VIVID

Annual review and financial statements 2020-21

More homes **bright futures**

Emmanuel at his home in Eastleigh

Achievements at a glance

80.4% OVERALL CUSTOMER SATISFACTION

PROVIDED **2,550** NEW CUSTOMERS WITH A HOME

SECURED **£5.7m** OF UNCLAIMED BENEFITS/INCOME FOR CUSTOMERS

COMPLETED **1,010** NEW HOMES

HELPED **589** CUSTOMERS BACK TO WORK

INVESTED **£45.2m** IN OUR EXISTING HOMES

ONE OF THE LARGEST DEVELOPERS THROUGH HOMES ENGLAND STRATEGIC PARTNERSHIP WITH A GRANT ALLOCATION OF **£186m**

Homes England

BEST COMPANY 2021

BEST COMPANIES ACCREDITATION FOR **'VERY GOOD'** LEVELS OF WORKPLACE ENGAGEMENT

Gold Winner – European Contact Centre & Customer Service Awards 2020

ECCCSA 2020 AWARD WINNER FOR 'RESPONDING IN A CRISIS – SUPPORTING CUSTOMERS'

Winner Best Health and Wellbeing Initiative – CIPD People Management Awards 2020

CIPD PEOPLE MANAGEMENT AWARDS 2020 BEST HEALTH AND WELLBEING INITIATIVE

Who we are

Having a place to call home is vital to everyone's wellbeing and chances in life. So it's really important that our homes and services provide support and the environment to enable our customers to achieve their aspirations.

Our vision is **"More homes, bright futures"** and our mission is to give customers a safe and secure home and provide the foundations for their wellbeing.

We're one of the largest housing associations in the south operating across Hampshire, Surrey, Berkshire and West Sussex, with 32,000 homes and delivering services and support to 72,000 customers.

Tenure type	2017	2018	2019	2020	2021	Value in use (£'000)	Market value (£'000)
General needs	21,419	21,901	22,885	23,360	23,791	1,929,450	5,701,160
Older people's & supported housing	2,174	2,183	1,579	1,556	1,457	80,130	230,660
Shared ownership	4,091	4,360	4,642	5,004	5,272	291,290	503,400
Intermediate rent	350	333	364	332	314	35,200	61,790
Market rent	187	196	276	351	440	89,980	102,040
Leased or owned by others	753	728	600	692	672	26,680	47,260
Managed by others	236	263	175	175	338	1,810	3,030
Total homes	**29,210**	**29,964**	**30,521**	**31,470**	**32,284**	**2,454,540**	**6,649,340**
Garages	4,309	3,300	3,334	3,334	3,357	-	-

Housing properties within a social housing business are valued using specific valuation techniques commonly referred to as "value in use". These values are used by financial institutions to lend money to social housing providers. Our housing properties are independently valued by JLL as at 31 March 2021.

The value in use shown in the table exceeds the net book value of our completed housing properties by £447m. Together with our reserves of £640m, they increase our net worth to £1.1bn. The open market value is also shown for comparative purposes which in the case of shared ownership homes, only the retained equity that VIVID owns has been valued.

VIVID Plus is our charitable arm established this year, which aims to invest £21m over the next 5 years to bring added support to customers and communities for the long-term.

We have one of the strongest development programmes amongst housing associations in England, ranked 8th in Inside Housing's Top 50 Biggest Builders 2020 and with ambitious plans to deliver 17,000 homes by 2030. We provide homes across a wide range of tenures to meet the different needs and circumstances of people in the region.

Our subsidiary Bargate Homes built and sold 166 homes making a profit for the group of £4m. Like all developers, we had to close all our sites from April through to June 2020 but the housing market in our region has been extremely resilient, helped by the government's stamp duty holiday. Bargate's land-buying capability has benefited the whole group, so we now control enough land to build over 7,000 homes in the coming years.

More details on our subsidiaries are on page 50.

Where we work

We are focused around 4 neighbouring counties in the south of England (Hampshire, Berkshire, Surrey and West Sussex) and have the local knowledge and presence to foster strong relationships with key strategic partners such as local authorities and contractors. This, in addition to our scale and strength, enables us to ensure the best services and support for customers and to deliver the right types of homes where they're needed most.

We're driven to make many more homes available each year, in addition to the ones already occupied, to help tackle the ongoing housing shortage.

Local authority	Number of homes	Planned homes
Adur	0	0
Arun	0	409
Basingstoke and Deane	6442	543
Bracknell Forest	29	10
Chichester	3	272
East Hampshire	249	617
Eastleigh	5971	677
Fareham	817	500
Gosport	1647	0
Guildford	437	226
Hart	2794	7
Havant	1212	583
Horsham	0	33
New Forest	225	420
Portsmouth	3104	983
Runnymede	83	0
Rushmoor	5425	215
Southampton	1096	11
Surrey Heath	319	44
Test Valley	791	262
Waverley	611	64
West Berkshire	25	44
West Wiltshire	0	24
Winchester	675	816
Wokingham	329	624
Worthing	0	72

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Section 1

Annual Review

Chair's introduction

Mike Kirk

This is my last annual review as Chair of VIVID and as I reflect on my 6 years in the role (2 of which were at First Wessex, pre-merger), I can say it's been a huge honour to have played a part in creating VIVID, as a strong and vibrant organisation.

VIVID is a leading provider of housing in Hampshire, Surrey, Berkshire and West Sussex, with increasing regional and national influence. During the last 4 years, VIVID has become a leading provider of new homes and delivered significant and sustained improvement in service standards to the customers in the 32,000 homes that we manage, alongside the delivery of over 4,000 much needed new homes.

None of this would have been possible without the energy, enthusiasm and dedication of all our employees to ensure that we can continue to provide the best homes and services possible for our customers.

In this last year there have been extraordinary forces at play, and for the sector, and VIVID in particular, this has demonstrated our strong position as a housing association to be a vital anchor within our communities to help them through challenging times.

The impact of the coronavirus pandemic has caused us all to have varying degrees of instability and uncertainty. But it's those who were already struggling for example through unreliable income, lack of secure housing or needing other support, that continue to be hardest hit and many are now at breaking point.

Added to this we now see an entirely new group of people struggling to make ends meet - people who've never had financial worries or needed support before. As a result, this has been a transformative year, re-shaping how we and the sector think and operate, looking at how we can do more to meet the changing needs and expectations of customers and communities now and into the future.

Lockdowns have made everyone understand the importance of their home and community on their overall health and wellbeing. We adapted rapidly to new ways of working whilst still delivering essential services to our customers and communities and we will use the learnings from this to consider how this should positively influence our future plans. You can read more about our approach to the pandemic and our future areas of focus in the following sections.

Alongside the impact of COVID-19, other significant influences in the sector continue unabated, such as building safety and changes to regulation, carbon zero targets, the social housing white paper and the continuing shortage of affordable housing. These all continue to be a major priority for us at VIVID with robust, sustainable strategies and plans being developed and implemented.

Understanding the size and characteristics of the UK population is vital when it comes to planning and providing housing and related services. Data from the Office of National Statistics (ONS), shows that the population in the south east continues to grow and is now around 9.2 million.

Alongside this overall growth, the population is ageing and living arrangements are changing; with more young adults living with their parents and increasing numbers of people living alone.

These demographics coupled with the affordability of housing are significant issues. A report on Housing Affordability in England and Wales 2020 by the ONS showed full-time employees could typically expect to spend around 7.8 times their annual earnings on purchasing a home. There continues to be a major shortage of affordable housing available in the south east and the pandemic will have impacted this further, partly through disruption to construction but also due to more people facing loss of income through job loss, furlough and ill health.

We continue to take a pro-active approach to these challenges using our financial and operational strength and influence locally and nationally to help make a difference to people's lives.

As we evolve our plans at pace to meet the ever-changing world we operate in, I'm delighted to introduce Charles Alexander who takes over my role as Chair of the Board when I stand down immediately after the AGM on 22 July. Charles brings a wealth of private, public and third sector experience to take the business forward to achieve its vision of "more homes, bright futures".

It has been a pleasure and a privilege to work alongside my colleagues at VIVID and I'd like to take this opportunity to thank everyone at VIVID for their hard work, commitment and focus, making it the great organisation it is today; but one that will always seek to be better tomorrow.

Mike Kirk

Chief Executive's overview

Mark Perry

With the world having changed so much over this last year, I think it's made many of us really take stock of what matters most in life. And for me at the heart of this is being kind and caring, realising that everyone has faced varying degrees of challenge.

This is where genuine empathy, understanding and support can make a real difference. It's something we've continued to talk about openly in our business, and has helped us focus on what more we can do moving forward, over and above what we've done before.

We're here for the long-term, and the last year has reinforced that through good times and bad, there's a central role we at VIVID can provide in helping people improve their life chances and supporting communities to thrive. Mike has made clear many of the challenges we have faced this year and I'm immensely proud of what we've achieved to support our customers, communities and each other. A large focus has been managing our response to COVID-19 but it's also been so much more.

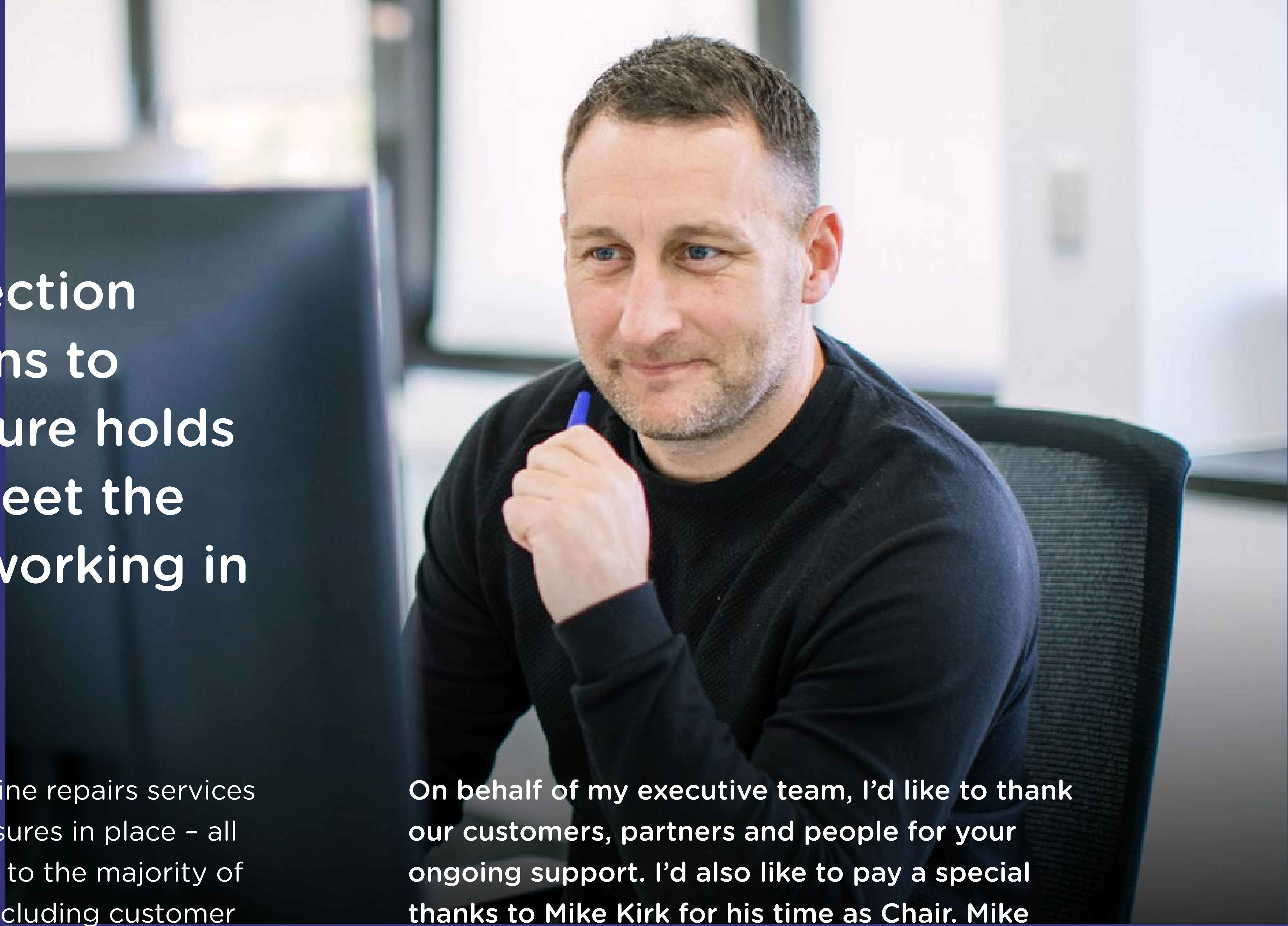
Our financial strength has given us a huge opportunity to provide extra investment to our localities and neighbourhoods, and even more support. For example, we've helped our local authority partners by providing temporary accommodation for rough sleepers. And I'm delighted to have launched VIVID Plus, our new charitable arm, which will enable us to channel what we do to deliver the very best social outcomes possible for individuals and communities.

Throughout the year we helped customers access more than £5.7m in benefits or income they were entitled to, helped 589 customers back into work and over 600 customers with their digital skills to give them access to online products and services they'd otherwise be excluded from – all this support being so important to ensure customers can maintain their tenancies and improve their wellbeing, especially when faced with particularly challenging circumstances.

We know our neighbourhoods and communities well, and we have the strength of partnerships and resources to achieve the best we can for them. Our tight-knit location across Hampshire and 3 adjoining counties also gives us the ability to involve and engage with our customers in a wide range of ways, to listen and understand what matters most to them, hear their opinions and for them to help us shape how our services are designed and run. We value this partnership and it ensures we put customers at the heart of everything we do.

A safe and secure home is a right everyone should have and it's also a lot more than purely the four walls we live in. It's the green space around it, the community facilities it has, the people we interact with and the opportunities and enterprise that brings. The focus of our annual stakeholder event this year was "A new era of life in town centres" with well-known retail consultant Mary Portas sharing her thoughts on the renewed importance of 'local'.

She also talked about "The kindness economy" where kindness is no longer a nice to have but a necessity encompassing empathy, connection, community, home and putting people first. This really struck a chord with me as I said at the start, and it's something we've continually reinforced whether for our customers or colleagues, to support each other and to be mindful what others may be going through.



There are many factors influencing the direction our business takes. We've revisited our plans to reflect where society is today, what the future holds and the even greater role we can play to meet the needs of our customers and communities working in partnership with others.

You can read more on our plans here covering our approaches to building safety, mapping our way to a carbon zero future, and the strength of our development performance to continue delivering more affordable homes across a range of tenures.

My 900 colleagues have shown outstanding resilience throughout a difficult year balancing home, work and caring responsibilities. We transitioned well to remote working, our trade staff have shown amazing commitment delivering our essential frontline repairs services with safety and hygiene measures in place – all this resulting in improvement to the majority of our performance measures including customer satisfaction of 80.4%. We know there are still areas to improve on and we'll continue to develop our skills, methods and technology to enable the best customer experience possible.

It's incredible the journey we've been on, continuing to demonstrate our progress, resilience, our capacity and energy to meet our ambitions.

On behalf of my executive team, I'd like to thank our customers, partners and people for your ongoing support. I'd also like to pay a special thanks to Mike Kirk for his time as Chair. Mike successfully led the Board and its creation during our merger in 2017, providing the steer and challenge to create the leading housing association we are today. He leaves a fantastic legacy for our new Chair, Charles Alexander, to take forward.

Mark Perry

COVID-19 and our approach

By Mark Perry

We've done all we can to provide the best support for our customers, local communities and our people through the coronavirus pandemic, with safety, wellbeing and strong partnerships central to our approach. The pandemic has disrupted public life in ways none of us have ever experienced before and we've seen it as part of our responsibility to help make a difference during this time of crisis.

In our annual review for 2019-20, we reported the swift action we took to provide £250,000 additional investment to community groups and foodbanks. This included supporting 46 charitable and community organisations through our “We’re All Together” fund in partnership with the Hampshire & Isle of Wight Community Foundation.

We also provided 400 sim-enabled tablets to keep customers and their schoolchildren connected, made thousands of wellbeing phone calls to check customers were ok and arranged extra cleaning rotas in our sheltered schemes. We worked with our partners to provide emergency accommodation to help ensure rough sleepers had somewhere to call home and to help relieve bed-blocking.

We quickly realised the vital role housing associations play at times of national crisis and in addition to that, the importance of the ‘home’ has taken on a whole new dimension with the government’s clear guidance at the outset to ‘stay home, stay safe’.

With more people struggling as a result of the pandemic, we’ve adapted our business to deliver some services in a different way whilst always following government advice and safety measures. We’ve needed to find ways of keeping as many of our services going, as we knew our customers would continue to need us more than ever. This has become hugely apparent for example with more people experiencing loss of income due to job losses and furlough.

We also saw an increase in reports relating to anti-social behaviour and domestic abuse during lockdowns as more people were restricted from leaving their homes. We’ve worked hard to support these customers who have found themselves in really challenging situations.

Financial wellbeing and mental health are significant societal issues and the link between them continues to strengthen since the first lockdown in March 2020. Universal Credit has been one of the government’s welfare support measures since 2013 designed to top up income for those who are out of work or on lower incomes, and here at VIVID we went from 4,200 claimants in March 2020 to around 8,000 by February 2021. To help customers maintain their tenancies we’ve always provided specialist support for our customers on money and benefits advice. But we’ve seen a large increase in people needing help with their Universal Credit applications and benefits advice over the last year, many who’ve never needed this before. To help meet this demand, we’ve re-shaped customer-facing teams so we’re well-equipped to provide the level of extra guidance and support needed.

As well as the wellbeing of our customers, ensuring our 900-strong workforce feel safe and supported has been essential.

They have faced the same struggles as everyone in balancing work, home and caring responsibilities - from our teams supporting customers, our trade staff completing repairs and essential safety checks to customers' homes, to people in other teams making sure we have the technology and resource to operate our business effectively.

As we've gone into and come out of 3 lockdowns at the time of writing, our people have been amazingly resilient and adaptable in the work they do and how they do it.

We're delighted that in March 2021 our response during the pandemic was recognised at the European Contact Centre and Customer Services Awards for 'Responding in a crisis – supporting customers'. It signals the efforts everyone in the business has gone to, over and above the norm, to provide excellent services and support to customers and our wider communities.

We've encouraged our people to let us know how we can help and the most important things were to give them flexibility to manage both work and home. Our focus has been on getting our people through the pandemic safely and in a way where they know they've been treated really well.

Our award-winning approach to mental health, established well before the pandemic took hold, has stood us in good stead. We've encouraged people to talk about their mental health and we've continued to drive awareness of mental health issues and impacts as part of our culture. Our group of Stigma Busters have also been leading a range of conversations.

We've recognised the extraordinary efforts everyone has gone to and helped our people through this by providing increased flexibility of working and leave arrangements, 'virtual hugs' and one-off extra gestures to make everyone feel valued at a time when we've all been working remotely.

Like many businesses, we've had to take quick action following government announcements to adapt our services and then reintroduce them.

Regular, clear and empathetic communication has been important to keep everyone informed, connected and visible to each other. During periods of rapid change we took the approach that no communication was too much for our customers and people. We've run regular virtual live events to inform and engage as well as video broadcasts from the leadership and a wide range of others across the business.

When the country went into lockdown 1, we quickly needed to roll out new working procedures and equipment to enable us to continue to support our customers. This more remote way of working has successfully continued throughout the year.

We've worked together well through this challenging time. Our services are now all back and up and running, we're significantly through the backlog of repairs from lockdowns and we're working in a flexible way with safety and wellbeing at the heart of all we do.

Throughout the year we've also turned our focus to what lies ahead for the longer-term as a result of the pandemic and the impact it's had on people's lives. This includes more investment in support and place-shaping activities through VIVID Plus, the increasing need to support many more customers who are struggling to pay rent, provide benefits advice, access mental health and wellbeing services, and the even greater need for more affordable homes. You can read more on all of this in the following sections.

Finally, I'd like to end by saying, as a result of everyone's hard work and dedication, our performance is strong, and as we emerge out of lockdown we're in an excellent position and more focused than ever on providing even more homes and bright futures for our customers.

Our plan

Our plan sets out our ambitions and enablers for the next 3 years. It represents an evolution in our development as VIVID. We've achieved more to date than we initially planned and continue to drive forward with even greater ambition and determination.

The world has changed around us since the outbreak of COVID-19 and it's right that we reflect through this plan on how we respond to these changes, and what our customers, communities, staff and stakeholders now require of us in the future. You can read the full plan on our website here. Each ambition also links to our 3 value for money objectives explained on page 45.

AMBITION

Helping customers thrive in their homes and communities

We're here to help our customers achieve their aspirations, with the homes and the neighbourhood they live in playing an integral role. Our aim is to provide excellent services and support, and invest in place-shaping activities so everyone is proud of where they live.

80.4% CUSTOMER SATISFACTION

HELPED **589** CUSTOMERS GET BACK TO WORK

350,761 CUSTOMER CONTACTS RECEIVED BY CUSTOMER EXPERIENCE TEAM

PROVIDED TENANCY ADVICE TO **2,790** CUSTOMERS

89% CUSTOMER CONTACTS RESOLVED FIRST TIME BY CUSTOMER EXPERIENCE

8.9/10 SATISFACTION WITH HOW ENQUIRY WAS DEALT WITH BY CUSTOMER EXPERIENCE

1,362 INVOLVED CUSTOMERS

234 CUSTOMERS HELPED BY WELLBEING SERVICE

HELPED **139** CUSTOMERS ENROL IN TRAINING COURSES

SECURED **£5.7m** OF UNCLAIMED BENEFITS /INCOME FOR CUSTOMERS

8.8/10 CUSTOMER SATISFACTION WITH REPAIRS

47% DIGITAL CUSTOMER CONTACT

8.2/10 CUSTOMERS SATISFIED WITH HOW EASY TO GET IN TOUCH WITH US

Customer service excellence

We're pleased to have achieved 80.4% overall customer satisfaction for the year against our target of 80%. Satisfaction with repairs alone was 8.8/10. We've worked harder at keeping customers informed of their tenancy or repairs issues as well as resolving complaints at the first point of contact.

As part of our drive to put customers even more at the heart of our business, we established a Customer Service Committee during the year which oversees the effectiveness of service performance and related standards. Importantly the committee has 3 members who are customers, who work closely with staff and Board members. This gives them vital insight into the work we do and us a deeper knowledge of what it's like to live in the homes we provide.

More of our neighbourhoods, lettings and support services that have traditionally been delivered in person on estates and home visits have had to be carried out differently this year using phone and online. Our customers have welcomed the efforts we've made to continue to deliver as much of our repairs and maintenance services as possible, as we progressed during the year in and out of lockdowns.

We've been innovative to remain effective. This includes being able to view homes for rent and sale online and when needed under lockdown, ensuring we could still let properties in a safe way. We've learnt a lot from this experience and there will be aspects we continue to take forward to offer customers more flexibility in our approach.

We also saw an increase in positive feedback, including the following from our customer, Sharron:

"Can I just say how fantastic VIVID's been throughout this awful time, from regular updates, to the huge donations you've made to local charities, to just knowing that you're still there on the end of the phone."

Being transparent about our performance gives customers and other stakeholders a useful view on how we're doing. It's important to be able to know how well we're delivering our services and improvements we're making, so the services that matter most are prioritised. We work closely with customers to review our performance and make recommendations, including introducing quarterly reporting on how we're performing. More of this will be shared over the coming months.

Involving our customers

It's essential that we listen, learn and understand our customers' evolving needs and expectations. This insight helps us to develop and deliver what's needed most, and to improve the way we provide good quality homes and services.

We have over 1,300 customers who work with us to shape what we do, how we do things and the customer experience. There are many ways to get involved from taking part in surveys, joining a focus group or residents' group, becoming a neighbourhood volunteer or digital mentor, or through our scrutiny panel run by customers called VIVID Impact. There's also our coronavirus guidance group which has continued to guide our approach to delivering services throughout the pandemic.

Here are examples of what's been achieved:

- Through webinars, we've worked with customers in our coronavirus guidance group on 8 topics relating to our approach during the pandemic, including communication, repairs, customer experience, understanding customer priorities and our approach to lockdown 3. The group helped us identify the best option for handling the backlog of repairs and following their guidance we agreed to prioritise those repairs that are likely to get worse first, rather than those reported first.
- Our Customer Services Committee which includes 3 customers, 3 non-executive directors and some of our staff, reviewed our 11 service offers and standards, which have been written and published to provide transparency and clarity on what to expect. Feedback from customers included the recommendation to create a twelfth standard specifically for shared ownership customers.
- Our consultation group suggested that some of our payment methods such as paying over the phone were difficult. So we're using this feedback to make the process simpler and easier to use.

Customer involvement

We have a total number of 1,362 involved customers. From this group, we have a number of customers active in certain activities or group.

Some examples are:

VIVID plus+

2
CUSTOMERS ON VIVID PLUS BOARD

CUSTOMER SERVICES COMMITTEE
3
CUSTOMERS WORKING ALONGSIDE EMPLOYEES

9
CUSTOMERS

VIVID IMPACT

NEIGHBOURHOOD VOLUNTEERS
40
CUSTOMERS

RESIDENT GROUP OFFICERS
12
CUSTOMERS

COVID GUIDANCE GROUP
636
CUSTOMERS

924 CUSTOMERS
INVOLVED IN POLICY CONSULTATIONS, PROCUREMENT CONSULTATIONS AND SERVICE CONSULTATIONS

367 CUSTOMERS
INVOLVED IN FOCUS GROUPS, TASK AND FINISH GROUPS AND VIRTUAL FORUMS

More details about our customer involvement can be found on our website here.

Bright futures

We provide a wide range of tailored support services for customers to ensure they can sustain their tenancies and create brighter futures for themselves.

Our new charitable arm, VIVID Plus, was launched this year which brings strengthened focus to our support and place-shaping activity in partnership with other organisations. We plan to invest £21 million over the next 5 years.

To represent the views and voices of the community and ensure the best investments are made, two of our customers are on the VIVID Plus advisory board. In partnership we can make a long-term difference by helping people through a wide range of services, projects and initiatives - from helping to maintain independent living, providing support through money and benefits advice and offering employment and training initiatives; running wellbeing and mental health services; and investing in neighbourhood improvements, youth engagement and social enterprises.

A series of projects are already underway including:

Helping to address homelessness

One of the seven outcomes we wish to achieve in partnership with local authorities, is to participate in homeless reduction initiatives such as Housing First. Housing First prioritises access to housing as quickly as possible and eligibility for housing is not contingent on any conditions but a willingness to maintain a tenancy. We've always said that as a major landlord in a tight geographical area we want to have an impact on tackling all housing needs. This year we've entered into a number of Housing First arrangements with local authorities in Hampshire in partnership with homeless support provider Two Saints in Gosport, Rushmoor and Basingstoke to provide more people with a safe place to call home and the in-depth support they need.

Peer-to-peer mentoring

We're working on a peer-to-peer mentoring project alongside social enterprise, Outcome Home. This enables individuals who have recently experienced homelessness to have access to the individual support they need to help re-build their lives and find a path that helps them to succeed, to help promote social inclusion within the community.

A clear approach to complaints

The Housing Ombudsman Service (HOS) published a new complaint handling code in July 2020 to set out good practice that will allow us and other landlords to respond to complaints effectively and fairly.

We've completed a self-assessment against the code and published this on our website, following approval by our Board in December 2020. Our self-assessment shows that we do comply with the new code, and our policies and processes support the requirements, but we know we still have some improvements to make in our complaint handling.

We've already taken some actions as a result of the code, including reviewing our definition of a complaint in our policy and focusing on resolving complaints within the timescales required. But in some areas further action is needed to consistently meet the requirements, such as making sure we follow our process for keeping customers updated during their complaint. Our Customer Services Committee regularly monitor and review how we're doing.

Here is an overview of how we performed during 2020-21.

Complaint Performance	2020-21	2019-20
Number of compliments received	989	952
Number of complaints resolved	1316	1571
% Resolved at frontline	44%	24%
% Resolved at stage 1	52%	73%
% Resolved at stage 2	4%	4%
Average resolution time at stage 1	11.4 days	13 days
% of complaints resolved within target	83%	73%
Complaint handling satisfaction (average score out of 10)	4.4	3.7
% of cases investigated by the HOS	1.1% (15)	0.8% (12)
Of HOS cases investigated % with service failure	40% (6)	8% (1)

We're also reviewing how we learn from complaints and identify improvements. Here are some examples of action we've taken. We have:

- Reviewed and updated information on our website to provide specific advice for leaseholders including details about service charges
- A full review of the service charge process underway
- Amended our tenancy forms so we're able to provide more information to new customers moving into our homes
- Reviewed our Compensation Policy in line with the Housing Ombudsman code
- Reviewed and updated our CCTV procedure, training staff on the change
- Provided training to our customer experience team about responsibilities for pest control and we're developing information for our website
- Started using an app to reserve materials, meaning we can fix more heating issues on the first visit
- Changed the type of communal doors we are installing to increase security on all blocks
- Created a new team to assist with enquiries where there are outstanding defects with our new build properties and developed a section of the website about the defects period and NHBC warranties
- Sourced and trialled new software to identify repeat repairs that may need enhanced investigation
- Appointed a member of staff to assist with enquiries regarding our managed agent properties

To improve resolution of complaints we're re-shaping how we do things to ensure better ownership by our teams from the start of a complaint through to resolution; more regular updates to keep customers informed; and we plan to resolve more at first contact before it escalates.

Looking ahead

Some of our key focuses in the year ahead include operating with clear and consistent service standards that are co-designed with customers and which reflect their changing priorities. This includes improvements to ensure customers can access our services and new and improved customer contact channels. We'll also embed the work of VIVID Plus and part of this will include being able to demonstrate the social impact and value of this in our operating area.

AMBITION

Providing affordable, safe, well-maintained homes to a consistent standard

The safety and security of our customers is our top priority so our customers can get on with their lives and enjoy their homes.

Building safety

We continue to take action so that our buildings are compliant and prioritised work throughout the year according to the latest government recommendations.

Work was completed in the Spring of 2021 to replace the ACM cladding at 3 of our blocks in Portsmouth. We're also prioritising the safe removal of HPL cladding from 3 blocks in Southampton at Empire View and Gantry Court, and work is now underway. We're pleased that our application to the government's Building Safety Fund was successful. The funding to be granted will cover the costs of the HPL cladding replacement works that would otherwise have been charged to our leaseholders at these 3 Southampton blocks. This means leaseholders in these properties won't have to pay any costs in relation to cladding remediation works.

Whilst this work was being planned, we moved quickly to put in and cover the cost of additional safety measures from the outset. This included installing a fire detection system, a 24/7 'waking watch' fire patrol, extra checks on communal doors to ensure they were fire resistant and effectively self-closing.

Following government advice, the priority has been on our 14 residential buildings over 18 metres or where they have a known issue such as ACM cladding. As well as these higher buildings, we've also been reviewing fire risk assessments and undertaking detailed intrusive inspections of our other buildings where necessary. During the year, we've upgraded fire doors and improved compartmentation in many of our more complex buildings where the impact of fire could be the greatest. Our buildings have current safety certificates and some external building materials that need to be replaced are not a threat to safety and will be replaced over time.

As always, we are working closely with Hampshire Fire and Rescue Service and can confirm that all blocks are safe. Fire risk assessments for our buildings are reviewed in line with the risk that each building poses and any recommendations are dealt with immediately or added to a programme to be completed as soon as possible.

We're also closely monitoring and taking action in preparation for the Fire Safety and Building Safety Bills being introduced by the government. We've created a customer fire safety group to support the introduction of any new changes. In addition, we're working to support the owners of buildings which we don't own, yet do have an interest in individual flats. These buildings are often managed by small management companies who don't have the knowledge and expertise of building safety, and so help them where we can.

Improving our homes

Despite the challenges the lockdowns have brought through needing to restrict some of the repairs and maintenance services, we've still managed to invest in our homes.

Our in-house repairs team look after our homes, communal areas and neighbourhoods. We deliver these services by our team of around 250 multi-skilled operatives and are immensely proud of the work they've done to keep our services running as much as possible during the year.

We realise the importance of having safe homes which are in good working order. For that reason, emergency repairs remained in place throughout the year, as well as some urgent repairs such as heating and hot water issues, and essential checks against health and safety standards.

We have a health and safety team to instil high standards across the business and to protect our customers and people. A bespoke electronic accident/incident reporting system is accessible for anyone in the business to report an incident on, whether the incident has impacted customers in their homes or neighbourhoods or our staff. We carry out accident investigations and identify root causes to help prevent further incident to others.

During the year we completed 72,357 repairs, working at pace to complete the backlogs that had built up due to service restrictions.

Customer satisfaction with our repairs service is 8.8/10. With lockdown easing and the future looking more positive with the vaccine programme advancing at pace, we're confident we'll have completed the majority of the backlog from the third national lockdown by the summer whilst keeping all the necessary COVID-19 safety measures in place.

Over the last 12 months this is what's been achieved:

£45.2m invested in improving, repairing and maintaining our homes

468 kitchen replacements

259 bathroom replacements

1,143 heating replacements

2,116 window replacements

972 door replacements

125 roof replacements including 8 roofs of apartment blocks

72,357 responsive repairs completed

23,088 properties with gas certificates

8.8/10 repairs satisfaction

£3,486 operating cost per unit

Average **6 hrs 42 mins** to complete emergency repair

Average re-let time of **52.2 days**

1,581 homes refurbished ready to be re-let

After a repair is completed, we send customers a survey so they have the opportunity to provide instant feedback to us. Customers are asked to give us a score out of 10 based on their recent experience. We contact customers who give us a particularly low score to see what we can do to resolve and improve.

AMBITION

Building more homes to meet the needs and aspirations of local communities

Our ambitious programme to deliver more new homes has continued strongly this year. Despite construction coming to a halt in the first lockdown from March 2020, we've continued to deliver on our promises with 1,010 new homes built.

We continue our focus of making a large contribution to help address the short supply of housing in our area of operation, covering Hampshire, Surrey, Berkshire and West Sussex.

Last year we announced our expansion into West Sussex and we're pleased to report we have 786 homes in the pipeline in the county. We work closely with local authority partners and developers to ensure that the type of homes we build are tailored to local plans, and the needs and aspirations of people in the area.

Number of new homes delivered in 2020/21 by local authority area	Total
Basingstoke & Deane	223
Bracknell Forest	16
Chichester	5
East Hampshire	9
Eastleigh	317
Guildford	44
New Forest	37
Southampton	29
Test Valley	55
Winchester	212
Wokingham	63
Total	**1,010**

We have one of the strongest development programmes amongst housing associations in England, ranked 8th in Inside Housing's Top 50 Biggest Builders 2020.

As we continue to develop at scale, we're set on delivering 17,000 homes by 2030. To make this happen we already have significant control of new development land comprising over 10,500 plots. This provides certainty to us delivering our ambitions in the region.

Instrumental to our approach is the strength of our partnerships. Our acquisition of private developer Bargate Homes in 2019 has diversified and consolidated our expertise and knowledge in land, development and sales.

We were delighted to announce our partnership with BoKlok UK, the sustainable, quality low-cost home provider, jointly owned by Skanska and IKEA. Together we've created a new innovative joint venture to deliver modular homes and introduce a place-making concept that integrates communities and provides sustainable quality for both owner occupiers and affordable tenures. Partnerships like this will play an important role in our drive towards net zero carbon targets and innovative construction technologies.

We're one of largest developers through Homes England Strategic Partnership with a grant allocation of £186m. A major benefit of our partnership is that we've been able to increase our supply of social rented and shared ownership homes, and we've been able to exceed target dates on our affordable home delivery plan.

Number of new homes completed	2017	2018	2019	2020	2021
Social rented	37	44	144	202	226
Affordable rented	367	360	265	333	194
Shared ownership	180	189	312	408	319
Market rented	0	0	122	74	44
Market sale	26	156	162	355	227
Total	**610**	**749**	**1,005**	**1,372**	**1,010**

We continue to deliver a range of tenures to suit our current and futures customers' needs and circumstances. Our long-term aim is that we will provide 25% of new homes for social rent, 35% for affordable rent, 23% for shared ownership and 17% for outright sale, making sure that we improve access to housing for all customer groups.

We'll use the strength of our finances and our development expertise to build more than we have before. You can find details of our most current sites at www.vividhomes.co.uk/about-us/more-homes and here are some examples.

Chapel Gate, Basingstoke

The redevelopment of this important town centre site completes this summer. In partnership with Barratt Homes we designed and built this flagship scheme which includes a large open space, refurbishes the iconic award-winning art-deco White Building on the site, and delivers a mixed tenure and popular housing scheme in keeping with the existing architecture.

The 25.6 acre site has 618 new homes, 272 of which are affordable for both rent and shared ownership. Throughout the development we worked closely with Basingstoke and Deane Borough Council. The architect was PRP Associates and IDP Group.

The White Building at the heart of site earned Barratt Homes two prestigious awards in November and December 2020. It was declared the winner of 'Best Refurbishment Project' at the Housebuilder Awards, and it won bronze for 'Best Renovation' at the WhatHouse? Awards.

Pagham, West Sussex

This 56-acre site which we've bought in partnership with Foreman Homes has outline planning permission for up to 400 homes, a 70-bedroom care home, local centre, primary school and community facilities.

We will deliver the affordable homes through a mix of section 106 and our Homes England Strategic Partnership grant. The remainder will be sold on the open market by Foreman Homes. The final mix of house type is still being determined but there will be a mix of accommodation and tenure types to suit the needs of the local community working closely with Arun District Council.

Selborne Road, Alton

Selborne Road has full planning permission for 242 new properties and work is underway on the infrastructure and new homes which are being delivered in 3 phases.

We will provide 49 Section 106 affordable homes as well as extra affordable homes for rent and shared ownership supported by our Homes England Strategic Partnership grant. The open market homes are being delivered as a joint venture between Vestal and Foreman Homes.

There will be a mixture of accommodation types, ranging from 1 and 2 bedroom apartments and 2-4 bedroom houses, with the first new homes for rent and purchase becoming available this summer.

We were delighted to hear that in March this year Foreman Homes site manager at Selborne Road won an award from Local Authority Building Control for the consistent quality of workmanship and site management.

Deer Walk, Bishop's Waltham

Located walking distance to the picturesque village centre of Bishop's Waltham, we're delighted to have delivered 27 properties in partnership with Bargate Homes for social rent, affordable rent and shared ownership.

We've delivered the affordable homes under the section 106 agreement, and the rest for private sale. All homes have photovoltaic panels to help generate electricity and are now occupied with residents having provided positive feedback on the quality of their homes, in particular room sizes, finishes, sizeable gardens and location.

More homes 2020-21

1,010 NEW HOMES BUILT

42% HOMES BUILT FOR SOCIAL AND AFFORDABLE RENT

319 SHARED OWNERSHIP HOMES

£41.2m IN FUNDING TO SUPPORT DEVELOPMENT PROGRAMME

10,617 HOMES IN CONTRACT OR IN THE PIPELINE

33 NEW SITES SECURED, WHICH WILL DELIVER **1,649** HOMES

11 OF THE NEW SITES HAVE BENEFITED FROM HOMES ENGLAND FUNDING

Homes England

60% OF PROGRAMME DELIVERED THROUGH JOINT VENTURES OR LAND-LED

31 DAYS AVERAGE SALES TIME

SOLD

£133m RECEIVED FROM SALES TO REINVEST

Looking ahead

We have a clearly defined and highly successful approach to our development programme but we're not complacent. To achieve our ambitions, we'll continue to explore and adopt methods to develop factory-built/offsite manufactured homes. We're focused on building homes that help to reduce our carbon footprint and on having a clear roadmap for carbon neutrality in construction.

Above all, we'll also take steps to ensure our building programme remains based on need, type and location, is customer led and not just about the numbers built.

ENABLER

A vibrant culture that supports and attracts the best people

As a housing association and not-for-profit business, we can truly say that people, not profit are our driver and reason for being. Our vision, "More homes, bright futures", is focused on creating safe, secure homes and communities, laying the foundations for people to thrive, and creating bright futures for all. Our values, created to support this, are to work as one team, encourage challenge and change, and deliver a great customer experience.

We've established the business as an enjoyable and vibrant organisation to work for, where people can achieve their best and can see how their roles contribute to the bigger picture. The nature of our business means we have a strong social purpose, and our staff feel their job gives them a strong sense of helping to make a difference to society whether they are in a customer-facing position or supporting function such as finance or IT.

Our first Best Companies employee engagement results recognise the strong position we're in and provide us with the insight and knowledge that we have an excellent base to improve upon. According to Best Companies, this is a significant achievement that shows we're taking workplace engagement seriously and signifies 'very good' levels of workplace engagement. These results show we've worked together well throughout the pandemic showing adaptability and resilience, and we're pleased that our collective efforts to stay connected with each other have been recognised in this way.

BEST COMPANY
2021
cert.b.co.uk

An award-winning culture

Our approach to employee wellbeing has been recognised by winning the CIPD People Management Awards for the best health and wellbeing initiative. The CIPD is the professional body for HR and people development in the UK. This award recognises the continuing journey we're on and the fantastic role all our people have played in supporting each other and themselves in the workplace. Integral to our approach have been our Stigma Busters, a team of people from across the business who help remove the stigma of mental health by encouraging open conversations and sharing practical ideas and advice. They've continued their support remotely via our intranet and Yammer groups, and staff at all levels have written blogs about their experiences and situations during challenging times.

Improving diversity and inclusion

In January this year we signed the Business in the Community Race at Work Charter. The signing is part of our ongoing commitment to promoting greater diversity and inclusion within the organisation. We're taking practical steps to ensure our workplace is tackling barriers that people within ethnic minority groups face in recruitment. We know that ethnic minorities still face significant disparities in employment and progression and that's something we need to change to ensure that our organisation is representative of British society today and the communities we serve. We'll be reporting our progress back to Business in the Community in the coming months and look forward to continuing and prioritising our work in this area.

Our latest Ethnicity Pay Report highlights our commitment to rewarding and paying our staff fairly and our aim to represent ethnicity at all levels across the business, in line with our customer base and local demography. It shows that we've made great progress over the last 2 years closing our ethnicity pay gap by 10 percentage points from 11.8% down to only 1.8%. We know we have more to do, like many in our industry, such as encouraging more women into traditionally male-oriented trades roles and we've been strengthening our links with local schools and colleges to highlight the benefits of these roles and offering a range of apprenticeships. On International Women's Day we focused on some of the achievements of women within our own organisation and the way they've carved out their voices and careers.

Embedding a learning culture

We aim to provide a stimulating learning environment so our people can realise their potential and be the best they can be.

We've continued our leadership development programme called "From good to great" which focuses on embedding our leadership and management behaviours with a range of specially tailored training courses. We introduced our Optimise programme which is specifically designed for first time or aspiring managers.

In the year ahead, we'll continue to work with our people on a number of key areas. Through increased "smart working" we'll drive employee engagement to ensure that working practices benefit the organisation and staff. We'll develop our diversity and inclusion culture so that all staff can contribute equally. The wellbeing of our people underpins everything we do and helps create the positive culture we have in the business today.

ENABLER

We've the capacity to achieve our ambitions, deal with uncertainty and respond effectively when things change

	2017	2018	2019	2020	2021
Turnover	211,117	228,488	250,158	326,660	310,994
Operating surplus	82.639	86.354	102,039	106,988	92,088
Net surplus before tax	49,420	66,699	73,071	71,115	62,357
Housing properties at cost	1,950,358	2,075,570	2,221,752	2,517,019	2,698,300
Long-term loans	955,248	985,456	1,050,125	1,273,718	1,312,444
Net current assets	92,818	85,913	105,463	161,720	136,546
Net assets	393,892	459,548	516,533	600,005	640,499
Operating costs per unit	3,447	3,496	3,157	3,380	3,512

All figures are £'000 unless otherwise indicated. Figures are stated in accordance with FRS102.

Funding and treasury management

During a turbulent year we've maintained high levels of liquidity and managed the associated risks.

We borrow from a range of investors to make sure our business plan and development programme are fully funded.

Key treasury risks

Funding risk
Our business plan identifies when and how much funding is required to fund our development programme. We spread our sources of financing and ensure we're not reliant on a single investor or bank.

Liquidity risk
Our treasury policy includes a Golden Rule which calculates the level of liquidity we need to maintain a strong business. On 31 March 2021 we had £375m of liquidity.

Counterparty credit risk
We've set minimum credit ratings for each lender, investment counterparty and banker in our treasury policy. We deposit surplus cash with various counterparties. The credit ratings of counterparties, rather than the returns, are the primary consideration when deciding how to invest cash balances. We monitor counterparty credit ratings weekly.

Interest rate risk
Our treasury policy sets parameters for the percentage of fixed, floating and index-linked debt within our loan portfolio. On 31 March 2021 91% of our drawn debt was at fixed rates to protect us against future interest rate volatility. None was index-linked and 9% was exposed to variable interest rates.

Compliance risk
Through our business planning and budgeting process we monitor the corporate financial covenants within our loan agreements. Our treasury policy requires us to maintain headroom above these covenants and we set a budget to exceed each lender's requirements. Performance against the budget is monitored monthly.

Our approach to value for money

To us, value for money means providing a standard of service that meets our purpose as efficiently as possible.

We have 3 value for money (VFM) objectives:

- **Provide efficient and effective landlord services**
- **Maximise our contribution to tackling housing need**
- **Continually improve the return on our assets**

We have 20 VFM measures that track our progress with each of these objectives. And we compare our performance with a group of 11 selected peers using the Sector Scorecard. We have reported 5 year trend data and summary for each VFM objective of our performance in the year. We've also reported our targets for 2022.

With the outbreak of COVID-19 our focus continues to be on supporting our customers in these extremely challenging times and applying our resources accordingly.

VFM objective 1:
Providing efficient and effective landlord services

Measure	2017	2018	2019	2020	2021	2022 Target	Benchmark Top Quartile 2020
Overall customer satisfaction	-	79.6	77.3	77.9%	80.4%	81.0%	82.1%
Operating margin *	39%	38%	41%	33%	30%	32%	28%
Operating cost per unit	£3,447	£3,469	£3,157	£3,380	£3,512	£3,596	-
Operating margin (social housing lettings) *	44%	45%	49%	46%	45%	42%	34%
Social housing cost per unit *	£3,006	£2,816	£2,752	£2,893	£2,909	£3,499	£3,941
Properties managed per FTE staff	31.9	36.2	38.4	37.6	36.9	37.1	-
Overheads as % of adjusted turnover	7.88%	7.03%	6.63%	6.02%	6.3%	6.00%	9.5%

**Regulator for Social Housing VFM metrics*

We measure customer satisfaction through independent perception surveys run by The Leadership Factor (TLF) Research twice a year.

We've achieved a score of 80.4 in March 2021 which places us towards the top of the second quartile of 190 other housing associations who measure satisfaction in the same way. This is an improvement of 2.5 on the previous year where we scored 77.9.

This was our first full year of measuring transactional satisfaction for our key services areas using our new digital survey platform. The platform also allows us to measure customer sentiment and it gives us the opportunity to put things right more quickly for our customers if something does go wrong. Over the year we saw an increase in satisfaction across all of our major touchpoints, reflecting the level of support and services we continued to provide to our customers during this difficult year.

In the coming year we've set ourselves a target of 81% to further improve our satisfaction. We'll be reviewing our customers' priorities and focusing on improving areas that are most important to them to make their overall experience better.

Our operating costs are among the most competitive in our sector. Our operating cost per unit has increased in the year as we met an increase in demand for repairs but still leaves us in the top quartile.

In 2022 we're increasing our operating costs by £5m to deal with a backlog of repairs from the 3rd lockdown of COVID-19.

Our financial strength and history of top quartile performance gives us the capacity to do this.

Looking ahead, our VFM Strategy sets a Growth Efficiency target to absorb the marginal costs of new rented homes (100% in the next 3 years and 50% in the following 7 years). With a potential saving of £3.5m per annum by 2030. It also sets a Repairs Productivity target to improve work scheduling efficiency and right first time fixes, that will generate £1m per annum savings by year 3.

VFM objective 2: maximising our contribution to tackling housing need

Measure	2017	2018	2019	2020	2021	2022 Target	Benchmark Top Quartile 2020
Number of new homes completed	610	749	1,005	1,372	1,010	1,400	-
Reinvestment in homes *	7.3%	7.9%	8.26%	13.1%	8.1%	12.9%	9.8%
New supply delivered (Social Housing) *	2.2%	2.2%	2.4%	3.1%	2.4%	4.2%	1.95%
New supply delivered (Non-social Housing) % *	0.1%	0.5%	0.6%	1.4%	0.8%	0.7%	0.9%

**Regulator for Social Housing VFM metrics*

One of our ambitions is to increase our output of new homes, delivering 17,000 over the next 10 years.

We can develop more than our peers because we generate more of the funding ourselves.

This commitment includes the aspiration to build 25% of new homes at social rent and 35% at affordable rent.

Funding for our developments (£m's)	2017	2018	2019	2020	2021	2022 Target
Grant funded	4.9	4.6	4.0	82.0	78.0	8.0
Debt funded	57.5	74.2	71.4	100.4	2.2	117.3
Self-funded	97.8	149.7	164.5	229.1	204.8	197.4
Total	160.2	228.4	239.9	411.6	285.0	322.7

For our size, we're one of the biggest developers in the country and we're committed to maximising the number of new affordable homes we build each year. We achieve this by generating a healthy surplus and using it to subsidise our development costs.

We manage the mix of our programme to generate a profit from sales which subsidises our affordable rented housing, taking care not to over-expose ourselves to the housing market.

We've locked in low interest rates by fixing the rates on 91% of our debt for an average term of 12 years, enabling us to put more resources into development without worrying about rising interest rates.

We're clear that building homes for social rent is a vital part of meeting housing needs, making maximum use of our surplus to make our new homes as affordable as possible. We've also committed to all 3 and 4 bedroom homes being let at social rent, keeping them more affordable.

Looking forward, our VFM Strategy sets a Matched Funding target to secure £1m of external grant funding towards community investment activities, which equates to less than 10% of the overall investment VIVID will make in these areas over the next 5 years.

VFM objective 3: continually improving the return on our assets

We have continued to improve our rent collection and our level of arrears. In these areas we compare well against our peers. But we need to improve the time it takes to re-let homes and this will reduce our rent loss and improve our operating margin.

Looking forward, our VFM Strategy sets a Matched Funding target to secure £1m of external grant funding towards community investment activities, which equates to less than 10% of the overall investment VIVID will make in these areas over the next 5 years.

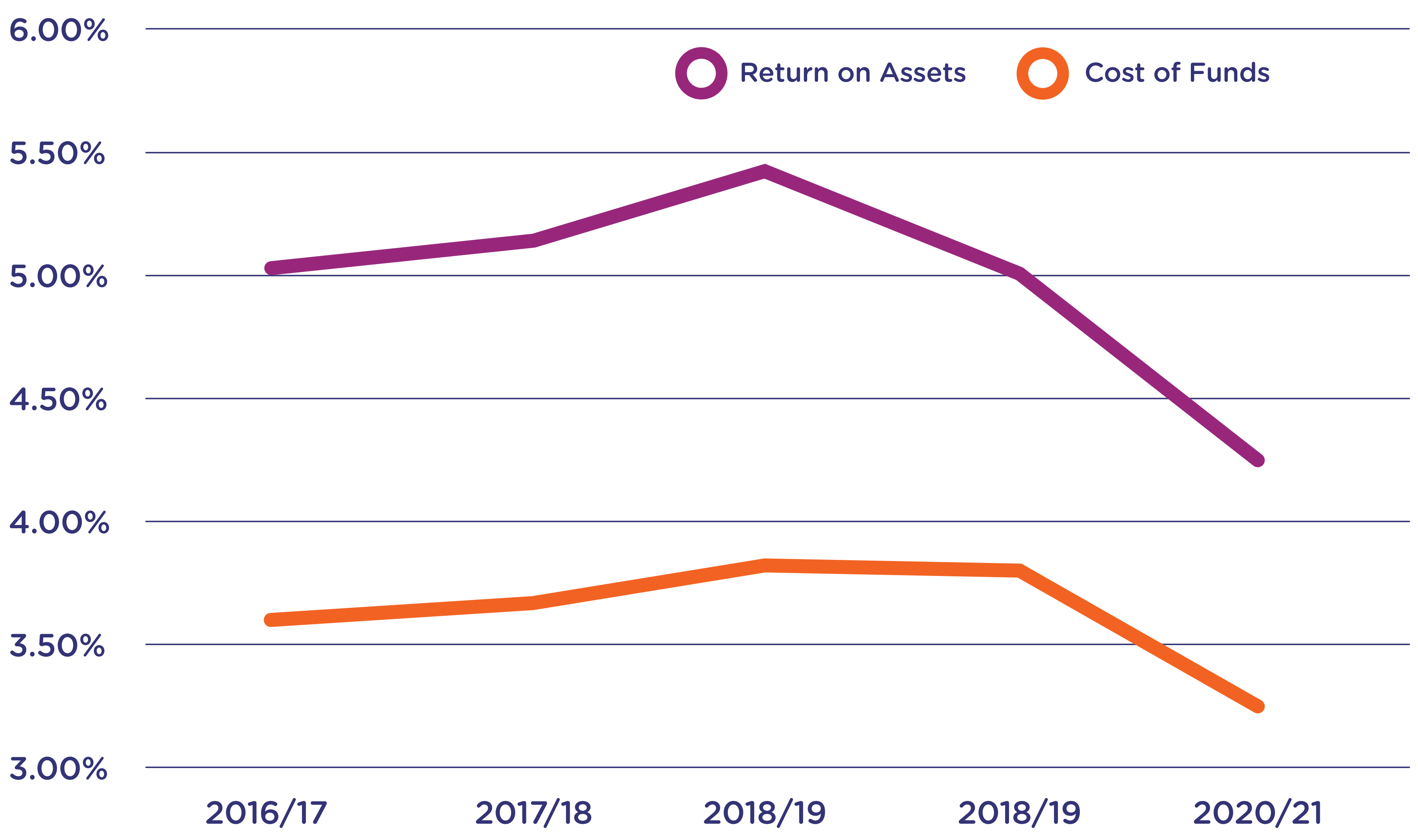
We've continued to increase the value of our business by achieving a return on assets that exceeds our effective interest rate.

Measure	2017	2018	2019	2020	2021	2022 Target	Benchmark Top Quartile 2020
Gearing % *	51%	50%	47%	49%	47%	51%	41%
EBITDA MRI interest cover *	207%	268%	268%	234%	229%	199%	151%
Return on capital employed (ROCE) *	4.8%	4.8%	4.6%	4.5%	4.5%	3.6%	4%
Occupancy rate	99.72%	99.44%	99.5%	99.08%	99.45%	99.0%	99.7%
Rent collected	99.33%	98.67%	101.1%	101.99%	103.4%	99.1%	100.8%
Current tenant arrears %	3.3%	3.4%	4.7%	4.6%	4.45%	4.5%	
Average re-let days	20.5	27.8	31.5	39.7	52.2	28.0	
Void loss %	0.59%	0.57%	0.57%	1.06%	1.28%	0.7%	

**Regulator for Social Housing VFM metrics*

We calculate the return on our assets by comparing our operating surplus with the historic cost of our assets. And we compare this with the average interest rate on our debts.

Return on Assets and Average Cost of Funds



Section 2

The Board's Report

Our legal structure

VIVID Housing Ltd is a registered Cooperative and Community Benefit Society (registration number 7544) and is regulated by the Regulator of Social Housing (registration number 4850). The group comprises:

Company Name	Registration	Controlling interest	Description
Vestal Developments Ltd	05509078	VIVID - 100% share capital	Limited company providing development services & market sales
VIVID Build Ltd	07930319	VIVID - 100% share capital	Limited company carrying out development activities
Bargate Homes Ltd	05626135	VIVID - 100% share capital	Limited company providing development services & market sales
Bargate SPV1 Ltd	07957165	Bargate Homes Limited – 100% share capital	Dormant subsidiary of Bargate Homes Ltd
Mitre Court (Fareham) Ltd	01350375	VIVID - Limited by guarantee	Limited company carrying out property management services
VIVID Plus Ltd	8540	VIVID appoints the Board members of VIVID Plus, who are the shareholders	VIVID is the parent entity. Its charitable purpose is to create and support long term sustainable communities by improving the prospects and opportunities of customers living in those communities.

The Board

The Board sets the strategic direction of VIVID and its subsidiaries. They make sure we're always one step ahead by looking to the future. It means we're well set up to achieve our ambitions and keep delivering what our customers need. They keep a close eye on the services we provide, monitoring our performance and how well we're managing our finances.

Board of Directors

Mike Kirk Board Chair
Michael Stancombe Senior Independent Director
Jane Earl
David Mairs
Philip Raw
Lynda Shillaw
Jean-Marc Vandevivere
Shena Winning
Mark Perry Chief Executive
Duncan Brown Chief Finance Officer
Jo Causon (until July 2020)

We're open and transparent about how much we pay our Board members. We review our Board remuneration annually and use independent advice and benchmarking at least every 3 years (we last did this in 2019). Remuneration of the non-executive Board members and the executive directors is detailed on page 86.

Bargate Homes Ltd Board

The Board of Bargate Homes Ltd is appointed by the VIVID Board. It's chaired by Michael Stancombe, who sits alongside Duncan Brown, Gerard Price and Jeremy Trezise. Mark White takes on the role as Managing Director of Bargate from Gerard Price in May 2021 when Gerard steps down from the business.

Vestal Developments Ltd Board

The Board of Vestal Developments Ltd is appointed by the VIVID Board. It's chaired by Duncan Brown, who sits alongside Mike Shepherd.

VIVID Plus Ltd Board

The Board of VIVID Plus is appointed by the VIVID Board. It's chaired by Jane Earl, who sits alongside Duncan Brown, Jonathan Cowie, and customer members Giuseppe Severgnini and Jacqueline Westbrook.

VIVID Build Ltd Board

The Board of VIVID Build Ltd is appointed by the VIVID Board. It's chaired by Duncan Brown.

The Committees

Audit & Risk Committee

Chair: Shena Winning

The Audit and Risk Committee is responsible for overseeing our risk management process and receiving assurance on the system of internal control. It also provides audit and assurance services to Vestal Developments Limited and VIVID Build Limited under the terms of the Intra-Group Services Agreements.

During the year, the committee met 4 times. Our work included monitoring and agreeing the Assurance Plan, based on the Strategic Risk Register – the approach to assurance was reviewed in April 2021 and improvements will be made during 2021/22. We reviewed the outcomes of quarterly operational controls audits and specialist in-depth audits, and followed up to ensure the actions based on audit findings were completed through a control improvement plan. Key issues were monitored such as working through lockdown, internal review of repairs overspend and committee self-assessment. We also provided an overall opinion of internal controls, which confirmed our arrangements for the management of risk are robust.

Customer Services Committee

Chair: Philip Raw

The Customer Service Committee (CSC) met for the first time on 28 January 2021. It oversees the effectiveness of service performance and related standards, including setting the standards, monitoring compliance with them and reporting performance to the Board and our customers. Importantly the committee has 3 members who are customers, which gives them vital insight into the work we do and what it's like to live in the homes we provide. During the first meeting the committee set out their workplan for the future, alongside key performance data and also considered a presentation on Universal Credit and the impact for customers.

Pensions Committee

Chair: Duncan Short

The Pensions Committee was responsible for ensuring our pension arrangements were cost effective and met the requirements of both the organisation and its members. The committee approved on 30 November 2020, following staff consultation, the bulk transfer agreement of the company pension scheme from Social Housing Pension Scheme (SHPS) to set up our own scheme through TPT. Following completion of the transfer from SHPS, the committee was disbanded on 5 February 2021. Reporting on matters concerning employee benefits and pensions in general will go to the Remuneration and Nominations Committee.

Remuneration and Nominations Committee

Chair: Jane Earl

The Remuneration and Nominations Committee (RNC) is responsible for overseeing our approach to people and reward, and the appointment and performance of our non-executive directors and the Chief Executive. During the year, the committee met 5 times. Early in the year we reviewed our compliance with the Code of Governance, carried out our annual governance review and received a COVID-19 people update. We appointed an external agency to help recruit a new Chair of the VIVID Board, and we commissioned a review of Board remuneration. We reviewed and recommended board and committee appointments including those to VIVID Plus. Later in the year we reviewed our Gender Pay Gap Report, Ethnicity Pay Report, Code of Conduct, Standing Orders and gave a commitment for an external governance review in early 2022. In December, a panel made up of members of RNC interviewed and made a recommendation to the Board in January for the appointment of a new Chair who joined us from April 2021 as Chair designate.

Project Approvals Committee

Chair: Mark Perry

The Project Approvals Committee (PAC) is responsible for approving expenditure on major projects which support our Development Strategy and Corporate Plan. It monitors the award of contracts and our planned improvement programmes to ensure that approved projects deliver the expected benefits and that the risks connected with these projects are managed. This may include the development of new schemes, the remodelling, rehabilitation, regeneration and disposal of our homes and projects within the asset management strategy. During the year, the committee met 11 times.

Despite the impact of COVID-19 the committee has had a productive year overseeing development projects that enabled us to deliver 1,010 homes for our customers. This is a fantastic achievement and to put this into context this was only 362 less homes than the 1,372 homes we delivered in 2019/20. We're pleased to have entered a joint venture with BoKlok as the basis of a long-term partnership to deliver modular homes in our area. We've also simplified the Aspect joint venture structure and have a new model which has set a benchmark for future models and how these might operate.

As part of our wider development programme, we're aiming to deliver a number of large schemes in the coming years including some sites providing homes across various tenures such as:

- A further 322 homes at North Stoneham Park, Eastleigh
- 416 new homes on the site of the Basingstoke Golf Club
- Over 300 new homes across various sites in Warsash
- Over 700 new homes at the Wisley Airfield site, near Guildford
- Over 200 new homes at Whitehouse Farm, Chichester

Treasury Committee

Chair: David Mairs

The Treasury Committee is responsible for overseeing our treasury strategy and provides assurance to the Board on new funding decisions. During the year, it met 4 times. We've had a busy year which started with recommending to the Board the approval of the Treasury Strategy and Investment Policy. As well as monitoring the transition from London Inter-Bank Offered Rate to Sterling Overnight Average Index (SONIA) we continued to oversee the maintenance of our liquidity levels, compliance with our Golden Rules and financial covenant compliance. We also reviewed options for our future funding strategy.

About us

Chief Executive	
Mark Perry	

Executive Officers	
Duncan Brown	Chief Finance Officer
Jonathan Cowie	Chief Operating Officer
Mike Shepherd	Director of New Business & Development
Duncan Short	Director of Resources

Company Secretary	
Duncan Brown	Chief Finance Officer

Registered Office
Peninsular House, Wharf Road, Portsmouth, Hampshire, PO2 8HB

Bankers	
Royal Bank of Scotland	3 Hampshire Corporate Park, Templars Way, Chandlers Ford, Hampshire, SO53 3RY
Barclays Bank	8 Market Place, Basingstoke Hampshire, RG21 7QA

External Auditors	
BDO LLP	2 City Place, Beehive Ring Road Gatwick, West Sussex, RH6 0PA

Internal Auditors	
PricewaterhouseCoopers LLP	3 Ocean Way, Ocean Village, Southampton, Hampshire, SO14 3TJ

Solicitors	
Ashfords LLP	Ashford House, Grenadier Road Exeter, Devon, EX1 3LH
Bevan Brittan LLP	Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ
Capsticks LLP	Staple House, Staple Gardens, Winchester, Hampshire, SO23 8SR
Devonshires Solicitors LLP	30 Finsbury Circus, London, EC2M 7DT
Foot Anstey LLP	Salt Quay House, 4 North East Quay Sutton Harbour, Plymouth, Devon, PL4 0BN
Moore Barlow LLP	Gateway House, Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3TG
TLT LLP	One Redcliffe Street, Bristol, BS1 67P
Penningtons Manches Cooper LLP	125 Wood Street, London, EC2V 7AW
Sharratts (London) LLP	1 The Old Yard, Rectory Lane, Brasted Westerham, Kent, TN16 1JP
Trowers & Hamlins LLP	3 Bunhill Row, London, EC1 8YZ
Winckworth Sherwood	Minerva House, 5 Montague Close, London, SE1 9BB

Treasury Advisors	
Chatham Financial Europe Ltd	12 St James's Square, London, SW1Y 4LB

More details on our Board and Executive team members can be found on our website here.

Corporate governance

The Board is committed to maintaining the highest standards of governance, which we're able to demonstrate through compliance with the National Housing Federation's 2015 Code of Governance. The National Housing Federation issued a new Code of Governance in November 2020 and the Board will be considering adoption of this code in 2021/22.

We conduct a thorough self-assessment each year, overseen by the Remuneration and Nomination Committee and the Board and can confirm we comply with all aspects of the code.

Compliance with regulatory standards

The Board confirms that we've met the economic and consumer standards as set out in the Regulator of Social Housing's Regulatory framework for registered providers of social housing. The Board has carried out an assessment, made enquiries and gained appropriate assurance that we comply with all regulatory standards.

Regulatory performance - In-Depth Assessment

At our last in-depth assessment, we gained top ratings of G1 for governance and V1 for financial viability in February 2019, which were reconfirmed in our annual stability check by the Regulator in November 2019 and reconfirmed again in January 2021.

Risk and internal control

The Board is responsible for our system of internal control and for reviewing its effectiveness. Our system of internal control is designed to manage rather than eliminate the risk of failure to achieve our corporate ambitions. It provides reasonable, but not absolute, assurance over the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.

Our system of internal control includes:

Governing documents

- Our Rules provide a governance framework.
- Our Standing Orders and Financial Regulations provide clearly defined roles, responsibilities, management and reporting structures, including a system of delegation.
- Our Intra-group Agreements set out agreed terms, roles and responsibilities between VIVID and our subsidiaries.

Policies

- Our treasury management policy sets out our Golden Rules, ensuring we can provide the financial resources necessary to achieve our business plan objectives and manage the risks inherent in our treasury activity.
- Our investment policy sets out clear parameters for us to invest our funds to either produce a financial return or further our charitable aims.
- Our prevention of financial crime policy covers the prevention, detection, management and reporting of financial crimes and our speak up (whistleblowing) and complaints policies encourage expressing concerns.
- Our risk management policy sets out our risk management framework, providing a comprehensive process for assessing and managing strategic and operational risks.

Risk registers

- Our strategic risk register is owned by the Board and records risks which could impact on our strategic objectives. It's reviewed by the Executive team quarterly, the Audit and Risk Committee (ARC) at every meeting as part of the Assurance Plan (detailed below) and by the Board twice a year. It drives our specialist audit assurance work.

- Our operational risk register is owned by the Head of Governance and records risks which impact our operational efficiency. It's reviewed by Heads of Service and other operational risk owners quarterly and drives our operational controls internal audits.

Assurance activities

- Our Assurance Plan, which is informed by our strategic risk register, is approved by the ARC and sets out the forward programme of specialist audits. The plan is reviewed at every ARC meeting to ensure it remains relevant to the current risk environment.
- Operational risk owners self-assess the effectiveness of internal controls quarterly. Our internal audit service, provided by PWC, assesses compliance with our operational controls each quarter.
- The outcomes of strategic and operational audits are reported to ARC and managed through our Control Improvement Plan (CIP) which tracks actions taken to strengthen our risk management and internal controls. The Executive team maintains oversight of the CIP and it is reviewed at every ARC meeting.
- Our business plan is stress tested using several scenarios linked to our strategic risk register. We use these to understand what would "break the plan." We also use combinations of these tests to simulate extreme economic/financial shocks and understand their impact on the business plan. In response to the more extreme stress tests, we've developed recovery plans which will enable us to respond to these scenarios without breaking our covenants.

Fraud reporting

We maintain a fraud register which is reported to the ARC at every meeting. We submit this to the Regulator annually. We had no cases of reported or suspected fraud this year.

Self-assessments

- Our compliance against the Code of Governance self-assessment is completed at least annually and reported to the Remunerations and Nominations Committee, and the Board.
- Our programme of 6 monthly legal updates help us ensure compliance with all applicable laws and regulations.

Performance monitoring

- Our management accounts and a performance report are reviewed monthly by the Executive, and by the Board at every meeting.
- A development progress report and customer operations report are reviewed by the Board at every other meeting.

Risk appetite

To meet our business plan aspirations, we need to take some calculated risks. The Board has considered the level of risk it's willing to take. Our risk management framework is designed to highlight any exposures which exceed the level of risk that we're comfortable with.

Our key strategic risks

Housing market recession

- We maintain enough liquidity to meet all our contractual commitments without relying on sales. This would enable us to convert unsold homes to rented.
- Our treasury management policy requires us to maintain healthy interest cover headroom from just our lettings activities, ensuring we never rely on sales to comply with loan covenants.
- Our exposure to sales is clearly capped in our business plan and our Project Approvals Committee ensures our development programme remains within these parameters.

Fire safety in tall buildings

- We've completed intrusive (Type 4) fire risk assessments for all high rise blocks with cladding to ensure it complies with government guidelines.
- We've completed our ACM cladding programme and we'll complete our HPL cladding programme in 2022.
- We have 30 other blocks where we're upgrading fire doors, alarms or other cladding. We've introduced interim measures, including waking watches where necessary, while this work is underway.

Development programme delivery

- We have a pipeline of 7,300 homes for which we control the land and manage the planning process.
- We work with joint venture partners to use their expertise in construction and sales.
- Our Project Approvals Committee monitors delivery of the programme.

Landlord H&S compliance

- The board oversees compliance with the "big six" statutory compliance obligations at every meeting.
- We have an early warning process for properties at risk of becoming non-compliant.
- Our clear process for making appointments and gaining access will include escalation to the Courts when necessary.

Rent collection

- We provide tailored support for all UC claimants including pre-tenancy support with UC claims
- Working closely with Local Authority partners and Job Centre Plus we can assist with payments
- We intervene early, including contacting all customers in the first week of their tenancy

Data integrity

- We have a rolling programme of surveys to update the information we hold about our homes. These surveys are independently validated.
- We carry out a series of data integrity checks and exception reports to identify anomalies in our data.
- Our data protection policy and retention schedules reduce the risk of holding inaccurate data.
- Over the last 3 years our internal auditors have reviewed the integrity of data for all compliance activities.

Board's statement on internal control

During the year, the Board received the following assurance about our system of internal control:

- Chief Executive's annual report on internal control
- Audit and Risk Committee's annual report on its work and opinion on internal control
- Internal auditor's annual report on its work
- Self-assessment confirming our compliance with the Code of Governance
- Self-assessment confirming our compliance with the Regulatory Standards

The Board confirms that there are currently no significant control weaknesses, and that our established and sound system of internal controls has operated satisfactorily throughout the year.

Directors' Indemnities

Directors and officers liability insurance cover has been arranged for all directors and officers to provide indemnity for the cost of claims of alleged mismanagement of the organisation. Our Rules indemnify each of the directors of the company and/or its subsidiaries and the directors and officers liability insurance provides reimbursement to the organisation in such circumstances. The indemnity was in force during the 2020/21 financial year and remains in force for all our current and past directors.

Streamlined Energy Carbon Reporting (SECR)

Financial Year	Apr-20 to Mar-21
Client Name	Vivid Housing Limited
Company No.	RS007544
Registered Address	Peninsular House, Wharf Road, Portsmouth, Hampshire, PO2 8HB
Current Financial Year tCO_2e	5,512
Current Financial Year kWh	26,754,244
Previous Financial Year tCO_2e	6,980
Previous Financial Year kWh	28,933,101
Intensity Ratio (IR) used	tCO_2e/Assets#
Inensity Metric Current Financial Year	4.23
Inensity Metric Previous Financial Year	4.53
Emissions Factors Used	DEFRA 2020
Methodology Used	GHG Protocol Geothermal information has been provided for 2020 for the District Heating Network utilised at Mayflower, Gantry Court (flats 1-38) and two Empire View blocks (flats 1-77). Due to the specific mix of input source used emission factors have been provided directly by Southampton Geothermal Heating Company Limited.
Emissions Scope	Scope 1 & 2
Emissions Included	Electricity Natural Gas
Emissions Included	Direct Diesel Direct Mileage Geo Thermal
Exclusion Statement	The emissions calculated are for the VIVID group, which includes Bargate Homes Limited. Another of its subsidiaries, Vestal Developments Limited met the qualification criteria for SECR, however its consumption was less than 40MWh per annum. Since Vestal are not required to present emissions data for this financial year, they are excluded from the report. At present Bargate SPV1, and VIVID Build Ltd do not reach the thresholds for qualification. This will be reviewed annually each year. There are also VOID properties that either do not have full annual data or no data is reportable, these have been reviewed and noted in the Site list.
Generated Energy Sources	n/a
Energy Efficiency Statement	We are committed to reducing carbon emissions across the organisation. Our board reviewed and agreed a Sustainability Ambition in October 2020 and we'll be incorporating approximately £753million of spending over the next 30 years to remove all carbon emissions so we become a net zero organisation. In the budget for 2021/22, £1m has been set aside to address the c100 homes with EPC ratings of F and G, raising them to at least a C by April 2022. The business plan includes a further £80m to address the D and E rated homes by 2030 and these costs will be included in future budget proposals. Duncan Brown, our Chief Financial Officer, has been identified as our Sustainability Lead in order to support VIVID Homes strategy for the future.
Report completed by	Victoria Pollard
Quality Audit completed by	Stephanie Strange
SECR Report completed by	(EIC) Energy Intelligence Centre Limited

Disclosure of information to the auditor

The directors who held office at the date of signing this report confirm that, so far as they are each aware, all relevant information has been provided to the auditor and each director has taken all the steps they ought to have taken to be aware of any relevant audit information and provide it to the auditor.

Mike Kirk
Chair

Statement of Board's responsibilities

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations, the Board has elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Association and of the income and expenditure of the Group and the Association for that period.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019 and the Statement of Recommended Practice (SORP) 2018. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities. The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The Board reviewed the Association's business plan in January 2021 and was content that these plans were affordable and that the accounts should be prepared on a going concern basis.

The Executive and Board continue to review financial plans in the light of the ongoing COVID-19 pandemic to ensure that the Group and Association can remain a going concern. The Board will continue to review plans with the Executive to make the necessary changes to continue to work with our customers and stakeholders to deliver services in a friendly, solution-focused way.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities, totalling around £346m, the Board believes that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Associations ability to continue as a going concern. The Board, therefore, considers it appropriate for the accounts to be prepared on a going concern basis.

Mike Kirk, on behalf of the board
24 June 2021

Section 3

Financial Statements

Independent auditor's report to the members of VIVID Housing Ltd

Opinion

In our opinion the financial statements:

- **give a true and fair view of the state of the group's and of the Association's affairs as at 31 March 2021 and of the group's and the Associations surplus for the year then ended;**
- **have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and**
- **have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2019.**

We have audited the financial statements of VIVID Housing Ltd ("the association"') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of changes in reserves, the consolidated and association statement of financial position, the consolidated statement of cash flow, and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the board members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the board with respect to going concern are described in the relevant sections of this report.

Other information

The board is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

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

Responsibilities of the board

As explained more fully in the Statement of the Responsibilities of the Board, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to their registration with the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Accounting Direction for Private Registered Providers of Social Housing and tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence if any.

The audit procedures to address the risks identified included:

- **Challenging assumptions made by management in their significant accounting estimates and judgements in relation to the impairment, investment property classifications, defined benefit obligation, arrears provisions, classification of housing loans, useful economic lives and goodwill**
- **Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management, journals posted and journals posted after the year end.**
- **Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Regulator of Social Housing**

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
BDO LLP
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Philip Cliftlands (Senior Statutory Auditor)
Statutory Auditor
Gatwick, West Sussex

28 June 2021

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

Statement of Comprehensive Income for the year ended 31 March 2021:

	Notes	Group		Association	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Turnover	2	310,994	326,660	226,372	227,805
Operating costs	2	(112,235)	(105,774)	(109,355)	(103,306)
Cost of sales	2	(106,671)	(113,898)	(27,437)	(30,794)
Operating surplus	2	92,088	106,988	89,580	93,705
Surplus on sales of properties	4	5,570	5,086	5,570	5,086
		97,658	112,074	95,150	98,791
Share of surplus in Joint Ventures	15	696	-	372	-
Interest receivable and similar income	8	155	239	1,826	1,912
Interest and financing costs	9	(36,688)	(40,887)	(35,692)	(39,464)
Change in fair value of Investment Properties	14	536	(311)	536	(311)
Surplus before taxation		62,357	71,115	62,192	60,928
Taxation	10	(257)	(1,780)	(257)	(163)
Surplus for the year		**62,100**	69,335	**61,935**	60,765
Other comprehensive (loss)/ income					
Actuarial (loss)/gain in respect of pension schemes	28	(21,604)	14,143	(21,604)	14,143
Total comprehensive income for the year		40,496	83,478	40,331	74,908

All of the Group's activities relate to continuing operations.

The notes on pages 73 to 103 form part of these financial statements.

Statement of Changes in Reserves for the year ended 31 March 2021:

	Revaluation Reserve 2021 £'000	Revaluation Reserve 2020 £'000	Revenue Reserve 2021 £'000	Revenue Reserve 2020 £'000
As at 1 April	1,884	2,260	598,121	514,273
Surplus for the year	-	-	62,100	69,335
Actuarial gain/(loss)	-	-	(21,604)	14,143
Other adjustment	(71)	(66)	69	59
Revaluation during the year	536	(310)	(536)	311
At 31 March	**2,349**	**1,884**	**638,150**	**598,121**

	Revaluation Reserve 2021 £'000	Revaluation Reserve 2020 £'000	Revenue Reserve 2021 £'000	Revenue Reserve 2020 £'000
As at 1 April	1,884	2,260	590,580	515,722
Surplus for the year	-	-	61,935	60,765
Actuarial gain/(loss)	-	-	(21,604)	14,143
Other adjustment	(71)	(66)	71	(361)
Revaluation during the year – Investment Properties	536	(310)	(536)	311
At 31 March	**2,349**	**1,884**	**630,446**	**590,580**

Statement of Financial Position As At 31 March 2021:

	Notes	Group		Association	
		2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Fixed Assets:					
Housing properties	**11**	2,400,237	2,236,467	2,411,427	2,243,468
Other Fixed Assets	**12**	15,943	17,021	15,826	16,965
Intangible Fixed Assets	**13**	22,712	25,495	-	-
Investment Properties	**14**	23,210	25,574	23,210	25,574
Homebuy loans	**15**	2,307	2,419	2,307	2,419
Investments in joint ventures	**15**	3,539	3,087	3,215	3,087
Investments	**15**	1,195	1,266	41,867	41,937
		2,469,143	2,311,329	2,497,852	2,333,450
Current assets:					
Stock	**16**	155,739	167,555	60,533	43,242
Debtors	**17**	15,094	22,369	70,559	87,917
Cash at bank and in hand		52,313	56,426	34,786	43,661
		223,146	246,350	165,878	174,820
Creditors: Amounts falling due within one year	**18**	(86,600)	(84,630)	(70,609)	(58,856)
Net current assets		136,546	161,720	95,269	115,964
Total assets less current liabilities		2,605,689	2,473,049	2,593,121	2,449,414
Creditors: Amounts falling due after one year	**19**	(1,960,690)	(1,855,053)	(1,957,449)	(1,840,582)
Provisions for liabilities					
Pension scheme provision	**28**	(2,794)	(16,304)	(2,794)	(16,304)
Deferred tax	**23**	(1,706)	(1,687)	(83)	(64)
Total net assets		640,499	600,005	632,795	592,464
Capital and reserves:					
Share capital – non-equity	**24**	-	-	-	
Revenue reserve		638,150	598,121	630,446	590,580
Revaluation reserve		2,349	1,884	2,349	1,884
Total reserves		640,499	600,005	632,795	592,464

The financial statements were approved by the Board on 24th June 2021 and signed on its behalf by:

Mike Kirk
Chair

Philip Raw
Board Member

Duncan Brown
Secretary

The notes on pages 73 to 103 form part of these financial statements.

Statement of Cashflows for the year ended 31 March 2021:

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Cash flows from operating activities				
Operating surplus	92,088	106,988	89,580	93,705
Adjustment for surplus of sale of current asset	(11,615)	(33,672)	(8,014)	(12,285)
Proceeds on sale of current assets	114,836	142,071	35,451	43,079
Proceeds on sale of housing properties	14,081	16,536	14,081	16,536
Depreciation of tangible fixed assets	35,837	27,555	33,022	25,981
Increase in properties for sale	(91,407)	(107,830)	(44,728)	(27,655)
Decrease/ (increase) in debtors	7,275	(5,134)	17,358	(8,326)
Increase in creditors	2,516	1,274	6,540	4,306
Grant amortisation	(5,695)	(6,086)	(5,695)	(5,556)
Pension payments	(35,810)	(7,207)	(35,810)	(7,207)
Other	(974)	(1,879)	(192)	(399)
Net cash from operating activities	**121,132**	**132,616**	**101,593**	**122,257**
Cash flow from investing activities:				
Additions to fixed assets and investments	(193,709)	(303,766)	(197,806)	(308,135)
Donations to other RP's	-	-	-	-
Investment Additions	(128)	(40,672)	(128)	(40,672)
Net cash acquired with subsidiary undertaking	-	1,055	-	-
Proceeds from sale of assets	154	2,228	154	1,372
Grants received	78,037	82,011	78,037	82,023
Interest received	155	239	1,826	1,912
Return on Investment	372	-	372	-
	(115,119)	(258,904)	(117,545)	(263,500)
Cash flow from financing activities:				
Interest Paid and other finance costs	(43,261)	(44,955)	(42,265)	(43,535)
Loan repaid	(227,018)	(185,934)	(207,570)	(181,884)
Drawdown from loan facilities	260,153	379,517	256,912	376,506
	(10,126)	148,628	7,077	151,087
Net change in cash and equivalents	**(4,113)**	**22,339**	**(8,875)**	**9,844**
Cash and equivalents at beginning of year	56,426	34,087	43,661	33,817
Cash and equivalents at end of year	52,313	56,426	34,786	43,661
Movement in cash and equivalents	**(4,113)**	**22,339**	**(8,875)**	**9,844**

Notes to the accounts

1. Accounting policies

1.1 Accounting convention, compliance with accounting standards and constitution

The Association is incorporated in England and Wales under the Co-Operative and Community Benefit Societies Act 2014 and is a registered housing association. The registered office is Peninsular House, Wharf Road, Portsmouth, Hampshire, PO2 8HB.

The financial statements have been prepared under the UK General Accepted Accounting Practice (UK GAAP) including the Financial Reporting Standard 102 (FRS102) and the Housing SORP 2018: Statement of Recommended Practise (SORP) for Registered Social Providers and complies with the Accounting Direction for Private Registered Providers of Social Housing 2019.

VIVID is a public benefit entity in accordance with FRS 102.

The Group financial statements are required to be prepared and consolidate those of the Association and its subsidiary undertakings drawn up to 31 March 2021. Profits or losses on intra-group transactions are eliminated in full.

1.2 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.

The impact of the COVID-19 outbreak and its financial effect has meant that the Executive and Board have been reviewing financial plans for the next four years to ensure that the Association and its subsidiaries can remain a going concern. This shows that we are able to service the debt facilities whilst continuing to comply with the lenders' covenants. The Board will continue to review plans with the Executive, using stress testing and mitigation planning, to make the necessary changes to continue to work with our customers and stakeholders to deliver services in a friendly, solution-focused way.

The group has in place long-term debt facilities, £346m of which is undrawn liquidity, which provide adequate resources to finance committed reinvestment and development programmes, along with the group's day to day operations.

On this basis, the board has a reasonable expectation that the group has adequate resources to continue to meet its financial obligations as they fall due for the foreseeable future, being a period of at least 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.

1.3 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 judgements and estimates have been made include:

a) Impairment

Management consider that there have been no impairment indicators in the year.

b) Investment property classifications

Investment properties consist of commercial properties and other properties not held for social benefit or for the use in the business under FRS 102. VIVID Housing reviewed all commercial properties and determined the majority were held for social purpose, and the stock held as market rental has been revalued and this is recognised in the financial statements.

c) 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 28).

d) Arrears provisions

Arrears provisions have been set based on our experiences of cash flows and recovery rates. We make allowances for housing benefit due and treat former tenant arrears prudently (see note 17).

e) Classification of housing loans

Judgements have been applied in determining whether our housing loans are "basic" or "other" financial instruments.

f) Useful economic lives

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.

g) Goodwill

Goodwill has been recognised on the acquisition of Bargate Homes Ltd. The useful economic life has been assessed as 10 years from the acquisition date to reflect the expected return on investment through the completion of its development pipeline.

1.4 Turnover

Turnover represents rental income, fees and service charges receivable in respect of the year, after deduction of void losses. It also includes revenue grants received from local authorities, Homes England, other stakeholders along with other income relating to the year which is recognised in the same period as the related expense. Turnover includes the proceeds of first tranche sales of properties developed for shared ownership and outright sales that are recognised on completion. Turnover also includes amortised government grant as required under the accrual model as defined by FRS102.

1.5 Tangible fixed assets

a) Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses.

The cost of acquiring properties includes all costs of acquiring the land and buildings, construction and interest on borrowings to finance the construction of assets.

Costs of construction are capitalised at their full amount and any retention is included within creditors due within one year.

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 property are capitalised as additions in the year.

The cost of shared ownership properties held at the year end is included in Housing properties only to the extent that it represents the cost of subsequent tranches. The costs attributable to the unsold first tranche sales are classified as current assets within stock.

b) Depreciation

Depreciation is provided on a straight-line basis on properties to write-down the cost less residual value over the estimated useful lives of the assets, at the following rates:

Type of property	Depreciation rate
Freehold housing (structure)	1% per annum
Leasehold property	Over the life of the lease
Commercial and office buildings	1% - 2% per annum
Hostels	2% per annum

Depreciation is not provided on freehold land or on assets in the course of construction.

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates:

Component	Depreciation life	Depreciation rate
Kitchens	20 years	5.00%
Bathrooms	30 years	3.33%
Roof	60 years	1.67%
Structure	100 years	1.00%
Windows / Doors	30 years	3.33%
Gas Boilers (domestic)	12 years	8.33%
Gas boilers (communal)	25 years	4.00%
Heating Systems	30 years	3.33%
PV Panels	20 years	5.00%
Rewire	40 years	2.50%

c) Impairment

Annually housing properties are assessed for impairment indicators. Where an indicator is identified an assessment for impairment is carried out comparing the scheme's carrying amount to the recoverable amount of the asset of the respective cash generating unit. Where the carrying amount of a scheme is deemed to exceed the recoverable amount the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure.

Additional reviews are carried out to include properties developed for shared ownership sales, shared ownership properties earmarked for change in use and properties developed for outright sale which remain unsold at the year end.

d) Sales of housing accommodation

The surplus/deficit arising on sales of housing properties comprises of proceeds from property sales, which are recognised at the date of completion, less the net book value of the properties taking into account any associated sales costs.

The surplus or deficit on sales of housing accommodation takes into account any liabilities under right to buy sharing agreements with local authorities.

Sales of second or subsequent tranches of shared ownership properties are dealt with in the income and expenditure account after the operating surplus for the period within the surplus/deficit on sales of properties. Proceeds from first tranche sales of shared ownership and properties for constructed for outright sales properties are included within turnover with attributable costs being included within cost of sales.

e) Improvements to property and major repairs

The Group capitalises items of expenditure on housing properties if they result in an enhancement to the economic benefits from the property or if they replace a component that has been treated separately for depreciation purposes.

Works to existing properties which do not meet the above criteria are charged to the income and expenditure account.

f) Capitalisation of interest

Interest on loans financing a development scheme is capitalised to the extent that it accrues in respect of the period of development.

g) Capitalisation of development on-costs

Staff salary costs which are directly attributable to an individual development are capitalised. Other costs are capitalised only to the extent that they are incremental as a result of the individual development. Costs incurred on schemes, which are identified as abortive, are written off at the point at which it becomes apparent that the scheme is likely to be aborted.

h) Other tangible fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation and any impairment losses. On other fixed assets depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation used are as follows:

Type of asset	Depreciation rate
Furniture, equipment, fixtures and fittings	10% to 33.3% per annum
Office refurbishment	20% per annum
Computer equipment	20% to 50% per annum
Leasehold improvements	Over the life of the lease

1.6 Investment properties

Investment properties are measured at cost on initial recognition and subsequently at fair value and any gains or losses arising from changes in the fair value are recognised in the surplus for the year. No depreciation is provided in respect of investment properties.

1.7 HomeBuy loans

Under the HomeBuy scheme, the Association receives HomeBuy grant representing a percentage of the open market purchase price of a property in order to advance interest free loans to a homebuyer. The loans advanced by the association meet the definition of concessionary loans and are shown as fixed asset investments on the statement of financial position. The HomeBuy grant provided by the government to fund all or part of a HomeBuy loan has been recognised as a creditor due in more than one year.

1.8 Accounting for joint ventures

Investments in joint ventures and jointly controlled entities will be held as part of Fixed Asset Investments. In accordance with section 9.26 of FRS102 the Association will account for these investments at cost (less impairment). On consolidation the investments will be accounted for in accordance with section 15.9a of FRS102, being initially held at cost and subsequently adjusted using equity accounting.

1.9 Investments

Unlisted fixed asset investments are stated at cost less provision for any impairment in value. Listed fixed asset investments are stated at market value and the unrealised gain/loss is recognised in the statement of comprehensive income.

1.10 Stocks and Work in Progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Work in progress represents the cost of assets (for outright sale) under development, and first tranches of shared ownership housing accommodation. For first tranche units, cost is allocated to work in progress on the basis of a 34% share until the point of actual completion, when the actual % sold is used.

1.11 Value added tax

The Group is VAT registered but a large proportion of its income, rent, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure is therefore shown gross of VAT, with any net recovery of VAT included within operating costs.

1.12 Deferred Taxation

Deferred taxation is provided for on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. No timing differences are recognised in respect of gains on sale of assets where those assets have not been rolled over into replacement assets. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in the future is uncertain. Any assets and liabilities recognised have not been discounted.

1.13 Rentals under operating leases

Rentals under operating leases are charged to the income and expenditure accounts as incurred.

1.14 Housing Grant

Housing Grants include grant received from Homes England, local authorities and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing properties structure under the accruals model.

Where grant is received on items treated as revenue expenditure, e.g. elements of major repair expenditure, it is treated as a revenue grant and credited to the income and expenditure account in line with the underlying expenditure.

Grants due or received in advance are included in current assets or liabilities.

Grants released on the disposal of an asset are credited to Recycled Capital Grant Fund. 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 income. Upon disposal of the associated property, the group is required to recycle these proceeds and recognise them as a liability.

1.15 Pension costs

VIVID has four distinct pension arrangements in operation for its employees:

Hampshire County Council Pension Fund – Defined Benefit (DB)

VIVID participates in a defined benefit pension scheme which provides benefits based on final pensionable salary. VIVID has closed new membership admissions to the scheme for all staff. The assets of the scheme are held by the Hampshire County Council Superannuation Fund.

The pension costs relating to the scheme are accounted for in accordance with FRS102. Current service costs and interest costs relating to the net defined obligation are included in the income statement in the period to which they relate. Actuarial gains and losses as well as any other remeasurements are recognised in the statement of comprehensive income.

VIVID Housing Ltd Defined Benefit Scheme

On 31 January 2021 VIVID bulk transferred its share of assets and liabilities in the Social Housing Pension Scheme (SHPS) to a new standalone pension scheme. The scheme is closed to new entrants and any future accruals. The scheme is administered by The Pensions Trust with Verity acting as Trustees.

The pension costs relating to the scheme are accounted for in accordance with FRS102. Current service costs and interest costs relating to the net defined obligation are included in the income statement in the period to which they relate.

The scheme surplus, actuarial gains and losses as well as any other remeasurements are recognised in the statement of comprehensive income.

Pensions Trust Growth Fund – Defined Benefit

VIVID participates in the Pensions Trust Growth Fund administered by The Pensions Trust Retirement Solutions. This is a multi-employer defined benefit scheme. VIVID has closed new membership admissions for all staff.

Sufficient information does not exist to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the scheme, the accounting charge for the period under FRS102 represents the employer contribution payable.

The scheme currently has a shortfall of assets compared to liabilities. Deficit recovery payment plans have been agreed between the participating employers and Trustees of the schemes to eliminate this shortfall. In line with FRS102 requirements, this cash payment plan has been recognised as a liability in the Statement of financial position and is measured at the reporting date by discounting the future cash outflows at the rate of an AA corporate bond. The unwinding of this discounting is recognised as a finance charge in the period to which it relates.

TPT FRP – Defined Contribution

VIVID participates in a defined contribution scheme provided by The Pensions Trust Retirement Solutions (TPT). This scheme is open to new members and is the preferred vehicle for auto enrolment. The accounting charge for the period represents the employer contribution payable.

1.16 Financial Instruments

Financial instruments which meet the criteria of a basic financial instrument defined in section 11 of FRS102 are accounted for under an amortised cost model. Basic instruments which have undergone a substantial modification in terms are measured at the present value of future cashflows discounted at a market rate of interest for a similar instrument.

Non-basic financial instruments which meet the criteria in section 12 of FRS102 are recognised at fair value using a valuation technique. At each year end, the instruments are revalued to fair value, with the movements posted to the income and expenditure.

1.17 Corporation tax

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

1.18 Reserves

Revenue – contains all historic surplus' and deficits to date.

Revaluation reserve – contains the difference between the value in the statutory accounts and historic cost of assets and investments held fair value, incorporating an annual adjustment to the revenue reserve for excess depreciation.

2. Group particulars of turnover, operating costs and operating surplus

	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
a) Group								
Social housing lettings (Note 3a)	179,847	(98,078)	-	81,769	172,012	(93,420)	-	78,592
Other social housing activities:								
Current asset property sales (Shared Ownership 1st tranche)	35,451	-	(27,437)	8,014	43,079	-	(30,794)	12,285
Development services	785	(1,229)	(7)	(451)	2,712	(403)	(194)	2,115
Total for social housing activities	**216,083**	**(99,307)**	**(27,444)**	**89,332**	**217,803**	**(93,823)**	**(30,988)**	**92,992**
Open market property sales	85,009	-	(79,227)	5,782	98,992	-	(82,910)	16,082
Activities other than Social Housing Activities (Note 3b)	9,902	(12,928)	-	(3,026)	9,865	(11,951)	-	(2,086)
Total for all activities before disposals	**310,994**	**(112,235)**	**(106,671)**	**92,088**	**326,660**	**(105,774)**	**(113,898)**	**106,988**
Surplus on disposal of housing properties	-	-	-	5,570	-	-	-	5,086
Total for all activities	**310,994**	**(112,235)**	**(106,671)**	**97,658**	**326,660**	**(105,774)**	**(113,898)**	**112,074**

2. Association particulars of turnover, operating costs and operating surplus

	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
a) Association								
Social housing lettings (Note 3a)	179,847	(98,078)	-	81,769	172,012	(93,420)	-	78,592
Other social housing activities								
Current asset property sales (Shared ownership 1st tranche)	35,451	-	(27,437)	8,014	43,079	-	(30,794)	12,285
Development services	785	(1,221)	-	(436)	2,413	(382)	-	2,031
Total for social housing activities	**216,083**	**(99,299)**	**(27,437)**	**89,347**	**217,504**	**(93,802)**	**(30,794)**	**92,908**
Open market property sales	-	-	-	-	-	-	-	-
Amounts due under a Deed of Covenant	-	-	-	-	(58)	-	-	(58)
Activities other than Social Housing Activities (Note 3b)	10,289	(10,056)	-	233	10,359	(9,504)	-	855
Total all activities before disposals	**226,372**	**(109,355)**	**(27,437)**	**89,580**	**227,805**	**(103,306)**	**(30,794)**	**93,705**
Surplus on disposal of housing properties	-	-	-	5,570	-	-	-	5,086
Total for all activities	**226,372**	**(109,355)**	**(27,437)**	**95,150**	**227,805**	**(103,306)**	**(30,794)**	**98,791**

3a. Group & Association particulars of income and expenditure from social housing lettings

	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	141,749	8,489	12,373	2,704	165,315	157,409
Service charge income	3,532	3,093	2,226	6	8,857	9,066
Amortised government grants	4,559	372	524	220	5,675	5,537
Turnover from social housing lettings	**149,840**	**11,954**	**15,123**	**2,930**	**179,847**	**172,012**
Management	14,231	1,345	1,775	291	17,642	16,406
Service charge costs	8,137	2,856	1,637	415	13,045	13,898
Routine maintenance	19,263	1,213	301	323	21,100	19,906
Planned maintenance	3,010	68	248	21	3,347	3,272
Major repairs expenditure	9,388	582	331	107	10,408	9,265
Bad debts	1,185	128	48	34	1,395	1,289
Rent charges & property lease charges	65	-	11	468	544	654
Depreciation of housing properties	25,958	1,491	2,051	1,097	30,597	28,730
Operating costs on social housing lettings	**81,237**	**7,683**	**6,402**	**2,756**	**98,078**	**93,420**
Operating surplus on social housing lettings	**68,603**	**4,271**	**8,721**	**174**	**81,769**	**78,592**
Void losses	1,310	708	5	41	2,064	1,760

3b. Turnover from non-social housing activities

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Lettings				
Market renting	1,740	1,774	1,740	1,774
Garage renting	1,392	1,431	1,392	1,431
Private sector leasing	2,164	2,357	2,164	2,357
Commercial	1,108	1,155	1,108	1,155
Leaseholder and owned by others	1,197	966	1,197	966
Total lettings	7,601	7,683	7,601	7,683
Other				
Management fees	466	290	873	1,022
PV panel income	649	840	629	544
VAT partial exemption recovery	257	326	257	326
Other income*	929	726	929	784
Total other	2,301	2,182	2,688	2,676
Total all activities	**9,902**	9,865	**10,289**	10,359

*includes £485k revenue grant income in relation to COVID-19 furlough claims during the year

3c. Units of accommodation in management and managed by others

	Number of units at 31 March 2021	Number of units at 1 April 2020
Units of accommodation in management		
Social housing		
General needs – social	19,081	18,876
General needs – affordable	4,710	4,483
Supported housing - social	204	232
Supported housing – affordable	20	98
Housing for older people - social	1,170	1,163
Housing for older people - affordable	63	63
Intermediate rent	314	332
Low cost home ownership	3,480	3,259
Total	**29,042**	**28,506**
Non-social housing		
Low cost home ownership 100% equity sold	1,792	1,746
Market rented	440	351
Other	672	692
Total	**2,904**	**2,789**
Total units of accommodation in management	**31,946**	**31,295**
Units of accommodation managed by others	338	175
Total of all units of accommodation	**32,284**	**31,470**

4. Surplus on disposal of properties

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Gross sales proceeds	12,846	17,450	12,846	17,450
Amounts payable to Local Authority	(96)	(914)	(96)	(914)
Cost of sales	(7,180)	(11,450)	(7,180)	(11,450)
Surplus for the year	**5,570**	5,086	**5,570**	5,086

5. Expenses and auditor remuneration

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Surplus on ordinary activities before taxation is stated after charging:				
Depreciation and amortisation:				
Depreciation of housing properties	30,765	28,900	30,765	28,900
Depreciation of other tangible fixed assets	1,979	1,880	1,936	1,853
Amortisation of Intangibles	2,783	2,320	-	-
Impairment	-	-	-	-
Amortisation of Grant	5,695	5,557	5,695	5,557
External auditors' remuneration (excl. VAT and incl. expenses):				
In their capacity as auditors of statutory accounts	91	81	48	48
Other non-audit services paid to related companies of the auditors	36	19	30	4
Operating lease rentals				
Land and buildings	2,581	2,651	2,502	2,651
Motor vehicles	1,484	1,558	1,484	1,558
Hire of plant and machinery	76	124	76	124

6. Employees

The average number of employees, including the executive officers, expressed as full-time equivalents based on 37 hours per week.

	2021	2020	2021	2020
Average number of employees	931	901	865	832

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Salaries	32,062	30,295	28,748	28,619
Social security	3254	3,029	2,848	2,802
Pensions	1,956	1,666	1,840	1,604
	37,272	34,990	33,436	33,025

The Chief Executive participated in the defined contribution pension scheme under the same terms as the other members of that scheme.

During the year, aggregate compensation for loss of office of key management personnel included above was £0k (2020: £0k).

Employer's National Insurance contributions relating to Key Management Personnel was £139,107 (2020: £135,024).

7. Key Management Personnel – Group and Association

We define the Key Management Personnel of the Group as the Board and Committee Members, the Chief Executive and the other members of the Executive Management Team.

		2021 £'000	2020 £'000
Emoluments of executive staff members		1,067	1,044
Emoluments of non-executive board members		92	99
Total Emoluments (including pension contributions and benefits in kind)		1,159	1,143
Remuneration of non-executive board members:			
Mike Kirk	Board Chair	20	20
Michael Stancombe	Senior Independent Director	12	11
Jane Earl		10	10
David Mairs		10	10
Philip Raw		9	8
Lynda Shillaw		8	8
Jean-Marc Vandevivere		8	8
Shena Winning		9	5
Joanna Causon	*Left 23rd July 2020*	2	5
David French	*Left 23rd July 2020*	3	10
Jane Tabor	*Left 25 July 2019*	-	3
		92	99
Emoluments (excluding pension contributions) payable to the Chief Executive		243	241

7. Key Management Personnel – Group and Association

The full-time equivalent number (based on a 37 hour week) of staff whose remuneration (including any compensation for loss of office) fell within each band:

	2021	2020	2021	2020
£60,000 - £69,999	6.1	12.3	3.1	6.3
£70,000 - £79,999	7.8	8.7	4.8	4.7
£80,000 - £89,999	11	9	8	6
£90,000 - £99,999	3	2	3	2
£100,000 - £109,999	-	2	-	1
£110,000 - £119,999*	-	2.6	-	1.6
£120,000 - £129,999	4	2	-	-
£130,000 - £139,999	2	1	1	1
£140,000 - £149,999	1	-	-	-
£150,000 - £159,999	-	2	-	1
£160,000 - £169,999	1	1	1	1
£170,000 - £179,999	3	2	2	2
£180,000 - £189,999	1	-	1	-
£190,000 - £219,999	-	-	-	-
£220,000 - £239,999	-	1	-	-
£240,000 - £249,999	1	1	1	1

* Includes compensation for loss of office paid during the prior year.

8. Interest receivable and similar income

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Interest receivable and similar income	74	153	70	152
Interest receivable from subsidiaries	-	-	1,675	1,676
Income from long term investment	81	86	81	84
	155	239	**1,826**	1,912

9. Interest and financing costs

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Loans and bank overdrafts	43,331	48,517	42,335	47,094
Interest on RCGF	11	70	11	70
Net interest charge DB pension schemes	315	664	315	664
	43,657	49,251	**42,661**	47,828
Capitalised interest	(6,969)	(8,364)	(6,969)	(8,364)
	36,688	40,887	**35,692**	39,464

10. Tax on surplus on ordinary activities

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Taxation charge for the year				
Corporation tax charge for the year	(235)	(1,983)	(235)	(176)
Deferred tax	(21)	195	(21)	18
Adjustment in respect of prior years	(1)	8	(1)	(5)
Total taxation charge for the year	**(257)**	(1,780)	**(257)**	(163)

The tax assessed for the period has been charged at the 19% rate of corporation tax in the UK (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Surplus for the year before taxation	62,357	71,115	62,192	60,928
Surplus multiplied by effective tax rate of 19% (2020: 19%)	(11,848)	(13,512)	(11,816)	(11,577)
Surplus relating to charitable activities	11,581	11,404	11,581	11,40
Group relief	-	-	-	-
Effect of timing differences	-	22	-	18
Capital allowances in excess of depreciation	(21)	(8)	(21)	(3)
Adjustments to brought forward balances	(1)	8	(1)	(5)
Other	32	306	-	-
Total tax charge	**(257)**	**(1,780)**	**(257)**	**(163)**

11a. Tangible fixed assets – Housing properties

Group	£'000	£'000	£'000
Cost:			
Balance at 1 April 2020	2,190,481	326,538	2,517,019
Additions	9,035	191,071	200,106
Disposals	(21,725)	-	(21,725)
Transfers	135,244	(135,244)	-
Transfer from Investment Properties	-	2, 900	2,900
Balance at 31 March 2021	2,313,035	385,265	2,698,300
Depreciation & Impairment:			
Balance at 1 April 2020	280,552	-	280,552
Depreciation charge for year	30,682	-	30,682
Disposals	(13,172)	-	(13,172)
Balance at 31 March 2021	298,063	-	298,063
Net book value at 31 March 2021	**2,014,972**	**385,265**	**2,400,237**
Net book value at 31 March 2020	1,909,929	326,538	2,236,467

Expenditure on works to existing properties	2021	2020
	£'000	£'000
Components capitalised	17,164	16,991
Amounts charged to income and expenditure	8,226	8,599
	25,390	25,590
Additions to the cost of housing properties include:		
Capitalised Interest charged in the year	6,969	8,364

All housing properties for letting or shared ownership are held on a freehold or long leasehold tenure. Completed shared ownership properties have a cost of £321,720k (2020: £273,908k) and accumulated depreciation of £12,381k (2020: £10,888k) giving a Net Book Value of £309,340k (2020: £263,018k).

11b. Tangible fixed assets – Housing properties

Association	£'000	£'000	£'000
Cost:			
Balance at 1 April 2020	2,196,546	327,474	2,524,020
Additions	10,505	193,790	204,295
Disposals	(21,725)	-	(21,725)
Transfers	136,180	(136,180)	-
Transfer from investment properties	-	2,900	2,900
Balance at 31 March 2021	2,321,506	387,984	2,709,490
Depreciation & Impairment:			
Balance at 1 April 2020	280,553	-	280,553
Depreciation charge for year	30,682	-	30,682
Disposals	(13,172)	-	(13,172)
Balance at 31 March 2021	298,062	-	298,062
Net book value at 31 March 2021	**2,023,444**	**387,984**	**2,411,427**
Net book value at 31 March 2020	1,915,994	327,474	2,243,468

Expenditure on works to existing properties	2021	2020
	£'000	£'000
Components capitalised	17,164	16,991
Amounts charged to income and expenditure	8,226	8,673
	25,390	25,664
Additions to the cost of housing properties include:		
Capitalised Interest charged in the year	6,969	8,364

All housing properties for letting or shared ownership are held on a freehold or long leasehold tenure. Completed shared ownership properties have a cost of £321,720k (2020: £273,908k) and accumulated depreciation of £12,381k (2020: £10,888k) giving a Net Book Value of £309,340k (2020: £263,018k).

12a. Tangible fixed assets - other

Group	£'000	£'000	£'000	£'000
Cost or valuation:				
Balance at 1 April 2020	7,008	10,353	10,882	28,243
Additions	-	-	1,313	1,313
Disposals	-	-	(7)	(7)
Balance at 31 March 2021	7,008	10,353	12,188	29,549
Depreciation:				
Balance at 1 April 2020	1,425	3,376	6,421	11,222
Charge for the year	83	543	1,760	2,386
Disposals	-	-	(2)	(2)
Balance at 31 March 2021	1,508	3,919	8,179	13,606
Net Book Value at 31 March 2021	**5,500**	**6,434**	**4,009**	**15,943**
Net Book Value at 31 March 2020	5,583	6,977	4,461	17,021

12b. Tangible fixed assets - other

Association	£'000	£'000	£'000	£'000
Cost or valuation:				
Balance at 1 April 2020	7,008	10,354	10,738	28,100
Additions	-	-	1,209	1,209
Disposals	-	-	(7)	(7)
Balance at 31 March 2021	7,008	10,354	11,940	29,302
Depreciation:				
Balance at 1 April 2020	1,425	3,376	6,334	11,135
Charge for the year	83	543	1,717	2,343
Disposals	-	-	(2)	(2)
Balance at 31 March 2021	1,508	3,919	8,049	13,476
Net Book Value at 31 March 2021	**5,500**	**6,435**	**3,891**	**15,826**
Net Book Value at 31 March 2020	5,583	6,978	4,404	16,965

13. Intangible Assets

On the 22 May 2019 VIVID acquired an investment in Bargate Homes Limited. This purchase was made for the sum of £40,672,309 for 100% of the share capital. The total net assets of Bargate on purchase were £14,479,477, with intangible assets consisting of land options for future developments valued at £8,547,907 and goodwill recognised of £19,296,718. Goodwill and intangible assets are being amortised over 10 years.

	£'000	£'000	£'000
Balance as at 1 April 2020	7,836	17,659	25,495
Additions	-	-	-
Amortisation	(853)	(1,930)	(2,783)
Balance as at 31 March 2021	**6,983**	**15,729**	**22,712**

14. Investment Properties

	2021 £'000	2020 £'000
Balance as at 1 April	25,574	25,885
Additions	-	-
Transferred to WIP	(2,900)	-
Net gain/(loss) from fair value adjustments	536	(311)
Balance as at 31 March	**23,210**	25,574

During the year one property was transferred to PPE under construction at a deemed cost of £2,900k.

Investment properties held are market rental residential properties, owned and managed by the Association. All investment properties have been valued at fair value by external valuers, using the Royal Institution of Chartered Surveyors approved valuation methods. The key assumptions used are, continued rental without any sales, rent increasing by 2.5% in the first two years and 3.0% annually thereafter and a discount rate of 7.25%.

15. Fixed Asset Investments

Group	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2020	1,132	-	3,087	2,419	134	6,772
Additions	-	-	128	-	-	128
Revaluation	(71)	-	-	-	-	(71)
Disposal	-	-	-	(112)	-	(112)
At 31 March 2021	**1,061**	**-**	**3,215**	**2,307**	**134**	**6,717**
Share of retained profits						
At 1 April 2020	-	-	696	-	-	696
Profit for the year	-	-	-	-	-	-
Distributions	-	-	(372)	-	-	(372)
At 31 March 2021	**-**	**-**	**324**	**-**	**-**	**324**
Net book value						
At 31 March 2021	**1,061**	**-**	**3,539**	**2,307**	**134**	**7,041**
At 31 March 2020	1,132	-	3,783	2,419	134	7,467

Association	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 April 2020	40,672	1,132	-	3,087	2,419	134	47,444
Additions	-	-	-	128	-	-	128
Revaluation	-	(71)	-	-	-	-	(71)
Disposal	-	-	-	-	(112)	-	(112)
At 31 March 2021	**40,672**	**1,061**	**-**	**3,215**	**2,307**	**134**	**47,389**

Investments in joint ventures

VIVID Housing is a co-investor in Aspect Building Communities Ltd ("Aspect") with another Registered Provider and two Local Authorities. Aspect was formed to bring forward housing developments to increase housing supply and boost the local economy by working in partnership with local organisations. VIVID Housing has a 26% non-controlling interest in Aspect. Since Aspect is a company limited by guarantee the Association has no right to distribution of profits.

Aspect has created two special purpose vehicles through which the development of housing is undertaken and VIVID has invested in these partnerships. (Woodside LLP £2,318k, Stoneham LLP £897k). Both investments are shown at cost with no indicators of impairment.

Investment in subsidiaries

On the 22 May 2019 VIVID acquired an investment in Bargate Homes Limited for the sum of £40,672,309. The full details of this purchase are covered in note 13.

Bargate Homes Limited
A limited company carrying out development activities and sale of open market properties for the Group. VIVID Housing owns 100% of the share capital

VIVID Housing also £1 investment in VIVID Build and Vestal Developments, it is the ultimate parent undertaking of:

VIVID Build Limited
A limited company carrying out development activities for the Group. VIVID Housing owns 100% of the share capital.

Vestal Developments Limited
A limited company carrying out development activities and sale of open market properties for the Group. VIVID Housing owns 100% of the share capital

VIVID Plus Limited
A company registered under the Co-operative and Community Benefit Society Act 2014 as a community benefit society. Its charitable purpose is to create and support long term sustainable communities. VIVID is the parent entity.

16. Properties held for sale and stock

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Raw materials and consumables	408	410	408	410
Completed Units				
Shared ownership	5,377	4,980	5,377	4,980
Outright Sales	308	4,135	-	-
	5,685	9,115	5,377	4,980
Work in progress				
Shared ownership	53,777	37,852	53,777	37,852
Outright Sales	95,869	120,178	971	-
	149,646	158,030	54,748	37,852
	155,739	167,555	60,533	43,242

17. Debtors

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Due within one year				
Rental debtors	12,732	13,715	12,732	13,715
Less: provision for bad debts	(4,936)	(4,614)	(4,936)	(4,614)
	7,796	9,101	7,796	9,101
Trade debtors	729	3,884	46	2,680
Amounts owed by subsidiary undertaking	-	-	52,000	54,000
Other debtors	1,136	2,662	459	176
Prepayments and accrued income	5,046	4,215	3,272	4,125
VAT/CT debtor	1	2,496	-	-
Capital grants	43	11	43	11
	14,751	22,369	**63,616**	70,093
Due more than one year				
Prepayments and accrued income *	343	-	6,943	17,824
	15,094	22,369	**70,559**	87,917

* VIVID has entered into a binding sale agreement with its subsidiary Vestal Developments Ltd for land acquired as part of an overall development strategy at a site known as Stoneham Lane, Eastleigh. Vestal has up to 5 years to complete the purchase. This is shown as a debtor greater than one year.

18. Creditors: Amounts falling due within one year

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Loans	19,198	22,158	9,675	7,658
Deferred grant	5,741	5,635	5,741	5,635
Trade creditors	4,340	5,669	1,918	1,368
Rent received in advance	4,296	3,976	3,902	3,425
Other creditors	4,449	4,217	219	267
Taxation and social security	1,091	1,304	991	1,082
Rent Deposits	129	129	129	129
Local Authority claw back	24	111	24	111
Leaseholders' sinking fund *	11,687	9,939	11,687	9,939
Corporation tax	101	915	101	133
Amounts owed to subsidiary	-	-	4,566	3,149
Pension Scheme deficit (SHPS)	-	-	-	-
Accruals and deferred income	35,544	30,577	31,656	25,960
	86,600	84,630	**70,609**	58,856

* The cash for the Leaseholders' Sinking Fund is held in separate client accounts in accordance with the provisions set out in the Commonhold & Leasehold Reform Act 2002 S156.

19. Creditors: Amounts falling due after more than one year

		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Housing loans	20	1,312,444	1,279,360	1,309,203	1,264,889
Recycled capital grant fund	21	9,746	9,891	9,746	9,891
Deferred grant income	22	637,410	564,619	637,410	564,619
Grant on HomeBuy Equity Loans		1,090	1,183	1,090	1,183
Accruals and deferred income		-	-	-	-
		1,960,690	1,855,053	**1,957,449**	1,840,583

20. Housing loans analysis

	31/03/2021 £'000			31/03/2021 £'000	31/03/2020 £'000
AHF	164,700	2.89	2043-48	171,595	171,852
Barclays	124,925	4.06	2031-49	141,772	210,285
EM3	0	0	2021	0	532
Harbour Funding	75,000	5.28	2034	74,993	74,993
Lloyds/Scottish Widows	221,315	2.05	2025-37	216,829	195,361
Orchardbrook	1,604	10.27	2028	1,593	1,766
Private Placements	508,000	3.44	2028-55	507,438	377,901
RBS	100,000	3.42	2030	101,439	67,307
Santander	38,667	6.92	2025-27	44,820	113,722
THFC	10,000	1.66	2030	8,523	8,390
UK Rents	2,177	9.10	2026	2,146	2,562
Yorkshire Building Society	47,700	1.90	2035	47,731	47,876
Loans in Association	**1,294,088**			**1,318,878**	1,272,547
Subsidiary Loans					
Loan Notes 2021	9,500	6.10	2022	9,500	9,500
RBS	0	3.29	2025	0	14,500
Heritable	3,264	6.25	2022-23	3,264	4,971
Total Loans	**1,306,852**			**1,331,642**	1,301,518
The average interest rate for the above loans is				**3.38%**	3.38%

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Within one year	19,198	22,158	9,675	7,658
Greater than one year	1,312,444	1,279,360	1,309,203	1,264,889
	1,331,642	1,301,518	**1,318,878**	1,272,547

Loans are secured by fixed charges on individual properties and land, the exception to this are Loan notes of £9,500,000 which are secured over the assets of the company. The value of our secured properties using EUV-SH valuations is £1,752,475,000 (2020: £1,629,002,000).

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Within one year	20,154	28,658	19,198	22,158
Between one and two years	23,392	27,475	15,441	24,146
In two to five years	414,802	379,081	107,869	210,148
In five years or more	1,194,345	1,212,266	1,164,344	1,017,266
	1,652,693	1,647,480	**1,306,852**	1,273,718

As at 31st March 2021 VIVID group has £345,840,000 of available liquidity in the form of undrawn loans.

Group	£'000	£'000	£'000	£'000
Cash at bank and in hand	56,426	(4,113)	-	52,313
Debt due within one year	(22,158)	2,960	-	(19,198)
Debt due after one year	(1,279,360)	(36,012)	2,928	(1,312,444)
Net debt after issue costs	(1,245,092)	(37,165)	2,928	(1,279,329)

Association	£'000	£'000	£'000	£'000
Cash at bank and in hand	43,661	(8,875)	-	34,786
Debt due within one year	(7,658)	(2,017)	-	(9,675)
Debt due after one year	(1,264,890)	(47,241)	2,928	(1,309,203)
Net debt after issue costs	(1,228,887)	(58,133)	2,928	(1,284,092)

21. Movements on the recycled capital grant fund

	2021 £'000	2020 £'000
Opening balance at 1 April	9,891	8,839
Inputs to fund:		
Grants recycled	1,843	1,703
Interest accrued	10	69
Outputs from fund: New build	(1,998)	(720)
Closing balance at 31 March	**9,746**	9,891
Due within 1 year:	-	-
Due after 1 year:	9,746	9,891
Closing balance at 31 March	**9,746**	9,891

22. Deferred grant income

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
At 1 April	570,253	494,661	570,253	494,661
Net Grant received in the year	78,395	81,002	78,395	81,002
Net amount recognised in the Statement of Comprehensive Income in the year	(5,497)	(5,409)	(5,497)	(5,409)
Transfers & Adjustments	-	-	-	-
At 31 March	**643,151**	570,253	**643,151**	570,253
Amounts to be released in one year	5,741	5,635	5,741	5,635
Amounts to be released in more than one year	637,410	564,619	637,410	564,619
	643,151	570,253	**643,151**	570,253

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Total accumulated social housing grant received or receivable at 31 March:	717,820	639,425	717,820	639,425
Recognised in reserves as at 1 April	69,172	63,763	69,172	63,763
Amortised Grant recognised in the Statement of				
Comprehensive Income	5,695	5,557	5,695	5,557
Recycled Grant recognised in the Statement of				
Comprehensive Income	(198)	(148)	(198)	(148)
Transfers & Adjustments	-	-	-	-
Held as deferred income	643,151	570,253	643,151	570,253
	717,820	639,425	**717,820**	639,425

23. Provisions for liabilities and charges

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Deferred Tax	**1,706**	1,688	**83**	64
Deferred Tax consists of:				
Capital allowances	82	64	83	64
Provision on assets acquired as part of business combination	1,624	1,623	-	-
Unused tax loses	-	-		-
	1,706	1,687	83	64
Balance at 1 April	1,688	259	64	82
Charge for the year	18	1,428	19	(18)
Balance at 31 March	**1,706**	1,687	**83**	64

24. Share Capital – Association

	2021 £	2020 £
As at 1st April	22	21
Issued during the year	-	2
Cancelled during the year	(3)	(1)
As at 31st March	**19**	22
Issued share capital consists of 19 £1 shares		

25. Commitments under operating leases

Future minimum lease payments at 31 March:

	2021 £'000	2020 £'000
Land and buildings		
Amounts due within one year	2,007	2,263
Amounts due between one and five years	4,299	4,625
Amounts due after five years	43,691	44,543
	49,997	51,431
Land and buildings lease payments recognised as an expense	2,501	2,771
Vehicle leases		
Amounts due within one year	1,364	1,483
Amounts due within two to five years	980	2,617
	2,344	4,100

26. Capital commitments

Capital commitment at the end of the financial year for which no provision has been made in these financial statements, were as follows:

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Contracted for	298,907	279,510	298,907	279,510
Authorised by the Board but not contracted for	206,426	267,246	206,426	267,246

To support our future capital expenditure, at the 31 March 2021 we had available liquidity of, £346m of arranged and undrawn loan facilities, and £30m of available cash. Our business plan shows three year's operating cashflow of £356m (£114m net of interest paid and capital repairs) without reliance on sales proceeds or grant. Additionally, during the next three years we expect to receive £14m grant and £439m of sales proceeds.

27. Financial assets and liabilities

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Financial assets:				
Measured at undiscounted amount receivable*	10,403	15,853	67,514	83,988
Financial liabilities:				
Financial liabilities measured at undiscounted value	56,173	50,479	50,199	37,611
Financial liabilities measured at amortised cost	1,331,642	1,301,519	1,318,878	1,272,548
Total	**1,398,218**	1,367,851	**1,436,591**	1,394,147

*excludes cash

28. Pension obligations – Group and Association

VIVID Housing currently operates and contributes to three defined benefit pension schemes and a defined contribution scheme. The assets of the schemes are held in separate trustee administered funds.

Pension scheme summary

	2021 £'000	2020 £'000
Pension scheme deficit – DB Provision		
LGPS Pension scheme deficit	2,770	4,850
Social Housing Pension Scheme/ VIVID DB Scheme	-	11,425
Pension Scheme Deficit Provision	**2,770**	16,275
Growth Plan deficit	24	29
Total Pension Deficit	**2,794**	16,304

Hampshire County Council Pension Fund

The disclosures below relate to the funded liabilities within the Hampshire Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (the "LGPS").

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits earned over the period covered by this disclosure are set out in 'The Local
Government Pension Scheme Regulations 2013' and 'The Local Government Pension Scheme Regulations 2014'.

The funded nature of the LGPS requires participating employers and their employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31 March 2019 and the contributions to be paid until 31 March 2023 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate. The Fund Administering Authority, Hampshire County Council is responsible for the governance of the Fund.

The assets allocated to the Employer in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return over the accounting period. The Fund holds a significant proportion of its assets in liquid investments. As a consequence, there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole is shown in the disclosures.

The Administering Authority may invest a small proportion of the Fund's investments in the assets of some of the employers participating in the Fund if it forms part of their balanced investment strategy.

An allowance has been made for full increases on GMP equalisation for individuals reaching state pension age from 5 April 2016. The additional liability includes an allowance for equalisation between sexes. This is shown in the notes below as a past service cost for 2020.

An allowance has been made for the retrospective impact of the McCloud judgement in Past Service Costs for this set of statements. The Current Service Cost includes an allowance for potential McCloud liabilities.

The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS102 purposes were:

Principal financial assumptions (% per annum)

	2021 % pa	2020 % pa	2019 % pa
Discount rate	2.0	2.0	2.2
Pension accounts revaluation rate	3.1	2.3	2.7
Pensions increases	3.1	2.3	2.7
CPI Inflation	3.1	2.3	2.7
Salary increases	4.6	3.8	4.2

Mortality Assumptions

The mortality assumptions are based on actual mortality experience of members within the Fund based on analysis carried out as part of the 2019 valuation, and allow for expected future mortality improvements. Sample life expectancies at 65 in normal health resulting from these mortality assumptions are shown below.

Assumed Life expectancy at 65	**2021**	**2020**
Males		
Member aged 65 at accounting date	23.1	23.0
Member aged 45 at accounting date	24.8	24.7
Females		
Member aged 65 at accounting date	25.5	25.5
Member aged 45 at accounting date	27.3	27.2

Asset allocation	**2021**	**2020**
Equities	57.0%	52.7%
Property	6.1%	7.3%
Government bonds	17.3%	21.8%
Cash	1.4%	2.0%
Other	18.2%	16.2%
Total	100.0%	100.0%

Present values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Liability

	2021 £’000	**2020 £’000**
Fair value of assets	23,810	19,520
Present value of funded defined benefit obligation	(26,580)	(24,370)
Plan deficit	**(2,770)**	(4,850)

Amounts recognised in Income Statement	**2021**	**2020**
	£’000	**£’000**
Operating cost		
Current service cost	50	50
Past service cost	-	20
Financing cost		
Interest on net defined benefit liability	90	150
Expense recognised in Income Statement	**140**	220

Amounts recognised in other Comprehensive Income	**2021 £’000**	**2020 £’000**
Asset gains/ (losses) arising during the period	4,090	(1,210)
Liability (losses)/ gains arising during the period	(2,570)	3,200
Total amount recognised in other Comprehensive Income	**1,520**	1,990

Changes to present value of the defined benefit obligation	2021 £'000	2020 £'000
Opening defined benefit obligation	24,370	27,880
Current service cost	50	50
Past service cost	-	20
Interest expense on defined benefit obligation	480	600
Contributions by participants	10	10
Actuarial (gains)/ losses on liabilities	2,570	(3,200)
Net benefits paid out	(900)	(990)
Closing defined benefit obligation	**26,580**	24,370

Changes to the fair value of assets	2021 £'000	2020 £'000
Opening fair value of assets	19,520	20,260
Interest income on assets	390	450
Remeasurement gains/ (losses) on assets	4,090	(1,210)
Contributions by employer	700	1,000
Contributions by participants	10	10
Net benefits paid out	(900)	(990)
Closing fair value of assets	**23,810**	19,520

Actual Return on Assets	2021 £'000	2020 £'000
Interest income on assets	390	450
Gain/ (loss) on assets	4,090	(1,210)
Actual return on assets	**4,480**	(760)

Social Housing Pension Scheme (SHPS) / VIVID Housing Defined Benefit Scheme

On 31 January 2021 VIVID Housing exited SHPS. Working with The Pensions Trust (TPT) and Verity Trustees Limited (VTL), VIVID transferred its share of SHPS scheme assets and liabilities into a new separate scheme managed by TPT. The scheme is closed to new entrants and any additional service accruals.

An actuarial valuation of the SHPS scheme was carried out by TPT as at 30 September 2020 to inform the liabilities for the accounting year end for 31 March 2021. The result of this was used by TPT to assess VIVID's liabilities at 31 January 2021. TPT then rolled these liabilities forward to 31 March 2021.

The scheme assets are based on VIVID's approximate share of SHPS assets at 30 September 2020. The asset valuation was then rolled forward by TPT to 31 January 2021. On 1 February 2021 £55.6 million was paid into the new VIVID scheme in line with the Bulk Transfer agreement. A final sum is due to be paid later into the VIVID scheme after a full valuation is completed by TPT. For 31 March 2021 the bid market value of the assets amount to £85.6 million. A further £12.4 million of assets retained within SHPS are valued according to actual returns on assets.

At the point of transfer VIVID paid an additional one-off contribution of £33.1m into the new scheme. This payment cleared the technical deficits and resulted in the scheme being fully funded with assets exceeding liabilities by £6.7m.

Principal financial assumptions (% per annum)	Mar 2021 % pa	Jan 2021 % pa	2020 % pa
Discount rate	2.2	1.6	2.4
RPI Inflation	3.5	2.9	2.8
CPI Inflation	3.2	2.5	1.8
Salary increases	4.7	3.5	3.3

Mortality assumptions	Assumed Life expectancy at 65 years 2021	Assumed Life expectancy at 65 years 2020
Female retiring in 2021	23.3	23.3
Female retiring in 2041	24.8	24.5
Male retiring in 2021	21.3	21.5
Male retiring in 2041	22.6	22.9

Asset allocation	Mar 2021	Jan 2021	2020
Equities	4.7%	16.3%	14.7%
Bonds	69.0%	42.3%	5.7%
Property	9.4%	3.5%	11.3%
Cash	0.8%	1.7%	-
Other	16.1%	36.2%	68.3%
Total	100.0%	100.0%	100.0%

Present values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Liability

	2021 £'000	2020 £'000
Fair value of assets	98,027	61,515
Present value of funded defined benefit obligation	(91,360)	(72,940)
Surplus/ (deficit) in plan	**6,667**	**(11,425)**
Effect of derecognising surplus	(6,667)	-
Plan surplus/ (deficit)	-	(11,425)

Amounts recognised in Income Statement	2021 £'000	2020 £'000
Operating cost		
Current service cost	-	180
Expenses	62	56
Changes to benefits	2	-
Financing cost		
Interest on net defined benefit liability	225	514
Expense recognised in Income Statement	**289**	750

Amounts recognised in other Comprehensive Income	2021 £'000	2020 £'000
Scheme surplus derecognised	(6,667)	-
Asset gains arising during the period	2,427	335
Liability (losses) / gains arising during the period	(18,885)	11,818
Total amount recognised in Other Comprehensive Income	**(23,125)**	12,153

Changes to present value of the defined benefit obligation	2021 £'000	2020 £'000
Opening defined benefit obligation	72,940	84,864
Current service cost	-	180
Expenses*	-	56
Losses on benefit changes	2	-
Interest expense on defined benefit obligation	1,670	1,917
Contributions by participants	-	24
Actuarial (gains)/ losses on liabilities	18,885	(11,818)
Net benefits paid out	(2,137)	(2,283)
Closing defined benefit obligation	**91,360**	72,940

*included in plan assets 2021

Changes to the fair value of assets	2021 £'000	2020 £'000
Opening fair value of assets	61,515	59,933
Interest income on assets	1,445	1,403
Remeasurement gains on assets	2,427	335
Contributions by employer	34,839	2,103
Expenses	(62)	-
Contributions by participants	-	24
Net benefits paid out	(2,137)	(2,283)
Closing fair value of assets	**98,027**	61,515

Actual Return on Assets	2021 £'000	2020 £'000
Interest income on assets	1,445	1,403
Gain on assets	2,427	335
Actual return on assets	**3,872**	1,738

The Pensions Trust Growth Plan

VIVID Housing participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for VIVID to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-person standing arrangement'. Therefore, VIVID is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m.

Scheme deficit contributions

To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

From 01 April 2019 to 30 September 2025:	£12,945,440 per annum
From 01 April 2016 to 30 September 2028:	£54,560 per annum

Our liability

We have recognised a liability for our share of this obligation based on the net present value of the deficit reduction contributions payable under the agreement made between SHPS and VIVID. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

	2021 £'000	2020 £'000	2019 £'000
Present value of liability	25	29	35

Reconciliation of opening and closing provisions	2021 £'000	2020 £'000
Provision at start of period	29	35
Unwinding of the discount factor (interest expense)	1	-
Deficit contribution paid	(6)	(6)
Remeasurement - impact of any changes in assumptions	1	-
Provision at end of period	25	29

	2021 £'000	2020 £'000
Impact on income statement		
Interest expense	1	-
Amounts recognised in other comprehensive income		
Remeasurement - impact of any changes in assumptions	1	-

Assumptions	2021 % per annum	2020 % per annum	2019 % per annum
Rate of discount	0.66	2.53	1.39

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Our deficit contributions schedule

The following schedule details the deficit contributions agreed with the scheme.

	2021 £'000	2020 £'000	2019 £'000
Year 1	6	6	6
Year 2	6	6	6
Year 3	7	6	6
Year 4	6	7	6
Year 5	-	6	7
Year 6	-	-	6

Under FRS102, VIVID Housing must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises. The cash contributions above have been used to derive the liability within the Statement of Financial Position.

29. Related party transactions

The companies listed below engage the services of members of our Board or Executive. The services are provided independently of VIVID on a non-executive or consultancy basis. VIVID received no income or fees for the services provided. During the year VIVID made payments to the companies in the normal course of business and unrelated to the services provided by our Board or Executive.

Portsmouth Water Limited	£65,229	Water bills for VIVID properties
The Institute of Customer Service	£40,607	Membership of ICS

VIVID Housing operates predominantly in the Hampshire area. As such in the normal course of its business it transacts with Hampshire County Council (HCC). HCC also act as the Fund Administering Authority for the Hampshire County Council Pension Fund (details of which are set out in the Pensions obligation note above). This arrangement operates independently of other contractual agreements listed below.

During the course of the year, VIVID Housing paid HCC for the rental of units of accommodation, maintenance fees, section 106 payments and other sundry purchases the sum of £924,279.

In terms of other influence, HCC act as the referral agent for VIVID Housing's extra care schemes. HCC also act as an administration body for the payment of Housing Benefit where residents have opted to have sums paid directly to VIVID Housing. The ultimate responsibility does however rest with the residents is respect of those payments. No amounts were owing to HCC at the year end in respect of these transactions.

Associates and subsidiaries

The association has a loan agreement with its subsidiary Vestal Developments Ltd for £77m (2020: £57m) of which £52m (2020: £54m) was drawn at the balance sheet date. Interest is payable at LIBOR plus a commercial margin and amounted to £1.7m during the year (2020: £1.7m).

Bargate Homes has loans amounting to £9,500,000 with related parties which are due for repayment in June 2021. VIVID has provided guarantees over them.

At the balance sheet date Bargate Homes owed £64,594 (2020: £11,930) to BB Property Ventures Limited.

During the course of the year, VIVID Housing paid nil to Aspect Building Communities Limited in respect of the running costs of Aspect Joint Ventures.

30. Controlling party

At 31 March 2021, the ultimate controlling party was The Board of VIVID Housing.

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