# Annual Report and Accounts
# 2020/21

CLARION
HOUSING GROUP

## Who we are

Clarion Housing Group is Britain's leading social landlord, providing a home to some 350,000 people across the country. As well as providing more homes to people than any other landlord in the UK, we have a development arm, Latimer Homes, and a charitable foundation, Clarion Futures, dedicated to improving the lives of our residents and their communities.

Unless you don't have one, you are likely to take your home for granted. The tragic truth is that Britain is in the grip of a housing crisis, with a generation unlikely ever to be able to afford to rent from a private landlord, let alone buy their own home. Having a home is a vital platform that enables people to build better lives. Our mission is to provide good quality, affordable homes and neighbourhoods to people failed by the housing market.

## Contents




**Clarion Housing Group Limited**
Registered society No. 28038R
Regulator of Social Housing No. LH4087
With charitable status

# Homes are about much more than bricks and mortar – they are about **the people** who live in them

Page 14

**Responding to the needs of our residents**
As a responsible social landlord, we place the needs of our residents at the front and centre of all that we do.

Page 20

**Investing in homes and communities**
The extent of Britain's housing crisis cannot be understated. We are playing a leading part in providing the homes that are so badly needed.

Page 28

**Changing lives for the better**
Our charitable foundation, Clarion Futures, invests millions every year in providing support and opportunities to help improve the lives of our residents and the neighbourhoods they live in.

Page 32

**Looking after our people**
We depend on the thousands of people we employ across the country to translate our aims into reality and promote an inclusive working environment where people are free to be themselves, are valued, and helped to reach their full potential. Ultimately, we're empowering and enabling people to make a genuine difference.

Page 36

**Managing our business**
Our achievements are made possible by the firm financial and governance foundations which enable us to operate effectively and efficiently.

# Providing a foundation

Providing a home is just the start of what we do to help people.

# Here to support **our customers**

As a responsible social landlord, we are part of the lives of the 350,000 people we provide homes for and place the needs of our residents at the front and centre.

Their health and safety during the pandemic has been our top priority and we have supported our residents by keeping essential services going. Recognising the strain our residents were under, we telephoned more than 80,000 of our older and vulnerable residents to check how they were doing and offer our support.

Our repairs service, Clarion Response, and our repairs contractor Engie, went to the aid of residents needing urgent repairs. During the year an average of around 1,000 repairs were carried out per working day – the vast majority (93.8%) of which were fixed without another visit being needed. Responding to the challenges of Covid-19 has meant being there for our residents in what has been their greatest hour of need. We do everything we can to help our residents through tough times.

"Chris at Clarion went above and beyond to help me to get all the assistance I was entitled to. Without that help, my financial situation would have only got worse."

**James, 51**
Read James' story on page 17.

# Here to create **thriving communities**

Being a good social landlord is about more than building and maintaining homes, we work alongside our residents and our partners to create and sustain communities where people can thrive.

This has been easier said than done during the past year. But we have stepped up to provide emergency funding to help thousands of our residents across the country who struggled to get by during lockdown.

The Covid response grant programme was set up by Clarion Futures, our charitable foundation, and has given 246 grants totalling more than £725,000 to food banks, community groups, and local charities working to support our residents and their communities.

We also open doors to new opportunities for residents, whether they be around finding work, getting training, or gaining the digital skills to go online. And we are there to help people deal with money problems and make ends meet.

Every year we support thousands of people into work and last year was no exception. One of the residents we helped into work had almost given up all hope of finding employment.

> “The support I’ve received from Clarion Futures has been life-changing.”

**Binnur, 61**
Read Binnur’s story on page 31.

# Here to empower our people

People are our greatest asset. They have been asked to go above and beyond this year but continued delivering services throughout the pandemic. We did not utilise any Government support and maintained everyone on full pay. Those in the extremely clinically-vulnerable category were asked to shield at home following Government guidance. Our estate based teams and repair operatives continued to keep our residents' homes safe even during lockdowns. We made sure that our office-based staff were able to switch to remote working almost overnight and this has delivered some benefits that we will retain for the future. We will offer hybrid working to ensure that our people can have flexibility in their working arrangements while we continue to accommodate the need for collaboration and team meetings in newly-designed workspaces.

The pandemic has brought out the best in people.

"It was really fantastic to see what the community could do when we all pulled together to protect the most vulnerable." She adds: "The whole experience has taught me we're stronger than we think."

**Frances, LiveSmart manager**
Read Frances' story on page 35.

**Providing a foundation**
continued

# Here to influence the future

We're sounding a call across affordable housing in the UK and speaking up to influence Government policy. With 3,600 staff and an institutional memory rooted in decades of experience, we are well positioned to make a major impact and deliver results.

We have demonstrated that we are a resilient and robust business. Against all the odds, in the midst of a global pandemic that has plunged the country into recession and huge economic uncertainty, it has been a year of successful milestones for us. We have built a record number of new homes and have weathered the economic storm without having to rely on the Government for assistance.

Housing, customer services and the sustainability of our existing and current homes are key areas of focus for the Group as well as employment prospects for our residents, utilising our network of partnerships. At Clarion, we see providing a roof over someone's head as just the start – a springboard for better things and a great future.

# Statement from the Group Chief Executive

**Clare Miller**
Group Chief Executive

**2,126**
**Record number of homes built in the last year**

**90%**
**Of which were for affordable tenures**

This time last year, I made a pledge: "However long the public health crisis lasts, we will stand by our staff, provide extra support to our residents in greatest need and continue to build desperately needed affordable housing."

I can say with confidence this is a pledge we have undoubtedly met. Amidst all the change that has occurred over the last 16 months, the constant has been the professionalism, dedication and success of Clarion teams across our organisation.

I particularly want to mention our Covid response grant programme, which through Clarion Futures – our charitable foundation – has awarded vital grant funding to food banks, community groups and local charities in the last year. This programme typifies what we mean by Clarion being more than just a landlord. We have played an integral role in supporting groups at the heart of their communities, enabling them to continue to provide services and opportunities in a year of acute need.

Our year has been characterised by an ability to innovate, to lead, to positively influence the UK housing sector and rise to new challenges. We successfully led 59 housing organisations in a bid for the Kickstart back to work scheme, which will see 300 16-24 year olds offered a placement at Clarion and 500 across the sector over the coming months. We are also one of the only housing associations in the country to be a partner in the new Social Housing Decarbonisation Fund as we make sustainability a key focus and seek to accelerate our plans to make our homes more energy efficient.

We have partnered with some of the country's leading think tanks during the year, working with Onward to facilitate discussion with key stakeholders about the role of housing associations in supporting employment and job opportunities and establishing a new partnership with Centre for Cities to explore the impact of the pandemic on people's household finances and indebtedness across the country.

As well as embracing new opportunities, we have continued to deliver our core services to our residents. We have maintained a full repairs service for much of the last 12 months and customer satisfaction levels have again exceeded our targets, ending the year at 88.6% for repairs and 80.7% for our overall landlord service. Investment in our existing homes stood at £95 million and we invested £607 million in building new homes – five times our annual surplus. These numbers epitomise our values, Clarion is not about making profits or holding onto money, we exist to invest in communities and provide affordable housing.

In a year without the pandemic, the dominant story for our sector would have been the ongoing building safety crisis. In the last 12 months we spent nearly £27 million on our fire remedial programme and while I am proud of the work our team is doing, I understand the concerns of residents and leaseholders. The retrospective changes to standards introduced over the last couple of years have created a huge amount of work and come at an immense cost. The financial support from government is narrowly defined and limited, meaning the majority of the financial burden is falling on social landlords like Clarion. We will always put building safety first and deploy all the resources we can to undertake fire remedial works, but this is a challenge that will be with us for years to come.

Meeting the demand for social and affordable housing will remain our biggest test of all. The pandemic has deepened existing inequalities and I expect the social housing waiting list to grow beyond the one million figure it stands at today. I remain determined that Clarion does everything we can to address the housing shortage and it's a testament to the skill and resourcefulness of our development team that we were able to build a record 2,126 homes in the last year, of which 90% were for affordable tenures.

There is no doubt that the next 12 months will bring more challenges and tough choices for our sector, but I believe we can and will take inspiration from the last year. That Clarion has been able to achieve so much during such an unprecedented year demonstrates our strength as an organisation and the importance of the role we play as a social landlord in our communities across the country.

Clare Miller

**Clare Miller**
Group Chief Executive

# Statement from the Chair

**David Avery**
**Group Chair**

At the end of a year unlike any other we have experienced before, I am delighted that we are able to report a strong set of operational and financial results. The Board and the Group Executive Team has shown true leadership, prioritising the wellbeing of our residents, our people and our partners at a time when collective effort has never been so important. Every part of our business has worked hard to ensure continuity of service. I would like to extend a special thanks to our front line staff in particular, who have been relentlessly committed to ensuring our residents are safe, comfortable and secure in their home despite the challenging operating environment.

During the year, we published our first ESG Report. In the autumn we will report on our performance in these areas as part of a Social Impact Report which will aggregate the social impact we deliver across the Group. We have demonstrated in the last 12 months that housing associations have the capability to change lives, this Annual Report includes a selection of real-life examples illustrating how we achieve this at Clarion. These are just a handful of our stories, however, every day Clarion staff are making a difference, supporting our residents and our communities.

The work of our charitable foundation, Clarion Futures, has been vital over the last year and its services were quickly adapted to meet the rapidly changing needs of our society. Residents who had been in employment for many years suddenly found themselves out of work as companies were forced to make cuts. Recruitment freezes made it harder for job-seekers and their families, many of whom had little disposable income before the pandemic and were now faced with increased household bills to cover.

We see it as our duty to advocate for our residents. We know from our own customer insight surveys that there have been negative impacts on mental and physical health across communities. I am confident that through our continued investment in our existing homes and spaces, we have helped to mitigate against many of these issues. As the Group takes an increasingly land-led approach to building its new homes we have a real opportunity to create thriving communities with quality spaces that provide a foundation for people to put down roots. We support our residents to lead economically active lives, many of them work in roles that formed part of the social fabric supporting society during the Covid-19 crisis, from carers to delivery drivers. Our residents deserve good places to live.

The priority for the Board over the next year will be for the Group to play a key role in the recovery from the pandemic – we will continue to be there for our residents when they need us, to be a partner for government and the sector and to continue to deliver on our mission of providing good quality, affordable homes for those inadequately served by the market.

**David Avery**
**Group Chair**

## Our strategic road map

# Having a clear focus on the outcomes we want to achieve is part of our forward planning for future success.

**Our strategic road map**
continued

## 1 Our customers

Clarion delivers a consistently good quality experience.

Clarion provides support and creates opportunities which help customers to achieve their aspirations.

## 2 Our homes and communities

Clarion homes are good quality, safe, sustainable and affordable places to live.

Clarion is a leading developer of high-quality, sustainable and affordable housing.

Clarion creates and manages good quality, distinctive places which enhance wellbeing and enable communities to flourish.

The manner in which we will progress along our strategic road map is outlined in our values:

**Open**
Our default position is to be transparent, collaborate and build strong inclusive relationships.

**Responsible**
We remain financially strong, sustainable and have a strong social impact.

**Respect**
We will always show respect to each other, our customers and our communities.

# 3 Our people

We attract the best people with the capabilities needed to deliver our ambition.

We create an inclusive environment enabling people to thrive and do their best work.

We have authentic leaders who deliver results and make our people feel valued and inspired.

# 4 Our business

Clarion manages its resources to achieve the maximum financial and social impact for our business and our customers over the long term.

Clarion has a clear, consistent and ethical reputation which we use to shape our operating environment.

Clarion maximises our use of technology to enable our business to run effectively so that our customers and our people enjoy excellent experiences.

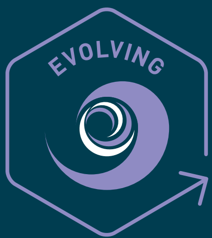
Clarion is a resilient, sustainable and adaptable business that can confidently evolve to meet the demands of our changing environment.

## Success

We are all driven by a shared purpose. Achieving our goals matters to us as, when we are successful, we provide opportunities to build a better future.


## Evolving

We have been here for over 100 years and will keep adapting and innovating so we can continue to make a difference for future generations.




A number of new specific strategies dealing with different aspects of our work are currently being developed to sit under the new corporate strategy. This includes our plan to publish a sustainability strategy in the coming months, which will set out how we will be embedding sustainability into everything we do, from using sustainable materials to build homes to reducing our carbon footprint and increasing biodiversity.

# Section 172 statement

The Companies Act 2006 requires some large companies to include a section 172 statement in their annual report. Although this requirement does not apply to Clarion Housing Group, we have produced a section 172 statement to demonstrate how we engage with and consider the views of our stakeholders and how the Board participates in, or is kept apprised of through the reporting process, stakeholder engagement.

Further detail on how the Board facilitates resident involvement in particular can be found in the Corporate Governance section of this report on page 58, and further detail of how it maintains the highest standards of business ethics and conduct in the Board statement on the effectiveness of the system of internal control on page 62.

## Our customers

We are a customer-centric organisation, with our residents at the heart of everything we do. Meeting the needs of our residents is the driving force behind our work.

| Engagement | Outcome |
|---|---|
| We started a major long-term study in May 2020 to track the impact of the pandemic on our residents, using the results to shape and inform our response. | A significant proportion of residents have suffered deteriorating health and increasing financial problems. Some have resorted to food banks and going without heating just to get by and we have seen worrying employment trends among young people. As a result, we have taken a number of actions which are detailed on page 15. |
| Our resident-led Regional Scrutiny Committees review key areas of our work. During the past year they have examined resident involvement with our services, the management of work carried out by our contractors, customer service, new housing developments, and estate inspections. | A series of recommendations arising from this work was agreed by business leads and Regional Directors and reviewed by the Housing Association Board in January 2021. We are tracking the progress of the recommendations to ensure they are implemented. |
| We are an accredited member of the HouseProud Pledge scheme to promote equality and support for LGBTQ+ residents. We tasked our LGBTQ+ residents' network with reviewing our hate crime policy and approach to this issue. | Our hate crime policy was looked at alongside the policies of all 45 police forces in the UK. This led to Clarion developing support documents for hate crime victims. These explain what hate crime is, how we can support any residents who become victims of hate crime, what affected residents should do and a list of external support agencies. |

## Our people

We are committed to ensuring people enjoy working with us, in an inclusive environment where they can thrive and fulfil their potential.

| Engagement | Outcome |
|---|---|
| Switching to a remote working model during the pandemic was a huge change for our people. They rose to the challenge and most enjoyed the benefits it brought but we also enabled those who wanted it access to Covid-19-secure offices. We have monitored the impact of the pandemic on wellbeing through quarterly surveys. | We have listened to feedback given via our staff surveys and are boosting our internal communications, with a focus on ensuring that we reach all our people in what is a continuing dialogue. Words are being put into action and we are introducing 'you said, we did' updates to show specific examples where the views of our people have been acted upon. |
| Our continuing dialogue with our people has highlighted how many have welcomed the extra flexibility of home working.<br><br>To prepare for a return to relative normality post-Covid-19, we launched a workplace consultation in December 2020 to assess the needs and wants of our people for the way they work in the future. | Feedback from the consultation has informed remodelling of our main workplaces. This includes reducing the number of desks and the creation of more meeting areas. These are designed to facilitate collaboration and creativity. |
| Being a diverse and inclusive organisation is a key focus for us. During the past year we have established a Diversity and Inclusion Advisory Group, which includes representatives from across the organisation, including a member of the Housing Association Board, an executive director and our Staff Networks' co-chairs. This new advisory group will monitor progress against agreed targets and review new initiatives. | The Diversity and Inclusion Advisory Group has helped update our existing Dignity at Work and Transitioning at Work policies, with additional guidance to help embed them across the organisation. |

## Our suppliers

We strive to build lasting relationships with suppliers who share our values. Value for money is at the heart of our approach to procurement but this does not mean simply going with the lowest bidder. Making sure that the work we do makes a positive social impact is also a key consideration.

| Engagement | Outcome |
|---|---|
| We have developed an online portal that allows prospective suppliers to identify tender opportunities and to be kept informed of future tenders. | There has been an increase in supplier interaction since the launch of the new portal, with a reduction on the number of unsolicited approaches to our teams. |
| Drawing on data from IBISWorld market research, we design tenders targeted at the types of suppliers we want to reach.<br><br>Feedback is part of the process for all suppliers who tender to us, as well as those who are at the end of their contracts. | Our focus on intelligence-led procurement has resulted in swifter tender processes and contract negotiations, resulting in the best suppliers being appointed for the job. |
| We have established a formal partnership governance group with our three main partnership contractors: Engie, United Living, and Wates. This enables us to have clear lines of communication and the ability to pool our resources to maximise efficiencies. | The result of our formal partnership is more streamlined working with our supply chain, with a flow of information allowing all parties to be kept informed of changing circumstances.<br><br>The partnership governance group provides a fast track for decisions so that our contractors can respond quickly if additional works are required.<br><br>For example, we were able to move quickly with our partner Engie after £4.5 million was awarded by the Government's Social Housing Decarbonisation Fund earlier this year to make 160 of our properties in Cambridgeshire and Kent more energy efficient. Within weeks Engie was on site to start the works. Planning long-term programmes provides our supply chain with greater certainty. |

# Responding to the needs of our residents

## As a responsible social landlord, we place the needs of our residents at the front and centre of all that we do.

Covid-19 has taken its toll on us all over the past year and our residents have been hit particularly hard. Many were in part-time and low paid jobs and fell victim to job losses and reduced income due to being furloughed.

Last June we began a major study to track the experiences of 700 of our residents during the pandemic. It highlighted how the pandemic has widened existing inequalities, with women and young people more likely to have lost their jobs and suffered a drop in their incomes.

The study, which will continue throughout 2021, has helped us respond to the needs of those residents most in need of our help. The table details the actions we have taken in response to some of the main findings.

## Health and wellbeing

| Findings | Action taken |
|---|---|
| Older residents (65+) were more likely than younger residents to say they were 'coping very well' with the pandemic (36%). | We are using a variety of channels, including Instagram, to actively target younger audiences who appear to be coping less well than older residents to let them know how they can access support. |
| Reports of feeling lonely increased dramatically between summer and winter surveys (from 47% to 75%). | Regular emails from Clarion's Chief Operating Officer, Michelle Reynolds, have been sent to residents and over 20,000 printed copies of the quarterly resident magazine were being sent to those considered vulnerable, or known not to be online.<br><br>We have also launched a new 'Wellbeing 10' initiative where our staff spend an extra 10 minutes with residents during any visits to them, to help spot any signs of loneliness that can be addressed. |
| Women were most likely to have become more lonely (56%) and there were strong links to worsening mental health. | We have launched #meinmind, an online programme providing residents with easy access support for their mental wellbeing.<br><br>Our audience of followers on our new Instagram account are predominantly female and aged 35-55, corresponding with those who may be in greater need of the support services promoted via this channel. |
| There was a significant increase in respondents that reported their physical health has worsened (from 22% to 34%). | Our emerging design brief for our new homes prioritises placemaking, access to external space and community inclusion. It also promotes increased biodiversity to boost wellbeing.<br><br>We are also delivering evidence-based Local Offers that use extensive local engagement to work with residents to actively involve them in addressing local issues. |

## Employment

| Findings | Action taken |
|---|---|
| Those aged 18-24 were the most likely to have been furloughed, had their hours cut or lost their jobs, during the first lockdown. | We are leading the Kickstart Housing Partnership, a consortium of 59 members providing more than 800 new six-month job placements for unemployed 16-24 year-olds. Clarion will offer over 300 placements, with Clarion Futures providing in-work support and training. |
| There had been a slight decrease in the proportion of respondents in paid work (40% to 37%); 10% had been made redundant. | We have increased digital and print campaigns to boost awareness of Clarion Futures' Jobs and Training service.<br><br>Clarion Futures is also working with Microsoft to deliver free online digital training for residents. These courses cover essential skills required in the modern workplace such as the use of Microsoft Word and Excel, as well as online job searching and preparation for virtual interviews. |

## Finances

| Findings | Action taken |
|---|---|
| Since the summer, more respondents were running out of money before the end of the week/month (from 10% to 19%) or only having enough for the essentials (28% to 31%). | We have written to more than 20,000 households who have been behind with their rent to find out how they have been affected by the pandemic and to offer our help.<br><br>Our Covid response grant programme has given assistance to some 14,000 households suffering from food poverty. More than 200 households that have been unable to pay their utility bills have been helped to obtain energy vouchers worth up to £100 each.<br><br>We have also contacted more than 1,700 residents who have moved onto Universal Credit during the pandemic, to offer them advice and assistance about the change to their benefits. |

Sources: The impacts of Covid-19 on Clarion Housing Residents, August 2020. The impacts of Covid-19 on Clarion Housing Residents, part 2 of 4, April 2021.

**Responding to the needs of our residents**
continued

# 80,000

**Recognising the strain our residents were under, we made individual phone calls to more than 80,000 of our older and vulnerable residents during the first lockdown.**

# 1,000

**During the year we carried out an average of around 1,000 repairs per working day.**

Our top priority during this time has been to do everything we can to keep our residents safe and to be there for them in what has been such a challenging time in their lives.

Lockdown meant that we had to take swift action to deliver our support to residents in line with government guidance, by switching much of our work to being delivered online.

We quickly established Covid-19-safe working so that our residents continued to benefit from their estates and neighbourhoods being kept clean and secure. Throughout the pandemic we continued to carry out our programme of fire risk assessments as well as gas and electrical safety inspections.

Our repairs service continued to go to the aid of all residents reporting critically needed repairs in the first three months of the year, moving back to a full repairs service, including routine repairs, from July. We were able to safely maintain a full repairs service through the second and third lockdowns but also had to balance reduced access to residents' homes and our own increased absence rates as the infection peaked in the UK.

During the year, we carried out an average of around 1,000 repairs per working day – the vast majority (93.8%) of which were fixed without another visit being needed. We ended the year with a repairs satisfaction score of 88.6%, significantly higher than our target of 85%. To enhance the customer experience, in May 2020 we launched the 'On My Way' service to enable our residents to track the estimated time of arrival for repair staff, as well as provide instant feedback on the work done for them.

Recognising the strain our residents were under, we made individual phone calls to more than 80,000 of our older and vulnerable residents during the first lockdown, to check on their welfare, co-ordinate support and reassure them that we would continue to do our best by them. Our charitable foundation, Clarion Futures, invested in ensuring that vital services to help residents and communities continued throughout the pandemic (please see page 28 for further details).

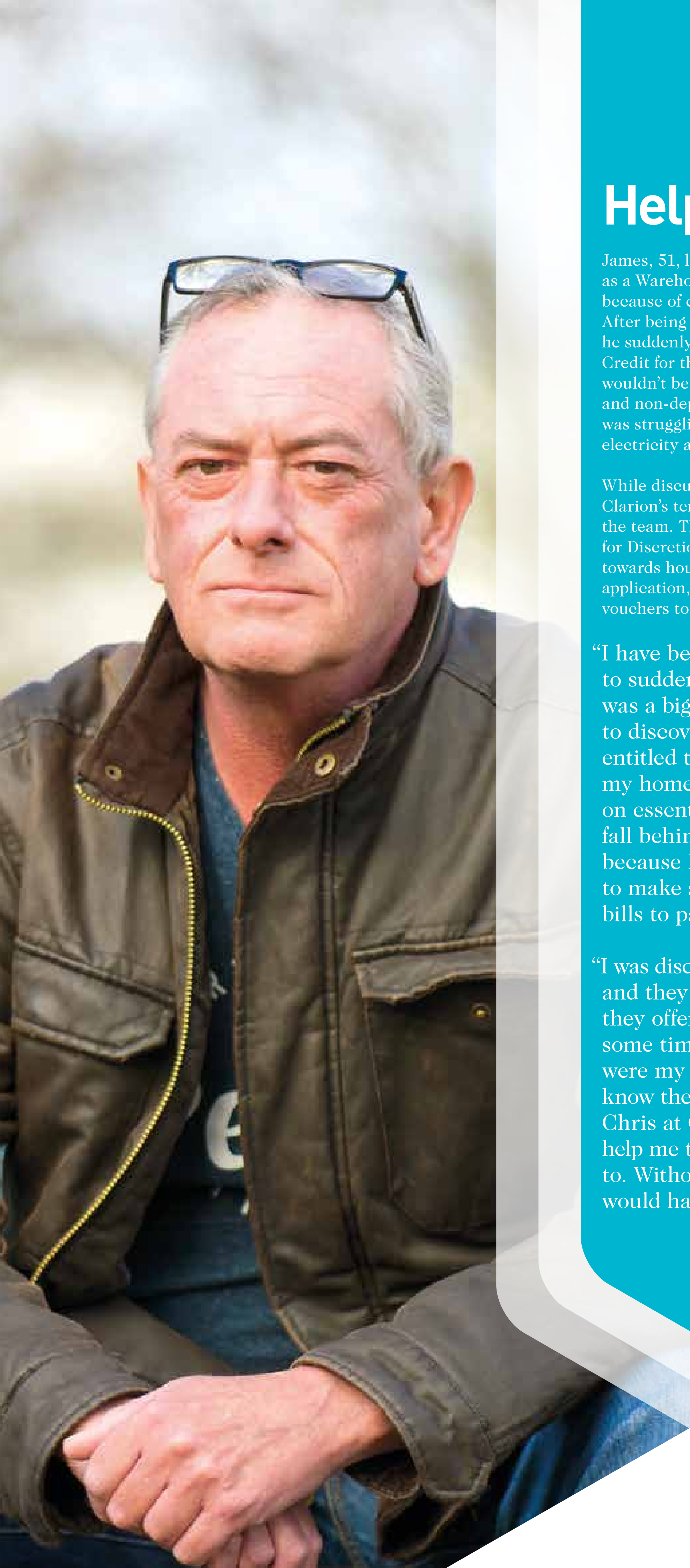
During the year, going the extra mile to help others became the new normal, not only for our residents but also our staff. And while we have had to adapt our way of working during the pandemic, this has not compromised the standards that our residents rightly expect. This has been reflected in the high level of overall customer satisfaction that we continue to receive from our residents, which stood at 80.7% at the end of the year.

While the way we have had to work during the pandemic has shifted towards a digital-first approach, we have maintained a business as usual service for residents who contact us. Our call centre staff dealt with almost one million calls during the year. Despite this large volume of calls, residents were answered in less than 90 seconds on average.

Our residents were involved in the creation of our new housing association website – myclarionhousing.com – which was launched in October 2020. It has been designed with residents in mind, allowing them to easily access information and services at one place. Residents can now get in touch with us, check their statements, pay their rent and request repairs through a personalised dashboard on the new site. This is part of our ongoing aim to be focused on their needs, which includes being provided with a quick and easy digital route for anything they need from us.

Our new website has a live chat feature, and we are testing a chat bot that could become another feature to help our residents find what they are looking for on our website. We dealt with some 1.48 million contacts from our residents during the year, encompassing telephone, email, Live Chat via our website and also from social media.

Residents who are struggling to pay their rent or other household bills are helped by our tenancy sustainment specialists, who enabled residents to gain a total of more than £1 million in extra income from benefits they were entitled to. During the year, our staff initiated around 680 advice and support processes a week on average. We are acutely aware of the challenges our residents face, and we are standing up for them to make sure they're heard.





# Help at hand

James, 51, lives alone with his son and was working as a Warehouse Manager when he was made redundant because of cutbacks made due to Covid-19 in the summer. After being continuously employed for thirty-six years, he suddenly found himself having to claim Universal Credit for the first time, only to find the rent for his home wouldn't be fully covered because of the 'Bedroom Tax' and non-dependent deductions. The shortfall meant he was struggling even with basic essentials such as food, electricity and gas.

While discussing his rent situation, James found out about Clarion's tenancy sustainment service and was referred to the team. The team supported James with an application for Discretionary Housing Payments – designed to help towards housing costs. While he was waiting for the application, the team also arranged for some food vouchers to alleviate the burden in the interim.

"I have been working since the age of 15 so to suddenly found myself out of employment was a big shock. It was even more of a shock to discover the shortfall in the benefits I was entitled to and the actual cost of the rent for my home. It meant I was having to cut back on essentials, like food, and was starting to fall behind with my gas and electric bills because I simply couldn't afford them. I had to make some difficult choices about which bills to pay and which to put off.

"I was discussing my rent situation with Clarion and they told me about the support services they offer. I've been a Clarion resident for some time – as far as I was concerned they were my landlord and that was it – I didn't know they offered this type of help for people. Chris at Clarion went above and beyond to help me to get all the assistance I was entitled to. Without that help, my financial situation would have only got worse."

**Responding to the needs of our residents**
continued

### Tailor-made services

We are constantly looking to improve on what we deliver for our residents and work in partnership with them to provide the services they need. Every community is different and there is no 'one size fits all' solution.

During the year, we developed our 'Local Offers' approach which seeks to provide evidence-led solutions to tackle specific local problems raised by residents. Our work is informed by the needs of our residents on the ground and by looking at cases at a local level we are able to maximise the impact of our investment to improve our neighbourhoods and the quality of life and wellbeing of our residents.

We also provide specialised packages of support for residents with different needs. An example of this is our LiveSmart service, which is designed to support our older residents over the age of 50. We also provide supported housing for homeless people, those with learning disabilities, people requiring mental health support, ex-offenders, people in recovery from addictions as well as refugees through our Syrian Family Support service.

Unfortunately the serious issue of domestic abuse was only compounded for many victims during the pandemic and the domestic abuse service we run on behalf of Kent County Council and Medway Council became ever more vital. In November we joined forces with our delivery partners Look Ahead, Oasis Domestic Abuse Service and Victim Support, to produce an online conference to raise awareness and help people spot the signs of domestic abuse. Domestic Abuse: It's Everybody's Business featured a range of high profile speakers on the topic, including the Designate Domestic Abuse Commissioner for England and Wales, Nicole Jacobs, and Michelle Reynolds, Clarion's Chief Operating Officer.

### Working together

The people who live in the homes we provide are at the heart of everything we do and we are committed to working in collaboration with them as part of our continuing drive for higher standards. For instance, residents are represented on scrutiny committees in each of the regions where we operate. These focus on specific areas and report back to our Housing Association Board, with the feedback helping to determine our future work. Our regional scrutiny committees switched to virtual meetings during the pandemic and continued to progress their respective reviews. During the year, the South Regional Scrutiny Committee reviewed the 2021-24 Resident Involvement Strategy. Its recommendations, such as moving to a 'Task & Finish' approach where we set specific deadlines for set tasks, were accepted by our Housing Association Board in March 2021.

The work of these committees is a small part of a bigger picture of the involvement our residents have in influencing our future work. During the year, we engaged with our residents on more than 23,400 occasions. Their feedback has informed progress in areas such as our Local Offers and estate improvements, policy reviews, our new customer website and helping residents to access foodbanks.

We also carried out more than 20 surveys with residents via our Clarion Voice online community in 2020/21 on issues ranging from fire safety to financial support. We have encouraged our residents to get involved with the Housing Ombudsman Service's new Resident Panel which begins its work in 2021/22 and this has resulted in six of our residents joining the new panel.

**Our regional scrutiny committees switched to virtual meetings during the pandemic and continued to progress their respective reviews.**

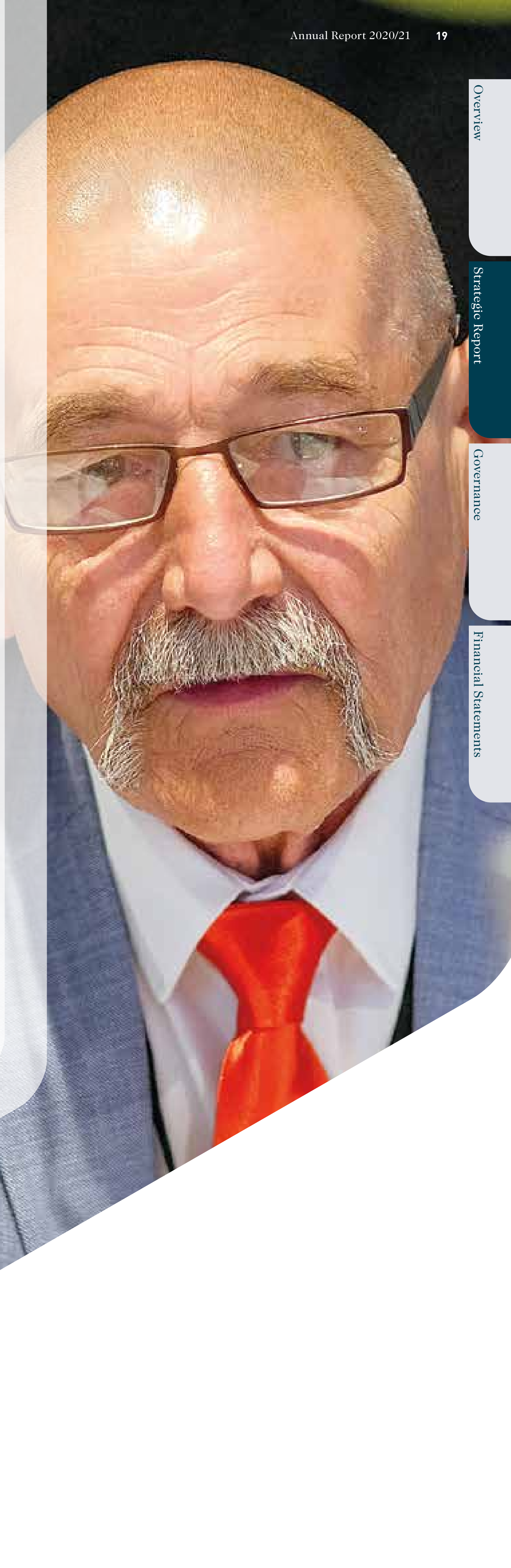
# Getting involved

Bob has been a Clarion resident in Hertfordshire for a number of years and has played an integral role in his local community, sitting on Clarion's regional scrutiny committee. Bob's feedback and recommendations have actively helped to shape the services Clarion delivers.

Naturally when the pandemic struck, Bob's focus was doing all he could to support his neighbours. Bob developed a colour-coded cards system for vulnerable residents to put in their front window. Green signalled everything was OK and red meant the resident needed something, like help with groceries, or a prescription. Bob would take daily walks of the estate, looking out for any red cards indicating somebody needed a hand.

"The community can be a powerful force. When we work together, we can achieve great things. I've always been actively involved with Clarion as the main landlord in this area. I provide a listening ear and then feedback the views of the community to Clarion. Clarion has helped me access training sessions to help me develop my own chairing and facilitation skills, as well as presenting and report writing too.

"Covid-19 has shown us the importance of all pulling together and I'm just pleased I have been in a position to help. Unfortunately there is sometimes a stigma attached to social housing – and too often it doesn't reflect the reality at all. I know plenty of people in my community working incredibly hard right now, often putting themselves at risk as nurses and carers for example."



# Investing in homes and communities

The extent of Britain's housing crisis cannot be understated. More than a million households are on housing waiting lists, and the shortage of new homes means that, in England alone, some 340,000 would need to be built every year until 2031 just to meet the current demand.

We are playing a leading part in providing the homes that are so badly needed. Despite the challenges of having to work in a Covid-19-secure way over the past year and the disruptions caused by the pandemic, we reached a major milestone in 2020/21 – building a record 2,126 new homes. The vast majority of these homes (90%) were affordable housing.

More is to come. Construction began on 2,335 homes in 2020/21. Our property pipeline currently stands at more than 20,000 homes and our long-term goal is to build at least 4,000 new homes every year. The housing crisis cannot be solved by any one organisation alone, but we are determined to continue to do all we can to tackle it.

## New areas in development

Our development arm, Latimer, successfully completed a number of major land deals in 2020/21, acquiring a number of large sites on which we plan to build new homes.

In November 2020 we bought an 11-acre brownfield site next to our development at The Cocoa Works, the former Rowntree factory in York. This will be the location for a new residential scheme, called Cocoa West, which will contain low emission and future-proofed homes set within attractive landscaping. Subject to planning permission, work is expected to start in 2022.

Our track record in successfully developing homes and communities means that we are a partner of choice for commercial property firms looking to join forces with us to provide new homes and who share our vision for thriving, sustainable communities. In July 2020 we formed a strategic partnership with Hadley Property Group to create high-quality, mixed-use developments across London and other cities. This has already secured sites in Redbridge and Streatham Vale that could result in 750 new homes being built in these two locations.

We are also working with H20 Urban and AHR Architects on an £18 million shared ownership development in Manchester city centre, which received planning permission in August 2020. This will be the first residential development in the city where 100% of the homes will be for shared ownership.

In September 2020 we signed a £40 million development agreement with Vistry Partnerships, part of the Vistry Group, to increase the number of affordable homes in the new town of Sherford in Plymouth. Some 1,500 homes are being built there as part of an existing joint venture between Vistry Partnerships and Latimer. The new agreement will see an additional 211 new homes made available for social and affordable rent as well as shared ownership.

Construction began at a £70 million residential scheme at MediaCityUK in Salford in October 2020. Some 280 apartments will be created at Broadway Square, which is being delivered by developer Glenbrook and is set to be ready to receive its first residents in 2022. Latimer will be offering 100 homes for sale on a shared ownership basis while the remaining 180 apartments will be sold on the open market. Residents will benefit from communal roof gardens and the homes will be set in landscaped open spaces.

## Milestone achieved

Another milestone was reached in December 2020, when construction began at Ashmere, a landmark scheme on the former Eastern Quarry, part of Ebbsfleet Garden City in Kent. We are working with developer Countryside and landowner Henley Camland in a joint venture partnership to create a new sustainable neighbourhood comprising 2,600 mixed-tenure homes of which 25% will be affordable, as well as a new primary school and a village centre.

## Planning gained

In January 2021 we secured planning permission from Kensington and Chelsea Council for extensive work to modernise existing homes and improve public spaces on the historic Sutton Estate, built in 1908. The plans were developed by HTA Architects after extensive consultation with residents. Four empty blocks on the estate will be refurbished, enabling a mix of one to four-bedroom flats to be lived in. Some 81 new homes at social rent will be created. Residents in the remaining 303 flats on the estate will benefit from an extensive programme of upgrades including new kitchens and bathrooms, as well as improvements to communal areas, door entry systems and lifts. Green spaces, play facilities and community facilities will also be upgraded, and a new wildlife-friendly space will be created at the heart of the estate.

### Breathing new life into estates

Demolition of the Barne Barton estate in Plymouth began in June 2020, marking the start of the multi-million pound transformation of the 1960s housing estate to a modern mixed tenure community with 204 high-quality new homes, as well as play spaces and a community facility. The new development will be a mix of homes for social rent, affordable rent and shared ownership, with the first homes due to be completed in early 2023.

Another of our regeneration programmes, the £1.3 billion scheme to enhance estates in the London Borough of Merton, took a step forward in October 2020 when the first residents moved into 21 new homes for social rent at Ravensbury Grove. Ongoing work at Ravensbury will deliver an additional 180 homes, more than half of which will be for social rent. Residents will also benefit from a new community centre, better vehicle and pedestrian access and improved public spaces. This is part of a wider scheme that will deliver 2,800 new high-quality homes and 9,000m² of commercial and community space across the three neighbourhoods of High Path in South Wimbledon and Ravensbury and Eastfields in Mitcham.

### Tackling homelessness

We welcomed more than 700 homeless households as new tenants in 2020/21. And in November 2020 we secured more than £1.3 million in funding from the Government's Next Steps Accommodation Programme to provide homes for former rough sleepers. This will be used to buy twenty one-bedroom properties across Broadland, South Norfolk, and Fenland, Cambridgeshire to rehome rough sleepers currently living in temporary accommodation.

We are working with our partners to strengthen relationships and in a bid to share expertise and enhance efforts to tackle homelessness, Clarion staff have delivered training sessions in customer services to staff at our charity partner St Mungo's, and more than 300 Clarion staff were given HomelessWise training by St Mungo's. The training provided knowledge of what to do when meeting people they think might be homeless, and how to put people in touch with local services that can help.

# A place of his own

As the housing crisis deepens, Joseph's story as a young adult is a common one. Joseph wasn't yet earning enough to be able to rent privately or get a mortgage, meaning he had no option but live with his parents. Having a place to call his own seemed way out of reach.

When Clarion developed a small new development of ten homes for affordable rent, one of the conditions was that potential tenants were required to have a local connection to the community. Since Joseph's parents lived in the same village, he was able to get himself shortlisted and eventually offered his own property at the development.

"I had been dreaming about having my own place for a very long time, but everything seemed to be against me. I am so happy to finally have a home of my own in a place I am already familiar with. I feel very fortunate and I won't waste this opportunity. It's spurred me on to progress in life."

# Opening the door to home ownership

After moving back to her parents following a separation, Steph, 32, quickly realised she missed having her own space. But with the average house in her chosen area of Warrington costing over £210,000, affordability was a huge obstacle for her – as it is to a great deal of single occupant prospective buyers.

When her mum came across a house at Lingley Fields, in Warrington, available via Shared Ownership, Steph was initially hesitant.

"I was getting so frustrated with the lack of options available to me as a lone buyer. When my mum first told me about shared ownership, I was sceptical – I'd never heard of it before and had no idea how it worked. But after doing more research, it became clear that it could offer me a way to buy the type of house I wanted, on my own."

Steph was able to purchase a 35 per cent share on a new two-bed home with Clarion Housing Group at the Lingley Fields development in Warrington, using a deposit of only £3,500.

Steph added: "Being able to live in a new-build house was such an incentive for me to buy via Shared Ownership. For the same amount I pay per month, I'd only be able to afford a small flat if I was renting."

# Investing in homes and communities
continued

## Fire safety
Safety always comes first in our homes and we are undertaking a major fire safety programme across our property portfolio. This important work continued throughout the pandemic and in 2020/21 we invested a total of £27 million in fire safety. Our inspections of the 69 buildings over 18m high that we own and manage were completed in 2020. During the year we also upgraded fire doors and other fire safety features in 178 supported housing schemes.

We take a comprehensive approach to building safety management and are using innovation and new technologies such as 3D modelling to support this. In addition, we have worked closely with the Ministry of Housing, Communities, and Local Government to develop our Building Safety Case approach, and have a dedicated manager overseeing this area of work.

We are playing a leading role in helping to influence building safety reforms and champion best practice, and participated in the pilot of a new course for building safety managers with the Chartered Institute of Building, which gives managers an in-depth understanding of the role beyond the technical aspects and includes stakeholder management and resident engagement. We have created an in-house team of building safety managers who will each have responsibility for up to ten buildings.

## Addressing EWS1 concerns
Government guidance on building safety standards for flats within apartment blocks, in the wake of the Grenfell Tower tragedy, means that residents living in shared ownership homes, or who are leaseholders, have to have their building assessed to establish if remedial work is needed to the external wall system (EWS). They are unlikely to be able to sell, remortgage or purchase a greater share in their home if they cannot provide what is called the EWS1 form.

We are investigating the external wall systems on our buildings and expect to complete initial assessments in 2021. We will complete any remedial work that may be required, taking a risk-based approach to the buildings we will prioritise for this work first. However, because there is no government funding for buildings under 18 metres, many people who own or part-own flats may have to pay for their part of the bill. In every case we are committed to exhausting all possible options for financing remedial work before asking leaseholders to make a contribution.

Where people live in blocks that we do not own, we will liaise with the freeholder or managing agent on behalf of residents.

## Continued investment in our existing homes
We invested £95 million in our existing homes over the year, from refurbishing kitchens and bathrooms to replacing roofs and upgrading heating systems. Maintaining our homes to a high standard is important to us and after a brief pause on planned investment work at the beginning of the year, we worked successfully with our contractor partners to re-mobilise and get back on track. Customer satisfaction with our planned investment work was excellent at 92.7% and our contractor partners delivered just over 800 social value initiatives benefitting our residents, including 27 apprenticeships, 84 pre-employment training sessions, 388 vocational qualifications, 17 community facility improvements and the provision of 207 electronic devices, equipment or services.

## Sustainable approach
Sustainability permeates our entire approach and is centred on making our homes and communities fit for the future. In the coming months we plan to publish a sustainability strategy to accelerate the progress we are making in this area. We believe Clarion is able to make a significant positive impact to people and the environment, which is why we have aligned the measurement and reporting of our activities to global standards and will publish our progress against these each year. Our upcoming Social Impact Report will provide more information on our performance.

We are committed as a Group to improving our environmental footprint and we have set challenging targets to make our social housing stock more energy efficient. We aim to have all our existing properties at a higher standard of energy efficiency in the next few years, with an Energy Performance Certificate (EPC) rating of D as an absolute minimum by 2025. By 2040 it is our ambition that Clarion will be the undisputed leading housing group for good quality, fit for purpose, well managed, sustainable and affordable homes.

We are investing in retro-fitting our existing homes to make sure these targets are reached. Our annual investment in making our properties more energy efficient will rise from £2 million to £6 million over the next five years, as new technology emerges and the path to zero carbon by 2050 becomes clearer.

A major highlight during the year was the announcement in March 2021 that Fenland District Council and Tonbridge & Malling Borough Council had been awarded £4.5 million from the Social Housing Decarbonisation Fund, a new Government fund to improve the energy efficiency of social housing. The grant will be used, along with £4.5 million in match funding from Clarion, to upgrade 160 of our homes that have an Energy Performance Certificate (EPC) rating of D or below. Once complete, it is expected that residents will save up to £500 on their energy bills each year.

# Sustainability

As sustainability is one of our key focus areas we will lead in, we have worked with the Department for Business, Energy & Industrial Strategy (BEIS) to provide advice and data to help give an understanding of what technical assistance might best support the social housing sector's decarbonisation activities.

Going forward, we have established a Sustainable Development road map which paves a journey to deliver zero carbon compatible homes and move away from fossil fuel heating systems.

Alongside the road map we have a sustainable development framework for our development projects, helping them reach minimum standards across all areas of sustainability. To monitor the impact of construction activities, we will be introducing the use of the Building Research Establishment Smartwaste tool across all new construction sites. This will require our contractors and partners to monitor and report on waste production, recycling rates, energy consumption, water consumption, transport to and from site, and the use of sustainable materials.

We are building our in-house expertise in this area and have created a bespoke version of the UK Green Building Council's Sustainability Essentials online learning course. This will be supplemented by bespoke training for our specialist development teams, focusing on the aspects of sustainability that are directly related to their job roles. This will enable them to make informed decisions on projects and drive performance towards our sustainability targets and standards.

The work we are planning to do at the Sutton Estate in Chelsea illustrates how we are making sure that sustainability is an integral part of what we do. There will be an extra 142 cycle parking spaces created on the estate, a new ground source heat pump system using electricity rather than gas and a sustainable urban drainage system will lessen the risk of flooding by increasing the amount of space where water can be absorbed into the ground by 119%. In addition, the overall work on the estate is being designed to the Building with Nature Accreditation standard – which is a first for an urban setting.

# Streamlined Energy and Carbon Reporting (SECR) Statement

Here we set out Clarion Housing Group's energy use and carbon emissions, including its subsidiary businesses, for this year. It is in line with the Government's Streamlined Energy and Carbon Reporting (SECR) methodology as outlined in the Environmental Reporting Guidelines (March 2019) and as required in The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

## Energy efficiency actions

Work on energy efficiency of services associated with landlord supplies continues and this is primarily the installation of LED lighting as part of electrical renewals/lighting replacements and communal heating system improvements.

Office space has been rationalised this year, in line with new ways of working. The overall reduction of office space has a significant impact on Scope 3 emissions. Further actions related to office energy efficiency have been deferred until the implementation of new ways of working, after Covid-19 related restrictions have been lifted.

Work on improving the energy efficiency of our homes (impacting Scope 3 emissions) has continued through the year. Work has included boiler and controls replacements and installation of air source heat pumps and insulation, although progress was limited by Covid-19 related restrictions.

In 2020/21 Clarion also commenced the purchase of certificated zero carbon electricity for all supplies associated with its central electrical energy supply contracts. This has led to a substantial reduction in emissions.

Reduced jobs attended during the first three months of the year, in which only urgent repairs were undertaken, also significantly reduced associated vehicle movements and, consequently, emissions.

## Methodology and notes

Emissions are calculated in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition).

For this first report, in line with Streamlined Energy and Carbon Reporting, we have excluded the estimate/calculation of Scope 3 emissions. This includes electricity and gas usage at our leased offices. These are likely to be revised to add Scope 3 emissions in future years.

We are currently unable to calculate/estimate the amounts of electricity and fuel used for operatives' work tools used on jobs. However, we consider these to not be material in scale.

| | | 2020/21 |
|---|---|---|
| **UK Energy Use** | | |
| Electricity | MWh | 29,600 |
| Gas | MWh | 83,900 |
| Transport (fuel) | MWh | 13,000 |
| **Total** | **MWh** | **126,500** |
| **Associated Greenhouse Gas (GHG) Emissions** | | |
| Electricity | Tonnes $CO_2e$ | – |
| Gas | Tonnes $CO_2e$ | 17,100 |
| Transport (fuel) | Tonnes $CO_2e$ | 3,100 |
| **Total** | **Tonnes $CO_2e$** | **20,200** |
| **Intensity Ratio** | | |
| GHG Emissions per £million of revenue | Tonnes $CO_2e$ | 21.4 |

# Changing lives for the better

Our charitable foundation, Clarion Futures, invests millions every year in providing support and opportunities to help improve the lives of our residents and the neighbourhoods they live in. In any given week we are helping people who may be in financial crisis, desperate to find work, or are struggling to access basic services because they are unable to use the internet.

Our trained staff work with partner organisations across the country to support people in finding work, managing their money, and improving their digital skills, as well as running projects to help improve social cohesion.

When lockdown began, we switched to providing help and support over the phone or online rather than face-to-face, to enable our work to continue without interruption. And we moved quickly to launch a Covid response grant programme.

We have given 246 grants totalling more than £725,000 to food banks, community groups and local charities working to support our residents and their communities.

CLARION FUTURES

## 14,000

Our grants have prevented some 14,000 households from going hungry because they could not afford to put food on the table.

## £66,000+

More than £66,000 was given to projects providing essential food relief services to support vulnerable people.

## £100,000+

More than £100,000 was given to projects providing essential digital skills training to people who were suffering during lockdown from not being online.

## £119,000+

We also gave more than £119,000 to help keep a number of organisations from failing during the pandemic.

## £157,000+

In addition, more than £157,000 was given to help charities and community groups deliver crisis support in our residents' communities.

Funding was also given to projects providing critical local services to our residents and their communities, as well as schemes supporting children and families preparing to return to school after lockdown.

# Foundation 92

Foundation 92, the official charity partner of Salford City Football Club, is one of the organisations to have received a grant from Clarion Futures during the year. Foundation 92's core mission is to help people to improve their lives through sport, but when the pandemic hit the organisation shifted its focus and began offering a wider range of community services.

Tom Hutton, Head of Foundation 92, said: "When the first national lockdown was announced, we had to completely change our services and we couldn't have done that without the support of Clarion Futures. We launched a new telephone befriending service to help people stay connected and have also launched a new initiative delivering essential packs, providing people with ingredients to cook healthy meals, as well as toiletries and activity packs to enable them to keep active. It's a big change to what we were doing before, but we know how much it's needed and are grateful for Clarion's support to make it happen."

## Changing lives for the better
continued

### Connecting people and communities
The pandemic has highlighted the importance of the internet in enabling people to work and keep in touch with friends and family during lockdown. Clarion Futures works to ensure that our residents are not left behind and denied the benefits of being online.

We help our residents get online through our digital inclusion programme – running free training courses to get them online and one-to-one support in giving them the digital skills they need. Our help extends to lending people laptops, tablets and prepaid MiFi devices where needed.

When we heard that Newtons Primary School, near one of our estates in Rainham, did not have enough laptops to go around for children learning from home during lockdown, we stepped in to help. Clarion Futures staff managed to obtain 40 laptops to donate to the school in February 2021 – to be used by children who would otherwise have missed out on remote learning.

We started a new partnership with IT refurbishment firm, Tier 1, during the year, so that we can provide hundreds of used Clarion laptops for schools, community groups and others that would benefit from them.

Clarion Futures also runs ambassador programmes for younger residents, as part of the support we give to young people to gain life skills and experience. And our Age Friendly programme brings people from different generations together in projects aimed at improving the quality of life for our residents.

In October 2020 we teamed up with the #iwill Fund, supported by the Department for Digital, Culture, Media and Sport and The National Lottery Community Fund, to expand a youth social action programme with more than £580,000. The funding will enable us to run a project helping community groups, social enterprises and charities to embed youth social action in their work, as well as developing new partnerships with organisations such as Backyard Nature and National Parks UK.

### Encouraging excellence
Clarion Futures funds the annual William Sutton Prize, which celebrates innovative new approaches that will benefit social housing residents and communities. Two £20,000 prizes are given each year to help develop the winning concepts.

There were a record 154 entries in 2020/21. The ‘Social Innovation’ category was won by the Hackney School of Food, which plans to expand its work providing its food education programme for primary school children in Hackney by sharing the model with other schools.

The ‘Placemaking and Affordable Housing Design’ category was won by Ecomotive and SNUG Homes for their proposal for a construction and training hub in Bristol that will enable residents to help create eco-friendly modular housing in response to local demand for homes.

### Achieving against the odds
Our trained employment advisers give one-to-one support to people seeking work or training, in a package of help that includes careers guidance, interview training, job placements, apprenticeship opportunities and access to training.

Despite the challenges of trying to find people work during a time when the country has been in the worst recession in 300 years, our staff have been able to help 2,558 people into work (including 591 people from the externally-funded programme, Love London Working). This includes 215 apprenticeships and 188 people who we helped to set up their own business. Eight out of ten of those we found jobs for during the year were still in work more than six months later.

# The new normal

As the world adapted to the new 'normal', we adapted our services to ensure we were able to continue supporting our residents with employment advice and guidance provided over the phone or online rather than face-to-face. One of the people we supported into work is Binnur, 61, who had experienced a loss of confidence after being out of work for several years due to ill health. Having been a Clarion resident for several years, she contacted us for help having struggled to find work alone. Binnur received tailored support, with a dedicated employment adviser providing advice and guidance to improve her digital skills, update her CV and prepare for interviews, as well as putting her forward for jobs that matched her skillset.

This led to her securing a temporary role at the Department for Work and Pensions (DWP) processing benefit applications at the height of the pandemic when there was a high volume of new Universal Credit claims. Thanks to ongoing support from her employment adviser, she has since been promoted into a permanent role helping other people find work.

Binnur said: "The support I've received from Clarion Futures has been life-changing. They helped me not only improve my skills and update my CV, but rebuild my confidence and thanks to them, I've secured a permanent job with the DWP as a work coach. It's amazing to know that I'll now be able to pass on the advice and guidance I've received to help other people like me find work."

## Helping people to make ends meet

By December 2020 almost half of our residents had been forced to cut back on household spending, and a quarter had resorted to borrowing money just to be able to buy food. The financial pressures felt by our residents resulted in a surge of demand for the help we give to those who are struggling to make ends meet. Our trained money advisers have supported residents on more than 20,000 occasions during the year, a significant rise from the 16,000 occasions the previous year.

We provide specialised advice and support to our residents on a one-to-one basis, helping thousands of people every year manage their money, reduce debt and increase their financial resilience.

In 2020/21, we completed a record 3,820 cases – a steep rise from the 2,628 cases supported within 2019/20. Almost 900 households were supported through a special grant for household goods such as fridges and cookers, or vouchers for free gas or electricity, to give them a 'breathing space' in financial terms.

We expanded our existing partnership with Charis Grants so that we could offer vouchers to help residents in need to get free food and heating, and we formed a new partnership with the Trussell Trust charity so that we could provide food bank vouchers via email.

# Looking after our people

We depend on the 3,600 people we employ across the country to translate our aims into reality, and promote an inclusive working environment where people are free to be themselves, are valued, and helped to reach their full potential. Ultimately, we're empowering and enabling people to make a genuine difference. The wellbeing of our people is a top priority for us, especially as teams have gone above and beyond to keep our essential services going throughout the most challenging operating environment they have ever experienced.

During 2020 we started a long-term 'Wellbeing Matters' strategy. This aims to bring people together to look out for each other as well as providing our people with readily available support and resources to help them manage their wellbeing. All line managers are encouraged to take the initiative and talk with their staff about mental health just as they do with those who are physically unwell. They have been supported with recent training on reasonable adjustments.

We have an established programme of support from a team of trained Mental Health First Aiders. Our Mental Health First Aider (MHFA) network is made up of more than a dozen people from a variety of departments and varying levels of seniority. It means that any colleague who needs support can talk, in total confidence, to a volunteer MHFA trained in listening and directing people to the best form of support for them.

We also ran a 'This is me' campaign during the year, where people shared their personal stories of challenges they have faced and the lessons they learned, encouraging more open conversations across the business.

We give our people the tools and support they need and when the pandemic struck we ensured that thousands of our office-based people were able to switch to remote working almost overnight. While the pandemic forced people apart in terms of where they worked, rising to the biggest challenge of our working lives has brought our people closer together.

## Diversity and inclusion

Diversity and inclusion are part of our DNA at Clarion. One in five of our staff are from Black, Asian and Minority Ethnic backgrounds and our Ethnicity Pay Gap is -0.18 per cent. Women make up 55% of our workforce, and our gender pay gap currently stands at 5.22 per cent, which is significantly lower than the national average of 15.5 per cent among all employees in 2020. This means that women at Clarion earn 95p for every £1 that men earn when comparing median hourly pay and reflects our ongoing work to try to ensure that pay is not influenced by gender. Gender equality can be seen right from the top of our organisation, with our Group Executive Team evenly split between men and women.

We are committed to keeping our organisation free from bias and continue to improve diversity and representation at all levels. A number of Staff Networks exist to help promote awareness, support and recognition for different groups ranging from Black, Asian and Minority Ethnic staff, to those with disabilities and members of the LGBT+ community. All our managers are trained in unconscious bias as part of our commitment to ensuring equality of opportunity for our people and those who want to work at Clarion.

# Developing talent

Despite the difficulties posed by the pandemic, we continued to invest in training and upskilling our people. November 2020 saw the launch of our new learning management system, Workday Learning, which allows our people to help shape their own learning and development from wherever they are. The new module of our existing HR & Payroll system now allows a single access point to all areas of training and other HR information including via an app on a smart phone.

We invest in developing the skills and experience of all our people, whether they are just starting out in their careers or are at a later stage in their working lives. During 2020/21 we provided a series of training courses on areas such as customer service, project management, homelessness, domestic violence, suicide intervention, and safeguarding.

In addition, 24 people took part in our induction programme for new managers, while 44 started apprenticeships with Clarion, and we supported 37 people to embark upon professional development qualifications that will enhance their careers. We have also refined our performance review process to make it more interactive and focused on enabling meaningful reviews that result in tangible actions.

# Celebrating success

We recognise and celebrate the achievements of our people, not just in terms of pay and progression but also through our annual Clarion Awards which showcase examples of best practice by our people – as nominated by their colleagues. In the space of a few weeks after nominations opened in February 2021, there were more than 500 nominations for categories ranging from Inspirational Colleague of the Year to Team Player of the Year.

Going the extra mile is something that comes naturally to our people. Take Chris, one of our caretakers. At the height of lockdown he thought nothing of going out of his way to do some shopping for one of our elderly residents. As Chris put it: "I was only happy to be in the right place at the right time and brought her round the supplies she needed that day." (Go to page 34 for more on how Chris helped out one of our residents.)

As we face the future, and whatever challenges it may bring, we will continue to do our best by our people and help them in their work to help us improve the lives of the hundreds of thousands of residents we provide homes for.

# Enabling our people to provide the best support

The estates I look after suddenly looked very different when the first lockdown began. Far less people were out and about on their daily routines and there wasn't the chance to stop and chat with people and find out how they were as I normally would. I tried to check in on the older residents as much as I could, checking they were OK by speaking to them through their windows.

Understandably, many of them were frightened to leave their homes and many had been advised to shield due to their age or health conditions. One day, one of our elderly residents knocked on the window to get my attention while I was working outside. She was very upset and told me she didn't have any food in as she hadn't been able to get a delivery slot. She only wanted some bread and milk but it must have taken so much for her to ask. Of course I offered to get them for her without hesitation and told her it was no trouble at all. I was only happy to be in the right place at the right time and brought her round the supplies she needed that day. Had I not been there when she was in need, I wonder how long she would have had to wait until she was able to get those vital supplies. The pandemic has shown just how important our job, being out and about on the estates all day, really is.

**Chris**
**Caretaker**

Day-to-day I'm a property services performance analyst at Clarion, in the team responsible for helping make sure our homes are well-maintained and safe. But I'm also one of Clarion's mental health first aiders. This scheme was launched at Clarion before the pandemic and no one could have guessed how important it would become given the challenges ahead. It relies on staff volunteers who act as 'first aiders' for colleagues who are struggling with their mental health. We're a friendly face they can approach completely confidentially. We are here to listen and guide and sign-post people to appropriate support if needed. I have received specific training to encourage people to talk more freely about mental health, reduce stigma and create a positive culture around it. At Clarion we have a big emphasis on being able to fully be yourself at work.

For people that might have been struggling with their mental health before the pandemic, not having the usual distractions or not being able to deploy some of their tried and tested coping mechanisms will have only compounded the problem. Even for the people that were not struggling beforehand, suddenly finding themselves working from home, with significantly reduced social interaction, can start to take its toll. I like to help people and have always been told that I'm a good listener and very approachable. If I had a problem and wanted to talk something through, I'd want someone down to earth like myself to be there.

**Jessie**
**Property services performance analyst and mental health first aider**

I'm a LiveSmart Manager, looking after one of our schemes for over 55s in Surrey. I oversee the health and safety compliance at the scheme, as well as its maintenance and I'm there to support residents. The first lockdown was a big shift change, I began to work from home rather than on-site and we closed all the communal areas apart from the laundry room. It was tough for everyone but residents knew they could still reach me on the phone and we kept in touch regularly, checking on their welfare – especially those who had been advised to shield.

Fortunately in our community there is a food aid programme. This proved to be a real help to some of our residents and I alerted the charity whenever I identified someone was in need. For those with health issues, I was able to put them in touch with the local emergency response volunteers who could help with collecting prescriptions. It was really fantastic to see what the community could do when we all pulled together to protect the most vulnerable.

The residents of the scheme were very stoic throughout and they understood the need to keep themselves safe. I really missed seeing them every day but following guidance, we were able to adopt Covid-19-safe measures and return to the scheme. The whole experience has taught me we're stronger than we think. You don't fully appreciate how well you're able to cope until you have to cope!

**Frances**
**LiveSmart manager**


I am the lead youth worker at the Roman Road Adventure Playground which is owned and managed by Clarion. The playground has come to form a well-loved facility in the community here in Bow.

It was a big loss for the children having the adventure playground closed during the first lockdown, in what was a really uncertain time for them. And especially so for children that didn't have siblings to play with at home, or access to outside space. I'm a big believer in learning and making sense of the world though play and exploration. I've seen first-hand how the adventure playground can really aid kids' development.

I had to do whatever I could to get the playground up and running again, in a safe way for families. I quickly got to work researching Covid-19-secure measures that could be deployed for outdoor play areas to make sure the playground was as safe as possible. With the measures in place, I contacted parents to arrange visits in groups, creating play bubbles for the children, using WhatsApp to co-ordinate arrangements. It was fantastic to be able to welcome them back.

This year I was awarded the Outstanding Practice Award by a national charity called the Foyer Foundation for my efforts in ensuring that children had a safe place to play.

**Kevin**
**Lead youth worker**

# Managing our business

## An agent for positive change

Our achievements are made possible by the firm financial and governance foundations which enable us to operate effectively and efficiently. As a business with a social purpose, we reinvest our profits back into our core mission of providing affordable homes for those failed by the housing market.

## Financial planning

Prudent management of our finances, with the backing of our investors, means that we have not had to furlough any staff during the pandemic and have reported strong results arising from a very resilient financial performance.

Yet financial results do not tell the whole story. We're redefining investor value to benefit society – for our work has a far wider indirect economic benefit. Our reputation of being a respected and ethical organisation that delivers for people and their communities makes us an attractive proposition for investors looking for more than just a financial return.

This was illustrated by the success of our sustainable bond issue in November 2020, to fund the development of new affordable energy efficient homes, which raised £300 million from investors such as central banks and ethical investment funds. The 12-year bond was priced at 1.25% and was significantly oversubscribed – with some £850 million in orders.

In the final quarter of 2020/21 we took out a ten-year £100 million sustainability linked loan with NatWest. The interest rate on the loan is discounted as long as we reach certain ESG targets, which relate to the social value generated by our supply chain and the number of apprentices on our construction sites.

The London Stock Exchange, in a statement marking the opening of the stock market by our chief executive, Clare Miller in December 2020, described us as,"an organisation delivering strong financial results and committed to ESG principles."

In October 2020 we became the UK's first housing association to be given a Gold level Procurement Excellence Programme award by the Chartered Institute of Procurement & Supply, for recognised levels of effectiveness and efficiency within our major business functions. And in December 2020 the Regulator of Social Housing reaffirmed the highest possible rating of G1/V1 for our governance and financial viability.

## Leading by example

We play a leading role in the housing sector, sharing our expertise and best practice with other housing associations and taking the initiative in trying out new approaches. We helped develop the Sustainability Reporting Standard for Social Housing that was launched during the year and backed by dozens of housing associations.

This is part of our wider focus on measuring our environmental, social and governance impacts. In October 2020 our inaugural ESG performance report was published. This incorporated metrics from the new standard on themes ranging from governance to climate change, and also measured our work against key UN Sustainable Development Goals. Among other things, it revealed how we have introduced retrofit measures in our planned investment programme to ensure our homes achieve a D rating or better by 2025 and how we have almost halved our properties that are below EPC D since 2018.

# £100m

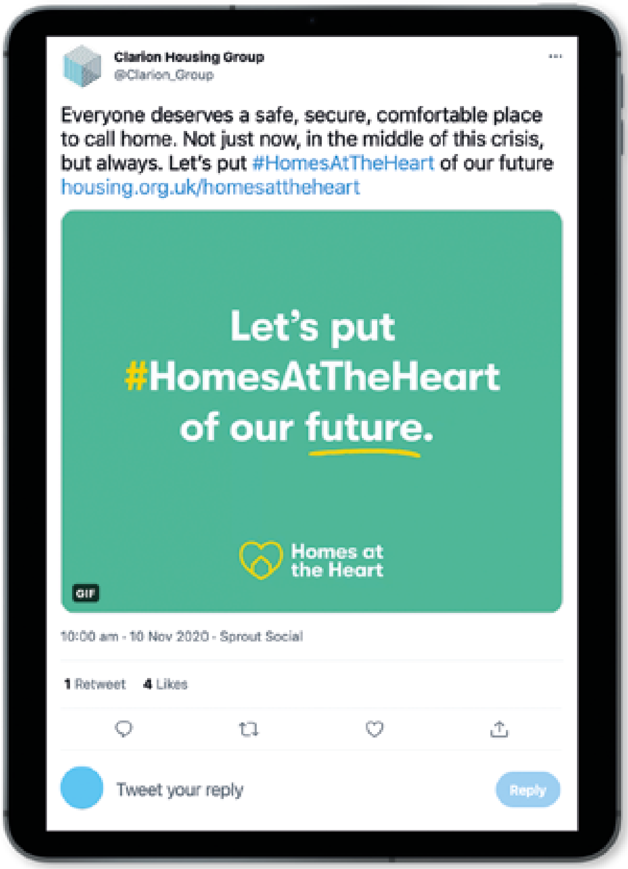
**In the final quarter of 2020/21 we took out a ten-year £100 million sustainability linked loan with NatWest. The interest rate on the loan is discounted as long as we reach certain ESG targets, which relate to the social value generated by our supply chain and the number of apprentices on our construction sites.**

## Influencing government policy

To fulfil our mission of providing good quality, affordable homes and neighbourhoods to people inadequately served by the market and to support government in achieving its ambitions, we use our voice and expertise. We contribute to a range of consultations on issues affecting the housing sector such as fire safety and planning reforms.

During the year, we responded to almost 40 consultations, providing responses to government departments such as the Ministry of Housing, Communities and Local Government, Department for Business, Energy & Industrial Strategy, Department for Digital, Culture, Media & Sport, and the Cabinet Office.

In March 2021 the Government published our report on hoarding and vulnerable residents as part of the Social Sector (Building Safety) Engagement Best Practice Group's final report. We were one of eight housing associations selected for the Best Practice Group and our area of work focused on resident and landlord fire safety responsibilities.





**Find out more**
@Clarion_Group

# Financial review of 2020/21

## Introduction

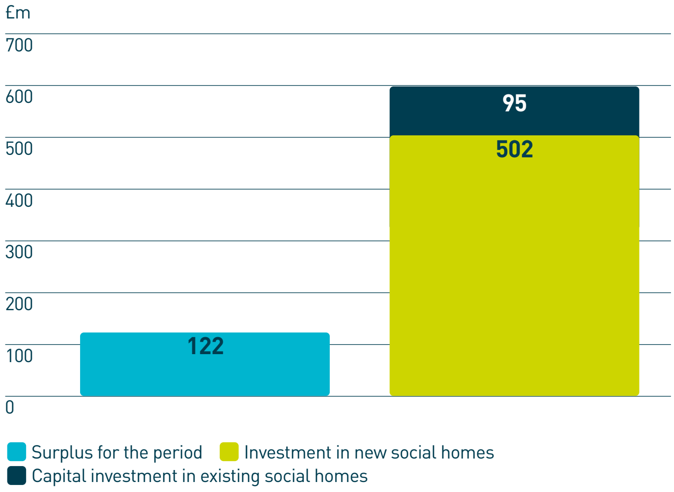
In the midst of a global pandemic and the associated economic challenges and uncertainties, we have delivered a robust set of results and maintained an ongoing strong financial position. Throughout the year, we have continued to focus on investing in our stock and customer services, along with growing our supply of new homes.

We delivered a record 2,126 new homes including investment of £502 million (2020: £535 million) in affordable tenures and £105 million (2020: £97 million) in homes for market sale. We also continued to invest in maintaining and improving our existing homes with £95 million (2020: £102 million) being spent on capital improvements and £195 million (2020: £188 million) in ongoing maintenance. When compared to our surplus, we invested 4.9 times our surplus (2020: 3.8) in new and existing affordable homes (Figure 1) and 0.9 times our surplus (2020: 0.6) in homes for market sale.

Our operating surplus reduced to £258 million (2020: £293 million) and our net surplus reduced to £122 million (2020: £168 million) resulting in an operating margin of 27% (2020: 35%) and net margin of 13% (2020: 20%). The two key drivers of this reduction was our decision to temporarily pause our stock rationalisation programme along with a one-off breakage receipt in the prior year. Adjusting for these items our operating surplus has seen an increase of £3 million and net surplus an increase of £7 million.

That Clarion has been able to weather the economic storm and achieve so much during such a challenging year, and without having to rely on the Government for assistance, demonstrates that we are a resilient and robust business. With the backdrop of a continued uncertain economic situation due to both Covid-19 and Brexit, our financial performance is key to enabling us to deliver upon our aims. Our financial strength and ability to absorb many of the shocks of the external market means we remain well placed to deliver on our mission to provide good quality, affordable homes and neighbourhoods to people failed by the housing market.

Figure 1:
Surplus versus investment in social housing




## Statement of Comprehensive Income

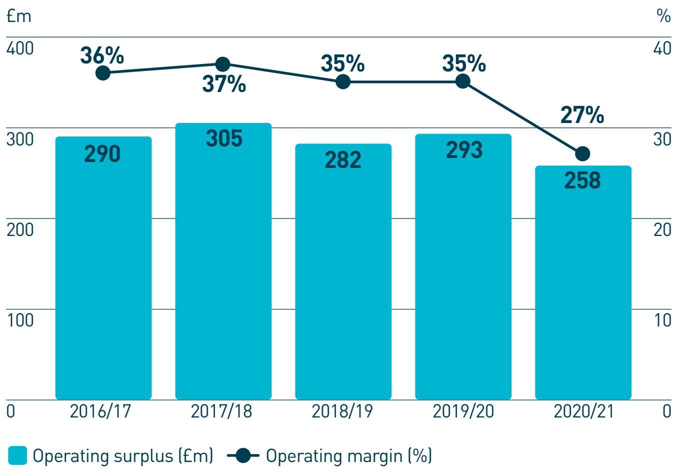
Figure 2:
Summary of the Group's Statement of Comprehensive Income

| | **2020/21 £m** | 2019/20 £m |
|---|---|---|
| Turnover | **944** | 842 |
| Cost of sales | **(193)** | (111) |
| Operating costs | **(518)** | (497) |
| Surplus on disposals of properties | **25** | 59 |
| **Operating surplus** | **258** | 293 |
| *Operating margin %* | ***27%*** | *35%* |
| Share of deficit on JCEs and associates | **(14)** | (1) |
| Loss on revaluation of investment properties | **(1)** | (5) |
| Net interest and other financial income | **(135)** | (130) |
| Breakage receipt | **–** | 16 |
| Movements in fair value of financial instruments | **4** | – |
| Other | **10** | (5) |
| **Surplus for the year after tax** | **122** | 168 |
| *Net margin* | ***13%*** | *20%* |

## Operating surplus and net surplus

Figure 3 shows the operating surplus and margin trends over five years.

Figure 3:
Operating margin and operating surplus over five years



Operating surplus at £258 million (2020: £293 million) reduced in the year as we paused our stock rationalisation strategy due to uncertain market conditions during the Covid-19 pandemic. This can be seen in the surplus on disposals falling from £59 million to £25 million – adjusting for the amount of this drop which relates to rationalisation, operating surplus increased by £3 million. Operating margin reduced to 27% (2020: 35%); after adjusting for the stock rationalisation, the year-on-year reduction equated to 3% (2021: 27%; 2020 adjusted: 30%). This reflects the increased turnover derived from sales activity which generates a lower average margin than the core rental business.

At £122 million, net surplus was £46 million lower than the prior year (2020: £168 million) resulting in a net margin of 13% (2020: 20%). As well as the surplus from our stock rationalisation strategy, the prior year also benefitted from a one-off breakage receipt. Adjusting for both these items, net surplus has in fact seen an increase of £7 million and net margin a 1% reduction (2021: 13%; 2020 adjusted: 14%), again driven by increased sales activity.

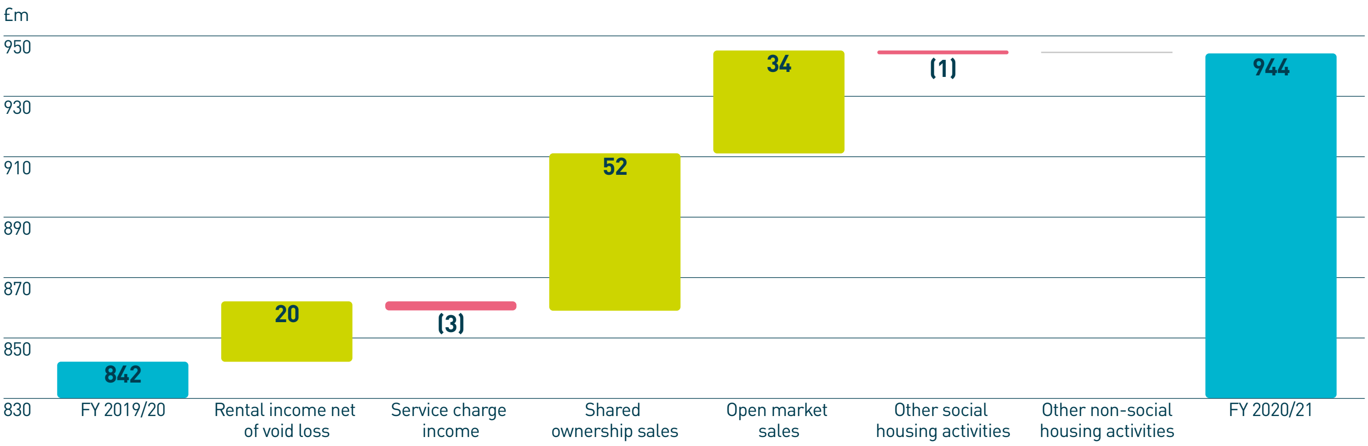
## Turnover

Turnover at £944 million (2020: £842 million) was £102 million higher than the previous year as shown in figure 4. Social rental income increased by £20 million, predominantly driven by the standard 2.7% rent increase (2019/20 was the final year of the Government's 1% rent reduction policy) as well as an increase in units. The impact of both has been partially offset by a £3 million increase in void loss as some new lettings were restricted due to the pandemic along with a £3 million reduction in service charge income.

Shared ownership first tranche sales income increased by £52 million and open market sales income by £34 million. Both increases are volume driven with 974 first tranche sales (2020: 618 sales) and 177 open market sales (2020: 109 sales); both figures exclude our share of joint venture sales. This is a strong performance given the initial closure of sales centres at the start of the pandemic and latterly, the challenges of the prolonged conveyancing process. The overall blended margin on both sale types has seen a reduction to 11% (2020: 15%) which primarily reflects the specific schemes and geography rather than any need to discount prices.

Net movements in other social housing activities and other non-social housing activities have been marginal.

Figure 4:
Movement in turnover during 2020/21



## Financial review of 2020/21
continued

### Operating costs

At £518 million, operating costs are £21 million (4%) higher than the prior year, resulting in a total operating cost per unit (OCU) of £4,711 (2020: £4,576).

We maintained a full repairs service for much of the year. Our repairs service, Clarion Response, focused on critically needed repairs in the first three months of the year, moving back to a full service from July and maintained this through the second and third lockdowns. Investment in our existing stock also continued during 2020/21, including work on our fire safety programme which remained a key priority throughout the pandemic and is the predominant driver behind the £7 million increase across our routine, planned and major works.

Depreciation and impairment of our housing stock increased by £13 million driven by the additional depreciation associated with the continued investment in our existing housing units and the growing development programme. The bad debt charge increased by £5 million reflecting a provision against the anticipated lower levels of rent collection as a result of Covid-19 and shortfalls in payments of Housing Benefit and Universal Credit.

Lower levels of recruitment and travel costs due to Covid-19 restrictions and associated home-working arrangements have largely led to a net reduction in costs across housing management and services. Due to previous investment in our ERP system and IT infrastructure we were able to ensure that our office-based staff could switch to remote working almost overnight. Going into 2021/22 focus will continue on leveraging these benefits to deliver further cost efficiencies.

The support for residents delivered through Clarion Futures has proved vital over the past year. Whilst Covid-19 meant most community centres had to close and face-to-face delivery cease, staff worked hard to redesign services and deliver them by phone or online. In total, we invested £14 million (2020: £17 million) in our residents and communities including over £725,000 through the Covid-19 response grant programme that has been a lifeline for many of our long-standing partners.

Figure 5:
Movement in operating costs during 2020/21

### Surplus on existing property sales

At £25 million, the surplus on sales has reduced by £34 million versus the prior year. The prior year saw a significant surplus generated from the transfer of 1,175 properties in Newcastle and South Shields. Reflecting uncertain market conditions at the start of the pandemic, a decision was made to pause the planned sales in the current year. Excluding this transfer, surplus on sales in the current year has increased by £5 million driven by improved margins on shared ownership staircasing (where residents now own larger shares of their own homes) and an increase in right to buy and right to acquire sales.

### Share of deficit of JCEAs

Our share of joint venture results delivered a £14 million deficit which is a £13 million deterioration on the prior year. Included within the results this year is a £6 million stock impairment recognised by the Linden/Downland Graylingwell LLP and a £4 million impairment recognised by Mayfield Market Towns Limited. The Group also impaired its investment in Mayfield Market Towns Limited by £5 million. Excluding these impairments, underlying performance was in line with expectations with a number of schemes still in the start-up phase. Customer interest remained buoyant for those units available, supported by the Government scheme for a Stamp Duty Land Tax holiday.

### Loss on revaluation of investment properties

The uncertain economic environment has resulted in a small loss on revaluation of our investment properties of £1 million. Within this, the value of our market rent and freehold units increased by £5 million offset by a £6 million reduction in valuation of our commercial portfolio, reflecting the impact of Covid-19 on the retail/leisure sector.

### Net financing costs

At £135 million, net interest has increased by £21 million on the prior year. Excluding the £16 million breakage receipt in the prior year, this increase reduces to £5 million. Notional drawn debt has increased to £4,325 million (2020: £4,041 million) and new lower-cost funding has reduced the average cost of borrowing from 4.15% to 3.81% resulting in interest payable across our debt and derivative portfolio of £164 million (2020: £160 million). The level of interest capitalised in the current year reduced to £30 million (2020: £32 million), reflecting the lower interest base rate and the impact of Covid-19 restrictions on development activity. Both movements are partially offset by a £1 million net increase in interest received from our JCEAs and bank deposits.

Interest cover at 2.1 remains comfortably above our tightest covenant.

### Statement of Financial Position

Figure 6:
Summary of the Group's Statement of Financial Position

| | 2020/21 £m | 2019/20 £m |
|---|---|---|
| Tangible fixed assets | **8,092** | 7,734 |
| Net current assets | **595** | 541 |
| Creditors due in over one year | **(6,885)** | (6,665) |
| Other | **167** | 195 |
| **Total net assets** | **1,969** | 1,805 |
| Income and expenditure account | **2,298** | 2,208 |
| Cash flow hedge and other reserves | **(329)** | (403) |
| **Total capital and reserves** | **1,969** | 1,805 |

Our Financial Position metrics remain strong with net assets increasing by £164 million (9%) to £1,969 million. As a result, gearing at 48% (as per our covenant definition) remains comfortably lower than our tightest financial covenant.

Increases across social housing properties (£357 million), stock (£26 million), interests in JCEAs (£3 million), cash holdings (£10 million) and a reduction in other current creditors (£29 million), partially offset by a net increase in borrowings and the fair value of financial instruments (£233 million) and our pension liabilities (£27 million), are the primary drivers behind the increase in net assets.

### Social housing properties and stock

The Group invested £607 million (2020: £631 million) in the construction and redevelopment of housing with 2,335 new build starts (2020: 2,572) and the completion of 2,126 properties (1,918 of which were for affordable tenures) at a cost of £559 million (2020: 2,101 units completed, of which 1,810 affordable; £521 million).

£4,456 million of capital expenditure remains approved at year-end (2020: £4,179 million) of which £1,036 million is contracted (2020: £1,424 million). The current development pipeline is now in excess of 20,000 homes.

During the year we also invested £95 million (2020: £102 million) in our existing homes, on top of our £195 million (2020: £188 million) of revenue maintenance spend.

Overall we have invested 4.9 times our surplus (2020: 3.8) in new and existing affordable housing assets (Figure 1) and a further 0.9 times our surplus (2020: 0.6) in new non-social assets. This is a resilient performance in the face of the pandemic and epitomises our values – we exist to invest in communities and provide affordable housing.

# Financial review of 2020/21
continued

## Interest in JCEAs
Clarion is also committed to delivering large strategic schemes through joint ventures or partnerships where we believe the collective skills of two differing parties can bring real benefits. During the year, the Group entered into three new joint ventures, and this growing programme is reflected in the net £3 million increase in our interests in JCEAs which now stands at £155 million. As noted previously, this £155 million is net of impairment and this year a £5 million charge was recognised by Clarion on its investments with a further £10 million included in our share of JCEAs' cost of sales relating to impairment of stock. At the end of the year, Clarion had 14 actively-developing joint ventures with a target delivery of 5,040 units (Clarion's share) and one long-term strategic proposal.

## Borrowings and financial instruments
Drawn debt (excluding accounting adjustments) as at 31 March 2021 was £4,325 million, an increase of £284 million from the prior year (2020: £4,041 million). During the year, the Group raised £450 million through its Euro Medium Term Note (EMTN) debt programme, arranged a £100 million sustainability linked loan and extended £430 million of our revolving credit facilities. The proceeds of the Group's note issuances were used to fund the investment in housing assets and repay bank debt, reducing the average of cost funds to 3.81% (2020: 4.15%).

In order to manage interest rate risk, the Group uses a mixture of fixed rate borrowing and interest rate swaps to fix between 80% and 100% of interest payments. Interest rate swaps are held at fair value and this valuation reduced by £67 million during the year to a net liability of £315 million (2020: £382 million) reflecting the recovery of swap and gilt rates from their record low levels.

## Pensions
At £59 million, the Group's net pension liability has seen an increase of £27 million from the prior year (2020: £32 million) reflecting general macroeconomic factors within the UK economy and the specific asset portfolio and membership of each scheme. This remains below the pre-pandemic level (September 2019: £70 million).

## Statement of Cash Flows
Figure 7:
Summary of the Group's Statement of Cash Flows

| | 2020/21 £m | 2019/20 £m |
|---|---|---|
| Net cash from operating activities | **309** | 253 |
| Net cash from investing activities | **(441)** | (308) |
| Net cash from financing activities | **142** | (5) |
| **Net cash movement** | **10** | (60) |
| Cash and cash equivalents at the start of the year | **121** | 181 |
| **Cash and cash equivalents at the end of the year** | **131** | 121 |

Cash generation from operations is a critically important measure since it provides an indication of the Group's ability to meet underlying obligations of its properties without recourse to debt finance and without reliance on existing property sales. Positive cash generation also provides vital support for the Group's investment in social housing, including the development of new homes, while keeping debt within acceptable limits.

At £309 million (2020: £253 million), the cash generation from operations remains high and significantly in excess of the £95 million investment in existing homes (2020: £102 million).

The net cash outflow on investing activities at £441 million is £133 million higher than the prior year (2020: £308 million). Whilst our cash investment in social housing properties has remained relatively consistent, proceeds from the disposal of properties have reduced by £68 million due to the reduction in stock transfer activity, and grant receipts have reduced by £80 million due to the timing of construction activity.

At £142 million, our net cash inflow from financing activities has increased by £147 million. Net borrowings of loans and bonds totalled £283 million (2020: £154 million) as a result of funding raised through the Group's EMTN bond issues. Interest payments also reduced.

Overall liquidity, increased to £1,086 million (2020: £912 million), represented by £131 million (2020: £121 million) of cash and cash equivalents (available within one day's notice) and £955 million of committed undrawn facilities (2020: £791 million).

# Treasury Management Report

Our treasury function is responsible for the management and effective control of our cash flows, banking and investor relationships, the funding of the Group and any associated risks. The function is also responsible for the pursuit of optimum performance within parameters agreed, from time to time, by the Treasury Committee and within the contractual obligations covenanted in funding arrangements.

Funding requirements are continuously reviewed, including those in a range of potentially adverse scenarios, which are analysed though stress testing our Long Term Financial Plan. We consider the availability of funding to be a key risk and therefore, amongst other actions, we maintain a high level of liquidity and charged but unallocated property security, seek to diversify funding sources appropriately, and make conservative planning assumptions about the cost of funding so as not to incur unacceptable losses or risk damage to the Group's reputation.

We were fully compliant with all of our financial covenants throughout the period and prior periods. The financial covenants are primarily in respect of interest cover, gearing and asset cover. Our Long Term Financial Plan forecasts continued compliance, including under a range of scenarios reflecting severely adverse trading conditions.

The Group is rated by Moody's and Standard & Poor's who both assign a strong investment-grade rating (Moody's A3/stable outlook; Standard & Poor's A-/stable outlook).

## Capital structure

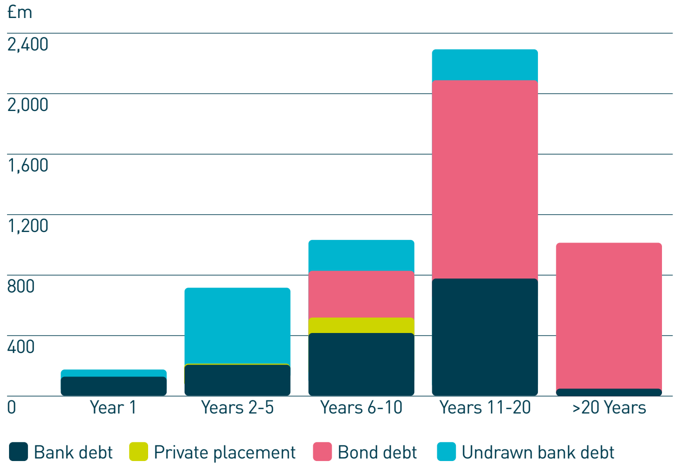
We utilise increasingly diverse sources and types of funding which reduces reliance on particular financing instruments. As at 31 March 2021, the Group had £5.3 billion of committed debt funding (2020: £4.8 billion), with drawn funding totalling £4.3 billion (2020: £4.0 billion). The increase in drawn funding, along with cash generated from operations, sales receipts and capital grants was used to fund housing capital expenditure. All undrawn funding is committed and is available within three days' notice whilst cash is available with one day's notice.

During the period, we extended £0.4 billion of our revolving credit facilities, arranged £0.1 billion of new bank funding and issued £0.5 billion debt capital market funding (notional), the latter raised utilising our EMTN debt programme. The debt portfolio duration remained at 15 years, whilst our average cost of funds reduced to 3.81% (2020: 4.15%). We remain strongly focused on sustainability, with £0.4 billion (73%) of the new funding arranged during the period linked to sustainability.

As at 31 March 2021, 53% of committed funding was sourced from the capital markets and 47% from bi-lateral loans with nine banks and building societies.

The Group has limited re-financing risk in the next five years with over 80% of our debt facilities maturing after five years and 63% maturing after 10 years. Our exposure to drawn re-finance risk within one year was £0.1 billion, representing 2.5% of debt facilities.

## Debt repayment profile



## Treasury Management Report
continued

### Investment and liquidity
Our capital expenditure plans (net of sales receipts) will continue to be met by cash generated from landlord activities, supplemented by asset sales proceeds and further debt funding. The level of debt funding is constrained by our strong financial discipline and commitment to a financial profile consistent with a strong investment grade rating. Accordingly, through our planning activities, we ensure that we have sufficiently strong debt service capacity under a broad range of adverse scenarios.

We operate a conservative counterparty policy and aim to minimise the risk of financial loss, reputational loss or liquidity exposure linked to any counterparty. Short-term investments are well diversified and are kept at a minimum by temporarily repaying revolving credit facilities in order to manage working capital and the Group's interest cost. All cash investments are held with counterparties that meet the criteria agreed by the Treasury Committee.

As part of our treasury policy, we maintain a conservative liquidity position that finances a minimum of 18 months of its operations. As at 31 March 2021, total liquidity of the Group was £1.1 billion, represented by £0.1 billion of cash (available with one day's notice) and £1.0 billion of committed undrawn credit facilities.

### Risk management
We continue to be prudent in our approach to interest rate risk management and operate a policy of hedging 80% to 100% of our net debt. At 31 March 2021, 94% of net debt is either held at fixed rates of interest or hedged against adverse rate movements. It is estimated that a 0.25% increase in interest rates would increase net interest payable by £0.7 million per annum.

We manage our exposure to interest rate risk predominately either by entering into debt at fixed rates of interest or by transacting interest rate derivatives. As at 31 March 2021, the Group held interest rate derivatives with a total mark-to-market value of £0.3 billion.

### Security
We also maintain a prudent approach to collateralising our debt portfolio. Our main property security pool contains over 61,500 properties, providing highly diversified collateral in support of all Clarion Funding plc issued bond and bank funding (debt facilities and mark-to-market exposures on interest rate derivatives).

In addition to the security allocated to the existing funding portfolio, a proportion of the charged assets are left unallocated. These unallocated assets provide a further level of collateralisation for existing funding providers, to secure new debt issuance and to provide collateral to cover any adverse mark-to-market movements or adverse property security valuation movements. The current security value of the unallocated property assets is in excess of £1.0 billion whilst the total value of the security pool is in excess of £6.2 billion. Further property assets are charged on a periodic basis from the Group's substantial pool of unencumbered property assets.

# Value for money

At Clarion, we see value for money to be at our core, it cuts across all areas of our organisation and is reflected in everything we do. By adopting a value for money approach, we drive the performance of the organisation to deliver cost savings, improve efficiency, and increase the quality of our outputs and services. Importantly, we recognise that this value can be delivered in both financial and social terms. From a financial perspective, value for money will ultimately improve our financial performance to maximise surpluses from our core and development activities, so that we can invest in strategically important areas that can benefit our customers and society as a whole. At the same time, social value can improve the satisfaction, experiences and opportunities for customers, residents, our people and our wider communities.

Responsibility to deliver value for money rests with our Group Board but operationally it is devolved across the organisation with employees taking the lead. From an operational perspective, we embed this through the following underlying principles:

- Continuous improvement in relation to all aspects of our business to deliver cost savings and productivity and quality improvements;
- Leveraging technology to evolve and present opportunities for improving efficiency and effectiveness;
- Continuous monitoring and reporting of performance, so that we understand success and underperformance; and
- Flexing plans to achieve objectives to ensure we remain agile and responsive to the needs of our residents, and external forces.

In the next financial year, we will finalise our revised Clarion Value for Money Strategy. Although we aimed for this to be completed during the 2020/21 financial year, its completion was delayed whilst we finalised our updated long-term financial plan and considered the impacts of Covid-19 on our residents and on the organisation. This refreshed strategy will include an annual action plan that will provide clear guidance and targets to our staff and stakeholders, and will be embedded in our delivery programmes alongside our everyday activity.

### Performance management

Our value for money process commences with the planning, budgeting and forecasting cycle. During this process, across all of the organisation, each director is tasked with identifying value for money initiatives and plans for their area to generate financial and social value. These plans are included in the budgets and forecasts that are comprehensively reviewed and challenged prior to approval by the Group Board.

Our finance and data insights team produce Clarion's monthly management reporting that tracks performance against financial and non-financial targets at a budget holder level. Commentary from this provides the detail for Executive Team and Board to discuss significant deviations from target at monthly and quarterly meetings and agree action plans to bring performance back in line with expectations.

Supporting the Group Board's monitoring of value for money performance, we have Boards for the Housing Association and Latimer operations. We also have committees that focus on investment, disposals and treasury to ensure appropriate independent review and challenge for investment proposals and outcomes. In our annual benchmarking process, we report to Executive and Group Board our performance against historic levels and compare to other external organisations. This provides opportunity to critically assess our performance to identify our strengths and weaknesses and to pinpoint areas where improvements are needed.

Clarion's procurement team plays an active role in generating value for money through its designated responsibility for our procurement processes. Compliance with tendering procedures and regular tracking and reporting of savings helps to inform our Executive Team of our position in delivering value for money.

Clarion performance management plays a key role in reaching our objectives. Our quarterly forecasting and risk management processes enable us to promptly course-correct and to shift investment and priorities to adapt to changing internal and external environments.

### 2020/21 value for money initiatives and achievements

Some examples of the value for money initiatives and achievements over the year include:

- Through the active management of tendering process and contract negotiations, our procurement team has generated over £7.8 million in savings that are related to 2020/21 and beyond. For our Domestic and Commercial Heating servicing alone, we are earmarked to save over £6.2 million across the next five years. Further in the current financial year 2021/22, we have already procured and contracted future savings of £1.4 million.
- Off the back of implementing our company-wide Enterprise Resource Planning (ERP) system, work has begun to decommission and simplify the technical environment of our IT systems.
- Our ERP technology was critical to the successful transition of our office based employees to a home working environment with minimal cost and interruption to our customers and services.
- We carried out restructures across several areas of the business to reduce headcount and rationalise team structures, with the aim of implementing improvements to our customer services and to deliver future cost savings.
- We are working on reducing our organisational impact on the environment. In our property services division, a reduction of carbon footprint from our heating contractors is expected to be achieved through enhanced fuel and vehicle monitoring and requiring our contractors to have an ISO14001 Environmental Management Standard accreditation.
- We were successful in the raising of additional low cost funding worth £300 million (our November 2020 ESG bond issue), with a cost of funds of 1.34% compared to an existing average cost of funds of 3.81%.

## Value for money
continued

### Financial performance

Clarion uses a selection of key metrics to track our year-on-year performance, benchmark against our peers, and ultimately to monitor and drive value for money across the organisation. Each year we participate in the Sector Scorecard initiative, which provides a consistent framework for measuring and benchmarking performance across housing associations. It consists of 15 measures across five areas – Business Health, Operating Efficiencies, Development, Outcomes Delivered and Effective Asset Management. The framework also incorporates the seven specific metrics required by the Regulator in our value for money reporting. As part of this process we benchmark ourselves against the largest London-based associations – the G15.

The following section provides some key observations of our performance across the five areas of the Sector Scorecard. Tables in each sub-section show the output of this benchmarking, including Clarion's performance over the current and prior year with comparisons to the G15 for 2019/20 (the latest publicly available data) and 2018/19, showing both the average outcome and our ranking against our peers. The Regulator's value for money measures are identified with a tick under the heading of RSH VFM.

### 1. Business Health

| Sector Scorecard – Business Health | RSH VFM | Trend | 2020/21 Clarion | 2019/20 Clarion | 2019/20 G15 Average | 2019/20 Clarion Ranking | 2018/19 G15 Average | 2018/19 Clarion Ranking |
|---|---|---|---|---|---|---|---|---|
| Operating margin (social housing lettings) | ✓ | ∨ | **31.0%** | 32.4% | 29.0% | 4/12 | 32.7% | 4/12 |
| Operating margin (overall, excluding disposals) | ✓ | ∨ | **24.6%** | 27.8% | 20.8% | 1/12 | 24.5% | 2/12 |
| EBITDA MRI interest cover | ✓ | ∧ | **151.7%** | 151.3% | 111.9% | 1/12 | 116.8% | 5/12 |

The business health metrics link in with our strategic theme to, "Build a successful, respected and influential national business", and our enabling objective to "maintain our financial resilience".

Clarion's business health remains in a strong position, reflecting our financial capacity, stability and headroom against banking covenants. Our EBITDA MRI interest cover at 151.7% has improved in the year through a combination of strengthening operating performance and our continued ability to raise funding at sector-leading rates. Clarion's performance against this measure was mid-range compared to our peers in 2018/19, but improved to the highest value in the G15 for 2019/20.

Supporting our EBITDA MRI measure are our continued strong operating margins. Although overall operating margin remains strong at 24.6% for 2020/21, with ranking of 1/12 amongst our peers for 2019/20, it has declined in the year due to increasing market sales activity (lower margin) and increased pressure on operating costs. Likewise, our social housing lettings margin of 31.0% has reduced from 32.4%, but is still above the G15 average of 29.0% for 2019/20. There are two key drivers to higher operating costs compared to the previous year (depreciation, and repairs & maintenance):

- A £15.7 million increase in depreciation reflects growth and investment in housing assets along with the historic cost of new IT technology and platforms that help to improve customer service, innovation and longer-term operating efficiencies.
- To drive greater value for money and customer satisfaction, we are continuing to move the focus from reactive repairs to preventative planned maintenance, especially in areas concerned with fire-safety. This resulted in higher investment in planned maintenance compared to prior year (£6.5 million net increase).

Looking ahead, we will continue to focus on delivering efficiency gains to fully realise the benefits of our merger, single ERP platform and evolved ways of working. In the long term this will improve our underlying operating margins, although the overall Group operating margin will be further diluted through growing development sales activity (both through affordable ownership and on the open market).

## 2. Operating efficiencies

| Sector Scorecard – Operating efficiencies | RSH VFM | Trend | **2020/21 Clarion** | 2019/20 Clarion | 2019/20 G15 Average | 2019/20 Clarion Ranking | 2018/19 G15 Average | 2018/19 Clarion Ranking |
|---|---|---|---|---|---|---|---|---|
| Headline social housing cost per unit | ✓ | ˅ | **£4,272** | £4,372 | £5,169 | 1/12 | £5,209 | 3/12 |
| Management costs per unit | | ˅ | **£802** | £872 | £1,188 | 2/12 | £1,154 | 2/12 |
| Service charge costs per unit | | ˄ | **£539** | £521 | £803 | 1/12 | £745 | 1/12 |
| Maintenance costs per unit | | ˄ | **£1,630** | £1,601 | £1,463 | 9/12 | £1,450 | 10/12 |
| Major repairs expenditure per unit | | ˄ | **£145** | £123 | £110 | 2/6 | £103 | 3/6 |
| Capitalised major repairs expenditure for period per unit | | ˅ | **£864** | £939 | £886 | 8/12 | £1,005 | 10/12 |
| Other costs per unit | | ˅ | **£292** | £315 | £719 | 3/12 | £567 | 3/12 |
| Rent collected as percentage of rent due | | ˅ | **99.4%** | 99.5% | 100.0% | 6/8 | 99.6% | 9/9 |
| Overheads as a percentage of adjusted turnover | | ˅ | **11.2%** | 12.3% | 15.0% | 3/12 | 14.3% | 3/12 |

Monitoring our performance to drive operating efficiencies was a key objective of the merger of Clarion Housing Group in 2016. It is also linked to our strategic theme of, "being the housing and service provider of choice" where we maintain homes that are good quality, safe, sustainable and affordable places to live. By operating efficiently we are able to deliver on this and maintain our financial resilience and do more with what we have. Like previous years we continue to identify headline social housing cost per unit as an area for focus.

This year has seen further improvement in this measure, decreasing by £100 from £4,372 to £4,272. This follows on from a decrease of £156 in 2019/20 compared to 2018/19. The weighted average for 2019/20 was £5,169 and Clarion was ranked top. We do recognise that a business of our size can leverage economies of scale to deliver greater value at lower cost. However, at the same time we realise that we need to invest in our assets to ensure that they are fit for purpose. Key observations with regards to operating efficiencies are:

- Management costs and service charge costs per unit benchmark well across our peers, ranking 2/12 and 1/12, respectively, for 2019/20. Management costs per unit have decreased by £70 in 2020/21 to £802. This is an area we will continue to focus on going forward as we deliver further savings driven by new ways of working, operational efficiencies and economies of scale.
- Maintenance cost per unit at £1,630 continues to be above the G15 average. However, our ranking amongst our peers has improved again to 9/12 for 2019/20 (2018/19: 10/12, 2017/18: 13/13). As highlighted, we are changing our operational focus towards increased planned maintenance, which in the medium term will result in lower ongoing response repairs.
- Property investment (major repairs expenditure and capitalised major repairs expenditure) per unit at £1,009 has reduced from the prior year (2019/20: £1,062), primarily impacted by the pandemic during the year. We continue to invest in our fire safety remedial programme with £27 million invested in the year (total to date: £77 million) and have now increased the anticipated net spend over the next four years to £150 million (up from £100 million in the prior year). We also recognise that the Clarion 2040 programme will drive additional investment, as will the longer term need to achieve the 2050 zero carbon target. Our focus going forward is therefore ensuring that this additional investment is delivered in the most effective and efficient manner.
- Total cost per unit is also a key measure that is used by Clarion to monitor efficiency. This differs to the above metrics as it considers all operating costs (e.g. depreciation and amortisation) and all units (e.g. non-social housing). This year we are reporting £4,711 per unit, which is a £135 (3%) increase from 2019/20. This increase is due to an increased cost base arising from increased repairs and maintenance per unit (in part due from increase fire safety and compliance works) and increased depreciation and amortisation as we elect to invest more in our stock to improve quality, safety and standards. In the longer term we aim to keep our three-year rolling average growth in this metric below inflation.

In 2020/21, our rent collection rate decreased only slightly from 99.5% to 99.4%, despite the challenges associated with the pandemic. Results from 2019/20 do show that we have been lagging slightly behind our peers in this area. However, as our new technology continues to be refined and embedded across the organisation, we are targeting an improved performance.

## Value for money
continued

### 3. Development (capacity and supply)

| Sector Scorecard – Development (capacity and supply) | RSH VFM | Trend | **2020/21 Clarion** | 2019/20 Clarion | 2019/20 G15 Average | 2019/20 Clarion Ranking | 2018/19 G15 Average | 2018/19 Clarion Ranking |
|---|---|---|---|---|---|---|---|---|
| New supply delivered: absolute (social and non-social) | | ^ | **2,126** | 2,101 | 1,144 | 3/12 | 1,140 | 4/12 |
| New supply (social housing units) | ✓ | ^ | **1.6%** | 1.5% | 1.7% | 9/12 | 1.7% | 11/12 |
| New supply (non-social housing units) | ✓ | – | **0.2%** | 0.2% | 0.6% | 10/12 | 0.8% | 11/12 |
| Gearing | ✓ | ^ | **54.6%** | 53.3% | 48.2% | 10/12 | 47.5% | 10/12 |

A strategic theme for Clarion is to build new homes and successful communities and to be a successful, respected, and influential national business. Since our merger we have publicised our ambition to deliver efficiencies and to increase the size of our development programme. This continues to come through with a record of 2,126 new homes delivered (2019/20: 2,101), of which 1,918 were for affordable tenures (2019/20: 1,810), an increase of 6.0% despite the challenges of the Covid-19 environment. Also of note, the affordable proportion at 90% (2019/20: 86%) significantly exceeds our target of two-thirds. Our longer-term delivery target is to consistently build 4,000 new homes each year. We are now making good progress towards achieving this, although it is likely that the impact of the pandemic will delay the achievement of this target by two years on our previous plan.

Our percentage new supply of social housing units this year of 1.6% (2019/20: 1.5%) has again moved us closer to the G15 average of 1.7%, and with reference to our peers, our new supply delivered in absolute numbers remains well above the G15 average.

We continue to demonstrate our commitment to boost the supply of new affordable housing units, even in the current low-grant environment. Consequentially the increase in development activity is partially facilitated by additional funding, which is reflected in our gearing increasing from 53.3% to 54.6%. Compared to our peers, our gearing remains above the 2019/20 G15 weighted average of 48.2%, again ranking 10/12 as in 2019/20. However, we believe this is sustainable and supported by our strong operating metrics.

### 4. Outcomes delivered

| Sector Scorecard – Outcomes delivered | RSH VFM | Trend | **2020/21 Clarion** | 2019/20 Clarion | 2019/20 G15 Average | 2019/20 Clarion Ranking | 2018/19 G15 Average | 2018/19 Clarion Ranking |
|---|---|---|---|---|---|---|---|---|
| Total social housing units owned and/or managed at period end | | ^ | **110,009** | 108,776 | 45,952 | 1/12 | 43,448 | 1/12 |
| Customer satisfaction | | v | **80.7%** | 80.9% | 78.7% | 6/12 | 78.2% | 6/12 |
| Reinvestment | ✓ | v | **6.2%** | 6.8% | 7.0% | 7/12 | 6.1% | 4/12 |
| Investment in communities | | v | **£13.7m** | £16.7m | £5.0m | 1/9 | £4.4m | 1/9 |

Customers and communities are at the centre of our organisation and this view is shared across all three strategic themes. We continue to target to achieve a minimum of 80% overall customer satisfaction. In 2020/21 we achieved an 80.7% satisfaction rating, a slight decrease on the 2019/20 result of 80.9% despite the significant challenges of reaching our customers during the pandemic, however we achieved 80%+ over each quarter of the year. Along with developing and promoting our organisational values, it is our continued investment in technology, better processes and improvements to frontline services which have contributed to this improvement. Going forward, we expect further improvements to customer satisfaction as our ways of working continue to evolve and we continue to leverage our new technology platform to digitalise and simplify our customer journey.

Our reinvestment rate reduced from 6.8% in 2019/20 to 6.2%, which is primarily a reflection of the pandemic impacting on works to existing homes and works to progress the development of new homes. We remain committed to improve the quality of existing stock and grow the supply of new homes and expect this rate to recover in 2021/22.

The investment in our residents and communities continues to be a high priority for Clarion. We have a target to invest £50 million over five years through our charitable foundation Clarion Futures. Even with the challenges and delays in our programme caused by Covid-19, we were still able to invest £13.7 million in charitable projects in 2020/21.

### 5. Effective asset management

| Sector Scorecard – Effective asset management | RSH VFM | Trend | **2020/21 Clarion** | 2019/20 Clarion | 2019/20 G15 Average | 2019/20 Clarion Ranking | 2018/19 G15 Average | 2018/19 Clarion Ranking |
|---|---|---|---|---|---|---|---|---|
| Return on capital employed (ROCE) | ✓ | ∨ | **2.9%** | 3.5% | 2.6% | 2/12 | 2.8% | 3/12 |
| Occupancy | | – | **98.3%** | 98.3% | 98.7% | 8/10 | 98.7% | 6/10 |
| Ratio of responsive repairs to planned maintenance | | ∨ | **70.1%** | 71.7% | 64.5% | 9/12 | 53.9% | 8/12 |

Effective asset management ties in with our strategic objectives to be the housing and service provider of choice, and to build new homes and successful communities, whilst also enabling our desire to maintain our financial resilience.

We continue to increase our investment in new and existing homes with a clear focus on affordable tenures where there is a lower financial return, consequently, our Return on capital employed (ROCE) has declined to 2.9% from 3.5% in 2019/20. Although ROCE provides a measure of the financial return on our capital base, it has to be balanced against our other charitable and non-financial measures. For example, a new social rent property has a very low ROCE, but a high social value.

We believe the strategy we have is sustainable, and is supported by our sustained upper quartile position in the G15 rankings. Occupancy rates are an important measure of how efficient and effective we are at turning around void properties and preserving existing tenancies. During the year, our occupancy rates remained consistent at 98.3%, despite the deepening impact of the pandemic. Levels are expected to recover during 2021/22 as we continue to emerge from lockdown restrictions.

Our occupancy rates remain consistent with the prior year and are marginally below the G15 average of 98.7% for both 2019/20 and 2018/19. Where appropriate, and in line with our Clarion 2040 strategy, we will continue to invest capital to improve our stock to make it more desirable to our customers, and dispose of those units that are inefficient for us to manage. In 2020/21 there was a pause on our stock transfer programme, which will recommence in 2021/22.

The ratio of responsive repairs to planned investment has decreased from 71.7% in 2019/20 to 70.1%. A £7 million reduction in capital major repairs, driven by the impact of lockdown restrictions, was more than offset by a £9 million increase in planned revenue maintenance. This overall net increase in planned maintenance, coupled with a slight (£1 million) saving in responsive repairs, gives rise to the improvement in this indicator. Our result sits above the G15 average for 2019/20 of 64.5%, giving rise to a ranking of 9/12. In the year ahead, we anticipate a continued trend of higher responsive repairs whilst many of our residents continue to spend more time in their homes. We expect the increase in planned investment to improve this ratio in future years.

### Clarion Futures and social value

Despite the challenges presented by the pandemic, Clarion invested £13.7 million into its communities. This represents a 73% increase since the first year of the merger (£7.9 million) during which time the level of output has increased by an average of 350% across all programmes delivered. To achieve the best value for money, Clarion Futures, our charitable foundation, sets targets against 30 Key Performance Indicators (KPIs) across six guidance and support areas – some of these targets were adjusted to reflect the pandemic.

- 2,536 digital skills training hours were delivered, well surpassing the target of 2,200, and community volunteers, our 'Digital Champions,' delivered 1,329 hours, exceeding a target of 1,000.
- £188,000 of internal and external grant funding was secured by our Money Guidance team to help residents, which fell below target of £200,000. Although there was higher demand than in 2019/20 this was for lower value items (for example food and household fuel). We also noted that fewer people moved home this year as a result of the pandemic. However, we did award more than £725,000 in grants to partner organisations against a target of £330,000. This was as a result of diverting Clarion Futures underspend to our grants programme to support partners to deal with the pandemic and pivot their business models to deliver more online where possible.
- 3,584 debt advice cases were supported surpassing our target of 3,500, which is improved on the prior year.
- 53,614 positive engagements in communities took place against a target of 34,586. This significant surpassing of target was due to partners being able to expand their online offer as they adapted their services towards the end of year. We also improved 10,495m² of community land and buildings against a target of 10,000m².
- For another year running, our jobs and training service surpassed its 2,200 target and supported 2,558 people into secure employment. Using the recognised HACT social value model, the work carried out by Clarion Futures has delivered £107 million in social value, a major achievement although a decrease from £130 million delivered in the prior year.

Alongside the social value delivered by Clarion Futures, there is huge value delivered in Clarion's core mission – to provide affordable housing to those failed by the market. For the third year, we have calculated the financial benefit (or savings) associated with our below-market rent services. During this year, this amounted to over £550 million, a significant increase on the £430 million delivered last year, and equivalent to £11 million per week. It is worth noting that if this return and the Clarion Futures social value were added into the calculation of return on capital employed, Clarion would have generated a ROCE of 10.6% – a clear demonstration of Clarion's focus on delivering value for money.

# Principal risks and uncertainties

## Risk management in delivering our strategic ambitions

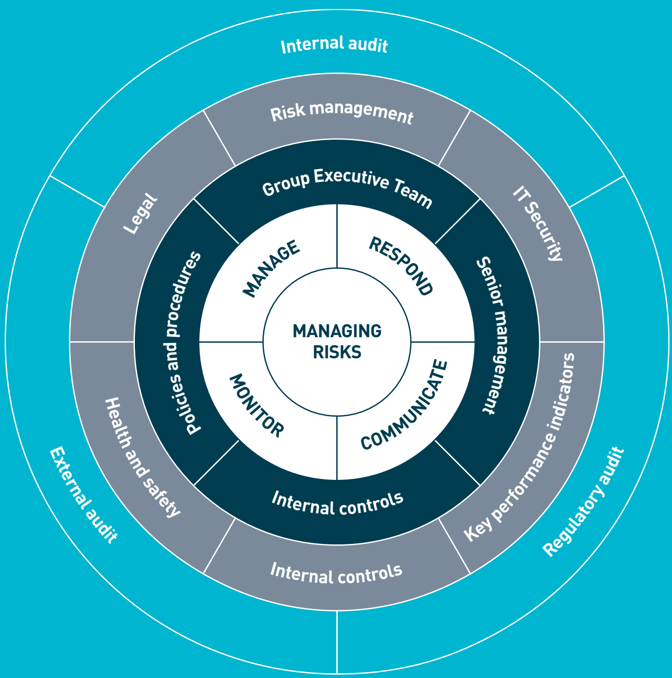
We are a business that owns and manages housing assets, utilises long-term finance and derivative instruments and maintains the majority of our properties in-house; all activities that carry significant reputational, regulatory, financial and compliance risk. Successful risk management is therefore a fundamental part of our business as we pursue our strategic objectives.

Our strategy is to deliver a sustainable long-term return to enable us to fulfil our charitable objectives – helping those in housing need. We focus on those risks facing our business which may otherwise threaten the Group's ability to support our residents, to invest in and maintain our existing homes and to deliver new homes.

### Risk management framework

The Group Board has overall responsibility for risk management with a particular focus on our risk appetite – i.e. the degree and type of risk it is prepared to take to achieve our overall objectives. This is set within the context of the rapidly changing external environment including regulatory, political and economic change, all of which can have significant and immediate impacts on our business. Our risk management framework is key to ensuring we achieve a suitable balance between maintaining sufficient financial and risk capacity while maximising our outputs and ambitions.

The risk management framework is built around the three lines of defence model and builds upon our core approach, which is to monitor, manage, respond and communicate. This is shown in the diagram below:




First line of defence from risk
Second line of defence from risk
Third line of defence from risk

The Audit and Risk Committee oversees the effectiveness of the assurance arrangements, systems and processes adopted by the Group to manage risk with a focus on the Group's strategic risks. The Committee also provides specialist advice to the Board on any particular risks that may threaten the delivery of objectives or undermine the financial strength of the business. The Group Executive Team is responsible for the delivery of the Group's strategy and managing risk, having day-to-day responsibility for operational performance and the management of risk within the business.

To be effective, risk management relies on the engagement of all parts of the business. This approach is an integral part of the way we work, with all key parts of the business owning and managing their own operational risk registers. These are regularly reviewed allowing for their escalation within the business as appropriate and potential inclusion on the Group strategic risk register.

The risk management process includes assessing each risk for its impact and probability, scored both before and after mitigating actions. A standardised risk-scoring methodology is used to ensure a consistent approach is adopted. Each risk also has a target score set in line with our risk appetite. Where this is below the current risk score, further actions and mitigating plans are developed to further reduce the level of risk the business is incurring.

### Risk appetite

Our risk appetite is determined by the Board and is influenced by the capacity of the business to manage the risk, if it were to materialise, the longer-term consequences of the risk and the return we achieve by taking such risks. The most significant judgements are associated with our investment decisions on development schemes, our asset strategy and reinvestment priorities, our customer offer and our obligations under regulation, legislation and maintaining sufficient financial capacity and headroom. In general, we have a low level of appetite for risk which would impact our record on regulatory compliance, health and safety, and reputational damage. We have a higher level of risk appetite for new business and opportunities for growth, within the financial risk parameters set by the Board.

We monitor our effectiveness in managing risk through key indicators, enabling us to take swift and appropriate action arising from changes in the operating environment and to ensure we remain within the risk appetite levels determined by the Board.

## Risk focus this year

The last year has seen a challenging operating environment, with the impact of successive lockdowns due to the pandemic and more recently, supply concerns over building materials. We have in the later lockdowns continued to deliver our full repairs and maintenance service, adopting Covid-19-secure ways of working. We continued to focus on supporting both our staff and our residents with health, safety and wellbeing our key priorities. Throughout this period, the Board ensured that effective risk management practices were put into operation and the Group retained capacity to deal with any further unexpected issues.

We have throughout continued to invest in our existing properties and to mitigate the risks that have become apparent following the Grenfell Tower tragedy. This will continue to be a major area of investment into the foreseeable future as new legislation is introduced, although we are, where feasible, pre-empting such legislation and making early investments.

Our customer service remains a priority, and we recognise the risk of not delivering a good service to our customers, most of whom do not have alternative choices of where to live. We continue to seek customer feedback to improve our services, with our most recent focus being on improving our maintenance services and building our digital offer. Whilst digital platforms are the preferred way of engaging for many of our customers, we will always recognise there are some who will need a one-to-one personal service and we will ensure we maintain this offer.

Supply chain concerns, exposure to market sales and managing risks around our funding requirements were regularly tracked, managed and mitigated during the year. We continue to increase our provision of new affordable homes but recognise building at scale, especially in uncertain economic times, carries significant risk.
We understand the financial strength required to withstand this risk, and our investment appraisal methodology means we are careful about the projects we select and we are demanding of the financial return. We will continue to review and flex the forward programme in response to market conditions and other external factors.

The biggest single risk to occur for the business (and the nation) was the emergence of Covid-19. In response, we mobilised our business continuity steering and planning groups which oversaw the Group's actions to move to homeworking and maintain emergency and critical services. Although we scaled back our service delivery in the first lockdown, we have returned to normal services and the backlog is substantially addressed. Our risk framework does however continue to allow for a resurgence in Covid-19 and further lockdowns.

Our key risks and uncertainties are shown in the table on the next page along with our mitigation measures.

**Principal risks and uncertainties**
continued

## 1
### Financial stress

**Impact**
- Increased cost of funds and lack of available debt
- Increased counterparty risk
- Sales demand falls
- Business capacity reduced
- Residents' financial position deteriorates
- Income reduces
- Supply chain failures

**Mitigation**
- Market scanning and stress testing undertaken
- Investor relationship management
- Specialist Treasury Committee and advice for Board
- Maintain high levels of committed funding
- Support residents with advice, guidance, training etc.
- Ongoing monitoring of supply chain and identification of alternative suppliers
- Cautious approach to new capital investments

**Change in year**
- Raised £450 million of new capital market funding and £100m of new bank funding
- Increased levels of available liquidity
- In excess of £14 million spent by Clarion Futures on supporting residents
- Re-phasing of development targets to reflect more cautious approach to development until normal conditions resume
- Scenarios developed to test and prove capacity to deal with materially more adverse conditions
- Additional mitigating actions identified but not implemented at this stage

**Movement**
No change

## 2
### Remediation of existing homes

**Impact**
- Housing stock is non-compliant or hard to let
- Leaseholders cannot sell
- Owners/leaseholders cannot remortgage
- Cannot be charged as security
- Poor quality leads to increased whole life costs

**Mitigation**
- In-house team focused on building remediation
- Programme of inspection and planned works
- Safety policies and standards
- Application for grant funding
- Quality control/sign off and clear acceptance criteria

**Change in year**
- Intrusive inspections completed on high-rise buildings
- Programme of inspections for mid-rise buildings
- Successful bids for Building Safety Fund
- Works commenced on eight high-rise buildings

**Movement**
No change

## 3
### Major or series of Health and Safety incidents

**Impact**
- Serious incident involving death or injury
- Criminal and/or civil proceedings
- Reputation impact

**Mitigation**
- Regular Board reporting and oversight
- Dedicated specialist personnel
- Fire improvement plan
- Routine compliance testing and checking

**Change in year**
- Our approach on fire safety actions and investment has been adapted to take account of recent guidance and regulation. We continue to liaise with Government bodies to develop best practice approaches
- Regular update and review of Covid-19-secure working practices

**Movement**
No change

## 4
### New homes are not delivered in line with our agreed development strategy

**Impact**
- Adverse operational and financial impact
- Negative reputational impact
- Unsold new builds

**Mitigation**
- Investment strategy agreed including move to land-led development
- Pipeline of 20,000 homes
- Recruitment of skilled and experienced development staff
- Careful monitoring of market conditions with investment plans moderated accordingly

**Change in year**
- Maintained delivery and sales volumes of new homes
- Moderated forward plan in response to uncertain market conditions
- Changed development mix to more focus on rental homes
- In light of Covid-19, development plans remain under review and a cautious approach to new schemes is being taken. Starts on site have fallen slightly year on year. We continue to monitor carefully the quality of our new build units

**Movement**
No change

## 5
### Service expectations

**Impact**
- Complaints
- Negative reputational and regulatory impact
- Unlet properties

**Mitigation**
- Customer strategy
- Improving digital service offerings
- KPIs leading to actions being taken
- Investment in people, services and systems

**Change in year**
- Resumed 'normal' service levels as soon as possible following initial lockdown
- Over 80,000 calls to vulnerable residents to check on welfare and provide support
- Increasing investment in existing properties
- Maintained resident engagement through digital means

**Movement**
No change

## 6
### Investment and regeneration of existing homes

**Impact**
- Retro-fitting is required sooner than necessary
- Unlet and non-compliant properties
- Poor quality homes, expensive for residents to run
- Increased voids
- Reputational impact

**Mitigation**
- Clarion 2040 standard
- Stock condition surveys
- Sustainability standards
- Planned investment programme
- Progress regeneration schemes
- Trial new technologies
- Increased investment

**Change in year**
- Grant from Social Housing Decarbonisation Fund secured to pilot solutions
- Asset profiler development
- Clarion 2040 standard enables us to systematically identify stock that requires investment whether through major works or regeneration
- Progress with major regeneration schemes, removing unviable stock and rebuilding with modern, efficient properties
- A continuous review programme to assess the best use of our stock resulting in large stock transfers to other providers with full tenant consultation

**Movement**
No change

## 7
### Loss of data or IT systems

**Impact**
- Loss of customer confidence
- Loss of stakeholder confidence
- Loss of income
- Reputational risk
- Lock out from own systems

**Mitigation**
- Security review
- Routine penetration testing
- Staff training
- Implementation of leading technologies on hosted, secure platforms
- Audit and Risk Committee oversight

**Change in year**
- Risk remains high as external volatility and change (e.g. Covid-19) presents opportunities for fraudsters
- Significant ongoing investment in recognised tier 1 IT systems
- Continued focus on raising employee awareness
- Strengthening of internal controls

**Movement**
No change

## 8
### Skilled workforce

**Impact**
- Shortage of key skills
- High turnover
- Increased costs

**Mitigation**
- People strategy
- Apprenticeship scheme
- Talent and succession review
- Attractive employment offer with a social purpose
- In-house recruitment team

**Change in year**
- Good track record of recruiting to posts, including those new to the sector
- Ambitious plans appealing to those looking for new opportunities
- Investment in staff training and development – internal progression opportunities
- Strong and sustainable business is likely to be even more attractive as external employment market toughens in 21/22

**Movement**
Reduced risk

# Clarion Housing Group Board

**David Avery**
**Group Chair**

First appointed:
October 2015

David has over 15 years' experience serving on housing association boards with more than six of these spent serving as chairman. Before becoming Group Chair at Clarion, he was previously Chair of the Clarion Housing Association Board, having been appointed in May 2017.

Previously, David has held a variety of executive and management roles. He was most recently President of European Operations for Novellus Systems Inc., a Fortune 500 company. David has also been governor of an independent school in West Sussex and a non-executive director of an NHS Trust.

**John Coghlan**
**Vice Chair and Chair of Audit and Risk Committee**

First appointed:
July 2017

John is a chartered accountant and has a background in financial and general management across a variety of sectors. Currently, John is also a director of the water group, Severn Trent plc, and chairs for them both their Audit Committee and the Treasury Committee, as well as chairing their wholly-owned operating water subsidiary in Wales, Hafren Dyfrdwy. He is also a director of OCS Group Ltd, an international facilities management group.

**Lord Barwell**
**Chair of Remuneration and Nominations Committee**

First appointed:
December 2019

Gavin served as Chief of Staff to Prime Minister Theresa May from June 2017 to July 2019, having previously served as the Minister for Housing and Planning between July 2016 and June 2017 and as the Member of Parliament for Croydon Central from 2010 to 2017. He was also a councillor for the London Borough of Croydon between 1998 and 2010.

**Graham Farrant**

First appointed:
November 2019

Graham is Chief Executive of Bournemouth, Christchurch and Poole Council. He has led complex political organisations as Chief Executive in both the public and private sectors with a track record of delivering change. Graham brings a background in housing and local government.

**Amanda Metcalfe**

First appointed:
November 2019.

Amanda is a highly experienced marketing director, having held a range of digital and consumer roles at organisations such as eBay Inc., where she was UK Marketing Director, before taking up her current role as Place, Brand and Marketing Director at the Crown Estate – a £14.3 billion UK real estate business.

**David Orr CBE**
**Chair of the Clarion Housing Association Board**

First appointed:
November 2018

David is the former Chief Executive of the National Housing Federation (NHF) and spent 13 years in one of the most high profile and strategically important roles in the sector. In his time as the CEO of the NHF, David campaigned to advance the interests of housing associations at all levels of government and worked with four different prime ministers.

David has had a thirty-year career in housing, which includes time as the Chief Executive of Newlon Homes and working for Centrepoint, the homelessness charity. He is a former president of Housing Europe and was previously the Chief Executive of the Scottish Federation of Housing Associations.

**Greg Reed**

First appointed:
July 2017

Following a 20-plus year international career in banking, in 2012 Greg joined HomeServe Membership, the biggest business in the HomeServe Group, as its UK chief marketing officer, becoming CEO in June 2017. Greg led a business of over 3,000 people, including 1,000 field engineers. In 2016, HomeServe Membership was recognised as one of the three best places to work in the UK; in the same year, the Institute of Customer Service judged HomeServe to have the most improved customer satisfaction of any business in the UK services sector.

Greg's undergraduate degree was in Finance from Pennsylvania State University and he also holds a doctorate in Law from Widener University School of Law.

**Rupert Sebag-Montefiore**
**Chair of Latimer**

First appointed:
July 2017

Rupert retired from Savills plc in 2017 where he was on the main board, followed by the group executive board, for 21 years. Rupert is chairman of Prime Purchase Limited, a trustee of the Orchestra of the Age of Enlightenment, a member of the Investment Committee of Winchester College and Christ Church, Oxford and a director of Pigeon Land Limited.

**Tom Smyth**
**Chair of Treasury Committee**

First appointed:
December 2019

Tom became Chair of the Treasury Committee in March 2020. Tom is Executive Vice Chairman, Financing Advisory and an Advisory Partner at Rothschild & Co, one of the world's largest independent financial advisory groups. During his 23 years at Rothschild & Co, Tom has advised the boards of the biggest listed and private equity owned companies on their funding, risk management and treasury strategies. During his career, Tom has also advised numerous organisations in raising debt in the capital markets and is a qualified member of the Association of Corporate Treasurers.

**Doris Olulode**

First appointed:
April 2021

Doris is currently a freelance HR consultant with extensive global human resources experience gained in a career at Ford Motor Company. Latterly, she was Ford's HR Director for Europe, the Middle East and Africa. Doris also led the African Ancestry Network at Ford and was named by Autocar as one of the top 100 most influential women in the Auto industry.

In addition to the Group Board, Doris serves on Clarion's Housing Association Board and the Remuneration and Nominations Committee. She also serves as a non-executive director for the Royal Free London NHS Foundation Trust, Royal National Orthopaedic Hospital and the Chartered Institute of Legal Executives and is a Lay Member to HM Courts and Tribunals Service.

# Group Executive Team

**Clare Miller**
Group Chief Executive

Clare was appointed Group Chief Executive in 2018 having previously served as Group Director of Governance and Compliance since Clarion formed in 2016, prior to which she fulfilled the same role with Affinity Sutton.

Earlier in her career, Clare has been an executive director at the Tenant Services Authority, with responsibility for housing association regulation. She has also worked for the Housing Corporation, where she led on the financial regulation of associations in special measures. Clare is a chartered accountant, qualifying with Coopers & Lybrand.

**Richard Cook**
Group Director of Development

Richard joined Clarion in February 2019 from Lendlease where he was responsible for developing its residential business in Europe. Joining Lendlease in 2010, he held a key leadership role in the delivery of the London 2012 Athletes' Village.

With over 25 years' experience in property working both in the UK and overseas with companies including Mace Group and Taylor Wimpey Plc, Richard leads the Group's development business and is the director responsible for the group's sustainability strategy.

**Mark Hattersley**
Group Chief Financial Officer

Mark joined Clarion from Sovereign Housing Association where he was CFO for three years. Prior to joining Sovereign, he was Director of Finance & Infrastructure/Deputy CEO at Staffordshire University and has been CFO at Birmingham International Airport.

**Catrin Jones**
Group Director of Corporate Services

Prior to the merger to form Clarion, Catrin joined Affinity Sutton as director of Customer Services having held a number of senior customer service roles in various sectors. After the merger, Catrin was appointed director of Business Transition, playing a vital role in the Group's transformational change programme. Catrin has responsibility for a range of corporate services including HR, Facilities, Deeds, Governance, Health & Safety, Internal Audit and Legal Services.

**Rob Lane**
**Group Commercial Director**

Rob joined Clarion at the time of the merger as director of Commercial Finance. A qualified accountant, Rob's career has included appointments in senior finance and director roles in the Domino's Pizza Group and Network Rail Property. Rob is responsible for Clarion Response, Grange and House Exchange, as well leading on Clarion's PRS & Commercial Asset portfolios. Rob also leads on strategic asset management, including regeneration & disposal, and the Group's approach to future mergers and acquisitions.

**Michelle Reynolds**
**Chief Operating Officer**

Michelle was formerly Clarion's Group Director for Commercial Services and has served on the Group Executive team since Clarion was formed. Michelle has over 30 years' experience and her previous roles include operations directorships at Affinity Sutton and William Sutton, and Chief Executive of Aashyana, the South West's first Asian-led housing association.

**Catherine Thomas**
**Group Director of Corporate Affairs**

Prior to joining Clarion in February 2020, Catherine held senior marketing and communications roles in real estate and retail and has a particular affinity with tech, data, content, reputation and experience convergence. Her skills in place making and destination marketing were honed at Land Securities, where she led the communications team for Victoria SW1, including Nova, the highly successful mixed-use complex. She has also worked on major European and Middle Eastern real estate projects.

**Ian Woosey**
**Chief Information Officer**

Ian joined Clarion in February 2018 as the Group's first Chief Information Officer. Ian has worked in technology leadership, consulting and retail operations roles during his career, often leading large scale change programmes across Europe. Prior to joining the Group, Ian was Chief Information Officer for the UK's largest food distribution company Brakes and previously at Carpetright.

# Corporate governance

Clarion Housing Group is the strategic parent of the group under which are three key business streams: the landlord, Clarion Housing; the development arm, Latimer Developments; and the charitable foundation, Clarion Futures. A single housing association, Clarion Housing, owns all of the Group's social housing assets and delivers all services to residents.

### Board membership

The Group Board has ten non-executive directors and two executive directors who bring a broad range of skills, experience and knowledge to their roles, including expertise in finance, business and public administration. Non-executive directors can serve for no more than nine years in total. The Board has the collective skills to fulfil their responsibilities of overseeing the strategic direction of the Group.

### Code of Governance

For 2020/21, the Group adopted the NHF Code of Governance 2015, based on clear requirements and commitments which enable the Board to demonstrate compliance with best practice in the housing sector. The Group routinely self-examines performance against the main requirements of the Code and regularly reviews its effectiveness. For 2021/22, the Group has adopted the NHF Code of Governance 2020 acknowledging that the Group will be working on a path to compliance.

### Delegation

The Group Board is responsible for the effective governance of the Group while day-to-day management is delegated to the Group Executive Team.

The key responsibilities of the Group Board are to lead, control and monitor the overall performance of the Group. The Group Board approves the budgets and business plans of its subsidiary companies and retains control through the ability to appoint and remove subsidiary board members. The Board has adopted clear terms of reference and has delegated appropriate responsibilities to a series of specialist committees.

The Group Executive has eight members, a number of whom have extensive experience within the UK housing association sector. They have operational responsibility for the management of risk across the business and provide the first line of defence in the management of corporate risk.

### Resident involvement

The Board continues to facilitate resident involvement at various levels in the Group. This allows residents to engage from the very local, through to regional and national forums. Clarion was an early adopter of the NHF resident involvement charter which aims to strengthen the relationship between housing associations and their residents. The Board values resident input and has actively encouraged resident scrutiny and accountability measures which have added value to the business. The Board continues to keep resident involvement under review. All residents have the opportunity to be involved in ways that are accessible and which meet their needs.

### Governance and Financial Viability Standard

The Group received a G1 and V1 rating from the RSH in April 2020 following an in-depth assessment. These ratings were reaffirmed in December 2020 and represent the highest compliance ratings for governance and financial viability. The Board has considered its obligations under regulation and is satisfied that it complies in all material respects with the standards.

### Modern slavery and human trafficking statement

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. This is part of our wider commitment to behaving ethically and with integrity.

We have an extensive and robust framework of policies, procedures and contractual requirements in place to prevent slavery or human trafficking within our organisation and our supply chains.

Our full statement on modern slavery is available on the Clarion website.

# Clarion Group committee structure

**Clarion Group Board**
The Board directs the affairs of the Association in accordance with its objects and rules and ensures that its functions are properly performed. The Board is responsible for delivering the aims and objectives of the Group as well as ensuring compliance with the values and objectives of the Association and the Group as a whole.

It approves each year's accounts prior to publication and approves each year's budget. It appoints (and if necessary removes) the Group Chief Executive.

**Chief Executive**
Responsible for managing the overall performance of the business and ensuring an effective and motivated leadership team is in place. Also leads on developing and implementing strategy.

**Group Executive Team**
Responsible for assisting the Group Chief Executive in the development and implementation of strategy, budget and operational performance.

**Group Audit and Risk Committee**
Advises the Group and subsidiary boards on the effectiveness of assurance arrangements across the Group. Has oversight of the risk framework, advising the Group on the effectiveness of arrangements. Receives reports on Conflicts of Interest for the Group.

**Group Remuneration and Nominations Committee**
Responsible for Board member appointments and renewals, the appointment of the Chief Executive and for Board and Executive succession planning. Also agrees the remuneration strategy for all employees and remuneration for the Group Chief Executive and executive directors.

**Group Treasury Committee**
Responsible for the Group's funding strategy and associated transactions.

**Group Investment Committee**
Responsible for scrutiny of all proposed projects involving major investment, by way of acquisition, development, regeneration or major repairs. Approves within delegated limits and recommends to the Group Board any projects outside agreed delegations.

# Report of the Remuneration and Nomination Committee

**Gavin Barwell**
**Chair of Remuneration and Nominations Committee**

### Membership of the Committee

| | |
|---|---|
| Gavin Barwell | (Chair) |
| David Avery | |
| Amanda Metcalfe | |
| Doris Olulode | (joined 2 April 2021) |
| Sue Killen | (resigned 1 April 2021) |

The Group has a combined Remuneration and Nominations Committee. The role of the Committee is to ensure that the Board has the skills and members to operate effectively, and to agree remuneration policies which are appropriate for the organisation's needs, balancing our absolute requirement to attract and retain the right staff with our social purpose. Board Members are appointed for a maximum nine-year term with review periods and the last three years of tenure are reviewed every year. We think that the experience gained over that time is invaluable. As a long-term investor in homes and property we value the experience and knowledge Board Members acquire over their term of office. Our Board understands the property market and the cycles it displays, which helps to manage and mitigate the risks of the business. The Board aims to undertake an external review every three years. In other years the Board conducts its own assessment with the Chair appraising all Board Members' performances.

The Committee approves the annual pay remit for staff and sanctions any bonus or merit payments for all staff and senior executives. This takes into account the performance of the Group and whether the performance metrics for bonus have been met such as the financial performance of the Group and customer satisfaction with service delivery. The Committee maintains a watching brief on the market for recruitment, and this influences its thinking in agreeing the annual pay remit. We aim to pay staff in line with market conditions, recognising that for some roles and in some locations we create the market. The Committee is aware of its responsibility to create conditions which encourage and promote a diverse workforce. We publish details of the gender pay gap for the three employing entities in the Group.

# Report of the Audit and Risk Committee

**John Coghlan**
**Chair of Audit and Risk Committee**

### Membership of the Committee

| | |
|---|---|
| John Coghlan | (Chair) |
| Kirstin Baker | |
| Graham Farrant | |
| Aruna Mehta | |
| Tom Smyth | |

The Committee includes three non-executive Group Board Members, a non-executive member of Clarion Housing Association and one independent non-executive member. We have met regularly during the year and our focus is to ensure there are sound and effective systems of internal control and risk management along with scrutinising the financial statements and proposing them to the Group Board for approval.

We examine in detail the work of internal audit, and the risk framework, advising the Board of any new and emerging risks of which we consider the Board should be aware. A key area of focus for the Committee this year has been assurance over the business continuity and recovery plans for Covid-19. In support of the accounts, the Committee has considered the accounting policies and the significant judgements and accounting estimates.

### Internal audit

Clarion has its own internal audit and risk function, led by the Director of Assurance. This is supplemented by the engagement of Ernst & Young as internal auditors to carry out specific internal audit reviews utilising their specialist surveying, IT and treasury skills. We believe this model gives us a suitably skilled and flexible resource for maximum coverage and benefit to the business.

The focus of the audit programme this year in finance has been our controls over rents, service charges, development finance and Treasury. Additionally the team have also reviewed asbestos compliance, repairs KPIs, allocations and lettings, vehicle fleet and key controls.

### External audit

KPMG are the external auditor and meet with the Committee a number of times during the year.

### The year ahead

The future prospects for Clarion Housing Group remain positive. We are determined to deliver the benefits of our new systems to enhance our capacity and further our charitable mission. The policy environment is one of constant change, and the demand for our housing is unprecedented. We will therefore continue to maximise the delivery of our housing services and supply within our financial capacity and risk appetite. The Committee's role remains vital in overseeing the internal control and risk management environment, advising the Board and working closely with management to secure the best outcomes for those who benefit from our services.

# Report of the Treasury Committee

**Tom Smyth**
Chair of Treasury Committee

## Membership of the Committee

| | |
|---|---|
| Tom Smyth | (Chair) |
| Mark Hattersley | |
| Kwok Liu | |
| Aruna Mehta | |
| Clare Miller | |
| Maxim Sinclair | |

The role of the Committee is to assist the Group in discharging its responsibility in relation to treasury and financing activities. This also includes monitoring and advice on treasury policies and approving the appointment of bankers, financial intermediaries and advisers, the financing strategy and the terms and conditions of any financing arrangements and investor relations.

During the year, the Committee played an active role in the new 12-year £300 million sustainable bond issue in November 2020. The Committee also continued to review and advise upon the Group's liquidity and treasury policies, security position and the significant derivative portfolio.

# Report of the Investment Committee

**Mark Hattersley**
Chair of Investment Committee

## Membership of the Committee

| | |
|---|---|
| Mark Hattersley | (Chair) |
| Richard Cook | |
| Karima Fahmy | (joined 1 January 2021) |
| Chris Hatfield | |
| Andrew Hudson | |
| Rob Lane | |
| Clare Miller | |
| Paul Munday | |
| Michelle Reynolds | |
| David Fordham | (resigned 31 December 2020) |

The role of the Committee is to scrutinise and approve projects which involve major investment by way of acquisition, development, major repairs or regeneration. This includes considering the viability and suitability of projects based on finance, risk, equalities, environmental and sustainability issues.

The Committee also has a role in ongoing monitoring of schemes to ensure they are progressing within the agreed parameters.

The Committee is made up of executive members, along with non-executive members from both Clarion Housing Association and Latimer Developments. The non-executive members bring a wealth of experience in finance and development.

# Board statement on the effectiveness of the system of internal control

for the period ending 31 March 2021

## The Group's System of Internal Controls Responsibility

The Board of Clarion Housing Group Limited is the ultimate governing body for the Group and is committed to the highest standards of business ethics and conduct, and seeks to maintain these standards across all of its operations.

The Board is responsible for ensuring that sound systems of internal control exist across the Group which focus on the significant risks that threaten the Group's ability to meet its objectives, and provide reasonable – but not absolute – assurance against material misstatement or loss.

The key means of identifying, evaluating and managing the systems of internal control are:

- Corporate governance arrangements;
- Written Group-wide financial regulations and delegated authorities, which were subject to review during the year;
- Policies and procedures for all key areas of the business. These are reviewed periodically to ensure their continued appropriateness;
- A Group-wide Internal Audit function, structured to deliver the Audit and Risk Committee's risk-based audit plan. As well as having an in-house team, the Group uses the services of professional firms of auditors and other specialists as necessary. All audit reports are reviewed by the Audit and Risk Committee, which also receives updates on the implementation of agreed external and internal audit recommendations. Detailed reports on the Group's and subsidiaries' activities are also presented to senior managers so that recommendations for strengthened controls and improvement can be implemented promptly;
- A Group-wide Health and Safety function;
- Management structures providing balance and focus within the Group;
- A Group-wide risk management process, which enables management to manage risk so that residual risk, after appropriate mitigation, can be absorbed without serious permanent damage to the Group or its subsidiaries. This includes a formal risk management approach to new business and major development initiatives and action plans to mitigate the worst effects of the risks. Risk management is considered at each Audit and Risk Committee meeting, through reviews of individual risk areas and/or risk maps, as well as considered regularly by the Board;
- The Group and its subsidiaries have annual budgets and long-term business plans. Throughout the year, Boards and managers regularly monitored performance against budgets, value for money and other quality indicators. An important tool in this process is the Group's Balanced Scorecard which identifies performance against key performance indicators, underpinned by supporting performance indicators and management information;
- Regulatory requirements and service objectives with managers ensuring that variances are investigated and acted upon;
- An anti-fraud and anti-bribery culture which is supported by a policy and procedure for dealing with suspected fraud, bribery and whistleblowing. The Group has participated in the 2020/21 National Fraud Initiative, sponsored by the Cabinet Office;
- All housing investment decisions and major commitments were subject to appraisal and approval by the Investment Committee and, when appropriate, the Group Executive Team and the relevant Board, in accordance with the Group's financial regulations; and
- A Group-wide treasury management function reporting at least three times a year to the Treasury Committee.

We have kept our internal control framework under review as the current Covid-19 situation develops and adapted and strengthened controls as required.

The Group Chief Executive and executive directors of subsidiaries have reviewed the internal control and assurance arrangements by reference to checks on the above and a report has been made to the respective Boards on the effectiveness of the control systems for the year ended 31 March 2021 and up to the date of approval of the Annual Report and the Financial Statements. The Audit and Risk Committee and the Group Board have expressed their satisfaction with these arrangements.

## Status

No weaknesses were found in internal controls which resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements, for the year ended 31 March 2021 and up to the date of approval of the financial statements.

# Statement of Board's responsibilities in respect of the Strategic Report, the Report of the Board and the financial statements

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Group or the association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enables it to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

### Going Concern

After reviewing the Group's budget for 2021/22 and those of its subsidiaries, the Group's 30-year business plan, and based on normal strategic business planning and control procedures, the Board has a reasonable expectation that Clarion Housing Group Limited has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements.

### Disclosure of information to Auditor

The Board members who held office at the date of approval of this Report of the Board confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each Board member has taken all the steps that they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

### Auditor

KPMG LLP have expressed their willingness to continue in office as the Group's auditor.

By order of the Board

**David Avery**
**Group Chair**

6 August 2021

# Independent Auditor's Report to Clarion Housing Group Limited

## Opinion

We have audited the financial statements of Clarion Housing Group Limited for the year ended 31 March 2021 which comprise the Group and Parent Association Statements of Comprehensive Income, the Group and Parent Association Statements of Financial Position, the Group and Parent Association Statements of Changes in Capital and Reserves, the Group Statement of Cash Flows, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the Group and the Parent Association as at 31 March 2021 and of the income and expenditure of the Group and Parent Association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group and the Parent Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

The Association's Board has prepared the financial statements on the going concern basis as it does not intend to liquidate the Group or the Parent Association or to cease their operations, and as it has concluded that the Group and the Parent Association's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board's conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and the Parent Association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Association's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Association will continue in operation.

## Fraud and breaches of laws and regulations – ability to detect

### Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of the Board and internal audit as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- reading Board meeting minutes; and
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet such as loan covenants and regulatory performance targets we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from first tranche sales is recorded in the wrong period and the risk that association management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls.

We performed procedures including:

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations and other unusual journal characteristics;
- selecting a sample of first tranche sales recognised either side of year end and agreeing to them to supporting evidence to ensure they were accounted for in the correct period; and
- assessing significant accounting estimates for bias.

### Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards). We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operative & community benefit society legislation) and taxation legislation, pensions legislation and specific disclosures required by housing legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

### Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### Other information

The Association's Board is responsible for the other information, which comprises the Report to the Board. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

### Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the Association has not kept proper books of account; or
- the Association has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the Association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

### Board's responsibilities

As explained more fully in their statement set out on page 63, the Association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association for our audit work, for this report, or for the opinions we have formed.

**Fleur Nieboer**
**(Senior Statutory Auditor)**

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL

10 August 2021

# Group Statement of Comprehensive Income

**for the year ended 31 March 2021**

| | Notes | 2021 £m | 2020 £m |
|---|---|---|---|
| Turnover | 4a | **944.1** | 841.5 |
| Cost of sales | 4a | **(194.3)** | (110.6) |
| Operating costs | 4a | **(517.6)** | (496.7) |
| Surplus on disposal of properties | 4a | **25.3** | 58.8 |
| **Operating surplus** | 4a | **257.5** | 293.0 |
| Surplus on disposal of other fixed assets | 4a | **0.1** | 0.1 |
| Surplus/(deficit) on disposal of operations | | **2.1** | (3.4) |
| Share of deficit of JCEAs | 17 | **(13.6)** | (0.6) |
| Loss on revaluation of investment properties | 15 | **(0.6)** | (5.0) |
| Interest receivable | 7 | **6.3** | 21.2 |
| Interest payable and financing costs | 8 | **(141.3)** | (135.4) |
| Movement in fair value of financial instruments | 9 | **4.2** | (0.1) |
| **Surplus on ordinary activities before taxation** | 10 | **114.7** | 169.8 |
| Tax credit/(charge) on surplus on ordinary activities | 11 | **6.8** | (1.4) |
| **Surplus for the year** | | **121.5** | 168.4 |
| Actuarial (losses)/gains on pension schemes | 28 | **(31.5)** | 32.5 |
| Movement in fair value of financial instruments | 9 | **74.3** | (60.1) |
| **Total comprehensive income for the year** | | **164.3** | 140.8 |

All operations are continuing

The financial statements were approved by the Board and were signed on their behalf by:

**David Avery**
**Group Chairman**

**Mark Hattersley**
**Group Chief Financial Officer**

**Louise Hyde**
**Company Secretary**

6 August 2021

# Parent Statement of Comprehensive Income
**for the year ended 31 March 2021**

| | Notes | **2021 £m** | 2020 £m |
|---|---|---|---|
| Turnover | 4a | **77.8** | 94.1 |
| Cost of sales | 4a | **–** | (12.6) |
| Operating costs | 4a | **(77.0)** | (79.9) |
| **Operating surplus** | 4a | **0.8** | 1.6 |
| Interest receivable | 7 | **23.5** | 22.2 |
| Interest payable and financing costs | 8 | **(24.3)** | (24.0) |
| **Result/(deficit) on ordinary activities before taxation** | | **–** | (0.2) |
| Tax charge on result/deficit on ordinary activities | 11 | **–** | – |
| **Result/(deficit) for the year** | | **–** | (0.2) |

All operations are continuing

The financial statements were approved by the Board and were signed on their behalf by:

**David Avery**
Group Chairman

**Mark Hattersley**
Group Chief Financial Officer

**Louise Hyde**
Company Secretary

6 August 2021

# Group Statement of Financial Position
## as at 31 March 2021

| | Notes | 2021 £m | 2020 £m |
|---|---|---|---|
| **Fixed assets** | | | |
| Goodwill and negative goodwill | 12 | **(0.1)** | (0.5) |
| Other intangible assets | 13 | **66.8** | 73.1 |
| Social housing properties | 14 | **7,820.0** | 7,463.2 |
| Investment properties | 15 | **228.7** | 227.2 |
| Non-housing fixed assets | 16 | **42.9** | 43.2 |
| Interests in JCEAs | 17 | **155.0** | 152.5 |
| Other fixed asset investments | 18 | **11.6** | 12.5 |
| | | **8,324.9** | 7,971.2 |
| **Current assets** | | | |
| Stock | 19 | **539.9** | 514.0 |
| Debtors: amounts falling due within one year | 20 | **80.9** | 87.7 |
| Debtors: amounts falling due after more than one year | 20 | **120.5** | 120.3 |
| Current asset investments | 21 | **119.7** | 120.7 |
| Cash and cash equivalents | | **130.8** | 120.5 |
| | | **991.8** | 963.2 |
| **Current liabilities** | | | |
| Creditors: amounts falling due within one year | 22 | **(397.1)** | (422.3) |
| **Net current assets** | | **594.7** | 540.9 |
| **Total assets less current liabilities** | | **8,919.6** | 8,512.1 |
| Creditors: amounts falling due after more than one year | 23 | **(6,884.9)** | (6,664.5) |
| Provisions for liabilities and charges | 27 | **(65.4)** | (42.6) |
| **Total net assets** | | **1,969.3** | 1,805.0 |
| **Capital and reserves** | | | |
| Non-equity share capital | 32 | **–** | – |
| Cash flow hedge reserve | | **(329.1)** | (403.4) |
| Income and expenditure reserve | | **2,298.4** | 2,208.4 |
| **Total capital and reserves** | | **1,969.3** | 1,805.0 |

The financial statements were approved by the Board and were signed on their behalf by:

**David Avery**
**Group Chairman**

**Mark Hattersley**
**Group Chief Financial Officer**

**Louise Hyde**
**Company Secretary**

6 August 2021

# Parent Statement of Financial Position
as at 31 March 2021

| | Notes | 2021 £m | 2020 £m |
|---|---|---|---|
| **Fixed assets** | | | |
| Other intangible assets | 13 | **66.2** | 72.9 |
| Non-housing fixed assets | 16 | **18.7** | 19.1 |
| Other fixed asset investments | 18 | **41.4** | 2.0 |
| | | **126.3** | 94.0 |
| **Current assets** | | | |
| Debtors: amounts falling due within one year | 20 | **26.8** | 39.9 |
| Debtors: amounts falling due after more than one year | 20 | **425.4** | 378.0 |
| Cash and cash equivalents | | **116.7** | 108.2 |
| | | **568.9** | 526.1 |
| **Current liabilities** | | | |
| Creditors: amounts falling due within one year | 22 | **(162.9)** | (174.2) |
| **Net current assets** | | **406.0** | 351.9 |
| **Total assets less current liabilities** | | **532.3** | 445.9 |
| Creditors: amounts falling due after more than one year | 23 | **(502.2)** | (455.0) |
| Provisions for liabilities and charges | 27 | **(1.1)** | (0.9) |
| **Total net assets/(liabilities)** | | **29.0** | (10.0) |
| **Capital and reserves** | | | |
| Non-equity share capital | 32 | **–** | – |
| Income and expenditure reserve | | **29.0** | (10.0) |
| **Total capital and reserves** | | **29.0** | (10.0) |

The financial statements were approved by the Board and were signed on their behalf by:

**David Avery**
Group Chairman

**Mark Hattersley**
Group Chief Financial Officer

**Louise Hyde**
Company Secretary

6 August 2021

# Statements of Changes in Capital and Reserves
**for the year ended 31 March 2021**

## Group

| | Share capital £m | Cash flow hedge reserve £m | Income and expenditure reserve £m | Total capital and reserves £m |
|---|---|---|---|---|
| At 31 March 2019 | – | (343.3) | 2,007.5 | **1,664.2** |
| Surplus for the year ending 31 March 2020 | – | - | 168.4 | **168.4** |
| Other comprehensive income for the year | – | (60.1) | 32.5 | **(27.6)** |
| At 31 March 2020 | – | (403.4) | 2,208.4 | **1,805.0** |
| Surplus for the year ending 31 March 2021 | – | – | 121.5 | **121.5** |
| Other comprehensive income for the year | – | 74.3 | (31.5) | **42.8** |
| **At 31 March 2021** | **–** | **(329.1)** | **2,298.4** | **1,969.3** |

## Parent

| | Share capital £m | Income and expenditure reserve £m | Total capital and reserves £m |
|---|---|---|---|
| At 31 March 2019 | – | (9.8) | **(9.8)** |
| Deficit for the year ending 31 March 2020 | – | (0.2) | **(0.2)** |
| At 31 March 2020 | – | (10.0) | **(10.0)** |
| Result for the year ending 31 March 2021 | – | – | **–** |
| Distribution from Group undertaking (see note 18) | – | 39.0 | **39.0** |
| **At 31 March 2021** | **–** | **29.0** | **29.0** |

# Group Statement of Cash Flows
**for the year ended 31 March 2021**

| | 2021 £m | 2021 £m | 2020 £m | 2020 £m |
|---|---|---|---|---|
| **Surplus for the year** | | **121.5** | | 168.4 |
| *Adjustment for working capital movements* | | | | |
| Increase in stock | **(14.8)** | | (113.2) | |
| Decrease/(increase) in operating debtors | **6.8** | | (3.0) | |
| (Decrease)/increase in operating creditors | **(25.2)** | | 43.7 | |
| Pension contributions in excess of expense | **(6.0)** | | (4.5) | |
| | **(39.2)** | | (77.0) | |
| *Adjustment for non-cash items* | | | | |
| Amortisation of government grants | **(23.6)** | | (23.6) | |
| Deferred tax (credit)/charge | **(5.4)** | | 0.1 | |
| Amortisation of intangible assets | **10.9** | | 9.5 | |
| Depreciation charge | **129.1** | | 113.4 | |
| Impairment reversal | **(0.4)** | | (1.3) | |
| Loss on revaluation of investment properties | **0.6** | | 5.0 | |
| Other non-cash decrease in provisions | **(1.4)** | | (1.5) | |
| | **109.8** | | 101.6 | |
| *Adjustment for financing or investment activities* | | | | |
| Surplus on disposal of properties | **(25.3)** | | (58.8) | |
| Surplus on disposal of other fixed assets | **(0.1)** | | (0.1) | |
| (Surplus)/deficit on disposal of operations | **(2.1)** | | 3.4 | |
| Share of deficit of JCEAs | **13.6** | | 0.6 | |
| Net financing costs | **130.8** | | 114.3 | |
| | **116.9** | | 59.4 | |
| **Net cash from operating activities** | | **309.0** | | 252.4 |
| **Cash flows from investing activities** | | | | |
| Proceeds from disposal of properties | **54.9** | | 123.2 | |
| Proceeds from disposal of other fixed assets | **0.6** | | 1.0 | |
| Interest received | **6.3** | | 21.2 | |
| Purchase of subsidiary (net of cash acquired) | **(8.9)** | | – | |
| Acquisition of intangible assets | **(6.1)** | | (13.8) | |
| Investment in social housing properties | **(482.0)** | | (480.6) | |
| Acquisition of non-housing fixed assets | **(7.8)** | | (4.4) | |
| Investment in JCEAs | **(18.2)** | | (48.4) | |
| Distributions from JCEAs | **2.1** | | 1.9 | |
| Proceeds from disposal of other fixed asset investments | **0.9** | | 0.5 | |
| Decrease/(increase) in current asset investments | **1.0** | | (4.4) | |
| Social housing property grants received | **15.8** | | 95.9 | |
| **Net cash from investing activities** | | **(441.4)** | | (307.9) |
| **Cash flows from financing activities** | | | | |
| Interest paid | **(137.8)** | | (155.4) | |
| Net borrowing of loans and bonds | **283.2** | | 154.1 | |
| Capital transaction costs paid | **(2.6)** | | (3.8) | |
| Payment of finance lease capital | **(0.1)** | | – | |
| **Net cash from financing activities** | | **142.7** | | (5.1) |
| Net increase/(decrease) in cash and cash equivalents | | **10.3** | | (60.6) |
| Cash and cash equivalents at 1 April | | **120.5** | | 181.1 |
| **Cash and cash equivalents at 31 March** | | **130.8** | | 120.5 |

See note 24 for the reconciliation of net debt.

# Notes to the Financial Statements
for the year ended 31 March 2021

## 1. Accounting policies
The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (March 2018) ("FRS 102"), the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers ("the SORP"), the Accounting Direction for Private Registered Providers of Social Housing 2019 ("the Accounting Direction") and the Co-operative and Community Benefit Societies Act 2014.

Clarion Housing Group Limited and a number of its subsidiaries (see note 34) are public benefit entities.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Clarion Housing Group Limited's consolidated ("Group") and individual ("Parent") financial statements.

### Basis of preparation
The financial statements are prepared on an accruals basis and under the historical cost convention, with the exception of investment properties and certain financial instruments (as specified elsewhere) which are held at their fair value.

### Going concern
On the basis of its assessment of the Group's financial position and resources, the Board believes that the Group is well placed to manage its business risks. Therefore the Group's Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Thus it continues to adopt the going concern basis in preparing the annual financial statements.

The worldwide pandemic due to Covid-19 has presented challenges for the Group and Parent. The Board has considered the impact of the pandemic on the Group and the Parent and actions have been put in place to manage these risks and the Board consider these risks to be sufficiently mitigated.

The Parent is part of the Group's cash-pooling arrangement and so has the ability to raise cash for shortfalls related to Covid-19 or other temporary trading gaps, thus enabling it to access adequate resources.

The Group, through its subsidiaries, has provided confirmation of support to Circle Housing Asset Design Limited, Clarion Response Limited, Downland Regeneration Limited, Latimer Cocoa Works LLP, Latimer (Colchester East) Development Limited, Latimer Green Lanes Limited, Latimer Kirkstall Limited, Latimer Media City Limited, Latimer Weyburn Works Limited and Leamington Waterfront LLP, and some of its JCEAs. This confirmation of support is for at least twelve months after their financial statements for the year ended 31 March 2021 are signed.

### Basis of consolidation
The consolidated financial statements incorporate the financial statements of all entities controlled by Clarion Housing Group Limited as at the reporting date, using aligned reporting periods and accounting policies, and using merger or acquisition accounting where appropriate.

Jointly controlled entities and associates ("JCEAs") are separate legal entities. For JCEs, the Group shares control with other parties and strategic financial and operating decisions require unanimous consent. For associates, the Group has the right to participate in these decisions, but its consent is ultimately not required. Both are accounted for using the equity method, which reflects the Group's share of their profit or loss, other comprehensive income and equity.

Intra-group balances and transactions, including unrealised profits arising from intra-group transactions, are eliminated in full on consolidation.

### Value Added Tax
For the majority of the Group's members, VAT affairs are dealt with under a Group registration in the name of Clarion Housing Group Limited. Turnover and other income are shown net of any VAT charged. As most of the Group's income comes from renting out residential property, which is exempt from VAT, the Group only recovers a small proportion of the input VAT it incurs, and expenditure is shown inclusive of irrecoverable VAT.

### Leased assets
Where the Group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". A fixed asset is recognised while the future instalments due under the lease, net of interest payable, are included within creditors. Rentals payable are apportioned between the finance element, which is included in interest payable, and the capital element which reduces the outstanding creditor. This treatment likewise applies to sale and leaseback transactions where the Group sells an asset but then enters into a lease under which it retains substantially all the risks and rewards of ownership of said asset.

All other leases (including 'Temporary Market Rent Housing' leases) are accounted for as operating leases. The total rental payable is recognised on a straight-line basis over the lease term, with the exception that for some leases which commenced prior to transition to FRS 102 the lease incentives are recognised over the period ending on the first review date.

### Turnover
Rent and service charge income is recognised on an accruals basis. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with administering authorities. Other income is recognised as receivable on the delivery of services provided.

Social housing property grant is amortised over 100 years, starting from when the property is completed, in line with the Group's depreciation policy for the structure of rental-only social housing properties. This 100-year period also applies to grants relating to shared ownership properties, even though these properties are not depreciated. Grants receivable in respect of operating costs are recognised as income in the same period(s) as the related expenditure.

Sales of properties are recognised on legal completion. Turnover includes receipts from the sale of properties developed for outright sale as well as the first tranches of shared ownership properties (see the 'Social housing properties, investment properties and stock' policy); subsequent staircasing receipts are included in disposals. Both the first tranche and staircasing receipts are calculated as the proportion of the property sold, multiplied by the market value determined at the time.

### Cost of sales

Cost of sales comprises the cost of stock sold, as well as most marketing costs incurred in the year; the cost of further staircasing is included in disposals.

### Depreciation and amortisation

With the exception of goodwill, all depreciation and amortisation is accounted for on a straight-line basis, reducing the cost of each asset to its residual value over its useful economic life, from the date the asset is available for use.

No depreciation is provided in respect of land or investment properties.

#### Goodwill:

Goodwill is amortised on a systematic basis over its useful life, with both the basis and life depending on the business combination which gave rise to the goodwill.

#### Other intangible assets:

| | |
|---|---|
| ERP system | 10 years |
| Other computer software | 4 years |

#### Social housing properties:

The cost of rental-only social housing properties (net of land) is split between the structure and the following other components which require periodic replacement. The cost of the existing components is depreciated over the following useful economic lives ("UELs"):

| | |
|---|---|
| Structure | 100 years |
| Bathrooms | 30-35 years |
| Boilers | 15 years |
| Other heating | 30 years |
| Electrics | 30-35 years |
| Kitchens | 20-25 years |
| Lifts | 15-25 years |
| Roofs – flat | 15-20 years |
| Roofs – pitched | 50-60 years |
| Windows and doors | 30-35 years |
| Other | 5-25 years |

"Other" includes components such as paving, fences, playgrounds, door entry systems, CCTV, insulation and solar panels.

For social housing properties held under leases, the remaining lease term is used as the UEL if this is shorter than the above lives.

When components are replaced, the remaining net book value is expensed as depreciation, and the asset is disposed.

Shared ownership social housing properties are not broken down into components as their tenants are liable for any repairs, and they are not depreciated due to their high residual value.

#### Non-housing fixed assets:

| | |
|---|---|
| Freehold offices | 100 years |
| Leasehold office properties | Over the period of the lease |
| Office furniture, fixtures and fittings | 4-10 years |
| Computer hardware | 4 years |

### Impairment

Stock is stated at the lower of cost and estimated sales proceeds less selling costs and remaining construction costs.

Loss allowances for tenant and other debtors are always measured at an amount equal to lifetime expected credit losses ("ECL").

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

For other assets an impairment review is undertaken when there is an indication that an asset may be impaired. Impairment is recognised when it is assessed that the carrying amount of that asset (or the cash generating unit, including goodwill, it belongs to) is higher than the recoverable amount, which is the higher of fair value less costs to sell and value in use. Where this is the case the higher of these two values is taken to be the new book value, and the difference is the impairment loss.

The Group's social housing properties are held for their social benefit rather than solely for the cash inflows they generate, therefore value in use is likely to be based on service potential rather than cash flows. However, those properties which are deemed not to be providing the Group with service potential, for example due to being in a poor condition or in an area of low demand, are not valued based on service potential.

**Notes to the Financial Statements for the year ended 31 March 2021**
continued

## 1. Accounting policies (continued)

### Impairment (continued)

After an impairment loss has been recognised, the recoverable amount of an asset or cash-generating unit may increase because of changes in: economic conditions; the circumstances that previously caused the impairment; or, the expected use of the asset(s). As a result, the carrying amount is adjusted to the lower of the new recoverable amount and the carrying amount that would have been determined had the original impairment not occurred, with the exception that the impairment of goodwill is not reversed.

Impairment relating to stock is included in cost of sales; impairment relating to JCEAs is included in share of surplus/deficit of JCEAs; and impairment relating to other assets is included in operating costs.

### Interest receivable, interest payable and financing costs

Interest receivable is only recognised to the extent that it is probable that it will be recoverable when due.

Interest payable is recognised over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Transaction costs relating to the refinancing of existing debt are expensed as incurred unless there is a substantial modification of the terms. Transaction costs relating to financial instruments held at fair value are also expensed as incurred.

When social housing properties and stock are under active construction, interest payable is capitalised using the interest rate of the funds specifically used to finance the development, such as in the case of the properties developed by the Group's JCEAs; otherwise, the weighted average interest rate of the Group's general borrowings is used.

### Corporation tax

Many members of the Group almost wholly undertake charitable activities which are exempt from corporation tax. The remaining members, and the jointly controlled entities and associates in which the Group has a share, are liable to corporation tax at the prevailing rate of taxation.

Deferred tax is provided for in full on differences between the treatment of certain items for taxation and accounting purposes, unless the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future. Deferred tax is calculated using the tax rates and laws which have been enacted (given Royal Assent) or substantively enacted (passed by the House of Commons, or under the Provisional Collection of Taxes Act 1968) by the reporting date and are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax charge(/credit) is presented either in the Income Statement, Other Comprehensive Income or equity depending on the transaction that resulted in the tax charge(/credit).

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax assets and liabilities are offset only where allowed by FRS 102, and likewise they are not discounted.

### Goodwill

Goodwill arising on business combinations is initially measured as the acquisition cost less the share of the net amount of the acquiree's identifiable assets, liabilities and contingent liabilities, with fair values used where required and reliable. Following initial recognition, goodwill is measured at cost less accumulated amortisation and impairment losses.

### Social housing properties, investment properties and stock

The Group generates revenue from properties in a number of ways, and the accounting treatment of the costs incurred varies accordingly:

a. Most of the Group's housing properties are held for social benefit and the rent charged to the tenants is below or even significantly below market rates. These properties are shown as *rental-only social housing properties.*

b. However, some housing properties are held to earn income at market rates and/or for capital appreciation, and these are treated as *investment properties.*

c. The Group also develops housing properties for open market sale and these are shown as *non-social stock.*

d. Housing properties developed for sale to another Registered Provider are shown as *social stock.*

e. Shared ownership (also known as "low cost home ownership", or LCHO) is where, initially, a long lease on a property is granted through a sale to the occupier, in return for an initial payment (the "first tranche"). The occupier then has the right, but not the obligation, to purchase further shares ("staircase") until they own 100% of the property; they pay a subsidised rent on the portion of the property they don't own. The cost of the expected first tranche proportion of shared ownership properties is shown as *social stock* with the remainder included in *shared ownership social housing properties.*

f. Non-residential properties such as retail units or offices, which are sometimes built as part of a residential development, are treated as *investment properties* if they are held for rental, or as *non-social stock* if they are developed for sale on a long lease (i.e. a premium is paid on completion, followed by a nominal rent).

g. Mixed tenure schemes where the precise mix is yet to be finalised; investment properties under construction; and land without planning consent or grant allocation ("land bank") are included in *social housing properties under construction.*

In all cases, properties are initially stated at their directly attributable cost: this includes the cost of land, construction works and professional fees, as well as capitalised staff costs for those employees attributable to the development activity and interest. No staff or interest costs are capitalised on land banks.

The cost of completed rental-only social housing properties is split into components (see 'Depreciation and amortisation' policy). Major repairs are capitalised on a component level, to the extent that they are either a full replacement of the previous component, or an enhancement to the existing component which will reduce future repair costs, extend the life of the component or result in increased rental income. Major repairs are expensed as incurred in other circumstances. No provision is recognised for future planned and routine maintenance of these properties.

Investment properties are adjusted to fair value at each reporting date. Further expenditure relating to these properties, even if capital in nature, is expensed.

### Interests in jointly controlled entities and associates

These are initially recognised at the amount of the investment made, including transaction costs, and subsequently adjusted to reflect the Group's share of the investee's net assets.

### Public benefit concessionary loans

As a "public benefit entity group" (as defined by FRS 102), loans which are made as part of the Group's social housing objectives, at below-market rates of interest, and are not repayable on demand, qualify for treatment as public benefit entity concessionary loans. They are initially recorded at the amount lent and subsequently adjusted for accrued interest receivable less any impairment loss.

This treatment applies to the Group's equity loans (including those under the HomeBuy scheme), where the amount to be repaid by the homeowner scales with the subsequent movement in the value of their property. It also applies to the arrangements which the Group has made with some tenants for payment of rent and service charge arrears, which are effectively loans granted at a zero interest rate.

### Local authority housing transfers

Where an opportunity for the regeneration of local authority ("LA") social housing properties arises after a transfer request from tenants, the Group may seek to maximise the resources available for the regeneration by entering into a VAT shelter arrangement with the LA. In this circumstance, the transactions are accounted for on a gross basis: the Group's remaining obligation to refurbish the properties is shown as a creditor while the LA's remaining obligation to have the properties refurbished is included in debtors. The split between amounts due within one year and amounts due after more than one year reflects the expected timing of the remaining refurbishment works.

### Social housing property grants

These grants – which have been provided by central and local government to part-fund the construction of the Group's social housing properties – are treated as deferred income, and amortised as per the 'Turnover' policy; the amount due to be amortised in the following year is included in creditors due within one year. The original amount granted may become repayable if the conditions of the grant are not complied with: for example, if the related properties cease to be used for the provision of affordable rental accommodation, or are sold on the open market. If there is no obligation to repay the grant on disposal of the assets, the remaining unamortised grant is credited against the cost of the disposal.

Grant in respect of shared ownership properties is allocated against the amount retained after the first tranche is sold.

Social housing property grants which the Group is entitled to and is reasonably certain of receiving are included in debtors while those received but not yet allocated to a development project are included in creditors.

### HomeBuy grants

Under the HomeBuy scheme, the Group received grants in order to advance interest-free loans to homebuyers. In the event that the homeowner sells the property, or otherwise wishes to repay the loan, the related grant is transferred to the Recycled Capital Grant Fund. However, if there is a fall in the value of the property and the Group receives back less then it lent, the difference is offset against the amount of grant transferred, so that the Group does not incur a loss.

### Recycled Capital Grant Fund ("RCGF")

The Group has the option to recycle social housing property grants – which would otherwise be repayable to either Homes England ("HE") or the Greater London Authority ("GLA"), depending on the location of the disposed property – to the RCGF. If the amounts set aside in this manner are not used to fund the development of new social housing within a three-year period, they again become repayable, with interest, unless a time extension or a waiver is received.

The amounts held within the funds which are not anticipated to be recycled, or become repayable, within one year are included under 'creditors due after more than one year'. The remainder is included under 'creditors due within one year'.

### Non-derivative financial instruments

The Group applies the recognition and measurement provisions of IFRS 9 Financial Instruments, as allowed by FRS 102.

All investments, short-term deposits and loans held by the Group are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price.

## Notes to the Financial Statements for the year ended 31 March 2021
continued

### 1. Accounting policies (continued)

#### Non-derivative financial instruments (continued)

On initial recognition, a financial asset is classified as measured at either amortised cost, fair value through other comprehensive income ("FVOCI") debt investment, FVOCI equity investment or fair value through profit and loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

i. it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

ii. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

i. it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

ii. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Where loans and other financial instruments are redeemed during the year, a redemption penalty is recognised in the Income Statement of the year in which the redemption takes place, where applicable.

Tenant and other debtors and creditors are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction and does not qualify for treatment as a concessionary loan, in which case the present value of the future receipts discounted at a market rate of interest is used.

Cash and cash equivalents include cash balances and call deposits, as well as short-term investments with an original maturity of three months or shorter. It also includes those overdrafts which are repayable on demand and form an integral part of the Group's cash management strategy.

#### Derivative financial instruments and hedge accounting

To manage interest rate risk, the Group manages its proportion of fixed to variable rate borrowings within approved limits and, where appropriate, utilises interest rate swap agreements. Amounts payable and receivable in respect of these agreements are recognised as adjustments to interest payable over the period of the agreement.

These derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Where considered appropriate, the Group applies hedge accounting and has designated each of the swaps against either existing drawn debt or against highly probable future debt. Hedges are classified as either:

a. fair value hedges when hedging exposure to changes in the fair value of a recognised asset or liability; or

b. cash flow hedges when hedging exposure to variability in cash flows that is attributable to either a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

Hedge relationships are formally designated and documented at inception, together with the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the Group will assess the hedging instrument effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

#### Accounting for fair value hedges:

The change in fair value of a hedging derivative is recognised in the Income Statement. The change in the fair value of the hedged item attributable to the risk being hedged is recorded as part of the carrying value of the hedged item and is also recognised in the Income Statement. The Group applies fair value hedge accounting when hedging interest rate risk on fixed rate borrowings. If the criteria for hedge accounting are no longer met, the accumulated adjustment to the carrying amount of a hedged item at such time is then amortised to the Income Statement over the remaining period to maturity.

#### Accounting for cash flow hedges:

To the extent the hedge is effective, movements in fair value adjustments, other than adjustments for own or counterparty credit risk, are recognised in Other Comprehensive Income and presented in a separate Cash Flow Hedge Reserve. Any movements in fair value relating to ineffectiveness and adjustments for own or counterparty credit risk are recognised in the Income Statement.

Where hedge accounting for a cash flow hedge is discontinued and the hedged future cash flows are still expected to occur, the amount that has been accumulated in the cash flow hedge reserve remains there until those future cash flows occur. If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified to the Income Statement.

#### Fair value:

All financial assets or liabilities at fair value are calculated using measurements based on inputs that are observable for the asset either directly or indirectly from prices.

Fair value is determined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. To calculate fair value, the Group uses:

a. where they exist, quoted market prices in an active market for an identical asset or liability; or

b. if a market for a financial instrument is not active, the Group will use a valuation technique that makes maximum use of market inputs and includes recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and option pricing models where in each case it is an acceptable valuation technique that incorporates all factors that market participants would consider in setting a price.

Derivative financial instruments are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. As required by IFRS 13, there is also a bilateral credit valuation adjustment made in order to adjust for the credit worthiness of the counterparties involved in the trade.

### Provisions and contingent liabilities

A provision is recognised where a present obligation has arisen as a result of a past event for which settlement is probable and can be reliably estimated. The amount recognised is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate, and the subsequent unwinding of the discount is recognised as a finance cost.

A contingent liability, where settlement is not probable and/or cannot be reliably estimated, is not recognised unless it is identified as part of a business combination.

### Pensions

The Group participates in a number of defined benefit and defined contribution pension schemes. The assets of these schemes are held separately to those of the Group.

For defined benefit schemes, the net liability (or asset, to the extent it is recoverable) is calculated by estimating the amount of future benefit that employees have earned to date, discounted to present value, and deducting the fair value of the scheme's assets. Changes in this net defined benefit liability arising from employee service, introductions, benefit changes, curtailments and settlements during the period are recognised in operating costs. The net interest expense (or income) on the net liability (or asset) for the period is recognised as other finance cost (or income). Remeasurement of the net liability (or asset) is recognised as actuarial gains/losses in Other Comprehensive Income.

### Other employee benefits

The Group recognises an accrual for unused annual leave which employees are entitled to carry forward and use within the next 12 months. This is measured at the salary cost payable for the period of absence.

### Segmental reporting

Segmental reporting is presented in these consolidated financial statements in respect of the Group's business segments, which are the primary basis of segmental reporting.

The business' segmental reporting is disclosed in note 4 and reflects the Group's management and internal reporting structure.

Segmental results include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. As the Group has no material activities outside the UK, segmental reporting is not required by geographical region.

The chief operating decision makers have been identified as the Group Executive Team.

# Notes to the Financial Statements for the year ended 31 March 2021
continued

## 2. Significant judgements and accounting estimates – Group

### Significant judgements

With the exception of those relating to accounting estimates and uncertainty, no significant judgements have been made in applying the Group's accounting policies.

### Accounting estimates

The nature of estimation means that actual outcomes could differ from the estimates made. The following accounting estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities – and therefore the income and expenses recognised – within the next financial year:

1 The useful economic lives ("UELs") of rental-only social housing properties.

The Group believes that the UELs used are reasonable based on its experience. The most material assumptions are the UELs of rental-only social housing property components: these were reviewed in early 2017 as a result of the merger, with the input of the Group's repairs and maintenance staff, and were benchmarked against the UELs disclosed by other English Registered Providers.

Using these UELs, the accumulated depreciation at the reporting date was £1,136.9 million. Were each of the UELs shorter by one year, this figure would be approximately £1,180.5 million, reducing the NBV of social housing properties by £43.6 million.

Conversely, included in liabilities is £2,174.2 million of social housing property grants. As their amortisation rate is matched to the UEL of the structure component, a reduction of one year would have reduced the liability by £3.8 million, leading to a net reduction in assets of £39.8 million (2.0% of net assets).

2 The valuation of residential investment properties.

At the reporting date, the Group holds £176.7 million of residential investment properties, of which £172.6 million relates to market rent properties valued by Savills plc.

The most significant assumptions made for the properties valued by Savills are:

- Vacant possession values: a 10% fall in these would reduce the value of these properties by £12.8 million.
- Market rents: a 10% fall in these would reduce the value of these properties by £4.7 million.
- Discount rates: the rate used ranged between 7% and 7.25%. Increasing this range by 0.5% would reduce the value of these properties by £4.4 million.

3 The fair value of derivative financial instruments.

At the reporting date, the Group has a £314.8 million net liability in respect of interest rate swaps. These have been valued using discounted cash flow models, for which the main assumption is the interest rate yield curve used.

The curve used has been based on the government yield curve at the reporting date, plus an appropriate credit spread, giving a range of 0.05% to 0.81%. Decreasing this curve by 100 basis points would increase the net liability by £107.4 million (5.5% of net assets).

Note: as most of the Group's derivatives are accounted for as cash flow hedges, almost all of the in-year impact of any change would be included in other comprehensive income, depending on the effectiveness of the hedging relationship.

4 The valuation of defined benefit pension scheme obligations.

A number of critical underlying assumptions are made when measuring a defined benefit obligation, including standard rates of inflation, mortality, discount rates and the anticipation of future salary levels.

The range of assumptions used by the individual schemes of which the Group is a member are shown in note 28. Combining sensitivity analysis which most of the schemes' actuaries have provided, the estimated impact of changing the material assumptions would be as follows:

- Decreasing the discount rate by 0.1% would increase the obligation by £9.0 million;
- Increasing the pension increase assumption by 0.1% would increase the obligation by £8.7 million; and
- Increasing the assumed life expectancy by one year would increase the obligation by £15.4 million.

Note: as these are changes in actuarial assumptions, almost all of the in-year impact of any change would be included in other comprehensive income.

5 The valuation of stock.

At the reporting date, the Group holds £316.2 million of non-social stock. Based on the sales margins in the year, this would generate £322.1 million of sales. Therefore, it is estimated that for this stock to be materially impaired, sales values would need to drop by around 6% in the following year.

## 3. Units under management - Group

| | At 1 April 2020 | Adjustment | Handed over | Net conversion from Affordable | Other movements | **At 31 March 2021** |
|---|---|---|---|---|---|---|
| **Units under management** | | | | | | |
| **Social housing** | | | | | | |
| Social rent | 76,365 | (25) | 52 | 45 | (217) | **76,220** |
| Affordable rent | 12,945 | 20 | 656 | (44) | (49) | **13,528** |
| General needs | 89,310 | (5) | 708 | 1 | (266) | **89,748** |
| Supported | 1,208 | 211 | – | – | (50) | **1,369** |
| Housing for Older People | 7,146 | (244) | – | – | (45) | **6,857** |
| Shared ownership | 8,540 | (2) | 1,183 | – | (128) | **9,593** |
| Care homes | – | 12 | – | – | – | **12** |
| Intermediate rent | 475 | (20) | – | – | (5) | **450** |
| Keyworker | 964 | – | – | (1) | (5) | **958** |
| Social leaseholders | 9,984 | 8 | – | – | 77 | **10,069** |
| Staff accommodation | 102 | (1) | – | – | (1) | **100** |
| **Social homes under management** | **117,729** | **(41)** | **1,891** | **–** | **(423)** | **119,156** |
| **Non-social housing** | | | | | | |
| Market rent | 811 | (27) | – | – | 11 | **795** |
| Non-social leaseholders | 5,859 | (331) | 53 | – | (18) | **5,563** |
| **Homes under management** | **124,399** | **(399)** | **1,944** | **–** | **(430)** | **125,514** |
| **Non-housing** | | | | | | |
| Garages and car parking spaces | 10,390 | 5 | – | – | 1 | **10,396** |
| Commercial leaseholders | 323 | (4) | – | – | – | **319** |
| Community centres | 61 | 2 | – | – | (1) | **62** |
| **Units under management** | **135,173** | **(396)** | **1,944** | **–** | **(430)** | **136,291** |
| Social housing | 1,136 | (4) | – | (16) | (91) | **1,025** |
| Non-social housing | 1,150 | 190 | 31 | 16 | 40 | **1,427** |
| Non-housing | 5 | (5) | – | – | 4 | **4** |
| **Units owned but not managed** | **2,291** | **181** | **31** | **–** | **(47)** | **2,456** |

All Supported and Housing for Older People units are used for social rent.

Other movements primarily relate to disposals or demolitions.

**Notes to the Financial Statements for the year ended 31 March 2021**
continued

## 4. Turnover, cost of sales, operating costs, surplus/deficit on disposal of properties and operating surplus/deficit

### 4a. Particulars of turnover, cost of sales, operating costs, surplus/deficit on disposal of properties and operating surplus/deficit

### Group

| | Turnover £m | Cost of sales £m | Operating costs £m | Surplus on disposal £m | 2021 Operating surplus/(deficit) £m | Turnover £m | 2020 Operating surplus/(deficit) £m |
|---|---|---|---|---|---|---|---|
| **Social housing activities** | | | | | | | |
| **Social housing lettings (note 4b)** | **687.4** | **–** | **(474.3)** | **–** | **213.1** | 670.6 | 217.6 |
| **Shared ownership first tranche sales** | **125.7** | **(108.4)** | **–** | **–** | **17.3** | 73.7 | 7.6 |
| **Other social housing activities** | | | | | | | |
| Care and support services | 10.4 | – | (7.1) | – | **3.3** | 11.3 | 2.7 |
| Development for others | 3.0 | (3.8) | – | – | **(0.8)** | 1.8 | – |
| Development costs not capitalised | – | – | (4.8) | – | **(4.8)** | – | (5.1) |
| Community investment | 2.8 | – | (13.7) | – | **(10.9)** | 1.8 | (14.9) |
| Other | 5.3 | – | (5.0) | – | **0.3** | 6.7 | 4.0 |
| **Total** | **21.5** | **(3.8)** | **(30.6)** | **–** | **(12.9)** | 21.6 | (13.3) |
| **Surplus on disposal of social housing properties** | **–** | **–** | **–** | **25.2** | **25.2** | – | 60.1 |
| **Total social housing activities** | **834.6** | **(112.2)** | **(504.9)** | **25.2** | **242.7** | 765.9 | 272.0 |
| **Non-social housing activities** | | | | | | | |
| **Open market sales** | **87.7** | **(82.1)** | **(4.0)** | **–** | **1.6** | 53.7 | 7.3 |
| **Other non-social housing activities** | | | | | | | |
| Market rent lettings | 10.3 | – | (3.0) | – | **7.3** | 10.6 | 7.6 |
| Garage lettings | 2.0 | – | (0.6) | – | **1.4** | 2.0 | 1.5 |
| Commercial lettings | 2.9 | – | (2.4) | – | **0.5** | 3.2 | 0.8 |
| Other | 6.6 | – | (2.7) | – | **3.9** | 6.1 | 5.1 |
| **Total** | **21.8** | **–** | **(8.7)** | **–** | **13.1** | 21.9 | 15.0 |
| **Surplus/(deficit) on disposal of investment properties** | **–** | **–** | **–** | **0.1** | **0.1** | – | (1.3) |
| **Total non-social housing activities** | **109.5** | **(82.1)** | **(12.7)** | **0.1** | **14.8** | 75.6 | 21.0 |
| **Total social and non-social housing activities** | **944.1** | **(194.3)** | **(517.6)** | **25.3** | **257.5** | 841.5 | 293.0 |
| **Analysis of disposals** | | | | | | | |
| Social housing properties | 56.1 | (24.1) | (6.8) | 25.2 | **25.2** | 125.6 | 60.1 |
| Investment properties | 0.8 | (0.7) | – | 0.1 | **0.1** | – | (1.3) |
| Other fixed assets | 0.6 | (0.5) | – | 0.1 | **0.1** | 1.7 | 0.1 |

### Parent

Turnover includes corporate recharges to operating companies (see note 35) and other revenue grants.

The cost of providing repairs to other Group members in the prior year was shown as cost of sales.

## 4b. Particulars of income and expenditure from social housing lettings

### Group

| | General needs housing £m | Supported housing/ housing for older people £m | Shared ownership accommodation £m | Other £m | Total 2021 £m | Total 2020 £m |
|---|---|---|---|---|---|---|
| **Income** | | | | | | |
| Rent receivable net of identifiable service charges | 530.5 | 41.6 | 36.4 | 13.1 | **621.6** | 601.5 |
| Service charge income | 17.5 | 8.8 | 7.3 | 8.6 | **42.2** | 45.2 |
| Amortisation of government grants | 20.1 | 1.7 | 1.3 | 0.5 | **23.6** | 23.6 |
| Other revenue grants/income | – | – | – | – | **–** | 0.3 |
| **Turnover from social housing lettings** | **568.1** | **52.1** | **45.0** | **22.2** | **687.4** | 670.6 |
| **Expenditure** | | | | | | |
| Management | (71.3) | (11.5) | (2.3) | (3.1) | **(88.2)** | (94.9) |
| Service charge costs | (24.6) | (12.4) | (10.3) | (12.0) | **(59.3)** | (56.7) |
| Routine maintenance | (107.3) | (8.9) | (0.1) | (3.3) | **(119.6)** | (121.0) |
| Planned maintenance | (56.4) | (2.3) | (0.3) | (0.7) | **(59.7)** | (53.2) |
| Major works expensed | (15.2) | (0.5) | (0.1) | (0.1) | **(15.9)** | (13.4) |
| Bad debts | (8.5) | (0.8) | (0.1) | (0.1) | **(9.5)** | (4.9) |
| Depreciation of housing properties | (111.1) | (7.9) | – | (1.5) | **(120.5)** | (105.3) |
| Impairment of housing properties | – | – | – | – | **–** | (2.4) |
| Other costs | (0.4) | – | (0.1) | (1.1) | **(1.6)** | (1.2) |
| **Operating costs on social housing lettings** | **(394.8)** | **(44.3)** | **(13.3)** | **(21.9)** | **(474.3)** | (453.0) |
| **Operating surplus on social housing lettings** | **173.3** | **7.8** | **31.7** | **0.3** | **213.1** | 217.6 |
| **Void losses** | **6.3** | **2.6** | **1.1** | **2.6** | **12.6** | 9.6 |

Other includes intermediate rent, keyworker, and social leaseholders.

Void losses represent rent and service charge income lost as a result of an available-for-letting property not being let. These losses have increased since the previous year as measures put in place to reduce the risk of spreading Covid-19 have led to a longer turnaround time (the time required to prepare a vacant property for the next tenant).

**Notes to the Financial Statements for the year ended 31 March 2021**
continued

## 5. Employees – Group

The average monthly number of full-time equivalents ("FTEs") employed during the year, including members of the Group Executive Team, was as follows:

| | 2021 Number | 2020 Number |
|---|---|---|
| FTEs | **3,510** | 3,573 |

FTEs are based on a standard working week, which varies between 35 and 42 hours, but is 36 hours for most employees. All staff are employed by subsidiaries.

| | 2021 £m | 2020 £m |
|---|---|---|
| **Staff costs** | | |
| Wages and salaries | **141.7** | 138.5 |
| Compensation for loss of office | **2.6** | 2.3 |
| Social security costs | **14.3** | 14.3 |
| Pension costs | **10.2** | 10.7 |
| | **168.8** | 165.8 |

The number of employees, including Executive Directors, whose total remuneration payable (excluding employer pension contributions, or pay in lieu thereof, but including compensation for loss of office) exceeds £60,000 per annum is as follows:

| | 2021 Number | 2020 Number |
|---|---|---|
| £60,000 to £69,999 | **110** | 107 |
| £70,000 to £79,999 | **61** | 53 |
| £80,000 to £89,999 | **35** | 35 |
| £90,000 to £99,999 | **57** | 42 |
| £100,000 to £109,999 | **24** | 21 |
| £110,000 to £119,999 | **14** | 9 |
| £120,000 to £129,999 | **15** | 12 |
| £130,000 to £139,999 | **3** | 4 |
| £140,000 to £149,999 | **4** | 3 |
| £150,000 to £159,999 | **11** | 4 |
| £160,000 to £169,999 | **6** | 1 |
| £170,000 to £179,999 | **2** | – |
| £180,000 to £189,999 | **–** | 1 |
| £200,000 to £209,999 | **1** | – |
| £210,000 to £219,999 | **–** | 2 |
| £220,000 to £229,999 | **2** | 1 |
| £230,000 to £239,999 | **1** | – |
| £260,000 to £269,999 | **1** | 1 |
| £290,000 to £299,999 | **2** | 2 |
| £300,000 to £309,999 | **1** | – |
| £400,000 to £409,999 | **–** | 1 |
| £410,000 to £419,999 | **1** | – |
| **Total** | **351** | 299 |

## 6. Key management personnel

The Directors are defined as members of the Board, and any other person who is a member of the Group Executive Team. Remuneration payable was as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Non-Executive Directors** | **278** | 260 |
| **Executive Directors** | | |
| Salary and other benefits | **1,991** | 2,284 |
| Payments to third parties for Director services | **120** | – |
| Pension contributions, or pay in lieu thereof, in respect of services as directors | **95** | 97 |
| | **2,206** | 2,381 |
| | **2,484** | 2,641 |

One Executive Director who served during the year has been compensated through payments to a limited company they jointly control. No amounts were owed at the end of the year.

| | 2021 £ | 2020 £ |
|---|---|---|
| The remuneration of current Non-Executive Directors who served during the year was as follows: | | |
| David Avery | **47,917** | 41,511 |
| John Coghlan | **22,500** | 22,500 |
| Lord Barwell | **18,000** | 5,318 |
| Graham Farrant | **18,000** | 7,500 |
| Amanda Metcalfe | **18,000** | 7,500 |
| David Orr CBE | **34,000** | 28,667 |
| Greg Reed | **18,000** | 18,000 |
| Rupert Sebag-Montefiore | **45,000** | 45,000 |
| Tom Smyth | **22,500** | 6,648 |

| | 2021 £ | 2020 £ |
|---|---|---|
| Remuneration of highest paid Director (excluding pension contributions, or pay in lieu thereof but including benefits in kind) | **412,513** | 403,847 |
| Pension contributions, or pay in lieu thereof, in respect of the highest paid Director | **18,630** | 18,912 |

The prior year comparatives have been revised in order to present remuneration on a payable rather than paid basis.

The Directors are considered the key management personnel for the purposes of FRS 102.

## 7. Interest receivable

| | Group | | Parent | |
|---|---|---|---|---|
| | 2021 £m | 2020 £m | 2021 £m | 2020 £m |
| Interest receivable on bank deposits | **0.4** | 2.0 | **0.1** | 0.9 |
| Interest receivable from Group undertakings | **–** | – | **23.4** | 21.3 |
| Interest receivable from JCEAs | **5.8** | 3.7 | **–** | – |
| Breakage receipts | **–** | 15.5 | **–** | – |
| Other interest receivable | **0.1** | – | **–** | – |
| | **6.3** | 21.2 | **23.5** | 22.2 |

In the prior year, the Group received £15.5 million of breakage receipts as part of exiting a relationship with one of its lenders.

## Notes to the Financial Statements for the year ended 31 March 2021
continued

### 8. Interest payable and financing costs

| | Group | | Parent | |
|---|---|---|---|---|
| | **2021 £m** | 2020 £m | **2021 £m** | 2020 £m |
| Interest payable on loans | **21.2** | 30.7 | **–** | – |
| Interest payable on bonds and similar instruments | **101.9** | 91.9 | **–** | – |
| Interest payable on derivatives | **40.8** | 37.5 | **–** | – |
| Interest payable on finance leases | **0.6** | 0.7 | **–** | – |
| Interest payable to Group undertakings | **–** | – | **24.1** | 23.8 |
| Interest payable relating to pensions (see note 28) | **0.7** | 1.5 | **–** | – |
| Other interest payable | **1.2** | 0.2 | **–** | – |
| Other charges | **4.9** | 4.4 | **0.2** | 0.2 |
| | **171.3** | 166.9 | **24.3** | 24.0 |
| Interest payable capitalised | **(30.0)** | (31.5) | **–** | – |
| | **141.3** | 135.4 | **24.3** | 24.0 |

### 9. Movement in fair value of financial instruments – Group

| | **2021 £m** | 2020 £m |
|---|---|---|
| **Included in income and expenditure** | | |
| **Fair value gains on** | | |
| Borrowings treated as fair value hedging items | **11.7** | – |
| Derivatives treated as fair value hedging instruments | **–** | 5.8 |
| Derivatives treated as cash flow hedging instruments – ineffective | **–** | 1.7 |
| | **11.7** | 7.5 |
| **Fair value losses on** | | |
| Borrowings treated as fair value hedging items | **–** | (6.9) |
| Derivatives treated as fair value hedging instruments | **(5.0)** | – |
| Derivatives treated as cash flow hedging instruments – ineffective | **(1.9)** | – |
| Amortisation of cash flow hedge reserve relating to a prematured derivative | **(0.6)** | (0.7) |
| | **(7.5)** | (7.6) |
| | **4.2** | (0.1) |

| | **2021 £m** | 2020 £m |
|---|---|---|
| **Included in other comprehensive income** | | |
| **Fair value gains on** | | |
| Derivatives treated as cash flow hedging instruments – effective | **73.7** | – |
| Amortisation of cash flow hedge reserve relating to a prematured derivative | **0.6** | 0.7 |
| | **74.3** | 0.7 |
| **Fair value losses on** | | |
| Derivatives treated as cash flow hedging instruments – effective | **–** | (60.8) |
| | **74.3** | (60.1) |

See note 26 for an explanation of the Group's hedging activities.

## 10. Surplus/deficit on ordinary activities before taxation

| | Group | | Parent | |
|---|---|---|---|---|
| | **2021 £m** | 2020 £m | **2021 £m** | 2020 £m |
| **Surplus/deficit on ordinary activities before taxation is stated after charging/(crediting):** | | | | |
| **Amortisation** | | | | |
| Other intangible assets | **10.9** | 9.5 | **10.2** | 9.1 |
| **Depreciation** | | | | |
| Social housing properties | **120.5** | 105.3 | **–** | – |
| Non-housing fixed assets | **8.6** | 8.1 | **6.7** | 6.8 |
| | **129.1** | 113.4 | **6.7** | 6.8 |
| **Impairment** | | | | |
| Social housing properties | **–** | 2.4 | **–** | – |
| Interests in JCEAs | **5.3** | – | **–** | – |
| Stock | **(0.4)** | (3.7) | **–** | – |
| | **4.9** | (1.3) | **–** | – |
| Operating lease rentals | **13.5** | 12.6 | **8.4** | 9.4 |

| | Group | | Parent | |
|---|---|---|---|---|
| | **2021 £m** | 2020 £m | **2021 £m** | 2020 £m |
| **Auditor's remuneration (exclusive of VAT)** | | | | |
| – for statutory audit services | **0.5** | 0.5 | **0.1** | 0.1 |
| – for other services | **0.1** | 0.1 | **–** | 0.1 |
| | **0.6** | 0.6 | **0.1** | 0.2 |

**Notes to the Financial Statements for the year ended 31 March 2021**
continued

## 11. Taxation

| | Group | | Parent | |
|---|---|---|---|---|
| | **2021 £m** | 2020 £m | **2021 £m** | 2020 £m |
| **Analysis of (credit)/charge in period** | | | | |
| **Current tax** | | | | |
| Current tax on income for the period | **(1.4)** | 1.3 | **–** | – |
| **Deferred tax** | | | | |
| Origination and reversal of timing differences | **(5.4)** | – | **–** | – |
| Change in tax rate | **–** | 0.1 | **–** | – |
| | **(5.4)** | 0.1 | **–** | – |
| | **(6.8)** | 1.4 | **–** | – |
| Recognised in income and expenditure | **(6.8)** | 1.4 | **–** | – |

The tax charge for the Group for the period is less than 19% (2020: less than 19%), the rate of corporation tax in the UK. The tax credit for the Parent for the period is equal to 19% (2020: equal to 19%), the rate of corporation tax in the UK. The differences are explained below:

| | Group | | Parent | |
|---|---|---|---|---|
| | **2021 £m** | 2020 £m | **2021 £m** | 2020 £m |
| **Reconciliation of tax recognised in income and expenditure** | | | | |
| Surplus/(deficit) on ordinary activities before taxation | **114.7** | 169.8 | **–** | (0.2) |
| **Tax charge at 19% (2020: 19%)** | **21.8** | 32.3 | **–** | – |
| **Effects of** | | | | |
| Charitable surpluses not taxed | **(23.9)** | (33.6) | **–** | – |
| Expenses not deductible for tax purposes | **0.3** | 1.1 | **–** | – |
| EU State Aid | **(1.4)** | 1.4 | **–** | – |
| Adjustment in respect of Gift Aid expected to be paid | **(0.8)** | – | **–** | – |
| Deferred tax asset now recognised on prior year losses | **(2.3)** | – | **–** | – |
| Remeasurement of deferred tax due to change in UK tax rate | **–** | 0.1 | **–** | – |
| Other | **(0.5)** | 0.1 | **–** | – |
| | **(6.8)** | 1.4 | **–** | – |

The impairment of the intra-Group loan from Your Lifespace Limited to Leamington Waterfront LLP is not deductible for tax purposes.

In the prior year, the Group provided £1.4 million for corporation tax following the EU Commission's final decision that certain aspects of the UK's Controlled Foreign Company rules give rise to unlawful State Aid. In July 2021, the relevant Group company was informed by HMRC that it had been declared as non-beneficiary for State Aid purposes. This has been treated as an adjusting event after the reporting period and the provision released.

Increasing the rate of UK corporation tax to 25% from 1 April 2023 was not yet substantively enacted by the reporting date.

| | Group | | Parent | |
|---|---|---|---|---|
| | **2021 £m** | 2020 £m | **2021 £m** | 2020 £m |
| **Deferred tax** | | | | |
| **Deferred tax assets** | | | | |
| Unrealised losses on revaluation of investment properties | **–** | 0.1 | **–** | – |
| Unused tax losses | **5.6** | – | **–** | – |
| | **5.6** | 0.1 | **–** | – |
| **Deferred tax liabilities** | | | | |
| Unrealised gains on revaluation of investment properties | **(1.4)** | (1.3) | **–** | – |
| | **4.2** | (1.2) | **–** | – |

Deferred tax liabilities have been recognised for the difference between the fair value and the historic cost of the investment properties which are owned by members of the Group who are not exempt from corporation tax, as the disposal of these properties will give rise to a tax charge based on the historic cost. The amount of deferred tax which will reverse in the following year depends on the future movement in the valuation and the properties disposed, neither for which a reliable estimate can be made.

Deferred tax assets relating to unused losses are likewise shown as falling due after more than one year as the timing of future profits is uncertain.

**Notes to the Financial Statements for the year ended 31 March 2021**
continued

## 12. Goodwill and negative goodwill – Group

| | 2021 £m | 2020 £m |
|---|---|---|
| Goodwill | **0.4** | – |
| Negative goodwill | **(0.5)** | (0.5) |
| | **(0.1)** | (0.5) |

| | £m |
|---|---|
| **Goodwill** | |
| At 1 April 2020 | **–** |
| Recognised on acquisitions | **0.4** |
| **At 31 March 2021** | **0.4** |

During the year the Group acquired the entire issued share capital of Latimer Clyde Limited ("Clyde"), generating £0.4 million of goodwill:

| | Book value £m | Adjustments £m | Fair value £m |
|---|---|---|---|
| Social housing properties | – | 4.2 | **4.2** |
| Investment properties | 17.0 | (17.0) | **–** |
| Stock | – | 12.8 | **12.8** |
| **Total identifiable net assets** | **17.0** | **–** | **17.0** |

Clyde accounted for the land it owned as an investment property, with a fair value of £17.0 million. The Group intends to use this land for developing social and non-social housing and so has split its value between social housing properties and stock on the basis of this intended use.

| | £m |
|---|---|
| Consideration for shares | 12.4 |
| Loan from Group to Clyde to settle Clyde's existing borrowings | 4.6 |
| Directly attributable costs | 0.4 |
| **Total consideration** | **17.4** |

£8.5 million of this consideration has been deferred beyond 31 March 2021. Following acquisition, Clyde has not contributed any material amounts to the Group Statement of Comprehensive Income.

| | £m |
|---|---|
| **Negative goodwill** | |
| **At 1 April 2020 and at 31 March 2021** | **(0.5)** |

Negative goodwill relates to the acquisition of Latimer Green Lanes Limited, and is being amortised over the life of the development scheme as properties are sold.

## 13. Other intangible assets

### Group

| | Enterprise resource planning system £m | Other computer software £m | Total £m |
|---|---|---|---|
| **Cost** | | | |
| At 1 April 2020 | 78.4 | 25.8 | **104.2** |
| Additions | – | 5.6 | **5.6** |
| Transfer to non-housing fixed assets | – | (1.0) | **(1.0)** |
| **At 31 March 2021** | **78.4** | **30.4** | **108.8** |
| **Amortisation** | | | |
| At 1 April 2020 | (12.4) | (18.7) | **(31.1)** |
| Amortisation charge for the year | (8.3) | (2.6) | **(10.9)** |
| **At 31 March 2021** | **(20.7)** | **(21.3)** | **(42.0)** |
| **Net book value** | | | |
| **At 31 March 2021** | **57.7** | **9.1** | **66.8** |
| Net book value | | | |
| At 31 March 2020 | 66.0 | 7.1 | 73.1 |

### Parent

| | Enterprise resource planning system £m | Other computer software £m | Total £m |
|---|---|---|---|
| **Cost** | | | |
| At 1 April 2020 | 78.4 | 20.1 | **98.5** |
| Additions | – | 5.5 | **5.5** |
| Transfer to non-housing fixed assets | – | (1.0) | **(1.0)** |
| Transfer to other Group members | – | (1.7) | **(1.7)** |
| **At 31 March 2021** | **78.4** | **22.9** | **101.3** |
| **Amortisation** | | | |
| At 1 April 2020 | (12.4) | (13.2) | **(25.6)** |
| Amortisation charge for the year | (8.3) | (1.9) | **(10.2)** |
| Transfer to other Group members | – | 0.7 | **0.7** |
| **At 31 March 2021** | **(20.7)** | **(14.4)** | **(35.1)** |
| **Net book value** | | | |
| **At 31 March 2021** | **57.7** | **8.5** | **66.2** |
| Net book value | | | |
| At 31 March 2020 | 66.0 | 6.9 | 72.9 |

**Notes to the Financial Statements for the year ended 31 March 2021**
continued

## 14. Social housing properties – Group

| | Completed | | Under construction | | |
|---|---|---|---|---|---|
| | Rental-only £m | Shared ownership £m | Rental-only £m | Shared ownership £m | Total £m |
| **Cost** | | | | | |
| At 1 April 2020 | 7,149.9 | 844.3 | 219.2 | 313.6 | **8,527.0** |
| Construction/redevelopment of properties | – | – | 180.8 | 210.5 | **391.3** |
| Major repairs to completed properties | 95.1 | – | – | – | **95.1** |
| Other additions | 8.6 | – | – | – | **8.6** |
| Completed construction | 143.4 | 232.5 | (143.4) | (232.5) | **–** |
| Reclassification between tenures | 7.0 | (7.0) | – | – | **–** |
| Transfer to investment properties | – | – | (0.6) | – | **(0.6)** |
| Transfer from stock | – | 10.3 | – | – | **10.3** |
| Components replaced | (23.0) | – | – | – | **(23.0)** |
| Other disposals/write-offs | (17.1) | (15.9) | (5.4) | (0.6) | **(39.0)** |
| **At 31 March 2021** | **7,363.9** | **1,064.2** | **250.6** | **291.0** | **8,969.7** |
| | | | | | |
| **Depreciation and impairment** | | | | | |
| At 1 April 2020 | (1,050.8) | (13.0) | – | – | **(1,063.8)** |
| Depreciation charge for the year | (120.5) | – | – | – | **(120.5)** |
| Eliminated on components replaced | 23.0 | – | – | – | **23.0** |
| Eliminated on other disposals/write-offs | 11.4 | 0.2 | – | – | **11.6** |
| **At 31 March 2021** | **(1,136.9)** | **(12.8)** | **–** | **–** | **(1,149.7)** |
| | | | | | |
| **Net book value** | | | | | |
| **At 31 March 2021** | **6,227.0** | **1,051.4** | **250.6** | **291.0** | **7,820.0** |
| | | | | | |
| Net book value | | | | | |
| At 31 March 2020 | 6,099.1 | 831.3 | 219.2 | 313.6 | **7,463.2** |

Included in "Construction/redevelopment of properties" is £4.2 million relating to the acquisition of Latimer Clyde Limited (see note 12).

Completed properties with a combined net book value of £4,023.9 million (2020: £3,992.7 million) are held as security against debt and derivatives (see notes 24 and 26), £14.3 million (2020: £12.8 million) of which relates to assets held under finance leases.

## 15. Investment properties - Group

| | Residential properties £m | Non-residential properties £m | Freeholds £m | Total £m |
|---|---|---|---|---|
| At 1 April 2020 | 171.8 | 50.4 | 5.0 | **227.2** |
| Transfer from social housing properties | – | 0.6 | – | **0.6** |
| Transfer from stock | 2.2 | – | – | **2.2** |
| Disposals | – | (0.7) | – | **(0.7)** |
| Revaluation | 2.7 | (5.5) | 2.2 | **(0.6)** |
| **At 31 March 2021** | **176.7** | **44.8** | **7.2** | **228.7** |

All residential properties, the majority of the non-residential properties, and all freeholds were valued as at 31 March 2021 by Savills, Chartered Surveyors. This valuation was prepared in accordance with the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2020 together, where applicable, with the UK National Supplement effective 14 January 2019, together (the "Red Book").

The value of the remaining commercial properties has been estimated internally, using Savills' valuation results as a guide, as £1.9 million (2020: £2.2 million).

Investment properties with a combined fair value of £149.5 million (2020: £147.7 million) are held as security against debt and derivatives (see notes 24 and 26).

## 16. Non-housing fixed assets

### Group

| | Freehold and leasehold offices £m | Office furniture, fixtures and fittings £m | Computer hardware £m | Total £m |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2020 | 42.7 | 25.9 | 25.5 | **94.1** |
| Additions | 0.1 | 5.2 | 2.5 | **7.8** |
| Transfer from other intangible assets | – | – | 1.0 | **1.0** |
| Disposals | (0.7) | – | – | **(0.7)** |
| **At 31 March 2021** | **42.1** | **31.1** | **29.0** | **102.2** |
| **Depreciation and impairment** | | | | |
| At 1 April 2020 | (17.8) | (14.4) | (18.7) | **(50.9)** |
| Depreciation charge for the year | (1.7) | (3.4) | (3.5) | **(8.6)** |
| Eliminated on disposals | 0.2 | – | – | **0.2** |
| **At 31 March 2021** | **(19.3)** | **(17.8)** | **(22.2)** | **(59.3)** |
| **Net book value** | | | | |
| **At 31 March 2021** | **22.8** | **13.3** | **6.8** | **42.9** |
| Net book value | | | | |
| At 31 March 2020 | 24.9 | 11.5 | 6.8 | 43.2 |

### Parent

| | Freehold and leasehold offices £m | Office furniture, fixtures and fittings £m | Computer hardware £m | Total £m |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2020 | 3.2 | 20.2 | 23.0 | **46.4** |
| Additions | – | 3.9 | 2.6 | **6.5** |
| Transfer from other intangible assets | – | – | 1.0 | **1.0** |
| Transfer to other Group members | – | (1.0) | (0.2) | **(1.2)** |
| **At 31 March 2021** | **3.2** | **23.1** | **26.4** | **52.7** |
| **Depreciation** | | | | |
| At 1 April 2020 | (1.8) | (9.1) | (16.4) | **(27.3)** |
| Depreciation charge for the year | (0.2) | (3.2) | (3.3) | **(6.7)** |
| **At 31 March 2021** | **(2.0)** | **(12.3)** | **(19.7)** | **(34.0)** |
| **Net book value** | | | | |
| **At 31 March 2021** | **1.2** | **10.8** | **6.7** | **18.7** |
| Net book value | | | | |
| At 31 March 2020 | 1.4 | 11.1 | 6.6 | 19.1 |

## Notes to the Financial Statements for the year ended 31 March 2021
continued

### 17. Interests in JCEAs – Group

As detailed in note 34, the Group is a member of a number of jointly controlled entities and associates ("JCEAs").

The amounts included in respect of the Group's share of JCEAs comprise the following:

| | 2021 £m | 2020 £m |
|---|---|---|
| Turnover | 22.2 | 27.8 |
| Cost of sales | (21.4) | (25.9) |
| **Operating surplus** | 0.8 | 1.9 |
| Interest payable | (9.1) | (2.5) |
| Impairment | (5.3) | – |
| **Deficit for the year** | (13.6) | (0.6) |
| Assets | 194.0 | 180.9 |
| Liabilities | (249.9) | (202.9) |
| **Net liabilities** | (55.9) | (22.0) |
| Investment in JCEAs | 210.9 | 174.5 |
| **Interest in JCEAs** | 155.0 | 152.5 |

In accordance with FRS 102, the results for the year have been adjusted to eliminate any amounts in relation to sales of properties to other members of the Group. Likewise, the amounts above are also adjusted as necessary to be in line with Group accounting policies: eligible interest costs are capitalised and prepaid marketing costs are expensed as incurred.

Included in 'Investment in JCEAs' are loans from the Group totalling £209.6 million (2020: £172.9 million).

Development agreements for the construction of residential property are in place between the Group and some of its JCEAs. The amount of construction works provided in the year was £10.8 million (2020: £6.4 million) and £nil is included in creditors at the reporting date (2020: £nil).

During the year, the Group received profit distributions of £2.1 million from its JCEAs (2020: £1.9 million).

Following the omission of a strategic land project from a Regulation 19 Local Plan process on 15 July 2021, the Group impaired its investment in Mayfield Market Towns Limited by £5.3 million and recognised a further £3.8 million of cost of sales. The omission has been treated as an adjusting event after the end of the reporting period.

### 18. Other fixed asset investments

#### Group

| | 2021 £m | 2020 £m |
|---|---|---|
| Equity loans including HomeBuy | 11.5 | 12.5 |
| Other investments | 0.1 | – |
| | 11.6 | 12.5 |

Equity loans are secured against the properties to which they relate. Where interest is charged, this is at 1.75% from the fifth anniversary, increasing annually by RPI plus 1%. With the exception of some loans, where repayment is required between the 10th and 25th anniversary, repayment is deferred until the related property is sold, or the homeowner decides to make voluntary repayment.

#### Parent

| | 2021 £m | 2020 £m |
|---|---|---|
| Investment in subsidiaries | 41.4 | 2.0 |

During the year the Parent purchased a further 39,000,000 of Latimer Developments Limited's £1 shares, at par. This was funded through a £39.0 million distribution from Clarion Housing Association Limited, another of the Parent's wholly-owned subsidiaries.

## 19. Stock – Group

| | Under construction | | Completed properties | | |
|---|---|---|---|---|---|
| | Social £m | Non-social £m | Social £m | Non-social £m | Total £m |
| At 1 April 2020 | 146.7 | 219.2 | 64.4 | 83.7 | **514.0** |
| Additions | 110.9 | 104.9 | – | – | **215.8** |
| Impairment reversal/(charge) | (0.4) | (0.6) | (0.3) | 1.7 | **0.4** |
| Properties completed | (113.0) | (69.6) | 113.0 | 69.6 | **–** |
| Reclassification between tenures | – | – | 12.5 | (12.5) | **–** |
| Transfer to social housing properties | – | – | (10.3) | – | **(10.3)** |
| Transfer to investment properties | – | – | – | (2.2) | **(2.2)** |
| Properties sold | – | – | (99.8) | (78.0) | **(177.8)** |
| **At 31 March 2021** | **144.2** | **253.9** | **79.5** | **62.3** | **539.9** |

Included in "Additions" is £12.8 million relating to the acquisition of Latimer Clyde Limited (see note 12).

## 20. Debtors

| | Group | | Parent | |
|---|---|---|---|---|
| | **2021 £m** | 2020 £m | **2021 £m** | 2020 £m |
| **Amounts falling due within one year** | | | | |
| Rent and service charge debtors | **72.0** | 66.3 | **–** | – |
| Impairment | **(45.9)** | (37.4) | **–** | – |
| | **26.1** | 28.9 | **–** | – |
| Amounts due from Group undertakings: loans and cash pooling | **–** | – | **6.9** | 10.8 |
| Local authority housing transfers | **7.0** | 7.2 | **–** | – |
| Prepayments and accrued income | **22.0** | 27.3 | **7.4** | 7.8 |
| Amounts due from Group undertakings: trading | **–** | – | **10.9** | 18.3 |
| Other debtors | **25.8** | 24.3 | **1.6** | 3.0 |
| | **80.9** | 87.7 | **26.8** | 39.9 |
| **Amounts falling due after one year** | | | | |
| Amounts due from Group undertakings: loans | **–** | – | **425.4** | 377.9 |
| Local authority housing transfers | **100.9** | 105.0 | **–** | – |
| Derivative financial assets (see note 26) | **14.0** | 15.0 | **–** | – |
| Deferred tax assets (see note 11) | **5.6** | 0.1 | **–** | – |
| Other debtors | **–** | 0.2 | **–** | 0.1 |
| | **120.5** | 120.3 | **425.4** | 378.0 |

Included in 'Rent and service charge debtors' are gross social housing rent arrears of £70.2 million (2020: £65.0 million), which are impaired by £44.6 million (2020: £36.5 million).

## 21. Current asset investments – Group

| | **2021 £m** | 2020 £m |
|---|---|---|
| Collateral deposits | **112.0** | 115.8 |
| Cash held on deposit | **7.7** | 4.9 |
| | **119.7** | 120.7 |

Collateral deposits represent cash that the Group has had to place with derivative counterparties, as a result of the derivative fair values being sufficiently "out of the money" that the Group's liability exceeds an agreed amount.

Funds held by Igloo, the Group's insurance vehicle, have been invested on a short-term basis. At the reporting date, £7.0 million (2020: £4.2 million) is invested in various Certificates of Deposit, which mature over the course of the following year.

## Notes to the Financial Statements for the year ended 31 March 2021
continued

### 22. Creditors: amounts falling due within one year

| | Group | | Parent | |
|---|---|---|---|---|
| | **2021 £m** | 2020 £m | **2021 £m** | 2020 £m |
| **Debt (see note 24)** | | | | |
| Bank loans and bonds | **133.2** | 130.8 | **–** | – |
| Obligations under finance leases | **0.1** | 0.1 | **–** | – |
| Amounts due to Group undertakings: loans and cash pooling | **–** | – | **125.5** | 143.0 |
| | **133.3** | 130.9 | **125.5** | 143.0 |
| **Capital grants (see note 25)** | | | | |
| Social housing property grants | **23.6** | 24.1 | **–** | – |
| Recycled Capital Grant Fund | **10.3** | 8.7 | **–** | – |
| | **33.9** | 32.8 | **–** | – |
| **Other creditors** | | | | |
| Trade creditors | **8.5** | 9.3 | **2.1** | 1.6 |
| Local authority housing transfers | **7.0** | 7.2 | **–** | – |
| Derivative financial liabilities (see note 26) | **6.5** | 7.1 | **–** | – |
| Rents and service charges received in advance | **35.1** | 30.4 | **–** | – |
| Other accruals and deferred income | **120.3** | 156.5 | **15.9** | 14.2 |
| Corporation tax | **–** | 0.9 | **–** | – |
| Other taxation and social security | **7.6** | 3.8 | **10.6** | 6.7 |
| Amounts due to Group undertakings: trading | **–** | – | **3.2** | 2.7 |
| Other creditors | **44.9** | 43.4 | **5.6** | 6.0 |
| | **229.9** | 258.6 | **37.4** | 31.2 |
| | **397.1** | 422.3 | **162.9** | 174.2 |

The Group has a cash pooling arrangement whereby cash held by subsidiaries is pooled into the Parent's bank accounts. As a result the Group's subsidiaries hold very little cash and instead have an interest-bearing intercompany balance with the Parent.

### 23. Creditors: amounts falling due after more than one year

| | Group | | Parent | |
|---|---|---|---|---|
| | **2021 £m** | 2020 £m | **2021 £m** | 2020 £m |
| **Debt (see note 24)** | | | | |
| Bank loans and bonds | **4,260.0** | 3,963.7 | **–** | – |
| Obligations under finance leases | **7.3** | 6.2 | **–** | – |
| Amounts due to Group undertakings: loans | **–** | – | **502.2** | 455.0 |
| | **4,267.3** | 3,969.9 | **502.2** | 455.0 |
| **Capital grants (see note 25)** | | | | |
| Social housing property grants | **2,150.6** | 2,155.9 | **–** | – |
| HomeBuy grants | **9.9** | 10.7 | **–** | – |
| Recycled Capital Grant Fund | **12.9** | 14.2 | **–** | – |
| | **2,173.4** | 2,180.8 | **–** | – |
| **Other creditors** | | | | |
| Local authority housing transfers | **100.9** | 105.0 | **–** | – |
| Derivative financial liabilities (see note 26) | **322.3** | 389.5 | **–** | – |
| Other creditors | **21.0** | 19.3 | **–** | – |
| | **444.2** | 513.8 | **–** | – |
| | **6,884.9** | 6,664.5 | **502.2** | 455.0 |

## 24. Debt analysis – Group

| | 2021 £m | 2020 £m |
|---|---|---|
| **Debt is repayable as follows:** | | |
| Due within one year | **133.3** | 130.9 |
| Due between one and two years | **50.9** | 111.0 |
| Due between two and five years | **221.3** | 149.6 |
| Due after more than five years | **3,995.1** | 3,709.3 |
| | **4,400.6** | 4,100.8 |

The Group's funding is provided by the following entities, through a mixture of facilities which are drawn as follows. Additionally, there are a number of accounting adjustments to these notional amounts.

| | 2021 £m | 2020 £m |
|---|---|---|
| **Notional amounts drawn** | | |
| Clarion Treasury Limited | | |
| – Loans | **1,534.2** | 1,685.0 |
| Clarion Funding PLC | | |
| – Note issuance | **1,450.0** | 1,000.0 |
| Circle Anglia Social Housing PLC | | |
| – Bond issuance | **635.0** | 635.0 |
| Affinity Sutton Capital Markets PLC | | |
| – Bond issuance | **500.0** | 500.0 |
| Circle Anglia Social Housing 2 PLC | | |
| – Private placement | **150.0** | 150.0 |
| Clarion Housing Association Limited | | |
| – Bonds and loans | **47.7** | 50.5 |
| – Finance leases | **5.6** | 5.7 |
| Latimer Weyburn Works Ltd | | |
| – Loans | **1.2** | 14.4 |
| Your Lifespace Limited | | |
| – Finance leases | **1.2** | – |
| | **4,324.9** | 4,040.6 |
| | | |
| **Accounting adjustments** | | |
| Fair value adjustment due to | | |
| – Acquisitions of Mercian Housing Association Limited and Russet Homes Limited | **13.3** | 14.3 |
| – Hedging of private placement | **10.0** | 21.7 |
| Effective interest rate adjustment | **52.4** | 24.2 |
| | **75.7** | 60.2 |
| | | |
| | **4,400.6** | 4,100.8 |

The fair value adjustment relating to acquisitions is amortised over the life of the related loans and £1.0 million has been released in this period (2020: £1.0 million).

## Notes to the Financial Statements for the year ended 31 March 2021
continued

### 24. Debt analysis – Group (continued)

The following tables show the maturity and margins on the Group's principal borrowings:

| | Within one year £m | Between one and two years £m | Between two and five years £m | After five years £m | Total £m |
|---|---|---|---|---|---|
| **Maturity of notional amounts drawn** | | | | | |
| Term | 115.0 | 36.2 | 127.0 | 1,014.5 | **1,292.7** |
| Revolver | 12.9 | 9.8 | 29.4 | 190.6 | **242.7** |
| Bond | 1.1 | 1.1 | 3.8 | 2,612.7 | **2,618.7** |
| Private placement | – | – | 50.0 | 100.0 | **150.0** |
| Finance lease | 0.1 | 0.1 | 0.5 | 6.1 | **6.8** |
| Other | 2.1 | 1.9 | 4.7 | 5.3 | **14.0** |
| **At 31 March 2021** | **131.2** | **49.1** | **215.4** | **3,929.2** | **4,324.9** |
| At 31 March 2020 | 128.8 | 109.3 | 147.1 | 3,655.4 | 4,040.6 |

| | Within one year £m | Between one and two years £m | Between two and five years £m | After five years £m | Total £m |
|---|---|---|---|---|---|
| **Maturity of facilities (notional amounts)** | | | | | |
| Term | 115.5 | 36.2 | 127.0 | 1,114.5 | **1,393.2** |
| Revolver | 58.1 | 10.2 | 530.6 | 498.2 | **1,097.1** |
| Bond | 1.1 | 1.1 | 3.8 | 2,612.7 | **2,618.7** |
| Private placement | – | – | 50.0 | 100.0 | **150.0** |
| Finance lease | 0.1 | 0.1 | 0.5 | 6.1 | **6.8** |
| Other | 2.1 | 1.9 | 4.7 | 5.3 | **14.0** |
| **At 31 March 2021** | **176.9** | **49.5** | **716.6** | **4,336.8** | **5,279.8** |
| At 31 March 2020 | 167.8 | 112.2 | 648.3 | 3,903.4 | 4,831.7 |

| | At 1 April 2020 £m | Cash flows £m | Changes in fair value £m | Other non-cash changes £m | At 31 March 2021 £m |
|---|---|---|---|---|---|
| **Analysis of changes in net debt** | | | | | |
| Cash and cash equivalents | 120.5 | 10.3 | – | – | **130.8** |
| Debt | (4,100.8) | (280.5) | 11.7 | (31.0) | **(4,400.6)** |
| Derivatives | (381.6) | – | 66.8 | – | **(314.8)** |
| **Net debt** | **(4,361.9)** | **(270.2)** | **78.5** | **(31.0)** | **(4,584.6)** |

| | Fixed rate £m | Floating rate £m | Total £m |
|---|---|---|---|
| **Analysis of financial instruments by type of interest (notional amounts)** | | | |
| Term | 1,105.7 | 187.0 | **1,292.7** |
| Revolver | 75.1 | 167.6 | **242.7** |
| Bond | 2,618.7 | – | **2,618.7** |
| Private placement | – | 150.0 | **150.0** |
| Finance lease | 6.8 | – | **6.8** |
| Other | 13.8 | 0.2 | **14.0** |
| **Borrowings at 31 March 2021** | **3,820.1** | **504.8** | **4,324.9** |
| Cash and cash equivalents | (0.5) | (130.3) | **(130.8)** |
| Collateral and other deposits | (7.0) | (112.7) | **(119.7)** |
| **Cash and deposits at 31 March 2021** | **(7.5)** | **(243.0)** | **(250.5)** |
| **Net borrowings at 31 March 2021** | **3,812.6** | **261.8** | **4,074.4** |
| Net borrowings at 31 March 2020 | 3,672.6 | 126.8 | 3,799.4 |

The Group's debt has a weighted average maturity of 15 years (2020: 15 years) and a weighted average cost of 3.81% (2020: 4.15%). In order to minimise the Group's exposure to variable interest rate risk, 94% of the Group's portfolio is fixed, either directly or as a result of interest-rate swaps which convert variable interest rates to fixed interest rates (2020: 97%).

## 25. Capital grants – Group

| | HomeBuy grants £m | Social housing property grants £m |
|---|---|---|
| At 1 April 2020 | 10.7 | 2,180.0 |
| New grant recognised | – | 15.8 |
| RCGF utilised | – | 6.4 |
| Amortisation income | – | (23.6) |
| Recycled on disposals (net of amortisation) | (0.3) | (5.6) |
| Disposals not required to be recycled | (0.5) | – |
| Amortisation reversed on demolition | – | 1.2 |
| **At 31 March 2021** | **9.9** | **2,174.2** |
| Amounts falling due within one year | – | 23.6 |
| Amounts falling due after more than one year | 9.9 | 2,150.6 |
| | **9.9** | **2,174.2** |

| | HE £m | GLA £m | Total £m |
|---|---|---|---|
| **Recycled Capital Grant Fund** | | | |
| At 1 April 2020 | 11.2 | 11.7 | **22.9** |
| Additions to fund due to disposals | 4.1 | 2.6 | **6.7** |
| Utilised against new properties | (3.9) | (2.5) | **(6.4)** |
| **At 31 March 2021** | **11.4** | **11.8** | **23.2** |
| Amounts falling due within one year | | | 10.3 |
| Amounts falling due after more than one year | | | 12.9 |
| | | | **23.2** |
| Amounts three years old or older which may need to be repaid | – | 3.3 | **3.3** |

**Notes to the Financial Statements for the year ended 31 March 2021**
continued

## 26. Financial instruments - Group

The following financial derivative contracts are in place, all relating to interest-rate swaps:

| | | | 2021 | | | 2020 |
|---|---|---|---|---|---|---|
| | Active £m | Forward starting £m | Total £m | Active £m | Forward starting £m | Total £m |
| **Notional** | | | | | | |
| Option | 50.0 | – | **50.0** | – | – | – |
| Pay fixed | 976.1 | 25.0 | **1,001.1** | 1,267.8 | 100.0 | 1,367.8 |
| Receive fixed | 100.0 | – | **100.0** | 100.0 | – | 100.0 |
| | **1,126.1** | **25.0** | **1,151.1** | 1,367.8 | 100.0 | 1,467.8 |
| **Fair value** | | | | | | |
| Option | (3.9) | – | **(3.9)** | – | – | – |
| Pay fixed (liability) | (314.0) | (10.9) | **(324.9)** | (380.0) | (16.6) | (396.6) |
| Pay fixed (asset) | 4.0 | – | **4.0** | – | – | – |
| Receive fixed | 10.0 | – | **10.0** | 15.0 | – | 15.0 |
| | **(303.9)** | **(10.9)** | **(314.8)** | (365.0) | (16.6) | (381.6) |

Forward starting swaps represent hedging activity entered into in line with the Group's Treasury Risk Management Policy based on the forecast debt profile to protect against future interest rate increases.

For those interest-rate swaps where cash flow hedge accounting is used, the net undiscounted cash flows are expected to occur as follows:

| | 2021 £m | 2020 £m |
|---|---|---|
| Due within one year | **35.0** | 38.6 |
| Due between one and two years | **28.6** | 34.1 |
| Due between two and five years | **74.4** | 81.5 |
| Due after more than five years | **211.4** | 281.0 |
| | **349.4** | 435.2 |

In order to better understand the assumptions behind the nature of measuring the fair values of the Group's swap portfolio, the values have been placed into a hierarchy similar to that under IFRS 13.

All of the Group's derivatives at the reporting date are Level 2 (2020: all are Level 2).

The Group's hedged items and hedging instruments continue to be indexed to Sterling LIBOR. The Group applies the amendments to IFRS 9 issued in September 2019 to those hedging relationships directly affected by IBOR reform and the amendments to FRS 102 issued in December 2019 for the disclosure of such relationships. For the purpose of evaluating whether there is an economic relationship between the hedged items and the hedging instruments, the Group deems that the benchmark interest rate is not altered as a result of IBOR reform.

## 27. Provisions for liabilities and charges

| | Group | | Parent | |
|---|---|---|---|---|
| | **2021 £m** | 2020 £m | **2021 £m** | 2020 £m |
| Net pension liabilities | **58.5** | 32.3 | **–** | – |
| Deferred tax liabilities | **1.4** | 1.3 | **–** | – |
| Other | **5.5** | 9.0 | **1.1** | 0.9 |
| | **65.4** | 42.6 | **1.1** | 0.9 |

For further details of the Group's and Parent's pension arrangements see note 28.

### Group

| | Deferred tax liabilities £m | Other £m | Total £m |
|---|---|---|---|
| **Deferred tax liabilities and other provisions** | | | |
| At 1 April 2020 | 1.3 | 9.0 | **10.3** |
| Additions | 0.1 | 1.1 | **1.2** |
| Amounts utilised | – | (1.4) | **(1.4)** |
| Unused amounts reversed | – | (3.2) | **(3.2)** |
| **At 31 March 2021** | **1.4** | **5.5** | **6.9** |

See note 11 for an explanation of the deferred tax liabilities.

Other provisions includes, amongst other amounts, £1.0 million for a pension cessation guarantee made as a result of the prior year disposal of Invicta Telecare Limited (2020: £3.2 million) and £2.2 million for an arrangement with Thames Water for collecting water and service charges (2020: £3.1 million).

### Parent

| | Other £m |
|---|---|
| **Other provisions** | |
| At 1 April 2020 | 0.9 |
| Additions | 1.1 |
| Amounts utilised | (0.8) |
| Unused amounts reversed | (0.1) |
| **At 31 March 2021** | **1.1** |

Other provisions includes, amongst other amounts, £1 million (2020: £0.9 million) for dilapidations at leased offices that the Parent has decided to vacate.

**Notes to the Financial Statements for the year ended 31 March 2021**
continued

## 28. Pensions

The Group now participates in the following defined benefit schemes, which it accounts for as defined benefit schemes:

| Scheme | Date of the most recent comprehensive actuarial valuation |
|---|---|
| Cambridgeshire County Council Pension Fund | 31 March 2019 |
| Clarion Housing Group Pension Scheme | 30 September 2018 |
| Downland Housing Group Pension & Assurance Scheme | 31 March 2018 |
| Kent County Council Pension Fund | 31 March 2019 |
| London Borough of Bromley Pension Fund | 31 March 2019 |
| London Borough of Merton Pension Fund | 31 March 2019 |
| London Pensions Fund Authority Pension Fund | 31 March 2019 |
| Norfolk County Council Superannuation Fund | 31 March 2019 |
| Surrey County Council Pension Fund | 31 March 2019 |

During the year, the Group exited part of the Kent County Council Pension Fund, as part of which it made a cessation payment of £0.8 million.

The Parent pays contributions in respect of active employees, and accounts for these on a defined contribution basis.

The most recent comprehensive actuarial valuations have been used by the scheme actuaries to estimate the amounts recognised by the Group. These amounts are, in aggregate, as follows:

Reconciliation of opening and closing pension assets and liabilities:

| | Group | |
|---|---|---|
| | **2021 £m** | 2020 £m |
| **Fair value of scheme assets** | | |
| At the beginning of the year | **372.5** | 384.5 |
| Interest income | **8.6** | 9.0 |
| Actual return on scheme assets less interest income | **51.4** | (10.7) |
| Contributions by employer | **10.5** | 10.9 |
| Contributions by members | **0.6** | 0.6 |
| Benefits paid | **(11.3)** | (13.0) |
| Cessation of schemes | **(2.7)** | – |
| Disposal of subsidiary | **–** | (8.8) |
| **At the end of the year** | **429.6** | 372.5 |
| **Defined benefit obligation** | | |
| At the beginning of the year | **404.8** | 453.8 |
| Current service cost | **4.9** | 5.6 |
| Past service cost, curtailments and settlements | **–** | 0.8 |
| Interest expense | **9.3** | 10.5 |
| Actuarial losses/(gains) in respect of liabilities | **82.9** | (43.2) |
| Contributions by members | **0.6** | 0.6 |
| Benefits paid | **(11.3)** | (13.0) |
| Cessation of schemes | **(3.1)** | – |
| Disposal of subsidiary | **–** | (10.3) |
| **At the end of the year** | **488.1** | 404.8 |
| **Net pension liabilities** | **(58.5)** | (32.3) |

In addition to the assets and liabilities shown above, one of the pension schemes holds an amount of £1.9 million in relation to matching annuities with an insurance company (2020: £2.0 million).

Amounts credited/(charged) to the Income Statement:

| | Group | |
|---|---|---|
| | **2021 £m** | 2020 £m |
| **Operating costs** | | |
| Current service cost | **(4.9)** | (5.6) |
| Past service cost, curtailments and settlements | **–** | (0.8) |
| Cessation of schemes | **(0.4)** | – |
| | **(5.3)** | (6.4) |
| **Interest payable relating to pensions** | | |
| Interest income | **8.6** | 9.0 |
| Interest expense | **(9.3)** | (10.5) |
| | **(0.7)** | (1.5) |
| | **(6.0)** | (7.9) |

Gains/(losses) recognised in other comprehensive income:

| | Group | |
|---|---|---|
| | **2021 £m** | 2020 £m |
| **Actuarial gains/(losses)** | | |
| Actual return on scheme assets less interest income | **51.4** | (10.7) |
| Actuarial (losses)/gains in respect of liabilities | **(82.9)** | 43.2 |
| | **(31.5)** | 32.5 |

The categories of scheme assets, and the actual return on those assets, were as follows:

| | Group | |
|---|---|---|
| | **2021 £m** | 2020 £m |
| Equities | **151.8** | 122.5 |
| Gilts and other bonds | **141.6** | 132.9 |
| Property | **24.4** | 23.3 |
| Cash | **5.9** | 3.8 |
| Target return portfolio | **6.2** | 8.5 |
| Other | **99.7** | 81.5 |
| | **429.6** | 372.5 |
| **Actual return** | **60.0** | (1.7) |

## Notes to the Financial Statements for the year ended 31 March 2021
continued

### 28. Pensions (continued)
The ranges of principal actuarial assumptions used, including the expected number of years in retirement, are as follows:

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| Inflation | **2.7%-3.4%** | 1.9%-2.9% |
| Future salary increases | **3.4%-4.2%** | 2.4%-3.6% |
| Future pension increases | **2.8%-3.4%** | 1.9%-2.9% |
| Discount rate | **2.0%-2.2%** | 2.3%-2.4% |
| | | |
| Retiring today – male | **21.0-22.9** | 21.0-22.8 |
| Retiring today – female | **23.2-25.3** | 23.2-25.5 |
| Retiring in twenty years – male | **22.3-24.8** | 22.3-24.7 |
| Retiring in twenty years – female | **24.8-27.3** | 24.6-27.2 |

The Group has updated its approach to setting RPI and CPI inflation assumptions in light of the RPI reform proposals published on 4 September 2019 by the UK Chancellor and the UK Statistics Authority. The RPI/CPI long-term gap has been reduced by 65 basis points compared with the prior year methodology (from 1.00% to 0.35%) to reflect increased clarity on the future of the RPI. The impact of this change in assumptions has increased the defined benefit obligation by approximately £19.0 million.

The allowance for future mortality improvements for the Clarion Housing Group Pension Scheme has been updated to reflect the latest available industry data, in order to appropriately incorporate the exceptional mortality experienced due to the Covid-19 pandemic. The proposed assumption for future mortality improvements can therefore be considered to lead to the best estimate of the future cash flows that will arise under the plan. The corporate actuary has estimated that this update decreased the defined benefit obligation by £3.2 million. We have assessed this figure and believe it to be reasonable.

### 29. Contingent assets/liabilities
**Group**

As per note 1, the original amount of social housing property grants may become repayable. In addition to the amounts disclosed in creditors, £377.5 million of grant has been credited to reserves to date through amortisation (2020: £356.8 million). The timing of any future repayment, if any, is uncertain.

The Group has a contingent liability in relation to defects found at 1,328 other properties (2020: 781 properties). For 141 of these properties, a formal liability assessment has been made, totalling £1.0 million (2020: 74 properties, £0.5 million).

On 27 July 2021, Clarion Housing Association Limited received a letter of claim regarding potential defects in the design and/or construction of a site and buildings sold under a Development and Sale Agreement dated 15 January 2010. The claim is valued at up to £17.0 million and is currently being reviewed by solicitors - as such the likelihood of any liability and its timing is very much uncertain.

**Parent**

The Parent has no contingent assets/liabilities.

### 30. Capital commitments – Group

| | **2021 £m** | 2020 £m |
|---|---|---|
| Contracted for but not provided for in the financial statements | **1,036.4** | 1,423.5 |
| Authorised by the Board but not contracted for | **3,419.3** | 2,755.5 |
| | **4,455.7** | 4,179.0 |

These commitments to future capital expenditure relate to the construction of housing properties.

The figures above include £851.5 million (2020: £587.3 million) for the Group's share of the capital commitments of its JCEAs.

At the reporting date, the Group had £130.8 million of cash and cash equivalents and £954.9 million of undrawn funding. The remaining £3,370.0 million is expected to be funded by future surpluses and debt funding, sourced from banks and the debt capital markets. The Group considers this to be a reasonable expectation given its previous success in these markets and its strong, investment-grade credit rating. A further £450 million of the Group's £3 billion European Medium Term Note programme was issued during the year (2020: £500 million).

## 31. Commitments under leases

Total future minimum lease payments under non-cancellable operating leases are due as follows:

| | Group | | Parent | |
|---|---|---|---|---|
| | **2021 £m** | 2020 £m | **2021 £m** | 2020 £m |
| Within the next year | **8.2** | 8.0 | **5.1** | 4.9 |
| Between one and five years' time | **18.5** | 22.6 | **15.1** | 17.5 |
| Later than five years' time | **2.2** | 5.3 | **2.1** | 5.2 |
| | **28.9** | 35.9 | **22.3** | 27.6 |

Total future minimum lease payments under non-cancellable finance leases are due as follows:

| | Group | | Parent | |
|---|---|---|---|---|
| | **2021 £m** | 2020 £m | **2021 £m** | 2020 £m |
| Within the next year | **0.7** | 0.6 | **–** | – |
| Between one and five years' time | **2.8** | 2.6 | **–** | – |
| Later than five years' time | **17.0** | 9.5 | **–** | – |
| | **20.5** | 12.7 | **–** | – |

The latter reconciles to the amounts included in creditors for "obligations under finance leases" as follows:

| | Group | | Parent | |
|---|---|---|---|---|
| | **2021 £m** | 2020 £m | **2021 £m** | 2020 £m |
| **Obligations under finance leases** | | | | |
| Amounts falling due within one year | **0.1** | 0.1 | **–** | – |
| Amounts falling due after more than one year | **7.3** | 6.2 | **–** | – |
| | **7.4** | 6.3 | **–** | – |
| Interest payable to be recognised in future periods | **13.1** | 6.4 | **–** | – |
| | **20.5** | 12.7 | **–** | – |

## 32. Non-equity share capital

| | **2021 £** | 2020 £ |
|---|---|---|
| **Shares of £1 issued and fully paid** | | |
| **At the beginning and the end of the year** | **15** | 15 |

Each member of the Parent holds one £1 share. These shares carry no dividend rights and are cancelled on cessation of membership of the Parent. Each member has the right to vote at members' meetings.

## 33. Legislative provisions

The Parent is a registered society under the Co-operative and Community Benefit Societies Act 2014 and is regulated by the Regulator of Social Housing.

## Notes to the Financial Statements for the year ended 31 March 2021
continued

### 34. Subsidiaries, JCEs and associates

| Full name | Company | FCA Registered Society | Charity Commission | Regulator of Social Housing |
|---|---|---|---|---|
| At the reporting date, Clarion Housing Group Limited controls the following entities. It also owns 100% of each of these entities, either directly or indirectly, except where shown in brackets: | | | | |
| **Registered Provider (Public Benefit Entity)** | | | | |
| Clarion Housing Association Limited | – | 7686 | – | 4865 |
| **Property maintenance or management** | | | | |
| Clarion Response Limited | 04129615 | – | – | – |
| Grange Management (Southern) Limited | 08351375 | – | – | – |
| **Registered charities (Public Benefit Entities)** | | | | |
| Circle Anglia Foundation Limited | 01832817 | – | 326681 | – |
| Clarion Futures | 07156509 | – | 1135056 | – |
| **Treasury vehicles** | | | | |
| Affinity Sutton Capital Markets PLC | 06678086 | – | – | – |
| Affinity Sutton Funding Limited | 05589011 | – | – | – |
| Circle Anglia Social Housing PLC | 06370683 | – | – | – |
| Circle Anglia Social Housing 2 PLC | 09781172 | – | – | – |
| Clarion Funding PLC | 10922187 | – | – | – |
| Clarion Treasury Limited | 06133979 | – | – | – |
| **Property development** | | | | |
| Affinity Sutton Investments Limited | 07466271 | – | – | – |
| Affinity Sutton Professional Services Limited | 07068999 | – | – | – |
| Broomleigh Regeneration Limited | 06494492 | – | – | – |
| Circle Housing Asset Design Limited | 08822471 | – | – | – |
| Downland Regeneration Limited | 06456605 | – | – | – |
| Latimer Clyde Limited | 59050 | – | – | – |
| Latimer Cocoa Works LLP | OC419999 | – | – | – |
| Latimer (Colchester East) Development Limited | 12429722 | – | – | – |
| Latimer Developments Limited | 05452017 | – | – | – |
| Latimer Green Lanes Limited | 012398V | – | – | – |
| Latimer Kirkstall Limited | 11909078 | – | – | – |
| Latimer Media City Limited | 11850531 | – | – | – |
| Latimer Otford West Limited | 11775770 | – | – | – |
| Latimer Storrington Limited | 11894235 | – | – | – |
| Latimer Weyburn Works Limited | 11474914 | – | – | – |
| Leamington Waterfront LLP | OC318351 | – | – | – |
| Merton Developments Limited | 09042606 | – | – | – |
| Your Lifespace Limited | 02998648 | – | – | – |
| Zenith Development Partnership Limited | 04565189 | – | – | – |

| Full name | Company | FCA Registered Society | Charity Commission | Regulator of Social Housing |
|---|---|---|---|---|
| **Property management** | | | | |
| Amplify Residents Management Company Limited | 12715679 | – | – | – |
| Avon View & Swan House Management Company Limited | 06371295 | – | – | – |
| Broadmeadow Park Management Company Limited | 12691939 | – | – | – |
| Century Place (Pulborough) Management Company Limited | 09651096 | – | – | – |
| Conningbrook Lakes Management Limited | 11416212 | – | – | – |
| Elmbridge Road Cranleigh Homes Management Limited (89%) | 11772660 | – | – | – |
| Latimer Blackfriars Road Management Limited | 12525940 | – | – | – |
| Latimer Green Lanes Management Limited | 12715812 | – | – | – |
| Maple Grove (Hackbridge) Management Limited | 11148693 | – | – | – |
| Thackeray Mews Limited (62%) | 02666421 | – | – | – |
| Waterfront (Warwick) Management Company Limited | 06371938 | – | – | – |
| Water Meadow Place Management Limited | 11621637 | – | – | – |
| **Other** | | | | |
| Old Ford Homes Limited | 04625160 | – | – | – |
| Rent with Clarity Limited | 11504941 | – | – | – |

The Group also accounts for the assets and liabilities of its captive insurance cell as if it were a subsidiary:

| Full name | Company | FCA Registered Society | Charity Commission | Regulator of Social Housing |
|---|---|---|---|---|
| **Insurance vehicle** | | | | |
| Igloo Insurance PCC Limited (Cell ASG2) | 53462 | – | – | – |

The Group is a member of the following JCEs. It also owns 50% of each:

| Full name | Company | FCA Registered Society | Charity Commission | Regulator of Social Housing |
|---|---|---|---|---|
| **Property development** | | | | |
| 72 Farm Lane Developments LLP | OC379893 | – | – | – |
| 261 City Road Developments LLP | OC360210 | – | – | – |
| Bellway Latimer Cherry Hinton LLP | OC435634 | – | – | – |
| Bonner Road LLP | OC401099 | – | – | – |
| Bovis Latimer (Sherford) LLP | OC423820 | – | – | – |
| Circle Hill LLP | OC397177 | – | – | – |
| Countryside Clarion (Eastern Quarry) LLP | OC420693 | – | – | – |
| Durkan Latimer Eddington LLP | OC434668 | – | – | – |
| Hadley Goodmayes LLP | OC429926 | – | – | – |
| Hadley Streatham LLP | OC432013 | – | – | – |
| Latimer Hill LLP | OC415952 | – | – | – |
| Latimer Hill (Hardwick) LLP | OC429829 | – | – | – |
| Linden (York Road) LLP | OC392756 | – | – | – |
| Linden/Downland Graylingwell LLP | OC333712 | – | – | – |
| Lovell Latimer LLP | OC429114 | – | – | – |
| Mayfield Market Towns Limited | 08161672 | – | – | – |
| Ramsden Regeneration LLP | OC352417 | – | – | – |
| Vistry Latimer Collingtree LLP | OC429233 | – | – | – |
| Wilmington Regeneration LLP | OC352419 | – | – | – |

**Notes to the Financial Statements for the year ended 31 March 2021**
continued

## 34. Subsidiaries, JCEs and associates (continued)

| Full name | Company | FCA Registered Society | Charity Commission | Regulator of Social Housing |
|---|---|---|---|---|
| 261 City Road Developments LLP has the following 100% subsidiary: | | | | |
| City Road (Lexicon) Limited | 30048 | – | – | – |
| Circle Hill LLP has the following 100% subsidiary: | | | | |
| Sycamore Gardens (Epsom) Management Company Limited | 10246752 | – | – | – |
| Latimer Hill LLP has the following 100% subsidiary: | | | | |
| Sycamore Gardens II (Epsom) Management Company Limited | 11206945 | – | – | – |
| Mayfield Market Towns Limited has the following 100% subsidiary: | | | | |
| Mayflower Residential Limited | 11193327 | – | – | – |
| The Group is a member of the following associates: | | | | |
| **Social investment** | | | | |
| Community Impact Partnership CIC (25%) | 11275198 | – | – | – |

All of the above companies are incorporated in England and Wales with the exception of Latimer Clyde Limited and Igloo Insurance PCC Limited (both registered in Guernsey), Latimer Green Lanes Limited (registered on the Isle of Man), and City Road (Lexicon) Limited (registered in Bermuda).

### 35. Related party disclosures and intra-group transparency

Debtor and creditor balances between members of the Group are either debt subject to a market rate of interest, fair values in respect of intra-Group derivative contracts, or trading balances which are non-interest bearing and are due to be settled within one year of their recognition.

The Group has a cash pooling arrangement whereby cash held by subsidiaries is pooled into the ultimate parent's bank accounts. As a result, the Group's subsidiaries generally hold very little cash and instead have an interest-bearing intercompany balance with the ultimate parent.

As the Group parent, Clarion Housing Group Limited incurs certain overheads centrally on behalf of the whole Group. These costs are then recharged to other members of the Group.

Firstly, direct costs are allocated to specific business areas, such as housing management, property development and community investment. The remaining central overheads are then apportioned across all entities based on their gross profit.

Additionally, in the prior year the Group parent carried out repairs to some of Clarion Housing Association Limited's housing properties, and the amount charged for this is included in the figures below.

The recharges were as follows:

| | **2021 £m** | 2020 £m |
|---|---|---|
| Affinity Sutton Professional Services Limited | **1.0** | 1.4 |
| Circle Housing Asset Design Limited | **0.1** | – |
| Clarion Futures | **2.7** | 3.2 |
| Clarion Housing Association Limited | **69.5** | 86.0 |
| Clarion Response Limited | **1.6** | 1.1 |
| Grange Management (Southern) Limited | **0.2** | 0.2 |
| Invicta Telecare Limited | **–** | 0.2 |
| Latimer Developments Limited | **1.5** | 1.4 |
| Latimer Green Lanes Limited | **0.2** | 0.1 |
| Latimer Media City Limited | **0.1** | – |
| Latimer Weyburn Works Limited | **–** | 0.1 |
| Old Ford Homes Limited | **0.1** | – |
| | **77.0** | 93.7 |

Other regulated members of the Clarion Housing Group have disclosed transactions with non-regulated members in their own financial statements.

Apart from any disclosures made in relation to the Group's key management personnel or JCEAs, no other related party transactions require disclosure.

# Board, Executive Team and advisers

## Board
David Avery (Group Chair)
John Coghlan (Vice Chair)
Clare Miller (Group Chief Executive)
Lord Barwell
Graham Farrant
Mark Hattersley (Group Chief Financial Officer)
Amanda Metcalfe
Doris Olulode (appointed 2 April 2021)
David Orr CBE
Greg Reed
Rupert Sebag-Montefiore
Tom Smyth

Sue Killen (resigned 1 April 2021)

## Executive Team
Clare Miller
Richard Cook
Mark Hattersley
Catrin Jones
Rob Lane
Michelle Reynolds
Catherine Thomas
Ian Woosey

## Company Secretary
Louise Hyde

## Principal Solicitors
Allen & Overy LLP
One Bishops Square
London E1 6AD

Winckworth Sherwood LLP
Minerva House
5 Montague House
London SE1 9BB

Devonshires Solicitors LLP
30 Finsbury Circus
London EC2M 7DT

Trowers & Hamlins LLP
3 Bunhill Row
London EC1Y 8YZ

Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham B3 2ES

## Bankers
NatWest Bank plc
143 High Street
Bromley
Kent BR1 1JH

## Auditors
KPMG LLP
15 Canada Square
London E14 5GL

## Registered Office
Level 6
6 More London Place
Tooley Street
London SE1 2DA

Designed and produced by Gather
+44 (0)20 76106140
Gather.london

CLARION
HOUSING GROUP


## Clarion Housing Group

clarionhg.com

@clarion_group

clarion-housing-group

@clarionhousing