

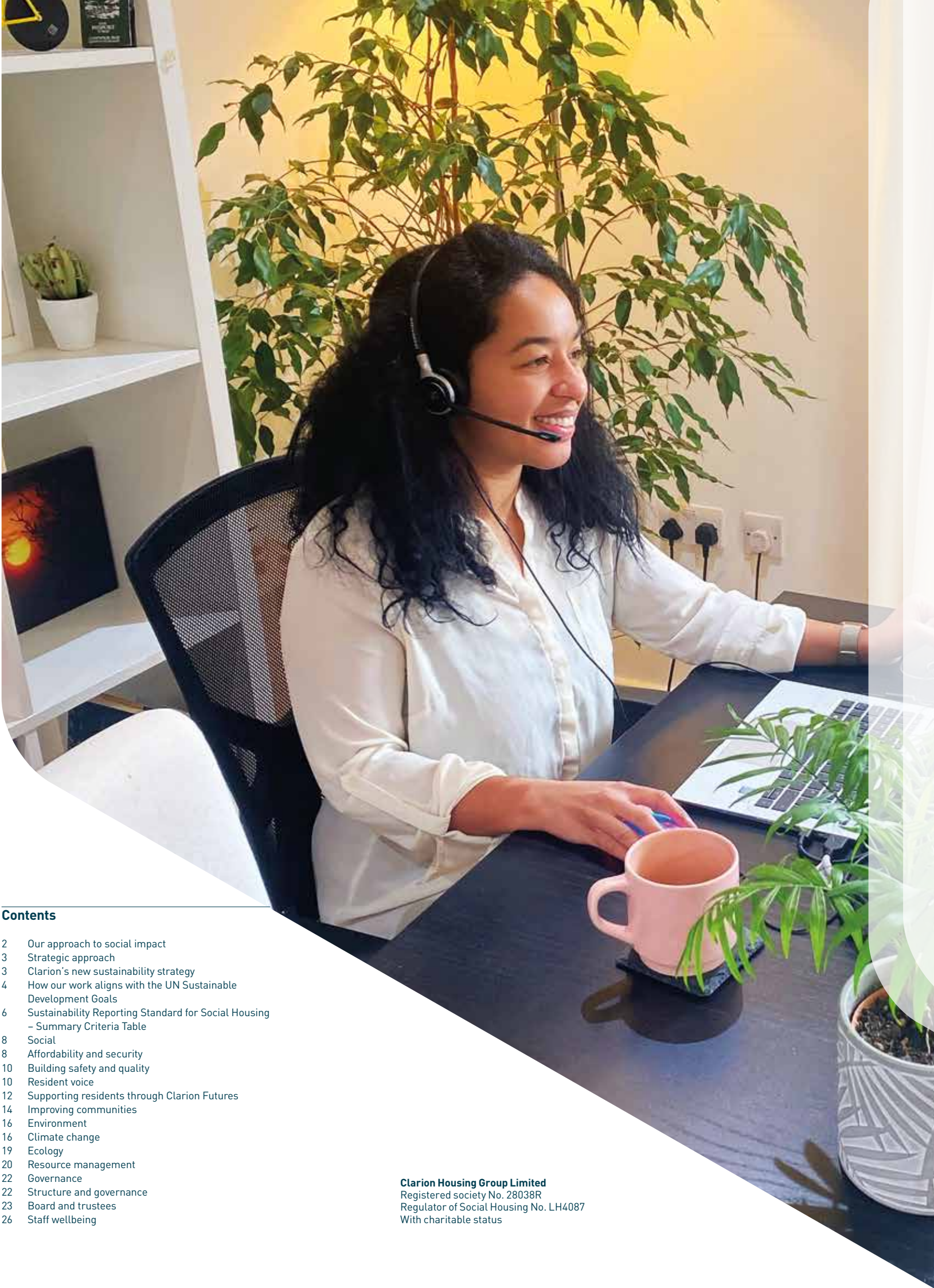
# 2020/21

## Social Impact Report

An aggregate of the positive impact  
across our operations



**CLARION**  
HOUSING GROUP



# Who we are and what we do

Clarion Housing Group is Britain’s leading social landlord, providing a home to some 350,000 people across the country.

We have a development arm, Latimer, that builds thousands of new homes each year. We also have a charitable foundation, Clarion Futures, which is dedicated to improving the lives of our residents and their communities.

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.

We believe being a good social landlord is about more than building and maintaining homes. That is why Clarion Futures works with charities, social enterprises and other organisations to change lives for the better. Every year we support thousands of people into work, help people manage their money, improve their digital skills and play a part in the life of their community.

## Clarion at a glance

**125,000**  
homes across the country

**£944m**  
turnover in 2020/21

**£258m**  
operating surplus in 2020/21

**Rated G1/V1**  
by the Regulator of Social Housing, the highest rating for financial viability and governance

**2,126**  
a record number of new homes built in 2020/21

**£107 million**  
delivered in social value through the work of our charitable foundation in 2020/21

**Contents**

|    |                                                                               |
|----|-------------------------------------------------------------------------------|
| 2  | Our approach to social impact                                                 |
| 3  | Strategic approach                                                            |
| 3  | Clarion’s new sustainability strategy                                         |
| 4  | How our work aligns with the UN Sustainable Development Goals                 |
| 6  | Sustainability Reporting Standard for Social Housing – Summary Criteria Table |
| 8  | Social                                                                        |
| 8  | Affordability and security                                                    |
| 10 | Building safety and quality                                                   |
| 10 | Resident voice                                                                |
| 12 | Supporting residents through Clarion Futures                                  |
| 14 | Improving communities                                                         |
| 16 | Environment                                                                   |
| 16 | Climate change                                                                |
| 19 | Ecology                                                                       |
| 20 | Resource management                                                           |
| 22 | Governance                                                                    |
| 22 | Structure and governance                                                      |
| 23 | Board and trustees                                                            |
| 26 | Staff wellbeing                                                               |

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

## Our approach to social impact

Clarion Housing Group continues to build on the vision and heritage of our Victorian founder and philanthropist William Sutton. Our mission is to deliver good quality, affordable homes and neighbourhoods to people failed by the market.

We are working to make a significant positive impact to people and the environment in line with the United Nations Sustainable Development Goals.

The importance we place on sustainability is part of our wider commitment, as a responsible business, to behaving ethically and with integrity.

We harness the benefits of being Britain’s largest social landlord to maximise social value while delivering good quality and affordable homes and neighbourhoods.

Clarion is a business for social purpose that exists to improve people’s lives. This means all of our surplus is reinvested in our homes and communities.

Our social impact ranges from helping thousands of people into work and lead economically active lives through Clarion Futures, and establishing a partnership with the St Mungo’s charity to combat homelessness, to embedding sustainability across the whole of our business.

We are constantly striving to do better in all that we do. Our social impact is a key priority for us, which is why we are committed to creating an evidence base for what we currently deliver, which we can then build on.

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 has been illustrated by the success of our three sustainable bond issues, raising a total of £950 million to fund the development of new affordable energy efficient homes. In the last three years we have also secured three sustainability-linked loans, worth £300 million combined, where the margin is linked to us achieving certain social Key Performance Indicators.

Our achievements are a starting point for better performance. They are not an end in themselves. Our position is that we will always look to maximise our social impact.

**Strategic approach**

The Sustainability Reporting Standard for Social Housing (SRS) was launched in November 2020 by the ESG Social Housing Working Group, which comprises Clarion and other housing associations as well as banks and investors.

The SRS looks at 48 criteria across Environmental, Social and Governance (ESG) measures such as zero carbon targets, affordability and safety standards. In this report, we follow the SRS themes.

This report also fulfils the requirements of our Sustainable Housing Finance Framework and the Certified Sustainable Housing Label which we are accredited to.

In the coming months, we will publish our first sustainability strategy with challenging long-term goals for the whole Group.

### Clarion’s new sustainability strategy

This year we engaged Jones Lang LaSalle to review our approach to sustainability. They looked in detail at our activities, impacts, peers, legislative environment and conducted extensive stakeholder engagement.

Based on this work they developed a materiality matrix for Clarion which forms the basis of our new sustainability strategy.

The new sustainability strategy, to be released in the coming months, has goals for the whole Group that cover the key aspects of our approach to achieving a healthy environment, a resilient society and good governance.

The new strategy is supported by detailed road maps for the key activities of our Group: development, existing homes and communities, and operational activities that support our core work. The road maps also include pathways toward achieving Net Zero Carbon for these parts of the Group.

Materiality matrix 2020

1. Energy & carbon
2. Affordable housing
3. Health & safety
4. Human rights & labour conditions
5. Financial prudence
6. Placemaking
7. Community health & wellbeing
8. Waste
9. Green infrastructure
10. Climate change
11. Building labels and standards
12. Diversity & inclusivity
13. Transparent disclosure
14. Alternative capital raising
15. Water
16. Sustainable procurement
17. Sustainable transport & connectivity
18. Corporate governance
19. Accessibility
20. Building health & wellbeing
21. Education & skills
22. Local economic development
23. Digital & accelerated construction
24. Air quality
25. Sustainable lifestyles
26. Demographic change
27. Technological disruption
28. Land use & degradation
29. Sharing economy
30. Urban agriculture

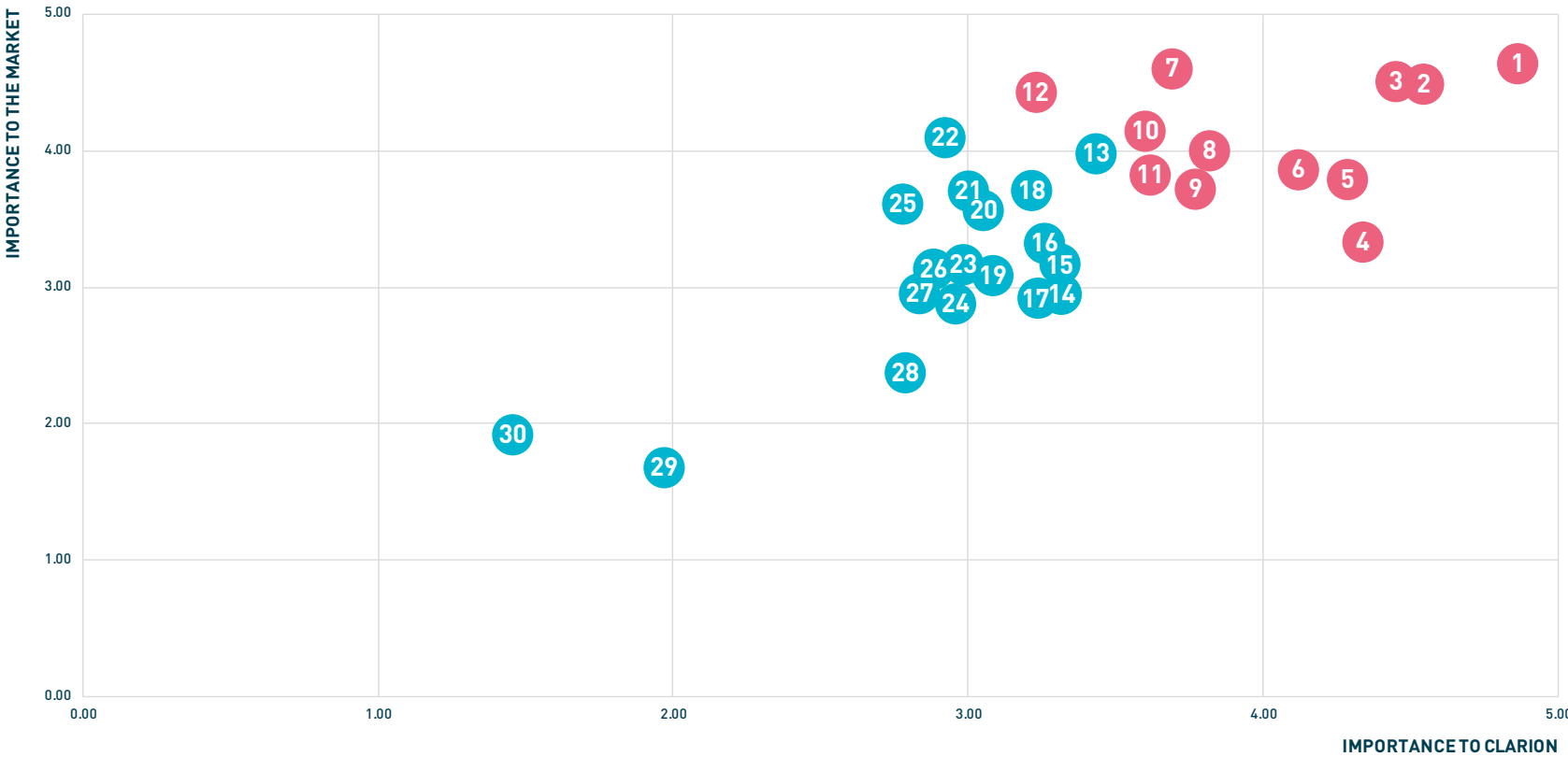


Figure 1: Materiality matrix based on sustainability baseline review and stakeholder engagement by Jones Lang LaSalle.



# How our work aligns with the UN Sustainable Development Goals

We align our work to the Sustainable Development Goals (SDGs) identified in the Sustainability Reporting Standard and additional SDGs included in our Sustainable Housing Finance Framework.

## SDG 1: No poverty

Clarion Futures offers employment and training support as well as money guidance to people nationwide and works towards reducing fuel poverty and digital and financial exclusion. Our provision of affordable housing and associated support services helps people find and sustain homes within their means.

## SDG 3: Good health and wellbeing

Protecting and promoting the health and wellbeing of our residents is a central element of all our operations. For example, Clarion Futures creates allotments, open green spaces, community centres and playgrounds on our estates to contribute to health and wellbeing.

## SDG 4: Quality education

Our provision of quality, affordable and safe housing is a foundation from which adults can lead economically active lives and has a significant positive knock-on effect on children's education and life chances.

## SDG 8: Decent work and economic growth

Our Clarion Futures jobs and training programmes run free services which include work placements, apprenticeships, and employability training. They help thousands of people into work or training every year.

## SDG 10: Reduced inequalities

Among our resident networks we have groups focusing specifically on reducing inequalities for LGBT+ and disabled people. Our diverse and inclusive workplace is reflected in our accreditation with the National Inclusion Standard.

## SDG 11: Sustainable cities and communities

We exist to build homes and create sustainable and thriving communities, with a long-term commitment to the people living in our homes.

## SDG 12: Responsible consumption and production

We promote the recycling of building materials across our supply chain, and have worked with the UK Green Building Council to show the benefits of using circular economy principles.

## SDG 13: Climate action

Our new homes and retrofits include measures that help to meet energy efficiency standards and contribute to reducing CO2 emissions.

## SDG 15: Life on land

As a housing provider, we have direct control over open spaces in urban locations and strive to minimise the impact of housing on biodiversity and the environment.

# Sustainable Development Goals



## Sustainability Reporting Standard for Social Housing – Summary Criteria Table

More detail on these criteria can be found in The Sustainability Reporting Standard for Social Housing: The final report of the ESG Social Housing Working Group, November 2020.

| Theme & criteria number | Criteria                                                                                                                                                                                                                                                                                                                       | Report reference      |
|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| <b>T1</b>               | <b>Affordability and security</b>                                                                                                                                                                                                                                                                                              |                       |
| C1                      | For properties that are subject to the rent regulation regime, select one or more Affordability Metric:<br>1) Rent compared to Median private rental sector rent (across the Local Authority)<br>2) Average rent compared to Local Housing Allowance (LHA)                                                                     | Social – page 8       |
| C2                      | Share, and number, of existing homes (homes completed before the start of the previous financial year) allocated to:<br>– General needs (social rent)<br>– Intermediate rent<br>– Affordable rent<br>– Supported Housing<br>– Housing for older people<br>– Low-cost home ownership<br>– Care homes<br>– Private Rented Sector | Social – page 8       |
| C3                      | Share, and number, of new homes (homes that were completed in the previous financial year), allocated to:<br>– General needs (social rent)<br>– Intermediate rent<br>– Affordable rent<br>– Supported Housing<br>– Housing for older people<br>– Low-cost home ownership<br>– Care homes<br>– Private Rented Sector            | Social – page 8       |
| C4                      | How is the housing provider trying to reduce the effect of fuel poverty on its residents?                                                                                                                                                                                                                                      | Social – page 8       |
| C5                      | What percentage of rental homes have a three-year fixed tenancy agreement (or longer)?                                                                                                                                                                                                                                         | Social – page 10      |
| <b>T2</b>               | <b>Building safety and quality</b>                                                                                                                                                                                                                                                                                             |                       |
| C6                      | What percentage of homes with a gas appliance have an in-date, accredited gas safety check?                                                                                                                                                                                                                                    | Social – page 10      |
| C7                      | What percentage of buildings have an in-date and compliant Fire Risk Assessment?                                                                                                                                                                                                                                               | Social – page 10      |
| C8                      | What percentage of homes meet the Decent Homes Standard?                                                                                                                                                                                                                                                                       | Social – page 10      |
| <b>T3</b>               | <b>Resident voice</b>                                                                                                                                                                                                                                                                                                          |                       |
| C9                      | What arrangements are in place to enable the residents to hold management to account for provision of services?                                                                                                                                                                                                                | Social – page 11      |
| C10                     | How does the housing provider measure Resident Satisfaction?<br>How has Resident Satisfaction changed over the last three years?                                                                                                                                                                                               | Social – page 11      |
| C11                     | In the last 12 months, how many complaints have been upheld by the Ombudsman?<br>How have these complaints (or others) resulted in change of practice within the housing provider?                                                                                                                                             | Social – page 11      |
| <b>T4</b>               | <b>Resident support</b>                                                                                                                                                                                                                                                                                                        |                       |
| C12                     | What support services does the housing provider offer to its residents?<br>How successful are these services in improving outcomes?                                                                                                                                                                                            | Social – page 12      |
| <b>T5</b>               | <b>Placemaking</b>                                                                                                                                                                                                                                                                                                             |                       |
| C13                     | Provide examples or case studies of where the housing provider has been engaged in placemaking or placeshaping activities.                                                                                                                                                                                                     | Social – page 14      |
| <b>T6</b>               | <b>Climate change</b>                                                                                                                                                                                                                                                                                                          |                       |
| C14                     | Distribution of EPC ratings of existing homes (those completed before the start of the previous financial year).                                                                                                                                                                                                               | Environment – page 17 |
| C15                     | Distribution of EPC ratings of new homes (those completed in the previous financial year).                                                                                                                                                                                                                                     | Environment – page 17 |
| C16                     | Scope 1, Scope 2 and Scope 3 greenhouse gas emissions.                                                                                                                                                                                                                                                                         | Environment – page 17 |
| C17                     | What energy efficiency actions has the housing provider undertaken in the last 12 months?                                                                                                                                                                                                                                      | Environment – page 16 |

| Theme & criteria number | Criteria                                                                                                                                                                                                                                      | Report reference               |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| C18                     | How is the housing provider mitigating the following climate risks:<br>– Increased flood risk<br>– Increased risk of homes overheating                                                                                                        | Environment – page 16          |
| C19                     | Does the housing provider give residents information about correct ventilation, heating, recycling etc? Please describe how this is done.                                                                                                     | Environment – page 16          |
| <b>T7</b>               | <b>Ecology</b>                                                                                                                                                                                                                                |                                |
| C20                     | How is the housing provider increasing Green Space and promoting Biodiversity on or near homes?                                                                                                                                               | Environment – page 19          |
| C21                     | Does the housing provider have a strategy to actively manage and reduce all pollutants?<br>If so, how does the housing provider target and measure performance?                                                                               | Environment – page 20          |
| <b>T8</b>               | <b>Resource management</b>                                                                                                                                                                                                                    |                                |
| C22                     | Does the housing provider have a strategy to use or increase the use of responsibly sourced materials for all building works?<br>If so, how does the housing provider target and measure performance?                                         | Environment – page 21          |
| C23                     | Does the housing provider have a strategy for waste management incorporating building materials?<br>If so, how does the housing provider target and measure performance?                                                                      | Environment – page 21          |
| C24                     | Does the housing provider have a strategy for good water management?<br>If so, how does the housing provider target and measure performance?                                                                                                  | Environment – page 21          |
| <b>T9</b>               | <b>Structure and governance</b>                                                                                                                                                                                                               |                                |
| C25                     | Is the housing provider registered with a regulator of social housing?                                                                                                                                                                        | Governance – page 22           |
| C26                     | What is the most recent viability and governance regulatory grading?                                                                                                                                                                          | Governance – page 22           |
| C27                     | Which Code of Governance does the housing provider follow, if any?                                                                                                                                                                            | Governance – page 22           |
| C28                     | Is the housing provider Not-For-Profit?<br>If not, who is the largest shareholder, what is their percentage of economic ownership and what percentage of voting rights do they control?                                                       | Governance – page 22           |
| C29                     | Explain how the housing provider's board manages organisational risks.                                                                                                                                                                        | Governance – page 22           |
| C30                     | Has the housing provider been subject to any adverse regulatory findings in the last 12 months (e.g. data protection breaches, bribery, money laundering, HSE breaches or notices) – that resulted in enforcement or other equivalent action? | Governance – page 23           |
| <b>T10</b>              | <b>Board &amp; trustees</b>                                                                                                                                                                                                                   |                                |
| C31                     | What are the demographics of the board? And how does this compare to the demographics of the housing provider's residents, and the area that they operate in?                                                                                 | Governance – pages 23 & 24     |
| C32                     | What percentage of the board AND management team have turned over in the last two years?                                                                                                                                                      | Governance – pages 23 & 24     |
| C33                     | Is there a maximum tenure for a board member? If so, what is it?                                                                                                                                                                              | Governance – page 24           |
| C34                     | What percentage of the board are non-executive directors?                                                                                                                                                                                     | Governance – page 23           |
| C35                     | Number of board members on the Audit Committee with recent and relevant financial experience.                                                                                                                                                 | Governance – page 24           |
| C36                     | Are there any current executives on the Remuneration Committee?                                                                                                                                                                               | Governance – page 23           |
| C37                     | Has a succession plan been provided to the board in the last 12 months?                                                                                                                                                                       | Governance – page 23           |
| C38                     | For how many years has the housing provider's current external audit partner been responsible for auditing the accounts?                                                                                                                      | Governance – page 24           |
| C39                     | When was the last independently-run, board-effectiveness review?                                                                                                                                                                              | Governance – page 24           |
| C40                     | Are the roles of the chair of the board and CEO held by two different people?                                                                                                                                                                 | Governance – page 24           |
| C41                     | How does the housing provider handle conflicts of interest at the board?                                                                                                                                                                      | Governance – page 24           |
| <b>T11</b>              | <b>Staff wellbeing</b>                                                                                                                                                                                                                        |                                |
| C42                     | Does the housing provider pay the Real Living Wage?                                                                                                                                                                                           | Governance – page 28           |
| C43                     | What is the gender pay gap?                                                                                                                                                                                                                   | Governance – page 26           |
| C44                     | What is the CEO-worker pay ratio?                                                                                                                                                                                                             | Governance – page 26           |
| C45                     | How does the housing provider support the physical and mental health of their staff?                                                                                                                                                          | Governance – pages 26, 27 & 28 |
| C46                     | Average number of sick days taken per employee                                                                                                                                                                                                | Governance – page 26           |
| <b>T12</b>              | <b>Supply chain</b>                                                                                                                                                                                                                           |                                |
| C47                     | How is Social Value creation considered when procuring goods and services?                                                                                                                                                                    | Governance – page 28           |
| C48                     | How is Environmental impact considered when procuring goods and services?                                                                                                                                                                     | Governance – page 28           |

Social

Homes are the platforms on which lives are built and we are committed to providing good quality, affordable homes that are fit for purpose, as well as delivering a great service to all residents.

Our social impact is amplified by the work of our charitable foundation, Clarion Futures, which is set to invest £75 million in helping residents and communities in the next five years.

During the pandemic, a comfortable and secure home became more important than ever. We continued to attend to urgent repairs during the first lockdown, adapting our ways of working to move swiftly back to a full repairs service safely and made over 80,000 calls to our vulnerable households to check on their wellbeing.

Affordability and security

Our fundamental aim is to provide good quality, affordable homes and neighbourhoods to people failed by the market. Our development pipeline is currently in excess of 21,000 homes.

Affordable rent

Affordability comparison – homes for social and affordable rent

| Unit size | 2019/20<br>Average rent charged as % of LHA (London) | 2020/21<br>Average rent charged as % of LHA (London) | 2019/20<br>Average rent charged as % of LHA (not in London) | 2020/21<br>Average rent charged as % of LHA (not in London) |
|-----------|------------------------------------------------------|------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|
| 1 Bed     | 49%                                                  | 45%                                                  | 71%                                                         | 66%                                                         |
| 2 Bed     | 48%                                                  | 44%                                                  | 69%                                                         | 64%                                                         |
| 3 Bed     | 44%                                                  | 40%                                                  | 63%                                                         | 57%                                                         |
| 4+ Bed    | 40%                                                  | 35%                                                  | 53%                                                         | 50%                                                         |

NB. Bedsits and non self-contained units not counted.

There is huge value delivered through Clarion’s provision of affordable housing. We have compared the government’s Local Housing Allowance (LHA) with our rent figures to measure the savings that our below-market rents represent. During 2020/21, this amounted to more than £550 million, a significant rise, for the second year running, from the £430 million delivered last year and equivalent to £11 million per week.

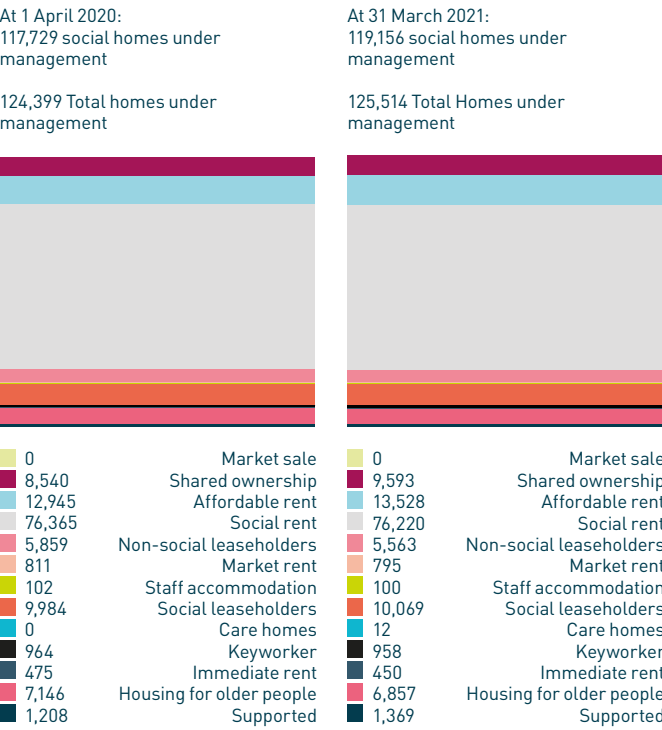
The affordability comparison table on this page shows almost all our rents are significantly below market rate, bringing homes within reach of people on low incomes.

When residents are struggling to keep up with their rent, our tenancy sustainment specialists work with them to try to find a solution. The impact of the pandemic on finances resulted in a surge in residents needing help, with more than 8,000 being supported by the tenancy sustainment team compared to 2,000 the previous year. We also enabled residents to receive more than £1 million in extra income from benefits they were entitled to.

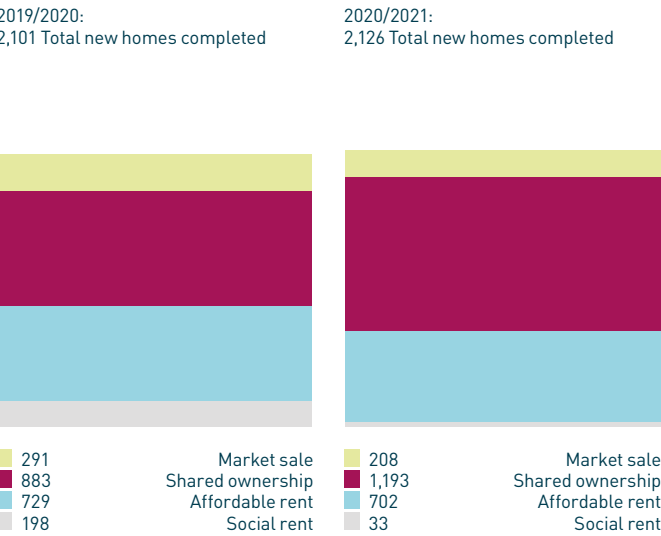
Fuel poverty

We provide targeted support for the most vulnerable to fuel poverty through our Clarion Futures Money programme which helps residents manage their money more effectively (see page 13). This service helps residents struggling to pay bills by giving energy efficiency advice, support with engaging with energy suppliers and help to access the Warm Homes Discount. This year, during the pandemic, we gave additional support through emergency fuel vouchers for gas and electricity to households in hardship and extended zero cost credit lines for prepayment customers with communal heating.

Existing homes under management – tenure mix



New homes completions – tenure mix



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 was eventually offered his own property at the development.

Joseph said: “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.”

Social continued

Fixed tenancy agreements

We let the majority of our properties either with an Assured (non-shorthold) tenancy or fixed-term tenancy depending on the size of the property and the local housing market conditions. We aim to be responsive to the wide range of housing needs and demand, and to be flexible in ensuring we make the best use of our homes and that they are let as quickly as possible to those in housing need. Where we offer a fixed-term tenancy, the usual period in general needs properties for the initial let is six years and there is no limit to the number of times a further fixed-term tenancy can be offered.

Our priorities for 2021/22

- Continued focus on the delivery of affordable homes.
- Use the findings of our resident surveys to assess the impacts of the pandemic on our residents’ employment and finances and shape our services accordingly.

Building safety and quality

The safety of our residents and their homes is our number one priority and Clarion is proactive in seeking to go above and beyond regulatory standards and drive continuous improvement.

| Measure                                                                                                | Target | Performance                                                           |
|--------------------------------------------------------------------------------------------------------|--------|-----------------------------------------------------------------------|
| <i>Gas safety</i><br>% of homes with a gas appliance that have an in-date, accredited gas safety check | >99%   | 2019/20 99.53%<br>(October 2020)<br><b>2020/21 99.6% (July 2021)</b>  |
| <i>Electrical wiring safety</i><br>% of buildings that have in-date electrical fixed wiring tests      | >95%   | 2019/20 <95%<br>(October 2020)<br><b>2020/21 93.3% (July 2021)</b>    |
| <i>Fire risk assessment</i><br>% of buildings that have an in-date and compliant Fire Risk Assessment  | >97%   | 2019/20 95.9%<br>(September 2020)<br><b>2020/21 98.4% (July 2021)</b> |
| <i>Decent Homes standard</i><br>% of eligible homes that meet the Decent Homes Standard                | 100%   | 2019/20 100%<br>(October 2020)<br><b>2020/21 100% (July 2021)</b>     |

Safety continued to come first in our homes throughout the pandemic. The Covid-19 lockdown restrictions presented some challenges with gaining access to homes including limited access to vulnerable households, with a knock-on effect on our performance. Now that restrictions have been lifted, we anticipate all our targets being met in the coming year.

We take a comprehensive and innovative approach to building safety management, using technologies such as 3D modelling. In addition, we have worked closely with the Department of Levelling Up, Housing and Communities to develop our Building Safety Case approach.

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.

We are investigating the external wall systems of our buildings and expect to complete initial assessments by the end of 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.

Our major fire safety programme continued throughout the pandemic and in 2020/21 we invested a total of £27 million in fire safety, whilst we have increased the anticipated net spend over the next four years to £150 million (up from £100 million in the prior year). 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.

Our priorities for 2021/22

- Addressing fire safety including cladding remediation and work to address new regulations.
- Working to bring our safety and compliance KPIs to pre-Covid-19 levels.



Resident Voice

Our residents are at the heart of everything we do. We encourage them to play their part in shaping our services through a wide range of initiatives that help us continually improve the way we work and the customer experience. We are committed to creating opportunities for residents to engage with us on a national, regional and local level.

Resident involvement and satisfaction

Clarion works in accordance with the National Housing Federation’s resident involvement charter, Together with Tenants, nationally. At a regional level, residents can volunteer to join one of our five resident-led scrutiny committees. Each region focuses on a specific topic, with committee members presenting their feedback to our Housing Association Board, which is then tasked with taking the appropriate action on behalf of all our residents.

During the past year the scrutiny committees 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.

In addition, we have a social network for residents, Clarion Voice, as well as a number of networks dedicated to tackling the specific needs of different groups. We carried out more than 20 surveys with residents via Clarion Voice 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. This has resulted in six of our residents joining the new panel.

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 in 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.

The Resident Involvement Strategy was changed in April 2021 to take into account feedback from residents. New methods of involvement were added as well as existing ones renewed and strengthened. The strategy is in line with the key principles of the Social Housing White Paper and the National Housing Federation’s Together with Tenants charter.

We engaged with our residents on more than 23,400 occasions in 2020/21 and their feedback has helped shape services in areas ranging from estate improvements and policy reviews to helping residents to access food banks.

To better understand the challenges faced by our residents, we carry out regular surveys and 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 where and how we target our services.

In an unprecedented 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 ways 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 resident satisfaction that we continue to receive.

To enhance the resident repairs experience, in May 2020 we launched the ‘On My Way’ service to enable our residents to track the estimated time of arrival for repairs staff, as well as provide instant feedback on the work done for them.

Complaints

The lower resolutions of complaints in the past year is the result of a drop in the number of complaints received as we have worked hard to resolve more cases before they reach the stage of becoming formal complaints.

|                                           | 2019/20                   | 2020/21                             |
|-------------------------------------------|---------------------------|-------------------------------------|
| Complaints Resolved / open                | 9,252 / 282               | <b>5,836 / 422</b>                  |
| Average time for resolving                | 14 days                   | <b>17 days</b>                      |
| Determinations from the Housing Ombudsman | 51 (< 0.5% of complaints) | <b>69 (&lt; 1.1% of complaints)</b> |

Our priorities for 2021/22

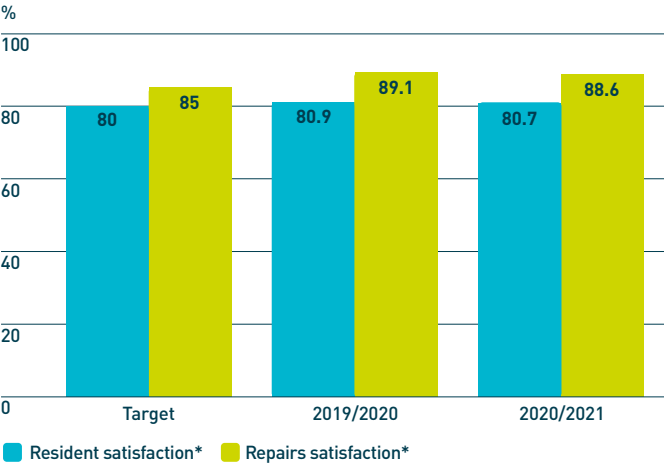
- Improving the level of performance in resident satisfaction and complaints.
- Improving our digital offering for customers.

Radio broadcast

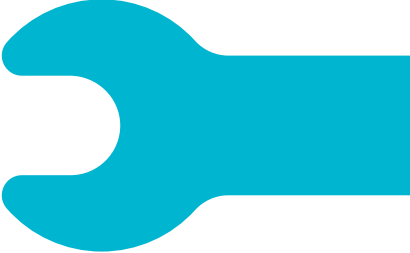
We held a Q&A session for residents on Ferndale Community Radio in Plymouth, where we have a large community at our Barne Barton estate, in December 2020. Residents across the country were able to tune into the show and send in questions which were responded to by the Group Executive Team. Promotion of the radio event to residents resulted in a fourfold increase in listeners.

During the event we explained how residents can get involved with our work, and the services that they can take advantage of above and beyond things like repairs to their homes, such as help with jobs and training and money advice. Our partners such as Leeds Credit Union, who provide affordable and ethical loans and savings accounts to our residents nationally, were able to promote their services through adverts and jingles throughout the programme.

Resident and repairs satisfaction



\*We measure satisfaction quarterly through telephone surveys conducted by an independent customer experience research company.



## Supporting residents through Clarion Futures



# We helped Binnur to find work during the pandemic

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.”

Clarion Futures is a charitable foundation that provides support and opportunities for people living in Clarion homes and communities.

We believe that being a good social landlord is about more than building and maintaining homes. Clarion Futures offers professional help to residents when times are challenging along with the opportunity to develop new skills and connections all year round.

Our teams work with charities, social enterprises and other organisations making a positive difference in our communities. Every year we support thousands of people into work, as well as helping people manage their money, improve their digital skills and empowering them to develop strong connections in the community.

In 2020/21, Clarion Futures invested £13.7 million into its work with residents and communities, despite the obvious challenges posed by the pandemic. This delivered a return of £107m in social value\*.

Whilst there have undoubtedly been challenges associated with our service delivery due to the effects of the pandemic, we remain committed to supporting our residents and communities and are proud to have surpassed almost all of our Covid-adjusted targets.

### Jobs and Training

Our Jobs and Training team provides a service that is free to all Clarion residents and people living in our communities. We provide tailored support to anyone looking for a job, whether it is their first step on the career ladder or they are returning to work after time out of the labour market.

We place an emphasis on one-to-one support, with our employment advisers taking the time to understand the individual needs of the customer. We offer careers guidance, interview training, job placements, apprenticeship opportunities and access to training.

Since we launched, Clarion Futures has supported more than 15,000 people into employment, and we’re proud to work alongside major organisations such as the NHS, Morrisons and the Royal Mail.

### 2020/21 achievements

- 2,558 people supported into work
- 215 people placed into apprenticeships
- 82% of people sustained their employment for more than six months

When the first national lockdown began back in March 2020, we moved quickly to a remote service with our employment advisers working from home and providing support over the phone or online rather than face-to-face. As well as individual sessions, we’ve been running virtual training courses and job clubs and offering guidance for video interviews, adapting at pace to make sure people have the best possible chance of success.

\* Social value is calculated using the HACT (Housing Associations Charitable Trust) Social Value Bank.

Whilst some jobs including key entry level roles in retail and hospitality have disappeared, possibly forever, as a result of the pandemic, other sectors are experiencing growth. That meant shifting our focus and recruiting for roles such as supermarket delivery and in-store staff, NHS 111 call centre workers and Department for Work and Pensions (DWP) benefits claim handlers. We’ve also been focusing our efforts on providing high-quality training and supporting people to explore different career options.

Young people have been particularly hard hit by the pandemic, so we’re proud to be leading the Kickstart Housing Partnership: a consortium of 84 organisations providing more than 600 six-month Government-funded job placements for unemployed 16 to 24-year-olds across England and Wales. Clarion is offering placements for 150 young people in a wide range of roles. Our employment advisers are providing in-work support and training to these young people, helping them to develop basic work skills and access additional opportunities.

Clare Miller, Chief Executive of Clarion Housing Group, said:

“Clarion has a proud record of supporting people into work and I am delighted we will be giving opportunities to so many young people to start their careers in housing. The Kickstart Scheme is a very welcome initiative, helping young people to access opportunities and fulfil their potential. It is a great example of government and the housing sector working together to meet the challenges we all face as we recover from the pandemic.”

### Money and Digital

Our Money Guidance team provides practical advice and support to our residents, helping thousands of people every year manage their money, reduce debt and increase their financial resilience.

We work with residents to ensure they can access available benefits and grants, help them reduce their utility bills and learn how to save money, even when they have little to spare.

We also work with partners in the community, including social supermarkets, debt advice providers and credit unions, in seeking to understand and reduce the impact of living in poverty.

To help our residents use the internet safely and confidently, we offer tailored support covering informal sessions and courses to improve digital skills, as well as access to devices through our laptops, tablets and connectivity programme. We want to end digital exclusion by helping our residents stay connected and ensuring they have the skills needed to benefit from all the internet has to offer, from applying for jobs to communicating with friends and family and saving money on their household bills.

# We helped Danielle get back on her feet

The pandemic has had a huge impact on the lives of our residents, with many struggling financially as jobs have been lost, people placed on furlough or working hours reduced. Many people have had to apply for benefits for the first time and needed help to manage their money and make ends meet whilst waiting for their first payment. Danielle recently moved into a Clarion home with her partner, Jason, having become guardians of her two young siblings when their mother was no longer able to look after them. Aged just 22, she was forced to give up her job due to her new childcare responsibilities, and whilst she waited for her Universal Credit claim to be processed, they had to rely on Jason’s modest income, which left them stretched to breaking point.

Unsure where to turn, Danielle contacted us and we were able to provide one-to-one practical advice and support, reviewing her budget and taking steps to reduce her energy bills to help her feel more confident and in control of her household finances. Working in partnership with the Trussell Trust, we organised for Danielle to receive an emergency food parcel to tide her over until she received her benefits, as well as an energy voucher to provide some ‘breathing space’ to help her get back into a more stable financial position. We are now working with Danielle to explore employment opportunities to fit around her parental responsibilities and help her plan for the future.

Danielle said: “I’m so grateful to Clarion Futures, not just for the immediate practical help they gave me when I needed it, but also for their ongoing support as I take my first steps back into the world of work.”



## Supporting residents through Clarion Futures continued



# Emergency funding to help our partners adapt during the pandemic

The Covid response grant programme was established by Clarion Futures in April 2020 to provide emergency funding to longstanding partners supporting our residents and communities through the pandemic and has proved to be a lifeline for many organisations faced with a surge in demand for support. Women's Inclusive Team, a charity based in Tower Hamlets supporting and empowering Black, Asian and minority ethnic women, is one of the organisations to have received a grant from Clarion Futures, enabling them to meet the enormous challenges the pandemic has posed to their local community. When the pandemic hit, with the help of over 300 volunteers and thanks to funding from Clarion Futures and other partners, they set up a food bank and community kitchen which provided weekly food parcels and daily hot meals to hundreds of families and vulnerable people, as well as a telephone befriending service and youth programmes for children who went without nearly a year of school.

Safia Jama, founder and CEO of Women's Inclusive Team, said: "We treasure the relationships we have grown with organisations that have a strong desire to help our local community. The funding we received from Clarion Futures went a long way in enabling us to quickly respond to the sudden hardships women, their families and vulnerable people from Black and ethnic minority communities faced during the Covid-19 crisis with setting up a community kitchen and food bank and organising telephone befriending services to tackle loneliness and isolation."

She added: "Our work is just beginning as we continue supporting ethnic minority women and their families but we're proud of our grassroots, community-led response to the pandemic. We wouldn't have been able to do it without the volunteers and partners who have helped us go the extra mile."

### 2020/21 achievements

- 13,998 digital skills support interventions delivered
- 3,820 residents supported with one-to-one money guidance and energy advice
- 3,584 residents supported with debt advice

To inform our work, we run an annual survey of 2,000 of our residents covering a broad range of topics such as their community, wellbeing, finances, employment and internet usage. Given the impact of the pandemic, we decided to conduct additional surveys, which highlighted the financial issues affecting Clarion households.

Research conducted during May / June and November / December 2020 found a significant increase in those worried about money, with 42% reporting concerns in the winter compared to 28% the previous summer and 47% cutting back on household spending. Our Money Guidance team supported a record number of residents in 2020/21, including new Universal Credit claimants who had lost their jobs or had working hours reduced due to the pandemic, many of whom had never navigated the benefits system before.

We also contacted more than 1,700 residents who moved onto Universal Credit during the pandemic, to offer them advice and assistance about the change to their benefits. By taking the initiative, we focused on preventing problems from occurring rather than waiting for residents to contact us if they were in difficulties.

Working with partners, we were able to provide almost 900 households with a grant for white goods including fridges, washing machines and cookers, or food and household energy vouchers to provide 'breathing space' whilst they got themselves back to a more stable financial position. We also worked with charities including Step Change to increase the availability of debt advice for our residents, and the Trussell Trust to enable staff to provide electronic food bank vouchers offering emergency support.

With social distancing restrictions in place, the whole world moved online and we adapted our services to ensure our residents weren't left behind. We expanded our Digital Device Loan Scheme and provided laptops and MiFi devices (mobile broadband routers) to more than 350 residents, jobseekers, schools and community groups. This enabled us to provide a fully inclusive digital support offer encompassing access to equipment, connectivity and bespoke training, with communication platforms such as Zoom added as standard to our loaned devices to ensure our residents were able to engage in online learning, training and job interviews despite the restrictions that were in place.

### Improving communities

We offer all our residents the opportunity to develop new skills and connections in their communities.

Every year we award hundreds of thousands of pounds in grants to local community groups and charities, supporting projects that benefit everyone from pre-school children to pensioners.

Our younger residents can access a wide range of opportunities including our ambassador programmes, which provide the chance to gain valuable skills and qualifications and take part in local social action projects. And our Age Friendly programme champions intergenerational activities and explores ways to collaborate with our residents to make our communities places for people to live longer, happier and healthier lives.

### 2020/21 achievements

- £1.6m worth of volunteering time delivered by residents
- 10,495m<sup>2</sup> of communal land and buildings improved or upgraded
- Doubled the grants budget to tackle the Covid crisis, awarding £726,131 to organisations supporting Clarion residents and communities

Over the last 12 months, our work in communities nationwide has been informed by the effects of the pandemic and the ever-changing needs of our residents and partners. We shifted the focus of our grants programme, establishing the Covid response grant programme to provide support to our longstanding partners. This has proved to be a lifeline for many organisations and in 2020/21 we awarded £726,131 in grants to organisations including food banks, community groups and local charities.

We've worked with partners to facilitate intergenerational connections, including the distribution of personalised 'Happy Packs' created by young volunteers and containing puzzles, crosswords and snacks to older residents in our LiveSmart independent living schemes in Birmingham. In addition, many of our Community Ambassador Programme participants wrote letters of kindness to older Clarion residents during Intergenerational Week to tackle loneliness and isolation.

We also launched two major projects to support young people across the country and encourage participation in social action, with Clarion Futures and the #iwill Fund, a joint fund from the Department for Digital, Culture, Media and Sport, and The National Lottery Community Fund, investing a combined total of more than £580,000. The first project will explore how Clarion Futures can work with community groups, social enterprises and charities to embed youth social action in the work they deliver in communities nationwide. The second is centred around an international exchange between young people in the UK and Cyprus that, through sharing learnings with peers and youth organisations, will inspire hundreds of young people.

Keeping active has been vital in terms of health and wellbeing during the pandemic, and we teamed up with Brompton Bike Hire and Hadley Property Group to launch a pop-up cycle hub, offering 50 Brompton folding bicycles to Merton residents on a free 90-day trial basis. The project, which launched in March 2021, has been hugely successful to date, with bikes in the first round being allocated to priority groups including keyworkers. The scheme will run for 12 months, with the aim of enabling around 200 local residents to benefit.

# Funding innovation through The William Sutton Prize

The William Sutton Prize was developed by Clarion Housing Group to celebrate our founder William Sutton's legacy as a 19th century innovator and philanthropist, who bequeathed his fortune to improve the quality of social housing.

It encourages individuals and organisations to present a new concept, service or idea that will benefit social housing residents and communities and deliver sustainable social impact.

In its third year, we received a record-breaking 154 applications – a year-on-year increase of 41%. Two winning projects each received £20,000 in funding from Clarion Futures to help develop concepts and maximise impact, with two highly commended projects each receiving £5,000.

The Hackney School of Food took home The William Sutton Prize for Social Innovation for their proposal to expand their hub providing 'seed to spoon' food education for primary school children in Hackney by sharing the model with other primary schools.

The prize funding supported the team to produce a toolkit to allow other schools and partnerships to replicate the success and learning of the Hackney hub. This has led to impact at scale in communities across the UK with other schools now equipped to create nurturing environments for children to engage with food and growing, which is crucial for their physical and mental health.

The winner of The William Sutton Prize for Placemaking and Affordable Housing Design was Ecomotive and SNUG Homes for their proposal for a construction and training hub in Bristol that will enable residents to co-produce eco-friendly, modular housing in response to local needs. Winning the prize has raised the profile of the project, enabling Ecomotive to scale up and increase its impact further.



Environment

Sustainability permeates our entire approach and is centred on making our homes and communities fit for the future. We believe Clarion is able to make a significant positive impact to people and the environment.



We are working to understand and reduce Clarion’s direct environmental footprint including carbon emissions, ecological impacts, waste and use of resources.

We will work with our residents, suppliers, local and national government and other stakeholders to reduce carbon emissions and reach net zero by 2050 – making all elements of the Group more environmentally sustainable.

Climate change

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. This includes a higher minimum energy efficiency target of EPC C (SAP 72), as well as working towards net zero carbon.

We are investing in retrofitting 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.

We also provide residents with information on energy efficiency and their home environment including ventilation and heating, through our customer website, call centre and more targeted support to reduce fuel poverty from Clarion Futures.

For our new homes, we have a Sustainable Development Roadmap which sets out our route to zero carbon compatible homes and on to net zero carbon on our pipeline of developments. Delivering new homes to be zero carbon compatible will not only help the planet, but also those living in our new homes by dramatically cutting their energy bills.

Clarion is also working to mitigate significant climate risks in the Roadmap by including specialist assessments for new builds that measure increased flood risks and home overheating risk and ensures mitigating measures are included in design. Our asset database, which tracks energy ratings, now has added capability for overheating and flood risk assessment using government methods for our existing homes. These will contribute to an enhanced climate risk assurance process which will allow us to publish more detail next year.

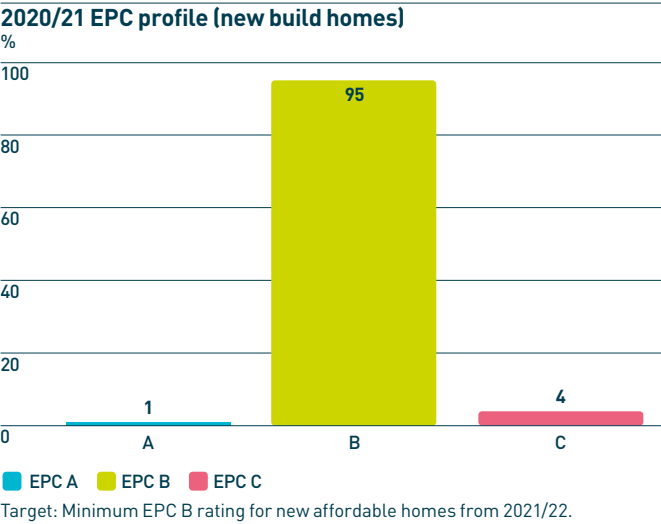
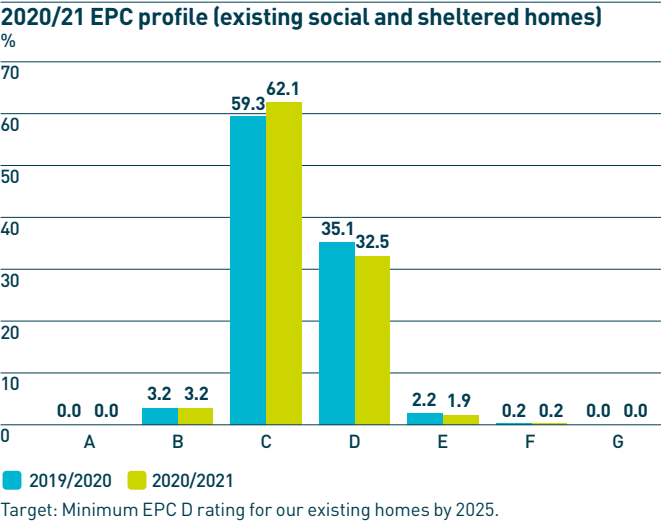
Our new developments will be designed and constructed using our five pillars of sustainability.

These pillars cover a holistic view of sustainability, capturing what is important to Clarion, our residents and Planet Earth.

The five pillars are:

- Social value
- Healthy places
- Adaptable and resilient
- Planet friendly
- Energy & carbon

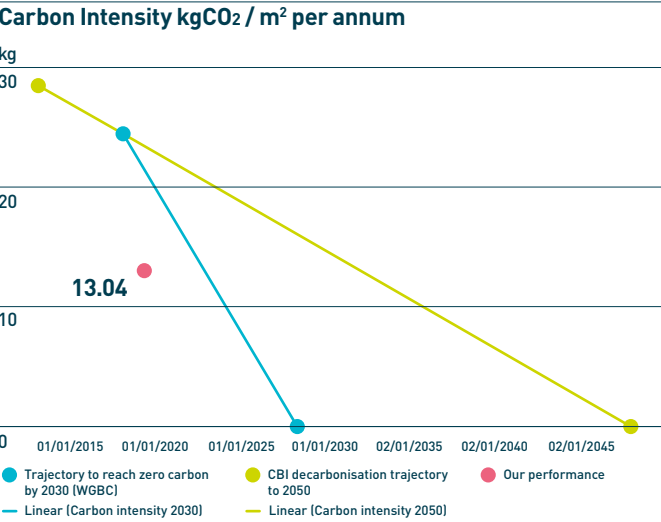
EPC ratings



The carbon emissions from our existing homes are the largest component of our indirect carbon footprint. Our first priority is to raise the energy efficiency of those homes with E and F EPC ratings to at least a D rating. We have now more than halved our properties that are below EPC D since 2018. We are preparing to go beyond this in line with our Clarion 2040 Standard, our long-term plan to ensure our homes continue to be good quality, affordable and fit for the next generation.

For our new build homes, the average EPC rating remains at B (84) – while a number of our top performing homes are rated EPC A including 23 homes with negative carbon emissions.

In addition, we now have a carbon benchmark for the emissions from new homes. The overall carbon intensity of our new homes in use is 13 kg of CO<sub>2</sub> per m<sup>2</sup> of floor area per year. This is on track with the Climate Bond Initiative trajectory to zero carbon in 2050 and the more ambitious WGBBC 2030 target for new buildings.



| Carbon emissions: Scope 1 and 2           |                          |  | 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 <sub>2</sub> e |  | -       |
| Gas                                       | Tonnes CO <sub>2</sub> e |  | 17,100  |
| Transport (fuel)                          | Tonnes CO <sub>2</sub> e |  | 3,100   |
| TOTAL                                     | Tonnes CO <sub>2</sub> e |  | 20,200  |
| Intensity Ratio                           |                          |  |         |
| GHG Emissions per £million of revenue     | Tonnes CO <sub>2</sub> e |  | 21.4    |

Target: Reducing our carbon emissions (Scope 1 & 2) year-on-year.

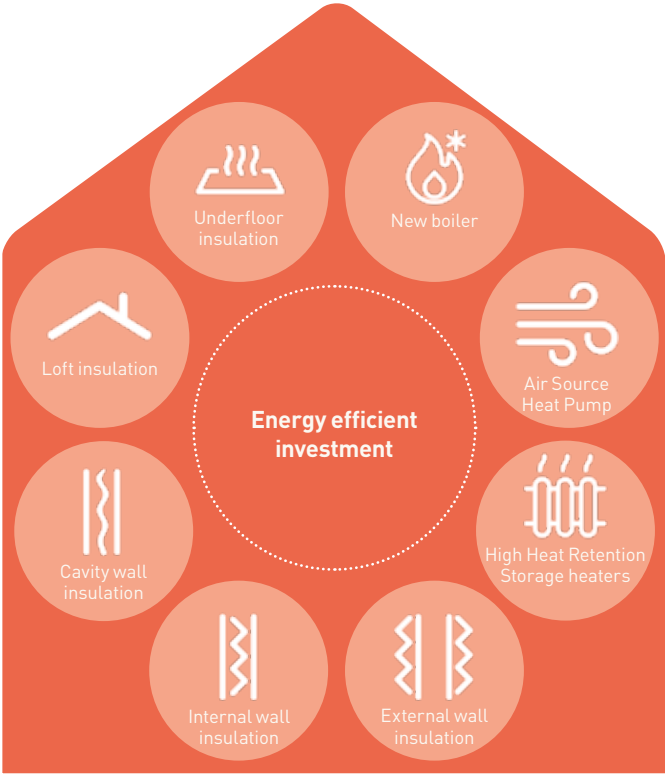
Environment continued

As for our own emissions as an organisation, in 2020/21 we switched to certificated zero carbon electricity for more than 6,000 supply points we manage covering communal landlord supplies, offices we own and other facilities. This reduces our direct carbon emissions by greater than 25% compared to the previous year.

A pilot of electric vans by Clarion Response has been completed. It found that electric vans’ range and capacity are usable for some operatives’ roles but that vehicle charging can be a challenge. These lessons are being rolled into the planned expansion of the electric fleet, with over 50 vehicles on order for our in-house repairs service Clarion Response and our Estate Services teams.

An office reorganisation has also been completed which significantly reduces our office area footprint by nearly 36% and consequently reduces our indirect carbon emissions similarly. We will be assessing our Scope 3 upstream emissions over the coming year to establish a baseline.

Carbon emissions: Scope 3 downstream (homes)  
Energy efficiency investment



Target: Increase annual investment in energy efficiency from £2 million in 2020/21 to £6 million over the next five years.

“Clarion works to protect local environments and ecology, managing and reducing pollutants, improving green spaces around our homes, promoting biodiversity and supporting residents in living greener lives.”

Retrofit totals for 2020/21

| Measure                             | Number of installations | Carbon savings (kg CO2) | Bill savings for residents | Investment  |
|-------------------------------------|-------------------------|-------------------------|----------------------------|-------------|
| New boiler                          | 2,821                   | 1,410,500               | £409,045                   | £9,107,357  |
| Air Source Heat Pump                | 42                      | 142,800                 | £21,000                    | £344,168    |
| High Heat Retention Storage heaters | 11                      | 16,500                  | £4,400                     | £92,722     |
| External wall insulation            | 83                      | 77,190                  | £18,675                    | £937,720    |
| Internal wall insulation            | 7                       | 6,510                   | £1,575                     | £70,490     |
| Cavity wall insulation              | 84                      | 57,120                  | £13,860                    | £57,788     |
| Loft insulation                     | 140                     | 7,700                   | £1,960                     | £67,342     |
| Underfloor insulation               | 3                       | 555                     | £135                       | £12,492     |
| TOTAL                               | 3,188                   | 1,718,320               | £470,515                   | £10,677,587 |

We have also been conducting an assessment of the investment that will be required to reach zero carbon for our housing stock, and are examining the risks of flooding and overheating in our homes. This work will inform a detailed climate-related risk assessment we intend to release in 2022.

To support its sustainability ambitions, Clarion has issued £950 million of sustainability bonds in the debt capital markets to date. The bonds, tabled below, are issued by one of Clarion’s funding vehicles, Clarion Funding Plc.

| Issue Date       | Maturity Date     | Amount |
|------------------|-------------------|--------|
| 15 January 2020  | 22 January 2035   | £350m  |
| 06 November 2020 | 13 November 2032  | £300m  |
| 31 August 2021   | 07 September 2051 | £300m  |

The proceeds of these bonds are to be used exclusively for the development of new build energy efficient affordable homes in line with the Sustainable Housing Finance Framework. In order to qualify as an energy efficient affordable home, new affordable properties (social rent, affordable rent and shared ownership) completed or under construction need to meet a minimum EPC B rating. They hereby meet the top 15% threshold of the local area in which the properties are located.

The table below details the expenditure on all affordable assets (‘Total capital expenditure on new affordable housing’) and shows how much of this expenditure we have been able to validate relating to homes completed with a minimum EPC B rating – ‘Qualifying Amount (Gross)’, in the years 2019/20 and 2020/21.

In 2020/21, 94% of the new build properties were completed with a minimum EPC rating of B. The table below also includes a deduction for expected capital receipts relating to these assets arising from capital grant and first tranche sales (‘Deductions’). This leaves the expected net funding requirement to which the bond proceeds will be applied (‘Net expenditure on energy efficient affordable homes’). In total, Clarion has invested £646 million in affordable energy efficient homes over the last two years, hereby almost fully utilising the proceeds of its first two sustainability bonds.

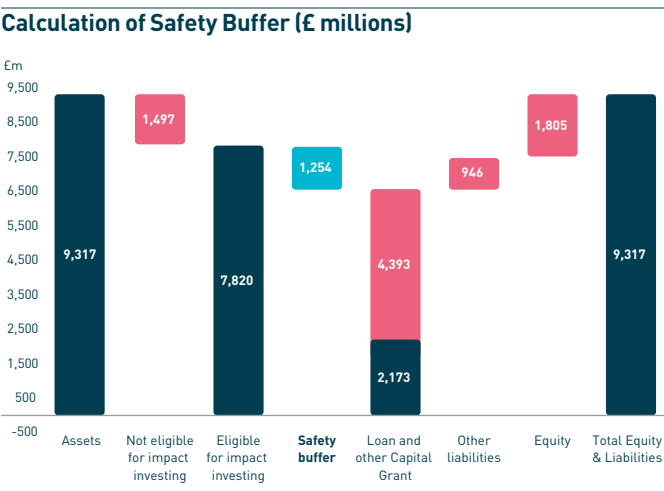
|                                                           | 2019/20 | 2020/21 | Cumulative |
|-----------------------------------------------------------|---------|---------|------------|
| Total capital expenditure on new affordable housing       | £472m   | £502m   | £974m      |
| Qualifying amount (gross)                                 | £377m   | £475m   | £852m      |
| Deductions for expected capital receipts (grants and FTS) | £(72)m  | £(134)m | £(206)m    |
| Net expenditure on energy efficient homes                 | £305m   | £341m   | £646m      |

An EPC certificate is only provided upon completion of a property, and consequently some expenditure that has been incurred on affordable homes under construction is currently in too early a stage for EPC validation. At the end of 2020/21, Clarion had energy efficient affordable properties under construction with a value of £391 million.

The Sustainable Housing Finance Framework further introduced the ‘Sustainable Safety Buffer’. This buffer is designed to ensure that capital raised at a company level is always used for the financing of sustainable assets. For this purpose, the composition of the assets and liabilities side of the balance sheet (Statement of Financial Position) is considered. The calculated sustainable safety buffer as per 31 March 2021 was £1,254 million (2020: £1,187 million) – see graph to the right. This means that at the reporting date Clarion had £1,254m of assets potentially eligible for funding under the framework that have not already been funded by capital grant or loans.

Our priorities for 2021/22

- Finalising our strategy to achieve net zero carbon emissions across Clarion by 2050 and producing a detailed climate risk assessment.
- Completing the upgrade of a planned 120 homes for the Social Housing Decarbonisation Fund Demonstrator Programme.
- Undertaking an analysis to develop a better understanding of supply chain emissions.
- Continuing work on reducing emissions and improving the energy efficiency of the van fleet.
- Developing a fuel poverty assessment tool in line with new government standards.



Ecology

Clarion works to protect local environments and ecology, managing and reducing pollutants, improving green spaces around our homes, promoting biodiversity and supporting residents in living greener lives.

We have continued work on green spaces and biodiversity in development with the introduction of new development standards based on the Building with Nature framework. This integrates improvements to the development in a straightforward and effective way that keeps residents at the heart of our development projects.

We are starting to make improvements in the biodiversity and ecological value of our sites and measuring this using DEFRA’s biodiversity metric, as part of our work to see net gains in biodiversity.

£974m

cumulative capital expenditure on new affordable housing from 1 April 2019 to 31 March 2021

£950m

of sustainability bonds in the debt capital markets issued to date

£391m

value of energy efficient affordable properties under construction at the end of 2020/21



# Social Housing Decarbonisation Fund

We have partnered with Fenland District Council and Tonbridge & Malling Borough Council to successfully secure £4.5million of funding as part of a pilot £50 million Social Housing Decarbonisation Fund run by the Department for Business, Energy and Industrial Strategy to improve the energy efficiency of social housing.

The grant is being match funded with a further £4.5million investment from Clarion and work is already underway.

The funds are being used to significantly upgrade a planned 120 of our homes that have an Energy Performance Certificate (EPC) rating of D or below. Clarion and its partner contractors will deliver the work, using innovative ‘whole house’ retrofit methods to improve energy efficiency. Once complete, it is expected that residents will save up to £500 on their energy bills each year. Clarion estimates that the project will also generate 68 jobs and apprenticeships in the green energy sector, by employing local sub-contractors and installers.

£4.5m

match funded to improve the energy efficiency of a planned 120 Clarion homes

As part of our biodiversity improvements we are now planting a new tree for every new home we build, also helping in a small way to offset their carbon emissions.

We continue to engage with communities through the work of Clarion Futures, which runs a number of projects promoting an involvement with and appreciation for nature and the environment. One example of this is our partnership with Backyard Nature, who have produced free resources to help community group leaders plan and run sessions to connect young people with nature. Our ambassador programmes for young people involve helping 5 to 19-year-olds to improve the green spaces in their communities.

We are working to reduce pollutants as part of our safe working practices and for the benefit of our properties. This is done through our health and safety management system, home condition surveys, repairs management and inspections of empty properties. These systems have overall key performance indicators but we are working towards developing specific environmental indicators.

Our priorities for 2021/22

- Establishing a Neighbourhood Standard including Green Infrastructure for communities.
- Implementing new development standards for green space and biodiversity, set against metrics.
- Expanding the environmental programmes supported by Clarion Futures.

Resource management

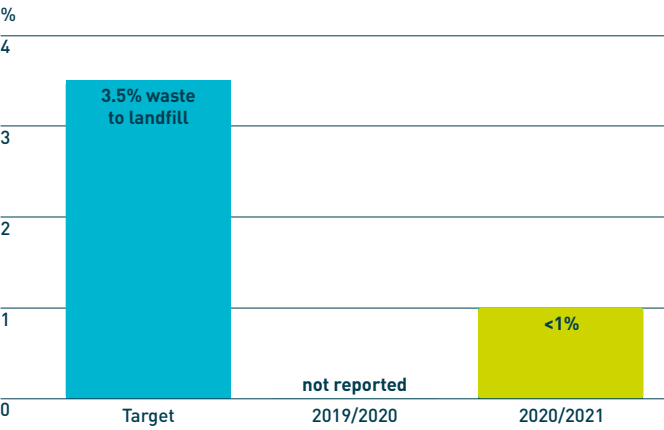
We seek to manage the resources we use responsibly, maximising recycling and minimising the impact on the environment from waste.

£240,000

to develop a nature framework for communities

Planned investment waste

Our planned investment partner contractors monitor waste management and regularly provide reports on waste.



We recognise that building new homes can increase our direct and indirect environmental footprint, particularly through the increased use of raw materials and waste resulting from construction. We require FSC/PEFC certification on all timber products.

Following the successful pilot of a Circular Economy Strategy for our Merton regeneration project, where we taking actions such as re-using bricks in an electrical substation and moveable mature tree planting, we have developed new standards to track and increase the use of responsibly sourced materials and improved waste management for all new building projects.

Performance will be measured using the Building Research Establishment Smartwaste tool, an online data collection and reporting system that is being rolled out 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 have also set a minimum standard for water fittings in new homes to provide a maximum of 105 litres per person per day, the optional higher standard in building regulations.

Our priorities for 2021/22

- Benchmarking and measuring the use of resources in new developments.
- Rolling out new resource management standards in our build programme.

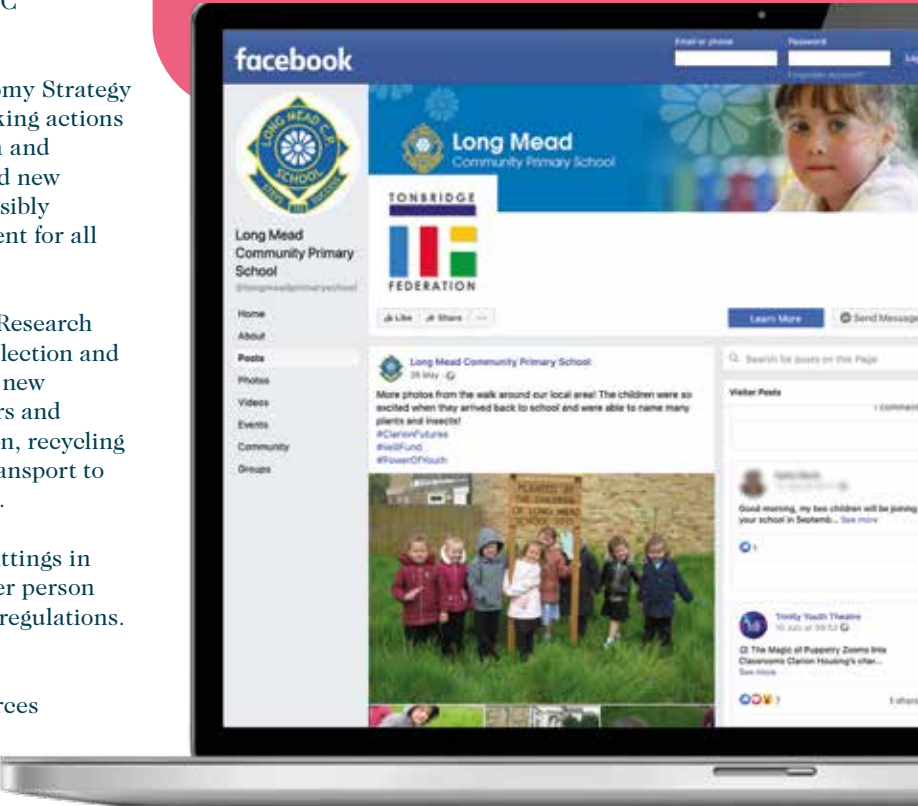
# Engaging with nature

Over the past year we have worked with partners such as Backyard Nature, OrganicLea and The National Parks to help over 3,300 young people connect with the environment. Projects have ranged from improving outdoor spaces with planting days to visits to local parks and green spaces.

One of our young residents, Mayzie, said: “I like doing all of it. I like planting some beans. It makes me feel happy. I love the trees because they’re growing so well and everyone will be happy when they see them. The spiders and ants will be happy too.”

We have also hosted two Green Pop-Up Innovation Labs, bringing together residents, staff and local community organisations to explore new solutions to tackling environmental challenges in our communities. These forums have resulted in real change, such as funding for a living wall in Wisbech, Cambridgeshire, and a green streets project in Merton, London.

Looking ahead, we have set up a Green Consortium with eight other Housing partners and Backyard Nature. This has secured £240,000 in funding from the National Lottery and will spend the coming year developing a nature framework for communities through projects such as Pop-up Green Living Labs, a Green Peer Researchers Programme and a cross-sector national Green Youth Panel.



Governance

Structure and governance

Good governance is embedded in the way Clarion is structured and operates and extends to the way we work with our employees and supply chain.

Clarion Housing Group is a charitable registered society, registered with the Regulator of Social Housing. Clarion has the highest possible ratings for governance and financial viability from the Regulator – being rated as G1/V1 on these two criteria.

Clarion’s Board has overall responsibility for delivering our aims and objectives in line with our corporate strategy. We have several committees that advise us on different aspects of our work, dealing with audit and risk, remuneration, funding, and major investments.

Day-to-day management is delegated to an eight-strong Group Executive Team.

The strength of our governance was demonstrated during the pandemic, when we were able to swiftly pivot to a remote working model and continued to deliver services for our residents.

Having worked to the National Housing Federation’s (NHF) Code of Governance 2015 for many years, in 2020/21, Clarion adopted the NHF’s Code of Governance 2020 and is working towards compliance.

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 framework is built around the three lines of defence model and builds upon our core approach, which is to monitor, manage, respond and communicate.

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. More detail is contained within our Annual Report and Accounts 2020/21.



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

Governance and financial viability rating

| Measure                                                               | Target | Performance                        |
|-----------------------------------------------------------------------|--------|------------------------------------|
| Regulator of Social Housing governance and financial viability rating | G1/V2  | 2019/20 – G1/V1<br>2020/21 – G1/V1 |

Adverse regulatory findings

The Regulator of Social Housing regularly assesses registered housing providers are meeting its standards. Clarion Housing Group continued to retain the highest regulatory gradings.

| Measure                     | Performance                |
|-----------------------------|----------------------------|
| Adverse regulatory findings | 2019/20 – 0<br>2020/21 – 0 |

Our priorities for 2021/22

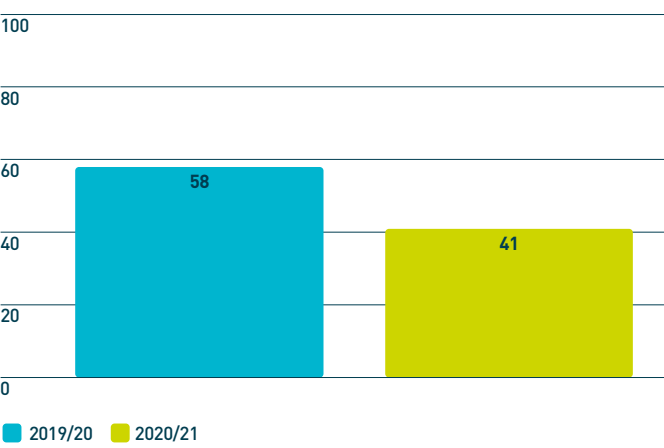
– Working on a path to compliance with the NHF Code of Governance 2020 following its adoption.

Board and Trustees

Board composition

Board and management turnover

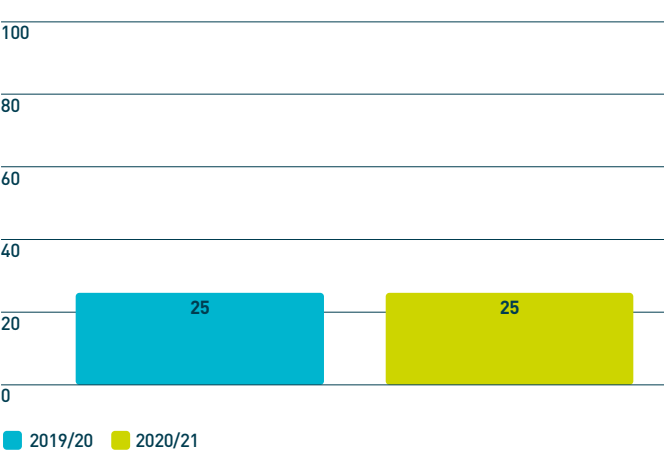
% of the Board and management turned over in the last two years



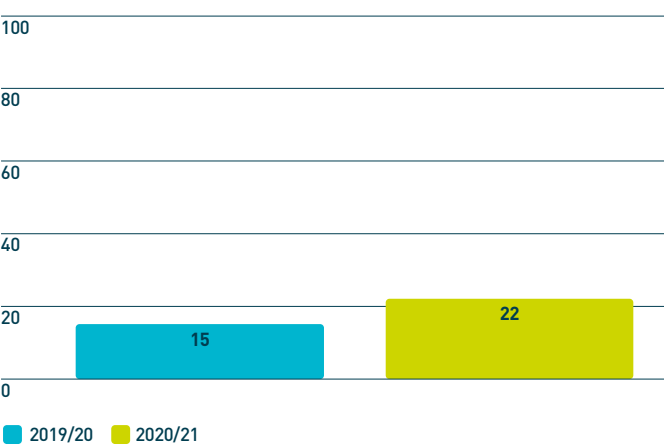
% of the Board are non-executive directors



% of the Board are women



% of the Board are BAME



(All Clarion Boards and Committees)

Average age of Board members



|                                                                      |               |
|----------------------------------------------------------------------|---------------|
| % of Board that have a disability                                    | Not disclosed |
| Current executive members on Remuneration and Nominations Committee  | None          |
| Succession plan has been provided to the Board in the last 12 months | Yes           |
| Average length of Board members’ service                             | Three years   |

Governance continued

The Group Board consists of 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. The Chair of the Board and Chief Executive Officer are positions held by two different people.

As a national housing association, the diversity of our Boards and committees compares favourably with the diversity of our residents – 20% of which identified as belonging to BAME groups in 2020/21.

Non-executive directors can serve no more than nine years in total. 41% of the Board and Group Executive Team have turned over in the last two years.

As part of business as usual, conflicts of interests are declared by Board members. Depending on the nature, a Board member may be required to step out of a conversation or may not participate in a particular decision.

Details of our Board and Executive Team members can be found on our website.

Audit and Risk Committee

| Measure                                                         | Performance                       |
|-----------------------------------------------------------------|-----------------------------------|
| <i>Audit Committee composition</i>                              |                                   |
| Number of members with recent and relevant financial experience | 2019/20 – 3<br><b>2020/21 – 3</b> |

The Audit and Risk Committee includes three non-executive Group Board Members, a non-executive member of Clarion Housing Association and one independent non-executive member. All have recent and relevant financial experience. It receives reports on conflicts of interest for the Group. The Group Remuneration and Nominations Committee is currently chaired by a member of the Group Board and is made up of three other Board members including the Group Chair.

Board effectiveness review

The last independently-run, board effectiveness review was two and half years ago and the next is due to take place before the end of 2021.

External auditor

| Measure                                                                  |         |
|--------------------------------------------------------------------------|---------|
| <i>External auditor partner tenure</i>                                   |         |
| Number of years external audit partner responsible for auditing accounts | 4 years |

KPMG have been the external audit partner responsible for auditing the accounts since Clarion’s formation nearly five years ago.



Governance  
continued

Staff wellbeing

We want Clarion to be a great place to work, with our people passionate about our purpose, productive and fulfilled, and feeling they belong and can be themselves.

| Measure                                                             |                    |                           |
|---------------------------------------------------------------------|--------------------|---------------------------|
| <i>CEO-worker pay ratio</i>                                         |                    |                           |
| Pay dispersion between the CEO and the organisation's median earner | 2019/20 – 10.7:1   | <b>2020/21 – 10.6:1</b>   |
| <i>Gender pay gap</i>                                               |                    |                           |
| In line with government's gender pay gap reporting standards        | 2019/20 – 2.7%     | <b>2020/21 – 5.22%</b>    |
| <i>Sick days</i>                                                    |                    |                           |
| Average number of days lost to staff illness                        | 2019/20 – <10 days | <b>2020/21 – 6.2 days</b> |

The impact of the pandemic on our society has affected us all. It has been an exceptional challenge in terms of employee welfare and wellbeing. We are proud that we have been able to keep our employees safe and switch services to remote and online delivery through the implementation of new technology solutions. We have protected our staff from the economic impacts of the pandemic, with not a single person being placed on furlough.

The wellbeing of our people is an integral part of our working environment, and we place great importance on engagement with our people through a two-way dialogue.

We offer flexible work patterns and do everything we can to enable our people to do their best work.

Celebrating our differences is a key part of Clarion's culture, which is inclusive and promotes diversity. During the past year we have established a Diversity and Inclusion Advisory Group to monitor progress against agreed targets and review new initiatives.



# Rising to the challenge of Covid-19

During lockdown we ensured that our staff were given the tools to be able to work from home by providing IT equipment and workstation furniture as well as advice on remote working.

For those staff who struggled with their wellbeing as a result of working at home, we made sure they could work at a Covid-secure office. And we put strict Covid protocols in place to protect staff that continued to work at our LiveSmart schemes for older residents or were providing essential services on our estates.

We promoted our in-house Mental Health First Aiders service, Wellbeing Matters hub, and Employee Support programme to staff, and also carried out wellbeing checks and helped staff with wellbeing self-assessments and wellness action plans.

To mitigate against loneliness and isolation, we created Clarion Connections – to facilitate regular chats between colleagues.

A series of webinars were held to promote wellbeing, looking at things like meditation, stretching and gentle exercise.

We also provided information and guidance on managing anxiety and stress, particularly in relation to Covid-19, lockdown, isolation, shielding, restrictions easing and the new normal.

From the start we have continually updated information regarding Covid-19 in line with government guidance – ensuring that staff can access reputable sources of information, debunking some of the myths circulating on social media.

## Governance continued



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 per cent of our workforce, and our gender pay gap currently stands at 5.22 per cent – significantly smaller than the national average of 15.5 per cent in 2020.

We invest in our people and are committed to rewarding and compensating people who do equal work irrespective of their gender.

Our lowest paid staff are paid at least the Living Wage and our chief executive to average pay ratio is 10.6:1. This is a fraction of the ratio found in a typical FTSE 100 company where chief executive pay is over 100 times more than the median worker.

We also provide a 24-hour Employee Assistance Programme, and a range of training via our Learning Platform and our Wellbeing Matters programme for staff provides a one-stop shop for people to get the right support at the right time. In addition, we have a team of trained Mental Health First Aiders.

### Our priorities for 2021/22

- Adopting a hybrid style of working, enabling our people to work wherever they can best carry out their role on any given day.

### Supply chain

Clarion is committed to working in partnership with our key suppliers to deliver increased social value for our residents and reduce the environmental impact of the goods and services we use.

### Making a difference

Social value and environmental impacts are among the criteria for all major procurements of goods and services costing £250,000 or more.

Clarion is committed to using its buying power to drive social change. When procuring new services we consider each bid not only on the basis of price, but also how it will improve the economic, social and environmental wellbeing of our residents and communities.

Environmental impacts are considered by assessing purchases against the goals and action areas of our sustainability strategy.

Our three contractor partners under our 20-year planned investment contract have to meet targets for levels of carbon emissions and waste.

New requirements for sustainability and environmental performance of contractors have been introduced through our Sustainable Development Roadmap for the development of new homes and will be implemented from 2021.

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.

### Our priorities for 2021/22

- Expanding the scope of our work on social value in our supply chain, including greater measurement.
- Reviewing our sustainable procurement policy and processes.
- Refining the way we measure the environmental impacts of our supply chain.



## Working with our contractors to improve lives

As part of the procurement process for major long-term contracts to maintain and improve our homes, we included a requirement for the delivery of social value which makes up 5% of the overall evaluation score.

Each year we track the delivery of social value through KPIs that are part of the contracts we have with our major contractors. Where the demands of certain elements of social value change, which was the case during the pandemic, we work with our contractors to change the terms of the contracts to deliver the social value required. This gives us flexibility to meet changing demand and ensure that our partnerships with contractors generate social value – providing tangible benefits for residents and communities.

In 2020/21, our contractors delivered more than 800 social value initiatives benefitting our residents, including apprenticeships, training sessions, vocational qualifications, improvements to community buildings, and donations of electronic devices, equipment or services.



**CLARION**  
HOUSING GROUP

## Clarion Housing Group



[clarionhg.com](https://clarionhg.com)



[@clarion\\_group](https://twitter.com/clarion_group)



[clarion-housing-group](https://www.linkedin.com/company/clarion-housing-group)



[@clarionhousing](https://www.facebook.com/clarionhousing)

Clarion Housing Group Limited is a charitable Registered Society (Reg No 28038R).  
Registered with the Regulator of Social Housing (Reg No LH4087). VAT No 675 646 394.  
Registered office: Level 6, 6 More London Place, Tooley Street, London, SE1 2DA.