ANNUAL REPORT

and

FINANCIAL STATEMENTS

For the year ended

31 DECEMBER 2008

JOSEPH ROWNTREE
HOUSING TRUST

L0057

STRUCTURE, GOVERNANCE AND MANAGEMENT

Trustees and Directors

(January 2008 to June 2009)

Trustees

Dame Ann Bowtell DCB
Don Brand MBE
Susan V Hartshorne
Dr Ashok Jashapara
Robert Maxwell CVO CBE
Dame Mavis McDonald DCB
Bharat Mehta OBE
Nigel Naish
Debby Ounsted (Chair)
Tony Stoller CBE (Deputy Chair)

Directors

Paul Dack, Director of Finance
Jacquie Dale, Director of Housing and Community Services
Anne Harrop, Director of Policy and Research.
John Hocking, Executive Director of JRHT (from May 2009)
Nigel Ingram, Director of Development and Property Services
John Kennedy, Director of Care Services
Julia Lewis, Director of Communications (from March 2008)
Michael Sturge, Deputy Director (to December 2008)
Julia Unwin CBE, Chief Executive

Reference and Administration information

JRHT Head Office

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Bankers

HSBC
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York YO1 8XS

Solicitors

Rollits
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Navigation Road
York YO1 9WE

External auditors

KPMG LLP
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Leeds LS1 4DW

Internal auditors

Mazars LLP
Merchant Exchange
Whitworth Street West
Manchester
M1 5WG

Governing document

The Joseph Rowntree Housing Trust (JRHT) shares the same Trustees and governing document as the Joseph Rowntree Foundation (JRF). JRF was formed by a Deed of Foundation dated 13 December 1904, originally under the name of the Joseph Rowntree Village Trust. The name was changed to the Joseph Rowntree Foundation in 1990. JRHT was established as a separate entity in 1968 under a Charity Commission Scheme. JRHT is not incorporated although the Trustees as a body are incorporated under Section 50 of the 1993 Charities Act. All staff and directors are employed by JRF.

JRHT provides housing, care homes, retirement and supported housing, and demonstrates new approaches in these areas. Trustees set the strategic and policy direction; day-to-day management functions are the responsibility of Directors.

Recruitment and appointment of Trustees

Under the Deed of Foundation the maximum number of Trustees is ten and the minimum number is six. There is no set term of office; the expectation is that Trustees will serve for a minimum of five years and normally for no more than 10 years (15 for the Chair and Deputy Chair).

In accordance with the arrangements established by Joseph Rowntree in 1904, Trustee appointments have traditionally been made alternately by the serving Trustees and the Religious Society of Friends ('the Society'). For all appointments since 2004 the Trustees and the Society established a joint 'Search Group', irrespective of the appointing body. The selection process has included external advertising.

Trustee induction and personal development arrangements are regularly reviewed and a specific budget is established for this purpose. Examples of personal development undertaken in the last year include 360-degree appraisals for the Chair, Deputy Chair and Chief Executive, attendance at specialist conferences, such as the NHF Annual Conference 2008, and the NHF Leaders Forum 2008. There is a programme of appraisal review sessions between each Trustee and the Chair.

Organisational structure

Four Trustee meetings were held in 2008, and also a Trustees' Away Day in October. The stewardship and governance sub-committees that report to the Trustees are:
JRHT Board
Audit Committee
Remuneration Committee
Finance & Personnel Committee
Nominations Committee

In 2008, JRHT restructured its governance arrangements; partly in anticipation of our growth in size over the next few years, and partly to provide focus and clear accountability for JRHT's affairs.

One key outcome of this review was the establishment of the JRHT Board, which makes decisions in accordance with authority delegated to the Board by Trustees, is involved in setting the future direction of the organisation and reports to – and advises – Trustees. Its members include Trustees and external members, including two residents. As part of this review, the previous operational committees have been discontinued.

An Audit Committee was established in March 2008, which includes three independent members, one of whom chairs the committee. Previously the functions of the Audit Committee were undertaken by the Finance and Personnel Committee. Other sub-committees of JRHT are listed above.

Trustees now meet separately as JRHT Trustees, dealing with JRF issues in different meetings.

In addition Strategy Groups on Poverty, Place and Empowerment advise Trustees.

OBJECTIVES AND ACTIVITIES

JRHT works with JRF to search for evidence and demonstrate solutions to improve:

- the circumstances of people experiencing poverty and disadvantage;
- the quality of their homes and communities;
- the nature of the services and support that foster their wellbeing and citizenship.

JRF contributes to this mission by funding work on key social policy issues and working with key stakeholders across the UK to influence policy, practice and the media, while JRHT *demonstrates* by providing housing, care homes, retirement and supported housing, and demonstrates new approaches in these areas.

JRHT manages 2,200 homes, half of which are in New Earswick; the remainder are in the City of York and surrounding areas. JRHT also provides retirement and supported housing services in York and other parts of north-east England.

We are committed to:

- providing good quality homes for people in need;
- managing and maintaining homes to high standards;
- offering a range of services;
- responding to individuals' needs and changes in circumstances.

How our activities deliver public benefit

Our main activities are described on the following pages. We provide affordable housing, care and support, and, in the village of New Earswick, which we manage, we also support and/or manage a range of facilities for public benefit. More broadly, we work with the Joseph Rowntree Foundation to understand the root causes of social problems, to identify ways of overcoming them, and particularly to show how social needs can be met in practice.

Significant activities in 2008

Full details of our major activities in 2008 are set out in the JRHT Annual Review: http://www.jrht.org.uk/NR/rdonlyres/0C29E12C-13C7-49B5-9B4F-6A7DFF9B6539/0/JRHTannualreview2008.pdf
or
http://www.jrf.org.uk/about-us/annualreview.asp.

In brief, the key activities were:

- **New developments**

Derwenthorpe
Although there was not much visible progress on site at Derwenthorpe – our sustainable mixed-income community on the edge of York – in 2008, it remained a very high priority.

In March, we created access to Phase 1 of the development, and during the spring proceeded to undertake extensive ecological and investigatory works in preparation of a major start.

The development has since been affected by problems in the housing market and has experienced further delays concerning the purchase of the land. The European Union is investigating whether its procurement laws have been breached in the way the land for Derwenthorpe was 'disposed of' by the City of York Council to JRHT. JRHT has been unable to complete the purchase of the land while this investigation continues and is awaiting an update concerning the European Union and the Office for Government and Commerce.

JRHT and the City of York Council remain committed to ensuring that Derwenthorpe is built. The community will provide much-needed family homes for people in and around the city and will be built to high environmental standards. It will have around 540 homes, including homes for rent, part ownership and for sale. It will also include 18 acres of public open space.

We hope Derwenthorpe will emulate Joseph Rowntree's garden village of New Earswick as a model community from which others might learn lessons.Working in partnership with the City of York Council, our aim is to create a model 'urban extension' edge-of-town development, which will include:

- rented and low-cost homes scattered among fully owner-occupied housing;
- high-quality 'lifetime' homes, meeting the needs of young families, people with disabilities, and older residents;
- involvement of residents in the development and management of the community; and

- a host of other features that combine to make Derwenthorpe a safe, sustainable community.

Elm Tree Mews
Our eco-housing development, Elm Tree Mews, opened in May. Incorporating six energy-efficient low carbon homes in New Earswick, Elm Tree Mews has a ground source pump heating system, solar thermal panels for heating domestic water, features timber cladding from sustainable sources and has a 'closed panel' timber frame structure, kitchen units are made from recycled materials, facilities for reusing rainwater and a number of other environmentally friendly features are incorporated

Built on the site of a former garage, it is designed to demonstrate a model for environmentally sustainable, affordable housing on a relatively small site in a suburban setting, which could be adapted and replicated across the country. It also provides JRHT with useful learning for future homes at Derwenthorpe.

Plaxton Court
Plaxton Court, a 69-unit mixed-tenure extra care scheme in Scarborough, opened in spring 2008. It is an inclusive community where older people can live an active and positive life in their own homes, within a supportive environment that provides them with care when they need it.

Support for residents is available seven days a week to assist them with day-to-day living, which might include domestic help, shopping, meal preparation or personal care. It also welcomes older people from the existing wider community to use the health and leisure facilities and enjoy the grounds.

The Scheme benefited from financial support, courtesy of the Plaxton Charitable Trust.

Hartfields
Hartfields – in Hartlepool – is a 242-unit mixed-income, mixed-tenure extra care development for people over the age of 60. Like Plaxton Court, it is open to the wider community, and boasts an extensive range of facilities. It differs from Plaxton Court in its larger size and its broader partnership approach.

Our partnership with Hartlepool Borough Council, North Tees and Hartlepool NHS Trust and Hartlepool Primary Care Trust brings together our own expertise with social care and health services to provide a joined-up service for older people in Hartlepool. The scheme has also benefited from substantial funding from the Department of Health and Housing Corporation.

Phase 1 of the development opened in autumn 2008, and since then, residents have been gradually moving in, with the final phase opening in spring 2009.

HRH The Duke of Gloucester and former Health Minister Ivan Lewis have been among the visitors to Hartfields.

- **Resident and community engagement**

Resident engagement is a key strategic priority.

Within care services, we are looking at ways of engaging more effectively with service users across our care facilities. One area we are interested in developing further is how we can communicate with people with dementia, and we have been looking at learning from JRF on how we could do this.

Within housing and community services, and working with JRF Communications staff, there are a number of ways we have already engaged with residents, and several new structures are in place to enhance community participation:

Social evils event: More than 100 people – including staff and residents from New Earswick, Hartrigg Oaks, Bedford Court, Lamel Beeches and other JRHT properties – met in February 2008 to consider solutions to today's 'social evils'. The event was part of JRF's inquiry into the nature of social evil in the 21st century, which has been canvassing a wide range of views about modern social problems.

Community Philosophy conference: This innovative pilot project brings people from different generations together to discuss challenging issues. Our New Earswick-based Community Philosophy team held a successful event on the subject of anti-social behaviour. This included a presentation on JRF's research on the impact of dispersal orders.

Community Facilities Network: One of the newest community groups in New Earswick is the Community Facilities Network, which brings together the volunteers who run or manage the community facilities in New Earswick, such as the bowls club, Folk Hall, swimming club, churches and schools. The network improves communication between the different organisations, making them more aware of what else is happening in the village. They now advertise together, which cuts their costs and helps to highlight the range of facilities that are available in the village. The closer relationship between the organisations also means an improved service for local people.

Community Development Trust: Following on from the success of the Network a smaller group, made up of representatives of the key community facilities in

New Earswick, are exploring the extent to which a Community Development Trust can be established. This development will clarify the relationship with JRHT and empower the facilities to develop collectively for the benefit of the wider community.

- **Adult services review**

Together with City of York Council, we have been working with residents of our homes for adults with disabilities, their families and advocates to help enable them to live independently. This has involved detailed planning with each individual using a Person Centred Review process.

This review of our adult services began two years ago. In common with most housing associations, JRHT is working hard to ensure that the services it provides are designed to empower those people who have historically had little choice and independence.

To date housing and support solutions have now been realised for 15 individuals from Dormary, Charles Court and Alder House.

- **Progress on sustainability**

Environmental sustainability is a corporate priority for JRHT and integral to our strategic plan. Working with JRF, we are looking to reduce the carbon footprint of our existing offices and working practices, improve our existing housing, and demonstrate how new and existing buildings can minimise environmental damage – particularly by reducing both their carbon dioxide emissions and consequently fuel bills for residents

Elm Tree Mews is not the only ‘environmentally friendly’ development we opened during 2008. Plaxton Court and Hartfields have both been developed to high environmental standards.

We are going to increase spending under the five year improvement plan by an average of £250,000 per year to improve the sustainability of nearly 500 existing JRHT properties.

- **Changes at the schools in New Earswick**

JRHT works with both schools in New Earswick. New Earswick Primary School has become an Integrated Children’s Centre (ICC) providing a base and facilities for the village’s services for children. Little Rowans, our early year’s provisions, has moved there from the Folk Hall, providing continuity on one site from early

years through to nursery and primary school. JRHT's support for the school includes funding 10 per cent of its capital improvements;

The design was approved for the new Joseph Rowntree secondary school, which is a one school Pathfinder as part of the Better Schools for the Future Programme. The new school is due to open in spring 2010, and building work is now underway. We provided support for the school in commissioning a local architect to work with the school and help develop the design brief; supporting the consultation process for key stakeholders including local people and provide funding expertise to attract additional sources of capital. The main source of funding has been £25 million from the Department for Education and Skills.

ACHIEVEMENTS AND PERFORMANCE

Leaseholder survey

In 2008, JRHT carried out a satisfaction survey among its leaseholders and shared owners. The results showed high levels of satisfaction among these groups of residents:

- 83 per cent of respondents were satisfied with JRHT, with 32 per cent saying they were very satisfied;
- 93 per cent were satisfied with their home;
- 92 per cent were satisfied with their neighbourhood as a place to live.

The National Housing Federation (NHF) has compared the results of our survey with results from nine other comparable organisations, and rated JRHT highest in eight out of ten categories, second in one category, and fourth in another.

Other housing services

We continue to deliver a high standard of performance across our service areas.

A repair satisfaction survey, carried out in early 2008 among a sample of residents who had reported a repair, showed that our repair and maintenance staff are providing an excellent service.

Out of 130 responses, 96 per cent of people were satisfied with the overall service, and 93 per cent thought the work was good quality (both up from 91 per cent in 2007).

Some key statistics include:

Repairs completed in target times		
	2008	**2007**
Essential (target 4 hours)	100%	100%
Emergency (target 1 day)	100%	100%
Urgent (target 7 days)	98%	96%
Routine (target 31 days)	98.2%	96%
Gas safety certificate issued on time	100%	100%
Time taken to re-let empty properties		
	2008	**2007**
Less than 14 days	12	13
15 to 28 days	15	14
29 to 42 days	1	4
More than 42 days	20	15
Gross arrears		
	2008	**2007**
Housing services (general needs)	5.5%	4.3%
Residential care	1.3%	1.7%
Hartrigg Oaks	0.5%	1.6%
Lettings in 2008		
	2008	**2007**
Families with children	32	18
Families without children	10	8
Single people under 55	8	13
Single people over 55	16	7
Total general needs	48	46
Residential and nursing care	32	27
Hartrigg Oaks	13	11

Care services
Up until 31 March 2009, the Commission for Social Care Inspection (CSCI) inspected our registered care services annually. It rated the individual services provided, then gave each home an overall rating – poor, adequate, good or excellent. Our 2008 ratings were:

Older people's services
Bedford Court: good
Lamel Beeches: good
The Oaks: excellent
Red Lodge: good

Physical and learning disability services
Alder House: good
Charles Court: good
Dormary Court: good
Fledglings Court: good

Domiciliary care services
Hartrigg Oaks: excellent
Red Lodge: excellent
Plaxton Court: good (note: good is the maximum score that a care home can achieve on its first inspection)
Hartfields is awaiting its first grading.

The new Care Quality Commission was established on 1 April 2009 to take over the regulation of social care in England.

Other achievements
Elm Tree Mews has achieved one of its original aims, which was an 'excellent' rating under Eco Homes standards, and has won two Home Improvement Council awards. However, the most valuable lessons for JRHT have been from those aspects of the development that have not worked as well as we had hoped, which we are still monitoring. Lessons learned will be fed in to our future projects

The completion of our new developments in Hartlepool and Scarborough is also a significant achievement, and was particularly timely, as it came ten years after the first residents joined Hartrigg Oaks, JRHT's successful Continuing Care Retirement Community in New Earswick.

RISK

There is a hierarchical approach to monitoring and reporting risk within JRHT. The 'lowest level' risk-mapping takes place at functional level leading up to the most significant organisational risks being reported to the JRHT Board, Finance and Personnel Committee and Audit Committee. All members of staff and Trustees have a responsibility to identify and manage risk throughout JRHT, but it is the responsibility of the Directors to identify the higher level risks. Each risk is assessed for its likelihood and its impact, and the responsibility for its management and, when appropriate, its mitigation is identified.

JRHT has identified the following key organisational risks:

- The economic recession in general and the problems in the housing market in particular are having a significant impact on JRHT operations. This is affecting us in a number of ways, particularly with our new mixed tenure developments in Hartlepool and Scarborough and for our plans for Derwenthorpe. A detailed analysis of the potential impacts was presented to the Finance and Personnel Committee and Trustees in 2008 and we have assessed the impact on our five/ten-year financial plans. A "Housing Market Taskforce" has been established at Director level to oversee JRHT's response to these challenges.

- Reputational risk from failing to identify and manage differences between operational activities being undertaken by JRHT and recommendations from research funded by JRF. JRF and JRHT have a shared Strategic Plan and theme teams covering Poverty, Place and Empowerment have been established involving staff from JRF and JRHT. Detailed communications plans are drawn up for all research projects highlighting any areas of risk and mitigation strategies put in place.

- Increasing exposure to state revenue funding and future budgetary constraints as a result of our existing residential care and new extra care developments. The potential impact of this is lessened by having mixed tenure and a lower proportion of residents eligible for state funding. Contracts are in place with the relevant authorities, and loan stock/bursary arrangements are in place for existing residents in residential care homes for older people.

- External market conditions and requirements for building developments of the highest quality leading to significant increase in the net cost of new developments. We have a development framework agreement in place with nominated contractors. Costs associated with higher standards are identified and subject to challenge for added value.

- Death or abuse of a resident in isolation, or inappropriate treatment of a resident in supported accommodation. Our care homes have 24-hour staffing on duty and a link to an alarm call system. There are a number of ways we mitigate t these risks in our sheltered schemes, including a daily call from the scheme manager, a link to an alarm call system and links with social services. We have developed a database of vulnerable residents in our general needs and Leaseholder schemes.

- Accidents on JRHT business leading to serious injury or death. We have robust site management practices and employ established JRHT Framework contractors on all major schemes who have satisfied rigorous health and safety assessments prior to their selection. Among a number of other safety measures are independent inspections by the Health & Safety Executive, ROSPA and JRHT's health and safety officer.

- Serious fraud resulting in a loss of assets and causing reputational damage. We have robust internal controls supported by internal and external audits, and established an Audit Committee in March 2008 with an independent chair. We have an established anti-fraud policy and have provided fraud awareness training to managers and will be producing an anti-fraud leaflet for all staff.

- Failure to allocate limited resources appropriately within the financial plan to achieve our objectives. We have established the JRHT Executive and Board to give corporate consideration to JRHT priorities and have developed a 3 year Strategic Plan, shared with JRF.

- Governance structures limit ability to deliver objectives. We are reviewing the operation of the JRHT Board and recommendations will be presented to Trustees in September 2009.

- Inappropriate staff structures and pay arrangements that results in de-motivated staff. Departmental staffing structures have been agreed by directors. A review of the remuneration policy is to be carried out in 2009. An appraisal process is in place for all staff, with greater emphasis now being placed on establishing a "SMART" personal development plan.

The Trustees have considered the risks to which the organisation is exposed and have taken appropriate steps to mitigate these risks.

STATEMENT OF INTERNAL CONTROL

The Trustees recognise the importance to the system of internal control of establishing an ethos and culture at the Trust which recognises the importance of each individual and which encourages and supports staff to use their skills and experience in furtherance of the Trust's objectives.

The Trustees acknowledge that they are responsible for the Trust's system of internal control and for reviewing its effectiveness. They recognise that the system of internal control is designed to manage rather than eliminate risk and can only provide reasonable and not complete assurance against material mis-statement or loss. The process of indentifying, evaluating and managing risk is on-going and has been in place throughout the period 1 January 2008 to 1 June 2009 and is consistent with the principles outlined in the Housing Corporation Circular 07/07 "Internal Controls Assurance".

The principal elements of the system of internal control are as follows:

- An annual report on internal controls is presented to the Audit Committee by the Chief Executive.

- A programme of internal audit is agreed, reports are considered and management action is agreed.

- A risk framework has been established as outlined above.

- An anti-fraud policy has been adopted which establishes responsibility for preventing fraud and steps to be taken in the event of a fraud or alleged fraud being committed.

- The Audit Committee receives a report on any alleged or actual fraudulent activity including the fraud register.

- Policies are established to deal with Code of Conduct by Trustees, Committee Members and staff; Disciplinary and Grievance Procedures; and Whistleblowing.

- Reports from regulatory and other bodies, including Internal Auditors, External Auditors, the Audit Commission, the Tenant Services Authority, the Care Quality Commission , OFSTED and the Charity Commission are considered by the relevant Committee.

- Staff appointments are made on the basis of skills and experience required for the post. Annual appraisals are carried out.

- Detailed annual budgets and forecasts, including variance analysis, are considered by the JRHT Board and approved by the Finance and Personnel Committee.

- A five year financial projection is prepared and approved by the Finance and Personnel Committee including a variance analysis of the key assumptions.

- Key Performance Indicators are identified and reported to the JRHT Board on a quarterly basis, including comparative performance against other registered social landlords. Falls in performance are highlighted along with mitigating proposals.

- Written procedures, including delegated authority for the commitment, approval and payment of expenditure have been established covering financial and non financial matters.

- The Finance and Personnel Committee considers and approves the terms and conditions of loan finance and reviews the Trust's loans portfolio.

FINANCIAL REVIEW

2008 Accounts summary

Revenue account

	2008	2007 (re-stated)
	£'000	£'000
Turnover	20,033	12,075
Operating costs	(11,940)	(11,038)
Cost of sales	(7,205)	-
Operating surplus	888	1,037
Surplus on sale	1,203	2,980
Finance costs, net	(918)	(679)
Surplus	1,173	3,338
Interest cover ratio (excluding Surplus on sale)	1.74	2.29

Balance sheet

	2008	2007 (re-stated)
	£'000	£'000
Housing Land and Buildings, net book value	43,446	31,890
Hartrigg Oaks	22,195	20,845
Other Fixed Assets	11,845	9,312
	77,486	62,047
Net Current Assets	11,292	13,036
	88,778	75,083
Creditors due after one year	4,621	4,657
Loans due after one year	37,515	24,269
Hartrigg Oaks Residence Fees	15,191	15,513
Bonds and Loan Stock	5,453	5,819
Reserves	25,998	24,825
	88,778	75,083
Gearing ratio	49%	46%

The 2007 comparatives have been re-stated following the adoption of the Statement of Recommended Practice for Registered Social Landlords 2008. This has resulted in the cost relating to first tranche sales of New Build Homebuy /

shared ownership units being carried in the Balance Sheet as a current asset during their construction. On completing the sale, the proceeds are included in turnover and the cost of developing the unit is shown as cost of sale in the Revenue Account.

The impact of these changes is quantified within the Financial Statements

These financial summaries may not contain sufficient information to allow a full understanding of the financial affairs of the Joseph Rowntree Housing Trust. Copies of the full 2008 accounts, together with the unqualified Auditors' Reports, are available on request from the Housing Trust and are also included on the JRHT website at www.jrht.org.uk.

Financial performance

Turnover increased by 65% to £20m, including £7.1m from first tranche sales of shared ownership units. Excluding the first tranche sales, turnover has increased by 6.6% on a "like for like" basis. Much of this increase comes from income generated by the completion of the new 69 unit mixed tenure extra care scheme at Plaxton Court in Scarborough.

Due to the difficult housing market there was a small loss on the first tranche sales completed in 2008, and this has contributed to the reduction in the operating surplus from £1.04m to £0.89m.

Although the Plaxton Court scheme completed in May 2008, the problems in the housing market have resulted in a slower rate of occupation and by the end of the year 10 units remained unreserved. Whilst this is disappointing compared to the original aspirations, the performance in such a difficult housing market is regarded as relatively positive. The completion of this scheme and the delay in achieving the sales has also accounted for the increase in net finance costs. The loss on the first tranche sales has caused the operating surplus to fall below finance costs by £30,000. However, the interest cover ratio, without including sales, is significantly ahead of loan covenant requirements.

The housing market has certainly had an impact on the volume and value of sales of existing property (shared ownership staircasing and full sale under the SAVE programme) with only eight sales taking place in the year (2007:20) generating a surplus of £0.8m. In addition there were three re-sales at Hartrigg Oaks (2007:11), resulting in a surplus of £0.4m, which is designated for use at Hartrigg Oaks.

In the Balance Sheet, the significant increase in the net book value of Housing Land and Buildings reflects expenditure in the year on Plaxton Court and the extra care village at Hartfields in Hartlepool. This latter scheme, consisting of 242 mixed-tenure units completed in April 2009. Housing Land and Buildings are stated at cost and are not affected by the reductions in house prices and land values. The net book value of housing land and buildings of £43.4m includes work in progress of £10.0 m. The net book value of completed schemes is therefore £33.4m against which it is estimated that the Existing Use Value – Social Housing (which is determined according to rental streams) of the rented and shared ownership units alone amounted to £43m and is therefore above the net book value by a significant margin.

Loan finance increased accordingly during 2008 and stood at £44m at the end of the year. Although the gearing ratio has increased from 46% to 49%, it remains comfortably below the maximum levels permitted under loan covenants.

Financial review

There are three key financial challenges facing JRHT: the housing market , the general recession and specific issues relating to the funding of JRHT's care operations.

The most significant immediate exposure to the housing market is the need to sell 175 units at the two mixed-tenure extra care schemes at Plaxton Court and Hartfields. A number of innovative measures have been introduced and 72 completions had been achieved by the year end, leaving 103 available. Of these, 13 had been vacant for six months or more. The construction of a further 43 full sale / part sale units will be completed at Hartfields in 2009.

Members of the Executive have taken responsibility for determining the strategy for completing these sales. Although changing the tenure mix remains an option, JRHT remains highly committed to the principle of mixed tenure and will resist short-term measures that may have longer term implications.

The general recession has the potential to impact on JRHT's finances in a number of ways, such as:

- Increase in rent arrears and bad debts
- Increase in the number of requests for reverse staircasing by shared owners facing re-possession

- Reduction in surpluses on staircasing sales, re-sales at Hartrigg Oaks and sales of existing stock.
- Reduction in Loan Stock and Bonds acquired by residents in JRHT's care homes

Financial planning and sensitivity analysis have been undertaken to reflect these possibilities and indicate that JRHT's financial position remains robust.

The financial position of the care operations remain challenging, primarily because over a number of years the increasing cost of providing high quality care and support has not been matched by the level of funding available. This has been particularly true in the care homes for people with physical and learning difficulties. While this has not been driven by financial matters, re-provisioning of the care and support service to residents to enable a more independent life style will improve the finances of JRHT's care operations.

In response to these challenges the five-year financial plan is being reviewed and, if necessary, updated on a quarterly basis. This includes forward projections for loan finance which are being monitored against the available facility

Treasury management

The Finance and Personnel Committee is responsible for approving the treasury management strategy and new loan finance, having taken specialist advice. The overall aim is to ensure that there is sufficient liquidity to meet foreseeable needs, and to this end a seven year Revolving Credit Facility of £40m was put in place towards the end of 2007. Projected draw down against this facility is formally monitored and reported to the Finance and Personnel Committee on a quarterly basis. The facility is sufficient to meet JRHT's foreseeable needs until 2014 and JRHT is therefore not faced with negotiating new loan finance at increased margins. If this was necessary, JRHT had capacity for further borrowing at the end of 2008 of £13m based on existing loan covenants, and this capacity will increase in future years.

JRHT targets a balanced loans portfolio in terms of fixed and variable interest rates and the repayment profile. As at the end of 2008, 33% of JRHT's loans were fixed rate and 67% were variable rate. Opportunities for increasing the proportion of fixed-rate borrowing to take advantage of lower long-term rates are being investigated. JRHT does not use stand alone derivatives and all fixed rate borrowing is embedded in the loan documentation with the primary lender.

PLANS FOR FUTURE PERIODS

Our main areas of interest and objectives

Our broader objectives for the next three years (2009-2011) are shared with the Joseph Rowntree Foundation in our strategic plan, which can be viewed at http://www.jrht.org.uk/About+us/Strategic+Plan+2009-11.htm

Other, more specific ambitions for the coming 12 months include:

Hartfields

The final phase of Hartfields will be complete in spring 2009. During the coming year, the main challenge will be to achieve full occupancy of the scheme but we look forward to the community at Hartfields developing, and to residents and older people from the wider community making full use of the facilities there.

Derwenthorpe

JRHT and the City of York Council remain committed to ensuring that Derwenthorpe is built.

We now anticipate that the land acquisition will be completed during the summer of 2009, we continue to carry out essential environmental works in the meantime. In autumn 2009, we hope to be able to commit to moving power lines underground and to begin major infrastructure works, which will include building an Energy Centre, lakes and road. We plan to build houses in phase one of the development in early 2010.

Temple Avenue Project

In Temple Avenue, a road next to the Derwenthorpe site and access for Phase 2 we are building two new homes and improving the environmental performance of an existing1930s semi-detached property.

This project, which is being funded and developed independently of Derwenthorpe but which will influence the homes we build there, has several objectives:

- monitor, test and evaluate two different construction methods and share learning on costs and performance. This will also show us which method of construction will work best at Derwenthorpe;
- adapt a home for families with disabled children and test how well this works – this work will build on what we have learned from JRF's programme of work on housing and families with disabled children;
- improve the sustainability of an existing property, and monitor and test this, considering the costs and benefits at different stages. We will share this

learning with local people, so they can see how they can improve both the energy efficiency and reduce emissions from their homes and, importantly, how much it would cost to do so and anticipated 'pay-back' periods

Ongoing reviews of our services and procurement
We have been carrying out a review of our Direct Labour Organisation's (DLO's) services and have piloted a new approach. Operatives have been multi-tasking, to achieve more 'first-time fixes' for residents, rather than several different operatives doing jobs separately. To help achieve this and better equip staff , we are also looking at pre-stocking vans with essential, commonly used materials. The next step of this review is to identify training needs for our staff.

We are also reviewing our procurement across property services with a view to achieving best value for money, under a programme called PSPR (Property Services Procurement Review)

Governance
We are completing our governance restructure with the appointment of an Executive Director for JRHT. John Hocking joined us in May 2009.

Anti-poverty strategy
Through its relationship with the Joseph Rowntree Foundation (JRF), JRHT is in a unique position to address poverty amongst its residents, as it has access to JRF's extensive research on poverty issues.

We are now implementing an anti-poverty strategy, aimed at helping our residents who rent, leaseholders, and the communities in which our residents live. This work involves an action plan and working with JRF on research looking at the extent to which having an in-house welfare advice service helps to alleviate poverty.

Our strategy identifies the kind of households that are most at risk of poverty, their potential prevalence amongst JRHT service users, and the risk factors these households may be vulnerable to.

Our action plan for 2009 onwards contain a number of options to expand existing services and develop new initiatives, including developing partnerships with organisations focusing on energy efficiency advice, extending access to information on benefits availability and eligibility and identifying measures to prevent poverty through greater awareness of triggers and lifestyle changes that can result in poverty.

Also, working with JRF and Ecotec Consulting, we are developing a tool – or 'assessment matrix' – to assess how our housing policies might affect people in

poverty. It will be used primarily to look at the potential impact on poverty of those policies that are not obviously linked to poverty. It is designed to be used by JRF and JRHT staff responsible for developing policy; by other housing providers; by boards responsible for signing off policies; and in consultation with residents.

Resident involvement

We have appointed a resident involvement officer, whose role builds on the former community development officer post. Ten of our residents were involved in the recruitment process for this post.

The officer will be working with the existing residents' groups, helping to set up new residents' groups, and working with staff and residents across our care and housing and community services. They will be undertaking consultation work in partnership with the development and property services department on improvements to properties, and will work with residents to identify service improvements throughout our stock.

Virtual village

The range of services available at our extra care schemes, such as Hartrigg Oaks, have proved very successful, and evidence is growing that people like the extra care environment.

Our 'virtual village' project, which is being developed by JRF, brings together the evidence and lessons from our own assets, the Caring Choices coalition and research on 'That bit of help'. It looks at how we could bring a virtual Hartrigg Oaks environment into a wider community. We are at the consultation stage of this work, which we hope will be replicable, at least in part, for other communities and housing associations.

York

JRHT has a long-standing interest in York as a service provider and as a major employer. We are keen to develop this role, working closely with the local authority as the key strategic agency for the city and with other voluntary organisations. One particular focus will be our work in partnership with the city council in developing a 21st Century community at Derwenthorpe to be a beacon for the UK.

TRUSTEES' STATEMENT

Disclosure of Information to Auditors

The Trustees who held office at the date of approval of this trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the Trust's auditors are unaware; and each trustee has taken all the steps that he or she ought to have taken as a trustee to make himself or herself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information

We hereby certify that JRHT has complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission.

Approval

This report is approved by the Finance and Personnel Committee on 20 May 2009 on behalf of Trustees and is signed on Trustees' behalf.

Debby Ounsted, Chair of Trustees
1 June 2009