

**RED KITE COMMUNITY HOUSING LIMITED**

**ANNUAL REPORT AND  
ACCOUNTS**

**FOR THE YEAR ENDING 31 MARCH 2019**

REGISTERED WITH THE HOMES & COMMUNITIES AGENCY No. 4682  
REGISTERED WITH THE FINANCIAL CONDUCT AUTHORITY No.31322R

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## Group and Association information

Registered Society registration number	31322R
Regulator of Social Housing registration number	4682
Registered office	Red Kite Community Housing Limited Windsor Court Kingsmead Business Park Frederick Place High Wycombe Buckinghamshire HP11 1JU
Board	Mike Gahagan, Chairman  Patricia Brion  Wendy Byrne  Malcolm Campbell ( <i>appointed 13 September 2018 &amp; resigned on 3 July 2019</i> )  Charles Leigh-Dugmore  Ian McEnnis  James Moorcroft  Steven McIntosh  Patrick Smith  James Threapleton ( <i>resigned 13 September 2018</i> )  Paul Turner

## Group and Association information (continued)

Chief Executive	Trevor Morrow
Company Secretary	Ray Prior
Executive Directors	Alan Keers, Deputy Chief Executive Ray Prior, Group Director of Resources
Funders	The Royal Bank of Scotland plc 250 Bishopsgate London EC2M 4AA  Pension Insurance Corporation 14 Cornhill London EC3V 3ND
Solicitors	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B3 2ES
External Auditor	BDO LLP 2 City Place Gatwick West Sussex RH6 0PA
Internal Auditor	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

## Chairman's Statement

This is my second Chairman's statement. As I reflected on my first full twelve months as Chair, building on the considerable legacy of my predecessor, Jennie Ferrigno, I noted that it also marks the mid-point of our 5-year corporate plan "Our Corporate Journey."

During my first year we were concerned within Red Kite to establish the new group structure. Board members, tenants and staff worked extremely hard through a number of task and finish groups to set up Twenty11, our non-regulated housing charitable purpose company. We also created Pennvale and Edenmead. Pennvale enables us to provide non-charitable services, whilst Edenmead looks after our sales on the open market. The reason for such sales is to use the profits to subsidise our homes, which we let at below market rents.

Following on that period of intense activity, work during my second year has been devoted to establishing the new bodies whilst also paying attention to maintaining and improving our service to our Red Kite tenants and leaseholders. You may well have noted, amongst other things, that a number of changes have been made to our contractors in consultation with our residents group.

I am very pleased that we have been able to work closely across our programme with our leading tenants and leaseholders' representative group (previously CCIG now re-branded as the Residents Representative Team) under their new Chair, Roni Mc Gowan. They have engaged actively with the Board during the year and continue to influence our direction and ensure the customers' voice is heard. We are greatly indebted to all those who volunteer to help us: Red Kite would not be the same without you!

A word about Twenty11. A couple of years ago we consulted our residents as to what they regarded as important in a Housing Association. We took the results and created this new body. At its heart is the ability to set rents in accordance with a family's ability to pay. That is complemented by assistance to the family to reach their potential alongside signing up to positive behaviour via our tenancy sustainability licence approach. Twenty11 is a pilot and, as such, we are carefully monitoring it via the services of Sheffield Hallam University. Lessons learnt in its introduction may, after consultation, be applied to Red Kite tenants where there is a benefit and where regulation allows. We transferred the first homes to Twenty11 in September 2018. After six months activity the Board confirmed the success of the initial pilot and approved the continuation to a full trial over the next two years.

We reviewed as a Board our progress against our 5-year corporate journey at our Away Day in April this year. Much has been achieved. Our continuing financial strength, due to careful management over the years, has ensured that we have the capacity to deliver our ambitions. As the major Housing Association in High Wycombe we are conscious of the fact that we have a duty, in this area of acute housing shortage, not only to provide a high quality of service to our existing tenants but also to build as many new homes as possible. Whilst we have suffered some frustrations in obtaining planning permissions, at last we have homes under construction. Moreover, because the Board intends to move beyond our current target of 375 new homes, our Development team is putting together plans to exceed that target which should be reflected in our business plan next year.

Finally, we continue to have a strong, independently minded Board and an excellent executive team. We were sorry to say goodbye to James Threapleton as a Board member at our AGM last year. We are conscious of the need to recruit effectively to replace others whose term of office will expire next year and to consider ways to increase tenant representation on the Board. Most importantly, we will all continue to strive to ensure that the Red Kite Community Housing Group continues as a tenant led organisation which provides high quality homes and services for our community.

**Mike Gahagan CB**

## Strategic Report

### Principal activities

Red Kite Community Housing is a charitable registered society that was registered with the Financial Conduct Authority on 26 July 2011 and commenced trading on 13 December 2011 when it purchased the entire housing stock of Wycombe District Council. Red Kite's primary purposes are:

- the provision of affordable housing to our local community, and
- to realise the potential in our communities.

The Group owns and manages over 6,500 properties across the Wycombe District, including approximately 650 leasehold flats.

In December 2018 the structure changed from a single entity into a Group one, and this would underpin the delivery of the Corporate Journey.

### Business and financial review

The financial statements cover the twelve-month period to the 31 March 2019 and are presented on a full Group basis for the first time. The Group is in its infancy and this is reflected by the significant influence that Red Kite Community Housing Ltd has on its financial performance. The Board reports an operating surplus for the year (excluding gains on disposal of property) of £9,399,000 (2018: £10,005,000). The decrease in the operating surplus for the year is influenced by the third year of the rent reductions, the planned investment in the subsidiary Twenty11, and the increase in the routine maintenance expenditure. The investment in our existing homes and garages charged to the statement of comprehensive income this year was £8,437,000 (2018: £9,109,000). In addition, we invested a further £5,578,000 (2018: £4,019,000) that was added to the value of our homes as reflected in the statement of financial position. This resulted in a total investment of £14,015,000 (2018: £13,128,000) in our existing homes. The recurring rental income for our homes in the Group reduced by £434,000 during the year, with the main drivers being the 1% annual rent reduction (that will continue to March until 2020) and the number of Right to Buy sales. However, the level of service charge income continues to increase following the previous decision in 2014 to de-pool these from the rents.

The surplus for the financial year of £8,932,000 (2018: £5,846,000) was influenced by the one off cost of £2,513,000 in relation to refinancing in 2018, a decrease in the operating surplus, and the reduced gains of £403,000 on the disposal of properties (2018: £1,196,000). However this was partially offset by the gain of £1,699,000 in the value of the three investment assets that are now being used for the development of new homes for the local community.

During the year we commenced our first development scheme, and by the end of the year this had increased to 5 with a total of 52 new homes in development. During the year we invested a total of £3,693,000 in these 5 schemes and in the feasibility and preparation works for some of the remaining 323 homes that we are looking to deliver by March 2022.

During the year our Group structure, which is still in its infancy was able to deliver the pilot of Twenty11 and to commence the journey of Pennvale and Edenmead.