



Circle

Enhancing Life Chances

Annual
Review
2011/12

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04

We work together in partnership to deliver great homes and communities to live in and first rate support services to help our customers live independently

Circle by numbers

12 partners

65,000 homes

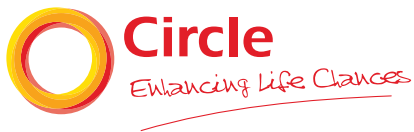
2,200 dedicated staff

300,000 customers provided with services

1,142 new homes created

84% of our customers are happy with our services

94% of our customers were happy with their last repair



Who is Circle?

Made up of 12 partners, we work together as one organisation with one vision and mission at our core; putting customers at our heart and enhancing life chances. By collaborating with our partners we are able to not only deliver great homes to live in and first rate services for our customers, we also provide vital care, support and telecare services to help people live independently for longer across the UK.

We are always seeking new ways to help our customers in an ever-changing society and transforming the way we work. With a strong team of over 2,200 staff across the country, everyone at Circle plays a role in improving possibilities and opportunities for our customers.

This progressive approach that is focused on our customers has enabled us to become one of the leading players in our sector with our nine housing association partners providing around 65,000 homes across the UK; all helping to improve the quality of customers lives and building the kind of communities that people want to be part of.

Our care and support partners help more than 100,000 people to live independently and this is set to grow. Invicta is the largest independent provider of telecare in the country. Together with Circle Support, Invicta will play a major role in our ambitious growth aspirations in the years ahead as we seek to find new and innovative ways to meet the needs of our ageing population.



Introduction from Sir Robin, Chair of Circle

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Sector changes over the past year have created challenges, and at Circle we have been focusing on planning for these and making sure that we are in the best shape to take advantage of new opportunities. As government investment diminishes so too does the case for restrictive sector regulation. Housing associations have always responded with creative solutions at crucial moments and could do even more with increased freedom.

We at Circle are keen innovators and there is greater need now for more innovation in the sector than ever before. We have taken care to choose what will work for our business, how far to stretch our finances and how much risk to take in a changing external environment. A great demonstration of this are the successes celebrated by Circle's commercial services. Invicta Telecare won three out of every four tenders it submitted and Circle Support brought in £1.2 million of new business last year.

This year we have comprehensively reviewed the whole way in which we deliver our repairs and maintenance service to our residents. We are well on our way to rolling out new contracts for repairs and maintenance work across the Group. This will not only save us more than £100 million over the next ten years, but will also deliver consistently high standards of service for all our residents.

We have deliberately set out to involve Circle residents, our customers, to an unprecedented extent. More than 400 customers have been involved in creating the new service. Bidders for these contracts have also been asked to provide work and training opportunities for our customers as part of the contract award. This will create many apprenticeships and work experience opportunities every year.

Finally, we shouldn't overlook the huge achievement of raising a £250 million bond in the continuing challenging economic climate. This has helped us to remain financially strong and to have the funding in place for all our plans. It will ultimately mean we can continue to carry out our work to enhance life chances, making lasting and meaningful improvements to our homes, communities and services.

I know there are already still more changes, challenges and chances on the horizon. The Board and I are determined to ensure that Circle is well equipped to build on our successes, agile enough to act promptly and flexible enough to adapt to current policies and practices.

Introduction from Mark Rogers, Group CEO

The housing sector is going through the greatest shift in housing provision and policy since the post-war years. With everything changing we believe it is time to think differently, challenging the rules and conventions of the sector as we develop our thinking for the future.

We have seen major transformation of the way affordable housing development is funded with the government's introduction of Affordable Rents and the start of the biggest programme of welfare reforms ever seen. Across the Circle Group we have adopted new ways of working to enable us to be light on our toes and be clear about what we want to achieve.

And so the work has begun – because unless we start thinking about what we want to achieve in the new world as it stands today, we will never be ready for the systems and surprises of tomorrow. We have begun by exploring different solutions and to drive value from our organisation. By using our scale, having focus on efficiency savings and taking bold steps to improve our procurement we delivered £4 million of additional value last year.

Last year we set out new goals and ambitions for the future. One of the things we said we want is for Circle to be number one in sector for customer loyalty. We said we would do this by ensuring we continue our customer centred approach through putting customers at the heart of everything we do.

We want to create great customer experiences that deliver our brand, vision and mission at every interaction we have with our customers. We want to build a culture that focuses on providing the best service to our customers where it matters to them the most and exceed their expectations every day.

Times remain tough for many of our customers and are set to get much tougher, especially as welfare reforms begin to bite. In response, we have been dedicated to providing the support and services that our customers want and need in order to ensure they are ready for these changes and further changes that may be on the way. From advising on cutting heating bills by more than £8 million across 4,000 of our homes through our Energy Saving and Warm Homes strategy, to ensuring every one of our residents is offered access to basic financial services so they can better manage their money.

In all, our role in enhancing life chances has become more important than ever and we have reaffirmed our commitment to our core purpose and the focus on our customers. Remaining committed to this, whilst ensuring Circle retains its reputation as a strong and confident organisation that embraces change to deliver better value and improved services, will be key in the forthcoming year – I know we can achieve it.

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“...we have been dedicated to providing the support and services that our customers want and need.”



Success stories

- An introduction to our goals

08

To enable us achieve our mission to enhance life chances, and our vision to put our customers at the heart of everything we do, we have identified four key areas of focus:

- *To be the best in sector at creating value from our assets*
- *To be number one for customer loyalty*
- *To use our scale to reach more customers*
- *To be a brilliant place to work, with fantastic people who care*

In this year's report we are sharing our successes in each of these areas, and our ambitious plans for the future.

BEST IN SECTOR FOR CREATING VALUE FROM ASSETS

In these difficult economic times, it has never been more important for us to make sure that we get the best social and economic value from our assets. With new challenges ahead we need to think strategically and creatively to make sure we remain financially sound and that we are making the most of our people, places and properties.

KEY SUCCESSES AND HIGHLIGHTS:

- **Exceeded building new homes target**
Circle excelled in providing new affordable homes during 2011/12, building 1,142 homes. Of the 1,142 new homes we created, 303 were for shared ownership, helping hundreds of people get a foot on the housing ladder.

KEY DEVELOPMENTS INCLUDE:

- **St Andrews, Bow**
£75 million redevelopment, building 410 new homes
- **New Chapter House, Dorking**
£2.8 million redevelopment of an old fire station providing 18 affordable homes in one of the most expensive places to live in the UK
- **New sheltered schemes in Morden**
Began the regeneration of three existing schemes designed to meet the latest guidelines for housing an ageing population
- **The Orchard, Birmingham**
£10 million development working with YMCA to build 83 flats for young people to help them take the first steps to independent living



STORIES FROM
THE INNER CIRCLE

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Greenest homes in UK for families in Norwich

This year, Wherry opened a state of the art £1.7 million development in Trinity Close, Rackheath, near Norwich, providing local people with affordable zero carbon homes.

The 12 brand new homes have the very latest technology and building design. They are so energy efficient that they have the potential to be carbon neutral – by producing as much electricity as they consume – over the course of a year. This puts them among Britain's greenest homes. Data will be collected to help our residents understand how much energy they are using and how they can make the most of their homes to keep their energy bills as low as possible.

Features of the green homes include; very high levels of insulation to the walls, floors and roofs of the homes; the recycling of bathwater for flushing toilets; renewable electricity from Photovoltaic panels and the installation of smart energy monitoring meters.

Ms Cutting and her young family moved into their home in Rackheath late last year and she has been thrilled with her new house. "We feel so lucky," she said, "a new home that we can make our own and one that helps us cut our bills too."

'This year, Wherry opened a new state of the art £1.7 million development in Trinity Close.'





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**BEST IN SECTOR FOR
CREATING VALUE FROM
ASSETS CONTINUED**

DECENT HOMES SUCCESS

Continuing to invest in our homes improves the lives of existing and future customers. In 2011/12 we spent £156 million on our Decent Homes programmes, bringing homes up to the much higher 'Circle Standard'.

We are proud that our housing partners achieved the Decent Homes target in the nine areas ahead of deadline. The remaining two areas of homes, more recently transferred to us, with a deadline of December 2012, are looking likely to be completed several months ahead of schedule too. One further area will complete in 2015.

THE YEAR AHEAD

HCA BID

This year we were successful in bidding for and signing a contract for £30 million with the Homes and Communities Agency (HCA) to develop 1,425 new homes for Circle and our partners by 31 March 2015. Added to our existing pipeline of new homes, this means we can build almost 3,500 desperately needed new homes, including 250 in partnership with other housing providers.

We will generate up to £2 million of additional income from conversions to Affordable Rents in the year ahead.

2011 saw the start of a huge investment programme in Merton Priory Homes and this is planned to continue through to 2015. The maintenance and refurbishment works to our homes here meet the Circle Standard, being far higher than the government's Decent Homes Standard. In addition, we are carrying out work to fulfil promises made to our customers in relation to further property enhancements.

£30m

contract signed with the
Homes & Communities
Agency to develop 1,425
new homes by 2015





‘The Orchard’ blossoms

The £10 million regeneration partnership between Mercian and the YMCA has created a development for young people in Birmingham which has 83 one and two bedroom self-contained flats.

The innovative building design meets one of the highest sustainability standards, ensuring it is kind to the environment.

At ‘The Orchard’, all new residents have to agree to enter a programme of support, which will help them to live independently and get into employment, training or education. It is more than just a residential building. From a low cost nursery to a training kitchen, allotment and even chicken coops, the Orchard has everything to give young people the support they need to develop and live independent, successful lives.

OUR CUSTOMER SATISFACTION RESULTS IN A NUTSHELL:

Customer satisfaction:	Mar 08	Dec 11
Customers satisfied with the way the landlord dealt with their last repair	82%	94%
Customers satisfied with the services provided by the landlord	74%	84%
Customers satisfied that their views are being taken into account	68%	78%

12 Number one for customer satisfaction and loyalty

This means putting our customer first and at the heart of all we do. From the way they contact us to the services we offer them.

Circle is committed to providing the best customer experience that it can and we want our customers to be the most satisfied in the sector. We know that when our customers are happy they are more likely to make their house their home, get more involved in their communities and speak positively about Circle.

KEY SUCCESSES AND HIGHLIGHTS:

MORE OF OUR CUSTOMERS ARE HAPPY WITH OUR WORK

Our dedication to putting people at the heart of our work has meant that year on year our customers are more satisfied with the service they receive. In fact 94% of customers were satisfied with the most important service to them – repairs. When compared to 82% of customers in March 2008, this is a massive accomplishment. But we want to do more. That's why we are investing in improving our customer services and have launched a pioneering repairs and maintenance review.

We have worked hard on the areas that matter to customers, reducing call waiting times by 80% from 84 seconds to 16 seconds. 84% of our customers are satisfied with the housing services we provide.

Getting our customers involved in shaping our services has helped us increase their satisfaction in feeling that their views are being taken into account.

REPAIRS AND MAINTENANCE REVIEW

We're always looking for ways to improve our services. And, as the most important service to our customers, repairs and maintenance was the first place to start. We want to give our customers an even better experience, provide consistent delivery standards and achieve improved value over the term of our contracts.

So, 2011 saw the start of our Repairs and Maintenance Review that will revolutionise the scope and reach of our repairs and maintenance contracts. Over 400 customers have been involved in creating the new service, and many have been directly involved in the largest procurement process the sector has ever seen.

By reducing the number of contractors we work with we expect to offer a better service and save more than £100 million over ten years to invest in our homes and communities. This could be investment in new services, enhancing existing ones, funding regeneration schemes or developing more affordable homes. The contracts are all designed around creating the service our customers want and helping to build sustainable communities. Many apprenticeships and work experience opportunities for local people will also be created as part of this review. The first phase of this exciting new service is set to go live in 2013.

COMMUNICATING CHANGES

2011 saw the first of the government's housing benefit changes and the ongoing development of other welfare reforms. We are acting swiftly to make sure our customers are ready for the changes by:

- Making sure that we really understand our customers and who is likely to be affected

- Using research findings to make sure we communicate with our customers at the right time, in the right way

- Monitoring the impact of changes to arrears/bad debt and providing or signposting to financial support and investment where it is most needed

- Carrying out modelling of the impact of proposed changes on both the customer and the Group

In addition, Circle worked with the National Housing Federation, G15 and others to lobby government on the potential impact of the proposed changes. This sector-wide approach has led to:-

- The government reviewing its decision to reduce housing benefit for people who have been claiming job seekers' allowance for more than 12 months
- Government agreement to commission research into the impact on the sector of paying benefits (including housing benefit) direct to tenants. Whatever the outcome of this research Circle is continuing to prepare itself to support our customers for changes to the welfare system

With the forthcoming changes to benefits and the introduction of the 'bedroom tax' for people who have spare bedrooms, it is really crucial to us to be able to help our customers to move to a home that meets their needs. This also helps us to free up larger homes that are under-occupied, to give them to families who are living in crowded conditions.

A GOOD MOVE WITH HOUSE EXCHANGE

When customers want to move for whatever reason, we will help them.

With more than 150,000 customers, covering almost 200 landlords, our House Exchange service is seen as "a leading light" in getting people moving within the housing sector. It is the UK's largest not for profit web based mutual exchange service and helped 9,600 tenants move last year. Next year House Exchange will increase the number of landlords registered with us to 205, a 10% increase, and achieve a 15% increase in the number of users.

STORIES FROM
THE INNER CIRCLE

'...she'd already met most of her new neighbours.'

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A smooth move, why downsizing works

Moving home, either by downsizing or upsizing, can be life changing. It can also be hugely daunting and challenging without the right support.

Mrs Hutchinson, a Russet resident, wanted to downsize from her large three bedroom home to a smaller one bedroom house. She had no idea how to go about this. Her health had deteriorated and she was struggling with the stairs and the tolls of looking after a large house and garden.

Working with Russet, Mrs Hutchinson made a bid for a much smaller bungalow and was successful. She was delighted with her new home, especially as Russet arranged to have her whole new home painted throughout before she moved in.

Jennifer Smith from Russet said "When I visited her a week after Mrs Hutchinson moved, she couldn't stop smiling. She was so happy and had already met most of her new neighbours."

Number one for customer satisfaction and loyalty (continued)

MONEY MATTERS

Times remain tough and are set to get tougher for many of our customers in the year ahead. As part of our life chances mission, it is really important for us to support our customers through this. In supporting our customers, we are also protecting the future of our organisation so that we can continue to offer more to our communities.

Circle is committed to giving every one of our customers access to money advice, information on better banking, details of where to get affordable credit, affordable insurance and guidance on savings. Each of our housing associations has dedicated teams to help and advise customers facing debt and rent arrears.

This year, we have invested £3 million in a range of employment and skills and financial support activity. 1,500 people have been supported into employment or training and for every £1 of our own funds we invest, we successfully raise £4 from external funds, helping stretch what we can do even further.

SAVE YOUR ENERGY

We are dedicated to helping our customers heat and light their homes affordably and have ploughed over £8 million into improving 4,000 homes so they are more energy efficient.

THE YEAR AHEAD

Next year we intend to help 2,000 people become work ready and a further 400 into work by offering more courses and training opportunities, apprenticeships and placements.

Our training academy in Morden will open its doors, offering useful practical courses and hands on training. If this pilot centre is successful we plan to replicate the service through our other housing partners.

With more changes to benefits planned for April 2013, we will make sure our customers are prepared for the impact on their income. We aim to help at least 5% more customers to better manage their money through our financial inclusion work and help customers reduce their energy bills with £1 million of extra funding from the big six energy suppliers to make our homes more energy efficient.

We will free up to 90 homes for families that are in desperate need of family sized homes by helping people to move to homes that are better suited to their needs.

£1m

extra funding from big six energy companies secured 

Does debt advice pay?

Mr A and his 19 year old son are Roddons residents. When Mr A became unable to work due to illness, he slipped into rent arrears of £1,008.74 and as a result, he was referred to his income officer, Yvonne.

When Yvonne visited Mr A things had become so bad that he couldn't even afford to put money in his electricity meter. It was winter and snowing outside. Mr A's poor literacy skills meant he was struggling to claim the correct benefits and with no money coming in he was slipping further into debt.

Yvonne helped Mr A make a successful claim for a Crisis Loan through the Job Centre and helped him claim the correct benefits and back payments for housing and child benefits he had been wrongly refused.

Yvonne also referred Mr A to the CAB for further debt advice.

Mr A is now back at work and his rent arrears stand at just £177.58.



This is just one example of the work our teams are carrying out to help customers who are facing debt and money problems. During 2011/12, Roddons has helped

customers get more than £127,000 extra income that they were entitled to by supporting benefit applications.

Sweet success for Merton resident

"I have been unemployed for a while" says Christine Burns as she adds the finishing touches to a row of delicious looking chocolates in her kitchen come chocolate factory. "and when the MPH course leaflet came through the door I thought I had nothing to lose and that I'd give it a try."

Christine is referring to Merton Priory Homes' 'Starting a Business from Home' course. She attended the free course earlier this year to set up as a chocolatier. The course has been a huge success, over 70% of those that completed it have gone on to start trading or get a job. Including Christine. Circle's partners offer a range of schemes aimed at giving customers the skills they need to start their own business.

"The course covers everything that's involved with running a business, right up to the point where you can begin to trade. By the end of the course I had completed my own business plan, website and stationery design. I was also shown where to go for further support from Merton Chamber of Commerce."

"The support and encouragement from the trainer really made me believe I could finally do this, and I did!"

Christine's first order was for Jubilee Marshmallows for the Merton Jubilee Celebrations in June.



70%

of those completing the 'Starting a business from home' course went on to start trading or find employment

875

vulnerable people
helped who have fallen
whilst living alone

16

Use our scale to reach more customers

We are increasingly looking to reach more people through our support partners and services, and this forms a major part of our future growth strategy. With an ageing population and massive cuts to the way care is funded, we are exploring how Circle Support and Invicta Telecare can combine their services to offer new solutions to help people live independently for longer.

KEY SUCCESSES AND HIGHLIGHTS:

INVICTA TELECARE

We are the UK's largest independent provider of telecare services through Invicta and it's been another sector leading year for us in terms of new contracts and growth. In the last twelve months we have won three out of every four tenders submitted, bringing in £750,000 of new contracts. That's a 13% increase in income.

We deliver a range of life saving services to 100 organisations, making sure around 97,000 vulnerable people can stay safe in their homes.

Customers are offered tailored support packages designed to give them as much choice and control over their own lives as possible and to remain living independently for as long as they can.

200 staff work around the clock to take an average of 4,000 calls every day of the year.

In a typical month we call the emergency services 1,580 times, ask a doctor or district nurse to attend 520 times and help over 875 vulnerable people who have fallen whilst living alone.



Personal alarms are a great way of ensuring that your loved ones are safe, even when they can't reach a phone.

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STORIES FROM
THE INNER CIRCLE

Peace of mind at the end of the line

We have invested heavily in advanced technology and communications equipment so that our customers get the best, most reliable and cost effective service. And this service is often literally life saving.

Earlier this year 83 year old Mrs Puffett was trapped in her home as fire ripped through it. She was saved by the swift actions of Invicta Telecare's operator after pressing her personal alarm.

Mrs Puffett pressed her Invicta pendant as soon as she realised there was a fire in her home. The unit allows our Invicta operators to speak to the resident via a loud speaker and listen for any movement or sounds within the home.

Keely Hoadly, the Invicta operator that took the call, said: "I could hear Mrs Puffett coughing and a smoke detector ringing in the background so I quickly established she had a serious problem with a fire."

With the fire crews en-route she constantly reassured Mrs Puffett and gave life saving advice until they arrived.

Eight fire crews attended and had to resuscitate Mrs Puffett at the scene. She was then taken to hospital and was treated for severe smoke inhalation. She is now fully recovered.

Wendy Darling, Director at Invicta Telecare said: "We are so pleased to have helped Mrs Puffett. Personal alarms are a great way of ensuring that your loved ones are safe, even when they can't reach a phone."

"With the fire crews safely en-route she constantly reassured Mrs Puffett and gave life saving advice including how to lay low to avoid inhaling smoke."

£1.2m

worth of new contracts
brought in by Circle
Support last year

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Use our scale to reach more customers

(continued)

CIRCLE SUPPORT

We provide life-changing care and support services to over 5,300 vulnerable people through Circle Support. Working with local authorities and housing associations we provide personalised care and high quality housing management services to people with a range of needs. Circle Support delivers specialised services to older people and young people, to those that have learning disabilities and those with mental health needs.

Circle Support is an important part of our business bringing in £1.2 million of new contracts last year. It's an area that's only going to increase too as the government presses on with its personalisation agenda. Individuals will receive their own care and support budgets and will decide how and where they spend it and we are stepping up to the challenge of helping new customers to choose and design a service that will meet their needs.

THE YEAR AHEAD:

We have set ourselves the target of increasing Invicta connections to 150,000 next year, reaching more people and helping them stay living in their homes.

We aim to increase care and support income by 17% to £22.8 million through new contracts.



STORIES FROM
THE INNER CIRCLE

A café in the heart of the Parish

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Sometimes we have to make the most of a difficult situation. In Bridgenorth, Shropshire, Circle Support has created a café that has become the centre of the community.

Following on from changes in the way support services are funded and delivered, the live in warden at the Parish Rooms, a supported housing scheme for single homeless people, was replaced by office based support staff following a full consultation with residents.

This left the warden's flat empty and unused. It also presented an opportunity to convert it into a community hub. The conversion was designed to help deliver resident and wider community activities including drop-in sessions, one-to-one interventions, organised classes, staff surgeries and provision of IT systems to the community of the Parish Rooms. The local team secured funding to equip the hub and contractors have refurbished the building free of charge.

The development of the community hub allows Circle Support to continue to provide vital support services and develop a closer connection with the local community.



Brilliant place, fantastic people who care

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Having great teams is paramount to us delivering great services. We are a unique place to work – where people with energy and talent are able to express themselves and develop their careers. Happy teams mean a high performing organisation. We invest in our staff so that our customers are served by the very best skilled professionals who are passionate about what they do.

One of the key areas we looked at last year was equality and diversity. We found there were several areas for improvement and we are working on making sure these are met and exceeded where possible. We have consulted with our customers, staff, board members and involved residents to produce a Circle Single Equality Scheme. This was published in April 2012 and includes an action plan for how we will be promoting equality, fairness and inclusion with our customers and employees.

Circle employee and resident Stacy Bradley hits the red carpet

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In 2010, Stacy joined Circle's People Team under the Future Jobs Fund scheme. Stacy performed well and went onto secure a permanent position working with our Development Team. She has since gone on to complete her NVQ Level 2 in Business Administration and is now studying for level 3. She is also a trained development Award Assessor and is a Young Ambassador for The Prince's Trust. Earlier this year she won the L'Oreal Paris Young Achiever of the Year Award in recognition of her success in getting into employment and overcoming substantial barriers to transform her life.

Stacy said: "I still can't believe I won the L'Oreal Paris Young Achiever Award! To be among other young people who have turned their lives around is so inspiring and meeting Prince Charles is a moment I'll never forget."

Peter Lawrence, Stacy's champion at Circle, said: "We are really proud of Stacy and all that



she has achieved. She is a remarkable young lady. She has successfully overcome the challenges she faced in the past and as one of our residents, she is especially passionate about the work that we do."

RESIDENT INSPIRATION

Our local teams work hard to engage with our customers on a face-to-face basis as much as possible. Always willing to go that bit further to build relationships that improve customer service and give residents the services they want and need.

We also have some inspiring stories about customers who have dedicated themselves to working with us to improve their local communities. It is always uplifting to see how much people want to work together to make lasting improvements.

Community spirit in South Anglia

The community at South Anglia's Berecroft estate in Harlow really pulled together earlier this year to restore an all-weather youth facility after it was vandalised.

The shelter, which provides cover for local young peoples' social activities, was built and paid for by residents' tireless fundraising efforts. When it was badly damaged the locals didn't delay in working to put it right again.

Mike Barter, a Senior Property Manager at South Anglia, used his contacts to secure the free services of local welder Tony Perry and together with residents and staff, they recently staged a day of action to put the shelter back together again.

Berecroft Residents Association Chairman, Zulquar Cheema, who joined the repair effort, said: "We are very grateful for Mike and Tony's work to restore the shelter."

"I don't think we would have been able to do it without them. It has been very heartening to see the way residents have come together to defend themselves and their facilities against these attacks."



Volunteer Yusuf shortlisted for a Mayor of London award for his community work

Yusuf Atesogullari from the Sycamore estate in Tottenham received a special commemorative certificate from Boris Johnson, the Mayor of London, in recognition of his voluntary work for the community.

Yusuf was nominated by the team at Circle 33 for the 'Neighbourhood Food Growers Club', which has brought residents on the estate closer together.

Mark Rogers, Circle 33 Community Development Manager, said: "He is a shining example. He has thrown himself into the project and he has also succeeded in involving the local community too."

"I was really surprised and pleased to be put forward for the award, but everyone has worked hard for the scheme too," Yusuf said.

Financial security

"There was a lot of interest in our bond issue and it brought in some new investors - they understood our mission to enhance life chances, saw our financial strength and were impressed by how we are managing risk in an environment of government cutbacks and a challenging banking market."

Mark Rogers, Chief Executive, Circle



£400m

of available liquidity,
improving the Group's
financial strength



At the moment everybody is looking for, and at, financial security. It undoubtedly has a major effect on our business, our employees and our customers. This is why this year we issued a £250 million fixed rate bond.

The issue attracted significant investor interest and was more than three times oversubscribed.

With our improved efficiency and high and increasing levels of customer satisfaction, this improved performance, together with no reliance on property sales, puts us in a really strong position.

The bond positively builds on our 2008 bond issue, which raised £275 million and its 2010 bond tap, which raised a further £124 million. As a result, our financial strength has been significantly improved, adding an extra £250 million to our £400 million of available liquidity.

The launch of the deal means that we have funding in place for all of our plans for the next ten years, through committed long-term facilities and demonstrates investors' continued appetite for the UK housing sector.

By securing additional long-term funding for Circle, the overwhelming level of investor

appetite demonstrates confidence in the sector and confidence in our ability to deliver on our commitments and plans. Investors have recognised our strong track record in delivering improved financial performance, improved customer service and our success in integrating new partners into the Group.



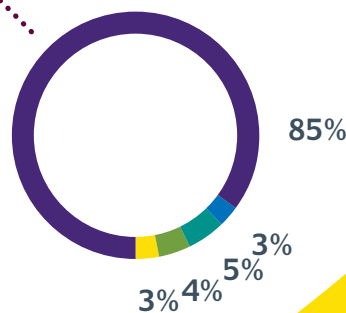
24 The facts and figures

Group income and expenditure

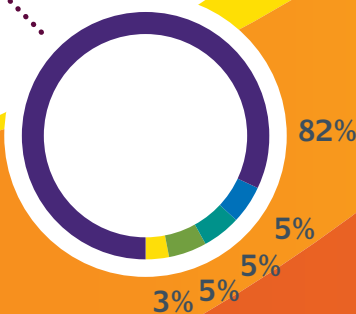
	2012	2011
	£m	£m
Turnover	332.7	322.8
Less: share of joint ventures turnover	-	-
Group turnover	332.7	322.8
Cost of sales	(18.6)	(22.5)
Operating costs (after exceptional pension credits)	(224.7)	(210.8)
Operating surplus	89.4	89.5
Share of operating deficit of joint ventures	-	(0.2)
Surplus on sale of assets	3.3	4.9
Reversal of impairment of JVs	-	8.9
Impairment of goodwill	-	(4.5)
Movement in specific work in progress provision	-	0.2
Net interest charge	(71.1)	(70.5)
Taxation	(0.1)	(0.2)
Surplus after taxation for the year	21.5	28.1
Minority interests	(0.1)	-
Surplus for the year after minority interests	21.4	28.1

Where does our income come from?

2012

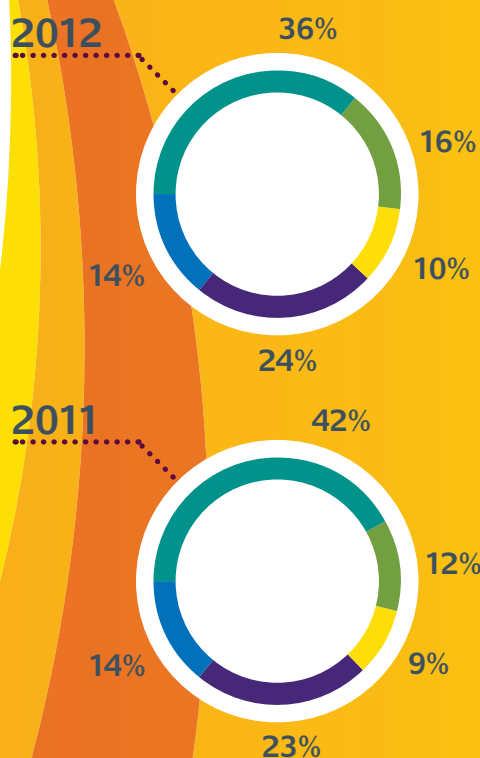


2011



- Social housing
- Supporting people contract housing
- First tranche sales
- Other social housing activities
- Non social housing activities

Social Housing Costs



- Management
- Service charges
- Maintenance and repairs
- Depreciation and impairments
- Other costs

The operating surplus of £89.4 million compares to £89.5 million last year with income £9.9 million higher, although last year's result included an exceptional pension credit of £8.8 million which means that the operating margin is 27% compared to an adjusted 2010/11 margin of 25%. Depreciation is significantly higher in 2011/12 as a result of further capital expenditure on components during the year and the £5.2 million impact of reviewed assumptions and estimates relating to older properties. Adjusting the current year for the additional depreciation results in an operating margin increase to 28%.

Management Costs have increased in 2011/12. The majority of this increase is in line with expectations as a number of decisions were taken to invest in areas such as IS&T, Procurement, Business Transformation as well as centralising certain specialist functions and additionally the effect of increased insurance premiums being experienced.

Group turnover excluding joint ventures has increased by 3.1% (2011: 12.7%). Cost of sales and operating costs have increased by 4.3% (2011: 10.7%).

Social housing turnover has grown by 7.1% (2011: 22.0%) to £283.7 million (2011: £264.8 million).

The operating surplus from social housing activities before depreciation and impairment has increased by 6.7% (2011: 28.3%).

Income of £15.2 million (2011: £16.5 million) and operating costs of £13.9 million (2011: £15.7 million) in respect of first tranche sales are included in the results for the year.

Supporting People contract income has declined to £10.7 million (2011: £16.7 million), which delivered a small deficit of £1.2 million (2011: surplus of £0.6 million). The deficit reflects the continual pressure faced by contracting authorities to deliver significant cuts. This is an area which Circle considers an important focus and we will continue to invest to provide the services required.

Like many other social housing providers, Circle develops properties for outright sale and shared ownership. The profits on this activity are used to cross subsidise our social housing development programme. A surplus of £3.2 million (2011: £4.9 million) is included in the results for the year.

The Group has a surplus of £21.4 million (2011: £28.1 million).

Group balance sheet

	2012	2011
	£m	£m
Housing properties at cost	2,039.9	1,937.2
Other tangible fixed assets	82.0	74.4
Goodwill	8.1	9.6
Investments	5.8	4.6
Share of joint venture assets less liabilities	0.1	-
Net current (liabilities)/assets	(6.3)	1.7
Debtors – due after one year	216.4	259.8
Creditors – due after one year	(1,948.6)	(1,910.7)
Other long term liabilities	(23.4)	(13.2)
Minority interests	(1.5)	(1.2)
Reserves	(372.5)	(362.2)

Underlying surplus before exceptional items was £20.1 million (2011: £31.3 million). This represents 6.0% (2011: 9.7%) of turnover. The adjustments can be seen in the table below.

	2012	2011
	£m	£m
Surplus for the year after minority interest	21.4	28.1
Adjustments for exceptional items:		
Impairments	(0.2)	10.7
Reversal of impairment of investment in joint venture	-	(8.9)
Impairment of goodwill	-	4.5
Movement in specific work in progress provision	-	(0.2)
Adjustment of pension valuation basis	-	(8.8)
Loan breakage costs	(1.1)	5.9
Underlying surplus for the year before exceptional items	20.1	31.3

IMPAIRMENTS

An impairment review was carried out at 31 March 2012 for the housing properties and there has been an overall decrease of £0.2 million in the Group impairment provision. This credit was in relation to a reversal of previous year's impairment of a South Anglia scheme at Great Wakering (2011: there was an increase in impairment of £10.7 million).

LEAMINGTON WATERFRONT LLP

Leamington Waterfront LLP (a development entity) became a full subsidiary of the Group in January 2011; prior to this date the entity was a joint venture that the Group participated in. As a result of a review at this time, an impairment of £4.5 million was recognised in the income and expenditure account in the year ended 31 March 2011. Discounts are being given on the sale of properties from the first phase of the project indicating a potential further impairment may be due, however the overall level of impairment has been assessed and deemed still to be appropriate and therefore no additional charge has been necessary. The entity will continue to develop the site and complete the planned 251 units.

PENSIONS

In 2011, the Government's change in the inflationary measure for pensions from RPI to CPI had, in most cases, resulted in the requirement to recognise the reduction in pension liability in the income and expenditure account. This amounts to £8.8 million, covering nine pension schemes.

COMPONENT ACCOUNTING

As a result of the experience of recent years, we have reviewed our application of component accounting which has led to an increase in depreciation in the year to reflect more appropriate assumptions and estimates in relation to our older properties.

LOAN BREAKAGE COSTS

Interest costs include a credit of £1.1 million of loan breakage costs (2011: charge of £5.9 million).

HOUSING PROPERTIES

As at 31 March 2012, the Group owned 65,423 housing properties (2011: 64,628).

The Board appointed professional valuers to value the Group's housing properties as at 31 March 2012. Our investment in housing properties this year was funded by a mixture of social housing grant, loan finance and working capital. The valuation, on the basis of existing use as social housing, of properties owned by us was £2,698.2 million. (2011: £2,441.6 million).

At the end of March 2012 capital commitments for new developments amounted to £87.8 million (2011: £92.1 million), which will be funded by a combination of grant from public bodies and private finance loans.

The total development and capital improvement activity during the year spent £133.3 million net of grants (2011: £133.2 million) to meet growth and quality home improvement targets; these major investments continue to strengthen the financial performance of the Group.

ACCOUNTING POLICIES

The Group's principal accounting policies are set out on pages 29 to 31 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include: accounting for major capital project repairs and maintenance costs, capitalisation of interest and development administration costs, deduction of capital grant from the cost of assets, housing property depreciation, and treatment of shared ownership properties first tranche sales.

CAPITAL STRUCTURE & TREASURY MANAGEMENT

The Group Treasury Policy sets out the controls and parameters for treasury activities across the Group and is approved annually by the Management Board. In compiling these policies, good practice from the CIPFA Code of Practice for Treasury Management in Public Services as well as Treasury Management Policy Statements and Good Practice Notes issued by the Tenant Services Authority has been recognised.

The objective is to ensure that the Group has sufficient funding in place to finance operations and investments for a minimum of three years.

The Group's borrowing requirements are based on a prudent approach to business planning which includes sensitivity testing to ensure that they can cope with major changes in circumstances without breaching investor covenants. This includes testing different scenarios of property sales prices, volumes of sales and differing levels of inflation and interest rates.

LOAN STRUCTURE

The Group operates centralised funding arrangements through a treasury vehicle (Circle Anglia Treasury Limited) and a public debt issuance company (Circle Anglia Social Housing Plc). Debt issued by Circle Anglia Social Housing Plc is passed to Circle Anglia Treasury Limited as loans, which in turn provides funding when required to Circle 33 Housing Association, Old Ford Housing Association, Wherry Housing Association, South Anglia Housing Association, Roddons Housing Association, Mole Valley Housing Association, Mercian Housing Association, Merton Priory Homes and Russet Homes – or the 'Guarantor Group'.

This flexible structure allows for greater depth in the funding market for the Group and allows each of the Guarantors to leverage on the strength of the Group to provide investment in areas that will provide sustainable social benefits and enhance the Life Chances of our customers.

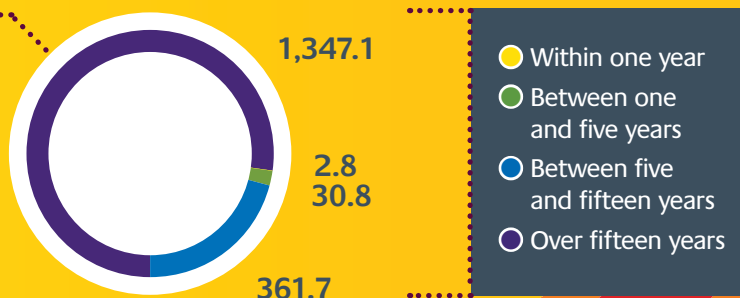
LOAN FACILITIES

On 2 March 2012, Circle Anglia Social Housing Plc issued a £250 million 32 year fixed rate bond, with an annual coupon of 5.20%. The bond was issued at a discounted price of £99.66 : £100. The discounted amount is being amortised through the income and expenditure account over the period to maturity. Circle Anglia Treasury Limited purchased £50 million of the nominal value of the bond.

As at 31 March 2012, the Group had committed long-term loan facilities of £2,322.3 million (2011: £2,075.1 million), with undrawn committed facilities of £580.0 million (2011: £467.2 million). £395.0 million (2011: £395.0 million) are on a revolving basis that convert to long term

Loan repayment profile of drawn facilities £m

2012



27

facilities on maturity, of these £48.0 million (2011: £180.1 million) are currently utilised.

Maturity dates of loan facilities are staged to ensure that large proportions of debt do not mature in the same year, and therefore the Group should not be subject to any significant degree of financing risk.

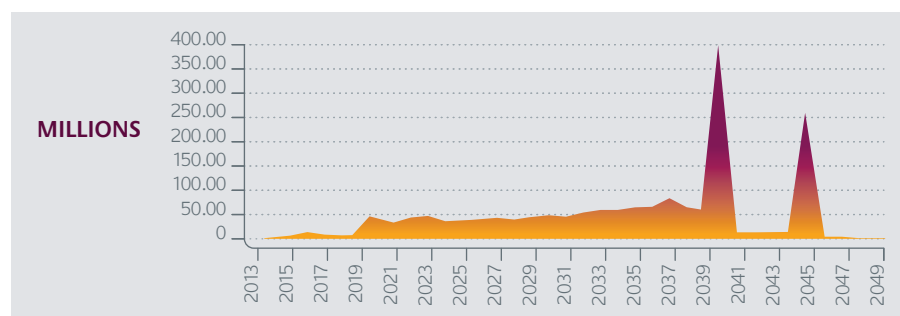
Circle is currently forecast to reach a peak debt of £2,027.0 million in the year to 31 March 2015. The following graph illustrates the repayment profile of all drawn debt as at 31 March 2012. The peak repayment year is 2039 due to the maturity of capital market instruments in November 2038. Circle actively monitors and manages repayment risk.

The following table shows the Group's loan repayment profile:

	Draw Facilities £m	Committed Facilities £m
Within one year	2.8	3.2
Between one and five years	30.8	37.2
Between five and fifteen years	361.7	472.1
Over fifteen years	1,347.1	1,809.8
Total	1,742.4	2,322.3

The weighted average expiry period of debt across the group is 27 years and the weighted average rate of interest charged was 5.26% (2011: 4.58%).

DEBT REPAYMENT PROFILE



The debt per unit owned was £26,472 at the year end (2011: £25,008).

INTEREST RATE RISK MANAGEMENT

The Group's current strategy is to mitigate the risk of breaching covenants due to movements in interest and inflation rates. Circle Housing Group uses a combination of embedded and free-standing instruments to hedge against adverse movements in interest rates and inflation. As at 31 March 2012, 97% (2011: 91%) of the Group's debt had been fixed and hedged for the next twelve months and an average of 79% over the next 5 years. The average fixed rate on the portfolio is 4.8%.

COMPLIANCE WITH LOAN COVENANTS

Loan covenants are primarily interest cover and gearing ratio and are monitored monthly,

and reported annually to finance providers. For the year to 31 March 2012, the interest cover and gearing ratio were in compliance with loan covenants, interest cover (including impairments and property sales) in the Guarantor Group was 181.2% (2011: 170.3%) and gearing was 51.9% (2011: 49.8%).

Mercian Housing Association has separate loan covenants relating to its external debt and was also in compliance with these for the year to 31 March 2012. The following graph illustrates the repayment profile of all drawn debt as at 31 March 2012. The peak repayment year is 2039 due to the maturity of capital market instruments in November 2038. Circle actively monitors and manages repayment risk.

CREDIT RATING

The Group subscribes to Moody's Investor Service for its official credit rating. As at 31 March 2012, the Group's assigned long-term credit rating was:

	2012	2011
Moody's long-term credit rating		
Rating	Aa3	Aa3
BCA	8	9
Outlook	Negative	Stable

As a long-term business, the Group attaches significant importance to maintaining an investment grade credit rating, in order to sustain effective operations. During the year, Circle's credit rating of Aa3 was moved from stable to negative watch wholly as a direct result of Moody's placing the UK Government on negative outlook and the implicit government support that contributes to the credit profile of Housing Associations. All Housing Associations rated stable by Moody's were placed on negative watch as part of the same rating action.

The Group's objective is to consistently maintain an 'Aa' investment grade rating.

Who's supporting you at Circle



CHAIR OF CIRCLE

Sir Robin Young

Sir Robin has enjoyed a successful career in the highest echelons of Government, spanning 31 years. Sir Robin was Permanent Secretary at both the DTI and DCMS. As Head of Economic and Domestic Affairs at the Cabinet Office, Sir Robin advised former Prime Minister Tony Blair on a range of domestic and economic issues. As Undersecretary for the Housing Directorate, he was vital in passing the legislation that allows Councils to transfer housing stock and responsible for overseeing the Housing Corporation. Since 2005, Sir Robin has pursued a portfolio of non-executive and advisory positions, many operating on the cusp between private and public sectors.

EXECUTIVE DIRECTORS BOARD



Mark Rogers,
Group Chief Executive

Mark Rogers was appointed Group Chief Executive of Circle after the merger of Circle 33 and Anglia Housing in 2005. In heading up Circle, one of the largest providers of affordable housing in the UK, Mark is responsible for setting the direction of the organisation and overseeing its operations. Mark has over 20 years experience in the housing sector. He was Director of Customer Services at Circle 33 and also Chief Executive of Nene Housing Society in Peterborough. In 2003 he became Chief Executive of Anglia Housing Group. Mark has a BA Honours in Law and is a Member of the Chartered Institute of Housing.



Rosemary Boot
Executive Director
of Commercial

Rosemary leads our commercial and growth activity, with responsibility for delivering our ambitious growth strategy around housing, Circle Support and Invicta Telecare. Rosemary joins as a highly experienced Executive Director leading growth for high profile organisations. From 2001 to 2011 she was Group Finance Director of the Carbon Trust, where she jointly led its strategy and development from a start up organisation to a pre-eminent UK carbon emission reduction organisation. Rosemary was responsible for government funding relationships as well as leading the commercial development of the organisation through partnerships and investments. From 1984 to 2000 Rosemary was an Executive Director at S. G. Warburg (now part of UBS AG), responsible for advising FTSE companies on corporate transactions including growing through takeover, merger and acquisition.



Andy Doyle
Executive Director
of Operations

Andy manages Housing Management Services, Repairs and Maintenance, Property, Asset Management, Sustainable Communities, Leasehold and Better Performance teams within the group. Andy has 15 years of

experience in development roles, beginning his career at Broadland Housing in development and new business. He joined Anglia Housing in 2003 as Director of Business Growth and six months later was promoted to the post of Executive Director of Business Growth. Andy has a BSc in Housing Management & Development and a MSc in Human Resource Management. He is a member of the Royal Institute of Chartered Surveyors (RICS) and a Fellow of the Chartered Institute of Housing.



Francesco Elia
Acting Executive
Director of Finance

Francesco Elia has considerable experience in leading finance teams at a senior level across different aspects of operations and commercial finance, within a number of sectors. Francesco's experience includes managing acquisitions, disposals and business integrations. Since joining Circle in 2008, Francesco has been Finance Director for two of Circle's partners. Most recently he led our HCA bid to secure £30m in grants for Circle to deliver 1,425 new homes and was also instrumental in leading our Repairs & Maintenance review to identify and generate more than £100m savings for the Group.



Maria Heckel
Executive Director of
Business Development,
Marketing &
Communications

With a passion for putting the customer at the heart of the business, Maria is responsible for Circle's communications with customers, stakeholders and staff, as well as creating marketing strategies to develop our business. Maria has worked in marketing, business development and communications for around 20 years, across automotive, travel and transport sectors, with a huge range of experience at leading companies such as Dunlop, Nissan, TUI travel PLC, National Express

PLC. Maria's expertise includes digital and social marketing, brand development, customer relationship marketing and e-commerce.



Sarah Trota
Executive Director
of People & Business
Transformation

Heading up Circle's People Portfolio, Sarah Trota oversees the teams responsible for recruitment, employee relations, learning & development, payroll, and facilities management. She also leads the Group's Business Transformation work. Sarah joined the organisation in March 2008 and has worked in HR in the retail sector for over 20 years, and latterly was the HR Director for Waterstone's, the UK's largest book retailer. Prior to this Sarah worked as Employee Relations manager for Sainsbury's supermarkets. Sarah has a BSc in Combined Studies.



Deborah Upton
Executive Director
of Governance

Deborah has an extensive amount of senior level legal experience within local government, including Medway, Boston Borough and East Sussex County Council. Her areas of expertise are; government law, for which she holds a Post Graduate Diploma, change management, service improvement and procurement. Deborah will be responsible for maintaining the high standards of corporate governance at Board level and throughout the Group, keeping abreast of all legislative, regulatory and corporate governance developments. Deborah is excited about our strategic vision and is looking forward to contributing to our continued success.

Governance

MANAGEMENT BOARD

- **Simon Braid** Independent member
- **Tania Brisby** Independent member
- **Jane Clarkson** Independent member
- **Murray Foster** Group Partner member
- **Baroness Maggie Jones** Group Partner member
- **Brenda Reynolds** Group Partner member
- **Mark Rogers** Group Chief Executive
- **Sir Robin Young** (Chair) Independent member

STRATEGY BOARD

- **Simon Braid** Independent member
- **Tania Brisby** Independent member
- **Alan Catterick** Group Partner member
- **Jane Clarkson** Independent member
- **Murray Foster** Group Partner member
- **Alison Hill** Resident and Service User Panel
- **Andrew Hill** Group Partner member
- **Baroness Maggie Jones** Group Partner member
- **Jennifer Mills** Group Partner member
- **Stephen Jacobs** Group Partner member
- **Richard Perkins** Group Partner member

- **Brenda Reynolds** Group Partner member
- **Alan Riddell** Group Partner member
- **Mark Rogers** Circle (Group Chief Executive)
- **Colin Small**
- **Brian Stewart** Group Partner member
- **Sir Robin Young** (Chair) Independent member

REMUNERATION AND SUCCESSION COMMITTEE

- **Jane Clarkson**
- **Baroness Maggie Jones**
- **Brian Stewart**
- **Sir Robin Young**

GROUP AUDIT COMMITTEE

- **Simon Braid** (Chair)
- **Jane Clarkson**
- **Colin Small**
- **Peter Wardle**
- **Julia Witting**

Group Company Secretary

- **Deborah Upton**

Useful registration information

Circle Anglia Limited

Industrial & Provident Society Number 27604R | TSA Registered Number LH4046

Circle Thirty Three Housing Trust Limited

Industrial & Provident Society Number 18652R | TSA Registered Number L0031

Mole Valley Housing Association Limited

Industrial & Provident Society Number 30312R | TSA Registered Number L4500

Roddons Housing Association Limited

Industrial & Provident Society Number 30161R | TSA Registered Number L4501

Invicta Telecare Limited

Companies House Registration Number 04133585

Old Ford Housing Association

Companies House Registration 3487210 | TSA Registered Number L4221

Charity Commission 1075125

Russet Homes Limited

Industrial & Provident Society Number 27076R | TSA Registered Number LH3922

South Anglia Housing Limited

Industrial & Provident Society Number 28100R | TSA Registered Number LH4094

Wherry Housing Association Limited

Industrial & Provident Society Number 26622R | TSA Registered Number LH3866

Mercian Housing Association Limited

Industrial & Provident Society Number 16836R | TSA Registered Number L0942

Merton Priory Homes

Industrial & Provident Society Number 30843R | TSA Registered Number L4548

Circle Living Limited

Companies House Registration Number 5737166

Circle Care and Support Limited

Companies House Registration 3307684 | Charity Commission 1107432

REGISTERED OFFICE

Registered office for Group partners

Circle House

1-3 Highbury Station Road

London, N1 1SE

Registered office for Mercian, Art Homes and Zenith

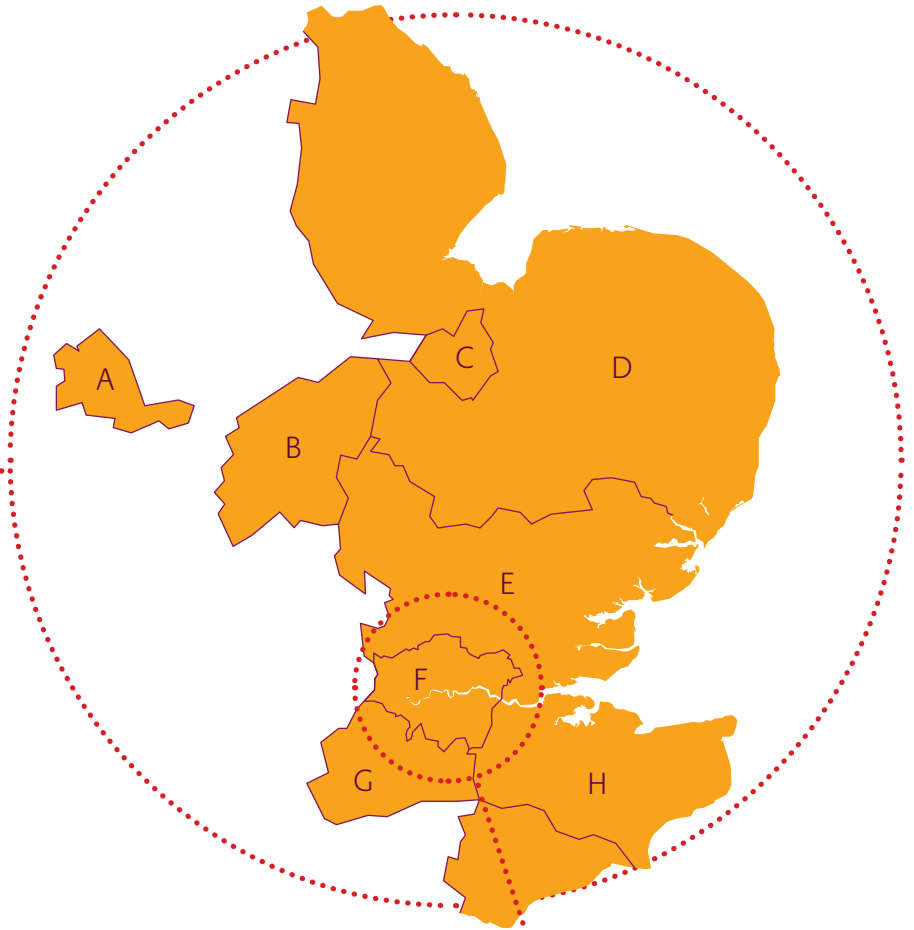
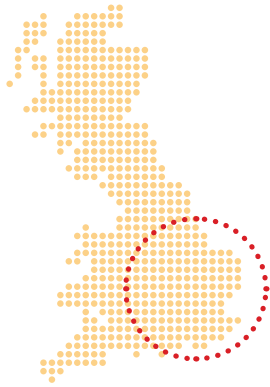
Gee Business Centre

Holborn Hill, Aslon

Birmingham, B7 5JR

MAJOR LENDERS

- **Abbey**
- **Barclays**
- **Bank of Scotland**
- **Lloyds Bank Plc**
- **Dexia Public Finance Bank**
- **Nationwide Building Society**
- **The Royal Bank of Scotland Plc**



Where our housing associations operate

A. Mercian Housing Association

Owens and manages 3,400 properties in the greater Birmingham area

B. Rockingham Forest

Working together with Rockingham Forest Housing Association to provide new homes in Northamptonshire

C. Roddons Housing Association

Managing nearly 3,800 properties including 14 sheltered schemes in Cambridgeshire

D. Wherry Housing Association

Owens and manages over 7,000 homes in Norfolk, Suffolk, Lincolnshire and Cambridgeshire

E. South Anglia Housing

Owens and manages over 7,300 homes across 26 local authorities in Hertfordshire, Bedfordshire and Essex

F. Circle 33, Merton Priory Homes and Old Ford

Circle 33 owns over 16,000 homes across London and in 48 local authority areas

Merton Priory Homes manages and owns over 9,000 properties in South West London

Old Ford Housing Association manages and owns over 4,300 properties in East London – Tower Hamlets and Havering

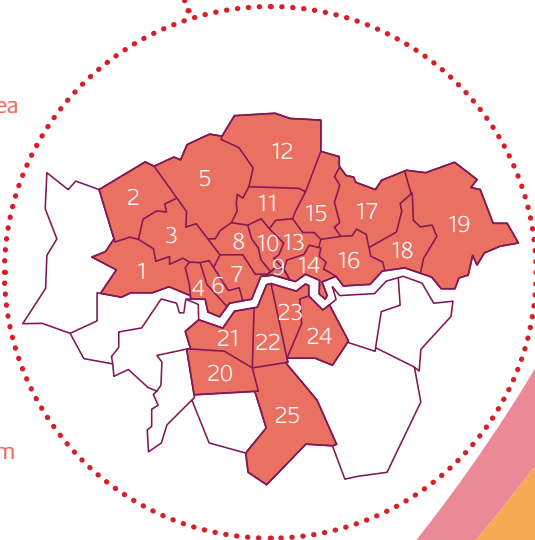
G. Mole Valley Housing Association

Manages 3,900 homes including 17 sheltered schemes in Surrey

H. Russet

Manages over 8,000 properties in Kent

1. Ealing
2. Harrow
3. Brent
4. Hammersmith
5. Barnet
6. Kensington & Chelsea
7. Westminster
8. Camden
9. City
10. Islington
11. Haringey
12. Enfield
13. Hackney
14. Tower Hamlets
15. Waltham Forest
16. Newham
17. Redbridge
18. Barking & Dagenham
19. Havering
20. Merton
21. Wandsworth
22. Lambeth
23. Southwark
24. Lewisham
25. Croydon





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