Westmoreland Supported Housing Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 30 September 2020

Company Number: 04501091

A Registered Provider of Social Housing

Cumbria House, 147 Trent Boulevard, West Bridgford, Nottingham, NG2 5BX
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Registered in England No: 04501091 | Housing Association No: 4772 | Registered with the RSH

REPORT AND FINANCIAL STATEMENTS

Contents

1 BOARD MEMBERS, ADVISORS AND BANKERS

Board of Directors:

The Directors of Westmoreland Supported Housing Limited and those who served during the year are:

- Michael Doran (Chair to 30 March 2020) Died 26 April 2020
- Susan Hickey (Chair from 30 March 2020); statutory appointment until 9 September 2020)
- Andrew Stafford
- Jayne Phillips
- Lynn Clayton
- Jayne Francis-Ward
- Neil Timms
- Susan Lock (statutory appointment until 9 September 2020)
- Lee Sugden (statutory appointment until 9 September 2020)
- Stephen Fensom (Executive Director) Appointed 13 July 2020

Directors are appointed by Westmoreland Board members for an initial three-year term.

Company Secretary: Oakwood Corporate Secretary Limited

Registered Office: Cumbria House, 147 Trent Boulevard, West Bridgford, Nottingham, NG2 5BX

The Company was formed as a company limited by guarantee on 1st August 2002, number 04501091. It converted to a Community Benefit Society on 15 April 2021.

Westmoreland Supported Housing Limited is established as a registered provider of social housing with the Regulator of Social Housing "RSH" under the Housing and Regeneration Act 2008. Regulator of Social Housing Registration Number: 4772.

Auditors:

Crowe UK LLP
3rd Floor, The Lexicon,
Mount Street
Manchester M2 5NT

Bankers:

Lloyds Bank PLC
25 Gresham Street
London
EC2V 7HN

2 STRATEGIC REPORT

The Directors present their Annual Report and Financial Statements for the year ended 30 September 2020 for Westmoreland Supported Housing ("the Company", "Westmoreland").

2.1 In Memoriam

It is with great sadness that the Directors advise of the passing of Michael Doran from Covid-19. Mike served as independent Chair of Westmoreland Board of Directors from November 2018 until March 2020, leading on the rebuilding of Westmoreland's Board and executive and providing strong and effective leadership at a time of significant challenge for Westmoreland. His strength of support for residents and the organisation was exemplary and he is sadly missed.

2.2 Purpose and Principal Activities

Westmoreland provides supported living accommodation in England and Wales to meet the individual and unique needs of adults with learning disability, mental ill-health, acquired brain injury, physical or sensory disability, diagnosed long term conditions such as dementia or who may, for a multitude of reasons, require care and support. Westmoreland partners with local authorities who establish the care needs of our residents and a range of care provider organisations who provide the long-term care to enable our customers to thrive in their own homes. Westmoreland provides the appropriate homes and intensive housing management services to ensure the home continues to meet our customers' needs over the long term.

Across the country there remains a shortage of specialist housing specifically designed to meet the changing and increasing demographic profile of people with support needs.

Westmoreland believes that living in your own home, being safe and well, is a key indicator of a successful society.

2.3 Vision & Strategic Priorities

Westmoreland's vision is unchanged: to be a high-quality provider of long-term specialist supported housing to some of the most vulnerable people in society. We seek to be an active contributor to the development and improvement of services and solutions that lead to better life outcomes for our customers.

2.4 Status of the Business

From an organisation of only 56 homes in years 2002 to 2016, Westmoreland grew rapidly in 2017 and 2018 through the acquisition of long-term index-linked leases, increasing in size to 1,439 homes in 2018. A number of these leases proved ineffective as a result of unsuitable properties, poor stock condition and high rental cost, resulting in unsustainable numbers of void units and poor financial returns. The resultant significant business impact and poor prognosis led the Board to focus upon business survival and subsequent remediation.

STRATEGIC REPORT (CONTINUED)

No further growth was pursued and Westmoreland began the process of consolidating our portfolio, services and capabilities.

On 30th November 2018, the Regulator of Social Housing assessed Westmoreland as non-compliant with the governance and viability elements of the Governance and Financial Viability Standard.

In July 2019, a creditor elected to act against Westmoreland in respect of a (Westmoreland disputed) debt. Westmoreland subsequently entered into the Regulator's insolvency process and a moratorium was entered to seek time to resolve the position. The creditor action was withdrawn following action taken by Westmoreland, the creditor and by the Regulator. However, the Regulator of Social Housing subsequently downgraded Westmoreland to non-compliant grades for governance (G4), and financial viability (V3) in September 2019.

Westmoreland's Board membership was entirely refreshed, with all historic members replaced with eight new Board Members including three statutorily nominated Members. The strengthened Board has focused on stabilising a poor performing operation and undertaking core diagnostic analysis in preparation for business recovery. Significant effort was spent in establishing and repairing relationships with Westmoreland's key stakeholders, including superior landlords and the Regulator of Social Housing.

2.5 Business Strategy and Delivery for 2020 Financial Year

As a result of the business significantly underperforming, the Board agreed to focus upon an in-year strategic horizon and set two company objectives for the 2020 financial year. First and foremost, to improve focus upon our customers to ensure their safety, manage health and safety compliance and the suitability and efficacy of core services. Secondly, considering the safety and best interests of our customers as the priority, to plan and commence implementation of a route to full business recovery and regulatory compliance. The Board agreed that, should it become clear that it would not be practicable to deliver a stable, secure business that is able to effectively support our customers – and to do so within a reasonable time period - our efforts would move to focus upon securing outcomes for our customers with other providers and commencing an orderly wind-down.

In the early months of the financial year, the Board replaced the executive team and CEO. The Board and new executive team jointly agreed a comprehensive and detailed recovery plan to run until September 2021, to target the following:

- Review and overhaul all components of the corporate governance framework and associated control systems.
- Achieve Health and Safety compliance.
- Strengthen financial management and controls; protect cash position.
- Strengthen operating capability, with the focus upon customer outcomes.
- Improve asset management.
- Improve resilience of business infrastructure.

STRATEGIC REPORT (CONTINUED)

As operating performance and financial stability was targeted, the recovery plan required the focus of Board and executive team to move to the long-term strategic future of the company, focusing upon financial resilience and a route to full regulatory compliance.

The focus of this financial year has been in delivery of the approved plan.

Since the commencement of the plan, all aspects of Westmoreland's business have been positively impacted. Governance, operating effectiveness, efficiency and economy are materially improved, underpinned by a strengthened financial position. Westmoreland's customers are better served through improved communication, compliance and repair services, with further improvements planned. Relationships with superior landlords are stronger, and staff are better informed and engaged. The highlights at the end of the financial year include:

- Negotiated exit from 752 units of under-performing and non-performing stock.
- Reduction in operating loss, through operating efficiency and resolution of historic rent constraints and disputes, with an expectation of achieving an underlying operating surplus by the end of September 2021.
- Forward liquidity date extended to February 2022 (and since year end to no time limit for forward cash availability), with a clear plan to achieve a cash generative position by September 2021. Liquidity is no longer an immediate issue in the business plan.
- Historic debt collection through the period of £1.3m.
- Rent constraints and disputes resolved for all except 16 customers, with a plan to resolve the remainder by September 2021.
- Collection rates improved from 70% to 90%, and subsequently to 99.14% by March 2021.

This resulted in a significantly improved service and cash position and improved business resilience.

In the 2020 financial year, Westmoreland's underlying operating performance has continued to be loss making. This was anticipated and the substantial improvements made have aligned with planning assumptions. This operating loss is driven by historic operating inefficiencies, asset quality and condition, and commercially ineffective arrangements, but has been underpinned in 2020 with strong aged debt collection activities.

To the date of issue of this report, highlights of activity subsequent to the 2019/2020 financial year include:

- Ongoing performance improvements in occupancy, void management and debt collections. Westmoreland has a clear roadmap to sustained operating performance to be delivered in 2021 financial year. Performance data to March 2021 is provided in section 3, below.

STRATEGIC REPORT (CONTINUED)

- Whilst Westmoreland remains non-compliant, significant progress has been made on compliance with all seven current standards. The main outstanding area of focus is strengthening business and financial resilience to withstand materialisation of key business model risks, as identified in the Addendum to Sector Risk Profile April 2019 and November 2020 issued by the Regulator of Social Housing. This is a sector-wide concern. Westmoreland Board and executive team are confident that our forward plans will deliver sufficient resilience, given time and continued progress.
- Completion of a full stock condition survey and development of improved investment plan. Westmoreland is in the process of shaping and procuring our largest ever asset investment programme for delivery through 2021 and 2022.
- Through the period November 2020 to May 2021, Westmoreland engaged in detailed negotiations with superior landlords to address underlying operating losses. The negotiations were held in a spirit of openness and long-term partnership. Westmoreland has secured agreements with those landlords whose portfolio has remained loss making to Westmoreland, notwithstanding high levels of operating performance and efficiency. These agreements provide for a small but growing long term operating margin, assuming Westmoreland deliver to our targets of sustained operating performance.
- Westmoreland has restated and stress tested the 2021 business plan and 30-year forecast, which demonstrates long term future viability with increasing business resilience over time.
- Westmoreland has agreed with Fairhome Group to write off the remaining £4m loan held by Westmoreland, with no repayment and with no further conditionality upon Westmoreland. The write off is effective from 1st April 2021.

Westmoreland is now moving into the latter stages of our business recovery plan focusing upon strengthening our customer proposition and focus and consideration of our long-term strategic options.

The 2019/2020 financial year *has* been a defining year for Westmoreland. We have transitioned from a failing business to a viable operating business and have laid the groundwork for continued future success. We move forward with a clear vision to complete our commercial and business recovery and a plan for our route to regulatory compliance. As a result of Westmoreland's progress through this period, our Board is enabled to plan further into the future. A central Board activity through the 2021 financial year is to consider and prepare a medium-term strategy for the organisation. The outcomes of strategic options analysis will be considered by Westmoreland's Board in the third quarter of the 20/21 financial year.

STRATEGIC REPORT (CONTINUED)

It is important to note that Westmoreland remains non-compliant with certain areas of the Regulator of Social Housing Standards; specifically, the business resilience requirements under the Governance and Financial Viability Standards. Westmoreland is subject to the business model risks identified in the Regulator's Addendum to Sector Risk Profile (April 19). While we continue to strengthen our business in all respects, mitigation of the risk profile of long-term index-linked leases to the expectations of the Regulator remains a challenge for us, as it does with a large proportion of Specialist Supported Housing providers using this business model. We remain closely engaged with the Regulator of Social Housing whilst we explore options to achieve compliance.

Whilst such risks remain for Westmoreland and for the wider sector, the Board continue to hold a positive view of the medium to long-term ability for Westmoreland to support and deliver improved outcomes for our customers and for Westmoreland to become a strong contributor to the Specialist Supported Housing sector.

2.6 Regulatory Engagement

Throughout the year, the Board has engaged openly and worked closely with the Regulator of Social Housing to share Westmoreland's journey and progress. With the establishment of the new executive team, Westmoreland and the Regulator have met monthly throughout the period. We continue to do so, and engagement remains positive and open.

In May 2020, the Regulator issued a further Regulatory Notice concerning the following two items:

- Non-compliance with the Home Standard, with specific reference to one Superior Landlord's stock, but referred to a wider lack of assurance on health and safety compliance.
- Non-compliance with the Tenants' Involvement and Empowerment Standard, with reference to Westmoreland's ineffective consultation with tenants of the same Superior Landlord's portfolio. This poor consultation was undertaken with customers of four properties in the period before the current Board and executive team were appointed.

As part of Westmoreland's recovery plan, this stock has been surrendered. All customer services and processes have been reviewed and strengthened and the Company has commissioned a full stock condition survey (completed by January 2021) to assure the Board on condition and health and safety compliance of all properties under management. There have been two subsequent resident consultations, both of which have fully complied with the Standard.

STRATEGIC REPORT (CONTINUED)

Towards the end of the year, Westmoreland's Board elected to enter into a Voluntary Undertaking with the Regulator, a documented commitment from Westmoreland to develop and deliver a route to regulatory compliance. This Voluntary Undertaking is in two stages, with Westmoreland having committed to complete Stage 1, focused upon diagnostic analysis on specific areas of regulatory non-compliance and maintaining delivery performance levels during 2021. The outcome of Stage 1 is to be used to shape the Stage 2 undertaking, charting a route to regulatory compliance. This Voluntary Undertaking supports and underpins Westmoreland's continued business recovery plan.

Since commencing the undertaking, Westmoreland has applied considerable focus to delivering assurance of compliance with regulatory standards including the Rent Standard, with emphasis upon meeting the definition of Specialist Social Housing and in passing the Social Housing 'market rent' test.

In January 2021, Westmoreland received a further letter from the Regulator of Social Housing noting the significant positive progress made in business recovery overall and that the compliance work was yet to be concluded.

At the end of May 2021, we confirmed to the Regulator that we have received the substantial majority of responses to data requests from other parties to support adequate Board assurance of regulatory compliance. Whilst there has been considerable progress made, responses to data requests from a number of Local Authorities are delayed as a result of the impact of the Covid-19 pandemic. For those properties where we have received all appropriate data, the Board is assured of regulatory compliance for 93%, with the remainder requiring further clarification to finalise their status. The Board and executive team remain confident that this trend will continue.

We have restated our commitment to the Regulator to assess 100% of Westmoreland's portfolio as soon as possible.

2.7 Impact of Covid-19

Like the majority of other organisations, Westmoreland has been impacted by the Covid-19 pandemic. Since March 2020, the organisation has operated remotely from our customers, with access to our offices heavily restricted and all staff operating from home. In addition to the loss of our Chair, Michael Doran, at the time of signing, Westmoreland can report the sad death of two residents from the pandemic.

We are pleased to report, however, that in all other cases, our customers and Care Provider partners have not been taken seriously ill, with no reported hospitalisations. All Care Providers proved able to continue providing onsite support and services through the lockdown periods to date.

Westmoreland has continued critical services throughout this period but have paused or reduced the frequency of non-critical services, based upon the level of risk to our customers, assessed in conjunction with our care provider partners. Where circumstances have required

STRATEGIC REPORT (CONTINUED)

Westmoreland has continued critical services throughout this period but has paused or reduced the frequency of non-critical services, based upon the level of risk to our customers, assessed in conjunction with our care provider partners. Where circumstances have required additional resources or deeper services than usual, such as increased cleaning and sanitation, we have delivered this jointly. Where access restrictions have impacted health and safety related services, we have arranged alternative access so that we have maintained our level of compliance; albeit with some delayed delivery as a result of scheduling safe access. In some cases, non-essential repairs have been paused completely during the lockdown periods to reflect the particularly vulnerable nature of some of our customers. The level of investment in properties has been low throughout the period. In all cases, this action was agreed with our Care Providers in light of local circumstances. As the country comes out of the extended lockdown, we are working with our partners to safely accelerate our repair, maintenance, cyclical and investment activities.

Delivering our services and continuing our business recovery has been particularly challenging through this period. The Board would like to thank our customers for their patience and staff, partners and management for remaining focused and energised throughout and enabling this significant step forward. We would particularly like to recognise the continued efforts of our Care Providers, who maintained often complex and challenging support and care services throughout this difficult period.

2.8 Objectives and Going Concern

The objectives of the Company during the year have been to ensure the safety of residents, manage compliance and availability of properties and to deliver the first phase of a comprehensive business recovery plan. The work completed in our 2019/20 financial year has built solid foundations for business viability and ongoing improvement in resilience.

Ensuring the Company remains solvent has been a key focus of the Board throughout. On 30 September 2019, the forward cash availability for the business was four months, i.e., until January 2020. As noted earlier in this report, forward cash availability has improved consistently throughout this period. It is pleasing to report that, at the time of signing, the business plan shows no time limit for forward cash availability. This improvement is driven by improved sustainable business performance and commercial improvements agreed with Westmoreland's largest landlords.

In addition, Westmoreland has negotiated the write-off of a significant loan creditor and restructured a long-term loan to more favourable terms. As a result, the Board has adopted the going concern basis in the financial statements.

STRATEGIC REPORT (CONTINUED)

Whilst the Board members believe the adoption of the going concern basis is appropriate in these circumstances, they also note the uncertainty related to lack of free reserves and the resultant limited resilience that Westmoreland has built through our recovery plans. Improving the strength of Westmoreland is dependent upon continuing improvements in delivery, efficiency and improving Westmoreland's economy of scale.

Looking forward, the Company will continue to focus on improving long term viability, driving operational improvements and achieving regulatory compliance as part of consideration of Westmoreland's long term organisational strategy.

3 BUSINESS PERFORMANCE

Westmoreland works with a total of 42 Care and Support partner organisations delivering services to approximately 500 tenants living in 129 supported housing schemes located across England and Wales.

In November 2019, we began in-sourcing previously out-sourced operations, as part of the plan to improve quality and control over customer delivery. Housing Officers and Income Collection transferred in November 2019, Housing Benefit expertise in March 2020 and the Finance team in May 2020.

Westmoreland's teams have focussed on improving operational process and performance that contribute to outcomes for customers and for the Company. This has resulted in significant process change, 56 new or rewritten policies and a new performance management and reporting framework.

3.1 Key Operating Metrics

	Metric	Oct-19	Sep-20	Commentary	*Position @ Mar-21*
Housing Management	Number of Units	1,342	590	Reduction driven by negotiated exit of poor performing assets and poor commercial deals	*582*
	Occupancy - gross (%)	67%	75%	Includes unlettable properties	*86%*
	Occupancy - of lettable (%)	77%	83%	Excludes unlettable properties	*90%*
	Number of Voids	443	103	Unlettable have either funding agreed to remediate, or an exit plan agreed within 6 months. Letting current delays as a result of Covid19.	*83*
	Number of unlettable voids	194	47	On completion of remediation plan there will be zero unlettable assets across the portfolio	*30*
	Collections - Housing Benefit (%)	57%	99%	Via a combination of consolidation and improved working relationships with LACC's	*99.70%*
	Collections - Self Payer (%)	36%	86%	Self payers represent c.10% of WSHL portfolio. Improvement via work with customers nominees and CP's	*96.60%*
	Overall Income Collected (%)	70%	98%	See above comments	*99.14%*
	Current & Former Tenant Arrears	£4,522k	£4,074k	Reduction due to active collections and migration of some CTA to FTA on portfolio consolidation	*£3,426k*
	Write Off (Arrears and CP Debt)	£ 1,245k	£ 632k	Due to historic poor performance	-
Asset Management	Repair volume Per Annum	1,128	1,872	Repairs and maintenance management insourced, driving improved control over management contractor.	*2,040**
	Cyclical Schedule Adherence	None issued	83%	Impact caused by Covid Lockdown	*100%*
	Compliance - Gas	72%	100%		*100%*
	Compliance FRA	91%	100%		*97%*
	Compliance - Elec	69%	100%		*99.50%*
	Compliance - Asbestos	39%	100%		*100%*
	Compliance - Water	88%	96%		*100%*
	Planned investment (£'000)	£234k	£1,290k (agreed as an 18 month spend)	Spend and programme jointly agreed with Superior Landlords	*Unchanged from September*
Employe	Employee Numbers	13	21		*19*
	Elected Staff Turnover	+8			*-1*
	Average Sick Days	<3%			*<3%*

**projected*

Through working closely with Local Authorities, Care Providers and our repairs contractor we have increased our tenant occupancy levels from 67% to 83% and to 86% by March 2021, with a plan to achieve a sustained 95% before the end of the 2021 financial year.

BUSINESS PERFORMANCE (CONTINUED)

Joint work from these teams and Westmoreland's superior landlords has reduced our unlettable units from a starting point in October 2019 of 194 to 47 units at the end of the financial year through portfolio rationalisation, remedial and investment works and improved engagement with all parties. Since the year end this has further reduced to 30 units. Westmoreland has a clear route to achieve zero unlettable units in the 2021 financial year.

Throughout the year, Westmoreland has made significant improvements in income collection via Housing Benefit. The Housing Benefit team has improved our initial application process and challenged restrictions that were in place at a number of properties. Since March 2021 Westmoreland has secured Housing Benefit in full for our customers on 100% of new tenancies and has had all but 3 historic restrictions lifted – with a plan to remediate the final restrictions in 2021 financial year. This has also led to significant recovery of historic debt through revised claims. 10% of Westmoreland's customers self-pay and the majority are responsible for utility payments. Our collections and recovery in these areas has improved from 36% to 86% in the period.

Our overall combined income collection figures increased through the financial year from 70% to 98%. Subsequent to the end of the financial year, this has increased to 99.14%, with a target of a sustained 99.2% by the end of the 2021 financial year.

Towards the end of the year, Westmoreland reviewed the approach to service charges. The Board views variable service charges as a stronger mechanism to provide customers assurance of value for money and as a transparent vehicle for understanding and managing operating cost. As such, the Board agreed to consult with Westmoreland's customers to move from the historic fixed service charge to a variable service charge from the 2021 financial year. The consultation was completed through February and March 2021.

The 2021 financial year will see Westmoreland deliver further operating improvements and sustained high performance. Our improvement focus moves through the year from aspects of operational and financial management to strengthening our customer management lifecycle, initially through stronger engagement with customers, customers representatives and Care Providers.

3.2 Customer and Care Provider Engagement

Through this period, the Company improved upon historically low levels of customer and care provider engagement. From the early part of the period our communications levels and associated experience data improved through increased visits and structured discussions with Care Providers. Unfortunately, the onset of the Covid-19 pandemic and the subsequent lockdown periods have limited movement, with visits to properties largely ceasing for the duration and all service quality and satisfaction data being gathered remotely. The limitations impacted the majority of the Company's financial year. During this period, we focused our customer engagement upon ensuring the continued safety and wellbeing of customers and care provider staff. The core areas of focus were:

BUSINESS PERFORMANCE (CONTINUED)

Question	As at Sep 2020
Is the customer's care plan in place and adhered to for each resident	99% Yes (1% is in hospital and new care plan to be agreed)
Have staffing levels remained sufficient for customer support?	99% Yes
Are fire evacuation plans in place and current?	99% Yes
Are lift and hoist checks all current?	100% Yes
Are COSH records known and current	100% Yes
Is confidentiality being maintained for customer records?	100% Yes

One fire evacuation plan was updated subsequent to the year end. 100% remain in place and current.

During this period Westmoreland sought to maintain services that were required for customers' health and safety and other services to the extent that it was safe and appropriate to do so. Whilst repair services were limited in scope, we delivered 100% of safety-related works throughout. Gardening and other cyclical services were delivered as and when it was deemed safe to do so by all parties concerned. These were severely impacted during the lockdown periods, which is reflected in Care Providers' feedback:

Rating	CP Feedback on Service Charge Cyclical Work	CP Feedback on Repairs
Excellent	26%	71%
Good	54%	25%
Fair	12%	4%
Poor	8%	0%

We have used this period as an opportunity to reconsider our customer management services and are developing an improved approach to understanding and managing customer satisfaction – both with our own services and that of our repairs contractor. This will be launched following conclusion of the lockdown periods and will include improved feedback from customers and their representatives about the quality of and work carried out in their homes. Simultaneously we are expanding the depth of customer satisfaction data sourced through Housing Officers, including service chargeable items that are provided and the care that is given by the Care Providers. This is part of the wider customer experience framework and customer journey work that we are preparing for launch before the end of the 2020/21 financial year.

In this year, we received three formal complaints.

Number Received	Area of the Business	Upheld	Not Upheld	Compensation Total	Learning
3	1 Utilities 2 Asset	3	0	£150	3

BUSINESS PERFORMANCE (CONTINUED)

These comprised one accidental overcharging and two complaints regarding on site laundry facilities. All complaints were driven by Westmoreland's time taken to resolve the underlying issue. All have been satisfactorily resolved and response processes updated to reflect learnings.

3.3 Asset Management

In the first quarter of the 2020 financial year, Westmoreland completed a tender to replace the incumbent repairs and maintenance contractor, the outcome of which was a 12-month contract award from April 2020 to a provider with current experience in the Specialised Supported Housing field. Despite the implementation and early operation of the contract occurring during the first Covid-19 lockdown, both repairs and compliance position markedly improved over the period. As with other providers during this period, the ability and appropriateness to complete on-site works has been kept under constant review. Westmoreland has ensured that emergency, compliance and safety repairs have all been completed uninterrupted. However, non-essential works have fluctuated in line with restrictions and levels of customer vulnerability across our locations. This has resulted in periods of low repair volumes and associated delays, followed by periods of accelerated repairs volumes as it became safe to do so. Westmoreland averaged 150 jobs being completed per month, an increase of 66% over the previous 12-month period, notwithstanding the limitations of the Covid-19 lockdowns.

The planned and major repair investment in properties across the year was low, this was due to both the state of the business at that time and the impact of Covid-19 lockdowns. In the latter months of the period, we commenced a 100% stock condition survey, completed during the first half of the 2021 financial year. The stock condition survey has been used to identify both current investment requirements across the portfolio and future investment needs. As a result of subsequent negotiation with landlords and improvement in the status of Westmoreland's business, the investment spend assumed for the 2020/21 financial year has improved markedly.

3.4 Property Compliance

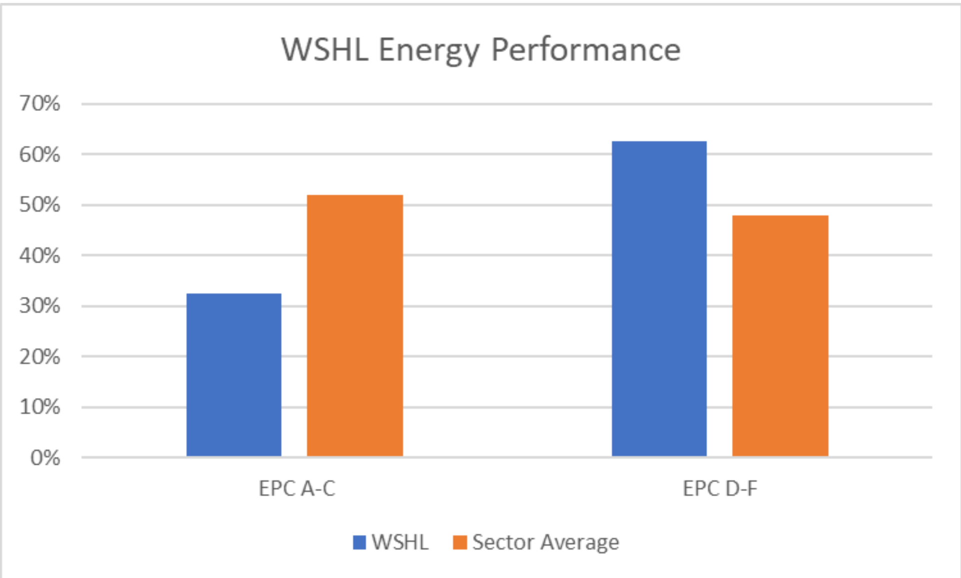
For the first six months of the 2020 financial year, Westmoreland contracted out compliance on its properties to Fairhome Asset Management. From March 2020, having completed a full procurement exercise, the contract was placed with Myshon. As advised within the 2019 Financial Year Accounts, compliance figures were not clear at the balance date, but detailed review and subsequent remediation work has resulted in full compliance across gas, fire risk assessment and detection systems, hoists and lifts and boiler servicing being reported by Myshon and this position maintained throughout the latter half of the financial year, albeit with some delays to inspections as a result of travel limitations and Covid-19 related access issues. However, in the first half of 2020 financial year, Westmoreland was significantly behind in electrical testing, asbestos and legionella surveys. However, we exit the year reporting full compliance.

BUSINESS PERFORMANCE (CONTINUED)

The stock condition survey in the last quarter of 2020 financial year included assessment of all stock against the current Decent Homes Standards. On the conclusion of the survey in January 2021, Westmoreland identified seven properties that did not meet the standards. Remediation of these properties is a priority for Westmoreland. Having discussed the shortfalls in detail with our superior landlords, we have agreed a spilt of funding to remediate all. At the time of signing, procurement of the work is complete and mobilisation underway, with the target of completing all remediation by the end of the 2020/21 financial year.

Over the 18 months to September 2020, Westmoreland agreed exits with superior landlords for our poor performing properties. Our portfolio, currently at less than 50% of its historic peak, now comprises properties that Westmoreland consider appropriate for long term use for Specialist Supported Housing in the significant majority of cases. For those few that we consider have long term limitations, we have already engaged with all key stakeholders – superior landlord, care provider, local authority commissioner – to discuss options on how to move forward for both customer and property. In all cases, these engagements are open and productive, and we envisage further resultant changes to our portfolio to ensure all customer homes remain suitable in the long term.

Our resultant portfolio remains behind the sector average for energy performance. It is widely expected across the sector that regulatory requirements in this area are likely to increase in the near future. Westmoreland is proactively engaged with superior landlords to seek joint action to deliver improvements for our customers.



4 FINANCIAL REVIEW

Income is reduced year on year as significant numbers of properties were returned to landlords as they were not economically viable for Westmoreland.

The 2019 results contained credits notes to a value of £3.9 million from Westmoreland's previous repairs and housing management services contractor. This significantly reduced the 2019 costs. The 2020 costs are complete and do not contain such credit notes.

Significant progress has been made in the collection of debts, reflecting the improvement in the bad debt cost of £245k against a charge of £4.2 million in 2019.
Results are summarised in the tables below:

Statement of Comprehensive Income	**2020** **£**	2019 £
Sales	**12,767,599**	19,416,412
Non-payment Housing Benefit/rent	**(245,756)**	(4,209,340)
Lease rentals	**(7,740,575)**	(14,140,045)
Other direct costs	**(4,072,712)**	(283,772)
Gross profit/(loss)	**708,556**	783,255
Overheads	**(936,749)**	(857,045)
Tax credit	**-**	19,612
Net loss	**(228,193)**	(54,178)

Statement of Financial Position	**2020** **£**	2019 £
Fixed assets	**185,966**	191,470
Net current assets/(liabilities)	**(226,495)**	156,194
Long term loan	**(4,750,000)**	(4,910,000)
Reserves	**(4,790,529)**	(4,562,336)

The non-payment of Housing Benefit/rent is a provision, due to a number of rent amounts still to be agreed and paid by local authorities at the gross rates charged (as shown in Sales). Performance in this area is greatly improved and current payment rates are 99.2% for Housing Benefit.
The increase in Other Direct Costs and Overheads is as a result of credit notes for £3.9 million being provided by Westmoreland's major maintenance and housing services provider, Fairhome, against maintenance and housing services invoices in 2019. The 2020 figures represent the total costs in each category without such credit notes.

4.1 Post Balance Sheet Events

Since 30 September 2020, the following material events have occurred:

1. The £4m loan from Fairhome Group has been written off by them, releasing Westmoreland from the liability from 1 April 2021.

FINANCIAL REVIEW (CONTINUED)

2. Negotiations with superior landlords have been concluded to ensure the leases Westmoreland holds with them are now economically viable and enable Westmoreland to have a stable future.
3. Westmoreland has converted to a Community Benefit Society with effect from 15 April 2021.

4.2 Value for Money

Westmoreland is required to comply with the regulatory framework for the sector as issued by the Regulator of Social Housing. The regulatory framework contains a specific standard for Value For Money (VFM) and how registered providers are expected to address this issue. The Board acknowledges that Westmoreland Housing does not comply with the Regulator of Social Housing's VFM Standard.

Under the Value For Money standard, the Regulator for Social Housing detailed seven financial metrics to be measured and reported. Westmoreland have used and adapted the standard metrics in a way that is more relevant to the lease-based sector in which it operates. Westmoreland’s performance for 2018/19 and 2019/20 is shown in the table below:

	VFM Metric	2019	2020	Trend	Sector Upper Quartile	Sector Medium Quartile	Sector Lower Quartile
1	1. Reinvestment %/Reinvestment as % of lease liability	0%/0.02%	0%/1.08%	⇧	9.0%	6.2%	3.8%
2	2. New supply delivered	0%	0%	⇔	2.5%	1.4%	0.4%
3	3. Gearing %	100%	100%%	⇔	57%	44.1%	32.9%
4	4. Operating surplus ex. Lease costs as % lease costs	72%	97%	⇧	244%	183%	133%
5	5. Headline social housing cost per unit	£17k	£12k	⇧	N/A	N/A	N/A
--	*(Excluding Lease Rent)*	*£4900*	*£4700*	⇧	*£4,600*	*£3,620*	*£3,090*
6	6. Operating margin %	-0.38%	-1.78%	⇩	32.9%	27.2%	20%
7	7. Return on capital employed	N/A%	N/A	⇔	4.9%	3.8%	3%

Metric 1 - % reinvestment

This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of total properties held. As a lease-based housing provider this has also been looked at as reinvestment as a % of lease liability.

Westmoreland only owns one tangible fixed asset, which is a housing property held at historic cost. There has not been any investment into this asset in the year and all other properties are leasehold so are not included in this calculation.

The alternative metric shows that Westmoreland is now increasing its investment in stock.

FINANCIAL REVIEW (CONTINUED)

Metric 2 – New Supply Delivered

This metric looks at the units acquired or developed in the year as a proportion of existing stock. As Westmoreland is not a developing Association and all bar one properties are held under leases, this metric does not currently apply.

Metric 3 – Gearing

This metric is more pertinent for Associations that develop and have larger asset bases than Westmoreland. As Westmoreland leases all it properties it is effectively operating at 100% gearing. We have used this rather than the traditional metric as it more accurately reflects the substance of the financing arrangements for the leased properties.

Metric 4 – Operating lease surplus ex. Lease costs as % Lease costs

In a traditional organisation the EBITDA-MRI metric would be used as is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable.

As Westmoreland does not pay any interest on loans, the metric in this format is not relevant for it. Therefore, Westmoreland has calculated the Operating Surplus excluding lease costs as a % or lease costs. The credit notes of £3.9m in the 2019 figures have been excluded from this calculation to get a clear picture of progress on this metric.

Metric 5 – Headline social housing cost per unit

The unit cost metric assesses the headline social housing cost per unit as defined by the regulator. The principal cost driver for this metric for Westmoreland is the level of lease rents payable. Due to the level of reduction in units, an average for 2020 has been used as the denominator for this calculation. This metric has improved with a greater focus on cost control.

Metric 6 – Operating Margin

The operating margin demonstrates the profitability of operating assets. Increasing margins are one way to improve the financial efficiency of the business. In assessing this ratio, it is important that consideration is given to registered providers' purpose and objectives. Westmoreland's operating margin has improved due to a reduced repair costs as a result of credits received.

Metric 7 – Return on Capital Employed

This metric compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. For Westmoreland this metric is not particularly relevant as there is only one social housing property owned.

FINANCIAL REVIEW (CONTINUED)

Westmoreland recognises its responsibility to set targets, deliver and report performance in line with the VFM Standard. 2020/21 will continue to be a period of restructuring of Westmoreland's business with the aim of delivering Value for Money across all services. A Value for Money strategy has been approved and a working group established to delivery an operating policy to set and support achievement of Value for Money goals.

Westmoreland's focus on Value for Money aims to achieve improved value of better outcomes for residents, increased economic activity (focus on costs) and savings to local and national governments as a result of services that are no longer needed as Westmoreland are supplying that service.

5 MANAGEMENT OF RISK

The Board is responsible for managing risk and has implemented a management framework for the identification, measurement and management of key risks arising in the course of our business and that takes account of the Regulator of Social Housing's 'Addendum to the Sector Risk Profile 2019' (published April 2019 and March 2020).

The Board recognises the key risks faced by small specialist supported housing providers in the current economic climate. The resulting risk register identifies mitigations against financial, regulatory, external economic and environmental risks, is managed by the Executive team and reviewed by the Board at each meeting.

Underpinning our management of risk are core business assumptions and ongoing requirements, that we will:

- Continue to deliver Westmoreland homes and services to a compliant standard and deliver any necessary additional services to support our customers, thereby supporting a positive reputation for this sector.
- Develop and hold sufficient cash and reserves to deliver services during materialisation of any risk or adjustment of market approach.
- Seek to minimise the risk of service interruption to our customers, through working closely with our landlords, managing and balancing counterparty risk.
- Continually seek a timely route to achieve compliance with the Regulator of Social Housing Standards.

MANAGEMENT OF RISK (CONTINUED)

Key risks to the organisation include:

KEY RISK	RISK DESCRIPTION	KEY MITIGATIONS AND CONTROLS	SOURCES OF ASSURANCE
Business viability and resilience	Westmoreland is unable to build sufficient resilience to be able to effectively respond to materialisation of significant market or legislative risks, impacting the security of our customers' homes.	Deliver consistently high performance and the remainder of the business recovery plan to drive margin and further efficiencies. Growth will be made on the basis of positive contribution to near-, and long-term resilience.	• Monthly Management Accounts, Cashflow Projections • Operating and performance reporting • Scenario stress testing • Board Minutes
Long term business model viability	Long term demand for the type of accommodation Westmoreland provides, or the business model used, wanes over time. This could be from a change in government policy. The impact could include inability to secure occupancy for our properties, or an inability to secure growth	Westmoreland's key near term mitigation is to deliver consistent high performance and value for money to demonstrate the value of our service. In the medium- to long-term to diversify Westmoreland's holdings and scope to include other service users' needs	• Maintenance of positive relationships with key sector influencers and continual long-term 'horizon scanning'. • Tracking performance of occupancy, satisfaction and managing near- and medium-term demand with partners
Counter Party risk with Care Providers (CPs)	Vital support services, delivered in parallel with Westmoreland's are interrupted, or not sustained at the appropriate quality, resulting in inappropriate care and / or destabilising our customers' homes	Close relationship and performance management with Care Providers, Active management of contract periods Joint succession planning with commissioning authorities.	• Resident feedback, site visits, regular and ad-hoc review meetings with CP/Local Authorities • Financial and performance tracking of CPs, • CQC published judgement register
Inability to deliver and sustain top-quartile operating targets.	Inadequate performance impacts negatively on future Superior Landlord support and prevents Westmoreland from generating sufficient surplus to improve resilience, resulting in longer non-compliance and regulator intervention	Ongoing focus upon assert quality and management, occupancy and debt collections. Ongoing close operating dialogue with all key stakeholders. Open and transparent Regulator engagement	• Detailed Operations and Asset Management performance reporting • Board scrutiny
Inability to deliver a clear road map to Regulatory Compliance	Inability to assure compliance with Specialist Supported Housing standards, including rent setting and / or to achieve a clear, timely route to compliance with the Governance and Viability Standard may results in further intervention from RSH	Deliver against in-flight assurance plan. Identification and delivery of a suitable business strategy to deliver operating and financial support and improved long-term resilience. Open and transparent Regulator engagement.	• Strategic Choice • Business Plan • Board scrutiny
Data management & protection	Poor data management results in failure in operations and/or governance	Implement quality assurance and data sampling audits	• Supplier review meetings • Board scrutiny
Ensuring residents remain safe in their homes	Risk of serious injury/fatality/reputational damage due to insufficient management of Health and Safety	Cyclical programme of inspections and works. Compliance checks and Inspection visits by relevant staff.	• Health and Safety compliance reporting monthly cycle. • Scheduled and ad-hoc review meetings with Care Providers. • Monthly review with contract partner. Monthly Board review

6 CORPORATE GOVERNANCE

As of 30 September 2020, the Board had eight non-executive members and one executive member. During the financial year, three members were operating as statutorily nominated appointments. With effect from 9 September 2020, the Regulator elected not to extend the appointments. The three appointees elected to remain with Westmoreland, two as standard members and one as Chair.

Board members are drawn from diverse backgrounds, bringing together professionals with a range of perspectives. The Board also obtains external specialist advice as necessary. All business is transacted by the Board with no formal Committees. The Board was remunerated during the year as shown below.

Current	Appointed	Paid
- Michael Doran (Chair to 30 March)	07/11/2018	£6,000
- Susan Hickey (Chair from 30 March, statutory appointment)	10/09/2019	£9,346
- Andrew Stafford	29/01/2019	£7,000
- Jayne Phillips	17/04/2019	£6,000
- Lyn Clayton	06/06/2019	£6,000
- Jayne Francis-Ward	06/06/2019	£6,000
- Neil Timms	06/06/2019	£6,000
- Susan Lock (statutory appointment)	10/09/2019	£6,000
- Lee Sugden (statutory appointment)	10/09/2019	£6,000
- Steve Fensom	13/07/2020	£Nil (as board member) £58,769 as CEO

Following the Regulatory Judgement by the Regulator of Social Housing in November 2018 and September 2019, a period of more intense business oversight and control followed. The new Board of Directors met at least monthly between September 2019 and April 2020, moving to twice monthly from April with officers in attendance to set strategic direction and review operations.

Officers have been granted a range of delegated authorities by the Board to facilitate the efficient running of operations.

Senior executive pay is based on independent professional advice and sector benchmarks, considering the need to attract people qualified to lead an organisation of this type. The CEO became a member of the Board on 13 July 2020.

CORPORATE GOVERNANCE (CONTINUED)

6.1 Compliance with the Regulator of Social Housing's Governance and Financial Viability Standards

Westmoreland does not comply with the Governance and Financial Viability Standard issued by the Regulator of Social Housing. Whilst Westmoreland's systems of governance and internal control are now strong and effective, continued non-compliance is driven by insufficient financial resilience to withstand materialisation of major risks over the long term. This issue is symptomatic for Registered Providers offering the majority of their homes using long-term index-linked leases.

Managing this risk requires focus in two areas. Firstly, Westmoreland is working with superior landlords to target clarification and mitigation of lease responsibilities should a significant risk materialise that may expose our business and therefore our customers' homes. Secondly, Westmoreland must strengthen our balance sheet as a priority. The current long term Business Plan demonstrates improving reserves and resilience over time. Our strategic need is to accelerate the improvement.

Westmoreland's Board will consider and agree the appropriate strategy to seek to improve this position through the 2021 financial year. However, certain aspects of this non-compliance are symptomatic of the business model and – as such – resolution would require a change in the structure of the wider market. As part of Westmoreland's Business Recovery Plan, we are working with our funding partners, the Regulator and our wider stakeholders to seek to contribute to such a change. This, however, will take a significant market shift and will take longer to achieve than those aspects of non-compliance solely within the control of Westmoreland.

6.2 Financial Statement Preparation

The financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015

6.3 Directors and Officers Indemnity Insurance

Policy cover is in place that protects the personal assets of corporate directors and officers, and their spouses, in the event they are personally sued by employees, vendors, competitors, investors, residents, or other parties, for actual or alleged wrongful acts in managing a company up to a limit of £5m.

6.4 Regulatory Compliance - NHF Code of Governance 2015

The Board has adopted the NHF Code of Governance 2015. Since the Board was restructured it has significantly strengthened compliance with the Code with a May 2020 review against the Code demonstrating full compliance.

CORPORATE GOVERNANCE (CONTINUED)

The Board has also conducted a review against the 2020 Code of Governance and has an action plan in place to monitor and achieve compliance against that Code in the future. A Governance Working Group has been established to oversee the action plan and ensure that Westmoreland remains on target for compliance with the new Code. This has been reviewed alongside the requirements of the White Paper and progress will be closely monitored and reported.

6.5 Employees

On 30 September 2020, Westmoreland employed twenty-one full time employees. All employees are actively involved in the operational management of Westmoreland and are supported with personal development opportunities. Westmoreland does not discriminate on the grounds of disability, gender or ethnicity and has an equal opportunities recruitment policy.

6.6 SSH Property Compliance

None of the properties owned or leased by Westmoreland have any public subsidy or grant funding attached to them.

6.7 Internal Controls Assurance

The Board acknowledges its ultimate responsibility for ensuring that the Company has in place a system of internal control that is appropriate to the business environment in which it operates.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable (and not absolute) assurance against material misstatement or loss, in line with the Board's view that risks should be controlled and managed.

The Board is satisfied that the major risks to which the organisation is exposed are understood, well documented and that appropriate action plans are in place to mitigate these risks. The Board acknowledges that there has been significant investment in improving the control framework since September 2019, in particular: a comprehensive risk register, a self-improvement plan, compliance with health & safety legislation, improvements to tenancy management and consultation, a new robust financial authorisation framework, improvements in Board reporting, a range of policies and procedures, and a new comprehensive financial business plan model. Further improvements to the organisations controls and assurance will be introduced during the remainder of 2020/21.

The work of the external auditor provides further independent assurance on the control environment, advising the Board of any weaknesses identified along with recommendations for improvement.

CORPORATE GOVERNANCE (CONTINUED)

In the period prior to these financial statements several events demonstrated weakness in Westmoreland's systems of internal control. These included entering into long term leases without sufficient assurance of the underlying asset suitability or condition; a lack of transparency and accountability in consultation and decision-making; and insufficient financial and operational performance management through the year. During the 2020 financial year, these weaknesses have been addressed through the restructuring of the Board, improving transparency and accountability at all levels of decision-making, effective planning and stronger checks and balances throughout the business. Going forward, there are no significant weaknesses noted.

6.8 Statement of Board's responsibilities for the annual report and financial statements

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

Company law requires the financial statements are prepared for each financial year in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs and surplus or deficit of the Company for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing as applicable matters relating to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Company or to cease operations or has no unrealistic alternative but to do so.

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

CORPORATE GOVERNANCE (CONTINUED)

The Directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the company's auditor is unaware and;
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board:

Susan Hickey
Chair

30 June 2021

7 INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WESTMORELAND SUPPORTED HOUSING LIMITED

Opinion

We have audited the financial statements of Westmoreland Supported Housing Limited for the year ended 30 September 2020 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as of 30 September 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Accounting Direction for Private Registered Providers of Social Housing from April 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Vicky Szulist

Vicky Szulist
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Manchester

Date: 30th June 2021

8 FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	Year Ended 2020 £	Year Ended 2019 £
Turnover	**2**	**12,767,599**	19,416,412
Operating expenditure	**2**	**(12,995,791)**	(19,490,202)
Operating Surplus/(Deficit)		**(228,192)**	(73,790)
Interest receivable		**-**	-
Surplus/(Deficit) before tax		**(228,192)**	(73,790)
Tax on profit on ordinary activities	**7**	**-**	19,612
Surplus/(Deficit) for the year after tax		**(228,192)**	(54,178)
Total comprehensive income for the year		**(228,192)**	(54,178)

The results relate wholly to continuing activities.

Signed on behalf of the Board:

Susan Hickey
Chair

Date: 30 June 2021

The notes on pages 35 to 51 form an integral part of these accounts

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

AS AT 30 SEPTEMBER 2020		2020 £	2019 £
Fixed assets			
Tangible fixed assets - Housing Properties	8	**175,188**	177,018
Other tangible fixed assets	8	**10,779**	14,452
		185,967	191,470
Current assets			
Trade and other debtors	9	**1,955,075**	3,396,191
Cash and cash equivalents	10	**1,624,726**	1,024,110
Less: Creditors:			
Amounts falling due within one year	11	**(3,806,296)**	(4,264,107)
Net current assets/ (liabilities)		**(226,495)**	156,194
Total assets less current liabilities		**(40,528)**	347,664
Creditors:			
Amounts falling due after more than one year	12	**(4,750,000)**	(4,910,000)
Total net assets/(liabilities)		**(4,790,528)**	(4,562,336)
Reserves			
Income and expenditure reserve	13	**(4,790,528)**	(4,562,336)
Total reserves		**(4,790,528)**	(4,562,336)

The financial statements were approved and authorised for issue by the Board on 30th June 2021 and were signed on its behalf by the Chair of Westmoreland Supported Housing Limited:

Susan Hickey
Chair

The notes on pages 35 to 51 form an integral part of these accounts

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Income and expenditure reserve	Total
	£	£
Balance at 1 October 2018	(4,508,158)	**(4,508,158)**
Surplus/(deficit) from Statement of Comprehensive Income	(54,178)	**(54,178)**
Balance at 30 September 2019	(4,562,336)	**(4,462,336)**
Surplus/(deficit) from Statement of Comprehensive Income	(228,192)	**(228,192)**
Balance at 30 September 2020	(4,790,528)	**(4,790,528)**

The notes on pages 35 to 51 form an integral part of these accounts

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Year ended 30 September 2020 £	Year ended 30 September 2019 £
Cash flow from operating activities		
Deficit before taxation	**(228,192)**	(54,178)
Adjustments for:		
Depreciation of tangible fixed assets	**5,503**	30,778
Loss on disposal of tangible fixed assets	**-**	60,046
Decrease/(Increase) in trade and other debtors	**1,441,115**	(203,798)
Increase/(Decrease) in trade and other creditors	**(617,810)**	328,834
	828,808	215,860
Cash flow from financing activities		
Loan drawn down	**-**	475,000
Net change in cash and cash equivalents	**600,616**	636,682
Cash and cash equivalents at beginning of the year	**1,024,110**	387,428
Cash and cash equivalents at end of the year	**1,624,726**	1,024,110

The notes on pages 35 to 51 form an integral part of these accounts

9 NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

a. Basis of preparation

The Financial Statements have been prepared in accordance with the Housing SORP 2014: Statement of Recommended Practice for social housing providers applicable to registered providers preparing their accounts in accordance with FRS102, the Financial Reporting Standard 102 applicable in the UK and Republic of Ireland (UK GAAP) including, the Accounting Direction for Private Registered Providers of Social Housing 2015, Companies Act 2006 and UK Generally Accepted Practice (UK GAAP).

The board is satisfied that the current accounting policies are the most appropriate for the Company. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Westmoreland Supported Housing Limited is a public benefit entity in accordance with FRS 102.

The Financial Statements are presented in Pound Sterling (£). This also the functional currency.

Company Information

The company is a not-for-profit company limited by guarantee without share capital, registered in England and Wales, which is incorporated and domiciled in the UK and is a registered provider of social housing. The address of the registered office is Cumbria House, 147 Trent Boulevard, West Bridgford, Nottingham, NG2 5BX.

Westmoreland Supported was formed as a company limited by guarantee on 1st August 2002, and consequently does not have share capital.

On 15 April 2021, the company converted to a Community Benefit Society registered under the Co-operative benefit Societies Act 2014 with registration number 8610.

Company Number:	04501091	RP Number	4772

NOTES TO THE ACCOUNTS (Continued)

1. ACCOUNTING POLICIES - Continued

b. Going concern

Westmoreland Supported Housing's business activities, together with the factors likely to affect its future development, performance and financial position are set out in Sections 2 to 6 on pages 5 to 26.

The company grew rapidly during 2017 and 2018 and acquired some lease properties that were not fit for purpose. The Directors and senior executive team have been renegotiating and exiting leases that do not meet the needs of the business going forward. The Board and senior management have continued to work with the Regulator of Social Housing on recovery plans that will enable the company to return to a compliant regulatory grading. A key element of this plan is renegotiation of agreements with superior landlords that have been completed to ensure the long-term support of the landlords which support the future viability of the organisation.

At the time of approval of these financial statements, the COVID-19 virus continues to develop and has been designated a global pandemic by the World Health Organisation. The care organisations that provide services to our residents have continued to deliver through the pandemic. Both short term and long-term effects of the rapidly escalating situation are unknown. As for many businesses at this time, the Board considers that there is potential for significant impact on residents, demand for properties, availability of care staff and supply and maintenance of other key services.

The Board has undertaken planning and forecasting for a range of possible scenarios and continue to closely monitor the ongoing situation. The company's current forecast show that at present there is a robust business plan which ensures future viability.

Having assessed the circumstances, the Directors have determined there is no material uncertainty as to the ability of the company to continue as a going concern for the foreseeable future, and they believe it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments if the entity were unable to continue as a going concern.

Further comment is provided in Sections 2 to 6 on pages 5 to 26.

c. Turnover and revenue recognition

Turnover comprises rental income receivable in the year and other services included at the invoiced value of goods and services supplied in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.
Deferred income at the year-end is included in creditors.

NOTES TO THE ACCOUNTS (Continued)

1. ACCOUNTING POLICIES - Continued

d. Resources expended

Liabilities are recognised once there is a legal or constructive obligation that commits the organisation to the obligation. Expenditure is recognised when a liability is incurred. Contractual arrangements are recognised as goods and services are supplied. All resources expended are classified under activity headings that aggregate all costs related to the category.

e. Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

f. Tangible Fixed Assets and Other Tangible Fixed Assets

Freehold properties are stated in the Statement of Financial Position at cost less depreciation.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life.

The depreciation rates used for other assets are as follows:

Freehold properties - 1% straight line
Fixtures and fittings - 25% reducing balance
Computer Equipment - 33.3% reducing balance

g. Financial Instruments

Westmoreland Supported Housing has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise trade and other creditors.

h. Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, which are described in note 1, the Board is required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

NOTES TO THE ACCOUNTS (Continued)

1. ACCOUNTING POLICIES - Continued

h. Critical accounting judgements and key sources of estimation uncertainty (continued)
The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Board, other than as stated below, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year:

Providing for doubtful debts -The estimate for receivables relates to the recoverability of the balances outstanding at the year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Tangible fixed assets - Tangible fixed assets are depreciated over their useful lives taking into account residual values, if appropriate. The actual lives of the assets are assessed annually and may vary depending on a number of factors.

Operating leases - whether leases entered into by the Company either as a lessee or lessor are operating leases or finance leases. These decisions depend on an assessment of whether risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.

Impairment - As part of the continuous review of the performance of their assets, management identify any homes, or schemes, that have increasing void losses, are impacted by policy changes or where the decision has been made to dispose of the properties. These factors are considering to be an indication of impairment.

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any impairment losses are charged to operating surpluses. As a result, Westmoreland estimated the recoverable amount of its housing properties as follows:

(a) Determined the level at which the recoverable amount is to be assessed (i.e., the asset level or cash-generating unit (CGU) level). The CGU level was determined to be an individual scheme
(b) Estimated the recoverable amount of the cash-generating unit;
(c) Calculated the carrying amount of the cash-generating unit and
(d) Compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

NOTES TO THE ACCOUNTS (Continued)

1. ACCOUNTING POLICIES - Continued

h. Critical accounting judgements and key sources of estimation uncertainty (continued)
The outcome of this assessment has determined there is no impairment based on the future cashflows, the long-term contribution from which is positive.

Sinking funds – sinking funds are included where they were required under the terms of historic leases. However, where new leases no longer require sinking funds to be maintained they have been released to the extent that they are in excess of the amounts required to cover legacy repair costs.

Fair value measurement -
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets including investment properties. This involves developing estimates and assumptions consistent with how market participants would price the instrument or asset. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices.

i. Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Rent debtors were assessed at the year end and the value held in the accounts is less any impairment losses for bad and doubtful debts.

j. Creditors
Short term creditors are measured at transaction price (which is usually the invoice price). Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

k. Taxation
A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and

NOTES TO THE ACCOUNTS (Continued)

1. ACCOUNTING POLICIES - Continued

k. Taxation (continued)

that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

l. Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

m. Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life. Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

n. Pensions

WSHA operates the NEST defined contribution pension scheme. Contributions to the Association's defined contribution pension scheme are charged to the Statement of Comprehensive Income in the year in which they become payable.

NOTES TO THE ACCOUNTS (Continued)

2. TURNOVER, OPERATING EXPENDITURE AND OPERATING SURPLUS

	Year ended 30 September 2020 Turnover	Year ended 30 September 2020 Operating expenditure	Year ended 30 September 2020 Operating deficit
	£	£	£
SOCIAL HOUSING LETTINGS (Note 3)	12,767,599	12,995,791	(228,192)
TOTAL	12,767,599	12,995,791	(228,192)

	Year ended 30 September 2019 Turnover	Year ended 30 September 2019 Operating expenditure	Year ended 30 September 2019 Operating surplus
	£	£	£
SOCIAL HOUSING LETTINGS (Note 3)	19,416,412	(19,490,202)	(73,790)
TOTAL	19,416,412	(19,490,202)	(73,790)

NOTES TO THE ACCOUNTS (Continued)

3. TURNOVER AND OPERATING EXPENDITURE

	Supported housing & housing for older people £	Care homes £	**Year ended 30 September 2020 £**	Year ended 30 September 2019 £
INCOME				
Rent receivable net of identifiable service charges	10,281,971	240,657	**10,522,628**	18,498,560
Service charge income	642,151	7,314	**649,465**	528,542
Other income from Social Housing Lettings	1,595,506	-	**1,595,506**	389,310
TURNOVER FROM SOCIAL HOUSING LETTINGS	12,519,628	247,971	**12,767,599**	19,416,412
OPERATING EXPENDITURE				
Management	1,772,501	24,708	**1,797,209**	(463,007)
Service charge costs	807,242	8,808	**816,050**	625,939
Routine maintenance	694,409	24,267	**718,676**	(124,009)
Major repairs expenditure	364,285	1,347	**365,632**	62,536
Planned expenditure	361,405	8,146	**369,551**	91,489
Bad debts	145,325	100,521	**245,846**	4,209,340
Write-off obsolete assets	-	-	**-**	60,045
Depreciation	5,503	-	**5,503**	30,779
Rent to landlords and ground rent	7,581,660	158,915	**7,740,575**	14,140,045
Other costs	936,749	-	**936,749**	857,045
Operation expenditure on social housing lettings	12,669,079	326,712	**12,995,791**	19,490,202
OPERATING (DEFICIT)/SURPLUS ON SOCIAL HOUSING LETTINGS	**(149,451)**	**(78,741)**	**(228,192)**	(73,790)

NOTES TO THE ACCOUNTS (Continued)

3. TURNOVER AND OPERATING EXPENDITURE (continued)

The increase in other income comprises the release of sinking fund balances that are no longer required under terms of leases together with financial support from superior landlords during the year.

Management costs and routine maintenance costs are showing as a credit in 2019 as a result of credit notes issued to the Association for services previously provided.

Other costs include salaries, insurances, office costs, travel and legal and professional fees.

The bad debt provision at 30 September 2019 is high due to failures by the Association to collect rents in a timely and efficient manner. As detailed in the Strategic Report steps have since been taken to improve these processes.

It is not possible to retrospectively obtain a figure for void loss to disclose in the financial statements. For a significant number of properties void losses are, in any event, recharged to the care provider.

4. ACCOMMODATION OWNED, MANAGED AND IN DEVELOPMENT

	2020 No. of units		**2019 No. of units**	
Social Housing	**Owned**	**Managed**	**Owned**	**Managed**
Under management at end of year:				
Supported housing and housing for older people	**1**	**559**	**1**	**1,084**
	1	**559**	**1**	**1,084**

The number of units have reduced in the year due to the hand-back to superior landlords of properties that on the basis of a full review by Westmoreland were not deemed to be financially viable in the long term.

NOTES TO THE ACCOUNTS (Continued)

5. GAIN/(LOSS) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	Fixtures and Fittings £	**Year ended 30 September 2020 £**	Year ended 30 September 2019 £
Proceeds of sales	-	**-**	-
Less: Costs of sales	-	**-**	-
Loss	-	**-**	-
Write-off of Obsolete Assets	-	**-**	(60,045)

6. SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES

	Year ended 30 September 2020 £	Year ended 30 September 2019 £
The operating surplus is stated after charging/ (crediting):		
Audit fees	**21,500**	15,000
Non-audit fees	**1,050**	1,050
Operating lease rentals:		
Land and buildings	**7,740,575**	14,140,045
Depreciation of other fixed assets	**5,503**	30,779
Write off of obsolete assets	**-**	60,045

NOTES TO THE ACCOUNTS (Continued)

7. TAX ON SURPLUS ON ORDINARY ACTIVITIES

	Year ended 30 September 2020	Year ended 30 September 2019
	£	£
Analysis of tax charge/(credit) for the period		
Current tax		
UK corporation tax at 19.00%	**-**	-
Deferred tax		
Origination and reversal of timing differences	**-**	(19,612)
Tax on profit on ordinary activities	**-**	(19,612)
Provision for deferred tax	**-**	-
Fixed asset timing differences	**-**	-
Movement in provision:		
Provision at start of period	**-**	19,612
Deferred tax charged in the Profit and Loss account for the period	**-**	(19,612)
Provision at end of period	**-**	-
Deferred tax (asset)/liability not recognised	**(910,594)**	(816,176)
Loss on ordinary activities before tax	**(228,192)**	(73,790)
Tax on loss on ordinary activities at standard CT rate of 19.00%	**(43,357)**	(14,020)
Effects of:		
Fixed asset differences	**348**	1,130
Expenses not deductible for tax purposes		9,704
Adjust closing deferred tax to average rate of 19.00%		96,021
Adjust opening deferred tax to average rate of 19.00%		(90,954)
Remeasurement of deferred tax for changes in rates	**(91,325)**	-
Deferred tax not recognised	**134,334**	(35,513)
Tax charge/(credit) for the period	**-**	(19,612)

On conversion to a Community Benefit Society and the obtaining of charitable status from HMRC, Westmoreland will cease to be subject to corporation tax.

NOTES TO THE ACCOUNTS (Continued)

8. TANGIBLE FIXED ASSETS

	Housing Properties		Other Fixed Assets	
	Social Housing Properties For Letting-Completed	**Total Housing Properties**	**Fixtures and fittings**	**Total Other Fixed Assets**
COST				
At start of the period	182,964	**182,964**	32,005	**32,005**
Additions	-	**-**		**-**
Disposals	-	-	-	**-**
At end of the period	182,964	**182,964**	32,005	**32,005**
DEPRECIATION AND IMPAIRMENT				
At start of the period	5,946	**5,946**	17,553	**17,553**
Charge for year	1,830	**1,830**	3,673	**3,673**
At end of the period	7,776	**7,776**	21,226	**21,226**
Net book value at end of the period	**175,188**	**175,188**	**10,779**	**10,779**
Net book value at start of the period	177,018	177,018	14,452	14,452

NOTES TO THE ACCOUNTS (Continued)

9. TRADE AND OTHER DEBTORS	**2020**	2019
	£	£
Rent arrears	**5,497,117**	6,887,487
Less: provision for bad debts	**(4,017,514)**	(4,033,131)
Other debtors	**42,010**	22,326
Prepayment	**433,462**	519,509
	1,955,075	3,396,191

10. CASH AND CASH EQUIVALENTS	**2020**	2019
	£	£
Cash at bank	**1,624,726**	1,024,110
	1,624,726	1,024,110

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	**1,664,975**	2,187,997
Other taxation and social security payable	**25,852**	14,632
Accruals and deferred income	**2,115,469**	2,061,478
	3,806,296	4,264,107

12a. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Loans	**4,000,000**	4,000,000
Scheduled Creditors Payments	**750,000**	910,000
	4,750,000	4,910,000

NOTES TO THE ACCOUNTS (Continued)

12b. DEBT ANALYSIS

	2020	2019
	£	£
Loans not repayable by instalments: -		
Within one year	**-**	-
In two years or more and less than five years	**-**	-
Greater than five years	**4,000,000**	4,000,000
	4,000,000	4,000,000

As at 30 September 2020 the loan was unsecured, interest free, repayable in instalments if annual profits in any year exceed £100,000 and to the extent that any balance remains outstanding is repayable in full on 1 January 2034.

Subsequent to the year end on 1 April 2021, the loan was written off and the liability removed from Westmoreland's books.

13. STATEMENT OF FUNDS

	At 30th September 2019	**Income**	**Expenditure**	**At 30th September 2020**
	£	**£**	£	£
Total unrestricted funds	(4,562,336)	12,767,599	(12,995,791)	(4,790,528)
Total restricted funds	-	-	-	-
Total funds	(4,562,336)	12,767,599	(12,995,791)	(4,790,528)

NOTES TO THE ACCOUNTS (Continued)

14. OPERATING LEASES

The Company holds properties under non-cancellable operating leases. At the end of the period the Company had commitments of future minimum lease payments as follows: -

	2020	2019
	£	£
Land and buildings:		
Within one year	**5,982,768**	9,915,250
Between two and five years	**22,253,097**	38,576,489
Greater than five years	**75,395,291**	128,871,841
	103,631,156	177,363,580

The lease agreements do not include any contingent rent or restrictions. Leases for land and buildings include renewal periods after 15 years throughout the lease.

15. EMPLOYEES

	Year ended 30 September 2020	Year ended 30 September 2019
	£	£
Wages and salaries	**683,837**	395,721
Social security costs	**79,504**	28,712
Other pension costs	**10,826**	6,812
Total	**774,167**	431,245

Total compensation for loss of office for all employees (including directors) consisting of payments in lieu of notice totalling £144,824 was paid during the year.

Average monthly number of employees (calculated based on the mean of headcount):

Average number of Employees	Year ended 30 September 2020	Year ended 30 September 2019
	No	No
	19	13

NOTES TO THE ACCOUNTS (Continued)

16. KEY MANAGEMENT PERONNEL

There were no members of key management personnel that earned over £60,000 in the year ended 30 September 2020.

	Year ended 30 September 2020	Year ended 30 September 2019
Key Management Personnel are defined as the Executive Team	**£**	£
	Total	Total
Emoluments	**241,199**	90,403
Pension contributions	**2,602**	1,360
Total	**243,801**	91,763

The remuneration payable to the highest paid director excluding pension and NI contribution, was £58,769 (2019: £42,500).

The Chief Executive receives pension contributions equal to 3% of their salary. The pension scheme is a defined contributions scheme funded through rental income received.

The Chief Executive is an ordinary member of the pension scheme and no enhanced or special terms apply.

Compensation of £137,824 was made to directors in relation to the period of account in respect of loss of office.

Details of payments made to Board Members are shown on page 23 of the financial statements.

NOTES TO THE ACCOUNTS (Continued)

17. RELATED PARTIES

During the year the Company entered into the following transactions with related parties:

	2020	2019
	£	£
Fairhome Group PLC (Debtor)	**-**	2,566
Fairhome Group PLC (Creditor - Excluding Loan)	**-**	(4,077,684)
Fairhome Group PLC (Creditor - Credit note provision)	**-**	3,903,197
Fairhome Group PLC (Creditor - Loan)	**-**	(4,000,000)
	-	(4,171,921)

The nature of the relationship to Fairhome Group PLC during 2019 was the commonality of John Russell as Director until his resignation on 06/06/2019. The debtor balance at the year-end is for amounts invoiced to Fairhome Group PLC for void cover. The creditor balance represents outstanding invoices for asset management services and a £4m loan facility (fully drawn).

Fairhome Group plc is no longer a related party and accordingly there are no related party disclosures to make for 2020.