



Company Registration No.06293737
Registered by the Homes and Communities Agency No. L4502

Futures Housing Group Limited

Annual Report and Financial Statements

Year ended 31 March 2017

Futures Housing Group Limited
Year Ended 31 March 2017

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**Futures Housing Group Limited
Year Ended 31 March 2017**

Board Members, Executive Directors, Advisors and Bankers

Board		Appointed	Resigned
Chair	Ian Toal Tony Taylor	3 February 2011* 25 May 2010**	31 August 2016
Vice Chairs	Elaine Bradbury Tony Taylor Sheila Hyde	23 January 2007 25 May 2010** 23 September 2014***	7 July 2016
Other Members	Harindra Punchihewa Lindsey Williams David Leathley Sheila Hyde Sophie Fitzhugh Philip Tooley Steve Hale Ray Harding Mike Stevenson Elaine Bradbury David Brooks Tim Slater	27 January 2009 18 July 2013 1 April 2014 23 September 2014 15 July 2015 15 July 2015 15 July 2015 26 January 2016 26 January 2016 23 January 2007 19 July 2017 19 July 2017	31 March 2017

* Ian Toal was appointed Chair on 14 July 2015

** Tony Taylor was appointed Chair on 1 September 2016 and ceased being the Vice Chair on this date.

*** Sheila Hyde was appointed Vice Chair on 1 September 2016

Company Secretary Ian Skipp

Executive Directors	Chief Executive	Lindsey Williams
	Group Finance and Resources Director	Ian Skipp
	Group Strategic Director of Assets	Martin Sherman (Left 31 August 2016)
	Executive Director Futures Homescape	Paul Parkinson (Left 30 September 2016)
	Interim Executive Director Futures Homeway	Alan Brunt (Left 20 January 2017)
	Group Business Growth & Transformation Director	Marcus Keys (Appointed 3 January 2017)
	Group Customer Services & Assets Director	Suki Jandu (Appointed 9 January 2017)

Registered Office Asher House
Asher Lane Business Park
Ripley
Derbyshire
DE5 3SW

Registered Number Registered under the Companies Act 2006, No: 06293737
Homes & Communities Agency, No: L4502

External Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors 4 Hardman Square Spinningfields Manchester M3 3EB	Solicitors	Anthony Collins LLP 134 Edmund Street Birmingham B3 2ES
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Bankers NatWest Bank PLC
Nottingham Road
Ripley
Derbyshire
DE5 3DG

STRATEGIC REPORT

The Board of Futures Housing Group Limited presents its report together with the audited financial statements for the year ended 31 March 2017.

Activities

Futures Housing Group Limited (“the Company” or “FHG”) is a company limited by guarantee (number 06293737) and is registered as a housing provider with the Homes & Communities Agency (“HCA”) (number L4502). It is the parent entity of the Futures Housing Group (“the Group”).

The Company was incorporated on 26 June 2007 and began trading on 5 November 2007. Other members of the Group are Futures Homescape Limited (“FHL”) formed in 2003; Futures Homeway Limited (“FHW”) (formerly Daventry & District Housing Limited), formed in 2007, (both FHL and FHW are registered providers with the HCA); Five Doorways Homes Limited (“5DW”) formed in 2004; Futures Greenscape Limited (“FGL”) formed in 2011 and Limehouse Developments Limited formed 9 May 2015. Each Company has its own Board.

FGL is a social enterprise business whose principal activities are grounds maintenance, property clearance and painting work, with the associated aim of training and developing its staff to equip them with skills to gain employment.

Limehouse Developments Limited is a subsidiary of Five Doorways Homes Limited. The Company has been established to act as a development vehicle for properties for outright sale.

Working in partnership allows the Group to provide the benefits and economies of scale and capacity that a large organisation brings, whilst allowing each company to retain a strong focus on local delivery.

Futures Housing Group provides back office services to its subsidiaries; these include finance, human resources, information technology and procurement. FHG also provides services in respect of strategic asset management and development.

During the year the Group’s principal activities were the management and development of social housing. The Group has continued to invest in its housing stock and in services to residents, through its ongoing development and improvement programmes; it is committed to continuous improvement and efficiency, and delivery of social enterprise schemes.

STRATEGIC REPORT (continued)

Objectives and Strategies

The Group's vision is to create "Great Places. Quality Service. Inspiring Futures"

The aims of the Group are as follows:

Effortless Customer Experiences

We provide effortless customer experiences.

Strong Organisation

We have a Futures Way of working which meets our customer needs.

Great Places

We provide quality affordable homes and support our customers and partners to make better communities.

Ambitious Future

We build new homes to offer more choice to customers and find opportunities to grow and find opportunities to grow and strengthen our business.

Performance

The Group measures achievement of its key objectives and value for money by monitoring financial and non-financial performance both at Group and subsidiary level. Key performance measures are reported to the Group Executive Team on a monthly basis and to the Boards quarterly. Financial measures are shown in the finance section of the Strategic Report and operational measures are included with the Value for Money self assessment section of this Strategic Report.

The significant aspects of performance during 2016-17 across the Group were as follows:

During 2016-17 the Group exceeded, the majority of its performance targets. Of key importance was the retention of an upper decile rent arrears position. This performance, along with the Company's approach to income management, culminated in the Group being awarded 'Outstanding approach to income management' at the UK Housing Awards 2016.

The Group has continued developing new homes to help address the chronic shortage of affordable housing in its geographical area. During the year 169 homes were acquired with a strong pipeline for growth in the future incorporating different tenure mixes.

During the year the Group has continued to actively address issues affecting its customers and local communities as well as actively training and developing its staff with the aim of enabling them to reach their full potential. The issues facing customers and local communities include responding to increasing unemployment and enhancing the delivery of services through social enterprises.

STRATEGIC REPORT (continued)

The Group has continued to have employment and training as a focus area and won an award for 'Excellence in Employment Skills and Training' at the TPAS awards along with award nominations for two of the Group's apprentices and a Best Newcomer award. The Group has worked with Access Training to train and develop people within the communities the Group serves and has increased its investment in Access Training during the year to 50%.

The Group is also committed to training and developing its own staff and holds Investors in People Silver and Investors in Excellence accreditation.

FHG has continued to expand the operations of its first social enterprise business, Futures Greenscape Limited. The expansion of FGL and its continued success has enabled further provision of employment for people previously unemployed.

2016-17 was the first year of the new Corporate Plan that reset the strategic direction of the organisation for the next three years. The new plan has four key objectives that will ensure the Group remains a strong organisation, has ambitious growth plans and delivers great places where its customers can live. This will be delivered whilst streamlining the business and delivering effortless customer experiences.

Further details of the Group's achievements and its opportunities and areas for further development are set out in the value for money self assessment below.

STRATEGIC REPORT – (cont'd): Value for Money Self Assessment 2016-17

1. Context

Futures Housing Group ('the Group') undertakes an annual Value for Money ('VFM') Self-Assessment to evaluate its financial, social and environmental performance. The Group uses performance measures to drive VFM and along with this self-assessment, enables stakeholders to determine how the Group delivers VFM.

The Group is committed to delivering VFM and this self-assessment demonstrates compliance with the VFM Standard, as set out in the Regulatory Standards for registered providers of social housing. The self-assessment also details progress against areas identified for improvement in last year's self-assessment and additional areas where the Board wishes to further enhance VFM. The Group's website includes a summary of compliance against the VFM Standard www.futureshg.co.uk/about-us.

The Board recognises that there are some areas where the business is operating outside of target. The Group continues to monitor strategic risks and carries out regular stress testing on its business plans to ensure there are no threats to the Group's viability.

To enable transparency and accessibility, further publications on VFM have been provided to the Group's stakeholders. These publications can be found on the Group's website www.futureshg.co.uk/about-us.

Contact with and scrutiny by tenants has taken place during the year through Insight Committees and Scrutiny Panels for each of the Group's operating areas. The terms of reference for these committees focus on ensuring that customers receive the services they want from the Group. In addition the Committees play a key role in consulting on decisions relating to reductions in provision where relevant. This structure provides feedback on services and desired improvements which inform Board decisions and help shape the Group's strategic direction.

2. Corporate Plan 2016-19

The Group introduced a new three year Corporate Plan in 2016 ("the Plan") for the period 2016-2019. This Plan includes the following key corporate objectives:



Effortless Customer Experiences



Strong Organisation



Great Places



Ambitious Futures

The VFM Strategy has been updated to reflect the Plan and the VFM Action Plan 2016/17 and VFM Self-Assessment have been aligned to the new objectives within the Plan.

STRATEGIC REPORT (cont'd): Value for Money Self-Assessment 2016-17

3. Approach to VFM

General approach

VFM is an ongoing process within the Group's systems and culture. There is a clear track record of driving cost reduction and improved performance whilst generating savings for re-investment.

What VFM means for the Group

Strategically, the Group's VFM target continues to be linked directly to its vision. To deliver this, the Group's VFM Strategy has the aim of achieving economy, efficiency and effectiveness across all Group operations.

VFM Strategy

The Group Audit and Risk Committee approved the 2016/17 VFM Strategy in February 2016.

The VFM Strategy addresses how the Group intends to continue meeting the requirements of the VFM Standard. The overarching aim of the VFM Strategy is to have upper quartile performance with costs at no more than the median level. Where this aim is not being met, the VFM Strategy requires an action plan to move an area into upper quartile or to articulate, through the VFM Self-Assessment, why the Board has taken a strategic decision to either invest in an area or not seek upper quartile performance. To assess performance/costs, various benchmarking activities are carried out, utilising national data sets for all registered providers and smaller data sets which enable more specific comparisons to be made, comparing with similar organisations in terms of contextual factors such as size, location, age.

The VFM Plan defines various measures to support VFM delivery against the corporate objectives. These are set out as future targets against each corporate objective (see section 6).

The Board recognises that VFM needs to be assessed continually and the Group's operations adapted to enable continued VFM delivery. To monitor this, various measures exist to enable the Board to assess VFM during the year and track the overall direction of travel. These include:

- monitoring delivery of the Plan and its associated corporate objectives;
- inclusion of VFM in every report considered by the Board;
- the Group Audit and Risk Committee having the role of VFM Champion in overseeing delivery against the VFM Standard and reporting back to the Board;
- the assessment and monitoring of a suite of performance measures which are linked to each of the four corporate objectives and track service delivery and VFM; and
- VFM progress updates shared via the Group's website.

The Group governance structure includes a Business Growth working group that oversees inorganic business growth and the Asset Investment Committee to oversee organic business growth as well as evaluating asset performance.

The key aspects of the VFM strategy that have been implemented during the year and that are planned for future years are shown under each corporate objective throughout this assessment.

STRATEGIC REPORT (cont'd): Value for Money Self-Assessment 2016-17

4. VFM in decision making

VFM is embedded in decisions across the Group. At high level, the Board undertakes an annual review of the Group's strategic direction and the performance against delivering the three year Plan after taking account of the requirements and expectations of customers and other key stakeholders.

The Board's review includes the allocation of available funds to deliver the Plan. The Plan is communicated to stakeholders and team members and is also available on the Group's website (www.futureshg.co.uk/about-us).

Tactical and operational decisions also consider VFM, through a robust internal control framework. For example, this requires staff to assess and document VFM when procuring goods and services.

Managing Performance

Central to the Group's VFM Strategy, is the desire to manage resources economically, efficiently and effectively. To enable this, the Group operates a robust performance management and scrutiny framework that provides accurate, relevant and timely performance information. This information is used to drive efficiencies and help deliver VFM.

The performance management system provides specific information sets which are designed to match user requirements. For example, the Board receives data to monitor delivery of the Plan while team members receive information to enable them to monitor and improve their particular area of work.

Costs, quality and performance are benchmarked against other organisations using statistics from external organisations such as Housemark and RSM.

Examples of actual performance for 2016/17 are included under each corporate objective section below. This demonstrates the extent to which the Group has achieved sustained VFM. The examples used relate to the Group's two trading registered providers and main subsidiaries, FHL and FHW. The information is monitored quarterly by the Board to assess delivery against the Plan.

5. Progress since last year

The Group had identified several areas where VFM could be further enhanced. Some of these have been actioned during 2016/17 whilst others are expected to continue into future years. Details of performance against targets set in the VFM Self-Assessment 2015/16 are included under each of the corporate objectives (see section 6 below). Details of monetary efficiency gains are set out separately under the Strong Organisation objective.

6. VFM objectives within the Corporate Plan

This section provides a VFM self-assessment in relation to each of the four corporate objectives that deliver the Plan. Each self-assessment is based on a combination of performance, financial and benchmark data and the following ratings:

- Performance significantly out of target
- Performance not meeting target
- Performance at or above target

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Year Ended 31 March 2017**

Detailed under each corporate objective below are future plans to further enhance VFM. These are embedded into a VFM Action Plan that includes timescales for delivery.

6.1 Effortless Customer Experiences

VFM self-assessment









The Group has invested £474k this year on the unified communications project which is aimed at enhancing ICT functionality, making it easier for our customers to transact and interact with us. This project is continuing into 2017/18 and when completed, financial gains can be assessed against the project's business case. The project has run within budget so far and there are no other adverse income and expenditure variances on other relevant budgets for this area so the financial assessment is green.

The increased emphasis on placing the customer at the heart of how we operate is evident from the unified communications project outputs, the transformation programme ongoing, the achievements in providing apprenticeships and work experience/volunteering opportunities for our customers and the work of the Group's employability team. However delays have occurred in collecting data for the net promoter score and the customer research and insight. The social and environmental aspect is therefore graded as amber.

Performance against previous targets

Key VFM actions identified in prior years	Progress to date	Status
<p>Roll out of a unified communications platform to deliver business efficiencies for the benefit of tenants, employees and other stakeholders and to offer improved choice and satisfaction for customers.</p>	<p>During 2016/17, a number of unified communications tools have been launched. Skype for Business and Enghouse EICC have replaced legacy telephone (Cisco) and Contact Centre (IPFX) systems were decommissioned in December 2016. In addition, internal communications have been extended from just Telephony to include instant Messaging, Desktop and Application sharing / collaboration features and telephone conferencing. Video conferencing is also being piloted by partners with a view to extending this capability across the Group next year. The new Contact Centre now benefits from inbound communication via telephone, email, social media and live web-chat. Orchard/Contact Centre integration was delivered in April 2017 driving improved efficiency and consistency of contact handling and information capture. Call recording and quality measurement is live and operational. Customers benefit from a wider range of communication options, which are treated consistently. Planned activities for 2017/18 which will support the delivery of the original business case financial savings and improvement in customer services include Orchard/Contact Centre integration to the customer facing self-service web portal to improve contact handling times and associated customer contact information/service and the implementation of Contact Centre automation to enable customers to self-serve selected transactions.</p>	<p>On target</p> <p style="text-align: center;">●</p>
<p>Development of a mobile app to enable further roll out of Your Account to customers via mobile and tablet devices.</p>	<p>Originally, the Group's mobile app was scheduled to go live by Dec 2016. This timeline was subsequently re-profiled to 2017/18 as the supplier was changed to match the Group's housing management system to maximise system integration efficiencies.</p> <p>The app will enable customer self service via any device including PC, tablet and smartphone. Enhanced functionality will enable customers to request a repair appointment and select an appointment time providing this service outside of normal working hours and delivering a convenient option for customers to request this service. Additionally the repair appointing process will be fully automated improving back</p>	<p>On target</p> <p style="text-align: center;">●</p>

Futures Housing Group Limited Year Ended 31 March 2017

Key VFM actions identified in prior years	Progress to date	Status
	office efficiency.	
Ensure our services are competitive and meet customers' future needs. This will be delivered through a 3 year transformation programme which will include support services, tenancy management and repairs with a view to improving customer satisfaction and reduce cost.	The transformation programme is ongoing with 3 active transformations, being support services, income and new markets. Support services is in the final delivery stage and the service has been changed to meet customer expectations and to cease being a loss making activity. The Income transformation commenced in April 2017 with a primary aim of helping customers pay their rent. A new markets transformation commenced in May 2017 reviewing Right to Buy / Acquire and Shared Ownership systems with a primary aim of making the process as efficient as possible.	On target 
To increase our right first time service delivery.	New customer dashboard and measures are now in place which provide better quality information for identifying issues and developing solutions. Instead of monitoring 'Right First Time', a new measure has been developed which is the '% of same repair jobs raised at the same property within 2 months of the original repair being completed'. This new measure collates information over a greater timeframe and is therefore a more valid assessment of accuracy of repair jobs. More time is required to collate this measure before the aspirational level can be determined which the Group will then aim for.	On target 
To increase the number of volunteers in our communities and the services that they offer.	Volunteer hours during 16/17 focused on environmental projects to improve our communities. During Q3 the Group phased out the volunteering scheme as the decision was made to focus more on working skills and experience, as customer demand focused on gaining employment skills. In the future therefore, the Group will support the objective to help customers maintain their tenancy through appropriate services and support. Since starting in May 2016, the Employability Team have worked with 101 customers and held 253 Job Skills Sessions. They have assisted 17 customers to get work experience at FHG, with contractors and other local businesses.	On target 
To show measureable improvement in how easy it is for our customers to interact with us.	Initiatives that have been introduced are: introduction of online direct debit monitoring; repairs reporting through the Self Service Portal; amendment to office opening hours; customer webchat and use of credit union for customers without bank accounts. In the pipeline for 2017/18 are: repairs reporting through an online app and moving customers to alternative payment methods.	On target 
To increase our customer net promoter score (i.e. how many of our customers would recommend us to others).	The collection of data for the net promoter score commenced Jan to Mar 17. 534 surveys were completed, providing a net promoter score of +43. More data is required before meaningful targets can be set for the future. Data will continue to be collected throughout 2017/18.	Delayed 
To demonstrate improved services through use of customer research and insight.	System databases have been built and tested and were planned to go live over the period January to March 2017. However, the roll out of this system remains outstanding. During 2017/18 delivery of this action will be assessed against other VFM actions and available resources.	Delayed 

Performance 2016/17

The tables below set out some examples of how the Group has achieved sustained VFM in relation to FHL and FHW. This information is monitored by the Board and has a direct correlation on the Group's corporate objective of providing effortless customer experiences.

Futures Housing Group Limited Year Ended 31 March 2017

During 2016/17, the Group started to transition away from the use of traditional key performance indicators (KPIs) and targets to performance measures. Performance metrics will continue to change as the Group's Transformation programme rolls out further.

FHL

The information below includes a mix of traditional KPIs and new measures. Where reporting is measured consistently with Housemark definitions, information has been compared to Housemark data as at 31 March 2016.

Key:

- data based on latest Group performance data as at 31 March 2017
- data compared to latest available Housemark data to 31 March 2016

Measure	Upper quartile / future target	Direction of Travel	2016/17 Target	2016/17 Actual	Target met	2015/16 Target	2015/16 Actual	2014/15 Target	2014/15 Actual
% of tenants satisfied with overall service ●	92	↓	≥ 85	94.1	●	≥ 85	95.3	≥ 85	95.3
% of same repair jobs raised at the same property within 2 months of the original repair being completed ●	N/A <i>For info only</i>	N/A	N/A <i>For info only</i>	4.9	N/A <i>For info only</i>	Not reported in prior years	Not reported in prior years	Not reported in prior years	Not reported in prior years
Number of complaints escalated to the Ombudsman and our decision overturned ●	0	→	0	0	●	0	0	Not reported in this year	Not reported in this year

FHW

Measure	Upper quartile / future target	Direction of Travel	2016/17 Target	2016/17 Actual	Target met	2015/16 Target	2015/16 Actual	2014/15 Target	2014/15 Actual
% of tenants satisfied with overall service ●	92	↓	≥ 85	91.9	●	≥ 85	94.6	≥ 85	94.6
% of same repair jobs raised at the same property within 2 months of the original repair being completed ●	N/A <i>For info only</i>	N/A	N/A <i>For info only</i>	6.4	N/A <i>For info only</i>	Not reported in prior years	Not reported in prior years	Not reported in prior years	Not reported in prior years
Number of complaints escalated to the Ombudsman and our decision overturned ●	0	→	0	0	●	0	0	Not reported in this year	Not reported in this year

Futures Housing Group Limited

Year Ended 31 March 2017

FHG

Measure	Upper quartile / future target	Direction of Travel	2016/17 Target	2016/17 Actual	Target met	2015/16 Target	2015/16 Actual	2014/15 Target	2014/15 Actual
Net Promoter Score (NPS) in relation to repairs: Reflects how likely customers are to recommend FHG to a friend or family member. ●	<i>Whilst the Group does not currently operate an NPS target, it considers a score of ≥ 30 as good, based on review of available reports from other organisations.</i>	N/A	Scale: -100 to +100 <i>(- reflects negative comment + reflects positive comment)</i>	+43	N/A <i>For info only</i>	<i>Not reported in prior years</i>	<i>Not reported in prior years</i>	<i>Not reported in prior years</i>	<i>Not reported in prior years</i>
Customer Effort Score in relation to repairs: <i>How easy was it to get your recent repair / enquiry resolved?</i> ●	N/A <i>For info only</i>	N/A	Scale: 1 to 5 <i>(1 = very difficult 5 = very easy)</i>	4.3	N/A <i>For info only</i>	<i>Not reported in prior years</i>	<i>Not reported in prior years</i>	<i>Not reported in prior years</i>	<i>Not reported in prior years</i>

Future plans for 2017/18

- To continue roll out of unified communications, including customer access on mobile devices
- To continue into year 2 of the 3 year transformation programme of customer facing departments
- To increase our 'right first time' service delivery evidenced by % of same repair jobs raised at the same property within 2 months of the original repair being completed'
- To extend the provision of job skills and work experience opportunities for customers to assist them in gaining paid employment.
- To show measureable improvement in how easy it is for customers to interact with us.
- To increase our customer net promoter score (ie how many of our customers would recommend our services to others).
- To demonstrate improved services through use of customer research and insight.

6.2 Strong Organisation

VFM self-assessment



The Group made financial gains of £3.3m against a target of £2.8m, including £1.6m of cost and efficiency savings and £1.3m market rent gains.

£12.2m has been invested into the asset base and a further £34.5m has been invested in delivering new homes.

VFM actions are on target or complete, which has led to enhanced work around welfare reform and improving income collection processes and work towards achieving IIP gold status and maintaining high employee engagement scores. In addition, the staff restructure is complete which has created operating cost savings moving forward and other strategic projects such as the working environment project have also commenced which are aimed at reducing operating costs further.










Benchmarking operating costs per unit data shows some improvement since last year and whilst management costs are outside of current target, income is also in excess of sector averages which leads to the Group achieving an operating surplus of 34% that far exceeds the sector average of 27%.

The Group's latest governance and viability rating remains at G1 / V1.

Futures Housing Group Limited

Year Ended 31 March 2017

Performance against previous targets

Key VFM actions identified in prior years	Progress to date	Status
Improve our payment and collection process to maximise income by effectively preparing for and communicating the potential impact of Universal Credit.	The income and money advice team continue to work proactively with affected tenants. Customers are risk assessed for rent arrears and the assessments have been an accurate predictor so far. The Employability team also works closely with the income and money advice team to help create opportunities.	On target 
Continue to respond proactively to the Welfare Reform changes.	Strong partnerships have been established with DWP and Job Centres. Internal systems have been enhanced to collate better data about tenants. To mitigate financial risk, bad debt provision has been increased in the Business Plans. An internal audit report in Nov. '16 awarded significant assurance to the Rent Recovery process. The Group has commenced an income transformation project which will be completed in 2017/18. It aims to reduce the effort for customers in paying their rent and other charges and therefore improve overall collection rates. In addition, rent in advance payments have been introduced.	On target 
The Group is piloting the '6th generation' of the Investors In People (IIP) framework and assessment process. The aim is to work towards Gold.	Work ongoing. The aim of this work is to achieve IIP Gold status. The Group has retained Silver status. An assessment for Gold status will take place in June 2018.	On target 
To maintain our healthy operating margin.	The operating margin for 2016/17 is 34% which is above the sector average of 27% (2015/16 Global Accounts).	On target 
To maintain high employee engagement scores	Despite a Group staff restructure, the employee survey (with a 70% take up rate) showed engagement levels continuing to be rated at above 80%.	On target 
To have process measures which give accurate information.	For the year commencing 2017/18, the Board has agreed a new suite of performance measures to enable them to oversee delivery of the corporate plan.	On target 
To demonstrate year on year improvement in the efficiency and effectiveness of our customer processes.	The support services transformation is in the final delivery stage which will include an assessment of the efficiency and effectiveness of customer processes. Other transformations, such as Income and New Markets, will also include an assessment of efficiency and effectiveness of processes.	On target 
Group-wide staff restructure to reduce operating costs and enhance quality of service in core areas.	The Group wide restructure completed during 2016/17 highlighted £1.5m of staff cost savings. £629k of these savings were achieved during 2016/17. The remaining savings of £900k have been partially offset by cost of living salary increases and increased pension costs so the saving anticipated in 2017/18 is £467k.	Complete 
Working environment project to commence, identifying savings in office costs and enhancing the utilisation of modern mobile working practices.	The Group completed the initial planning stage during 2016/17 to develop a full options appraisal. The Board has approved a particular option which is now being worked up in more detail for full implementation during 2017/18. Initial expectations are that reduced office space during year one will save £68k per annum rental operating costs. Further savings are to be identified in phase two (2019/20) which are yet to be analysed.	On target 

Futures Housing Group Limited
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Performance 2016/17

The information below includes a mix of traditional KPIs and new measures. Where reporting is measured consistently with Housemark definitions, information has been compared to Housemark data as at 31 March 2016.

Key:

- data based on latest Group performance data as at 31 March 2017
- data compared to latest available Housemark data to 31 March 2016

FHL

Measure	Upper quartile / future target	Direction of Travel	2016/17 Target	2016/17 Actual	Target met	2015/16 Target	2015/16 Actual	2014/15 Target	2014/15 Actual
Current rent arrears as % of rent due ●	1.52	↑	≤ 2	0.8	●	≤ 2	0.71	≤ 2	0.78
Number of service areas achieving high cost / low performance, based on annual Housemark benchmarking. ●	0	→	0	0	●	0	0	0	0

FHW

Measure	Upper quartile / future target	Direction of Travel	2016/17 Target	2016/17 Actual	Target met	2015/16 Target	2015/16 Actual	2014/15 Target	2014/15 Actual
Current rent arrears as % of rent due ●	1.52	↑	≤ 2	1.79	●	≤ 2	0.96	≤ 2	1.64
Number of service areas achieving high cost / low performance, based on annual Housemark benchmarking. ●	0	→	0	0	●	0	0	0	0

Note: For FHL and FHW, the increase in rent arrears is as a result of universal credit. The risk is being managed and the transformation team are assisting with process re-design to enhance performance in this area.

FHG

Measure	Upper quartile / future target	Direction of Travel	2016/17 Target	2016/17 Actual	Target met	2015/16 Target	2015/16 Actual	2014/15 Target	2014/15 Actual
% of employees who are proud to work for and feel loyal to FHG ●	≥ 85	↓	≥ 85	93.1	●	≥ 85	96.7	≥ 85	94.6

Futures Housing Group Limited
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Sector scorecard efficiency benchmarking

The table below shows the Group's performance on the new 15 sector scorecard measures. Where data is available for the sector as a whole, comparisons have been included and graded as green/amber/red depending on whether the Group is exceeding average/average/below average.

As shown in the table, the Group's operating business health measures show a stronger position than the sector average. For development (capacity and supply), the Group is in line with the sector average for gearing despite delivering a larger development programme than in previous years. For outcomes delivered (Section C) the Group has high customer satisfaction levels. For effective asset management, the Group has a higher return on capital employed than the sector average. For the ratio of responsive to planned repairs, the Group's performance is in line with the sector average due to the recent completion of the major improvement programme following transfer of stock from the respective local authority. The social housing cost per unit is analysed in more detail after the sector scorecard measures.

Futures Housing Group Limited
Year Ended 31 March 2017

SECTOR SCORECARD EFFICIENCY BENCHMARKING

	2015/16	2016/17	
	Sector		
	average	Actual	
A. Business Health			
Operating margin (overall)	27.6%	34.0%	
Increase/(decrease) in operating margin	0.2%	7%	
EBITDA MRI as a percentage of interest	170%	322%	

	2015/16	2016/17	
	Sector		
	average	Actual	
B. Development (capacity and supply)			
Units developed (absolute)	No data	169	
Units developed as a percentage of units owned	No data	1.8%	
Gearing (calculation selected would be total debt to total stock valuation (EUV-SH))	49.5%	46.8%	

	2015/16	2016/17	
	Sector		
	average	Actual	
C. Outcomes delivered			
Customers satisfied with the service provided by their social housing provider	No data	93%	
£ invested for every £ from operations in new housing supply	No data	£2.40	
£ invested for every £ from operations in communities	No data	£0.02	

	2015/16	2016/17	
	Sector		
	average	Actual	
D. Effective asset management			
Return on capital employed (plus narrative to link to social return)	4.7%	8.9%	
Occupancy (void turnaround times)	No data	28.7 days	
Ratio of responsive repairs to planned spend.	37.6%	36.3%	
Social housing cost per unit	SEE TABLE ON NEXT PAGE	SEE TABLE ON NEXT PAGE	SEE TABLE ON NEXT PAGE
Rent collected	No data	100.01%	
Overheads as a percentage of adjusted turnover	No data	12%	

* Adjusted turnover is turnover adjusted for grant amortisation, turnover from the sale of housing and DLO turnover

HCA social housing cost analysis

As the Group is now operating as one organisation, its budgets and associated data analytics are prepared on a consolidated basis, rather than breaking budgets down to individual company level. This is to ensure that the budget setting and data analysis reflects operating practices. The following section summarises key contextual factors for the Group.

In preparing this analysis, the Group has utilised the HCA's global accounts data-set to benchmark the Group's social housing cost per unit data from 2015/16 to 2019/20 against other providers on a number of key contextual factors. Different data-sets have been selected for the various contextual factors to enable a meaningful comparison against other organisations.

Contextual factors: LSVT; age over 12 years; number of units between 8,000 and 10,750.

This data-set is considered to be the most relevant to the Group as it takes into account the size, age and structure of the organisation. Whilst the upper limit of 10,750 homes is greater than the Group's current stock of 9,183, it accounts for the 1,000 homes the Group intends on delivering over the next three years and provides an element of aspirational growth in unit numbers in the analysis.

The data has been graded as red (for most expensive quartile 4), amber (for higher than average costs quartile 3) or green (for median quartile 2 or top quartile 1). Whilst the forward forecast years have been graded according to the 2015/16 benchmark data, the Group is aware that benchmark data will move in future years. It is worth noting that forward forecast years include inflationary increases. The savings from the organisational restructure have been reflected in the forecast years however these savings were offset by the increase in local government pension scheme costs. Other savings arising from the working environment review and expanded use of technology as part of the unified communications project have not yet been factored into forecasts, as these projects are still ongoing. The Group aims at having costs at no higher than median levels.

HCA Global accounts quartiles									
	Q1	Q2	Q3	Q4	FHG	FHG	FHG	FHG	FHG
	2015/16	2015/16	2015/16	2015/16	2015/16	2016/17	2017/18	2018/19	2019/20
CPU	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast
(costs per unit)	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Headline Social Hsg	2.67	3.22	4.11	6.08	3.44	2.89	2.85	2.87	3.03
Management	0.89	0.97	1.25	1.63	1.48	1.20	1.15	1.16	1.17
Service Charge	0.21	0.31	0.37	1.07	0.13	0.11	0.10	0.10	0.10
Maintenance	0.85	0.97	1.10	1.29	0.85	0.88	0.67	0.69	0.70
Major Repairs	0.60	0.71	1.02	1.41	0.79	0.46	0.73	0.77	0.86
Other social hsg	0.12	0.25	0.37	0.68	0.20	0.24	0.20	0.15	0.20

Key

	Q1 or Q2 (Q2 is median)
	Q3
	Q4

The above table shows the Group now achieving a better than median position on overall headline social housing costs per unit.

The table also highlights a significant improvement in management costs per unit. As explained above, none of the savings from the working environment project or the unified communications project have been factored into the forecasts as it is too early to make a reasonable assessment as to what the savings will be.

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The other indicators above are all within the median level with the exception of the major repairs programme in 2019/20 as there is a spike in component replacement requirements of certain properties. Consideration will be given to smoothing the repairs spend closer to the time.

Contextual factor: Tenure, % of housing for older people

As approximately one third of the Group's housing stock is for older people, a key benchmark factor is the percentage of housing for older people. This data set is based on 11 other providers with the percentage of housing for older people ranging from 25% to 36%. FHG is currently at 34.3%. The results are shown in the table below.

HCA Global accounts quartiles									
	Q1	Q2	Q3	Q4	FHG	FHG	FHG	FHG	FHG
	2015/16	2015/16	2015/16	2015/16	2015/16	2016/17	2017/18	2018/19	2019/20
CPU	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast
(costs per unit)	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Headline Social Hsg	2.68	3.48	4.32	8.08	3.44	2.89	2.85	2.87	3.03
Management	0.77	1.04	1.28	1.63	1.48	1.20	1.15	1.16	1.17
Service Charge	0.20	0.30	0.38	0.58	0.13	0.11	0.10	0.10	0.10
Maintenance	0.83	0.89	0.97	1.45	0.85	0.88	0.67	0.69	0.70
Major Repairs	0.78	1.05	1.32	3.49	0.79	0.46	0.73	0.77	0.86
Other social hsg	0.10	0.20	0.37	0.93	0.20	0.24	0.20	0.15	0.20

Key

- Q1 or Q2 (Q2 is median)
- Q3
- Q4

As shown in the table above, whilst management costs in 2016/17 are high in comparison to the peer group, they have improved since last year. When compared to organisations with similar levels of housing for older people, repairs costs are within the average. Other social housing costs are showing higher than average due to the significant investment in strategic projects such as unified communications.

Contextual factor: Region

The Group has been compared with the regional data-set of 12 registered providers in the East Midlands. As shown in the table below, management costs in 2016/17 remain above median level due to investment in strategic projects and redundancy costs but have reduced since 2015/16. In addition, maintenance costs are showing as more expensive than median. This is partly as a result of the high proportion of homes for older people than others in the region. The Group has 34% percent of homes for older people whereas the majority of providers in this regional data set have less than 10%.

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<i>HCA Global accounts quartiles</i>									
	Q1	Q2	Q3	Q4	FHG	FHG	FHG	FHG	FHG
	2015/16	2015/16	2015/16	2015/16	2015/16	2016/17	2017/18	2018/19	2019/20
CPU	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast
(costs per unit)	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Headline Social Hsg	2.41	3.00	4.07	6.68	3.44	2.89	2.85	2.87	3.03
Management	0.74	0.94	1.17	1.51	1.48	1.20	1.15	1.16	1.17
Service Charge	0.27	0.35	0.49	0.59	0.13	0.11	0.10	0.10	0.10
Maintenance	0.74	0.85	1.01	1.26	0.85	0.88	0.67	0.69	0.70
Major Repairs	0.49	0.61	1.02	1.19	0.79	0.46	0.73	0.77	0.86
Other social hsg	0.15	0.26	0.38	2.12	0.20	0.24	0.20	0.15	0.20

Key

	Q1 or Q2 (Q2 is median)
	Q3
	Q4

Summary of key contextual factors

Despite the above median management costs in all of the scenarios reported above, the Group maintains a strong profitability position. This enables it to service increased levels of debt used to fund an enhanced development programme. As shown by the global accounts database, the Group's operating profit margin was 27% against a sector average of 28% in 2015/16 but for the current financial year 2016/17, the margin has increased to 34%. In financial terms, the Group has achieved a profit margin of 7% higher than the sector average which equates to £2.7m on the Group's turnover. For the Group's management costs to reach median level using the 2017/18 budget as the starting point, a further cost reduction of £1.7m or an increase in housing stock to 11,300 units would be required. As the Group's corporate plan has ambitious organic growth plans, with a target of delivering 300 new homes per annum, management costs should start to align with median levels in future years.

Past and future gains

Key business plan gains achieved over the past two years and future targets are shown below:

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FHG - gains/losses	New target gains/losses						
	2015/16 target £000	2015/16 actual £000	2016/17 target £000	2016/17 actual £000	2017/18 target £000	2018/19 target £000	2019/20 target £000
Property sales (OMS)	0	0	765	106	427	620	600
Property sales (SO)	258	173	212	198	111	1,923	1,248
Market rents profit before interest but including revaluation	62	93	258	1,282	991	1,142	1,789
Cost savings & efficiencies	1,155	1,654	1,381	1,592	1,142	478	233
Gains/(losses) from leasing activity	152	136	205	83	*	*	*
Net gains/(losses)	1,627	2,056	2,821	3,261	2,671	4,163	3,870

* Private sector leasing units are to be handed back to private landlords over the next three years and no further investment is planned.

The table above shows that the gains for 2016/17 were exceeded, mainly due to an increase in the market rent portfolio rental income of £451k and market rents revaluation gain of £831k. Cost savings and efficiencies exceeded target, mainly as a result of procurement efficiency savings achieved but not budgeted for. Property sales were however slower than anticipated. In addition, private sector leasing activity was set to increase during the year but this was not achieved as no new leases were secured.

The targets for the forecast years have been set in the three year budget setting round completed in March 2017. Gains are expected primarily from property sales and market rent activity. There is also a large cost saving in 2017/18 primarily as a result of the staff restructure, and other budget reductions.

Future plans for gains made

	Previous investments				New investments		
	2015/16 target £000	2015/16 actual £000	2016/17 target £000	2016/17 actual £000	2017/18 target £000	2018/19 target £000	2019/20 target £000
Investments made							
New homes	14,518	15,451	38,506	34,587	28,363	35,455	34,961
Existing homes	15,367	14,559	12,957	12,346	12,875	13,461	14,347
Strategic projects	2,487	2,462	1,375	1,003	1,292	665	1,080
Total	32,372	32,472	52,837	47,936	42,530	49,581	50,388
Funded by:							
Gains made	1,627	2,056	2,821	3,261	2,671	4,163	3,870
Cash inflow from operating activities/cash reserves	30,745	30,416	31,517	33,742	31,359	25,918	43,018
Loan drawdowns	0	0	18,500	10,933	8,500	19,500	3,500
Total	32,372	32,472	52,837	47,936	42,530	49,581	50,388

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The new homes investment above is aligned to the Group's ambition to deliver over 1,000 homes by 2019/20. Investment in existing homes continues to ensure that properties are fit for purpose and continue to be lettable.

Strategic project expenditure continues although this is at a lower level than previous years in order to accommodate the impact of the 1% rent reduction. The Group's most significant projects are detailed in the table below.

Investment	Financial	Environmental	Social
Office accommodation/Working environment			
£1,029k	<ul style="list-style-type: none"> ✓ Transform the operating environment ✓ Reduce operating costs 	<ul style="list-style-type: none"> ✓ Reduce waste ✓ Reduced carbon footprint 	<ul style="list-style-type: none"> ✓ Enhancement of mobile working and closer contact with customers.
ICT asset replacement programme			
£1,500k	<ul style="list-style-type: none"> ✓ Lower maintenance costs 	<ul style="list-style-type: none"> ✓ Carbon reduction 	<ul style="list-style-type: none"> ✓ Enhance mobile working ✓ Increase time available for frontline staff to be customer facing
Unified communication			
£325k	<ul style="list-style-type: none"> ✓ Reduction in travel costs ✓ Reduction in office costs 	<ul style="list-style-type: none"> ✓ Carbon reduction 	<ul style="list-style-type: none"> ✓ Enhanced customer experience including self service

Front line services (absolute costs)

When assessing VFM, performance is reviewed with cost. The tables below summarise 'Housemark' current and previous year's benchmarked costs for frontline services, compared against a peer group of 33 other Midlands based LSVTs, chosen for their comparability in terms of size, geographical location and age. To ensure an unbiased comparison is made, the peer group selected by Housemark as comparable organisations has continued to be utilised. The latest available data from Housemark relates to the year ending 31 March 2016. This was prior to the Group consolidating its budgets as mentioned in the previous section. Therefore the results are shown at the individual company level. Future Housemark submissions will be completed on a consolidated basis only.

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'Q' relates to quartile performance. The target is to have costs at no more than median levels. Q1 and Q2 are better than or equal to median, Q3 and Q4 are below median. The target is Q1 or Q2 (i.e. median or above).

FHL - front line service absolute costs

Frontline services	Absolute cost Direction of Travel	£ Direct cost per unit 2016	Target met	£ Direct cost per unit 2015	Target met	£ Direct cost per unit 2014	Target met
Responsive repairs and void works	Q1 ↑	389	●	Q1 374 ●	Q1 503 ●		
Major repairs and cyclical maintenance	Q1 ↑	1,250	●	Q2 1,233 ●	Q1 1,082 ●		
Rent arrears & collection *	Q3 ↑	79	●	Q2 66 ●	Q3 73 ●		
Anti-social behaviour	Q2 →	28	●	Q1 28 ●	Q2 31 ●		
Lettings	Q1 ↑	24	●	Q1 22 ●	Q1 22 ●		
Tenancy Management *	Q4 ↑	74	●	Q3 54 ●	Q3 54 ●		
Resident involvement	Q1 ↓	28	●	Q1 32 ●	Q1 29 ●		
Estates services	Q1 ↑	73	●	Q1 72 ●	Q1 70 ●		

* These costs exceed median and have been targetted to reduce through the staff restructure completed in December 2016 and the 3 year transformation programme detailed in the Group's corporate plan. Pay costs savings will materialise in 2017/18 which will then affect the published benchmarking information in the 2018/19 self assessment. Further analysis of pay and non-pay costs for these areas is summarised in the table below:

Frontline services	Movements in FHL pay and non-pay costs: 2014/15 - 2015/16
Rent arrears & collection	The overall cost per property increased by £13 (19.7%). Of this increase, pay costs account for £6 (10%) and non-pay costs account for £7 (100%). This increase, combined with a 7% decrease in the peer group mean direct cost per property caused an adverse movement from Q2 in 2015 to Q3 in 2016.
Tenancy Management	The overall cost per property increased by £20 (37%). This increase is made up of £21 (43%) pay costs increase offset by a non-pay costs decrease of £1 (22%). This has led to an adverse movement from Q3 in 2015 to Q4 in 2016.

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FHW - front line service absolute costs

Frontline services		Absolute costs Direction of Travel	£ Direct cost per unit 2016	Target met		£ Direct cost per unit 2015	Target met		£ Direct cost per unit 2014	Target met
Responsive & void repairs	Q1	↓	533	●	Q1	564	●	Q2	552	●
Major & cyclical repairs *	Q4	↓	1,870	●	Q4	2,133	●	Q4	2,171	●
Rent arrears & collection **	Q4	↓	101	●	Q4	104	●	Q4	97	●
Anti-social behaviour	Q1	→	11	●	Q1	11	●	Q1	14	●
Lettings	Q2	↑	32	●	Q2	28	●	Q3	33	●
Tenancy Management **	Q4	↓	71	●	Q4	89	●	Q3	64	●
Resident involvement	Q2	↓	34	●	Q3	41	●	Q2	38	●
Estates services **	Q3	↑	122	●	Q1	103	●	Q2	98	●

* FHW recently completed its stock improvement programme. This investment, along with FHW having a high proportion of housing for older people, causes the benchmarked costs for major repairs to be in Q4. Major repair costs in subsequent years are expected to align to median levels.

** These costs exceed median and have been targeted to reduce through the staff restructure completed in December 2016 and the 3 year transformation programme detailed in the Group's corporate plan. Group-wide pay cost savings will materialise in 2017/18 which will then affect the published benchmarking information in the 2018/19 self assessment. Further analysis of pay and non-pay costs for these areas is summarised in the table below:

Frontline services	Movements in FHW pay and non-pay costs: 2014/15 - 2015/16
Major & cyclical repairs	The overall cost per property decreased by £263 (12.3%). Non pay costs have decreased by £253 (12.5%) and pay costs have reduced by £10 (10%). This overall cost decrease has not been sufficient to move FHW out of Q4 from its position last year.
Rent arrears & collection	The overall cost per property has decreased by £3 (2.9%). Non-pay costs have decreased by £6 (15.8%) and this has been offset by a pay costs increase of £3 (4.5%). This overall cost decrease has not been sufficient to move FHW out of Q4 from its position last year.
Tenancy Management	The overall cost per property decreased by £18 (20%). Non pay costs have decreased by £16 (75%) and pay costs have reduced by £2 (3%). This overall cost decrease has not been sufficient to move FHW out of Q4 from its position last year.
Estates services	The overall cost per property increased by £19 (19%). Non pay costs increased by £26 (27.7%) and this has been offset by reduced pay costs of £7 (70%).

Future plans for 2017/18

- To maintain our healthy operating margin.
- To maintain high employee engagement scores.
- To achieve liP ('Investors in People') Gold standard
- Embed new performance measures to inform decision making and drive service improvements.
- To demonstrate year on year improvement in the efficiency and effectiveness of our customer processes.

6.3 Great Places

VFM self-assessment



The Group planned to invest £13m in its homes during the year. The actual investment was however £12m. The Group Asset Performance Evaluation ('APE') system continues to support the active asset management. This considers asset sustainability and NPV to inform decision making around future asset investment. £1m has been generated through property disposals excluding RTB/RTA identified through active asset management.

Sheltered schemes are currently being reviewed with a view to enhancing asset values and lettability. A Group-wide refinance planned for the future is likely to be used to fund these investments

The Group continues to work in partnership with other sectors to promote the health and well-being of customers.

VFM actions from previous years	Progress to date	Status
Invest a further £39m over the next 3 years in maintaining and improving homes.	The three years per the target were 2016/17 to 2018/19. The 2016/17 actual spend (£12m) was lower than budget. The 2017/18 and 2018/19 budgets have been reset as part of the annual budget setting process and it is anticipated that £26.4m will be spent over the next two years; if achieved this would bring the three year total to £38.4m which is just below target.	Below target
Maintain the quality of properties in line with the 30 year asset plan	Although investment in homes during 2016/17 was lower than envisaged, the quality of homes is being maintained as the business plans have been updated with 2017/18 three year asset management budgets and the latest output from the Group's stock condition system that forecasts expenditure requirements over the 30 year life of the business plan.	On target
Continue to embed active asset management, identifying opportunities for income generation through disposals and maximise asset performance through evaluation of options	£1m has been generated through 6 stock disposals that were identified as poor performing stock. This income is to be reinvested in the Group's development programme. In addition, sheltered schemes are currently being reviewed to identify potential opportunities for remodelling/divestment to enhance financial returns.	On target
Continue to provide training and employability opportunities through apprenticeships and volunteering programmes and the continued development of the Group's training company	During the year, as there were few opportunities for volunteering, greater emphasis was placed on apprenticeships and training. FHG continues to work with Access Training to offer training and education opportunities for our customers. An employability City and Guilds course has been developed with Access Training from which 9 customers have benefitted. FHG also works with Access Training as one of the main providers of apprenticeship programmes. During 2016/2017 13 apprentices were employed by the Group of which 5 were supported by Access Training in Customer Services, Business Administration and Multi-Skilled Operations. FHG continues to invest in a Graduate Recruitment Programme. Of the 3 graduates whose programmes completed in 16/17; 2 have been employed	On target

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VFM actions from previous years

Progress to date

Status

Assist more than 10 customers into part time work and 10 customers into full time work. The social ROI has to be at least twice the cost (measured through HACT or an equivalent measure)

by the Group in permanent roles and 1 secured permanent employment with another housing provider. FHG employed a further 2 graduates during 16/17 in the Neighbourhoods and Development teams.

During Q3 the Group phased out the volunteering programme as the decision was made to focus more on working skills and experience as customer demand focused on gaining employment skills.

During the year, 13 customers were supported into full time work and 10 were assisted into part time work, a total of 23 customers getting into paid employment. Customers have attended 77 interviews and received 30 job offers. Using the HACT Health and Wellbeing calculator, the social value of supporting all 23 customers into work is £77,342. This is taking into account a deduction of the impact of other external factors on customers, for example, a customer may be receiving support from another agency; or the medical condition of customer has changed.

On target



Performance 2016/17

The information below includes a mix of traditional KPIs and new measures. Where reporting is measured consistently with Housemark definitions, information has been compared to Housemark data as at 31 March 2016.

Key:

- data based on latest Group performance data as at 31 March 2017
- data compared to latest available Housemark data to 31 March 2016

FHL

Measure	Upper quartile / future target	Direction of Travel	2016/17 Target	2016/17 Actual	Target met	2015/16 Target	2015/16 Actual	2014/15 Target	2014/15 Actual
Average time to re-let properties (days) ●	27	→	≤ 27	28.7	●	≤ 27	28.7	≤ 27	26.7
% of tenants satisfied with their neighbourhood as a place to live ●	89.7	↓	≥ 85	85.0	●	≥ 85	91.4	≥ 85	91.4

FHW

Measure	Upper quartile / future target	Direction of Travel	2016/17 Target	2016/17 Actual	Target met	2015/16 Target	2015/16 Actual	2014/15 Target	2014/15 Actual
Average time to re-let properties (days) ●	27	↓	≤ 27	26.8	●	≤ 27	33.6	≤ 27	43.7
% of tenants satisfied with their neighbourhood as a place to live ●	89.7	↓	≥ 85	88.0	●	≥ 85	91.8	≥ 85	91.8

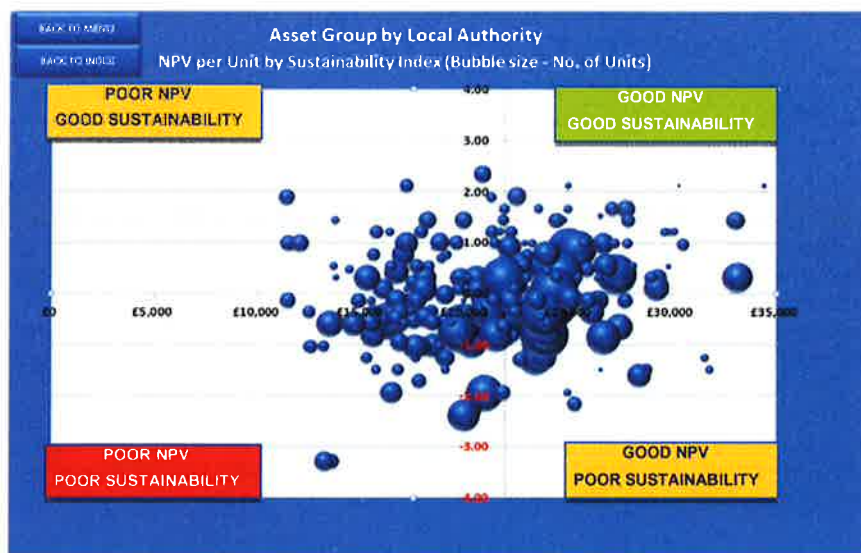
Return on assets

Asset performance information on a property by property basis was quantified for the Group's stock for the first time in 2013/14 and was updated the following financial year. The Asset APE system holds quantitative and qualitative data for all homes. Quantitative data is an individual Net Present Value ('NPV') calculation for each property and qualitative data is shown in the following table.

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Sustainability area	Qualitative measures
Income	Rent arrears / SAP rating and Heating type (as an indicator of fuel poverty)
Housing management	Anti-social behaviour ('ASB') levels / Data from Indices of Multiple Deprivation on levels of crime / Distance from managing office
Demand	Resident satisfaction / Turnover rates / Access to local facilities & amenities / Waiting list & demand / Garage availability / open space / Development potential / Community feeling

The summary of current asset performance is shown in the bubble diagram below. The strategic considerations on properties in each quadrant of the chart are also summarised below.



The chart highlights that all of the Group's properties have a positive NPV over 30 years, with most stock having an NPV of £23k or more. This is indicative of strong financial performance. Most of the asset groups cluster towards the centre of the chart, indicating consistent performance across the whole portfolio.

Strategic considerations

GOOD NPV
GOOD SUSTAINABILITY

Asset retention to support future business growth or asset disposal if the market value is high enough to generate additional business growth.

POOR NPV
GOOD SUSTAINABILITY

Possible investment in assets to improve NPV or asset disposal if investment would not improve NPV.

GOOD NPV
POOR SUSTAINABILITY

Possible community investment to improve the desirability of the location and the Group's ability to deliver sustainable communities or asset disposal if investment is not economically viable.

POOR NPV
POOR SUSTAINABILITY

Possible asset disposal as demand may be low or investment in the asset and community / neighbourhood if economically viable.

As previously highlighted, during the year £1m was generated from the disposal of poorly performing stock. All stock continues to be monitored to enable active asset management decisions to be made.

The APE analysis highlighted the need to review 14 sheltered housing schemes in more detail to consider investment / divestment options in order to maximise use of these assets. The Board has recommended that these strategic reviews be completed before approving any final investment / divestment decisions. The purpose of this is to allow the Group to prioritise the most strategically urgent decisions to ensure that work can be delivered on a fully funded basis.

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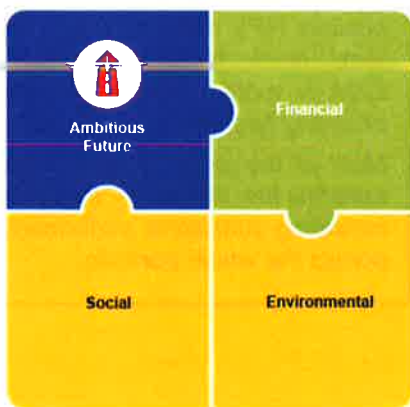
This will help to mitigate the risk of less urgent investments / divestments being made on a piecemeal basis, which may adversely impact on funding availability for more urgent work. The Asset Investment Committee has put in place an approval framework to govern the investment decisions.

Future plans for 2017/18

- Invest a further £40m between 2017/18 and 2019/20 in maintaining and improving homes.
- Maintain the quality of properties in line with the 30 year asset plan.
- Continue to embed active asset management, identifying opportunities for income generation through disposals and maximise asset performance through evaluation of options.

6.4 Ambitious Futures

VFM self-assessment




During the year, 171 homes were delivered against a target of 221. In addition, 265 new homes commenced construction for completion in 2017/18, against a target of 309. All of the new homes and new construction starts have been achieved at a cost per unit lower than original expectations therefore a greater value for money has been achieved. In addition, the development budgets have progressed within budget during the year. The Group is still planning to deliver its 1,000 new homes target by 2020. The Group continued to work with Access Training to support customers into education and training, as well as managing homes on behalf of other landlords. Social and environmental returns have been graded as amber due to the development programme being behind budget in terms of units started and completed.

Performance against previous targets

Key VFM actions identified in prior year	Progress to date	Status
<p>Invest £65m (gross before grant and sales income) to deliver over 1,000 new homes over the next 3 years 2016/17 to 2018/19.</p> <p>Up to 40% of new homes to be social housing, 27% market rent, 11% market sales, and 22% shared ownership.</p> <p>309 new homes to start construction in 16/17 and 221 to be completed.</p>	<p>A total of 171 new homes were delivered in financial year 2016/17 against the 221 target.</p> <p>A total of 265 construction starts were achieved in 2016/17 against a target of 309.</p> <p>The Group has updated its target for tenure mix delivery over the period to 2019/20. Rather than being specific about each tenure, the target mix across the whole programme is now 40% social/affordable, and 60% market led, being shared ownership, outright sale, rent to buy and market rent.</p> <p>A total of £97.5m will be invested in new homes by 2018/19 (£34.5m in 2016/17 actual, £28m in 2017/18 budget and £35m in 2018/19 budget). The forecast increase in development spend is as a result of the refinance that took place on 1 April 2016/17 which provided additional funds for new development.</p>	<p>Delayed</p> <p style="text-align: center;">●</p>
<p>Further develop delivery of social enterprises, training and education for communities.</p>	<p>The focus of the Employability Team during 16/17 has been to provide training and education opportunities for our customers which can be referenced in the sections on Effortless Customer Experience and Great Places.</p> <p>FHG worked with 13 schools in our communities to provide 27 work experience placements for school students.</p> <p>We continue to invest in Greenscape partners (the Group's Social Enterprise) with 2 partners achieving NVQs and 7 achieving NPTCs at Level 2 (City and Guilds) in 16/17.</p> <p>The Group are GUAC ('Give Us a Chance') members working in partnership</p>	<p>On target</p> <p style="text-align: center;">●</p>


Futures Housing Group Limited Year Ended 31 March 2017

Key VFM actions identified in prior year	Progress to date	Status
	to develop the offer to the employment sector. As part of this the Group has secured membership with ERSA ('Employment Related Services Association). Through GUAC the Group has a coherent and combined voice to government from the housing sector about employment and housing.	
Continue to manage units on behalf of other landlords	FHG continues to manage homes on behalf of other landlords with 146 homes being managed at the end of March 2017.	On target 

Performance 2016/17

The table below shows an example of how the Group has achieved sustained VFM in relation to the Group's corporate objective of building new homes (Ambitious Futures). It shows the Group's progress in building 1,000 new homes between 2015/16 and 2019/20. This information is not comparable with Housemark data.

FHG

Measure	Upper quartile / future target	Direction of Travel	2016/17 Target	2016/17 Actual	Target met	2015/16 Target	2015/16 Actual	2014/15 Target	2014/15 Actual
New Homes Developed (FHG) ●	Build 1,000 homes between 2015/16 and 2019/2020	↑	221	171		≥ 65	70	≥ 95	69
New Homes Developed (FHG cumulative)	Build 1,000 homes between 2015/16 and 2019/2020	↑	291	241	24% met to date	Not reported in prior years	Not reported in prior years	Not reported in prior years	Not reported in prior years

Key:

- data compared to latest available Housemark data to 31 March 2016

Future plans for 2017/18

- Invest £99m (gross before grant and sales income) into building over 1,000 new homes over the next 3 years commencing 2017/18 to 2019/20. This will be funded through operating cash flows, existing and new loan facilities, surpluses generated through active asset management, diversified tenures, sales income and budget gains.
- Up to 40% of new build programme to be social housing, up to 60% being market led (shared ownership, market rent, outright sale and rent to buy)
- Develop employability partnerships to offer wider services to customers.
- Continue to manage units on behalf of private landlords but reduce the service over the next three years.

STRATEGIC REPORT (cont'd): Value for Money Self-Assessment 2016-17

7. Conclusion

From this self-assessment the Board draws the following key conclusions:

1. **The Group complies fully with the VFM Standard.**
2. **VFM is embedded in decision making and the culture and organisation of the Group** and demonstrates a sustained improvement trend with future plans made to improve VFM further.
3. **Return on assets:** Comprehensive information on asset returns, including financial and social returns, is reviewed to support informed investment decisions.
4. **Active Asset Management:** The Group continues to actively manage its assets and has generated £1m in the year from disposal of poorly performing stock. Sheltered schemes are currently being reviewed with a view to potentially selecting one or more schemes for remodelling/disposal when new refinance monies are in place.
5. **Performance management and scrutiny function:** The Group's functions remain effective at driving and delivering improved VFM and performance. Whilst some of the VFM actions that were set for 2016/17 have been completed, the Board recognises that other actions will be delivered over several years. In most cases however, actions remain on target and in the event of slippage, corrective actions are put in place to address this. Overall, most performance standards set for 2016/17 have been achieved. These include:
 - £3.3m gains made during the year enabling management of 1% rent reduction, better utilisation of loans, and supporting future investments, including new homes;
 - The Group continues to deliver upper quartile performance across numerous areas when benchmarked against comparative organisations;
 - The Group is on target to deliver over 1,000 homes over the period 2015 to 2020;
 - The majority of customers are satisfied with the Group's services at 93% against the 85% target;
 - Benchmarking has also highlighted that costs are mostly either at or below median levels and where costs exceed median, they are directly linked to key aims within the Plan or have been targeted for future cost reduction; and
 - Benchmarking against the sector scorecard 15 VFM indicators highlights, where comparisons can be made, that the Group is more profitable than the sector average, has a greater return on capital employed and better gearing levels. As a result of this the Group is able to invest in a significant sized new development programme.
6. **VFM remains an ongoing process across the Group.** Efficiency targets for future years exist and continue to be enhanced to meet the evolving challenges that the Group and the sector as a whole face, including Brexit. These targets will help to drive continued upper quartile performance across the business, enhance the use of the Group's asset base and deliver more homes.

STRATEGIC REPORT (continued)

Operations

Asset Management

During the year the Group invested £12.3 million (2016: £14.6 million) in improving properties.

Supported Housing

The Group provides accommodation for approximately 3,134 older people, including a warden and lifeline service. In addition, the Group provides lifeline or telecare services for approximately 1,000 other people. Both FHL and FHW have secured 'A' rating for the supported housing service.

Neighbourhoods

The Group operates its front line services on a neighbourhood basis. Neighbourhood management will support the Group's vision by:

- Developing closer working relationships with residents and partners, and developing a more detailed knowledge of neighbourhoods.
- Working with residents and partners to improve neighbourhoods.
- Engaging with tenants and other stakeholders to help create inclusive neighbourhoods.
- Adopting more proactive management practices to tackle problems and threats.
- Focusing resources on responding to neighbourhood issues identified in consultation with residents.
- Working in partnership with other stakeholders to produce holistic solutions to neighbourhood problems.
- Building improved community safety into neighbourhood investment and service planning.

Finance

Overview

From April 2016 FHL put in place a new funding agreement. This removed the requirement for annual approval of the business plan by the funders and introduced corporate style covenants. FHW is still required to update and agree its business plan with the funder on an annual basis and some of its loan covenants are driven by the business plan.

The key parameters within the business plans are interest cover, asset cover, the year that the peak debt occurs together with the amount of the peak debt and the year in which debt repayment occurs.

2016-17	Interest Cover >= 1.1	Asset Cover >= 1.1	Year of Peak Debt	Peak Debt £m	Debt Repayment
Futures Homescape	2.63	1.95	2019-20	124.0	2036-37

2016-17	Interest Cover >= 2.37	Asset Cover >= 1.0	Year of Peak Debt	Peak Debt £m	Debt Repayment
Futures Homeway	4.03	2.53	2018-19	48.1	2032-33

STRATEGIC REPORT (continued)

Table 1 – Group highlights, year on year summary

Consolidated Income and Expenditure Account	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Turnover	46,577	45,637	44,907	42,366	40,112
Operating costs	(31,566)	(33,591)	(33,850)	(32,187)	(29,986)
Operating surplus/(deficit)	15,843	12,246	11,057	10,179	10,126
Total comprehensive income	8,764	12,937	2,457	7,391	4,135
Consolidated Statement of Financial Position	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Net book value of fixed assets	171,004	144,519	136,898	131,006	120,707
Net current assets/(liabilities)	6,766	9,349	8,056	(2,025)	(2,008)
Total assets less current liabilities	177,770	153,868	144,954	128,981	118,699
Creditors (due over one year)	(157,037)	(145,528)	(146,185)	(138,028)	(134,541)
Pension liability	(12,377)	(8,748)	(12,114)	(6,755)	(7,351)
Total net assets	8,356	(408)	(13,345)	(15,802)	(23,193)
Revenue reserve	8,356	(408)	(13,345)	(15,802)	(23,193)
Total reserves	8,356	(408)	(13,345)	(15,802)	(23,193)

STRATEGIC REPORT (continued)

Financial Measures

	2017	2016	2015	2014	2013
EBITDA (£'000)	22,989	17,876	16,039	15,722	15,295
EBITDA % (EBITDA as % of interest payable)	407%	428%	351%	333%	318%
Average interest rate % on debt	3.51	2.47	3.08	3.83	4.09
Net debt per unit (£'000)	14	12	15	14	14

Accounting Policies

The Group's principal accounting policies are set out on pages 53 to 60 of the financial statements. There were no significant changes to accounting policies in the current year.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceed included in turnover. The remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Events after the end of the reporting period

We consider that there are no events since the financial year-end that have a significant effect on the financial position of the group.

Housing properties

At 31 March 2017 the Group owned 9,041 housing properties (2016: 8,946). The properties were carried in the consolidated statement of financial position at cost (after depreciation) of £113.4 million (2016: £97.8 million). Investment in housing properties this year was funded through a mixture of social housing grant, loan finance and reserves.

Pension costs

The Group participates in two defined benefit pension schemes, the Derbyshire County Council Pension Fund (DCCPF) and the Northamptonshire County Council Pension Fund (NCCPF). The Group has contributed to the schemes in accordance with levels, set by the actuaries, of 13.8% for the Derbyshire scheme and 21.0% for the Northamptonshire scheme.

The Group also provides a defined contribution scheme for staff that are not entitled to join the defined benefit schemes. The scheme is administered by Scottish Widows with the Group making contributions to the scheme ranging from 3% to 11% depending on the age of, and contribution made by, the employee. The Group will continue to provide appropriate pension arrangements for its staff.

STRATEGIC REPORT (continued)

Payment of creditors

In line with government guidance, the Group's policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

Capital structure and treasury policy

The Group's long term funding requirements are forecast via the business plans in respect of Futures Homescape and Futures Homeway. Essentially the stock transfer business model assumes that debt will increase in the initial stages of the business to fund the purchase of stock and the improvement programme, after which it will gradually be repaid.

The Group had borrowings of £140.8 million as at 31 March 2017 (2016: £129.8 million), offset by short term investments and cash of £9.0 million (2016: £15.8 million). Of the £140.8 million of debt 85% £119.7 million (2016: £82.7 million) was held at fixed rates as at the 31 March 2017.

The fixed rate debt held is subject to the following interest rates and maturities:

Futures Homeway Fixed Debt

Amount (£000's)	Rate (excluding margin)	Start Date	Maturity Date
15,000	4.96%	06-Nov-07	06-Nov-33
11,475	4.43%	07-Jul-10	06-Feb-25
9,000	1.62%	08-Nov-12	08-Aug-17
35,475			

Futures Homescape Fixed Debt

Amount (£000's)	Rate (excluding margin)	Start Date	Maturity Date
15,725	4.44%	14-Aug-12	16-May-25
7,500	4.60%	25-Feb-03	25-Feb-18
2,000	5.04%	28-Oct-04	29-Oct-29
2,000	4.93%	08-Dec-04	08-Dec-24
5,000	4.58%	25-Jul-05	25-Jul-25
5,000	4.40%	23-Jan-06	23-Jan-19
10,000	4.70%	07-Nov-08	07-Nov-28
15,978	0.51%	18-Oct-16	18-Oct-19
3,000	0.52%	08-Nov-16	08-Nov-19
7,000	0.51%	18-Oct-16	18-Oct-19
8,000	0.67%	12-Dec-16	12-Dec-19
81,203			

Five Doorways Homes Fixed Debt

Amount (£000's)	Rate (excluding margin)	Start Date	Maturity Date
2,000	1.97%	31-May-16	31-May-41

STRATEGIC REPORT (continued)

Futures Homescape borrows exclusively from a loan syndicate made up of the Royal Bank of Scotland and the Nationwide – with whom it has a £144 million debt facility in place. Futures Homeway borrows exclusively from the Royal Bank of Scotland with whom it has a £60 million debt facility in place. Five Doorways Homes borrows exclusively from Lloyds Bank with whom it has a £3.5 million debt facility in place.

The Group believes that the current debt position provides a good balance between protection against interest rate increases, and flexibility. As further drawings are made the proportion of fixed rate debt will be kept under review.

Risk and Uncertainties

The main risks that may prevent the Group achieving its objectives are considered and reviewed annually by the management team and Board as part of the corporate planning process. The risks are assessed in terms of their impact and probability. Major risks, presenting the greatest threats to the Group, are included in a corporate risk map, while other risks are included in team based risk maps.

Some of the key corporate risks are outlined in Table 2 below.

Table 2: Corporate risks

RISK	DETAILS	ACTIONS TO MITIGATE RISK
<p>Government Policy, Welfare Reform and the EU Referendum</p>	<p>Certain recent policies and decisions made by the Government have had significant ramifications for the social housing sector. These include welfare reform changes such as introducing a benefit cap and the removal of automatic entitlement to help with housing costs for 18 to 21 year olds. The most significant welfare change affecting the sector is the introduction of Universal Credit. The Group has successfully accommodated the welfare changes already made and has prepared, as far is possible, for the phased introduction of Universal Credit.</p> <p>The most recent significant government policy change was the requirement for all housing associations to reduce their rents by 1% per annum for the four years ending 31 March 2020. Presently, there is uncertainty over the rental levels that housing associations can charge after this date. Should another rent cut or rent freeze be imposed this could have serious ramifications for certain housing associations and the sector in general. The Group's business plans have been constructed to accommodate a wide range of adverse scenarios, including unfavourable rent settlements.</p> <p>The result of the EU referendum has introduced further uncertainty with regards to future Government policy. The implications of this on the social housing sector are presently uncertain. The risks for the Group include a potential increase in demand for social housing, the market for homes being sold on the open market ceasing to be profitable and difficulties in the Group's supply chain.</p>	<p>Despite the significant loss of income and the strains placed on debt collection, the Group has been able to accommodate these challenges, maintain growth plans and financial robustness.</p> <p>The implications of the EU Referendum will continue to be assessed by the Group and actions taken when appropriate.</p>

Futures Housing Group Limited
Year Ended 31 March 2017

RISK	DETAILS	ACTIONS TO MITIGATE RISK
Health and Safety failures	<p>The Group's operations expose it to potential health and safety issues if inappropriate procedures and controls are in place. These issues include failure to deliver gas safety, fire safety, water sanitation and operating in accordance with the Health and Safety at Work Act.</p>	<p>The Board prioritises Health and Safety and has ensured robust working practices are in place. The Board has a Health and Safety Champion and staff that are dedicated to maintaining health and safety. They oversee areas including employee training on health and safety and compliance with legislation.</p>
		<p>During the year the Board delivered 100% compliance for gas safety checks and fire risk assessments. Following the Grenfell Tower incident, they also assured themselves that the Group's stock did not have combustible external cladding.</p>
Impact of the economic climate on customers, suppliers and other stakeholders	<p>The UK economy is operating in increasingly turbulent global framework following the EU Referendum this is compounded by significant public sector funding cuts.</p> <p>During turbulent economic times, there is an increase in the volume of fraud and attempted fraud which, if material, could compromise financial viability and / or cause reputational damage to the Group and the sector.</p> <p>Key stakeholders of the Group continue to be the local authorities with whom we work and they have been impacted by public sector cuts. These cuts ultimately affect the mutual customers we serve, for example through reduced or cancelled services.</p>	<p>The Group is continuing to deliver new social housing in the areas we operate. Whilst the cost of providing new social housing exceeds the investment needed to significantly reduce waiting lists and the demand for our services, through continued investment in new social housing, the portfolio of housing stock will increase over the coming years.</p> <p>The Group continues to operate to the highest governance standards and has in place a robust internal control framework. This</p>

Futures Housing Group Limited
Year Ended 31 March 2017

RISK	DETAILS	ACTIONS TO MITIGATE RISK
		<p>framework is reviewed annually and tested externally through the Group's audit functions.</p> <p>Close working with local authorities continues to be a key ambition of the Group. This close working includes the aim of closer, more joined up working to enable better service delivery to our mutual customers.</p>
<p>Cyber security</p>	<p>Failure to protect the Group's data, information and information systems against theft, loss and corruption as a result of physical or cyber attack (e.g. hacking, phishing, spoofing, data breaches, virus transmission, cyber extortion, employee sabotage, network downtime, human error and the spread of mis-information). This includes compromise of information in relation to customers, suppliers, employees and intellectual property and leading to financial loss, reputational damage, business interruption and liabilities for non-compliance with data protection legislation (e.g. Data Protection Act 1998 and the new General Data Protection Regulation (GDPR)).</p>	<p>The Group has a multi-layered control framework over its ICT platform.</p> <p>The IT operating environment has been designed so that an audit trail exists for all data entering and leaving the Group.</p> <p>Staff updates / training, including all new starters through induction.</p> <p>The Group ensures it is compliant with the Data Protection Act, and has appointed a dedicated GDPR officer to ensure full compliance by the required date of May 2018.</p>

STRATEGIC REPORT (continued)

Employees

The strength of the Group lies in the quality and commitment of its employees. In particular our ability to meet our objectives and commitments to tenants in an efficient and effective manner depends on their contribution.

The Group provides information on its objectives, progress and activities through regular briefings and team meetings.

The Group is committed to equal opportunities for all its employees and supports the employment of disabled people, both in recruitment and in the retention of employees who become disabled whilst in the employment of the Group.

The Group has adopted the Code of Practice on Race Equality arising from the Race and Housing Inquiry Challenge Report 2000.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Group has prepared detailed health and safety policies and provides staff training and education on health and safety matters.

Environmental policy

The Group operates a comprehensive environmental policy. During the year, various initiatives were undertaken to further reduce the impact the Group and its tenants have on the environment. For example, a programme of ground source heating was completed for tenants.

The Group was re-accredited for ISO14001 during the year for its FHL repairs and Futures Greenscape teams.

Customer Involvement

The Group actively encourages customers' involvement in decision-making by promoting more formal mechanisms of tenant involvement. The Boards of the principal operating companies within Futures Housing Group have established effective reporting arrangements between customers' representative bodies and the Boards.

Complaints

All companies within the Group have a clear and simple complaints policy. The Group has robust procedures to ensure that unresolved complaints are actively monitored and appropriate action taken to address the relevant issues.

The Social Housing Environment

The environment in which the Group operates continues to go through a period of significant change. These changes/possible changes and challenges include ongoing changes in the regulatory framework, the welfare system and right to buy legislation. The availability of affordable financing to support the delivery of social housing continues to be an issue. These challenges have been further compounded by the result of the EU Referendum. Additional details are set out below:

STRATEGIC REPORT (continued)

Revised Regulatory Framework

The regulation of the sector has changed significantly over recent years and now focuses on the economic standards of governance and financial viability, value for money and rents.

The most significant recent changes were the measures introduced by the Government to address the regulatory issues that lead to the statistical and reclassification of housing associations as public bodies. A key change for the Group as a result of these deregulation measures is the need to comply with charity law; part of which requires each disposal of charitable assets to be authorised by the Board.

As with previous amendments to the framework, the Group will ensure that it remains fully compliant.

The Group continues to operate to the highest standards and its Boards are able to demonstrate that they manage the Group under the principles of co-regulation underpinned by a robust governance framework. Following an in depth assessment the Group retained the highest G1/V1 rating.

Housing White Paper

During 2016-17 the Government released a Housing White Paper. The Social Housing Sector hoped that the White Paper would provide clarity over rentals post 2020 when the current 1% per annum rent reduction ends. Unfortunately, the Paper failed to deliver this but it did say further discussions with the sector would take place with a view that any new rent policy would help the sector borrow against its future income.

The White Paper put in place measures to make social housing regulation more independent.

The Paper had a strong emphasis of urging housing associations to improve their efficiency and build more homes. It also made reference to driving efficiencies through merger and/or partnerships.

Welfare Reform

The Government's plans to reform the welfare system are continuing, albeit against a backdrop of lobbying against the proposed changes.

Another recent change is the introduction of fees where housing associations now have to pay for their regulation rather than it being Government funded.

Despite the welfare changes that have already happened, the Group continues to manage the issue robustly with a focus on tenant debt prevention. The actions taken by the Group have delivered exceptional, rental arrears performance with current tenant arrears as a percentage of rent due being 0.8% and 1.79% in FHL and FHW respectively. It is recognised however that the welfare system changes are likely to increase rental arrears across the Group and a detailed project is ongoing to mitigate this risk.

STRATEGIC REPORT (continued)

Availability of long term affordable finance

The pricing of additional debt finance continues to be an issue for the sector. Main stream funders are no longer offering 30 year debt facilities and the facilities that are being offered are now at much higher prices than those available in recent years. In response, innovative funding mechanisms are being developed.

The Group has a robust mechanism for assessing its financing needs and monitors movements in the financial markets. This mechanism has resulted in refinancing FHL, with a new agreement signed 1 April 2016 to expand the delivery of new homes across multiple tenure forms.

EU Referendum

As set out in the corporate risks above, the impact of the EU Referendum result cannot, at this stage, be fully quantified. Known risks include the potential slowing of the market for homes being sold on the open market, an increase in the demand for social housing if the UK enters a recessionary period and possible issues arising within the Group's supply chain should the movement of goods across the EU start to encounter obstacles.

General election 2017

The general election on 8th June resulted in a hung parliament with the conservatives forming a government with the Democratic Unionist Party ('DUP'). The conservative manifesto pledged to meet the existing commitment to build a million homes by the end of 2020, with a further 500,000 by the end of 2022. They also announced council housing deals to allow local authorities to build more social housing. The conservatives also reiterated their desire to continue with welfare changes including the introduction of universal credit. The DUP manifesto included an ambition to deliver 8,000 social/affordable homes in Northern Ireland, and sought to maintain existing benefit levels. The general election also resulted in having a new housing minister, the seventh since 2010.

Despite the uncertainties brought about by the election, the Group continues to work with the NHF, consulting on issues such as the impacts of changes to welfare reform and future rent setting post 2020. In addition, the Group continues to extend borrowing to deliver new homes, contributing to the government's ambitions.

Statement of Compliance

In preparing this Strategic Report, the Board has followed the principles set out in the SORP Accounting by Registered Social Housing Providers (Update 2010).

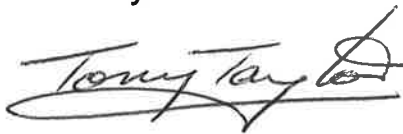
Futures Housing Group and its subsidiary companies which are registered providers of social housing are required to comply with the Regulatory Standards included in the Regulatory Framework and to certify compliance annually with the Governance and Financial Viability Standard.

During the year the Board has overseen an assessment of compliance with each of the Regulatory Standards. The outcome of the annual assessment was reported through an Annual Statement of Internal Control which was approved by the Board. As a consequence the Board can certify that the Group was in full compliance with the Governance and Financial Viability Standard for 2016/17.

STRATEGIC REPORT (continued)

In approving the Strategic Report the Board is also approving the Strategic Report in its capacity as the Board of the company.

The Strategic Report was approved by the Board on 18 September 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Tony Taylor', with a stylized flourish at the end.

Tony Taylor
Chair

Report of the Board

Board Members and Executive Directors

The Company's present Board Directors and Executive Directors of the Group and those who served during the period are set out on page 1. The Board Directors are drawn from a wide range of backgrounds, bringing together professional, commercial and local experience.

The Group's Executive Directors are the Chief Executive, the Group Director of Finance and Resources, the Group Customer Services and Assets Director and the Group Business Growth and Transformation Director.

The Group Chief Executive is a member of the Chartered Institute of Housing and was also a Steering Group Member of PlaceShapers, a nationwide lobbying Group for community focused housing associations.

The Group's Executive Directors hold no interest in the Company's shares or those of the Group's members and act as executives within the authority delegated by the Boards.

The Company has insurance policies that indemnify its Board Directors and Executive Directors against liability when acting for the Company.

Service contracts

The Chief Executive and other Executive Directors are appointed on permanent contracts. Their notice periods are six months.

Pensions

The Group's Executive Directors are members of either the Derbyshire County Council defined benefit Pension Fund or the Group's Defined Contribution pension scheme. The Executive Directors participate in the schemes on the same terms as all other eligible staff. The Company contributes to the schemes on behalf of its employees.

The Group's Executive Directors are entitled to other benefits such as the payment of a car allowance, and private medical insurance.

Details of Group's Executive Directors' emoluments are included in note 11 to the audited financial statements.

Donations

Futures Housing Group made charitable donations of £7,417 in the year (2016: £16,568). The Group made no political donations.

Report of the Board (continued)

Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report of the Board. The Group has in place long-term debt facilities (including £66.7million of undrawn facilities at 31 March 2017), which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has a long term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

As set out previously the company provides back-office services to its subsidiaries, the cost of providing these services and any intercompany balances are contained within the individual subsidiaries business plans which as outlined above provide adequate resources to finance the company's day to day operations.

On this basis, the Board has a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future, being a period of 12 months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Legal compliance

The Board recognises the Group's responsibility to ensure ongoing legal compliance as a result of the law constantly being updated. It also recognises the HCA's Governance and Financial Viability Standard and the importance of effective governance arrangements to ensure that all of the Group's registered providers of social housing adhere to all relevant law.

The Group commissioned solicitors, Anthony Collins LLP, to assist in assessing the extent to which it complies with relevant English law. This process involved the use of a legal compliance checklist, designed to highlight any potential legal non-compliance in relation to the Group's core business.

In July 2016, Anthony Collins submitted a report to the Group on 'Governance and Financial Viability Standard Requirements - Compliance with Relevant Law'. The Group Audit & Risk Committee received the report which commented on 21 areas (including the Modern Slavery Act 2015). It concluded that no significant issues had been identified requiring immediate or significant action to ensure legal compliance. Since then an internal self assessment was undertaken and reported to the Board on 25 May 2017 and the same conclusion was reached

Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. This responsibility applies to all organisations within the Group.

The systems of internal control are designed to manage, rather than to eliminate, the risk of failure to achieve business objectives, and to provide reasonable, but not absolute, assurance against material misstatement or loss.

Report of the Board (continued)

Internal controls assurance (continued)

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing, and has been in place throughout the period commencing 1st April 2016 up to the date of approval of the annual report and financial statements. The Board and the Group Audit and Risk Committee receive and consider reports from management on these risk management and control arrangements at meetings throughout the year.

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for the Group Audit and Risk Committee, Remuneration Committee, Insight Committee and Asset Investment Committee;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- robust strategic and business planning processes;
- quarterly review of the Group's risk map by the Group Audit and Risk Committee;
- detailed financial budgets and forecasts for subsequent years;
- formal recruitment, retention, training and development policies;
- established authorisation and appraisal procedures for all significant new initiatives and commitments;
- a sophisticated approach to treasury management which is subject to external review on an annual basis;
- an ongoing framework of reviews across the Group to ensure quality and best practise is maintained;
- regular reporting to senior management and to the appropriate committee of key business objectives, targets and outcomes;
- fraud policy (including whistle blowing and corruption);
- Detailed policies and procedures in each area of the Group's work.

The Board cannot delegate ultimate responsibility for the systems of internal control, but it has delegated authority to the Group Audit and Risk Committee to review regularly the effectiveness of the systems of internal control. The Board receives regular reports from the Group Audit and Risk Committee together with minutes of the Committee's meetings.

The means by which the Group Audit and Risk Committee reviews the effectiveness of the systems of internal control include considering risk reports, internal audit reports, management assurances, the external audit management letter and specialist reviews on areas such as treasury, health and safety and efficiency. The Group Audit and Risk Committee has received the Chief Executive's annual review of the effectiveness of the system of internal control for the Group and subsidiaries, together with the annual report of the internal auditor, and has reported its findings to the Board. The Board has in turn conducted its own annual review of the effectiveness of the systems of internal control.

NHF Code of Governance

The Group has adopted and complies with the NHF Code 2015 as the code of governance for the Group's registered providers in compliance with the requirements of the regulatory Governance and Financial Viability Standard.

Report of the Board (continued)

Statement of the responsibilities of the Board

The Board is responsible for preparing the Strategic Report, the Report of the Board and the financial statements in accordance with applicable law and regulations.

Company law requires the Board to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Applicable laws) including FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Group and Company for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards and the Statement of Recommended Practice ('SORP'): Accounting by Registered Social Housing Providers 2014, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board is 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 and enable them to ensure that the financial statements comply with the Companies Act 2006 the Housing Regeneration Act 2008 and the Accounting Direction for Private Registered Providers and Social Housing (April 2015). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board confirm that:

- so far as each of the Board members are aware there is no relevant audit information of which the Company's auditors are unaware; and
- the Board has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Board is responsible for the maintenance and integrity of the corporate and financial information on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Board (continued)

Statement of the responsibilities of the Board for the annual report and financial statements (continued)

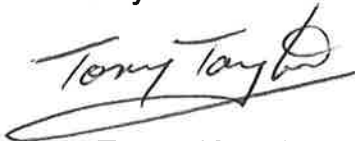
Information set out in the Strategic Report

In accordance with S414C(11) of the Companies Act, the Company has chosen to include information in respect of its financial risk management objectives and policies, exposure to risk and likely future developments in the business of the company in the Strategic Report. This information would otherwise be required by Schedule 7 of the 'Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008' to be contained in the Report of the Board.

External Auditors

Grant Thornton UK LLP were reappointed as auditors at the Board meeting on 19th September 2016. A resolution to re-appoint Grant Thornton UK LLP will be proposed at the forthcoming Board meeting.

The report of the Board was approved by the Board on 18th September 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Tony Taylor', with a horizontal line underneath it.

Tony Taylor (Chair)

Independent Auditor's Report to the Members of Futures Housing Group Limited

We have audited the financial statements Futures Housing Group Limited for the year ended 31 March 2017 which comprise the consolidated statement of comprehensive income, the company statement of comprehensive income, the consolidated and company statement of changes in reserves, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 The Reporting Standard applicable in the UK and Republic of Ireland.

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.

Respective responsibilities of the Board and the auditors of the Board

As explained more fully in the Statement of Responsibilities of the Board set out on page 43, the Board is responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2017 and of the group's and of the parent company's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent Auditor's Report to the Members of Futures Housing Group Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and Report of the Board have been prepared in accordance with applicable legal requirements.

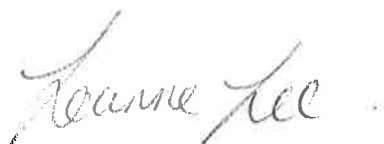
Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Report of the Board.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's 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.



Joanne Love
Senior Statutory Auditor.
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

18 September 2017

Futures Housing Group Limited
Year Ended 31 March 2017

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Turnover: continuing activities	4	46,577	45,637
Operating costs	4	(31,566)	(33,591)
Revaluation of investment properties	15	831	199
Operating surplus	5	<u>15,842</u>	<u>12,246</u>
Surplus on sale of housing properties	6	1,752	715
Surplus on sale of other fixed assets		22	-
Interest receivable and other income	8	1	85
Interest payable and similar charges	9	(5,637)	(4,181)
Other finance costs	10	(316)	(403)
Surplus before taxation		<u>11,664</u>	<u>8,462</u>
Taxation	12	<u>(12)</u>	<u>(42)</u>
Surplus for the year		<u>11,652</u>	<u>8,420</u>
Actuarial (loss)/gain relating to the pension scheme	10	(2,888)	4,517
Total comprehensive income for the year		<u>8,764</u>	<u>12,937</u>

The accompanying notes form part of these financial statements.

Company Statement of Comprehensive Income

For the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Turnover: continuing activities	4	7,861	7,203
Operating costs	4	<u>(7,773)</u>	<u>(7,407)</u>
Operating surplus: continuing activities	4	88	(204)
Interest receivable and similar charges	8	1	6
Interest payable and similar charges	9	(3)	(9)
		<hr/>	<hr/>
Surplus/(Deficit) on ordinary activities before taxation		86	(207)
Tax on deficit on ordinary activities	12	<u>18</u>	<u>(30)</u>
Surplus/(Deficit) for the financial year		<u>104</u>	<u>(237)</u>

The accompanying notes form part of these financial statements.

Futures Housing Group Limited
Year Ended 31 March 2017

Consolidated and Company Statement of Changes in Reserves

For the year ended 31 March 2017

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Balance as at 31 March	(408)	(13,345)	(750)	(513)
Comprehensive income/(deficit) for the year	8,764	12,937	104	(237)
Balance as at 31 March	<u>8,356</u>	<u>(408)</u>	<u>(646)</u>	<u>(750)</u>

The accompanying notes form part of the financial statements.

Futures Housing Group Limited
Year Ended 31 March 2017

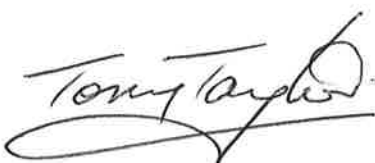
Consolidated Statement of Financial Position

At 31 March 2017

	Note	2017 £'000	2016 £'000
Tangible fixed assets			
Housing properties	13	157,196	138,102
Other tangible fixed assets	14	1,078	1,305
Investment Properties	15	12,579	4,991
Investments	16	151	121
		<u>171,004</u>	<u>144,519</u>
Current assets			
Stock	17	48	52
Properties held for sale	18	5,271	475
Debtors	19	1,958	1,962
Cash at bank and in hand		8,962	15,840
		<u>16,239</u>	<u>18,329</u>
Creditors: Amounts falling due within one year	20	<u>(9,473)</u>	<u>(8,980)</u>
Net current assets		<u>6,766</u>	<u>9,349</u>
Total assets less current liabilities		<u>177,770</u>	<u>153,868</u>
Creditors: Amounts falling due after more than one year	21	(157,037)	(145,528)
Net pension liability	10	(12,377)	(8,748)
Total net assets/(liabilities)		<u>8,356</u>	<u>(408)</u>
Reserves			
Income & expenditure reserve	26	8,356	(408)
Total reserves		<u>8,356</u>	<u>(408)</u>

The accompanying notes form part of these financial statements.

These financial statements were approved by the Board on the 18th September 2017 and signed on its behalf by:



Tony Taylor



Mike Stevenson

Futures Housing Group Limited (06293737)

Company Statement of Financial Position

At 31 March 2017

	Note	2017 £'000	2016 £'000
Tangible fixed assets			
Other tangible fixed assets	14	292	260
Investments in Associates	16	151	121
		<u>443</u>	<u>381</u>
Current Assets			
Debtors	19	866	495
Cash at bank and in hand		103	90
		<u>969</u>	<u>585</u>
Creditors: Amounts falling due within one year	20	<u>(2,058)</u>	<u>(1,716)</u>
Net current liabilities		<u>(1,089)</u>	<u>(1,131)</u>
Total assets less current liabilities		<u>(646)</u>	<u>(750)</u>
Capital and reserves (non-equity)			
Revenue reserve	26	<u>(646)</u>	<u>(750)</u>
Total reserves		<u>(646)</u>	<u>(750)</u>

The accompanying notes form part of these financial statements.

These financial statements were approved by the Board on the 18th September 2017 and signed on its behalf by:



(Chair) Tony Taylor



Mike Stevenson

Futures Housing Group Limited (06293737)

Futures Housing Group Limited
Year Ended 31 March 2017

Consolidated Statement of Cash Flows

For the year ended 31 March 2017	Note	2017 £'000	2016 £'000
Net cash generated from operating activities	29	<u>14,413</u>	<u>17,175</u>
Cash flow from investing activities			
Purchase of tangible fixed assets		(30,771)	(12,557)
Proceeds from sale of tangible fixed assets		2,595	1,387
Fixed asset investment		(30)	-
Grants received		2,090	421
Interest received		9	85
		<u>(26,108)</u>	<u>(10,664)</u>
Cash flow from financing activity			
Interest paid		(5,232)	(4,431)
New loans		17,000	-
Loan Arrangement Fees		(950)	-
Repayment of borrowings		<u>(6,000)</u>	<u>(675)</u>
		<u>4,818</u>	<u>(5,106)</u>
(Decrease)/Increase in cash		<u>(6,877)</u>	<u>1,404</u>
Cash and cash equivalents at beginning of the year		<u>15,840</u>	<u>14,436</u>
Cash and cash equivalents at end of the year		<u><u>8,962</u></u>	<u><u>15,840</u></u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. Legal status

The Company is registered under the Companies Act 2006 and is a registered housing provider. The registered office is Asher House, Asher Lane Business Park, Ripley, Derbyshire, DE5 3SW

FHG has three subsidiaries. Futures Homescape Limited and Futures Homeway Limited are both registered under the Companies Act and are registered providers of social housing. The third subsidiary Futures Greenscape Limited is a social enterprise also registered under the Companies Act whose main activities are grounds maintenance, void clearance and painting. Futures Homescape Limited has a subsidiary Five Doorways Homes Limited registered under the Co-operative and Community Benefit Societies Act which also provides social housing. Five Doorways Homes also has a subsidiary Limehouse Developments Limited registered under the Companies Act whose purpose is to develop homes for outright sale.

2. Accounting policies

Basis of accounting

The financial statements of the Group and Company are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP). Including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Registered Social Housing Providers 2014, and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

Going concern

The company's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The Group has in place long term debt facilities (including £66.7 million of undrawn facilities at 31 March 2017), which provide adequate resources to finance committed investment and development programmes, along with the Group's day to day operations. The Group also has a long term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders covenants.

As set out in the Strategic Report the company provides back-office services to its subsidiaries, the cost of the providing these services and any intercompany balances are contained within the individual subsidiaries business plans which as outlined above provide adequate resources to finance the company's day to day operations.

On this basis the Board has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than twelve months after the date on which the report and financial statements are signed. For this reason it continues to adopt the going concern basis in the financial statements.

In preparing the financial statements, the directors have considered the fact that the Group and Company have net current liabilities and net liabilities at the reporting date. However having reviewed Group budgets, forecasts and available facilities, the directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future, and therefore adopt the going concern basis in preparing the accounts.

Notes to the Financial Statements (continued)

Basis of consolidation

The Group accounts consolidate the accounts of the company and all its subsidiaries at 31 March 2017 in accordance with the principles of merger accounting as set out in FRS 102.

Futures Housing Group Limited is a public benefit entity in accordance with FRS102.

The financial statements are presented in sterling (£).

Turnover and revenue recognition

Turnover comprises rental income receivable in the year, service charges receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue grants receivable in the year.

Rental income is recognised from the point properties become available for letting. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Taxation

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

Deferred taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the Group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Notes to the Financial Statements (continued)

Deferred tax relating to investment property that is measured at fair value is measured using the tax rates and allowances that apply to the sale of the asset, except for investment property that has a limited useful life and is held in a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Value Added Tax

The Group charged Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Interest payable

Interest payable is charged to the statement of comprehensive income in the year.

Pensions

The Group participates in the Derbyshire County Council Pension Fund, a defined benefit pension scheme managed by Derbyshire County Council, the Northamptonshire County Council Pension Fund, a defined benefit pension scheme managed by Northamptonshire County Council, and a defined contribution scheme provided by Scottish Widows.

In relation to the defined benefit schemes, the current service costs and costs from settlements and curtailments are charged against operating surplus. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs/income. Actuarial gains and losses are reported in the statement of comprehensive income.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality bond rates. The net deficit, adjusted for deferred tax, is presented separately from

other assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the Group.

Notes to the Financial Statements (continued)

In relation to the defined contribution scheme, the charges for the year represent the employer contributions payable to the scheme for the accounting period.

Housing managed on behalf of other landlords

The treatment of income and expenditure in respect of housing projects managed on behalf of other agencies depends on whether the Group carries the financial risk.

Where the Group carries the financial risk, all the project's income and expenditure is included in the Group's statement of comprehensive income.

Where the other landlord carries the financial risk, the statement of comprehensive income includes only that income and expenditure which relates solely to the Group.

Housing properties

Housing properties are held for the provision of social housing or to otherwise provide social benefit. Housing properties are properties available for rent and properties subject to shared ownership leases.

Properties are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs and expenditure incurred in respect of improvements.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Depreciation of housing properties

Freehold land is not depreciated. The Group separately identifies the major components which comprise its housing properties and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

The Group depreciates the major components of its housing properties over the following number of years:

Structure	2%
Roofs	2%
Soffits & Fascia	3%
Bathrooms	3%
Windows and doors	3%
Kitchen	5%
Heating	8%

Notes to the Financial Statements (continued)

Government grants

Government grants include grants receivable from the Homes and Communities Agency (the HCA), local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable its individual components (excluding land) under the accruals model.

Grants relating to revenue are recognised in statement of comprehensive income over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the HCA. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in statement of comprehensive income.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to statement of comprehensive income. Upon disposal of the associated property, the Group is required to recycle these proceeds and recognise them as a liability.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Impairment

Annually housing properties are assessed for impairment measures. Where measures are identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount, this is likely to be the value in use of the asset based on its service potential. The resulting impairment loss is recognised as expenditure in income and expenditure. Where an asset is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell

Notes to the Financial Statements (continued)

Other tangible fixed assets

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal estimated useful economic lives used for other assets are

Freehold Buildings	2%
Furniture, fixtures and fittings	20%
Computers and office equipment	33%
Lifeline Equipment	20%
Tools and equipment	33%
Motor Vehicles	33%

Leased assets

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Properties for sale

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

Investment properties

Investment properties consist of commercial properties and other properties not held for the social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in income and expenditure.

Financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model. Management has reviewed the Group's loan agreements and has deemed them to be basic financial instruments.

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit. At each year end, the instruments are revalued at fair value, with movements posted to income and expenditure.

Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Notes to the Financial Statements (continued)

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Stock

Stock is stated at the lower of cost and net realisable value.

Liquid Resources

Liquid resources are readily disposable current asset instruments.

3. Significant Judgements and Estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Significant management judgements

The following are the significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Impairment

As part of the group's 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 considered to be an indication of impairment.

Where there is evidence of impairment, the fixed assets are written down and any impairment losses are charged to operating surpluses.

The estimated depreciated replacement cost ('DRC'), calculated using appropriate construction costs and land prices is compared to the carry value of the asset and where the DRC is lower than the carrying cost an impairment charge is made against the social housing properties.

Notes to the Financial Statements (continued)

Classification of loans as basic

The Group has a number of loans which have a 'two-way break clause' which is applicable where the loan is repaid early and could result in a break cost or break gain. The loans are fixed rate loans. In a repayment scenario that results in a break gain, the loan agreement provides for the repayment of capital at par. Any break gain payable by the lender would be in relation to future periods interest only.

Management have considered the terms of the loan agreement and concluded that they do meet the definition of a basic financial instrument, therefore are held at amortised cost.

Capitalisation of property development costs

Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation management monitors the asset and considers whether changes indicate that impairment is required. The total amount capitalised in the year was £22,539k.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components. Accumulated depreciation at 31 March 2017 was £43,441k.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 10). The liability at 31 March 2017 was £12,377k.

Notes to the Financial Statements (continued)

4. Particulars of turnover, cost of sales, operating costs and operating surplus
Group – Continuing activities

	Turnover 2017 £'000	Operating costs 2017 £'000	Operating surplus 2017 £'000
Year ended 31st March 2017			
Social housing lettings	43,345	(29,656)	13,689
Other social housing activities			
Management and agency services	841	(758)	83
First tranche shared ownership sales	610	(412)	198
Other	188	(50)	138
	<u>1,639</u>	<u>(1,220)</u>	<u>419</u>
Non-social housing activities			
Lifeline	225	(61)	164
Garages	237	(64)	173
Market Rents	519	(68)	451
Sale of properties for outright sale	601	(495)	106
Other	11	(2)	9
	<u>1,593</u>	<u>(690)</u>	<u>903</u>
	<u>46,577</u>	<u>(31,566)</u>	<u>15,011</u>
Company			
	Turnover 2017 £'000	Operating costs 2017 £'000	Operating surplus 2017 £'000
Other social housing activities			
Management services	<u>7,861</u>	<u>(7,773)</u>	<u>88</u>

Notes to the Financial Statements (continued)

4. Particulars of turnover, cost of sales, operating costs and operating surplus
Group – Continuing activities

	Turnover	Operating costs	Operating surplus
	2016	2016	2016
Year ended 31st March 2016	£'000	£'000	£'000
Social housing lettings	43,306	(32,234)	11,072
Other social housing activities			
Management and agency services	986	(895)	91
First tranche shared ownership sales	544	(179)	365
Profit on Sale of Other Fixed Assets	20	-	20
Other	242	(73)	169
	<u>1,792</u>	<u>(1,147)</u>	<u>645</u>
Non-social housing activities			
Lifeline	193	(120)	73
Garages	160	(49)	111
Market rent	152	(33)	119
Other	35	(8)	27
	<u>540</u>	<u>(210)</u>	<u>330</u>
	<u>45,638</u>	<u>(33,591)</u>	<u>12,047</u>
Company			
	Turnover	Operating costs	Operating surplus
	2016	2016	2016
	£'000	£'000	£'000
Other social housing activities			
Management services	<u>7,203</u>	<u>(7,407)</u>	<u>(204)</u>

Notes to the Financial Statements (continued)

4. Particulars of turnover, cost of sales, operating costs and operating surplus
Group – Continuing activities

Group	General housing 2017 £'000	Sheltered housing 2017 £'000	Shared ownership 2017 £'000	Total 2017 £'000
Year ended 31st March 2017				
Turnover from social housing lettings				
Rent receivable net of identifiable service charges	26,229	14,567	191	40,987
Service income	512	517	5	1,034
Charges for support services	1	805	-	806
Amortisation of government grants	515	-	3	518
Turnover from social housing lettings	27,257	15,889	199	43,345
Expenditure on social housing lettings				
Management	(7,008)	(3,927)	(47)	(10,982)
Services	(409)	(597)	-	(1,006)
Support	-	(996)	-	(996)
Routine maintenance	(2,908)	(1,575)	-	(4,483)
Planned maintenance	(2,265)	(1,331)	-	(3,596)
Major repairs expenditure	(1,338)	(705)	-	(2,043)
Bad debts	(192)	(107)	-	(299)
Depreciation of fixed assets	(3,234)	(1,810)	(16)	(5,060)
Other *	(758)	(433)	-	(1,191)
Operating costs on social housing lettings	(18,112)	(11,481)	(63)	(29,656)
Operating surplus on social housing lettings	9,145	4,408	136	13,689
Void losses	(231)	(122)	(-)	(353)

* Strategic project costs have been placed in the "other" category. These costs relate to one off investments in things such as unified communications and the Group's working environment project, as referred to in the VFM self assessment.

Notes to the Financial Statements (continued)

**4. Particulars of turnover, cost of sales, operating costs and operating surplus
Group – Continuing activities**

Group	General housing 2016 £'000	Sheltered housing 2016 £'000	Shared ownership 2016 £'000	Total 2016 £'000
Year ended 31st March 2016				
Turnover from social housing lettings				
Rent receivable net of identifiable service charges	26,322	14,550	130	41,002
Service income	351	520	3	874
Charges for support services	-	938	-	938
Amortisation of government grants	492	-	-	492
Turnover from social housing lettings	27,165	16,008	133	43,306
Expenditure on social housing lettings				
Management	(7,504)	(4,086)	(51)	(11,641)
Services	(181)	(932)	-	(1,113)
Support	-	(1,066)	-	(1,066)
Routine maintenance	(2,998)	(1,642)	-	(4,640)
Planned maintenance	(1,785)	(1,111)	-	(2,896)
Major repairs expenditure	(2,476)	(1,153)	-	(3,629)
Bad debts	(139)	(79)	-	(218)
Depreciation of fixed assets	(3,426)	(1,975)	(74)	(5,475)
Other *	(977)	(579)	-	(1,556)
Operating costs on social housing lettings	(19,486)	(12,623)	(125)	(32,234)
Operating surplus on social housing lettings	7,679	3,385	8	11,072
Void losses	(235)	(125)	(4)	(364)

* Strategic project costs have been placed in the "other" category. These costs relate to one off investments in things such as unified communications and the Group's working environment project, as referred to in the VFM self assessment.

Notes to the Financial Statements (continued)

5. Operating surplus

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
This is arrived at after charging				
Depreciation of housing properties	4,486	-	4,757	-
Impairment of housing properties	-	-	60	-
Impairment of fixed asset investment	-	-	-	248
Depreciation of other tangible fixed assets	689	288	1,039	299
Operating lease rentals				
- Buildings	377	-	377	-
- Equipment	11	-	7	-
- Vehicles	-	-	29	-
Auditors' remuneration (excluding irrecoverable VAT)				
- for audit services	43	43	35	35
- for non audit services (taxation)	7	7	7	7

Auditor's remuneration for the Group is borne by the parent undertaking.

6. Surplus on sale of fixed assets – housing properties

Group	2017 £'000	2016 £'000
Disposal proceeds	2,381	1,286
Carrying value of fixed assets	(629)	(571)
	<u>1,752</u>	<u>715</u>

Notes to the Financial Statements (continued)

7. Accommodation in management and development

Group

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

	2017	2016
	No.	No.
Social housing		
Social Rent	5,540	5,551
Affordable Rent	170	137
Supported & sheltered	3,134	3,134
Market Rent	113	46
Shared ownership	84	78
	<hr/>	<hr/>
Total owned	9,041	8,946
Private Landlord	144	142
	<hr/>	<hr/>
Total managed	<u>9,185</u>	<u>9,088</u>

The Group manages accommodation of 144 units on behalf of a number of private sector landlords during 2016-17.

The Group owns 3 housing units that are managed on its behalf under a business lease. Two of these units are managed by P3 and one is managed by Amber Trust.

8. Interest receivable and other income

	2017	2017	2016	2016
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Interest receivable	<u>1</u>	<u>1</u>	<u>85</u>	<u>6</u>

Notes to the Financial Statements (continued)

9. Interest and financing costs

Group	2017 Group £'000	2017 Company £'000	2016 Group £'000	2016 Company £'000
Loans and bank overdraft	<u>5,638</u>	<u>3</u>	<u>4,181</u>	<u>9</u>

10. Employees

Average monthly number of employees expressed in full time equivalents (calculated based on a standard working week of 37 hrs):

	2017 Group No.	2017 Company No.	2016 Group No.	2016 Company No.
Administration	108	72	102	59
Development	2	2	3	3
Housing, support and care	73	-	88	-
Repairs	117	7	120	7
	<u>300</u>	<u>81</u>	<u>313</u>	<u>69</u>

Employee costs:

	2017 Group £'000	2017 Company £'000	2016 Group £'000	2016 Company £'000
Wages and salaries	9,159	3,383	8,830	2,853
Social security costs	828	325	709	262
Pension costs	1,601	415	1,857	282
	<u>11,588</u>	<u>4,127</u>	<u>11,396</u>	<u>3,397</u>

The majority of employees of Futures Homescape Limited are members of Derbyshire County Council Pension Fund (DCCPF) and employees of Futures Homeway Limited are members of Northamptonshire County Council Pension Fund (NCCPF). These schemes were closed to new entrants from 1 July 2011; from that date the Group also participates in a scheme administered by Scottish Widows, this is a defined contribution scheme. The Group contributes between 3% and 13.8% dependant on the age of, and contribution made by, the individual employee.

A number of employees of Futures Homescape Limited and Futures Homeway Limited are seconded to Futures Housing Group, and a management charge is made to Futures Housing Group which for 2017 is £4.1m in respect of 81 employees (2016: £3.3m in respect of 69 Employees). On the basis that the constructive obligation rests with Futures Housing Group these costs are separately analysed above. As FHW and FHL remain responsible for their pension obligations no separate analysis of the related schemes' assets or liabilities is reported in the Company accounts.

Notes to the Financial Statements (continued)

10. Employees (Continued)

Derbyshire County Council Pension Fund

The DCCPF is a multi-employer defined benefit scheme, which is administered by Derbyshire County Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme.

Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method.

The most recent formal actuarial valuation was completed as at 31st March 2016.

The market value of Futures Homescape's share of scheme assets at that date was £27.3 million and the level of funding was 97%. The main actuarial assumptions used in the valuation were:

	% p.a.
Discount Rate	4.0%
Salary Increases	2.7%
Pension increases/CARE revaluation	3.2%

Contributions

The Company paid contributions at the rate of 13.8% during the year. The cost to the company, of contributions to the scheme in the period, amounted to £734,000 (£655,000 – 2016). Members' contributions vary between 5.5% and 12.5% of pensionable pay until 31st March 2017, depending on the circumstances of the employee.

Employers' contributions to the DCCPF during the accounting period commencing 1 April 2017 are at a rate of 23.9% and are estimated to be £1,046,000.

Notes to the Financial Statements (continued)

10. Employees (Continued)

Major categories of plan assets as a total of plan assets

	2017	2016
Equities	72%	70%
Bonds	18%	20%
Property	6%	6%
Cash	4%	4%

Assumptions

The main financial assumptions used by the actuary were as follows: -

	2017	2016
	%	%
Rate of increase in salaries	2.9	3.2
Rate of increase in pensions	2.4	2.2
Discount rate	2.6	3.5

Mortality assumptions

The post retirement mortality assumptions were based on the Fund's VitaCurves with improvements inline with the CMI 2013 model and these are used to value the benefit obligation at 31 March as determined by the actuary, for non-pensioners and pensioners.

	2017	2016
	No. of years	No. of years
Current pensioners:		
Males	21.9	22.0
Females	24.4	24.2
Future pensioners:		
Males	23.9	24.1
Females	26.5	26.6

Notes to the Financial Statements (continued)

10. Employees (Continued)

Amounts recognised in the statement of financial position:

	2017	2016
	£'000	£'000
Present value of funded obligations	(42,645)	(34,003)
Fair value of plan assets	<u>33,529</u>	<u>27,873</u>
	(9,116)	(6,130)
Present value of unfunded obligations	<u>(13)</u>	<u>(11)</u>
Net liability	<u>(9,129)</u>	<u>(6,141)</u>

Amounts recognised in other comprehensive income

	2017	2016
	£'000	£'000
Actuarial (loss)/gains in other comprehensive income	<u>(2,217)</u>	<u>3,293</u>

Analysis of the amount charged to operating surplus

	2017	2016
	£'000	£'000
Current service cost	1,133	1,446
Past service losses	148	-
Total operating charge	<u>1,281</u>	<u>1,446</u>

Notes to the Financial Statements (continued)

10. Employees (Continued)

Analysis of the amount charged to other finance costs

	2017 £'000	2016 £'000
Expected return on pension scheme assets	983	884
Interest on pension scheme liabilities	(1,207)	(1,164)
Net interest charge	<u>(224)</u>	<u>(280)</u>

Movement in deficit during the year

	2017 £'000	2016 £'000
Company share of net scheme liabilities at start of period	(6,141)	(8,363)
<i>Movement in year:</i>		
Current service cost	(1,133)	(1,446)
Past service cost	(148)	-
Employer contributions	734	655
Other finance costs	(224)	(280)
Actuarial (loss) / gains	(2,217)	3,293
Company share of net scheme liabilities at end of year	<u>(9,129)</u>	<u>(6,141)</u>

Changes in present value of defined benefit obligation:

	2017 £'000	2016 £'000
Opening defined benefit obligation (including unfunded obligations)	(34,014)	(35,738)
Current service cost	(1,133)	(1,446)
Past service cost	(148)	-
Interest cost	(1,207)	(1,164)
Contributions by members	(281)	(309)
Actuarial (gain)/loss	(6,438)	4,152
Past service gain	-	-
Benefits paid	563	491
Closing defined benefit obligation (including unfunded obligations)	<u>(42,658)</u>	<u>(34,014)</u>

Notes to the Financial Statements (continued)

10. Employees (Continued)

Changes in fair value of plan assets:

	2017	2016
	£'000	£'000
Opening fair value of plan assets	27,873	27,375
Expected return on assets	983	884
Contributions by members	281	309
Contributions by employer	734	655
Actuarial gain/(loss)	4,221	(859)
Benefits paid	(563)	(491)
Fair value of assets at end of year	<u>33,529</u>	<u>27,873</u>

23 (2016: 24) of the Company's employees are members of the Northamptonshire County Council Pension Fund (NCCPF). This scheme was closed to new entrants from 1 July 2011, from this date the Company also participates in a scheme administered by Scottish Widows, this is a defined contribution scheme. The Company contributes between 3% and 21% dependant on the age of the individual employee. 23 of the Company's employees are members of the Scottish Widows Scheme. The parent company receives the services of 6 FHW employees (2016: 5) who are seconded to (and constructively employees of) FHG. These employees and their related costs are excluded from the information given above.

Northamptonshire County Council Pension Fund

The NCCPF is a multi-employer defined benefit scheme, which is administered by Northamptonshire County Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme.

Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method.

The most recent formal actuarial valuation was completed as at 31st March 2016.

The market value of the scheme's assets at that date was £5.4 million and the level of funding was 71%. The main actuarial assumptions used in the valuation were:

	% p.a.
Discount Rate	4.6%
Pensionable Pay increases	4.3%
Rate of pension increases	2.5%

Notes to the Financial Statements (continued)

10. Employees (Continued)

Contributions

The Company paid contributions at the rates of 21.0% during the period. The cost to the Company, of normal contributions to the scheme in the period, amounted to £282,000 (2016: £275,000). Members' contributions varied between 5.5% and 12.5% of pensionable pay until 31st March 2017, depending on the circumstances of the employee.

Estimated employers' contributions to the NCCPF during the accounting period commencing 1 April 2016 are at a rate of 27.9% and are estimated to be £370,000.

Major categories of plan assets as a percentage of total plan assets

	2017	2016
Equities	74%	70%
Bonds	17%	19%
Property	7%	9%
Cash / liquidity	2%	2%

Assumptions

	2017	2016
	% per annum	% per annum
Rate of increase in salaries	2.7	4.2
Rate of increase in pensions in payment	2.4	2.2
Discount rate	2.6	3.6

Mortality assumptions

The post retirement mortality assumptions used to value the benefit obligation at 31 March are based on the PA92mc year of birth table plus one year, for non-pensioners and pensioners.

	2017	2016
	No. of years	No. of years
Current pensioners:		
Males	22.1	22.3
Females	24.2	24.3
Future pensioners:		
Males	23.9	24.0
Females	26.1	26.6

Notes to the Financial Statements (continued)

10. Employees (Continued)

Amounts recognised in the statement of financial position:

	31 March 2016 £'000	31 March 2016 £'000
Present value of funded obligations	(10,096)	(8,384)
Fair value of plan assets	6,848	5,777
	<u>(3,248)</u>	<u>(2,607)</u>
Present value of unfunded obligations	-	-
Net liability	<u>(3,248)</u>	<u>(2,607)</u>

Amounts recognised in other comprehensive income

	31 March 2017 £'000	31 March 2016 £'000
Actuarial gains/(losses) recognised in other comprehensive income	<u>(671)</u>	<u>1,224</u>

Notes to the Financial Statements (continued)

10. Employees (Continued)

Analysis of the amount charged to operating surplus/(deficit)

	2017	2016
	£'000	£'000
Current service cost and total operating charge	<u>160</u>	<u>232</u>

Analysis of the amount charged to other finance costs

	2017	2016
	£'000	£'000
Expected return on pension scheme assets	211	186
Interest on pension scheme liabilities	(303)	(309)
Net finance cost	<u>(92)</u>	<u>(123)</u>

Movement in the deficit during the year

	2017	2016
	£'000	£'000
Opening net liability	(2,607)	(3,751)
Current service cost	(160)	(232)
Contributions	282	275
Other finance costs	(92)	(123)
Actuarial (losses)/gains	(671)	1,224
Closing net liability	<u>(3,248)</u>	<u>(2,607)</u>

Notes to the Financial Statements (continued)

10. Employees (Continued)

Changes in present value of defined benefit obligation:

	2017	2016
	£'000	£'000
Opening defined benefit obligation	(8,384)	(9,301)
Current service cost	(160)	(232)
Interest cost	(303)	(309)
Contributions by members	(47)	(54)
Actuarial gain(loss)	(1,337)	1,366
Benefits paid	135	146
Closing defined benefit obligation	<u>(10,096)</u>	<u>(8,384)</u>

Changes in fair value of plan assets:

	2017	2016
	£'000	£'000
Opening fair value of plan assets	5,777	5,550
Expected return	211	186
Actuarial (losses)/gains	666	(142)
Contributions by employer	282	275
Contributions by members	47	54
Benefits paid	(135)	(146)
Closing fair value of plan assets	<u>6,848</u>	<u>5,777</u>

Notes to the Financial Statements (continued)

11. Board Members, executive directors and key management personnel.

	Basic Salary £'000	Benefits In kind £'000	Pension Contr'ns £'000	2017 Total £'000	2016 Total £'000
L Williams	143	15	20	178	185
M Sherman	49	6	6	61	136
I Skipp	116	10	16	142	132
S Jandu	25	3	2	30	-
M Keys	26	4	2	32	-
P Parkinson	46	5	6	57	110
H Davies	-	-	-	-	27
Aggregate emoluments payable to executive directors	405	43	52	500	590

The Group Executive Directors are considered to be the key management personnel of the Company

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Basic Salary	405	405	478	478
Benefits in kind	43	43	45	45
Employers NIC	68	68	59	59
Pension Contributions	52	52	67	67
	568	568	649	649

The emoluments of the highest paid executive director (the Group Chief Executive), excluding pension contributions, were £158,393 (2016: £163,975).

The Chief Executive is a member of the Derbyshire County Council Pension Scheme. She is an ordinary member of the pension scheme and no enhanced or special terms apply.

Futures Housing Limited does not make any further contribution to an individual pension arrangement for the Chief Executive.

In addition to the above, during the year, the aggregate compensation for loss of office of directors was £195k (2016: £30k) including a one off payment of £10,000 made as an additional pension contribution in line with the Group's pensions discretionary policy.

Notes to the Financial Statements (continued)

The full time equivalent number of staff who received emoluments, including pension contributions, in the following ranges:

	2017	2016
	No.	No.
£60,000 to £70,000	5	8
£70,001 to £80,000	4	-
£80,001 to £90,000	1	-
£90,001 to £100,000	1	-
£101,000 to £110,000	-	1
£120,001 to £130,000	2	2
£130,001 to £140,000	1	-
£170,001 to £180,000	1	-
£180,001 to £190,000	-	1

Notes to the Financial Statements (continued)

11. Board Members and executive directors (continued)

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
M Flynn	-	-	4	4
E Bradbury	9	9	11	9
D Whalley	3	3	11	9
T Taylor	15	15	12	12
H Punchihewa	7	7	6	6
D Macharaga	2	2	2	1
R Atterbury	2	2	1	-
R Ward	3	3	4	4
B Lyttle	2	2	2	-
E Brown	2	2	3	-
N Bull	2	2	3	-
D Leathley	7	7	7	7
G Kinsella	2	2	3	-
P Naish	3	3	3	3
P Tooley	7	7	6	5
K Perry	-	-	2	-
J Hayes	2	2	3	-
A Campbell	-	-	2	-
J Spalding	2	2	3	-
A Carter	-	-	2	-
I Toal	8	8	16	14
P Parmar	-	-	1	-
S Hale	7	7	5	5
R Harding	7	7	1	1
M Stevenson	10	10	1	1
M Warren	2	2	1	-
P Downes	2	2	1	-
G Lindley	2	2	1	-
C Smith	5	5	4	4
S Hyde	10	10	8	7
S Fitzhugh	7	7	6	6
	-	-		
Aggregate emoluments payable to Board Directors	<u>130</u>	<u>130</u>	<u>135</u>	<u>98</u>
Emoluments paid to FHG Chair, Tony Taylor 2016-17; Ian Toal 2015-16 (highest paid Board Director)	<u>15</u>	<u>15</u>	<u>14</u>	<u>14</u>

Notes to the Financial Statements (continued)

11. Board Members and executive directors (continued)

Number of Board Directors including the highest paid, and including members of the Board sub committees who received emoluments in the following ranges.

	Group 2017	Company 2017	Group 2016	Company 2016
£10,001 - £15,000	4	2	3	1
£5,001 - £10,000	6	8	3	3
£1 - £5,000	21	7	22	10
	<u>31</u>	<u>17</u>	<u>28</u>	<u>14</u>

Expenses paid during the year to companies' Board Directors amounted to £7,120 (2016: £8,026).

Notes to the Financial Statements (continued)

12. Tax on deficit on ordinary activities

Group and Company

	Group	Company	Group	Company
	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
Current Tax				
UK corporation tax on deficit for the year	45	18	38	37
Adjustments in respect of prior periods	(26)	(36)	-	-
Current tax	<u>19</u>	<u>(18)</u>	<u>38</u>	<u>37</u>
Deferred Tax				
Net origination and reversal of timing differences	-	(1)	2	(7)
Adjustments in respect of prior periods	(8)			
Effect of rate change on opening balance	1	1	2	1
Total tax charge	<u>12</u>	<u>(18)</u>	<u>42</u>	<u>31</u>
Current tax reconciliation	Group	Company	Group	Company
	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
Surplus/(deficit) on ordinary activities before tax	229	86	(146)	(206)
Charitable activities	-	-	-	-
(Surplus/deficit) subject to Corporation tax	<u>229</u>	<u>86</u>	<u>(146)</u>	<u>(206)</u>
Theoretical tax at UK corporation tax rate 20%	46	17	(29)	(41)
Adjustment to tax charge in respect of previous periods	(20)	(29)		
Adjustment in respect of prior periods – deferred tax	(9)	-	-	-
Fixed asset differences	-	-	50	50
Expenses not deductible for tax purposes		-	22	22
Adjust closing deferred tax to average rate of 20%	5	3	-	-
Adjust closing deferred tax to average rate of 20%	(3)	(2)	-	-
Tax refund in respect of prior period	(7)	(7)		
Total tax charge	<u>12</u>	<u>(18)</u>	<u>43</u>	<u>31</u>

Notes to the Financial Statements (continued)

13. Tangible fixed assets – properties

Group	Completed housing properties shared ownership	Shared ownership properties under construction	Social housing properties held for letting	Social housing properties under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2016	3,446	105	162,444	5,328	171,323
Additions	-	899	-	21,641	22,540
Capitalised Improvements	-	-	2,224	-	2,224
Schemes Completed	869	(869)	7,987	(7,987)	-
Disposals	(70)	-	(1,509)	-	(1,579)
At 31 March 2017	<u>4,245</u>	<u>135</u>	<u>171,146</u>	<u>18,982</u>	<u>194,508</u>
Depreciation and impairment					
At 1 April 2016	311	-	32,696	214	33,221
Charged in year	18	-	4,468	-	4,486
Impairment					
Released on disposal	(7)	-	(388)	-	(395)
At 31 March 2017	<u>322</u>	<u>-</u>	<u>36,776</u>	<u>214</u>	<u>37,312</u>
Net book value					
At 31 March 2017	<u>3,923</u>	<u>135</u>	<u>134,370</u>	<u>18,768</u>	<u>157,196</u>
At 31 March 2016	<u>3,135</u>	<u>105</u>	<u>129,748</u>	<u>5,114</u>	<u>138,102</u>

Notes to the Financial Statements (continued)

Expenditure on works to existing properties

Group	2017	2016
	£'000	£'000
Components capitalised	2,224	3,394
Amounts charged to statement of comprehensive income	2,043	3,437
	<u>4,267</u>	<u>6,831</u>

Social housing assistance

Group	2017	2016
	£'000	£'000
Total accumulated grant	20,946	18,790
Recognised in comprehensive income	2,820	2,302
Held as deferred capital grant	18,126	16,488
	<u>20,946</u>	<u>18,790</u>

Housing properties book value, net of depreciation and grants, and depot net book value (notes 13 & 14) comprises

	Group	Group
	2017	2016
	£'000	£'000
Freehold land and buildings	<u>157,469</u>	<u>138,383</u>

Housing properties comprise of only freehold land and buildings.

Impairment

The Group considers individual schemes to be separate Income Generating Units (IGU's) when assessing for impairment, in accordance with the requirements of Financial Reporting Standard ("FRS") 102 section 27; Impairment of assets.

Valuation

Savills consultants undertook valuations of the housing properties as at 31 March 2017 for Futures Homescape Limited, the latest valuation for Futures Homeway Limited was at 31 May 2016 and 2 November 2015 for Five Doorways Homes Limited. The existing use social housing valuation was £301.0 million (2016: £294.6 million)

Notes to the Financial Statements (continued)

14. Tangible Fixed Assets – other

Group	Freehold depot	Tools and equipment	Furniture fixtures and fittings	Lifeline equipment	Computers and Office equipment	Other land and buildings	Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 April 2016	379	291	835	1,005	2,969	66	1,201	6,746
Additions	-	33	-	-	321	-	114	468
Disposals	-	(5)	-	-	(1)	-	-	(6)
At 31 March 2017	379	319	835	1,005	3,289	66	1,315	7,208
Depreciation								
At 1 April 2016	98	197	792	957	2,710	-	687	5,441
Charged in year	8	29	10	37	288	-	317	689
Released on disposal	-	-	-	-	-	-	-	-
At 31 March 2017	106	226	802	994	2,998	-	1,004	6,130
Net book value								
At 31 March 2017	273	93	33	11	291	66	311	1,078
At 31 March 2016	281	94	43	48	259	66	514	1,305

Other land and building comprise of only freehold land.

Notes to the Financial Statements (continued)

Company

Cost	Computers and office equipment £'000
At 1 April 2016	1,722
Additions	321
Disposals	(1)
At 31 March 2017	<u>2,042</u>
Depreciation	
At 1 April 2016	1,462
Charged in year	288
Disposals	-
At 31 March 2017	<u>1,750</u>
Net Book Value	
At 31 March 2017	<u>292</u>
At 31 March 2016	<u>260</u>

15 Investments Properties

	31 March 2017 £'000	31 March 2016 £'000
At 1 April	4,991	953
Additions	6,757	3,839
Revaluation	831	199
	<u>12,579</u>	<u>4,991</u>

Investment properties were valued as at 31 March 2017 at their open market value based on a directors' valuation.

Notes to the Financial Statements (continued)

16. Group and company

Investment in joint ventures

	2017	2016
	£'000	£'000
Cost and net book value		
At 1 April	121	368
Additions	30	-
Impairment	-	(247)
At 31 March	<u>151</u>	<u>121</u>

The Group has the following aggregate interests in associate undertakings.

	2017	2016
	£'000	£'000
Share of fixed assets	12	10
Share of current assets	305	145
Share of current liabilities	(60)	(34)
Share of net assets	<u>257</u>	<u>121</u>
Goodwill	(106)	-
Investment	<u>151</u>	<u>121</u>

During the year the Group increased its share to 50% of the issued share capital of Three Together Limited, a company incorporated in England and Wales. Its wholly owned subsidiary, Access Training Limited, is a training and apprenticeship provider.

17. Stock

Group	2017	2016
	£'000	£'000
Raw materials and consumables	<u>48</u>	<u>52</u>

18. Properties held for sale

Group	2017	2016
	£'000	£'000
Properties held for sale	<u>5,271</u>	<u>475</u>

Notes to the Financial Statements (continued)

19. Debtors

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Due within one year				
Rent and service charges receivable	487	-	492	-
Less: Provision for bad and doubtful debts – rents	(165)	-	(167)	-
	<u>322</u>		<u>325</u>	<u>-</u>
Other debtors	596	60	436	14
Prepayments and accrued income	1,014	524	1,183	386
Amounts due from group undertakings	-	265	-	78
Deferred tax	26	17	18	17
	<u>1,958</u>	<u>866</u>	<u>1,962</u>	<u>495</u>

20. Creditors: amounts falling due within one year

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Trade creditors	750	182	1,364	314
Rent and service charges received in advanced	676	-	894	-
Corporation tax	383	4	389	37
Other taxation and social security	232	3	324	126
Other creditors	992	25	646	-
Accruals and deferred income	4,669	555	3,886	416
Amounts owed to group undertakings	-	1,289	-	823
Deferred capital grant (note 22)	518	-	361	-
Right to buy creditor	1,253	-	1,116	-
	<u>9,473</u>	<u>2,058</u>	<u>8,980</u>	<u>1,716</u>

21. Creditors: amount falling due after one year

	Group 2017 £'000	Group 2016 £'000
Bank loans (note 25)	139,429	129,334
Deferred capital grant (note 22)	17,608	16,194
	<u>157,037</u>	<u>145,528</u>

Notes to the Financial Statements (continued)

22. Deferred capital grant

	31 March 2017 £'000	31 March 2016 £'000
At 1 April	16,555	16,560
Grant received in the year	2,089	421
Released to income in the year	(518)	(493)
	<u>18,126</u>	<u>16,488</u>
Amounts to be released within one year	(518)	(360)
Amounts to be released in more than one year	(17,608)	(16,128)
	<u>18,126</u>	<u>(16,488)</u>

23. Provisions for liabilities and charges

Deferred tax

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
At 1 April	19	17	24	11
Amount credited to the statement of comprehensive income	<u>7</u>	<u>-</u>	<u>(5)</u>	<u>6</u>
At 31 March	<u>26</u>	<u>17</u>	<u>19</u>	<u>17</u>
Comprising:				
Fixed asset timing differences	<u>26</u>	<u>17</u>	<u>19</u>	<u>17</u>
Deferred tax asset	<u>26</u>	<u>17</u>	<u>19</u>	<u>17</u>

Notes to the Financial Statements (continued)

24. Disposal proceeds fund

	2017	2016
	£'000	£'000
At 1 st April	-	-
Net sale proceeds recycled	559	421
Acquisition of dwellings for letting	-	(421)
Balance at 31 st March	<u>559</u>	<u>-</u>

Funds have been taken out of the fund to finance the Company's development programme (81 new properties were acquired during 2015-2016).

25. Debt Analysis

Group	2017	2016
	£'000	£'000
Due within one year		
Bank loans	<u>-</u>	<u>-</u>

	2017	2016
	£'000	£'000
Due after more than one year		
Bank loans	140,825	129,892
Less: capitalised issue cash	(1,396)	(558)
	<u>139,429</u>	<u>129,334</u>

Based on the lenders' earliest repayment date, borrowings are repayable as follows:

	2017	2016
	£'000	£'000
Within one year	-	-
Between one and two years	-	-
Between two and five years	20,165	-
After five years	120,660	129,892
	<u>140,825</u>	<u>129,892</u>

Notes to the Financial Statements (continued)

25. Debt Analysis (continued)

The Group fixes the interest rate on a proportion of its borrowings for a specified period of time; the maturity of these arrangements does not lead to a requirement to repay the debt, as such all debt has been presented as due in greater than one year.

The bank loans are secured by a floating charge over the assets of the Group and by fixed charges on individual properties.

Overdraft interest is payable quarterly in arrears at the usual charging dates in March, June, September and December at a rate of 1% above base rate.

On all committed floating rate borrowings interest is payable quarterly at the maturity of the relevant fixture period of 1, 3, or 6 months and semi-annually if the fixture period is 12 months.

On all fixed rate borrowings interest is payable quarterly or semi-annually in arrears, calculated from the semi-annual fixed rate cost of funds.

Interest is payable on bank loans at rate per annum which is aggregate of:

- the relevant LIBOR or fixed/RPI linked rate;
- the previously detailed margin over the Lenders' floating rate cost of committed loan funds (currently LIBOR) or fixed/RPI linked cost of funds;
- Where applicable, the cost of the Lenders of complying with the Mandatory Costs Rate (MCR) and special deposit requirements of the Bank of England.
- Average rates payable were 3.51%

At 31 March 2017 the Group had undrawn committed loan facilities of £66.7m (2016: £24.2m).

26. Reserves

The income and expenditure reserve and revenue reserve include all current and prior period surpluses and deficits.

27. Financial Commitments

Approved and contracted

Expenditure on the purchase of housing properties was committed as at the 31st March 2017, in the sum of £11,379,000 by the Group (2016: £15,305,000).

Approved and not contracted

Expenditure of £25,142,000 for the purchase of housing properties was approved but not contracted as at the 31st March 2017.

Partnering Contracts are in place to ensure that the major programme of improvements to properties promised to tenants is delivered. The Board has approved expenditure of £4,100,000 for the 2016-17 financial year (2016: £7,018,000).

Notes to the Financial Statements (continued)

In addition £557,000 was approved for the purchase of fixed assets (2016: £125,000).

The above commitments for the Group will be financed primarily through borrowings which are available for draw-down under existing loan arrangements.

28. Operating Leases

The payments which the Group is committed to make future years under operating leases are as follows:

Group	2017	2016
	£'000	£'000
Land & Buildings		
Due to expire – within one year	49	-
Due to expire – One to five years	498	377
Due to expire – more than five year	219	-
	<u>766</u>	<u>377</u>
Vehicles		
Due to expire – Within one year	2	-
Due to expire – One to five years	-	-
Total	<u>2</u>	<u>-</u>
Equipment		
Due to expire – One to five years	<u>23</u>	<u>11</u>

29. Reconciliation of operating surplus to net cash inflow from operating activities

	2017	2016
	£'000	£'000
Surplus for the year	11,652	8,463
Adjustments for non cash items:		
Depreciation and impairment of tangible fixed assets	4,778	4,916
Pensions cost less contribution payable	424	748
Impairment of investment	-	247
Increase in trade and other debtors	(744)	(1,120)
Increase in trade and other creditors	593	1,230
Increase in stock and stock of housing	(4,792)	-
Carrying amount of tangible fixed assets	1,190	571
Proceeds from sale of fixed assets	(2,964)	(1,286)
Amortisation of government grants	(518)	(492)
Revaluation of Investment Properties	(831)	(199)
Interest payable	5,638	4,181
Interest receivable	(1)	(85)
Tax	(12)	(1)
Net cash inflow from operating activities	<u>14,413</u>	<u>17,175</u>

Notes to the Financial Statements (continued)

30. Financial assets and liabilities

The Board policy on financial instruments is explained in the Board Report as are references to financial risks.

Categories of financial assets and financial liabilities

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Financial assets that are debt instruments measured at amortised cost:				
Cash at bank and in hand	8,962	103	15,840	90
Rental Debtors	322		325	-
Other Debtors	608	60	436	14
Amounts due from group undertakings	-	265	-	78
	<u>9,892</u>	<u>368</u>	<u>16,601</u>	<u>182</u>
Financial liabilities measured at amortised cost				
Trade and Other Creditors	1,742	207	2,010	314
Accruals	4,669	555	3,886	416
Right to buy creditor	1,253	-	1,116	-
Loans	140,825	-	129,892	-
Amounts owed to group undertakings		1,290		823
	<u>148,489</u>	<u>2,052</u>	<u>136,904</u>	<u>1,553</u>

Financial Assets

Other than short-term debtors the Group had financial assets consisting of short-term money market and cash deposits held in special interest bearing accounts. They are sterling denominated and the interest rate profile at 31 March was:

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Short-term Money Market Deposits			-	-
Special Interest Bearing Accounts	8,962	103	15,840	90
	<u>8,962</u>	<u>103</u>	<u>15,840</u>	<u>90</u>

The interest rate profile of the Group's loan liabilities at the 31 March 2017 was:

	2017 £'000	2016 £'000
Floating rate	21,147	47,125
Fixed rate	119,678	82,767
Total (note 21)	<u>140,825</u>	<u>129,892</u>

Notes to the Financial Statements (continued)

The fixed rate financial liabilities have a weighted average interest rate of 3.92% (2016: 2.5%). The sums are fixed for between 2 and 18 years.

The floating rate financial liabilities bear an interest rate as shown in note 22.

The debt maturity profile is shown in note 25.

The Group has undrawn committed borrowing facilities of £66.7 million (2016: £24.2 million).

31. Related parties

The Company has taken advantage of the exemption in FRS 102 from disclosing transactions with its wholly owned subsidiaries.

During the year the Company paid £1,500 and Futures Homeway paid £420 in respect of training services to Access Training, a company with whom the Group has a beneficial interest.

Futures Housing Group Limited, Futures Homescape Limited, Futures Homeway Limited and Five Doorways Homes Limited

One member of the Boards of Futures Housing Group, Futures Homescape Limited, Futures Homeway Limited and Five Doorways Homes Limited, David Leathley is a tenant of Futures Homeway. His tenancy is on normal commercial terms and he is not able to use his position to his advantage.

Futures Greenscape Limited

Three members of the Board who served during the period Martin Sherman, Suki Jandu and Ian Skipp were Executive Directors of FHG. They are not able to use their position to their advantage.

Total rental arrears for the Group for related parties as at 31 March 2017 were nil (2016: nil)

Transactions with non regulated Group members

During the year the Company received £35k (2016: £35k), from Futures Greenscape Limited, and £68k (2016: £nil) from Limehouse Developments Limited, non regulated Group members, for the provision of central services, such as Finance and HR. This is allocated on the basis of staff time.

In addition intra-group transactions occurred between other regulated and non regulated Group members during the year. Futures Homescape received £117k (2016: £71k) for the provision of management services to Five Doorways Homes Limited. This is a charge based on the average units managed. Futures Homescape Limited and Futures Homeway Limited paid £992k and £581k respectively (2016: £988k and £610K) to Futures Greenscape Limited for the provision of ground maintenance services and void works. Futures Homescape Limited lent Limehouse Developments Limited £2.9m to fund the development of homes for outright sale.

The Group Executive Directors are considered to be the key management personnel of the Company. Disclosures in relation to their remuneration is included in note 10.

Notes to the Financial Statements (continued)

32. Interest in Subsidiaries

The financial statements consolidate the results of Futures Housing Group Limited with its subsidiaries, (on the basis of control). Futures Homescape Limited, Futures Homeway Limited, Five Doorways Homes Limited, Limehouse Developments Limited and Futures Greenscape Limited. Futures Housing Group Limited is the ultimate parent undertaking. Futures Homescape, Futures Homeway Limited and Five Doorways Homes Limited's primary activity is the letting and development of social housing properties. Futures Greenscape Limited primary activity is the provision of landscape maintenance services. Limehouse Developments Limited primary activity is the development of homes for outright sale.