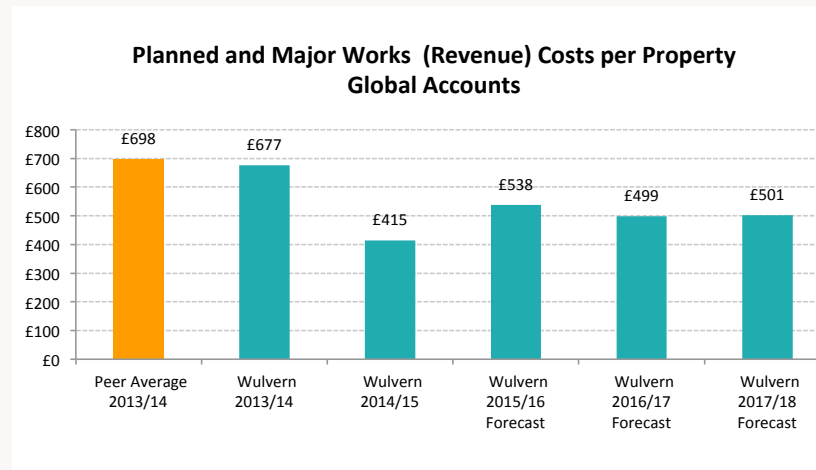
Costs reduce in 2014/15 when our efforts were focussed on the redesign of our front line services and we scaled back on investment, but with the appointment of new Asset and Environmental Managers, we will continue to invest in this area in line with our new asset management strategy.

Group Operating and Financial Review continued Value for Money Self-Assessment continued

Overall we can see that, with the exception of Empty Homes where we are applying additional resources to address the backlog, repair and maintenance costs per property are decreasing. This is because the average number of properties is growing year on year and the new properties we are adding through our development programme require less maintenance.

Service costs and performance continued

When we consider the Planned and Major revenue expenditure from the perspective of the Global Accounts, and including forecasts from our Business Plan, we can see the following trend:



Wulvern's expenditure in 2013/14 is very much in line with the peer group's average for the year.

The reduction in 2014/15 is expected as we have delayed investment in our Sheltered Courts and Environmental Programmes but will see this ramping back up again from 2015/16 onwards. However, overall expenditure remains well within the median levels reported by our peer group.

Wulvern has achieved Decent Homes Standard and invested significantly in the stock since transfer and the investment is now more routine and reflective of our new approach to Asset Management.

Metric	2014/15	Benchmark quartile position 2013/14	2013/14	2012/13	2011/12	2010/11
% homes failing Decent Homes Standard	0%	Q1	0%	0%	0%	0%
Average SAP rating	70.4	Q3	69.9	69.2	68.5	67.2
Responsive repairs cost per property (inc Empty Homes)	£921	Q4	£907	£930	£986	£980

We can see that our programmes of targeted investment are effective in ensuring that we main Decent Homes Standard and are improving the average SAP rating of our properties year on year.

Costs for responsive repairs including empty homes had been reducing each year since 2010/11. We have seen an increase in 2014/15 due to the resource and investment required to reduce the number of empty homes and protect our income stream. We are confident of seeing cost reductions in this area going forwards.

Group Operating and Financial Review continued

Value for Money Self-Assessment continued

Future plans

The ongoing review of our empty homes will be a key priority for us in 2015/16. This will undoubtedly lead to further process improvements which can be implemented standalone, but a number of the recommendations are likely to be far reaching and will be delivered through the major review of property services planned for later in the year. We are carrying out a 'desktop' benchmarking exercise of our in house workforce operations as a way of informing that review with the results expected by September. This will compare our service to that of similar providers and also to services supplied by external organisations, specifically looking at our costs, productivity and effectiveness in terms of end to end times for responsive repairs and turnaround times for empty properties. Our targeted surveying strategy will allow us to focus on what is important to our customers whilst ensuring that we continuously update the condition survey data held within our asset management systems, with a view to ensuring that over a rolling five year period

we undertake a full condition survey of our homes. We are currently on target to complete this and this will further be enhanced by the way we are building in the improvement needs of our customers identified through the PPP visits.

We are optimistic about the improved effectiveness and efficiencies that will be identified by the property service review and for 2015/16 onwards have targeted a cost reduction of £250,000 in our responsive repairs service. We have also, based on the new approach to asset management, constructed our planned investment budgets for 2015/16 with a £500,000 reduced level of expenditure compared to that provided in our 2014 Business Plan. Ongoing savings from our new materials supplier will also help to achieve these cost reductions while ensuring we maintain the quality of service we have committed to our customers. We will continue with our property surveys to inform our planned investment programmes in the longer term.

Using customer insights gained through our enhanced engagement with our customers, we will construct and publish investment plans for each of our neighbourhoods, making those things that matter most to our customers our priority. As part of this we will be completing the final phase of our Sherborne Estate Regeneration Programme which will bring the total investment in the project to just over £8.5m. This has transformed the area from one of the least desirable places for our customers to live to one which is now appealing and attractive. This has been achieved through radical estate redesign and external refurbishment of 127 homes, street lighting improvements and the provision of home zones and public open spaces. This physical regeneration will continue to run hand in hand with our ongoing social regeneration programme aimed at working with residents of all ages and abilities providing support and weekly 'hands on' learning sessions, growing a wide variety of healthy fruit and vegetables.



Group Operating and Financial Review continued Value for Money Self-Assessment continued



GROWING OUR BUSINESS

Focus for the year

The clear objective for Wulvern this year in terms of growing the business was to deliver the committed and future development programmes. We had previously considered whether diversification should be on our agenda and decided that our growth efforts should be solely directed to delivering new social housing, and we could return to look at diversification opportunities at a later date. Our commitment to the HCA and our customers was to deliver 326 new homes by March 2015 through the Affordable Homes Programme to 2015 (AHP1) and the Affordable Homes Guarantee Programme (AHGP) and identify and secure opportunities for 300 new homes to kick start our Affordable Homes Programme to 2018 (AHP2) starting in April 2015.

While the AHP1 and AHGP were already fully funded, we needed additional capital by September 2014 to fund 568 new homes as part of the new Affordable Homes Programme (AHP2) and a further 72 we plan to acquire through Section 106 purchases. In all of this, maximising the value of our assets to secure additional funding to increase the supply of housing was at the forefront of our minds.

Key achievements

Wulvern is a lead investment partner with the HCA and committed to delivering value for money through the development programme. There are a number of elements to achieving this:

- Savings on land purchases, fees and construction costs
- Maximising tax efficiencies
- Meeting HCA contractual deadlines to ensure full receipt of grants and secure benefit from any available grant incentives on future programmes
- Building homes that meet demand and are cost efficient to run and maintain
- Generating revenue subsidy through conversion from social to affordable rents

In December 2013 Wulvern joined the Innovation Chain North West (ICNW) framework. Through our respective development programmes, valued at just under £1bn, we have secured significant economies of scale.

Since joining the framework we have saved up to £150,000 to March 2015 and estimate we will save a further £625,000 with our follow on programme against current prices. We have also looked at how we can be more cost efficient by combining schemes into bigger projects and in doing so have been able to make savings of around £95,000 compared to individual tender prices. We hope to undertake a larger aggregation project across several schemes within AHP2, either direct as Wulvern or possibly with other partners on the Innovation Chain North West framework.

We are delighted that we have met the HCA deadlines in the delivery of our AHP1 commitments, securing the remainder of our grant payments as planned. We have been successful in obtaining grant funding to deliver 568 homes in our new programme and expect to apply for more through Continuous Market Engagement as the programme progresses.

We have plans to acquire 72 Section 106 properties on key development sites within our operating area which we will be including as nil grant units under the AHP2 programme. We recognise that Section 106 properties play an important role in the delivery of affordable housing and are keen to take the right properties at the right price. We are clear though that we do not wish to compromise on the quality of our new homes, in particular around space standards, as some homes we have been offered from house builders recently were incredibly small. We feel that customer satisfaction with these properties would not be as high as with our own developed homes, which are all to HQI minimum sizes, exposing ourselves to the risk of higher turnover and not therefore delivering the best value for money option.

Group Operating and Financial Review continued Value for Money Self-Assessment continued

Key achievements continued

Towards the end of last year we put in place a land banking and options policy which enables us to secure land in advance for our future programme. We have utilised this effectively by obtaining a legal interest in sites to provide 128 homes at a cost of £70,000. We have identified sufficient sites to develop 393 homes and been able to commence our future programme in advance of April 2015 with a 75% of start on site grant of £466,406 at Badger Avenue Phase 4 under the accelerated starts initiative, compared to £309,937 if we had only secured 50% with a start after April 2015.

Control of land is a key requirement for a developing organisation. In January 2014 we appointed our own land manager whose sole role is to identify and secure sites for development meaning we aren't beholden to developers securing sites and bringing them to us at a premium. We feel this has been very successful with over 50% of our AHP2 bid identified in this way giving us maximum flexibility of selecting a contractor partner meaning we should be able to maximise value for money on the build price as well as not facing a mark-up on the land value. The majority of available land for development Wulvern had at transfer has been developed upon though we continually assess our land assets.

Through AHP2 we will continue to develop on redundant garage sites, especially where they are proving problematic for customers with issues such as anti-social behaviour prevalent. Typically the sites can have access issues as well as high levels of contamination meaning they aren't the cheapest to develop on, however where there is a strong and compelling business case for development and wider community benefit, Wulvern has a great track record of undertaking successful developments of this nature.

In terms of maximising tax efficiencies, Wulvern Platform, our wholly owned tax efficient development subsidiary, has delivered around 50% of the programme of 326 homes. This has saved us around £128,000 of VAT on professional fees which would otherwise have been unrecoverable, and we will see further tax savings from AHP2 which we estimate to be in the region of £437,000. Any profits made by Wulvern Platform are gift aided back to Wulvern meaning that we are receiving the homes at cost and the gift aid receipts are recycled back into use for social housing. To March 2015 we have received gift aid payments of around £2m.

We are one of the leading Registered Providers of an innovative programme of around 500 homes exploring the benefits of building homes using volumetric construction built fully in a factory environment branded as the Modular Allianz. We have secured funding for a Knowledge Transfer Partnership between Wulvern, Salford University, Manchester City Council, a number of forward thinking North West Registered Providers and other partners from our collective development frameworks. Our expectations are that volumetric construction will be cost effective due to the speed of the build bringing in earlier revenue streams, zero defects at handover and reduced lifecycle costs ensuring value for money in the longer term and not just in initial capital outlay. We also see huge benefits from volumetric construction given the current state of the construction industry, with good quality sub-contractors and materials coming at a premium. We are finding contractors are struggling to contain costs within their tender prices by the time they come to call off the various sub-contractor packages with costs rising quickly.

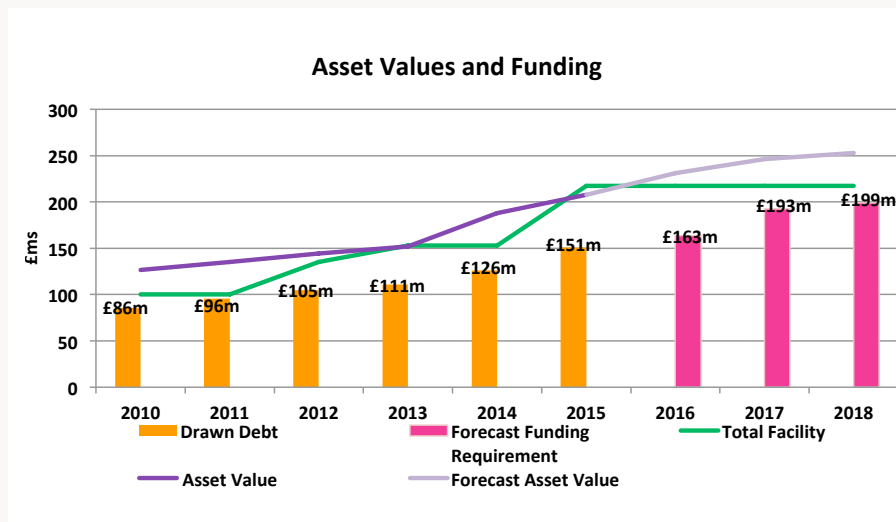
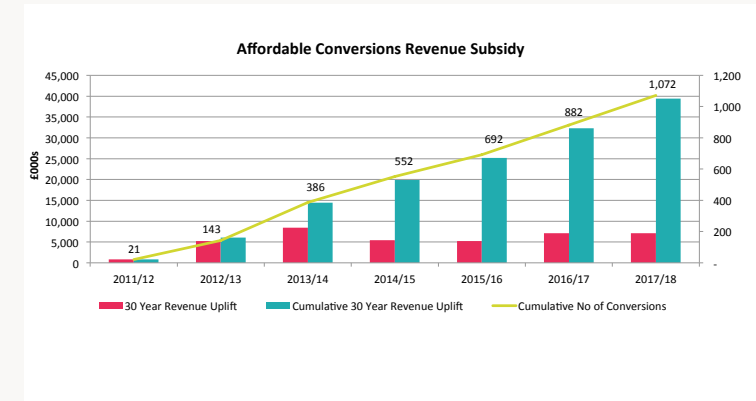
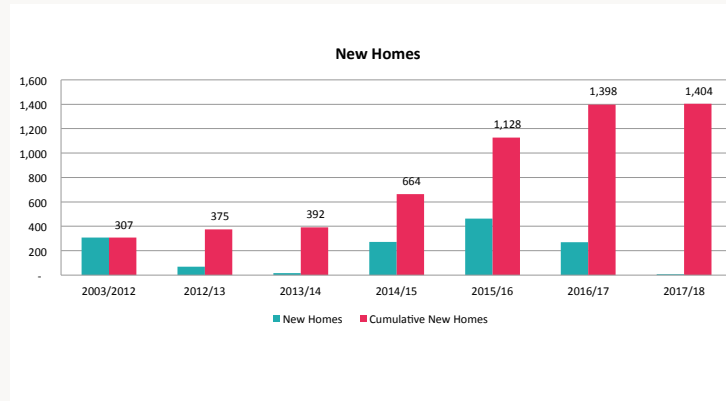
This is an unsustainable model and we are closely monitoring the risk of our partner contractors getting into financial difficulties. Volumetric construction has the benefit of a fixed price at the point of placing the order, giving more certainty of price.

Despite our appetite for growth and delivering new homes, we are careful to ensure that we only commit to schemes that provide the right pay back for us. Recently we took the decision to reject a scheme we had been working on for some time and where we were close to making a financial commitment. This scheme initially appeared attractive but, in the end, the financial case turned out not to be strong enough and we did not believe that introducing a subsidy was the best use of our resources. This is always disappointing but we apply a robust approach to appraising any potential scheme, are clear on our financial decision criteria and understood the trade-off we were making.

Group Operating and Financial Review continued Value for Money Self-Assessment continued

With regard to our development programme, as well as striving to achieve unit cost savings, a key focus from a value for money perspective has been to maximise the return on our assets. We have done this by using them to both create a revenue subsidy through conversions of social housing properties to affordable rent levels and to provide security for the additional borrowing required to fund the delivery of new homes. Any savings made are used to service the increased levels of debt.

Service costs and performance



In total, by March 2018 we will have converted around 1,072 properties from social to affordable rent, generating a 30 year cumulative revenue uplift of around £40m. This will be used to subsidise the delivery of 1,000 new homes for Wulvern through the Affordable Homes Programmes.

Over the period since transfer, Wulvern has increased its total borrowing facility from £60m to just over £217m. From this, by March 2018 we expect to have drawn down circa £199m increasing the drawn debt by a total of £140m. This has been used predominantly to fund the delivery of a total of 1,404 new homes since transfer in 2003.

Our forecasts show that we will maintain a generous amount of headroom between the level of funding we require and the security against the facility provided by our assets.

Group Operating and Financial Review continued

Value for Money Self-Assessment continued

Future plans

With the future development programme now secured we will review our future growth and diversification strategy, setting new growth targets for future programmes. While we have decided that for now we will not pursue a significant diversification agenda, we are keen to consider what value we can deliver through establishing local enterprises and will be establishing an Enterprise Strategy and looking at the potential it can offer through a cleaning contract pilot. As part of this we want to look at how we can implement apprenticeships which could provide employment opportunities both locally and for our customers.

As well as our new programme of 640 new homes, we also have to complete the delivery of 84 new homes through the Affordable Homes Guarantee Programme. Delivery of our development programmes on time is paramount and we have set internal targets for 322 new homes to start on site and 101 new homes to be completed by March 2016.

Through the combined programmes we will deliver over 1,000 new homes increasing our asset base by around £51m. This will provide security for additional borrowing should we decide to raise capital for further growth or diversification.



Group Operating and Financial Review continued Value for Money Self-Assessment continued

DEVELOPING BRILLIANT PEOPLE

Focus for the year

As part of delivering a major transformational programme to our front line services in 2013/14, it was vitally important to ensure we recruited the right people into the right roles to ensure the success of the programme. Last year the focus shifted to supporting these colleagues and the rest of the business in the aftermath of the changes by providing training and a sustaining environment in which to grow and flourish.



Group Operating and Financial Review continued Value for Money Self-Assessment continued

Key achievements

Wulvern recognises an engaged workforce as a key asset, critical to the success of the business. We invest heavily in our colleagues ensuring they are properly equipped to carry out their roles and developing them to reach their full potential. We believe this delivers real value for money as we are a people business, engaging on many levels with our customers around difficult issues which require specialist skills and a strong technical knowledge base. We encourage ownership and accountability looking for colleagues both individually and collectively to make improvements based on their day to day experiences.

Our key priority was the design and launch of the Wulvern Academy in May 2014 to deliver targeted management and leadership programmes and specialist training to equip our Neighbourhood Workers with the skills they would need to be successful in their new roles. During 2014/15 the Academy provided 6,444 hours of training, marking a 19.62 % increase on 2013/14 – the focus on upskilling our Neighbourhood colleagues was reflected in the 68% increase in training hours delivered to this group. To ensure our colleagues are compliant with regulation and operate in a safe and careful manner the Wulvern Academy delivered 956 hours Health and Safety training in 2014/15 (an increase of 268 hours on 2013/14) and 962 hours compliance training (an increase of 608 hours).

Following feedback from our colleagues, we decided to review and re-launch our corporate values and behaviours, simplifying them so they were easier to understand and were more meaningful to colleagues. This has been a resounding success with positive feedback and a more engaged workforce where everyone is clear on what is expected of them. We revised our Performance Development Review (PDR) process in November 2014 and feedback from Managers was that it was reducing the average time to conduct a review by an hour, creating a time saving of 52 hours across the PDRs completed until March 2014.

Questions	Year	Result
There are lots of opportunities for training and development	2013/14	54%
	2014/15	71%
My job makes good use of my skills	2013/14	74%
	2014/15	85%
My Manager knows and cares about me	New question	78%
My Manager values my contribution to the team	New question	78%

Our 4th Colleague Survey was completed in 2014 and the results demonstrated an improvement in engagement levels with 50% of the questions now achieving a score of 74% or higher an increase on 2013.

The survey results demonstrated that our ongoing investment in learning and developing our Managers is now translating into results which show a real improvement. This has been a fundamental objective in our goal of developing brilliant people.

Group Operating and Financial Review continued

Value for Money Self-Assessment continued

Costs and performance

The HR Team were able to make in year efficiencies of £19,550 which were then reinvested to support additional recruitment and training provision. The saving breakdown was £8,406 from Recruitment (negotiating lower agency fees and advertising costs) and £11,144 from training (obtaining European funding for NVQ cleaning qualifications, utilising existing corporate memberships to obtain training cost discounts and negotiating discounts with providers on delivery costs).

2014/15 saw Wulvern complete an additional 26 recruitment campaigns (55 compared to 29 in 2013/14) to support the completion of the organisational restructure process (remaining Neighbourhood Worker roles and Incomes and Allocation Specialists) plus the recruitment for the two new Extra Care schemes that were opened at Anderton Place and Deva Point.

Whilst Wulvern continued to grow during the year with 272 new homes built and the opening of two Extra Care schemes the organisational headcount only increased by 16 and these were as a direct consequence of the growth in our Extra Care Service.

During the change programme we naturally saw very high staff turnover but we have been working to stabilise this over the past year. We are pleased to see a steady decline, with March 2015 figures showing an 18.9% rolling average for the year against our target of 15%.

We have been working hard to reduce the number of days lost through absence and this has now fallen from 3.62% at the beginning of the year to 1.84% or as an average days lost per employee it has dropped from 0.76 days to 0.40 days. Our monthly costs for absence at the start of the year were £13,912 whereas at the year-end these had reduced to £9,065. Reducing absence levels is clearly a key driver of value for money and in achieving these improvements we are increasing productivity and reducing the costs to the business.

The HR Team were able to make in year efficiencies of £19,550 which were then reinvested to support additional recruitment and training provision.



Group Operating and Financial Review continued Value for Money Self-Assessment continued

Future plans

In December 2013, at our first assessment, Wulvern achieved Investor in People (IIP) Gold standard. This national framework provides an external assessment of how an organisation links its business goals to its people strategy. In 2015 a new standard will be launched and we wish to become a champion organisation and maintain our IIP Gold standard when we undergo re-accreditation in the coming year.

We are going to review our colleague employment package to ensure we attract, retain and reward our colleagues in line with the 'Wulvern Way' which includes pay, benefits, working hours, terms and conditions, work / life balance, culture and wellbeing. Our commitment to fairness and inclusiveness will be strengthened as we develop a new Equality, Diversity and Inclusion Strategy and report back to colleagues and customers the impact of any actions or decisions we take.

Having now established the Wulvern Academy the focus going forward will be to develop a robust Return on Investment model so we can assess the actual impact and effectiveness to the organisation of the learning and development interventions being delivered.

We will be increasing the contribution we make to developing Brilliant People in our local communities through actively working with both Job Centre Plus and the South Cheshire Chamber of Commerce's Crewe Pledge to deliver effective work experience opportunities to the long term unemployed and young people in the local area. We will be able to calculate the actual impact of these initiatives by calculating social Return on Investment. In 2015 we will also be recruiting 4 new Apprentices and 2 Graduate Placements.

To make sure that our staff turnover figures continue to decline we will be reviewing our recruitment practices to ensure we are recruiting the right people with the right skills on the first occasion every time. 2015 will also see Wulvern conducting Succession Planning to future proof our organisation by identifying our talent and action planning for key roles in the future.



Group Operating and Financial Review continued Value for Money Self-Assessment continued



STAYING FINANCIALLY STRONG

Focus for the year

For Wulvern, 2014/15 was the year of raising additional finance to fund our growth aspirations, achieving our £2m operating cost reduction target and generating additional revenue subsidy for our ambitious development programme through conversion to affordable rents. It represented a fundamental shift away from traditional, cash flow based disciplines to a more commercial approach whereby financial ratios, in year Income and Expenditure performance and asset cover became the prime considerations. In doing this we were following a clear strategy and we had made sure beforehand that we were in good shape for the challenges. This included having in place a structured cost reduction programme, ensuring we had our asset base in a state ready for securitisation and setting a year end operating target to deliver a surplus. We also set ourselves the objective of retaining our G1/ V1 rating.

During the year, we undertook service reviews of our back office functions to ensure these were delivering services the organisation required at the right cost. As a result of this reviews, we have outsourced our legal department and streamlined working practices across Human Resources, Information Technology and Finance.



Key achievements

Towards the latter part of 2013 we developed a Growth & Diversification Strategy which outlined the development of around 640 new homes for Wulvern by 2018. We estimated that this would require circa £65m of funding and we took the decision to try and raise £95m which would allow us not only to support the growth programme, but also to restructure our existing loan portfolio. Before we embarked on this route, we considered a 'Do Nothing' scenario which clearly showed that it would be financially advantageous to increase our funding and grow the business through developing new homes, rather than maintaining the status quo.

We were successful in raising the additional capital in an innovative three way deal comprising restructured facilities from our existing bank funders, a private placement in the debt capital markets and Local Authority lending.

This increased our overall facility to just over £217m with a very flexible Local Authority facility with deferred drawings for five years, long term fixed rate money from the private investors at attractive rates and long term debt funding with a Revolving Credit Facility from our bank funders. We were also successful in securing £14.8m of HCA grant funding so that by September 2014 the new growth strategy was fully funded, bringing real certainty to our plans to March 2018.

We have improved our return on capital employed with 2014/15 showing a return of 6.06% compared to 5.40% in 2013/14. We continue to maintain our loan portfolio in line with our Treasury Policy with up to 40% being held at variable rates of interest. This has proved to be extremely beneficial during a period of low LIBOR and we continue to work proactively with our treasury advisors to ensure we keep our finger on the pulse of the economy and manage our funds prudently to deliver the best returns.

Group Operating and Financial Review continued Value for Money Self-Assessment continued

Key achievements continued

The new borrowing arrangements with our bank funders also brought the added benefits of removing annual business plan approval and the restrictions on future borrowings, meaning we are now free to borrow in future without requiring lender consent. This re-financing provides a very sound framework for the delivery of the new homes and a new funding platform, with new relationships for future growth.

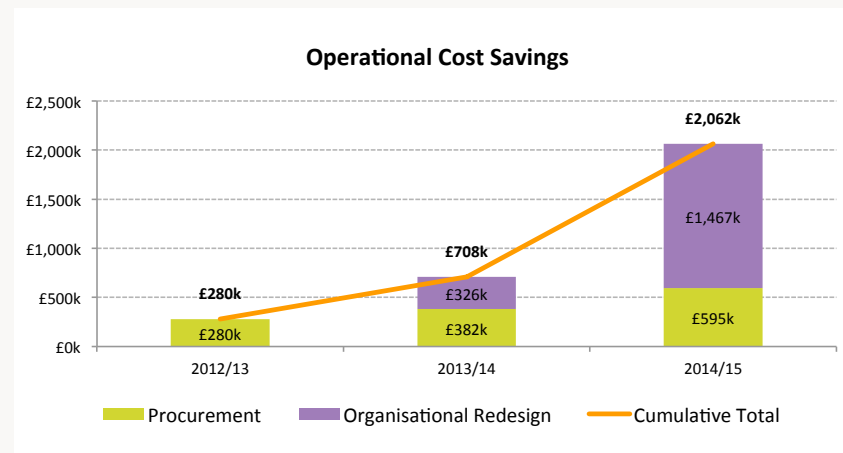
With a total facility of £217m and possible future growth aspirations, it is important for us to leverage the maximum value from our assets. During the re-financing there were two key areas of consideration for us in this regard, one to review and confirm that all of our assets were in a suitable condition to use as security to our lenders and, secondly, to look at whether some of our newer homes could be valued on a Market Value Subject to Tenancy basis (MV-ST), as this would increase our asset cover and give us access to higher funding levels.

Following transfer of our stock from Crewe and Nantwich Borough Council we undertook a Sheltered Courts review and implemented a strategy which replaced all of our poor and ailing stock with new homes. Our remaining assets are generally in good and marketable condition without serious defects or expensive improvements needed and, due to the nature of the transferred stock, we have no high value assets which we could consider for sale.

Therefore, with the exception of handful of homes which were pending Right to Buy applications, all of our assets were suitable for securitisation and included in the charging exercise to our new lenders and the Prudential.

Our operational cost challenge which we set in 2012/13 was to deliver £2m by March 2017 and we are pleased to have achieved it two years early by March 2015. It was important to achieve these savings so that we could generate surpluses to cover the additional interest costs during the period we were drawing our new borrowings to fund construction costs. We need to service covenants with our new funders which require us to cover our interest costs on an EBITDA-MRI basis. We were therefore always really clear that we needed to reduce our operating cost base and use the savings to fund the delivery of new homes and grow our business.

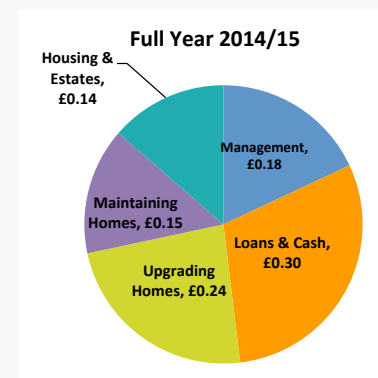
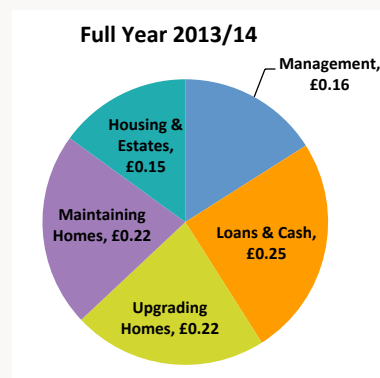
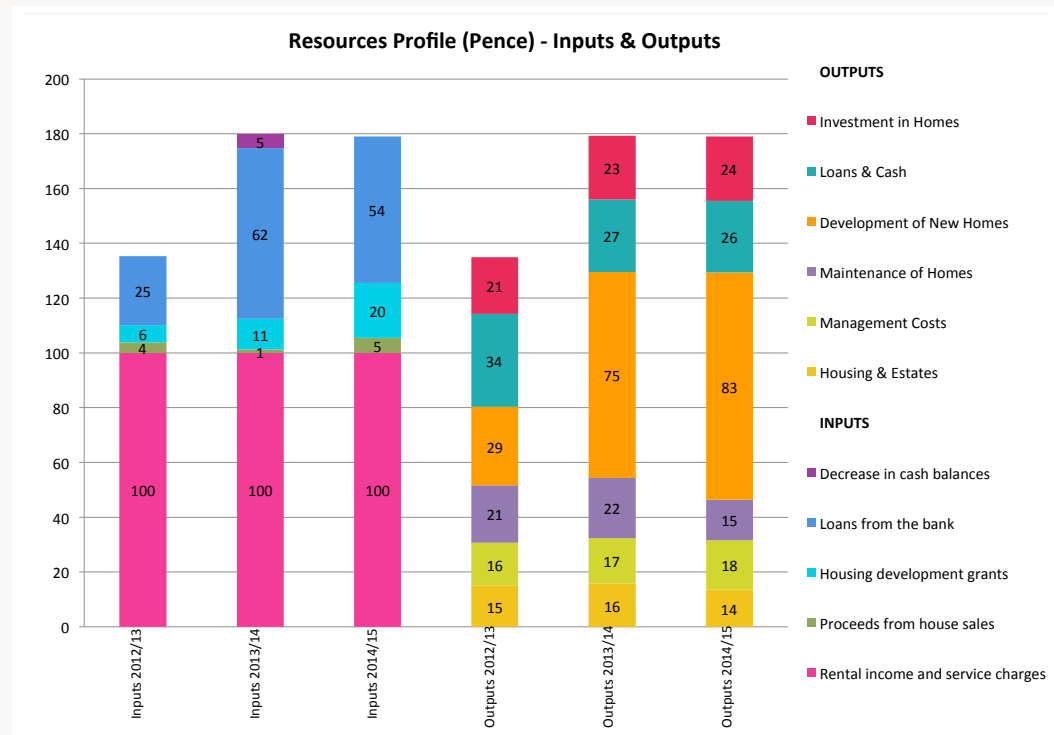
With the expectation of achieving these savings we set a target to deliver an operating surplus of £1.4m for the year to March 2015. Despite pressure on rental income due to the high level of voids we have been experiencing this year, we have achieved a surplus of £2.1m, significantly exceeding the target and comfortably meeting our year end covenant commitments to our funders.



Group Operating and Financial Review continued Value for Money Self-Assessment continued

Review of inputs, outputs and outcomes

In considering how we use our resources, we analyse the sources of income (our inputs) for Wulvern, which includes in the main rents and service charges, sales income and grants to support our new developments. These inputs, together with the money we borrow are used to cover the costs of our investment and maintenance of our existing homes, providing front line services to customers in our homes and neighbourhoods, management costs of running the business and funding the development of new homes. The inputs and outputs are profiled against the benchmark of our rents and service charge income as 100 pence and this gives us a useful analysis of the changes in activity. We also look at how each £1 of rent is spent (excluding development activity). This is useful for customers to understand how their rent is spent on services they receive.



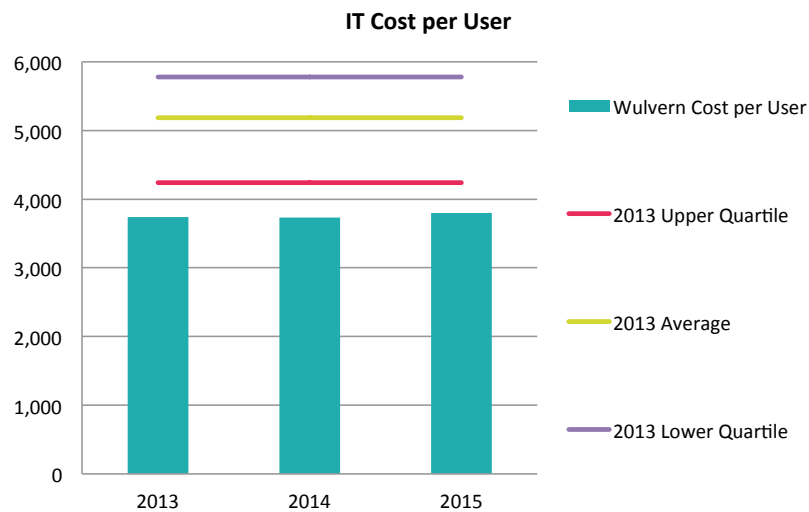
Group Operating and Financial Review continued Value for Money Self-Assessment continued

Review of back office functions

During 2014/15 we commissioned external reviews of our IT and Legal Services to understand whether our current arrangements were adequate for the future ambition and expectations of the organisation and to assess if they were delivering good value for money to the business.

IT Services

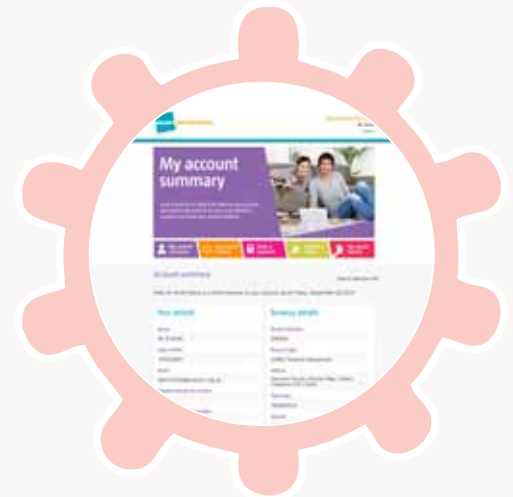
The review confirmed that our IT department benchmarked very well against the costs of other associations with between 4,000 and 6,000 units. This has given us confidence that the team is delivering real value for money through a competitive service that supports the needs of the organisation.



The key findings of the review are:

- Wulvern's IT annual expenditure for the three years to March 2015 is consistently around the £880k to £900k against a cost per user in the region of £3,700, putting us in the upper quartile group when measured against Housemark's data for the year to 2013.
- Software costs are well managed and licencing allocations have been reviewed in line with good practice.
- The IT infrastructure and network provision is good. The report did offer some recommendations around enhanced out of hours support arrangements which are being implemented.
- Wulvern has implemented some key market leading systems which deliver adequate provision of business functionality and there is a downloadable smart phone application to provide a degree of self service to customers.

Over the past year, Wulvern has been developing data cubes utilising SQL Reporting Services to automate and improve the delivery of KPI reporting and allow easy 'slicing and dicing' of disparate data sets to satisfy the need for more sophisticated and insightful information. We see this as a cost effective and scalable way of providing the more holistic and accurate information we need to make rapid, fact based business decisions.

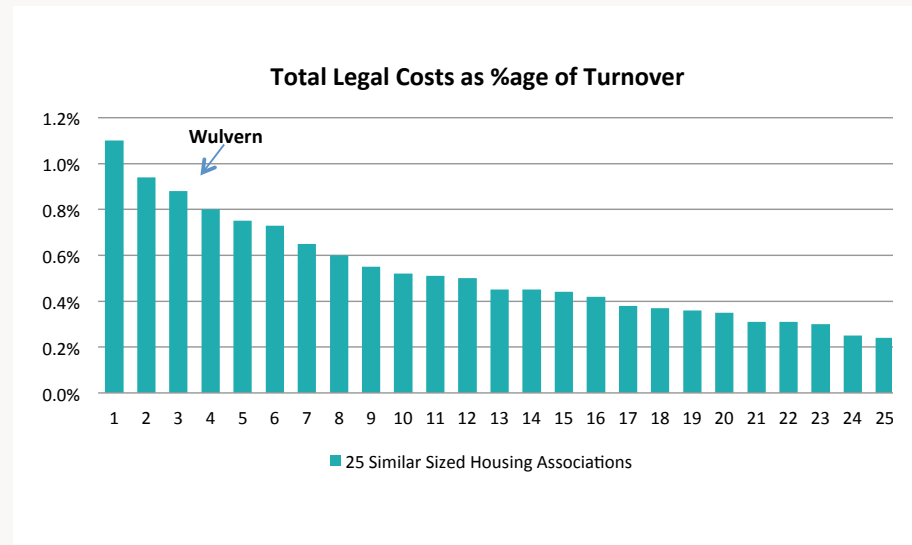


Group Operating and Financial Review continued Value for Money Self-Assessment continued

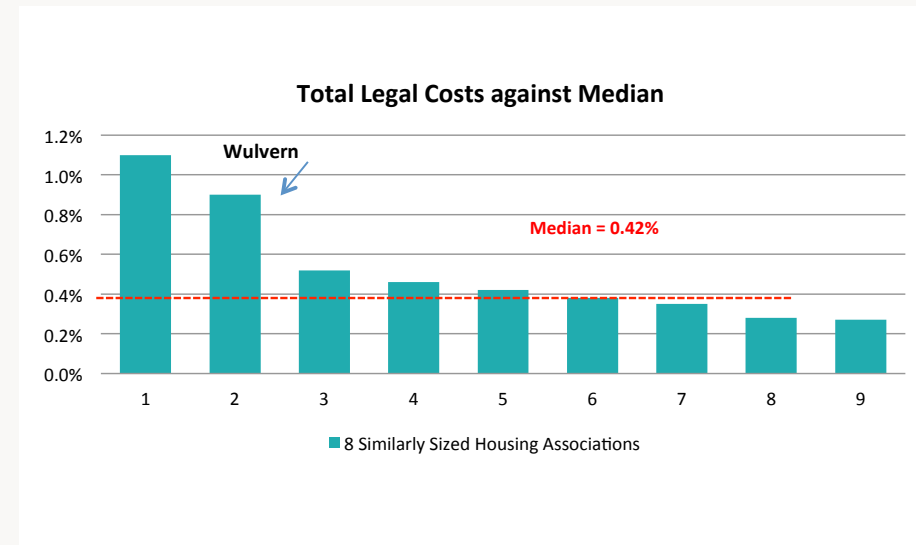
Review of back office functions continued

Legal Services

The review of our Legal department indicated that, based on the benchmarking data, there was the potential for reduction in total legal costs for the organisation and concluded that Wulvern is not large enough to justify having an in-house legal team.



The analysis undertaken showed that, against a sample of 25 other similarly sized Housing Associations, Wulvern was one of the smallest to have an in house legal team. Additionally, a significant contributor to this metric was the cost of the in house legal function.



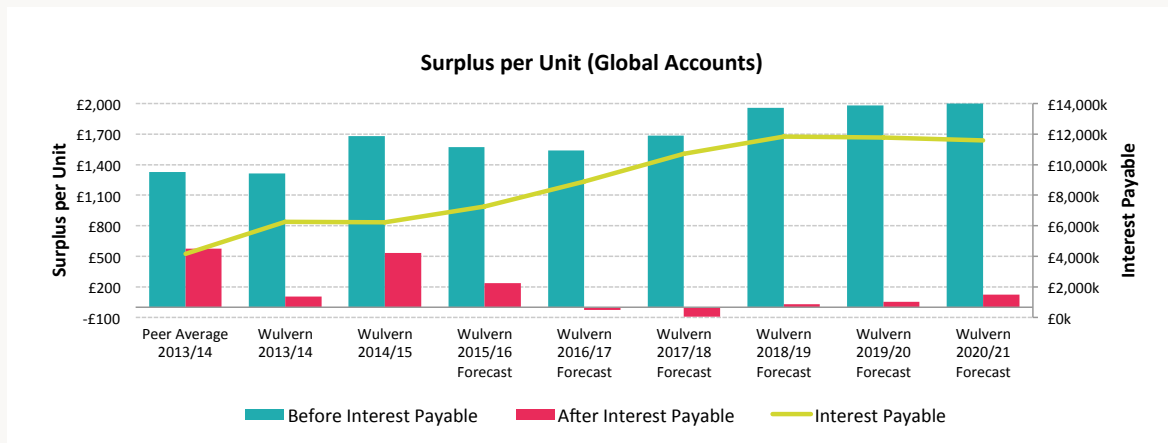
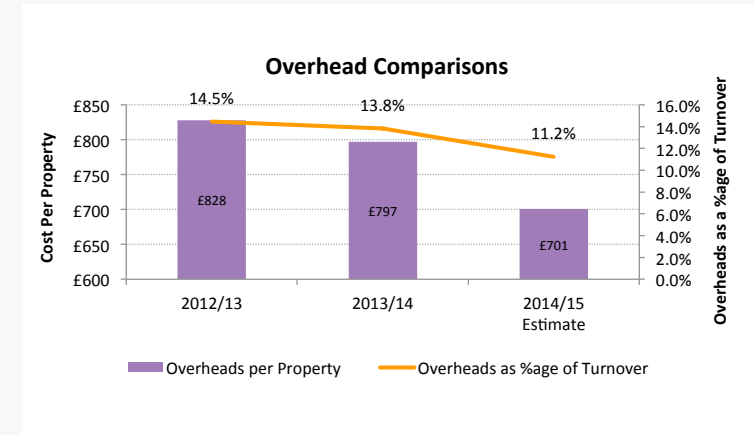
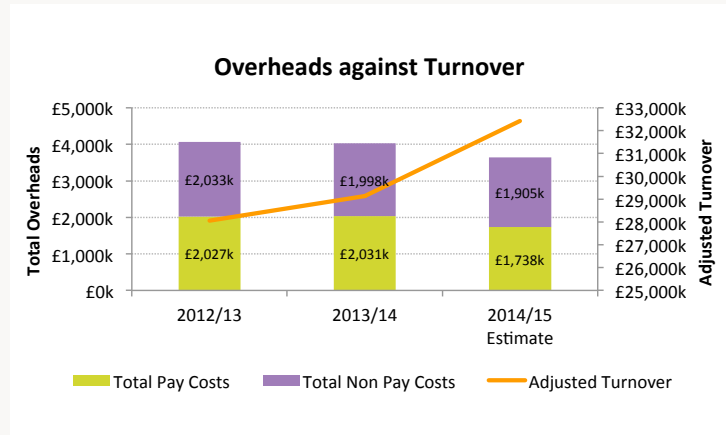
When benchmarked against a peer group of 8 similarly sized organisations Wulvern’s total cost of legal as a percentage of turnover is more than double the group’s medium. The benchmarking data shows that only a small proportion of Housing Associations with turnover of less than £50m have an in house legal team.

As a consequence of this review, the decision was taken to outsource the provision of legal services, and following an extremely competitive tender process Wulvern appointed seven panel law firms to a new legal framework. With this arrangement now in place we are anticipating a lower cost but far superior service to meet the needs of the organisation, including training of front line staff to be more effective in commissioning legal services.

Group Operating and Financial Review continued Value for Money Self-Assessment continued

We are seeing improvements in the overall cost base of the organisation, with a year on year reduction in overheads from our cost reduction strategy. Based on the Housemark Benchmarking approach, our Whole Time Equivalent (WTE) numbers have reduced year on year from just over 223 in 2012/13, to 219 in 2013/14 with 2014/15 coming in at 210. This represents a reduction of nearly 6% in two years.

Costs and performance



We no plans to increase staffing levels in the overhead departments moving forward. Therefore, by bringing on stream 740 additional new homes between March 2015 and March 2018 together with the associated income, we would expect to see the overhead ratios improve further in the next few years.

In 2013/14 our surplus before interest is very much in line with our peer group average. Going forward we are forecasting our surpluses to increase year on year before interest payable costs are taken into account. Up to March 2019, as the interest payments rise to service the additional capital needed to fund the supply of new homes, we can see this surplus is fully utilised, leaving a broadly breakeven position. After completion of AHP2, not only will we see the additional revenue receipts from our new homes, but interest payments will start to reduce, generating increasing surpluses in the future.

Group Operating and Financial Review continued Value for Money Self-Assessment continued

Future plans

At the end of March 2015 Wulvern has added new homes to its stock which we plan to securitise by September 2015. We have developed an asset register and a streamlined property charging process to ensure we can do this is the most cost effective way and we meet the HCA requirement to have an asset and liabilities register in place.

We have set a business plan for the next five years and a March 2016 year end target that ensures we very comfortably meet our funders' covenants and we will be monitoring this carefully to make sure we meet or exceed these targets.

Along with the rest of the sector we will need to adopt the new FRS102 accounting policies at March 2016, and we have been working on this for the past 18 months with our external auditors to make sure we can make the change quickly and efficiently.





















In July the government announced the Budget and set out the implications for Housing Associations which include a 1% cut in rents for four years to March 2020, a benefits freeze and changes to the benefits caps. These, together with the extension of Right to Buy opportunities, will have far reaching and wide ranging impacts on the sector as a whole.

Wulvern will undoubtedly be affected by the changes and, once we are clearer on the exact implications for us and our customers, we will consider how to respond. We will need to take steps and put measures in place to ensure we rise to the challenges and keep Wulvern on a sound financial footing. As part of our stress testing and scenario planning we have identified a range of options to deal with unforeseen economic factors and these will be invaluable in enabling us to respond quickly and effectively to any threats to our future financial stability.



Group Operating and Financial Review continued Value for Money Self-Assessment continued

Summary of achievement against objectives for the year to March 2015

Targets for 2014/15	Performance against Targets
ENABLE CUSTOMERS TO PROSPER	
* Maintain arrears at or below 3.8% on average for the year	 We exceeded this target with an average for the year of 3.48%
* Maintain overall customer satisfaction at or above an average of 85%	 We exceeded this target with an average for the year of 91%
Access 100% of homes to do an assessment of person, property and place by March 2015	 We had achieved access to 25% of homes as we re-directed front line services to the Empty Homes project to help allocate the backlog of properties
Mobilise 100% of front line services by March 2015	 This target was met by November 2014.
BUILD PRIDE IN PLACE	
* Achieve a re-let target of 23 days or less	 We did not meet this target and had a year end position of 73 days. This was due to the number of Empty Homes building up in the latter part of the year which we have now addressed through the Empty Homes project which started in January 2015
Have a promise (plan) in place for each of our neighbourhoods by March 2015	 We reviewed all of customer promises and deferred neighbourhood plans to 2015/16 to align with completion of PPS and STAR (Customer Satisfaction and Feedback) Survey
Review the planned investment programme by March 2015	 The programme was reviewed and a new asset management strategy for future years approved by the Board
GROW OUR BUSINESS	
* Identify and secure opportunities for 300 new homes by March 2015	 We have identified sufficient sites to develop 568 homes and, using the landbanking policy, have obtained a legal interest in sites to provide 172 homes.
* Secure £100m of additional capital by September 2014	 We achieved this target but only needed to raise £95m which was achieved in September 2014. This included a restructure of our existing loan portfolio
Deliver 326 new homes by March 2015	 This target was achieved through the successful delivery of the Affordable Homes Programme by March 2015
DEVELOP BRILLIANT PEOPLE	
* Maintain IIP Gold	 We continue to maintain our IIP Gold Standard and are aiming to be a 'Champion' organisation when the new standard is launched in 2015 and we are due for re-accreditation
Review and re-launch the Wulvern Way (values and behaviours) by September 2014	 We achieved this target with a great response from colleagues across the business
Design and deliver the Training Academy with training starting in May 2014	 The was delivered on time as planned
Agree a diversity approach by September 2014	 A new Equality, Diversity and Inclusion strategy was approved by our Board in May 2015
STAY FINANCIALLY STRONG	
* Achieve an operating surplus of £1.4m for the year to March 2015	 We exceeded this target with an operating surplus for year of £2.1m
* Achieve a £2m operating cost reduction target by March 2017	 We exceeded this by reaching the target at March 2015, 2 years early
Demonstrate Value for Money against each of our Corporate Objectives at March 2015	 We are on track to achieve this through our 2014/15 VFM self-assessment
Produce a Value For Money compliant self-assessment by September 2014	 Our Value for Money self-assessment was completed by September 2014 and we achieved a G1 / V1 rating
Deliver 534 affordable rent conversions by March 2015	 We exceeded this target and were able to count some of our conversions towarded AHP2 in advance of April 2015
Achieve £185m of asset security by March 2015	 We exceeded this target with our March 2015 asset security valued at £187.7m

Group Operating and Financial Review continued Value for Money Self-Assessment continued

Summary of objectives for the year to March 2016

Targets for 2014/15

ENABLE CUSTOMERS TO PROSPER

- * **Maintain arrears at or below 3.4% on average for the year**
- * **Maintain overall customer satisfaction at or above an average of 85%**

Achieve rent collection rates at or better than 98%

Complete a review of the Independent Living Service, increasing customers by 50 by March 2016, securing a future income stream

Deliver an Engagement Strategy, including successful recruitment to our tenant scrutiny panel and scrutiny programme contributing to G1 rating

BUILD PRIDE IN PLACE

- * **Achieve a re-let target of 28 days or less**
- * **Achieve a cost reduction target of 10% set for property spend in the 2015/16 budget, while maintaining customer satisfaction and continuing to meet regulatory and performance standards**

Have a published plan for each of our neighbourhoods

GROW OUR BUSINESS

- * **Deliver 322 new homes start on site and 101 new homes completed by March 2016**

Achieve 90% accuracy of cash planning forecasts

Review Growth and Diversification Strategy, setting new growth targets for future programmes

Adopt and implement an Enterprise Strategy with targets to deliver on apprenticeships and social enterprises by November 2015

DEVELOP BRILLIANT PEOPLE

- * **Maintain IIP Gold**

Reduce colleague turnover to industry average of 15.2% and improve employee engagement scores in key survey areas (eg Benefits, Recognition in Role, Pay, Well Being)

Embed the approved Equality, Diversity and Inclusion approach and action plan, achieving external accreditation

STAY FINANCIALLY STRONG

- * **Achieve an operating surplus of or in excess of £1m for the year to March 2016**

Produce a Value For Money compliant self-assessment by September 2015

Improve information security within the business in line with ISO 27001 standard, achieving at least 15% improvement in compliance by March 2016

Group Operating and Financial Review continued Value for Money Self-Assessment continued

Appendix 1

Wulvern's corporate goals

1. Enable customers to prosper

We will improve the quality of life and opportunities for customers so that they can enjoy a safe, secure and fulfilled life. We will achieve this by delivering value for money in all our services, engaging in productive partnerships providing opportunities to enable customers to sustain their tenancy, and by supporting customers to live independently in their homes.

2. Build pride in place

We will invest in homes and neighbourhoods so that people will aspire to live in a Wulvern home which will be affordable to rent, run and maintain within neighbourhoods that are clean, safe and welcoming. We will achieve this by building, letting and managing homes and neighbourhoods in an efficient and productive way and engaging with our customers to ensure our services deliver what matters to them.

3. Grow our business

We will develop new services and build new homes so that Wulvern will continue to grow for the benefit of customers. We will achieve this by working with partners to identify growth opportunities which meet customer demand and by building our reputation, brand and influence.

4. Develop brilliant people

We will build and invest in an engaged and valued workforce enabling colleagues to have the opportunities to grow and develop, achieving great results. We aspire to having a vibrant and diverse workforce who work as one team and know their individual contribution counts. We will achieve this by embracing people from all walks of life and cultures to contribute to Wulvern's vibrant community, recruiting, developing and retaining great people who demonstrate our values and live our behaviours.

5. Stay financially strong

We will protect and increase our income through a Board and Executive Team who have the expertise and drive to lead and govern effectively, ensuring that we continue to be rated by ourselves and our Regulator as well governed and financially viable. We will achieve this by having a robust financial plan with sufficient contingency to manage risks, raising funds to grow and invest in our homes, maintaining focus on income collection, maximising the use of our assets and continuing to keep value for money embedded in all our activities.



Sue Lock
Chief Executive

Independent Auditor's Report To The Members Wulvern Housing Limited

We have audited the financial statements of Wulvern Housing Limited for the year ended 31 March 2015 which comprise the consolidated and association income and expenditure accounts, the consolidated and association balance sheets, the consolidated and association statement of total recognised surpluses and deficits, the consolidated 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 Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association'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 board and auditors

As explained more fully in the statement of board member responsibilities, the board members 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 Financial Reporting Council's (FRC'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 FRC'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 group's and parent association's affairs as at 31 March 2015 and of the group's and parent association's 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 Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.



Independent Auditor's Report To The Members Wulvern Housing Limited continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent association, or returns adequate for our audit have not been received from branches not visited by us; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Hamid Ghafoor (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor

Liverpool, United Kingdom
Date 29/7/2015

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



Consolidated Income and Expenditure Account

Year Ended 31 March 2015

	<i>Note</i>	2015	2014
		£000	£000
Turnover	2	27,350	24,427
Operating costs	2	(19,374)	(19,070)
Operating surplus		7,976	5,357
Deficit on sale of fixed assets	6	(118)	(53)
Interest receivable and other income	7	86	9
Interest payable and similar charges	8	(6,310)	(6,260)
Other finance income	26	459	173
Surplus / (deficit) on ordinary activities before taxation		2,093	(774)
Tax on profit from ordinary activities	12	-	241
Surplus / (deficit) for the financial years		2,093	(533)

All amounts relate to continuing activities and are stated on a historical cost basis.

The notes on [pages 67 to 101](#) form part of these financial statements.

Consolidated Statement of Total Recognised Surplus / Deficits

Year Ended 31 March 2015

	<i>Note</i>	2015	2014
		£000	£000
Deficit for the financial year		2,093	(533)
Actuarial (deficit) / surplus recognised in the pension scheme	26	(1,425)	679
Total recognised surplus relating to the year		668	146
Prior period adjustment		-	933
Total recognised surplus since last report		668	1,079

Association Income and Expenditure Account

Year Ended 31 March 2015

	<i>Note</i>	2015	2014
		£000	£000
Turnover	3	27,352	24,391
Operating costs	3	(19,344)	(18,815)
Operating surplus		8,008	5,576
(Deficit) / Surplus on sale of fixed assets	6	(118)	(53)
Interest receivable and other income	7	85	7
Interest payable and similar charges	8	(6,310)	(6,260)
Other finance income	26	459	173
Gift aid received from Wulvern Platform Ltd		783	1,108
Surplus on ordinary activities before taxation		2,907	551
Tax on surplus on ordinary activities	12	-	-
Surplus for the financial year		2,907	551

All amounts relate to continuing activities and are stated on a historical cost basis.

The notes on [pages 67 to 101](#) form part of these financial statements.

Association Statement of Total Recognised Surplus / Deficits

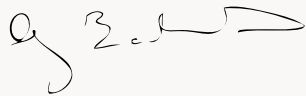
Year Ended 31 March 2015

	<i>Note</i>	2015	2014
		£000	£000
Surplus for the financial year		2,907	551
Actuarial (deficit) / surplus recognised in the pension scheme	26	(1,425)	679
Total recognised surplus relating to the year		1,482	1,230
Prior period adjustment		-	933
Total recognised surplus since last report		1,482	2,163

Consolidated Balance Sheet

As at 31 March 2015

These financial statements were authorised and approved by the Board 29th July 2015 and were signed on its behalf by:



Graham Eades
Chair Independent



Phil Morgan
Vice Chair Independent



Diane Jones
Secretary

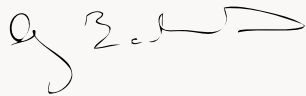
The notes on [pages 67 to 101](#) form part of these financial statements.

	Note	2015	2014
		£000	£000
Fixed Assets			
Housing Properties - depreciated cost	14	150,224	131,242
Less: Social Housing Grant	14	(21,210)	(15,467)
Other Public Grants	14	(1,207)	(1,152)
		127,807	114,623
Other tangible assets	15	3,932	4,089
		131,739	118,712
Current Assets			
Shared Ownership Properties	16	1,223	-
Stock	17	138	73
Debtors	18	1,424	1,218
Cash at bank and in hand		14,671	2,890
		17,456	4,181
Creditors: Amounts falling due within one year	19	(4,168)	(3,269)
Net current assets excluding pension		13,288	912
Pension Asset	26	240	1,346
Net current assets including pension		13,528	2,258
Total assets less current liabilities		145,267	120,970
Creditors: amounts falling due after more than one year	20	149,429	126,000
Disposal proceeds and recycled capital grants	27	330	132
Capital and reserves			
Share Capital	21	-	-
Revenue reserves:			
Revenue reserve excluding pension asset	22	(4,732)	(6,508)
Pension reserve	22	240	1,346
Revenue reserve including pension asset		(4,492)	(5,162)
		145,267	120,970

Association Balance Sheet

As at 31 March 2015

These financial statements were authorised and approved by the Board 29th July 2015 and were signed on its behalf by:



Graham Eades
Chair Independent



Phil Morgan
Vice Chair Independent



Diane Jones
Secretary

The notes on [pages 67 to 101](#) form part of these financial statements.

	Note	2015	2014
		£000	£000
Fixed Assets			
Housing Properties - depreciated cost	14	152,516	132,721
Less: Social Housing Grant	14	(21,210)	(15,467)
Other Public Grants	14	(1,207)	(1,152)
		130,099	116,102
Other tangible assets	15	3,932	4,087
		134,031	120,189
Current Assets			
Shared Ownership Properties	16	1,223	-
Stock	17	138	73
Debtors	18	2,572	1,308
Cash at bank and in hand		12,557	2,238
		16,490	3,619
Creditors: Amounts falling due within one year	19	(3,697)	(3,199)
Net current assets excluding pension		12,793	420
Pension Asset	26	240	1,346
Net current assets including pension		13,033	1,766
Total assets less current liabilities		147,064	121,955
Creditors: amounts falling due after more than one year	20	149,429	126,000
Disposal proceeds and recycled capital grants	27	330	132
Capital and reserves			
Share Capital	21	-	-
Revenue reserves:			
Revenue reserve excluding pension asset	22	(2,935)	(5,523)
Pension reserve	22	240	1,346
Revenue reserve including pension asset		(2,695)	(4,177)
		147,064	121,955

Consolidated Cash Flow Statement

Year Ended 31 March 2015

	<i>Note</i>	2015	2014
		£000	£000
Net cashflow from operating activities	<i>23a</i>	11,379	8,677
Returns on investments & servicing of finance			
Interest received		86	9
Interest paid		(7,661)	(6,388)
Net cash outflow from returns on investments and servicing of finance		(7,575)	(6,379)
Capital expenditure and financial investments			
Cash paid for construction and purchase of housing properties and commercial properties		(22,400)	(19,427)
Cash paid for construction and purchase of housing properties for shared ownership		(642)	(2,112)
Capital grants received		5,561	2,735
Proceeds on sales of housing properties		757	345
Cash paid for other fixed assets		(97)	-
Proceeds on sale of other fixed assets		76	-
Net cash outflow from capital expenditure		(16,745)	(18,459)
Net cash outflow before use of liquid resources and financing		(12,941)	(16,161)
Financing			
Loan advances received		49,000	15,000
Loans repaid		(24,278)	
Increase / (Decrease) in cash	<i>23b</i>	11,781	(1,161)

Notes to the Financial Statements

1. Principal Accounting Policies

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, Accounting by Registered Social Housing Providers (Update 2010), Accounting Direction for Private Registered Providers of Social Housing 2012 and the Housing and Regeneration Act 2008. A summary of the main accounting policies, which have been applied consistently, is set out below.

Basis of Preparation and Consolidation

The financial statements have been prepared on the historical cost basis of accounting. The financial statements are Group statements and consolidate the results of Wulvern Housing Limited and its subsidiary Wulvern Platform Limited.

Turnover

Turnover represents collectable rental income in the year (i.e. rent due (rent debit) less rent loss due to voids), collectable service charges, any revenue grants from Local and Central Government, the Homes and Communities Agency and any other income generated in the period. Rent is collected over the 52 week period.

Supporting People Income

Supporting People income received from Administering Authorities is accounted for as supporting people income in the turnover in notes 2 and 3 to the financial statements. The related support costs are matched against this income.

Impairment

An annual impairment review is undertaken of housing properties and where appropriate the carrying value of the property is adjusted to take account of permanent diminutions in value.

Housing Property

Depreciation of housing property components is charged on a straight line basis so as to write down the cost of the component over its estimated useful economic life.

Freehold land is not depreciated.

Housing property components are depreciated from the year following their replacement over their estimated useful economic life as follows:

Component	Life
Roof	50 years
Windows and Fascias	30 years
Kitchen	25 years
Bathroom	30 years
Lift	20 years
Central Heating	33 years
Structure (Freehold)	50 years
Structure (Leasehold)	5 to 50 years

Notes to the Financial Statements continued

1. Principal Accounting Policies continued

Other Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected useful economic lives of the assets at the following rates:

Freehold premises	2% per annum on cost
Leasehold premises	2% / 20% per annum on cost
Office fixtures & fittings	10% per annum on cost
Computer equipment	33% per annum on cost
Motor vehicles	25% per annum on cost

Sales of housing properties

Completed properties for outright sale and property under construction are valued at the lower of cost or net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sale price allowing for all further costs of completion and disposal.

Housing properties for sale and shared ownership - fixed asset capitalisation & depreciation

Shared ownership properties, including those under construction are split between fixed assets and current assets (stock).

The proportion included as stock is determined by the percentage of the property agreed or expected to be sold under the first tranche sale. The remainder is classified as fixed assets net of any related social housing grant.

Capitalisation of interest and development overheads/major projects

The costs incurred in connection with the issue of new loan facilities are capitalised and amortised over the length of the agreement. Interest is however not capitalised on loans financing schemes in development up to their completion. Administration costs relating to development activities are capitalised where they are directly attributable to bringing the properties into working condition for their intended use.

Social Housing Grant

Where developments have been financed wholly or partly by Social Housing Grant or any other form of capital grant subsidy, the cost of those developments is reduced by the grant received.

When Social Housing Grant in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

Where Social Housing Grant is retained following the disposal of property, it is shown under the disposal proceeds and recycling capital grant funds in creditors:

amounts falling due after more than one year. These funds will be used for the provision and improvement of new social housing for rent and sale.

Other Grants

Other grants are receivable from Local Authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the Income and Expenditure account in the same period as the expenditure to which they relate.

Value Added Tax

As the majority of its turnover is exempt from VAT, the Association is only able to recover part of the VAT incurred in expenditure. Any VAT payable that cannot be recovered is included in costs or assets as appropriate.

Taxation

The charge for taxation is based on surpluses arising on certain activities, which are liable for tax.

Notes to the Financial Statements continued

1. Principal Accounting Policies continued

Pension Costs

Wulvern Housing Limited participates in two pension schemes: the Social Housing Pension Scheme (SHPS) and The Cheshire Pension Fund (LGPS).

The SHPS is a multi-employer scheme that is split into various defined benefit structures and a defined contribution structure. Wulvern Housing Limited participates in one of the defined benefit structures that provides benefits based on final pensionable pay and the defined contribution structure. The assets of the defined benefit scheme are held separately from those of Wulvern Housing. Wulvern Housing is unable to identify its share of the underlying assets and liabilities of the defined benefit scheme on a consistent and reasonable basis and therefore, as required by FRS17 'Retirement Benefits', Wulvern Housing accounts for the defined benefit scheme as a whole as if it were a defined contribution scheme. As a result, the amount charged to the Income & Expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Wulvern Housing Limited also participates in the defined contribution structure and the associated pension charge represents the amounts payable by the association to the fund in respect of the year.

The LGPS is a defined benefit pension scheme and currently provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Association. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus / deficit is split between operating charges, finance items and in the statement of total recognised surpluses and deficits, actuarial gains and losses.

Stock

Stocks are stated at the lower of cost and net realisable value.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Provisions

Provisions are made to the extent that the Association has no discretion to avoid the expenditure provided for.



Notes to the Financial Statements continued

2. Group Turnover, Operating Costs and Operating Surplus

	2015			2014		
	Turnover	Operating Costs	Operating Surplus / (Deficit)	Turnover	Operating Costs	Operating Surplus / (Deficit)
	£000	£000	£000	£000	£000	£000
Social Housing Activities Income and Expenditure from lettings						
Housing Accommodation <i>(Note 4)</i>	25,233	(16,867)	8,366	23,656	(17,812)	5,844
Other social housing activities						
Supporting People	473	(615)	(142)	423	(565)	(142)
Non Social Housing Activities						
Rental of Shops	49	(8)	41	40	(6)	34
Maintenance of Buildings	20	(20)	-	15	(15)	-
Development Services	-	(231)	(231)	-	(132)	(132)
Shared Ownership Sales	1,462	(1,409)	53	190	(132)	58
Other Sales	113	(84)	29	103	(86)	17
Pension provision movements <i>(Note 26)</i>	-	(140)	(140)	-	(322)	(322)
Operating Surplus	<u>27,350</u>	<u>(19,374)</u>	<u>7,976</u>	<u>24,427</u>	<u>(19,070)</u>	<u>5,357</u>

Notes to the Financial Statements continued

3. Association Turnover, Operating Costs and Operating Surplus

	2015			2014		
	Turnover	Operating Costs	Operating Surplus / (Deficit)	Turnover	Operating Costs	Operating Surplus / (Deficit)
	£000	£000	£000	£000	£000	£000
Social Housing Activities Income and Expenditure from lettings						
Housing Accommodation <i>(Note 5)</i>	25,233	(17,152)	8,081	23,656	(17,775)	5,881
Other social housing activities						
Supporting People	473	(615)	(142)	423	(565)	(142)
Non Social Housing Activities						
Rental of Shops	49	(8)	41	40	(6)	34
Maintenance of Buildings	20	(20)	-	15	(15)	-
Shared Ownership Sales	1,462	(1,409)	53	190	(132)	58
Other Sales	115	-	115	67	-	67
Pension provision movements <i>(Note 26)</i>	-	(140)	(140)	-	(322)	(322)
Operating Surplus	27,352	(19,344)	8,008	24,391	(18,815)	5,576

Notes to the Financial Statements continued

4. Group Income and Expenditure from Lettings

	2015			2014		
	General Needs	Sheltered Housing	Total	General Needs	Sheltered Housing	Total
	£000	£000	£000	£000	£000	£000
Income and Lettings						
Rents receivable net of service charges	21,973	1,775	23,748	20,725	1,491	22,216
Service charge Income	403	893	1,296	420	839	1,259
Other income	168	21	189	160	21	181
Net Rental Income	22,544	2,689	25,233	21,305	2,351	23,656
Expenditure of lettings activities						
Management	5,530	470	6,000	6,115	437	6,552
Service charge expenditure	336	746	1,082	311	621	932
Routine maintenance	3,535	72	3,607	3,755	77	3,832
Planned maintenance	960	51	1,011	1,396	73	1,469
Major repairs expenditure (note 34)	1,183	62	1,245	1,939	102	2,041
Rent losses from bad debts	244	64	308	210	52	262
Depreciation - housing properties	2,973	474	3,447	2,429	269	2,698
Impairment - housing properties	26	141	167	26	-	26
Total expenditure on lettings	14,787	2,080	16,867	16,181	1,631	17,812
Operating surplus on letting activities	7,757	609	8,366	5,124	720	5,844
Rent losses from voids	(919)	(130)	(1,049)	(456)	(19)	(475)
	No.	No.	No.	No.	No.	No.
Average Number of Units Managed	4,217	1,097	5,314	4,153	1,031	5,184

Notes to the Financial Statements continued

5. Association Income and Expenditure from Lettings

	2015			2014		
	General Needs	Sheltered Housing	Total	General Needs	Sheltered Housing	Total
	£000	£000	£000	£000	£000	£000
Income and Lettings						
Rents receivable net of service charges	21,973	1,775	23,748	20,725	1,491	22,216
Service charge income	403	893	1,296	420	839	1,259
Other income	168	21	189	160	21	181
Net Rental Income	22,544	2,689	25,233	21,305	2,351	23,656
Expenditure of lettings activities						
Management	5,815	470	6,285	6,078	437	6,515
Service Charge expenditure	336	746	1,082	311	621	932
Routine maintenance	3,535	72	3,607	3,755	77	3,832
Planned maintenance	960	51	1,011	1,396	73	1,469
Major repairs expenditure (note 34)	1,183	62	1,245	1,939	102	2,041
Rent losses from bad debts	244	64	308	210	52	262
Depreciation - housing properties	2,973	474	3,447	2,429	269	2,698
Impairment - housing properties	26	141	167	26	-	26
Total expenditure on lettings	15,072	2,080	17,152	16,144	1,631	17,775
Operating surplus on letting activities	7,472	609	8,081	5,161	720	5,881
Rent losses from voids	(919)	(130)	(1,049)	(456)	(19)	(475)
	No.	No.	No.	No.	No.	No.
Average Number of Units Managed	4,217	1,097	5,314	4,153	1,031	5,184

Notes to the Financial Statements continued

6. Group and Association Surplus on Disposal of Property and Other Fixed Assets

The surplus on disposal of property and other fixed assets for the year was made up as follows:

	2015			2014		
	Housing Properties	Other Fixed Assets	Total Fixed Assets	Housing Properties	Other Fixed Assets	Total Fixed Assets
	£000	£000	£000	£000	£000	£000
Proceeds on Sale	757	-	757	253	-	253
Fees charged	-	-	-	-	-	-
Less: Proceeds returned to Local Authority	(238)	-	(238)	(40)	-	(40)
Net Proceeds	519	-	519	213	-	213
Less: Net Book Value	(383)	-	(383)	(195)	-	(195)
Disposal costs	(2)	-	(2)	(1)	-	(1)
Gross Surplus on disposal	134	-	134	17	-	17
Transferred to Disposal Proceeds Fund	(252)	-	(252)	(70)	-	(70)
Net deficit on disposal	(118)	-	(118)	(53)	-	(53)

Notes to the Financial Statements continued

7. Group Interest Receivable and Other Income

	2015	2014
	£000	£000
Bank interest receivable	86	9

Association Interest Receivable and Other Income

	2015	2014
	£000	£000
Bank interest receivable	85	7

8. Group and Association Interest Payable and Similar Charges

	2015	2014
	£000	£000
Loan Interest	6,060	5,847
Commitment Fees	188	392
Amortised Loan Fees	27	-
Bank Charges, Facility & Other Fees	35	21
	<u>6,310</u>	<u>6,260</u>

Notes to the Financial Statements continued

9. Group Surplus on Ordinary Activities before Taxation

	2015	2014
	£000	£000
Is stated after charging:		
Depreciation	3,625	2,869
Auditor's remuneration (excluding VAT):		
- in their capacity as auditors	18	19
- non audit fees	15	6
Operating lease payments:		
- plant and machinery	-	2
- other assets	119	118

Association Surplus on Ordinary Activities before Taxation

	2015	2014
	£000	£000
Is stated after charging: Depreciation		
Depreciation	3,623	2,867
Auditor's remuneration (excluding VAT):		
- in their capacity as auditors	15	16
- non audit fees	13	5
Operating lease payments:		
- plant and machinery	-	2
- other assets	111	111

Notes to the Financial Statements continued

10. Directors Emoluments

The remuneration paid to the Directors of the Group (the Board, Chief Executive and Directors) was:

	2015	2014
	£000	£000
Aggregate emoluments payable to Directors (including pension contributions and benefits in kind)	634	580
Emoluments payable to the highest paid Director (excluding pension contributions and including benefits in kind)	127	126

The Association's Chief Executive is a normal member of the SHPS final salary pension scheme and does not receive an enhanced rate. Emoluments paid to Independent Board Members, the Chairman, Vice Chairman and Chairman of the Audit Committee who were neither officers nor employees of the Association.

	Group 2015	WHA 2014	Group 2015	WHA 2014
	£000	£000	£000	£000
Phil Morgan	7	7	5	5
Steve Jones	5	5	5	5
Bob Tarry	3	3	3	3
Peter Groves	3	3	3	3
Graham Eades	8	8	11	7
Anthony Sproston	3	3	3	3
Peter Mason	3	3	3	3
Gifty Asamoah-Wiseman	2	2	3	3
Mark Terry	3	3	2	2
Laura Foster	3	3	2	2
Roy Cartlidge	1	1	2	2
Maureen Grant	2	2	-	-
Amanda Calvert	1	1	-	-
Barbara Shaw	-	-	4	4
Wayne Gethings	-	-	2	2
Steven Hargreaves	-	-	2	2
Patrick Grange	-	-	4	-
Steve Freeborn	-	-	2	-
Deborah Cowsill Nuwgent	-	-	2	-
David Hunter	-	-	2	-
	44	44	60	46

Notes to the Financial Statements continued

10. Directors Emoluments continued

Expenses payable to members of the Board who were neither officers nor employees of the Association

	Group		Association	
	2015	2014	2015	2014
	£000	£000	£000	£000
Wulvern Housing Ltd	3	8	3	7
Wulvern Platform Ltd	1	1	-	-

Salary bandings for employees earning over £60,000

	Group		Association	
	2015	2014	2015	2014
	£000	£000	£000	£000
£60,000 to £70,000	-	1	-	1
£70,001 to £80,000	-	4	-	4
£80,001 to £90,000	2	2	2	2
£90,001 to £100,000	1	-	1	-
£100,001 to £110,000	-	2	-	2
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	1	1	1	1
£130,001 to £140,000	-	1	-	1
£140,001 to £150,000	1	-	1	-

There were 6 Directors (2014: 6) to whom benefits are accruing under defined benefit pension schemes.

Notes to the Financial Statements continued

11. Group and Association Employee Information

	Group		Association	
	2015	2014	2015	2014
	Nos	Nos	Nos	Nos
The average number of persons during the year, expressed as full time equivalent employees was	203	198	199	195
Of which:				
Housing Management	123	135	120	133
Administration, Support and other activities	80	63	79	62
Staff costs for the above persons were:				
	£000	£000	£000	£000
Wages and Salaries	5,902	6,563	5,792	6,455
Social Security costs	383	441	374	432
Pension costs	836	818	830	816
FRS17 pension charge	140	322	140	322
	7,261	8,144	7,136	8,025

Notes to the Financial Statements continued

12. Taxation on Profit on Ordinary Activities

	Group		Association	
	2015	2014	2015	2014
		Restated		
	£000	£000	£000	£000
Current Tax				
Corporation tax for current period	-	-	-	-
Adjustment in respect of previous periods	-	(241)	-	-
Tax on profit on ordinary activities	-	(241)	-	-
Reconciliation of tax charge				
Surplus / (Deficit) before tax	2,093	(774)	-	-
Surplus / (Deficit) exempt from tax	(1,311)	(230)	-	-
Surplus / (Deficit) subject to taxation	782	(1,004)	-	-
Corporation tax @ 23% (2013 - 24%)	164	(231)	-	-
Adjustment for prior year charge	-	-	-	-
Add back effect of gift aid related to 2012/13	(164)	(241)	-	-
Add back non-deductable gift aid donation	-	231	-	-
Tax (Credit) / Charge	-	(241)	-	-

The Association, Wulvern Housing Limited, has charitable status and is exempt from corporation tax in respect of its income under Section 505 ICTA 1988.

The main rate of corporation tax in force at the statement of financial position date was 21%. The Chancellor proposed changes on 20 March 2013 to further reduce the main rate of corporation tax to 20% with effect from 1 April 2015.

The reduction to 20% was substantively enacted on 2 July 2013.

Notes to the Financial Statements continued

13. Group and Association Housing Properties

The number of Housing Properties held during the year was as follows:

	Social Rent	Sheltered Housing	Shared Ownership	Market Rent	Affordable Rent	Total
	Nos	Nos	Nos	Nos	Nos	Nos
Total as at 1st April 2014	3,564	1,031	32	33	525	5,185
Additions	-	96	25	-	151	272
Disposals under Right to Buy	(11)	-	-	-	-	(11)
Disposals under Right to Acquire	(4)	-	-	-	-	(4)
Net Conversions	(120)	-	-	-	120	-
Total as at 31st March 2015	<u>3,429</u>	<u>1,127</u>	<u>57</u>	<u>33</u>	<u>796</u>	<u>5,442</u>
Average number held during the year	<u>3,497</u>	<u>1,079</u>	<u>45</u>	<u>33</u>	<u>661</u>	<u>5,315</u>

At the 31st March 2015 there were 102 General needs units under construction.

Notes to the Financial Statements continued

14. Group Fixed Asset Housing Properties

	Housing Properties Held for Letting	Housing Properties Being Developed	Shared Ownership Properties Completed	Shared Ownership Properties Being Developed	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2014	126,719	16,580	2,517	3,065	148,881
Properties being developed	-	21,327	-	642	21,969
Additions to housing properties	3,641	-	-	-	3,641
Acquired properties into letting	31,337	(31,337)	3,707	(3,707)	-
Transfer to current assets	-	-	(1,223)	-	(1,223)
Disposals	(782)	-	(1,112)	-	(1,894)
At 31 March 2015	160,915	6,570	3,889	-	171,374
Depreciation and Impairment					
At 1 April 2014	16,971	-	668	-	17,639
Depreciation charged in year	3,401	-	46	-	3,447
Depreciation on Disposals in year	(103)	-	-	-	(103)
Impairment charged in year	26	-	141	-	167
At 31 March 2015	20,295	-	855	-	21,150
Depreciated Cost:					
At 31 March 2015	140,620	6,570	3,034	-	150,224
At 31 March 2014	109,748	16,580	1,849	3,065	131,242

Notes to the Financial Statements continued

14. Group Fixed Asset Housing Properties continued

	Housing Properties Held for Letting £000	Housing Properties Being Developed £000	Shared Ownership Properties Completed £000	Shared Ownership Properties Being Developed £000	Total £000
Social Housing Grant					
At 1 April 2014	11,159	2,966	1,017	325	15,467
Received in year	-	5,418	-	325	5,743
Acquired properties into letting	7,137	(7,137)	650	(650)	-
At 31 March 2015	18,296	1,247	1,667	-	21,210
Other Public Grants					
At 1 April 2014	1,091	26	35	-	1,152
Received in year	-	55	-	-	55
Acquired properties into letting	81	(81)	-	-	-
At 31 March 2015	1,172	-	35	-	1,207
Net Book Value:					
At 31 March 2015	121,152	5,323	1,332	-	127,807
At 31 March 2014	97,498	13,588	797	2,740	114,623

A proportion of expenditure relating to the improvement programme is considered to be of a capital nature and has been included within additions to Housing Properties for Group and Association. This proportion is equal to £3,710,962 (2014: £3,479,344). In addition, expenditure relating to the improvement programme charged to the I&E is £1,245,719 (2014: £2,041,265) bringing the total expenditure relating to the improvement programme to £4,956,681 (2014: £5,520,609)

Notes to the Financial Statements continued

14. Association Fixed Asset Housing Properties

	Housing Properties Held for Letting	Housing Properties Being Developed	Shared Ownership Properties Completed	Shared Ownership Properties Being Developed	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2014	128,197	16,581	2,517	3,065	150,360
Properties being developed	-	21,327	-	642	21,969
Additions to housing properties	4,454	-	-	-	4,454
Acquired properties into letting	31,337	(31,337)	3,707	(3,707)	-
Transfer to current assets	-	-	(1,223)	-	(1,223)
Disposals	(782)	-	(1,112)	-	(1,894)
At 31 March 2015	163,206	6,571	3,889	-	173,666
Depreciation and Impairment					
At 1 April 2014	16,971	-	668	-	17,639
Depreciation charged in year	3,401	-	46	-	3,447
Depreciation on Disposals in year	(103)	-	-	-	(103)
Impairment charged in year	26	-	141	-	167
At 31 March 2015	20,295	-	855	-	21,150
Depreciated Cost:					
At 31 March 2015	142,911	6,571	3,034	-	152,516
At 31 March 2014	111,227	16,580	1,849	3,065	132,721

Notes to the Financial Statements continued

14. Association Fixed Asset Housing Properties continued

	Housing Properties Held for Letting £000	Housing Properties Being Developed £000	Shared Ownership Properties Completed £000	Shared Ownership Properties Being Developed £000	Total £000
Social Housing Grant					
At 1 April 2014	11,159	2,966	1,017	325	15,467
Received in year	-	5,418	-	325	5,743
Acquired properties into letting	7,137	(7,137)	650	(650)	-
At 31 March 2015	18,296	1,247	1,667	-	21,210
Other Public Grants					
At 1 April 2014	1,091	26	35	-	1,152
Received in year	-	55	-	-	55
Acquired properties into letting	81	(81)	-	-	-
At 31 March 2015	1,172	-	35	-	1,207
Net Book Value:					
At 31 March 2015	123,443	5,324	1,332	-	130,099
At 31 March 2014	98,977	13,588	797	2,740	116,102

	Group		Association	
	2015 £000	2014 £000	2015 £000	2014 £000
Housing properties book value, net of depreciation and grants				
Freehold land and buildings	126,951	113,742	129,243	115,221
Long leasehold land and buildings	856	881	856	881
	127,807	114,623	130,099	116,102

Notes to the Financial Statements continued

15. Other Tangible Fixed Assets

Group	Leasehold Premises	Freehold Premises	Office Fixtures & Fittings	Motor Vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2014	4,269	601	1,126	176	6,172
Additions	-	-	97	-	97
Disposals	-	(76)	-	-	(76)
At 31 March 2015	4,269	525	1,223	176	6,193
Depreciation					
At 1 April 2014	(852)	(53)	(1,067)	(111)	(2,083)
Charged in year	(82)	(11)	(41)	(44)	(178)
Charged on disposals	-	-	-	-	-
At 31 March 2015	(934)	(64)	(1,108)	(155)	(2,261)
Net Book Value					
At 31 March 2015	3,335	461	115	21	3,932
At 31 March 2014	3,417	548	59	65	4,089

Association	Leasehold Premises	Freehold Premises	Office Fixtures & Fittings	Motor Vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2014	4,269	601	1,126	168	6,164
Additions	-	-	97	-	97
Disposals	-	(76)	-	-	(76)
At 31 March 2015	4,269	525	1,223	168	6,185
Depreciation					
At 1 April 2014	(852)	(53)	(1,067)	(105)	(2,077)
Charged in year	(82)	(11)	(41)	(42)	(176)
Charged on disposals	-	-	-	-	-
At 31 March 2015	(934)	(64)	(1,108)	(147)	(2,253)
Net Book Value					
At 31 March 2015	3,335	461	115	21	3,932
At 31 March 2014	3,417	548	59	63	4,087

Included within leasehold premises are long leasehold land and buildings with a cost of £4,115,497 (2014: £4,115,497), the net book value of these assets at 31 March 2015 was £3,334,876 (2014: £3,417,195). The remaining amounts within leasehold premises relate to short leasehold land and buildings.

Notes to the Financial Statements continued

16. Group and Association Shared Ownership Properties held as Current Assets

	Association		Group	
	2015	2014	2015	2014
	£000	£000	£000	£000
At 1 April 2014	-	78	-	78
Additions	1,223	-	1,223	-
Disposals	-	(78)	-	(78)
At 31 March 2015	1,223	-	1,223	-

17. Group and Association Stock

	Group		Association	
	2015	2014	2015	2014
	£000	£000	£000	£000
Raw materials and consumables	138	73	138	73
	138	73	138	73

18. Debtors

	Group		Association	
	2015	2014	2015	2014
	£000	£000	£000	£000
Amounts receivable within one year:				
Arrears of rent and service charges	2,075	1,582	2,075	1,582
Less: Provision for bad and doubtful debts	(1,222)	(1,080)	(1,222)	(1,080)
	853	502	853	502
Trade Debtors	111	102	107	84
Social Housing Grant receivable	363	181	363	181
Other Debtors	3	3	3	2
Inter Company Debtors	-	-	1,161	122
Other taxation	8	12	-	-
Prepayment and accrued income	86	418	85	417
	1,424	1,218	2,572	1,308

Notes to the Financial Statements continued

19. Creditors

	Association		Group	
	2015	2014	2015	2014
Amounts falling due within one year:	£000	£000	£000	£000
Trade creditors	2,011	1,727	1,201	1,514
Rent and service charges received in advance	486	485	486	485
Other creditors	37	56	36	56
Intercompany creditors	-	-	662	149
Corporation tax	-	-	-	-
Other taxation and social security	134	133	126	131
Accruals and deferred income	1,500	868	1,186	864
	<u>4,168</u>	<u>3,269</u>	<u>3,697</u>	<u>3,199</u>
Amounts falling due after more than one year:				
Housing loans (see note 20)	150,723	126,000	150,723	126,000
Issue costs	(1,294)	-	(1,294)	-
Net loans	<u>149,429</u>	<u>126,000</u>	<u>149,429</u>	<u>126,000</u>

20. Group and Association Loans

	2015		2014	
	£000		£000	
Due within one year	-		-	
Between one and five years	10,000		10,000	
In five years or more	140,723		116,000	
	<u>150,723</u>		<u>126,000</u>	
Of which:				
Fixed Rate	101,873	67.6%	94,872	75.3%
Floating Rate	48,850	32.4%	31,128	24.7%
	<u>150,723</u>		<u>126,000</u>	

On 11th September 2014 Wulvern agreed new loan facilities with Warrington Borough Council and a Private Investor. In addition £24.7m of existing loans were repaid to RBS and NBS. This has resulted in an overall facility of £215.7m (2014: £153m) of which £65m is undrawn at the year end (2014: £27m was undrawn). Loans from the Funders are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest. At 31st March 2015 the average rate repayable for drawn loans was 4.49%.

Notes to the Financial Statements continued

21. Group and Association Share Capital

	31 March 2015	31 March 2014
Share Capital	£8	£9

Each share in the Association has a nominal value of one pound and carries no right to interest, dividend or bonus. When a shareholder ceases to be a shareholder or is expelled from the Association, his or her share is cancelled and the amount paid up becomes the property of the Association. The shareholders may resolve that any property that remains after the Association is wound up or dissolved shall be transferred to another charitable body with similar objects to that of the Association. If no such institution exists, the property shall be transferred to the Housing Associations Charitable Trust. No shareholder can hold more than one share. Shareholders are divided into three classes namely; tenant shareholders, community shareholders and the Local Authority shareholder. The weighting attached to each shareholder's vote in a general meeting is determined by dividing the total number of shares issued by the shares within a particular class.

22. Reserves

	Group		Association	
	Pension Liability	Total Funds	Pension Liability	Total Funds
	£000	£000	£000	£000
Revenue Reserves				
Surplus / (Deficit) at 1 April 2014	1,346	(5,160)	1,346	(4,177)
Surplus / (Deficit) for the Period	319	2,093	319	2,907
Actuarial gain recognised in the pension scheme	(1,425)	(1,425)	(1,425)	(1,425)
Surplus / (Deficit) at 31 March 2015	240	(4,492)	240	(2,695)

Notes to the Financial Statements continued

23. Notes to the Consolidated Cash Flow Statement

a) Reconciliation of operating surplus to net cash inflow from operating activities

	2015	2014
	£000	£000
Operating surplus	7,976	5,357
Depreciation charge	3,625	2,869
Impairment charge	167	26
Pensions Operating charge	140	322
Increase in stock and properties for sale	(1,288)	-
(Decrease) / Increase in debtors	(24)	272
Increase / (Decrease) in creditors	783	(169)
	<u>11,379</u>	<u>8,677</u>

b) Reconciliation of net cash inflow to movement in net debt

	2015	2014
	£000	£000
(Decrease) / Increase in cash in the Period	11,781	(1,161)
Cash inflow from increase in debt	(23,430)	(15,000)
Change in net debt	(11,649)	(16,161)
Net debt at beginning of Period	(123,110)	(106,949)
Net debt at end of Period	<u>(134,759)</u>	<u>(123,110)</u>

c) Analysis of changes in net debt

	At 31 March	Cash Flows	At 31 March
	2014	£000	2015
	£000		£000
Cash at bank & in hand	2,890	11,781	14,671
Debt due after one year	(126,000)	(23,430)	(149,430)
	<u>(123,110)</u>	<u>(11,649)</u>	<u>(134,759)</u>

Notes to the Financial Statements continued

24. Capital Commitments

	Group		Association	
	2015	2014	2015	2014
	£000	£000	£000	£000
Capital expenditure authorised and contracted	7,080	23,541	7,551	23,999
Capital expenditure authorised not contracted	1,270	4,356	1,458	4,461
Capital expenditure authorised by the Board	8,350	27,897	9,009	28,460

The authorised and contracted commitments for the Association are higher than those for the Group due to the elimination on consolidation of authorised contracts between the Association and its subsidiary Wulvern Platform Limited. All commitments will be paid for by way of loan finance and grant funding.

Please refer to note 34 for discussion surrounding the potential impact to the capital commitments following the Government's budget statement on 8th July 2015.

25. Group and Association Operating Leases

Payments which are committed to be made under non-cancellable operating leases are as follows:	Group		Association	
	2015	2014	2015	2014
	£000	£000	£000	£000
Vehicles and office equipment, expiring:				
Within one year	101	-	101	-
Within two to five years	17	118	9	110
Beyond five years	-	-	-	-
	118	118	110	110

Notes to the Financial statements continued

26. Group and Association Pensions

Wulvern Housing Ltd participates in two pension schemes:-

a) The Social Housing Pension Scheme (SHPS), which is a multi-employer defined benefit scheme. Participation in the scheme is subject to adherence with the employer responsibilities and obligations as set out in the 'SHPS House Policies and Rules Employer Guide'. The scheme is funded and is contracted out of the state scheme.

b) The Cheshire Pension fund (LGPS) which is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 1997, as amended. It is funded and contracted out of the State Second Pension.

The Social Housing Pension Scheme (SHPS) – defined benefit

1. Wulvern Housing Limited participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

2. It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

3. The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

4. The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062m. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035m, equivalent to a past service funding level of 67%.

5. The Scheme Actuary is currently finalising the 2014 valuation but key provisional results have been confirmed. As at 30 September 2014, the market value of Scheme's assets was £3,123 million. There was a shortfall of assets compared with the value of liabilities of £1,323m, equivalent to a past service funding level of 70%.

Past Service Deficit Amount

The past service deficit amount as at 1 April 2015 was £61,898.53.

New employers that do not transfer any past service liabilities to the Scheme pay contributions at the on-going future service contribution rate. This rate is reviewed at each valuation and new employers joining the Scheme between valuations up until 1 April 2010 do not contribute towards the deficit until two valuations have been completed after their date of joining. New employers joining the Scheme after 1 April 2010 will be liable for past service deficit contributions from the valuation following joining. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

Employers that have closed the defined benefit section of the scheme to new entrants are required to pay an additional employer contribution loading of 2.5% to reflect the higher costs of a closed arrangement.

Wulvern Housing Limited has been notified by the Pensions Trust of the estimated employer debts on withdrawal from the Pensions Scheme based on the financial position of the scheme at 30 September 2014. As at this date the estimated employer debts for Wulvern Housing Limited is £2,693,397.

Notes to the Financial Statements continued

26. Group and Association Pensions (continued)

The Cheshire Pension Fund (LGPS)

The latest formal valuation of the Fund for the purpose of setting employers' actual contributions was at 31 March 2013. The return on the Fund in market value terms for the year to 31 March 2015 is estimated to be 16%.

The asset distribution of the whole Fund as at 31 March 2015 is shown below:-

Assets Whole Fund	Asset Distribution 31 March 2015	Asset Distribution 31 March 2014
Equities	50.0%	65.0%
Bonds	40.0%	22.0%
Property	8.0%	7.0%
Cash	2.0%	6.0%
Total	<u>100.0%</u>	<u>100.0%</u>

Financial Assumptions

The financial assumptions used for the purposes of FRS17 calculations as at 31 March 2015, 31 March 2014 are as follows:-

Year Ended:	31 March 2015	31 March 2014
Inflation/Pension Increase	2.4%	2.8%
Salary Increases	3.3%	3.6%
Expected Return on Assets	3.2%	5.6%
Discount Rate	3.2%	4.3%

Mortality

Life expectancy is based on the Fund's VitaCurves with Improvements in line with the CMI2010 model assuming current rates of improvements have peaked and will converge to a long term rate of 1.25 p.a. Based on these assumptions, the average future life experiences at age 65 are summarised below

	Males	Females
Current Pensioners	22.3 Years	24.4 Years
Future Pensioners*	24.1 Years	26.7 Years

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

Notes to the Financial Statements continued

26. Group and Association Pensions (continued)

Historic Mortality

Life expectancies for the prior period end are based on the SAPS tables. The allowances for future life expectancies are shown below.

Year Ended	Prospective Pensioners	Pensioners
31 March 2014	CMI2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a. minimum improvements from 2007	CMI2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a. minimum improvements from 2007

Breakdown of the expected return on Assets by Category	31 March	31 March
Year Ended	2015	2014
Equities	3.20%	6.60%
Bonds	3.20%	3.50%
Property	3.20%	4.80%
Cash	3.20%	3.70%

The assets of the fund relating to Wulvern are shown in the table below:-	31 March	31 March
Assets (Employer)	2015	2014
	Assets	Assets
	£000	£000
Equities	17,909	20,075
Bonds	14,327	6,794
Property	2,865	2,162
Cash	716	1,853
Total	35,817	30,884

Net Pension Assets as at:	31 March	31 March
	2015	2014
	£000	£000
Estimated employer Assets (A)	35,817	30,884
Present Value of Scheme Liabilities	35,577	29,538
Present Value of Unfunded Liabilities	-	-
Total Value of Liabilities (B)	35,577	29,538
Net Pension Assets / Deficit (A-B)	240	1,346

Notes to the Financial Statements continued

26. Group and Association Pensions (continued)

Analysis of amount charged to operating deficit

Amount charged to operating profit

	Year to 31 March 2015		Year to 31 March 2014	
	£000	% of Payroll	£000	% of Payroll
Service cost	673	21.9%	983	25.6%
Past service cost	-	0.0%	-	0.0%
Curtailement and Settlements	-	0.0%	-	0.0%
Decrease in irrecoverable surplus	-	0.0%	-	0.0%
Total Operating Charge (A)	673	21.9%	983	25.6%

Amount credited to other finance income

	Year to 31 March 2015		Year to 31 March 2014	
	£000	% of Payroll	£000	% of Payroll
Expected return on employer assets	(1,731)	-37.2%	(1,430)	-37.2%
Past Service Cost	30			
Losses on Curtailments & Settlements	50			
Interest on pension scheme liabilities	1,272	32.7%	1,257	32.7%
Net Return (B)	(379)	-4.5%	(173)	-4.5%
Net Revenue Account Cost (A) - (B)	294	21.1%	810	21.1%
Actual Return on Employer Assets	4,943		2,603	

Analysis of amount recognised in Statement of Total Recognised Surpluses and Deficits

	Year to 31 March 2015 £000	Year to 31 March 2014 £000
Opening Defined Benefit Obligation	29,538	27,721
Current Service Cost	673	983
Interest Cost	1,272	1,257
Contributions by Members	214	248
Actuarial Losses / (Gains)	4,636	76
Past Service Costs	30	-
Losses on Curtailments	50	-
Liabilities Extinguished on Settlements	-	-
Estimated Benefits Paid	(836)	(747)
Closing Defined Benefit Obligation	35,577	29,538

Notes to the Financial Statements continued

26. Group and Association Pensions (continued)

Analysis of amount charged to operating surplus/deficit

	Year to 31 March 2015	Year to 31 March 2014
	£000	£000
Opening Fair Value of Employer Assets	30,884	28,537
Expected Return on Assets	1,731	1,430
Contributions by Members	214	248
Contributions by the Employer	613	661
Actuarial Gains / (Losses)	3,211	755
Assets Distributed on Settlements	-	-
Benefits Paid	(836)	(747)
Closing Fair Value of Employer Assets	35,817	30,884

History of Experience Gains and Losses

Year Ended:	Year to 31 March 2015	Year to 31 March 2014	Year to 31 March 2013	Year to 31 March 2012	Year to 31 March 2011
	£000	£000	£000	£000	£000
Fair Value of Employer Assets	35,817	30,884	28,537	24,988	24,522
Present Value of Defined Benefit Obligation	(35,577)	(29,538)	(27,721)	(23,110)	(21,104)
Surplus / (Deficit)	240	1,346	816	1,878	3,418
Experience gains / (losses) on Assets	3,211	755	2,002	(816)	1,340
Experience gains / (losses) on Liabilities	255	(2,094)	29	(226)	2,879
Actuarial gains/ (losses)	(1,425)	679	(1,212)	(1,980)	7,083
Actuarial gains/(losses) recognised in surplus & deficits	(1,425)	679	(1,212)	(1,980)	7,083
Cumulative Actuarial Gains and Losses	(781)	644	(35)	1,177	3,157

Notes to the Financial Statements continued

26. Group and Association Pensions (continued)

Projected pension expenses for the period to 31 March 2015

Analysis of projected amounts to be charged to operating profit for the period to 31 March 2015

Period Ended 31 March 2015	£000	% of pay
Projected current Service Cost*	817	27.40%
Interest on obligation	1,143	38.30%
Expected Return on Employer Assets	-1,146	-38.40%
Past Service Cost	-	-
Losses / (Gains) on Curtailments and Settlements	-	-
Total	814	27.30%

* The service cost figure includes an allowance for administration expenses of 0.4% of payroll.

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 March 2015:

	Approximate % Increase to Employer Liability	Approximate Monetary Amount £000
0.5% decrease in real discount rate	11%	3,881
1 Year increase in member life expectancy	3%	1067
0.5% increase in salary increase rate	3%	1244
0.5% increase in the pension increase rate	7%	2,562

Notes to the Financial Statements continued

27. Group and Association Disposal Proceeds Fund

	2015	2014
	£000	£000
Opening balance	132	61
Net Proceeds from Right to Acquire property disposals	252	70
Notional interest for the year	1	1
Utilisation of fund	(55)	0
Closing balance	<u>330</u>	<u>132</u>

All funds are due to the Home & Communities Agency

28. Legislative Provisions

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014.

29. Improvement Programme / VAT Shelter

At the time of the transfer of the housing stock in March 2003, Wulvern entered into an HM Revenue & Customs approved arrangement with Crewe & Nantwich Borough Council to carry out a housing stock improvement programme.

In common with most recent LSVT transfers, part of the reclaimed VAT in respect of the improvement programme is paid to the Council for a period of time. Commitments in this respect have now finished.

Improvement programme expenditure for the 12 years to 31 March 2015 is £77.518m and a further £4.4m is anticipated within the business plan for the financial year ending 31 March 2016. This is included in the capital commitments note 24. Most of this expenditure is deemed to be of a capital nature and is held within the balance sheet.

Notes to the Financial Statements continued

30. Related Parties

There are some tenants who are Board members. Their tenancies are on normal commercial terms and they are not able to use their position to their advantage.

At 31st March 2015 there were three members of the Board nominated by Cheshire East Council. Wulvern has a number of service level agreements with the Local Authority.

31. Wholly Owned Subsidiary Undertakings

Organisation	Status	Country of Registration	Principal Activity
Wulvern Platform Ltd	Private Company Limited by shares	England	Commercial Property Services

All subsidiaries fall under the overall control of Wulvern Housing Ltd.

32. Pension Commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £58,472 in the year (2014: £10,039).

Notes to the Financial Statements continued

33. Intra Group Transactions

Wulvern Platform Limited (WPL) provides development and disabled adaptation services for Wulvern Housing Limited (WHL). In return, Wulvern Housing Limited provides Wulvern Platform Limited with management and overhead support. Development services are charged on a fixed price/cost plus contract. Disabled adaptation services are recovered on a profit neutral basis. Management and overhead recharges are based on actual time spent by Wulvern Housing Limited employees performing services on behalf of Wulvern Platform Limited.

Charging Entity	Charged Entity	Departments	By Reference to	2015 £000	2014 £000
WHL	WPL	Finance, Development, Operations and Executive	Actual time for services provided	307	203
WHL	WPL	Overheads	Actual Costs Incurred	1	16
				<u>308</u>	<u>219</u>
WPL	WHL	Development	Fixed Price/Cost Plus Contracts	11,963	7,412
WPL	WHL	Adaptations Services	Actual Costs Incurred	299	332
				<u>12,262</u>	<u>7,744</u>
				2015	2014
				£000	£000
			Amounts owed to Wulvern Housing Ltd by Wulvern Platform Ltd (note 18)	<u>1161</u>	<u>122</u>
			Amounts owed by Wulvern Housing Ltd to Wulvern Platform Ltd (note 19)	<u>662</u>	<u>149</u>

Notes to the Financial statements continued

34. Non-adjusting event after the balance sheet date

In the Government's budget statement of 8th July 2015, the Government stated its intention to mandate:

- a reduction in social housing rents (including affordable rents and social rents) by 1% each year for the next four years, from April 2016; and
- tenants living in social housing and earning more than £30,000pa (£40,000pa in London) will be required to pay market rent.

This event occurred after the balance sheet date and does not provide additional information about, nor represent a change in, conditions that existed at that date. Therefore, in accordance with Financial Reporting Standard 21 "Events after the balance sheet date", the Government's budget statement is a non-adjusting post balance sheet event. The financial statements do not reflect the possible financial consequences of the matters described below.

As per accounting policy 1, The Association carries its social housing properties at cost net of Social Housing Grant, depreciation and impairment. Where we determine that Government intentions represent an indicator of impairment according to the underlying accounting framework (whether of specific classes of housing property or across the portfolio) we will be required to perform a review for impairment on assets or appropriate cash generating units affected in the financial year to 31 March 2016. We will record an impairment charge in the financial statements to 31 March 2016 where we identify assets or cash generating units subject to impairment review that are carried at an amount greater than their recoverable amount. However, until further details of the intentions are made available the Association has been unable to determine specific details of the financial impact.

Government intentions may also have the following material effect:

- Development plans: The current capital commitments presented within note 24 (both authorised and contracted and authorised but not yet contracted) have been determined on the basis of a predictable sustainable increase in rents for the foreseeable future. Government's intentions will require the board to reconsider the plans and may result in the Association scaling back certain developments so as to operate within revised rental income forecasts. This work is not complete as at the date of signing these financial statements.
- Going concern: The Association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. The Government's announced intentions have led to a reassessment of the Association's 30-year plan and other budget/forecast data as well as an assessment of imminent or likely breach in borrowing covenants. We consider it appropriate to continue to prepare the financial statements on a going concern basis.

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Our vision is to deliver brilliant social housing!

