Clarion Housing Group Annual Report and Accounts

2023/24

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We are Clarion Housing Group

We have been providing homes for those who need them most for nearly 125 years, when our founder, Victorian philanthropist William Sutton, left his £1.5 million fortune to provide social housing for the key workers in London.

More than a century later, we have grown to become the largest housing association in the UK, with 360,000 residents and 125,000 properties.

The work of our 4,000-strong team is driven by the needs of our residents and based on a responsible and sustainable approach to using our resources.

We invest today to meet the challenges of tomorrow in building homes fit for the future and we are committed to becoming a net zero organisation.

Through our development arm, Latimer, we are building new homes across the country - with almost 20,000 new homes in the pipeline and over 9,000 new homes built in the last five years.

People are at the heart of what we do and our charitable foundation, Clarion Futures, gives our residents opportunities ranging from skills training and career help to support them put down roots and sustain their families.

We strive to go above and beyond for our residents and where things have gone differently to how we expected, we learn and adapt our ways of working.

Our corporate strategy

Customer

Vision

We provide positive experience tailored to meeting residents' housing needs now and in the future.

Strategic objectives:

Positive experience

We provide housing services in an easy and accessible way, through a variety of resident channels and aim to deliver a positive experience every time a resident engages with us.

Shaping services

We work with and listen to our residents so together we continually improve our services and local neighbourhoods.

Improving life chances

We create opportunities by helping more people to find work, develop digital skills and effectively manage their finances whilst leveraging our scale to optimise our social value.

Successful tenancies

We provide additional support for vulnerable residents who need help to sustain their tenancy.

Local partnerships

We build effective local partnerships so we can advocate on behalf of our residents.

Homes

Vision

We build and improve sustainable homes and communities creating places where people want to be.

Strategic objectives:

Improving homes and communities

We use our insight and investment so that our homes and neighbourhoods meet our ambitious standard by 2050, with thousands being improved each year.

Safety first

We take a whole building approach to safety, which means always putting our residents first.

Well-maintained

We focus on our residents through all our property services, providing quality and reliability.

Sustainable homes

We deliver and manage quality net zero carbon homes and sustainable neighbourhoods that reduce running costs, improve access to nature and are built for the future.

New homes

We will increase our new build pipeline while delivering 2/3 of new homes as affordable tenures.

Business

Vision

We run our business sustainably, making a positive social impact.

Strategic objectives:

Financial stewardship

We run the business efficiently, optimising capital and resources whilst demonstrating financial discipline to ensure a strong and robust financial profile.

A sustainable business

We will give back more than we take from the natural environment.

Good governance

We are a forward-thinking business that acts with honesty, integrity and compassion.

Digital foundations

Optimised technology for Clarion, our people and communities.

Leading with influence

We have a clear, consistent and ethical reputation, use our voice to shape our operating environment and inform thinking.

People

Vision

A great and inclusive place to work. Together, we create a resident-focused, positive, inclusive workplace where our people can make a difference.

Strategic objectives:

Engagement

Our people are engaged, feel they are informed, listened to and involved.

High performing people and teams

We have the right capabilities to be successful.

Leadership

Our leaders are inspirational and authentic, creating high performing teams through clear direction, open communication and living our values.

Inclusive

People feel confident sharing their experiences, we celebrate our differences and our workforce is representative of the communities we work in.

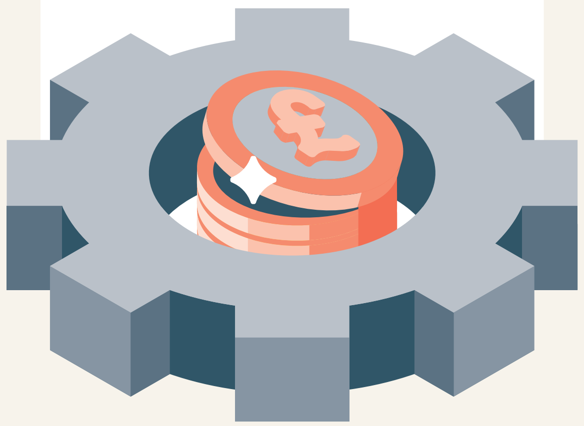
Growing together

We support people to develop and achieve their full potential while building the skills we need for the future.

2023/24 highlights

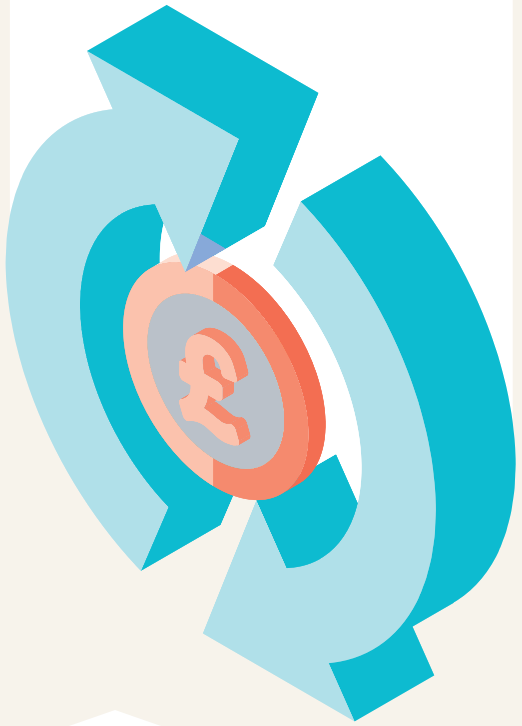
£237m

operating surplus



£993m

turnover

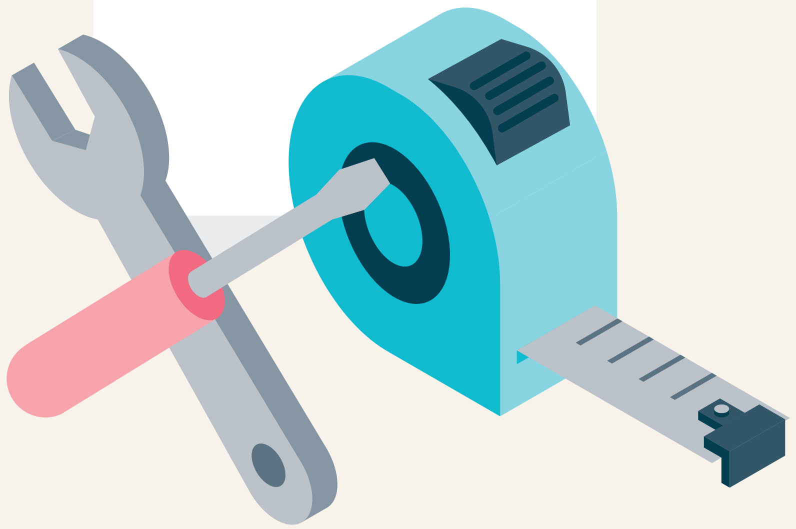


83.8%

customer satisfaction

£418m

spent on improving and maintaining our homes



1,538

new homes built, of which 67% were for affordable tenures

Statement from the Group Chief Executive

Despite a year of significant and unprecedented challenge, I am pleased to report a stable financial performance in our audited results. With supply chain costs increasing far above inflation, the introduction of significant regulatory changes and the growing need for investment in our existing homes, we have weathered these challenges to the best of our ability. Our underlying financial strength also means we can look ahead with some confidence to hopefully a calmer and more stable environment moving forward.

We strive to provide an excellent service to our residents, whilst carefully managing our resources to maintain Clarion's financial sustainability over the long term. Building an organisation fit for the future has been a core part of our work this year, and I'm proud of the work our 'Connect' programme is achieving.

Over the last 12 months, we have reviewed the delivery of our services such as repairs and managing the condition of our homes while striving for greater efficiency and providing value for money. We have also reviewed our operating model, processes, systems and structures. Over time, Connect will transform the way we work to improve our homes and services to meet the evolving needs of our residents.

We remain committed to building many new homes and we are poised to support the new government. However, we are now seeing the devastating impact of the housing crisis, in particular, the millions of pounds being spent on temporary accommodation. This is an unprecedented financial burden for our local government partners.

The economic headwinds we have battled this year have demanded a more cautious approach to development, which is reflected in the number of new homes we have completed compared to the previous year. Our delivery of new homes still represents a strong performance at over 1,500 new homes built – the majority of which were for affordable tenures – with sustainability at the forefront.

We must do everything we can to reduce our impact on the environment and are fortunate to have some of the industry's experts working for Clarion. With more than 5,000 homes now retrofitted, we have real evidence to demonstrate the action we are taking to meet our sustainability goals.

We could do so much more and as we look towards the next few years. I am optimistic that the new government recognises our potential to tackle the challenges our country faces. We are ready to deliver more social and affordable homes with over 20,000 new homes in our pipeline. But we need to see a significant increase in financial support to build more social housing. We need a long-term rent settlement that provides our sector with the financial security to plan for the future. We need an urgent injection of resources for our public services, many of which are broken. This will enable us to focus on providing the best possible service for our residents, as opposed to trying to fill the gaps left by statutory services that have run out of resources.

I also hope that green shoots of improvement in the economic environment lead to a plan for growth. Inflation is reducing and we saw a moderate recovery in house sales in the final quarter. Our careful financial planning has left us in a good position at the end of the year, and our Connect programme will set us up to deliver our mission: to provide and maintain homes for those that need them most.

I am immensely proud of our whole team who continue to be flexible, innovative and determined so that our residents are safe and comfortable in their homes and know how to access our services when they need them.

I would like to thank all my colleagues for playing an integral part in our progress over the year, and a special thank you to our Chairman, David Avery, who is stepping down after a five-year term, leading the Board through some significant moments for the sector with an unwavering commitment to making a real difference to society.

I welcome our new Chairman, Jock Lennox, and look forward to working with him to make even greater progress.

Clare Miller

Clare Miller
Group Chief Executive

Photo: Clare Miller, Group Chief Executive

Statement from the Group Chair

As I reflect on the past five years as Chairman of Clarion Housing Group, I am reminded what a privilege it has been to work alongside such dedicated colleagues. How we have adapted, and innovated in order to meet the needs of the residents we serve in this ever-changing environment has been remarkable. From the global pandemic to the disruption of a major cyber-attack, our sense of purpose has never faltered. The true test of these challenges has been what we can learn, and I can honestly say Clarion is a better organisation for every challenge it has faced.

The performance reported in this Annual Report has not been without hard work and dedication to our core purpose and this is reflected in our independently measured customer satisfaction scores, which have consistently exceeded our target each month.

Rising costs have impacted our business and we are acutely aware of the impact it has had on our residents. Our Money Guidance Team saw an increase of 40% in the number of households they helped compared to the previous year, and a 60% increase since 2020/21 – a clear sign of the times.

Our colleagues have also been seeing first-hand the impact the gaps in other public services are having on our residents. Changes have been made to how we record vulnerabilities, and we have delivered training to spot the signs of vulnerability and signpost to the appropriate specialist support. Local authorities are under severe financial pressure, which directly impacts social housing residents and the pressure on housing associations in terms of skills, resource and budgets.

We are looking forward to the new government applying a much greater focus on the housing challenges in the UK, and with a current pipeline of almost 20,000 homes, Clarion is ready to work with government to unlock more housing delivery at pace.

We have continued to advocate for our residents throughout the year, and one of the achievements I am most proud of is the enhancement to our governance structure through the introduction of our new customer committee. The committee comprises six residents, each with unique skills and expertise, that are helping to shape and improve our services. This compliments the arrangements we already have in place with residents making up a third of the Housing Association Board.

As I prepare to step down as Chairman, I am confident that Clarion is well-positioned for continued success in the years ahead. Our Board and Executive Team are committed to driving the organisation forward and maintaining the philanthropic roots we are founded upon, and I would like to thank them for all their support as I hand over the reigns to Jock Lennox, who will officially begin his role as Group Chairman on 31 July 2024. Until then, I will work with Jock to ensure a smooth transition and wish him the best of luck as he embarks on this rewarding journey.

David Avery
Group Chair

Photo: David Avery, Group Chair

Leaders' perspectives

Richard Cook
Group Director of Development

Q What challenges did the business face over the past year?

A We've seen a lot of contractors cease to be able to stay afloat and have had to adapt quickly where projects have gone from being profitable to breaking even. Other challenges have been dealing with changing fire safety regulations, where we've had to redesign several projects, and unprecedented delays in the planning system which have had a knock-on effect on our schemes.

Q What achievements are you most proud of from the year?

A Rather than waiting for changes to happen we redesigned our projects ahead of new legislation over things like having extra staircases, to maintain momentum. Our in-house expertise enabled us to deal with contractor insolvencies and support our supply chain to get projects over the line. One of our biggest developments to date, a 7,500-home scheme in Colchester, took a big step forward after a successful consultation on a plan that has been sent to the government for final approval. This will be a real place-making opportunity.

Q What are the opportunities ahead?

A I'm more optimistic as affordability of mortgages improves and confidence rebuilds. We have a strong development business and the skills to bring major projects to fruition - whether they are regenerating brownfield sites or creating large communities.

Mark Hattersley
Chief Financial Officer

Q What challenges did the business face over the past year?

A We have strived to strike a balance between responding to the increasing need for our services and making sure that we are operating in a long term and sustainable way. We must make decisions over what to prioritise today while making sure that our work will continue for generations to come. Navigating our way through this is no easy task and sometimes difficult decisions must be made. The bottom line is we stretch every penny we spend to be as efficient and effective as we can be.

Q What achievements are you most proud of from the year?

A The finance team has continued to work with the wider business to help determine what we can do today and what we'll do in the future. We've made huge strides in our internal processes to encourage greater collaboration in our shared mission of providing homes for those who need them most. Despite the difficulties in the economy, we have successfully raised hundreds of millions in new funding and continue to be highly rated by credit agencies.

Q What are the opportunities ahead?

A We expect the housing market to gradually recover, so we can accelerate the delivery of more affordable housing. There's also a real opportunity to keep improving the relationship we have with our residents, as part of our ongoing efforts towards greater effectiveness, and supporting our colleagues in the work they do.

Catrin Jones
Group Director of Corporate Services

Q What challenges did the business face over the past year?

A A major task has been trying to pre-empt future changes in regulation and legislation in areas such as building safety so that we are as prepared as we can be for what lies ahead. Another test we have faced is ensuring we can retain and recruit talent especially in our neighbourhood teams. The level of scrutiny and pressure on housing associations has undoubtedly had an impact on our teams who work so hard for our residents.

Q What achievements are you most proud of from the year?

A We continue to help our people to build careers and invest heavily in learning and development. More than 60,000 e-learning modules have been completed across the organisation and over 3,000 colleagues have taken part in our Clarion & You culture programme which aims to embed our values and reinforce how we work best together. We've also enhanced the way we manage risk and have developed our crisis leadership capability - running simulations where senior leaders have had to work through a complex scenario and respond in real time.

Q What are the opportunities ahead?

A We're committed to being fit for the future, resilient and agile so we can adapt to our residents' needs and support our people in the work they do. We are an evolving organisation and we will find new approaches and creative solutions. Maximising the potential of our technology is our greatest opportunity as this will gift our people more capacity to do what they are so passionate about, making a difference to our residents.

Rob Lane
Chief Property Officer

Q What challenges did the business face over the past year?

A We have spent a lot of time reviewing feedback from residents, complaints and lessons learned in order to continuously improve our approach to managing repairs needed by our residents. The demand for and cost of repairs has escalated over the last two years, so we have been streamlining our processes to make it easier for residents to request support. Another challenge has been where we have needed to prioritise those buildings in most need of upgrading, and we have been conducting detailed property surveys to help us with this.

Q What achievements are you most proud of from the year?

A I'm really pleased with the work we have been doing to look at how we diagnose and schedule repairs and areas where we can become more productive, in partnership with our colleagues and residents. Being open to change and embracing the opportunities it provides is already resulting in real improvements to the services we provide. Completing the final step of in-sourcing all of our routine repairs by bringing Kent and Merton into Clarion Response, our in-house repairs service, has been a major highlight.

Q What are the opportunities ahead?

A We have undertaken a major audit of how we work, to focus on areas where improvements can be made. Our findings will inform where we can test out and develop new ways of doing things in the future. It's a big task but I'm confident that we can continue to make improvements which will benefit not only our residents but our colleagues too.

Michelle Reynolds
Chief Customer Officer

Q What challenges did the business face over the past year?

A It's been a really tough time, especially for our residents. The cost-of-living crisis and pressures that brings has resulted in residents needing greater support from us. It's been increasingly difficult to get mental health support and adult social care, and there has been huge pressure on our colleagues working to help residents with complex needs. As a result, we have been working hard to make enhancements in the way we record vulnerability and assist vulnerable residents.

Q What achievements are you most proud of from the year?

A Our increasing focus on improving the services we provide and trying to make sure we're easier to transact with. One example of this is the work we started to have a much greater presence in the areas where our residents live - freeing up more time for our colleagues to spend working with residents in our neighbourhoods and communities.

Also, it's been great to have the input of our new Customer Committee, who have been discussing priorities such as upcoming legislative changes and the introduction of Awaab's Law, and have provided valuable feedback on our online repairs reporting system.

Q What are the opportunities ahead?

A The coming year gives us a real chance to have our colleagues spending more time out and about working to help residents, and to be much clearer about the added benefits we offer above and beyond being a landlord. It's an opportunity to not only manage expectations through an understanding of what we can offer, but to demonstrate how we deliver on our promises.

Han-Ley Tang
Chief Technology Officer

Q What challenges did the business face over the past year?

A We were confronted by multiple pressures, working in a difficult economic environment amid growing expectations and demands on technological solutions. We needed to streamline a mix of systems and processes and provide a sustainable platform to deliver for our colleagues and customers. A key task was to change from responding to issues to taking a more strategic and proactive approach. This has meant taking stock and looking at new ways of working, to fully exploit the opportunities of a digital first approach.

Q What achievements are you most proud of from the year?

A We began building a new senior team, bringing in new expertise and taking back control over things that were previously outsourced, such as software development. Working with colleagues across the organisation, we have developed a blueprint for the future. This involves prioritising key areas such as cyber security and our interactions with residents, with technological solutions based on tried and tested processes. It also means collaborating with the people who will use the technology. An example of this has been a successful pilot to provide updated smart phones with centralised device management to our repairs teams.

Q What are the opportunities ahead?

A The coming year is a platform for our new approach to technology to become fully embedded across the organisation, working with colleagues to come up with sustainable solutions aimed at driving better performance. Our focus is on getting the basics right, seeking quality rather than quick fixes, developing our in-house talent and reducing our reliance on external consultants.

Catherine Thomas
Group Director of Corporate Affairs

Q What challenges did the business face over the past year?

A There has been intense media and political scrutiny of housing associations. As the country's largest social landlord, we have been in the spotlight and have worked hard to place individual instances in their wider context. There is always room for improvement but the majority of the 360,000 residents we look after consistently tell us that we are doing a good job and meeting their expectations.

Q What achievements are you most proud of from the year?

A Our colleagues have told us how much they value opportunities to collaborate and share ideas and last year we embarked on a national roadshow to discuss our strategy in detail and provided opportunities for colleagues to challenge traditional methods, share stories and best practice.

Other highlights include successful campaigns promoting gas safety and boosting the number of residents able to manage their accounts and request repairs and other services online. We've also supported residents throughout the cost-of-living crisis with regular communication promoting access to money guidance and job skills and training. Our leadership has really been demonstrated through our net zero ambitions and we regularly seek out opportunities to share our pilot learnings and best practice through speaking events, round table discussions and stakeholder engagement.

Q What are the opportunities ahead?

A Influencing the political focus on housing, both in terms of the need to build more homes and how the housing sector is funded in the long term remains a key objective and we are looking forward to working closely with the new government. We will continue to campaign for a long-term plan for housing and we will be ever more proactive in making our case in support of our wider mission to provide homes for those who need them most.

Community centre in Bow

Resident and Clarion colleague in Merton

"Our charitable foundation, Clarion Futures, worked with more than 6,000 households to help them manage their money in 2023/24."

Our residents

Accountability

We work closely with our residents to develop services that they want and need and hold ourselves fully accountable on those occasions when things may not go according to plan. During the year we continued to enjoy a constructive dialogue with the Housing Ombudsman, working together to enhance the ways in which we help our residents.

We have also been working on enhancing the way we deal with new residents in response to their feedback and introduced a new process where people moving into our homes are provided with a comprehensive welcome pack explaining the services we offer and how they can access them. This new approach involves calling our new tenants to see how they are getting on once they have moved into their new homes.

We have gone back to basics in committing to do our best by our residents, setting ourselves high targets in areas ranging from safety and maintenance to the support we offer with money problems and skills training. Our commitments also cover issues such as tackling antisocial behaviour, resolving complaints, and keeping estates clean and secure.

In 2023/24 we began sharing data with our residents on our performance against our commitments, where we have been exceeding our targets in many areas and making significant progress in others.

We also made it easier for our residents to contact teams dealing with specific areas without having to go through a general point of contact.

We have been working to enhance our data collection and management to make it easier to highlight cases where additional support may be needed, as well as creating a new system where repairs teams can report any issues that come to their attention when visiting residents.

We strive to raise standards in all that we do, and more than eight out of ten residents told us they were happy with the service they received from us during the year.

For the second year running our development arm, Latimer, was awarded the Gold Award for customer satisfaction at the Housebuilder Customer Satisfaction awards.

Engagement

Reviews by regional resident committees have identified improvements that can be made in areas ranging from the provision of home aids and adaptations, such as handrails and stair lifts, to how we deal with antisocial behaviour and engage with residents on sustainability.

In response to feedback from our residents, we hosted webinars during the year to provide expert advice on dealing with leaks, condensation, damp and mould.

A helping hand

Our residents are being hit hard by the escalating cost of living, and our annual survey of residents revealed how more than half (56%) felt worse off during the year compared to 2022/23. More than three quarters (77%) have had to cut back on household spending. And one in five (20%) have gone hungry in the last year because they couldn't afford to buy food.

Responding to requests for help, our charitable foundation, Clarion Futures, worked with more than 6,000 households to help them manage their money in 2023/24.

More than 3,600 special grants were made to help residents in hardship cover the cost of energy and food bills and almost 8,000 people were helped into jobs, training, or self-employment during the year.

Clarion Futures also distributed more than £1.5 million in funding to organisations including food banks, community groups and local charities.

We were able to expand our warm spaces programme, thanks to £478,500 in funding from The Rothesay Foundation and Travis Perkins. This meant we were able to offer warm spaces in more than 50 locations - double the number of the previous year - and distribute 'warm packs' that include things such as an electric blanket, draught excluder, room thermometer and heating timer, as well as warm clothes like hats, gloves and socks.

Our homes and communities

Pilot Future Homes Standard development, Peasecroft

Progress

Several developments were under construction during the year, including affordable housing schemes in Leatherhead, Surrey, and Hertsmere, Hertfordshire.

We also welcomed our first residents at a new development in Chichester, Sussex, where 37 homes have been built for social rent, in 2023.

We are transforming neglected pieces of land and breathing new life into historic locations, playing our part in preserving heritage. Our Twyford Abbey redevelopment in Ealing, London, is a case in point. The grade II listed manor house is at the heart of a development of almost 300 new homes - half of which will be affordable housing - and construction began in March 2024.

In York, our £83 million Cocoa Works and Cocoa Gardens redevelopment of the city's former Rowntree factory and gardens continued to progress. The scheme will see almost 600 homes built, with around a third for affordable housing.

Our construction work also brings investment into local communities while it's underway, 82 apprenticeships were created as a result of our development projects over the year.

Building for the future

During the year we announced a partnership with Octopus Energy and The Hill Group to deliver the UK's biggest 'Zero Bills' development - where residents will have no energy bills for at least five years. Some 89 homes are being built in Newport, Essex - 25 of which will be for affordable rent and shared ownership - with solar panels, high-quality insulation, heat pumps, and home storage batteries.

We have also been building energy efficient homes in Cottered, East Hertfordshire, in line with the government's Future Homes Standard expected to come into force in 2025. Once residents have moved into the seven homes for affordable rent, we will monitor the performance of the properties on things like temperature and humidity levels, ventilation and energy consumption, and report our findings to the government.

Sustainability is a key part of our new developments and during the year the Next Generation sustainability benchmark rated our development arm, Latimer, as the UK's most sustainable not-for-profit housebuilder for the second year running. The ranking is based on social, economic and environmental performance and we also came third out of the country's top 25 developers of new homes.

Regenerating communities

We invest in communities across the country, breathing new life into areas in need of rejuvenation.

One of our largest regeneration schemes, a £1.8 billion programme to replace several ageing estates in Merton, London, with 2,800 homes, is coming to fruition. In January 2024 construction began on the Eastfields estate, where 800 of the new homes will be built. During the year the government approved compulsory purchase orders that will enable the biggest estate regeneration scheme in Merton's history to proceed as planned. The approval came after a public inquiry into the proposals earlier this year, which resulted in no objections.

Maintaining existing homes

Our 700-strong in-house repairs team, Clarion Response, looks after our homes across the country, and during the year the productivity of our repairs operatives rose significantly - from 2.5 completed repair jobs a day in June 2023 to 3.3 in March 2024.

We also continued to roll out a new repairs system which provides a greater level of information about individual cases.

A specialist team dealing with leaks, condensation, damp and mould monitors around 1,000 live cases during the winter months - with Resident Liaison Officers assigned to around 360 live cases. This case management approach is leading to issues being resolved more quickly than previously with residents having a single point of contact throughout.

During the year we carried out nearly 23,000 surveys of our homes to assess their condition.

Our investment work has become more project based, with priority given to improving the fabric of our homes but we still continued to upgrade individual properties, with more than 400 kitchens and 300 bathrooms and almost 3,000 windows and doors replaced. In addition, we put in more than 250 new heating or electrical systems and replaced almost 150 roofs.

In October 2023, we recruited a specialist team to deal with more complex major repairs, which completed more than 180 projects during the year.


REACH event at London Bridge office


Building safety event


Locton estate, Bow


Clarion colleague


Clarion colleagues in Merton

Our people

A force for good

We're in the business of helping people - providing homes for those who need them most and delivering great service. We do this thanks to the dedication of our 4,000 colleagues, all committed to making a difference.

Our people are our most valuable asset and we care and invest in them. Not just in terms of remuneration but also in recognising their commitment, supporting their progress in an inclusive working culture where they can be their best - and true - selves.

Strength from diversity

The diversity of the communities we serve is reflected across our organisation, with 22.5% of our colleagues from ethnic minorities, and men and women are equally represented on our Group Executive Team.

In terms of diversity at senior level, we have seen a significant improvement. The proportion of ethnic minority colleagues in leadership roles reached 13.98% during the year, up from 8.35% in 2022/23. The change has been driven by factors such as our policy of applying the 'Rooney rule' when recruiting to leadership roles, which ensures that at least one ethnic minority candidate is shortlisted for an interview. We also train our managers to guard against unconscious bias.

During the year we also successfully renewed our status with the Department of Work and Pensions as a Disability Confident Employer and developed a new tailored adjustments policy which has been praised by the Business Disability Forum. The policy goes beyond what is required under the Equality Act as it is open to all colleagues, not just those with protected characteristics. Examples of adjustments to help colleagues in the workplace include specialist seating and provision of assisted software and IT equipment.

Our equality, diversity and inclusion (ED&I) credentials were highlighted by the Greater London Authority during the year. It commended us for the ED&I action plan we submitted to the GLA as one of the conditions for the funding we receive from its Affordable Homes Programme. And we were invited to present the plan to more than 30 GLA suppliers at a Best Practice Showcase at City Hall last November.

Pay parity

We made major progress in closing gender and ethnicity pay gaps during the year. Our median gender pay gap was 4.94% as of 5 April 2023, which is far below the 14.3% national average. Our median ethnicity pay gap was practically non-existent, standing at 0.39%.

Investing in talent

From our apprenticeship programme and graduate training scheme to the support we give to colleagues looking to gain new skills and qualifications, we are focused on supporting our people in their professional development.

An example of this is our investment in creating future managers. During the year we sent almost 100 colleagues on management apprenticeships run by Imperial College Business School and workplace training provider Corndel. This leads to a recognised qualification from the Chartered Institute of Management. We also enrolled almost 50 colleagues on the Imperial College London & Corndel Data-Driven Professional Apprenticeship, to boost our in-house skills in using data.

During the year colleagues across the organisation took part in our Clarion & You culture programme, which reinforces our values with more than nine out of ten rating it as effective.

In addition, more than 400 of our managers completed our Managing for Success training to develop their leadership skills.

All of our directors took part in a bespoke leadership development course, and we funded almost 50 colleagues to complete professional qualifications such as MBA courses.

Another development during the year was a new mentorship scheme which we launched in February 2024, starting with 19 mentors from across the organisation who are supporting colleagues with their career development.

Our business

Careful management

The Regulator of Social Housing gave us its highest possible rating of G1 for our governance once again in 2023/24 and rated us V2 for financial viability - assessing us as having the financial capacity to deal with a reasonable range of risks.

During the year, Jeremy Newman, former Global Chief Executive Officer and UK Managing Partner of BDO, and ex-Chair of the Audit Commission, joined our Group Board as a Non-Executive Director and Chair of our Audit and Risk Committee.

Open and honest

Transparency is an integral part of how we work. During the year we have worked hard to prepare for a new reporting regime where housing associations are required to report data about their performance to the Regulator of Social Housing.

The new Tenant Satisfaction Measures came into force this year and include statistics based on perceptions of our performance. As part of our preparations for the new reporting system, we have developed a group scorecard and a single repository for the data. The scores are available on our customer website **www.myclarionhousing.com**.

We took the decision to publish our scores externally ahead of the Regulator, as have many other housing associations and have seen that the challenges faced by those of a similar size, that also build homes and have a large presence in urban areas, are likely reflected in our scores. The scores align with our own identified improvement areas which are areas we have been prioritising, such as complaints handling. To this end, we expect our scores to improve next year.

Firm fiscal footing

We balance the daily demands for our services with making sure that we are in a strong financial position to continue our work for the foreseeable future. This is based on constantly seeking ways to make our resources go further while carefully managing risk.

We are highly rated by leading credit agencies. During the year Standard & Poor's affirmed our A- rating, with a stable outlook, and noted that it expects us to "mitigate cost pressures and contain debt" and continue "enhancing" the provision of our services.

Moody's rated us as A3, and changed its outlook from "negative" to "stable". It praised the steps we have taken "to mitigate the adverse effects of the weaker operating environment, thereby limiting development risk".

Our robust credit ratings enable us to take advantage of funding markets and secure investments and loans to fund the new homes we build each year.

The credibility we have in the financial sector, with our reputation for fiscal prudence and stability, was reflected in a new £150 million loan facility that we were able to agree with ABN AMRO Bank in March 2024, as well as increasing a loan facility with an existing bank by £50 million at the same time.

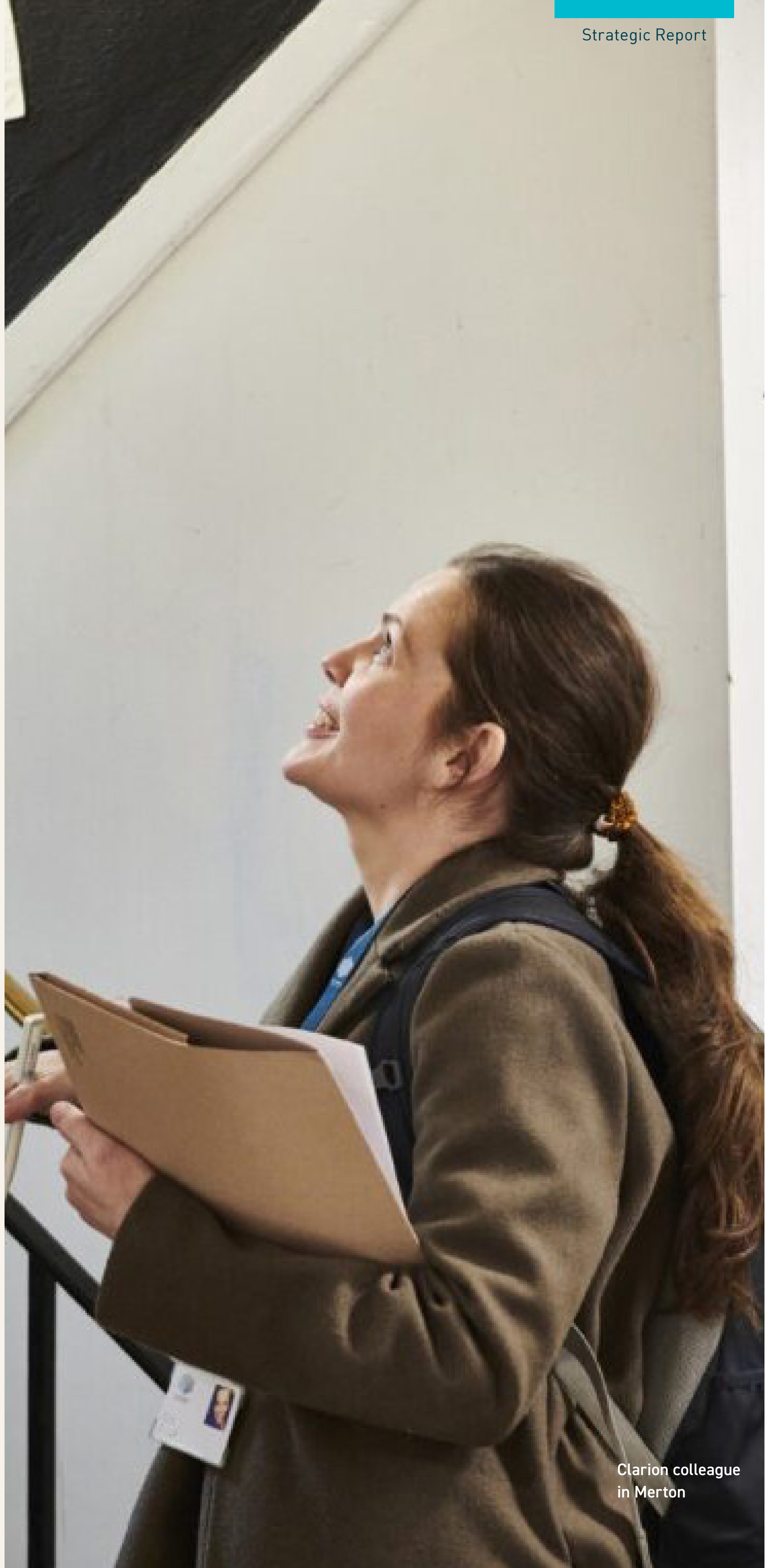
Making our case

As the country's largest social landlord, we are well positioned to lobby for policies that will help us to help our residents, such as making the building of new homes for social rent more financially viable.

During the year we contributed to a number of Parliamentary inquiries looking at issues ranging from energy bills to young people and the built environment to shared ownership. In June 2023, we welcomed the news that funding from the Government's Affordable Homes Programme 2021-26 can now be used to fund replacement homes, alongside new affordable homes, as part of wider estate regeneration plans. The announcement by Homes England came after repeated calls by us and others seeking government support for regeneration programmes.

Technological transformation

We invest in business intelligence tools and digital solutions to help increase the speed, quality and impact of our work. During the year we established a new system to bring together details of all our developments and track the stages they are at. We are also overhauling our IT systems and processes and bringing in new talent to boost our skills in-house and reduce our reliance on external consultants.



Clarion colleague in Merton

Sustainability vision

We are committed to becoming a net zero organisation by no later than 2050, and sustainability is embedded in our work to build better futures for people and places. Our suppliers are working with us to reduce waste and emissions, use less energy and water, and increase recycling and the use of sustainable materials.

We report on our progress against 48 Environmental, Social and Governance (ESG) criteria in the Sustainability Reporting Standard for social housing which we helped to develop. Further details of how we are helping not just people, but their wider environment and ultimately the planet, are in our annual report of ESG performance and impact, our 'Making a Difference' report.

Best practice

Some of the country's top building safety experts, such as Dame Judith Hackitt, attended an event we hosted in September 2023 to showcase a bespoke system we have developed to create virtual versions of our high-rise buildings. It provides a detailed digital record of all aspects relevant to fire and structural safety, such as details of components in the buildings and the results of inspections and completed works.

Streamlined energy and carbon reporting (SECR)

Figure 1 (opposite) outlines Clarion Housing Group's energy use and carbon emissions, including its subsidiary businesses, for the 2023/24 financial year. This disclosure in line with the Government's Streamlined Energy and Carbon Reporting (SECR) methodology as defined by the Environmental Reporting Guidelines (March 2019) and as required in The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Energy efficiency actions

Over the past year, Clarion has continued to embed sustainability throughout the business, acting to better understand the sources of our emissions and opportunities for reductions, improve the availability and quality of our data, and develop strategies to aid our journey toward net zero. The below outlines some of the energy efficiency actions undertaken as part of this work. To compliment this disclosure the Group's comprehensive carbon footprint, including Scope 3 emissions, will be published within our annual ESG report, 'Making a Difference'.

Transport Fleet

Last year, Clarion trialed a telematics system, Lightfoot, in a portion of our van fleet. The system provided real-time data to operatives on their driving, with feedback encouraging more fuel-efficient driving practices. The trial resulted in an average fuel savings and CO2e emissions reductions of 7% across the vehicles involved. This year, following the trial's promising results, Lightfoot was adopted fleet-wide, enabling further fuel and emissions savings on Clarion's journey to a Net Zero fleet.

While fleet emissions have increased since our previous disclosure, this can be attributed to a sizeable increase in the number of vans we operate, as a result of bringing more of our work in-house to better support our customers. Between April 23 and April 24, the fleet increased in size from c.760 vehicles to c.900.

While we are striving to electrify our fleet, we are also exploring alternative mobility options in situations where a van may not be necessary. In late 2024, Clarion operatives are trialing e-cargo bikes and electric nano-cars.

Beyond the van fleet, we are also striving to electrify our company cars. Our company car fleet now comprises of 47% alternative fuel vehicles (12% EV and 35% hybrid), up from 28% in the preceding year.

Workplaces

Clarion continued to use Renewable Energy Guarantees of Origin (REGO) certification for electricity for all supplies within our central energy contract throughout 2023/24. This includes a range of use cases - from the electricity used within our workplaces, to communal areas within our housing stock. The emissions avoided through REGO purchases are reflected in the 'market-based' reporting within Figure 1[1].

Our workplaces continue to strive for energy efficiency in operation, such as installing PIR sensors and LED lighting as standard across our portfolio. A focus this year has been improving the data quality for energy use across our workplaces and performing energy audits across a number of sites to determine site-specific actions to increase energy efficiency. To further this, in the coming year, works will begin to transition our workplaces' manual energy meters to smart meters.

Heat Networks

During the financial year we instructed an external consultant partner to support an analysis of the performance of the heat networks that serve our housing portfolio and shed light on the opportunities available over time to decarbonise them.

Our Heat Metering Team is also evaluating and progressing opportunities to optimise existing heat networks, with several optimisation studies funded by the Heat Network Efficiency Scheme (HNES) to help facilitate this.

Methodology

This information was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019. Emissions have also been calculated using the latest conversion factors provided by the UK Government (2023).

Figure 1: Summary of energy use and carbon emissions

	2023/24	2022/23	YoY variance (%)
UK Energy use (MWh)			
Electricity	**26,497**	28,978	-8.6%
Natural gas	**69,804**	75,685	-7.8%
Van fleet	**13,828**	11,259	22.8%
Grey fleet + company operated cars	**2,744**	1,739	57.8%
Total	**112,873**	117,661	-4.1%
Associated Greenhouse Gas (GHG) Emissions (tonnes CO2e)			
Electricity	**5,962 [868*]**	6,116 [673*]	-2.5% [29.0%*]
Natural gas	**12,770**	13,815	-7.6%
Van fleet	**3,502**	2,876	21.8%
Grey fleet + company operated cars	**662**	428	54.7%
Total	**22,896 [17,802*]**	23,235 [17,792*]	-1.5% [0.1%*]
Intensity Ratio (tCO2e/£m revenue)	**23.07 [17.94*]**	23.06 [17.65*]	0.1% [1.6%*]

* The figures presented in square brackets reflect Clarion's investment in Renewable Energy Guarantees of Origin (REGOs) for all electricity supplies within our Group energy contract. Under the Greenhouse Gas Protocol, this is called 'market based' reporting, as opposed to 'location based' reporting. Location-based reporting, while mandatory to report on under SECR, does not consider the electricity supply contracts/arrangements a company has and instead uses a national carbon emissions factor for the electricity consumed. As Clarion's REGO-backed electricity is classed as renewable, the only emissions associated with our electricity use under a 'market based' approach are associated with the transmission and distribution losses of the national grid.

An 'operational control' approach has been used to define the Greenhouse Gas (GHG) emissions boundary, as defined in the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition).

This year, our data completeness has increased with the addition of energy supplies that sit outside the Group's central energy procurement contract, including energy supplies for workplaces, and landlord supplies for Group subsidiary Grange Management. In light of this, energy use for the previous reporting year has also been re-baselined to include these additional supplies.

A small discrepancy in van fleet fuel use within our 2022/23 disclosure has also been corrected, resulting in a small uplift in associated emissions and energy use.

There remain a number of energy supplies that are not currently under the Group's central energy procurement contract and are not captured within this disclosure, due to a lack of data availability. We continue to work hard to improve data completeness in subsequent SECR disclosures.

Within this disclosure, less than 1% of the total emissions (location-based) have been estimated. These estimations have been based on the electricity and natural gas consumption where there would have been less than 100% data completeness from collated invoices.

1 While we have historically bought REGOs in advance of the year ahead, due to recent price volatility, we have not yet purchased REGOs beyond 2023/24. We are, however, consistently reviewing the price of REGOs, with the opportunity to purchase certificates retrospectively if prices settle. Market-based emissions have increased in this year's disclosure due to supplies being added to our central energy contract mid-year. These 'bridging contracts' were not covered by REGOs during 2023/24.

Section 172 statement

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

S172(1) of the Companies Act requires the directors of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

As a registered provider of social housing, the nature of our business means we have continuous dialogue with a wide group of stakeholders, the views of which will be taken into account before decisions are put to the Board.

Consequences of decisions

The Board promotes a strong culture of governance within the company, and continually monitors performance through the use of Key Performance Indicators. Long-term sustainability of the Group is one of the cornerstones in the regulation of the Group and is embedded in the Group's long term financial plan and corporate strategy. A summary of the Group's Corporate Strategy can be found on the Clarion Housing Group website.

Employees

All employees work on behalf of all entities across Clarion Housing Group. The Group and its subsidiaries are committed to ensuring people enjoy working with us, in an inclusive environment where they can thrive and fulfil potential. Our people are one of the four areas of focus of the Group's corporate strategy. The Clarion & You culture programme helps to embed the Group's values and reinforces what our people should expect from one another. Employee engagement has included:

- Annual colleague surveys;
- Colleague Council;
- Staff Networks and support groups;
- Colleague Conversations; and
- GET back to floor days.

Business relationships

The Group and its subsidiaries strive to build lasting relationships with our suppliers. The Group's Procurement Policy underpins its relationships with suppliers – one of its objectives is to enable productive relationships. The Group Procurement Team supports all strategic and critical supplier relationships and contract management activities. Tools include:

- An online portal allowing prospective suppliers to identify tender opportunities;
- Feedback processes for all suppliers who tender to us, as well as those at the end of their contracts;
- Joint venture partnership agreements;
- Investment Committee oversight; and
- Global 30-day payment terms.

The Group's treasury management function is responsible for the company's investor relationships. Engagement has included:

- Investor roadshows;
- Quarterly investor updates; and
- Interim and annual reporting.

Community and environment

Our commitment is underpinned by our mission, values and embedded within our Corporate Strategy – our customers and homes and communities are two of the four areas of focus. We aim to meet the needs of our residents and deliver a high-quality service 24-7 and we review our services on a regular basis, getting feedback from our residents to ensure we are doing our best by them.

We work alongside our residents and our partners to create and sustain desirable neighbourhoods where communities can flourish. We are also committed to delivering economic growth through jobs and apprenticeships and creating healthy indoor and outdoor environments.

Our corporate strategy sits above individual strategies for different areas of work. One of the most important of these is sustainability, which we are embedding across our organisation and operations. We are committed to delivering significant environmental and social impact throughout everything we do. The Group's sustainability strategy guides our path towards becoming net zero emissions by 2050 and has been aligned with the relevant United Nations Sustainable Development Goals ("SDGs"). We annually publish a "Making a Difference" report which sets out how we are performing against our sustainability targets and priorities. Our reporting is aligned with the Sustainability Reporting Standard (SRS) for Social Housing, covering 48 Environment, Social, and Governance (ESG) criteria.

We are leading the housing sector in providing homes fit for a zero-carbon future through our upcoming Climate Transition Plan and increasing biodiversity as outlined in our Nature Recovery Strategy.

High standard of conduct

Clarion Housing Group is regulated by the Regulator of Social Housing, promoting a culture of financial responsibility and corporate governance.

For 2023/24, the Group adopted the National Housing Federation (NHF) Code of Governance 2020. The Group routinely self-examines performance against the main requirements of the Code and regularly reviews its effectiveness.

The Board of Clarion Housing Group is the ultimate governing body for the Group and is committed to the highest standards of business ethics and conduct, and seeks to maintain these standards across all of its operations. The Group Chief Executive and executive directors of subsidiaries annually review the Group's internal control and assurance arrangements.

Act fairly between members

We encourage honest conversations between staff and managers at all levels, and through these conversations, we work together even more effectively.

Financial Review of 2023/24

The Group is pleased to report its financial performance and position for the financial year 2023/24 which demonstrates a resilient performance in the face of an operating environment that continues to be challenging and volatile. Our underlying financial strength means we can weather these challenges and maintain our investment in existing homes, continue a significant supply of new homes and invest in our communities and customer services.

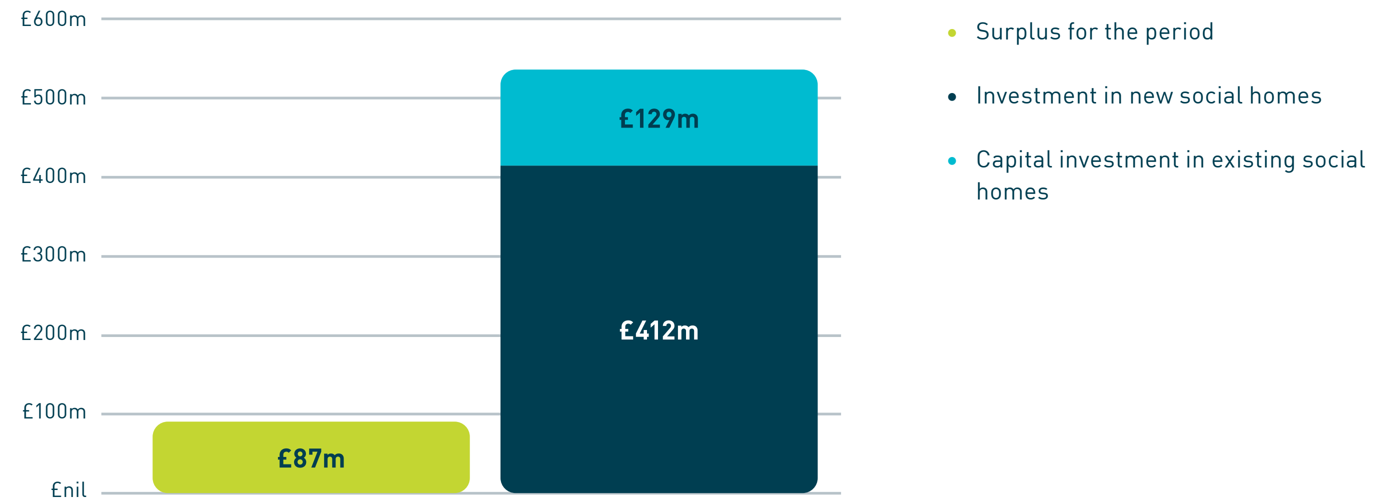
Once again, we have invested more than five times our entire annual surplus on a programme of planned improvements to our existing housing as well as the development of new social housing (Figure 2). This has included investing £129 million in improving our homes (2023: £146 million) and £412 million in the supply of new social homes (2023: £375 million). Despite our more cautious approach to development in the current environment, we still delivered a significant 1,538 new homes of which 67% were affordable properties (2023: 2,032 new homes, 78% affordable).

This year we also increased our investment in our communities to £18 million (2023: £17 million) providing a range of support and advice for residents facing financial difficulties. Many of the pressures we face are also being felt by our customers and therefore we remain determined to do what we can to help our residents and communities.

Our net surplus for the year is a robust £87 million (2023: £97 million). The reduction from the prior year is reflective of the operational and financial challenges experienced during 2023/24 and that are present across the whole of the housing sector along with our determination to continue to invest in our homes, communities and services.

In the face of these challenges we have increased our net asset balance to £2,635 million (2023: £2,514 million), continued to generate over £250 million of cash from our core operating activities and maintained a strong liquidity position of £1,079 million (2023: £1,031 million). As a result, we remain in a strong position as we go into 2024/25.

Figure 2: Surplus versus investment in social housing

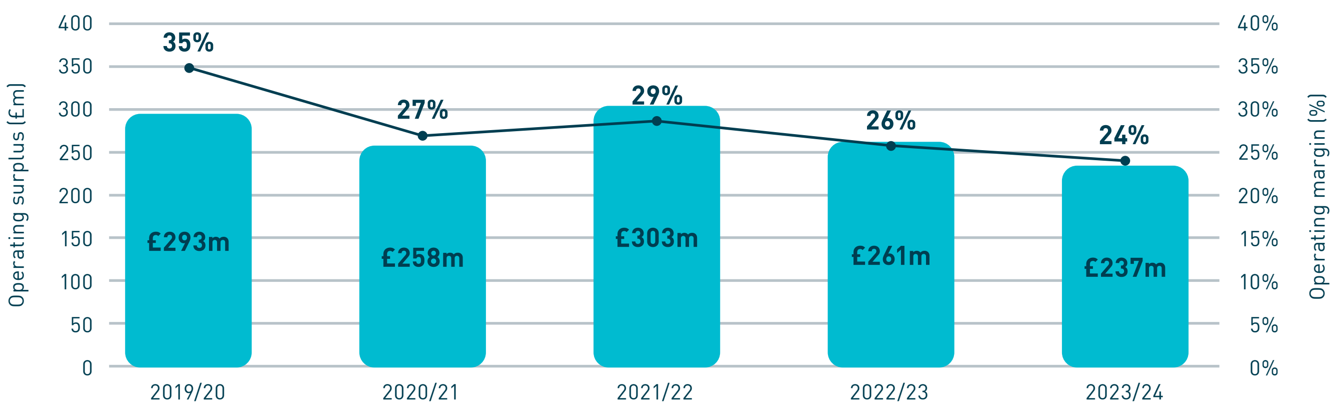


Statement of Comprehensive Income

Figure 3: Summary of the Group's Statement of Comprehensive Income

	2023/24 £m	2022/23 £m
Turnover	993	1,008
Cost of sales	(143)	(204)
Operating costs	(671)	(639)
Pension cessation	(8)	-
Surplus on disposal of properties	66	96
Operating surplus	**237**	**261**
Operating margin %	*24%*	*26%*
Surplus on disposal of operations and other fixed assets	-	7
Share of surplus on JCEAs	3	5
(Loss)/gain on revaluation of investment properties	(8)	5
Net interest and other financial income	(150)	(138)
Breakage costs	-	(45)
Movement in fair value of financial instruments	(1)	1
Other	6	1
Surplus for the year after tax	**87**	**97**
Net margin %	*9%*	*10%*
Remeasurement of defined benefit pensions	12	(28)
Movement in fair value of financial instruments	22	141
Total comprehensive income for the year	**121**	**210**

Figure 4: Operating margin and operating surplus over five years



Operating Surplus

Figure 4 shows our operating surplus and margin trends over five years. It continues to show a resilient performance in a challenging market.

In the twelve months to 31 March 2024, the Group has generated an operating surplus of £237 million and an operating margin of 24% (2023: £261 million, 26%). Excluding exceptional costs from the current year, our operating margin remains a solid 24% and operating surplus £243 million (2023: 30%, £298 million operating surplus with exceptional costs excluded).

Importantly, the operating surplus from our core social housing lettings activity has held up and in fact seen a £20 million increase (£3 million increase when adjusting both years for exceptionals). The reduction in overall operating surplus is driven by our other social and non-social housing activities which have seen a £26 million and £17 million reduction, respectively.

Social housing lettings activity

Operating surplus from our core social housing lettings activity at £182 million has seen a 12% increase on the prior year (2023: £162 million). Figure 5 provides an analysis of the movement.

Social housing rent income (net of voids) increased by £50 million which is predominantly driven by the agreed 7% rent increase. Void losses at £16 million (2023: £15 million) remain high but are a continued focus for the business.

Maintenance costs and major works expensed have increased by £42 million during 2023/24. The majority of this increase (£34 million, 81%) relates to routine maintenance where higher demand and market price inflation coupled with a drive to increase capacity through the use of subcontractors has come at an additional cost. Equally, materials costs have increased for those repairs delivered in-house. Importantly, we are now seeing a decreasing reliance on subcontractors, particularly following the insourcing of the remaining part of our repairs service in Merton and Kent and, through our Connect work where further action is being taken to control costs in this area.

Positively, rent arrears have continued to improve since our June 2022 Cyber attack which temporarily impacted collections. Our Customer Accounts Team continues to proactively manage tenant accounts, delivering targeted and bespoke support to help residents. The bad debt charge for the year is only £1 million, an improvement of £20 million over the prior year. After excluding the £12 million Cyber-related exceptional bad debt charge from the prior year, there is still an underlying improvement of £8 million.

Costs relating to our tenancy management services have seen a £6 million increase from the prior year. The increase is largely attributable to higher insurance costs, managing agent fees, utilities, decants, council tax and spend linked to Connect. A number of these areas remain a focus of our Connect programme.

Finally, operating surplus relating to all remaining areas linked to our social housing lettings activity has seen a £2 million reduction. This is predominantly driven by an exceptional impairment recognised on one group of housing properties.

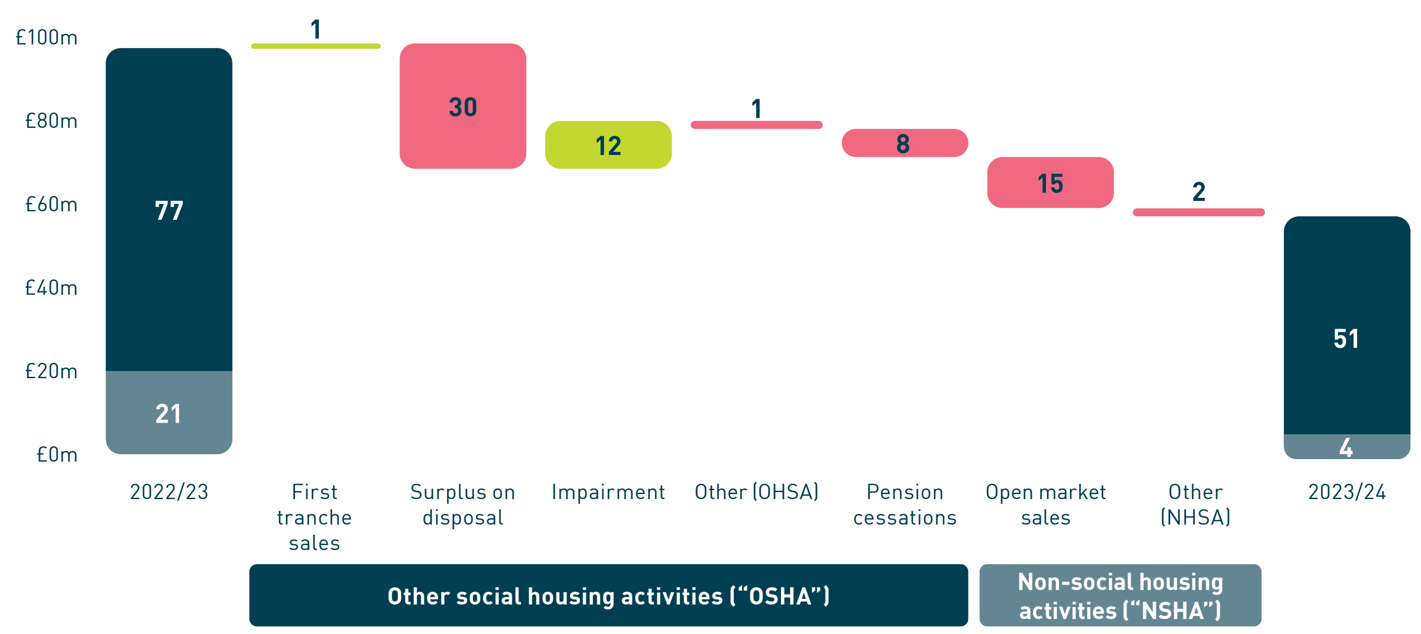
Figure 5: Movement in operating surplus from social housing lettings activity during 2023/24

Other social housing activities

Operating surplus from the Group's other social housing activities at £51 million has seen a £26 million reduction (2023: £77 million). Figure 6 analyses the movement.

At £66 million, the surplus generated from existing property disposals is £30 million lower than the prior year. The key driver of this reduction was a decision to re-phase part of the planned disposal programme in response to uncertain market conditions. This year we have transferred 1,117 units under our management to other Registered Providers (2023: 1,162 units) although at a lower average surplus per unit.

Figure 6: Movement in operating surplus from other social housing activities (OSHA) and non-social housing activities (NSHA) during 2023/24



Partially offsetting the above is a £12 million reduction in impairment charges related to social housing properties under construction resulting in a net charge in the year of £1 million. Shared ownership first tranche sales generated an £11 million operating surplus (2023: £10 million), a £1 million increase on the prior year. This includes a £6 million write back of impairments identified in the prior year as mitigating actions have been implemented. Excluding impairments, the underlying operating surplus on first tranche sales is £5 million, compared to £15 million in 2022/23. The reduction is partly volume driven with 696 sales versus 913 in the prior year which reflects our more cautious approach to development, combined with challenges in the supply chain and increased development costs.

We have also incurred an £8 million pension cessation cost reflecting the decision to close our defined benefit pension schemes to future accrual. This was driven by a desire to move to a standard offering for all staff and to protect the organisation from future unknown liabilities attached to these schemes. The cessation charge is specifically linked to five Local Government Pension Schemes ("LGPS") as ceasing our participation in these schemes triggers cessation and settlement. Although an operating cost of £8 million is being recognised, the overall net cash position for the five schemes will be a refund to the Group with the associated gain recognised in Other Comprehensive Income. The remaining two defined benefit schemes are Clarion owned schemes so cessation is not triggered and they will remain on our Statement of Financial Position for the foreseeable future.

The movement in Other predominantly relates to the increased investment in our communities through Clarion Futures which at £18 million is an increase on the prior year (2023: £17 million).

Non-social housing activities

Our non-social housing activities include our open market sales and lettings from our market rent and commercial portfolios which has seen operating surplus reduce to £4 million (2023: £21 million). Figure 6 provides an analysis of this movement.

Within this, 194 open market sales completed, at an overall gross margin of -2% (excluding impairment), versus 229 in the prior year at 11%. Similar to first tranche sales, external pressures on development output combined with the availability and affordability of mortgage products has impacted performance. This year, we have also recognised an additional £3 million of abortive costs where schemes are no longer being progressed and a £2 million cost of sale adjustment. Overall, this has led to an operating loss of £7 million in the current financial year versus an operating surplus of £8 million in 2022/23. Figures exclude our share of joint venture sales.

At 31 March 2024, 84 open market sale units were reserved/exchanged (2023: 73 units) with a further 228 available for sale, two thirds of which handed over in the latter part of the year (2023: 85 units available for sale).

Operating surplus from our non-social lettings activity at £10 million has remained resilient despite the current economic climate (2023: £11 million). Replacement homes activity as part of our regeneration schemes has generated a turnover of £5 million (2023: £7 million) and a breakeven position in line with its model.

Share of surplus of jointly controlled entities and associates (JCEAs)

The Group has a number of joint venture partnerships with other major developers. Our share of turnover totalled £50 million (2023: £66 million) at an overall gross margin of 14% (2023: 18%).

After financing, these partnerships have contributed a £3 million net surplus for the Group. This is a £9 million reduction compared to 2022/23 which included a one-off £7 million surplus generated from the disposal of our interest in Hadley Goodmayes LLP.

(Loss) / gain on revaluation of investment properties

Our investment property portfolio includes market rent units, commercial properties and non-social freeholds where rises in interest rates and investment yields has continued to impact valuations. Notably, however, demand remains strong. In addition, our external valuers have prudently reflected uncertainties linked to the restriction of ground rent when valuing existing leases.

Overall, the combined impact of the above is an £8 million downward revaluation movement versus a £5 million revaluation gain in 2022/23.

Net financing costs

At £150 million, net interest has reduced by £33 million compared to 2022/23. Excluding £45 million of breakage costs incurred in March 2023, associated with a debt restructuring project, net interest has increased by £12 million from 2022/23.

The key drivers of this increase are higher interest rates, with the average rate increasing from 3.96% at 31 March 2023 to 4.29% in March 2024, along with a £103 million increase in drawn debt which helps fund the Group's investment in social housing. The Group continues to limit its exposure to interest rate changes by holding a relatively high proportion of its net debt at fixed rates (84%).

Interest cover at 1.88 remains comfortably above our tightest covenant.

Other comprehensive income (OCI)

The rise in interest rates has also impacted the value of our interest rate swaps (derivatives) resulting in a net fair value gain of £22 million (2023: £142 million). Due to hedge accounting, essentially all of this movement continues to be taken through OCI.

Also impacting OCI is a £12 million net gain on remeasuring our defined benefit pension schemes. At our last reporting date we capped the actuarial gains recognised based on an assessment of recoverability. We have reassessed expected recoverability based on our settlement discussions with the LGPS funds, which has resulted in recognising an OCI gain of £23 million during 2023/24. This gain has been partially offset by a £11 million actuarial loss, of which £9 million is on our largest pension scheme.

Statement of Financial Position

Figure 7: Summary of the Group's Statement of Financial Position

	2023/24 £m	2022/23 £m
Tangible fixed assets	8,883	8,641
Net current assets	515	559
Creditors due in over one year	(7,007)	(6,921)
Other	244	235
Total net assets	**2,635**	**2,514**
Income and expenditure account	2,689	2,591
Cash flow hedge and other reserves	(54)	(77)
Total capital and reserves	**2,635**	**2,514**

Our financial position metrics remain strong with our net asset position increasing to £2,635 million (31 March 2023: £2,514 million). Our gearing ratio (as per our covenant definition and based on our Guarantor) is 49% (2023: 49%) which is comfortably below our tightest covenant.

The primary drivers behind the £121 million (5%) increase in net assets are continued investment in our existing properties and new homes, partially offset by a reduction in our collateral deposits and an increase in drawn debt.

Social housing properties, stock and grant

Social housing properties and stock have seen a combined net increase of £255 million during 2023/24 due to our continued investment in our existing properties and development of new homes. Partially offsetting this movement is a £23 million net increase in our grant liability, reflecting new grant recognised during the year less amounts recycled or transferred on disposal.

This year £486 million was invested in our new homes and major regeneration programmes, an increase on the £473 million invested in the previous year. Our more cautious approach to development over the last two years along with some delays in handovers has resulted in a reduction in completions with 1,538 new homes delivered versus 2,032 in 2022/23. 67% of new homes delivered were for affordable tenures (2023: 78%).

With £3,873 million of capital expenditure approved at year-end (2023: £3,942 million) and a current pipeline of 19,694 new homes, the Group is committed to building as many new homes as we can and regenerating our existing properties.

Improving our existing homes, ensuring they remain safe and fit for the future, is a key priority for the Group. This year we invested £129 million (2023: £146 million) in our existing homes which is on top of the £289 million (2023: £247 million) of revenue maintenance spend.

Figure 2 demonstrates the significant size of this investment in the context of our annual net surplus. With 6.2 times our annual surplus (2023: 5.4) being invested in new and existing affordable housing assets, this is a clear demonstration of our commitment to provide more and better quality homes. A further 0.8

Sutton Estate, Chelsea

times our surplus (2023: 1.0) has been invested in new non-social assets.

This year £78 million of additional capital grant was received or accrued which, along with £8 million of previously recycled grant funding, provides a 16% contribution to our investment in affordable homes (2023: £96 million of grant, 18% contribution). The remaining funding gap is met by a mixture of our own cash reserves supplemented by the proceeds of our disposal programme and borrowings, ensuring at all times that we maintain significant headroom on our banking covenants. Further detail is provided in our analysis of the Statement of Cash Flows.

Borrowings, collateral deposits and financial instruments

We remain an attractive proposition for funders and investors. During the year we successfully raised over £200 million in new funding, driving the increase in our committed and fully secured loan facility at 31 March 2024 to £5,567 million (2023: £5,413 million). Since 31 March 2024 we have also raised further funding through a £250 million sustainable bond issue.

Notional borrowings have increased by £103 million (2023: £19 million) from £4,471 million to £4,574 million, helping to fund the significant investment in new and existing homes. The majority of this balance is presented within creditors greater than one year, with 85% maturing after 5 years (2023: 93%).

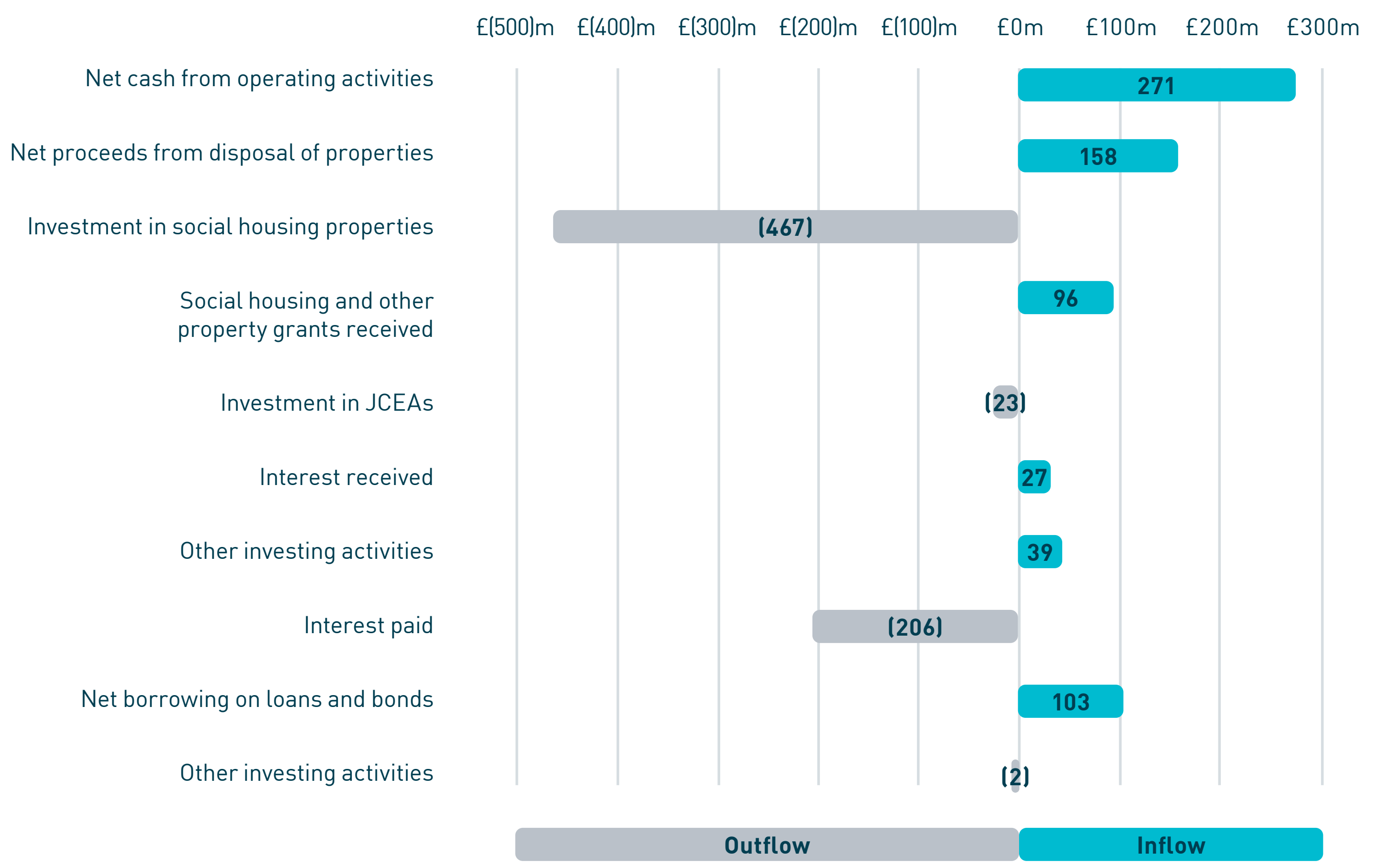
The group continues to be prudent in its approach to interest rate risk management and operates a policy of hedging 70% to 100% of its net debt using a mixture of fixed rate borrowings and interest rate swaps. Interest rate swaps are held at fair value and this valuation reduced by £22 million (2023: £130 million) to a net liability of £59 million (2023: £81 million). The majority of this movement is seen within creditors greater than one year.

Other significant movements relating to treasury include a £48 million reduction in our current asset investments due to the refund of £50 million of collateral deposits.

Interests in JCEAs

One further notable movement impacting the Statement of Financial Position is a £25 million increase in our interests in JCEAs reflecting our continuing investment in a number of jointly controlled entities.

Figure 8: Group cash flows for the 2023/24 financial year



Statement of Cash Flows

Figure 8 summarises the Group's cash flows for the year where we have seen a net cash outflow of £4 million (2023: £49 million outflow). The values disclosed are cash movements and therefore will differ to those presented in the rest of our analysis due to exclusion of accruals and other non-cash accounting items.

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

At £271 million (2023: £340 million), cash generation from operations remains high and in excess of the Group's £206 million interest payments (2023: £225 million, inclusive of breakage costs). It also provides a contribution to the cash investment made in our new and existing social housing properties of £467 million (2023: £444 million).

As mentioned previously, grant funding and proceeds from our disposal programme supplemented by additional borrowings provide further funding for our investment activities. During 2023/24 we have received an additional £96 million of grant (2023: £110 million net receipt) and £158 million in proceeds from property disposals (2023: £180 million). Other significant cash flows linked to our investing activities include a net £48 million inflow relating to current investments (2023: £8 million), increasing this year due to a repayment of collateral deposits, and a further £23 million investment in our jointly controlled entities (2023: £40 million).

Our net cash from financing activities is a £105 million outflow to 31 March 2024 versus a £207 million net cash outflow in the prior year. The primary driver behind the reduced overall outflow is the increase in borrowings which has resulted in a net £103 million cash inflow during the year (2023: £19 million net inflow). Other cashflows linked to financing activities are £206 million of interest payments (2023: £181 million) which have increased due to the rise in borrowings coupled with higher interest rates. Unlike the prior year which saw a £45 million cash outflow linked to a debt restructuring project, no breakage costs have been incurred this year.

The Group ended the year with cash and cash equivalents of £86 million versus £89 million at 31 March 2023, a significant contributor to our overall Group liquidity of £1,079 million (2023: £1,031 million).

Treasury Management Report

General

The Group's treasury function has responsibility for the efficient management and effective control of the organisation's cash flows, banking and investor relationships, the funding of the Group and any associated risks. The function is also responsible for ensuring optimal performance within the parameters periodically approved by the Treasury Committee and within the contractual obligations agreed in funding arrangements.

Funding requirements are continuously reviewed, and various potentially adverse scenarios are analysed though stress testing the Group's long term financial plan. While Clarion enjoys excellent access to financial markets, the availability of funding is considered a key risk and is managed proactively. This management includes maintaining a high level of liquidity and charged but unallocated property security, diversifying funding sources appropriately, and making conservative planning assumptions about the cost of funding.

Within its borrowing arrangements the Group has financial covenants in respect of interest cover, gearing and asset cover. The Group was comfortably compliant with all its financial covenants throughout the period and prior periods. The Group's long term financial plan forecasts continued compliance, including under a range of scenarios reflecting severely adverse trading conditions.

At the year end the Group was publicly rated by Moody's and Standard & Poor's, who both assign strong investment-grade ratings (Moody's A3/stable outlook; Standard & Poor's A-/stable outlook). On 20 May 2024 we also announced a new public rating by Fitch (A+/stable outlook) for the first time.

Capital structure

The Group utilises diverse sources and types of funding in order to reduce reliance on any one market and to ensure it can raise debt finance even at times of market stress. As at 31 March 2024, the Group had £5,567 million of committed debt funding (2023: £5,413 million), with drawn funding totalling £4,574 million (2023: £4,471 million). All undrawn funding is committed and available within three days' notice whilst cash is available with same day notice.

The Group maintains a highly supportive banking group and during the period the Group added an additional £200 million of revolving credit facilities, including a completely new £150 million facility with ABN AMRO. £100 million of existing facilities were extended in duration during the year.

As at 31 March 2024 the debt portfolio duration averages 14 years, whilst the Group's average cost of funds increased to 4.29% (2023: 3.96%, excluding one-off breakage costs).

As at 31 March 2024, 55% of committed funding was sourced from the capital markets and 45% from bi-lateral facilities with ten banks and building societies.

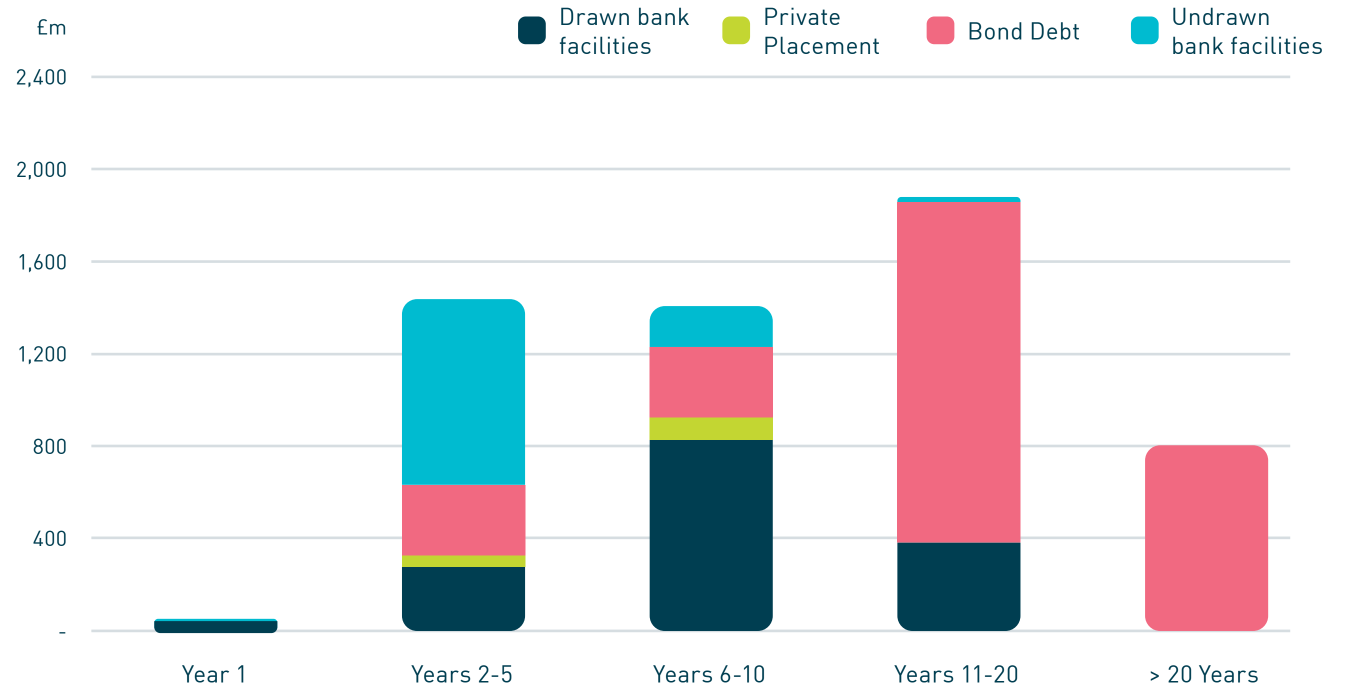
The Group has limited re-financing risk in the near term with 73% of the Group's debt facilities maturing after five years and 48% maturing after 10 years. The Group's exposure to drawn re-financing risk within one year is £47 million, representing less than 1% of debt facilities.

On 21 May 2024, the Group issued a new 33-year £250 million sustainable bond with a coupon of 5.375%. This represented the first capital markets issuance by the Group since September 2021, and was well received by the market, with final books 3.3 times oversubscribed.

Sustainable Housing Finance Framework

During the year the Group prepared a new sustainable housing finance framework, responding to investor requests for greater detail and clarity over how the Group uses proceeds from its public bonds. The Group was the first registered provider in the sector to issue a sustainable housing finance framework in 2019 and the update reflects how sustainability runs through everything the business does. The update was published in April 2024 alongside the renewal of the Groups EMTN programme.

Figure 9: Committed Funding Maturity Profile



Investment and Liquidity

The Group's capital expenditure plans will continue to be met by cash generated from operations, sales receipts and capital grant, supplemented by further debt funding. The Group's strong financial discipline ensures the level of debt funding is prudently managed and results in a financial profile consistent with a strong investment grade credit rating. The continued ability to service our debt comfortably under a broad range of adverse scenarios is a key factor considered in our financial planning and stress testing activities.

The Group aims to minimise the risk of financial loss, reputational loss or any adverse liquidity exposure linked to any counterparty default by operating a conservative counterparty policy. Revolving credit facilities are carefully managed to enable the repayment of debt with any excess cash, ensuring that short term investments are kept at a low level. All cash investments are well diversified and held in funds and with counterparties that meet the criteria agreed by the Treasury Committee.

The Group maintains a conservative liquidity policy whereby it is able to finance a minimum of 18 months of funding requirements, assessed on a prudent basis. As at 31 March 2024, total liquidity of the Group was £1,079 million, represented by £86 million of cash and £993 million of committed undrawn credit facilities.

Risk management

The Group takes a prudent approach to interest rate risk management and operates a policy of hedging 70% to 100% of its net debt. At 31 March 2024, 84% of net debt is either held at fixed rates of interest or hedged against adverse rate movements. It is estimated that a 0.25% increase in interest rates would increase net interest payable by £1.8 million per annum.

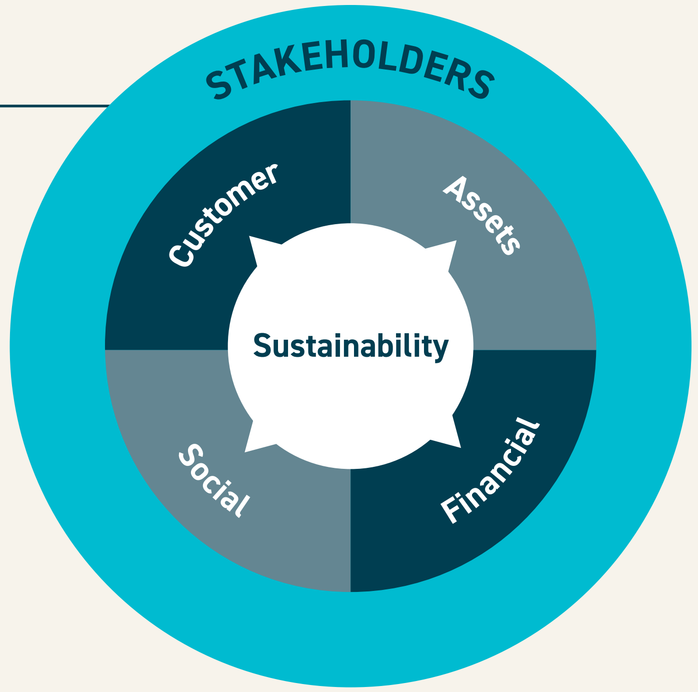
A significant proportion of the Group's long-term debt is at fixed rates of interest. In addition, the Group actively manages exposure to interest rate risk by entering into vanilla interest rate derivatives. As at 31 March 2024 the Group held interest rate derivatives with a net mark-to-market value of negative £59 million.

Security

The Group maintains a prudent approach to collateralising its debt portfolio. Its main property security pool contains over 65,100 properties, providing highly diversified collateral in support of all bank funding and bonds issued (including debt facilities and mark-to-market exposures on interest rate derivatives).

As well as security allocated to the existing funding portfolio, a substantial amount of charged assets are left unallocated. These unallocated assets provide a further level of collateralisation for existing funding providers, to secure new debt issuance, and to provide collateral to cover any adverse mark-to-market movements or adverse property security valuation movements. The current discounted security value of the charged unallocated property assets is £2,739 million whilst the total discounted value of the security pool is £7,489 million. While this is comfortably enough to cover funding needs in the medium term, further property assets are charged on a periodic basis from the Group's substantial pool of unencumbered property assets.

Value for money



Clarion Housing Group is a business for social purpose that wants to provide good quality affordable homes and neighbourhoods in a sustainable way that demonstrably balances cost and efficiency against social value outcomes for our customers and other key stakeholders. This is the core vision underlying our Value for Money Strategy (VfM), approved by the Group Board.

Across Clarion, we recognise that value for money has both social and financial aspects, which is why our VfM Strategy framework is formed around sustainability. By seeking to deliver value simultaneously across the four key areas of Customer, Assets, Social and Financial, we will continue to evolve in a sustainable way, enabling Clarion to do even more with available resources for its customers and the communities in which they live.

Performance Management and Governance

The Group Board has overall responsibility for delivering VfM at Clarion, supported by the Housing Association, Latimer and Clarion Futures Boards. Operationally, our employees play a critical role in its delivery by adopting a VfM approach in all that they do. This drives overall performance of the organisation to deliver services efficiently, and to invest effectively in our existing homes and new-build programmes, whilst also innovating to enhance the quality and breadth of output.

We have also embedded the following processes to support our VfM framework:

- Corporate planning, business planning, annual budgeting and quarterly forecasting are in place to improve our budget management. Budgets are built up on a functional / individual budget holder basis, with oversight of the collective position through the Group Executive Team and the Boards.
- Action plans are developed and implemented within individual functional areas to optimise delivery of VfM, helping to inform budgets and quarterly forecasts.
- VfM is considered in our procurement processes delivering value to the bottom line and understanding the balance between cost and quality.
- A business-case approach is employed to make significant decisions through the exploration of options and outcomes both from a financial and operational perspective.
- A Disposal Committee and Investment Committee have clear oversight of key asset performance.
- A Social Value Steering Group has been set up with the aim of driving and embedding social value across all functional areas to achieve the ambitious goals set out in the Sustainability Strategy.

2023/24 value for money performance and targets

Customer value for money

Clarion's residents are at the heart of what we do. They are our customers, and they want to live in decent quality, secure and affordable homes. Customer service and experience is a key investment priority for Clarion for ensuring that value is optimised. We will continue to innovate, improve, and extend our service offering, increasing accessibility, availability, responsiveness, and support at each touchpoint along the customer journey. The measures below seek to monitor and report on our aims to make interactions with customers more efficient and effective, to reduce complaints and to improve overall satisfaction.

Customer VfM measures	2023/24 Actual	2023/24 Target	2023/24 Achieved	2022/23 Actual	2024/25 Target	2025/26 Target
Call centre customer interactions (annual) per property	**8.7**	11.6	✔	8.5	8.4	8.0
Complaints per 1,000 homes	**48**	47	✘	57	45	40
Customer satisfaction - overall	**84%**	82%	✔	81%	85%	85%
Customer satisfaction - repairs	**90%**	85%	✔	89%	87%	88%
Customer ease score	**4.2**	4.2	✔	4.4	4.0	3.9

Key observations:

- Customer interactions with our contact centre for 2023/24 is better than target. This is driven by our Customer Strategy and a new way of working. Further teams have been added to our IVR (interactive voice response) system, which means calls are now routed directly to Customer Support, Home Ownership and Customer Accounts to improve the customer experience.
- Complaints per 1,000 homes fell slightly short of target in 2023/24, but showed improvement on the prior year. During the year we have focused on ensuring that our customers are aware of how to make a complaint if they feel we haven't delivered an appropriate level of service. Clarion continues to focus on embedding a positive complaint handling and learning culture – a culture that treats our residents with empathy, transparency, and respect.
- Both customer satisfaction measures for 2023/24 have exceeded target and are improved compared to the Q4 position in 2022/23. The organisation has focused on the feedback received from our surveys with an emphasis on quality timely responses to customer enquiries and keeping them updated.
- A lower customer ease score indicates a better experience as perceived by the customer. Our overall result for 2023/24 was on target and is an improvement from the prior year. We are expecting further improvement as we embed our transformation programme, Connect.

Social value for money

Social value is fundamental to Clarion, given its core mission of being a social enterprise. We deliver significant social value through the provision of affordable housing and complementary services. This includes the work through Clarion Futures with social benefits being delivered across health & wellbeing, education, employment and social interaction. The measures below seek to monitor and report on our social value delivery.

Social VfM measures	2023/24 Actual	2023/24 Target	2023/24 Achieved	2022/23 Actual	2024/25 Target	2025/26 Target
Ratio of social value generated versus Clarion contribution to Futures budget – return on investment	**13 : 1**	10 : 1	✔	14.5 : 1	11 : 1	12 : 1
Ratio of Clarion budget contribution to additional external funding & support brought in	**1 : 1.8**	1 : 0.7	✔	1 : 1.8	1 : 0.8	1 : 0.9
Cash and in-kind value generated by working with supply chain to deliver additional social value impact in our communities	**£6.6m**	£4.4m	✔	£8.4m	£4.6m	£4.8m
Clarionteering opportunities per annum	**322**	130	✔	193	140	150
Affordable vs market rent social value	**£500m**	N/A	N/A	£541m	N/A	N/A

Key observations:

- Clarion Futures has delivered £121 million of the Group's £123 million social value. This has resulted in a ratio of value generated from our investment of 13x, which is above our target of 10x.
- Clarion was able to bring in 1.8x its own budget in external funding and support, significantly higher than target due primarily to the Love London Working programme being extended beyond its initial end date. Future targets reduce significantly due to this programme not continuing.
- Through the combined effort of Clarion Futures and our procurement function working in collaboration with our supply chain, we have been able to significantly exceed our target for cash-in-kind generated value.
- Referred to as Clarionteering, we are proud to be able to offer each member of staff the opportunity to spend one day a year helping out in the local community. 2023/24 saw a large increase in the number days undertaken as the programme becomes embedded in our culture and our staff embrace the opportunity to help other charities.
- The provision of affordable housing itself continues to deliver significant social value. The rents charged in the year are in excess of £500 million (2022/23: £541 million) below the Local Housing Allowance (LHA), which equates to more than £9 million per week. The reduction on the prior year value reflects the freezing of LHAs whilst rents increased by 7.0%. If compared to average market rents, this saving would be significantly higher.

Asset value for money

So that we can fulfil our mission to provide affordable homes to those that need them most we must invest efficiently and effectively, both in our existing homes and in developing new ones. By investing in our homes, we are ensuring they are fit for purpose, safe, secure and operating efficiently and also ensuring the longevity of the organisation. The metrics outlined below focus on our asset performance.

Asset VfM measures	2023/24 Actual	2023/24 Target	2023/24 Achieved	2022/23 Actual	2024/25 Target	2025/26 Target
Average repairs job per property (tenanted)	**3.2**	2.9	✘	2.7	2.9	2.9
Repairs cost per job	**£353**	£325	✘	£320	£354	£337
Units targeted to move to EPC rating of C or above	**1,174**	1,800	✘	774	1,555	2,200
% unsold stock	**34%**	<=35%	✔	35%	<=35%	<=35%
New homes output - % of affordable	**67%**	70%	✘	78%	70%	70%

Key observations:

- Average repairs per property and cost per job measures have been revised to now include both in-house and subcontractor delivered works (for all responsive, void and complex repairs). Targets and prior year have been restated on this basis to provide a more holistic approach to measuring the value for money being delivered by our repairs function.
- Our average repairs per property increased to 3.2 in year which is above the target, reflecting the higher demand experienced across Clarion and the sector during the year.
- Cost per job increased above target reflecting the high levels of cost inflation experienced during the year. This remains a key focus area for future efficiency improvements under our Connect programme of works. The future target for Repairs cost per job in 2024/25 has been revised to reflect this increased base cost.
- During the year, we have upgraded the energy efficiency of 1,174 homes, bringing their EPC rating to C or above. This number is below target (due mainly to inflationary and supply-chain challenges), but positively, significantly above the result for 2022/23. Our target for 2024/25 has been revised down from that reported previously to reflect the current environment and challenges associated with delivering net zero related investment. We continue to work with the Social Housing Decarbonisation Fund to facilitate even greater investment in our homes in the future, for the benefit of both our residents and the environment.
- At the end of the year, the percentage of unsold stock was slightly ahead of target after delivering 1,538 new homes. Managing stock remains a critical part of the development programme, ensuring capital is efficiently deployed.
- 67% of homes delivered were affordable tenures, which is slightly below target; and relates to delays experienced in completing affordable schemes during the year.

Financial value for money

Financial viability enables long-term stability and resilience to serve our communities. As custodians of Clarion, the more sustainable, efficient and effective we can be, the more we can deliver. We track our financial value for money using the Regulator value for money and Sector Scorecard metrics. These are broken down into Business Health, Operational Efficiencies, Development, Delivered Outcomes, and Asset Management.

The tables in each sub-section below display the results of the Regulator and Sector Scorecard metrics, including benchmarking Clarion's performance against the G15, our large London-based peers, for 2022/23 (the latest publicly available data). Please note that some of our metrics for 2022/23 have been updated following an amendment to Note 4 of our financial statements. The Regulator VfM measures are identified by a tick under the heading of RSH VfM.

Through the Transparency, Influence and Accountability Standard, the Regulator now requires all registered providers to provide tenants with accessible information about their directors' remuneration and management costs. One of these metrics, management costs relative to the size of the landlord, is already reported as management costs per unit under the Operating Efficiencies category below. The other two metrics (relating to directors' remuneration) are reported in Section 6 below.

2023/24 has presented Clarion and many organisations across the sector with financial pressures arising from the rent cap, high operating costs stemming from inflation and increased operational demands. This has generally resulted in many of the financial targets not being achieved across the metrics below. Further future targets for 2024/25 and beyond have had to be reset (from previously reported targets) and generally increased in order to reflect the new baseline.

1. Business Health

Sector Scorecard - Business Health	RSH VFM	2023/24 Clarion	2023/24 Target	2023/24 Achieved	2022/23 Clarion	2022/23 G15 Average	2022/23 Clarion Ranking	2024/25 Target	2025/26 Target
Operating margin (social housing lettings)	✔	**23.2%**	**24.6%**	✘	22.3%	20.2%	5/11	25.4%	27.0%
Operating margin (overall, excluding disposals)	✔	**17.3%**	**20.1%**	✘	16.3%	12.9%	3/11	19.1%	21.3%
EBITDA MRI interest cover	✔	**92.2%**	**120.0%**	✘	66.8%	64.1%	8/11	103.6%	107.9%

The Business Health metrics link in with our strategic objectives for good financial stewardship and governance. Positively, Clarion's operating margins and EBITDA MRI interest cover metric have all improved in 2023/24. However, due to the challenging economic landscape and more demanding operating environment, we have missed achieving our current-year targets.

The key reasons for the shortfall against targets are the increased demand and cost of repairs & maintenance, the investment in core services, and the challenging development and sales market with a reduction in development surplus. Future targets have been revised to reflect this new baseline and the plans to deliver gradually-improving performance as we see financial benefits realised from the Connect improvement programme.

Compared to the G15 sector 2022/23 results, Clarion's operating margin and social housing lettings operating margin are in the top and second quartile, respectively. With regards to EBITDA MRI, excluding the one-off restructuring costs (which have facilitated significant savings on interest going forward), Clarion is at 82.9%, a ranking of 3rd.

Looking ahead, we will continue to focus on delivering efficiency gains, improving underlying margins and achieving our revised targets.

2. Operating efficiencies

Sector Scorecard - Operating Efficiencies	RSH VFM	2023/24 Clarion	2023/24 Target	2023/24 Achieved	2022/23 Clarion	2022/23 G15 Average	2022/23 Clarion Ranking	2024/25 Target	2025/26 Target
Headline social housing cost per unit	✔	**£6,054**	**£5,751**	✘	£5,680	£6,494	3/11	£6,107	£6,376
Management costs per unit		**£1,055**	-	-	£993	£1,335	2/11	-	-
Service charge costs per unit		**£616**	-	-	£562	£1,019	2/11	-	-
Maintenance costs per unit		**£2,447**	-	-	£2,038	£1,916	9/11	-	-
Major repairs expenditure per unit		**£206**	-	-	£217	£231	8/11	-	-
Capitalised major repairs expenditure for period per unit		**£1,181**	-	-	£1,330	£1,206	10/11	-	-
Other costs per unit		**£549**	-	-	£540	£787	6/11	-	-
Rent collected as percentage of rent due		**100.71%**	-	-	96.7%	99.6%	8/8	-	-
Overheads as a percentage of adjusted turnover		**12.8%**	**12.0%**	✘	12.0%	11.2%	5/7	12.7%	11.9%

Organisational operating efficiencies are focussed on optimising the use of capital and resource whilst demonstrating financial discipline to ensure that a strong and robust financial profile is maintained.

Headline social housing cost per unit has increased in the current year to £6,054 and exceeds our target (by 5.3%). Inflation, operational demands and supply chain pressures have caused the rise in our operating cost base with the main increase being driven by our maintenance costs per unit. To combat this, we have taken active steps in the year to improve, including fast tracking the insourcing of our remaining third-party repairs contract and investing in our processes to drive operative productivity levels. Given the increase in our baseline cost per unit, we have reset and increased the future target for 2024/25 and beyond.

In 2023/24 we report strong rent collection with more than 100% of rent due collected as we focussed on recovering arrears following the cyber incident in the previous year. Over the next year we are targeting further improvements as we drive to bring arrears down to longer term trend rates.

Due to a combination of lower development sales surplus and inflationary pressure on costs, overheads as a percentage of adjusted turnover has increased in the current year and again exceeds target expectations.

3. Development (capacity & supply)

Sector Scorecard - Development (Capacity & Supply)	RSH VFM	2023/24 Clarion	2023/24 Target	2023/24 Achieved	2022/23 Clarion	2022/23 G15 Average	2022/23 Clarion Ranking	2024/25 Target	2025/26 Target
New supply delivered: absolute (social and non-social)		**1,538**	**2,161**	✘	2,032	1,359	3/11	1,828	1,799
New supply (social housing units)	✔	**0.9%**	**1.3%**	✘	1.3%	1.7%	5/11	1.2%	1.1%
New supply (non-social housing units)	✔	**0.3%**	**0.4%**	✘	0.3%	0.4%	7/11	0.1%	0.1%
Gearing	✔	**52.3%**	**49.9%**	✘	52.7%	46.6%	9/11	49.9%	48.3%

This year we delivered a further 1,538 homes despite significant slowing of the market due to supply-chain challenges, mortgage availability and planning/regulation uncertainty. Of these, 1,023 (67%) were of affordable tenures.

Although we retain an ambition to deliver over 3,000 units per annum, we continue to moderate our development programme to respond to market uncertainty and our financial capacity. This has resulted in the target for 2024/25 being reduced from what was previously disclosed. Positively, we are still projecting growth in future years but at a slower more cautious rate. Clarion's delivery of 2,032 homes in 2022/23 was significantly above the G15 average of 1,359, ranking 3rd within this sector group.

Our gearing has reduced slightly in the year to 52.3% but remains higher than target. This reflects lower proceeds from our disposal programme and lower development sales in combination with our commitment to continue to invest in both our existing and new homes. Our lower position in the G15 rankings demonstrates our willingness to use our financial capacity to deliver new homes over an extended period of time. Future gearing targets have been rebased to reflect the current year but also to reflect our desire to gradually improve on this measure.

4. Outcomes delivered

Sector Scorecard - Outcomes Delivered	RSH VFM	2023/24 Clarion	2023/24 Target	2023/24 Achieved	2022/23 Clarion	2022/23 G15 Average	2022/23 Clarion Ranking	2024/25 Target	2025/26 Target
Total social housing units owned and / or managed at period end		**109,017**	**109,892**	✘	109,691	61,360	1/11	108,295	107,530
Customer satisfaction		**83.8%**	**82.0%**	✔	81.0%	74.5%	2/11	85.0%	85.0%
Reinvestment	✔	**5.6%**	**8.8%**	✘	5.6%	5.6%	6/11	8.8%	8.5%
Investment in communities		**£18.2m**	**£17.4m**	✔	£16.8m	£7.1m	1/7	£15.7m	£16.3m

We continue to focus on outcomes delivered although performance in the year has been impacted by the challenging operating environment. Lower development meant the target for social housing units was missed, although it is pleasing to see customer-satisfaction above target at 83.8%. Lower development also meant that our reinvestment rate target was missed, although it was maintained at the same level as the prior year.

Our communities remain at the heart of Clarion, and in 2023/24 we were able to invest £18.2 million (gross) in charitable projects, an increase of £1.4 million from the previous year, as well as exceeding our target by £0.8 million. We continue to maximise the support we can provide to residents during these challenging times.

Benchmarking to the G15 for 2022/23 shows strong performance on all these measures, demonstrating our focus on delivering for our residents.

5. Effective asset management

Sector Scorecard - Effective Asset Management	RSH VFM	2023/24 Clarion	2023/24 Target	2023/24 Achieved	2022/23 Clarion	2022/23 G15 Average	2022/23 Clarion Ranking	2024/25 Target	2025/26 Target
Return on capital employed (ROCE)	✔	**2.5%**	**3.4%**	✘	2.9%	2.1%	1/11	2.6%	2.9%
Occupancy		**98.4%**	-	-	98.3%	98.6%	5/7	-	-
Ratio of responsive repairs to planned maintenance		**83.8%**	**74.1%**	✘	66.3%	60.9%	7/11	81.6%	73.8%

Clarion's return on capital employed was below both target and the prior year as performance was affected by the difficult operating environment. Performance compared to the G15 in 2022/23 remains strong and the business is focussed on improving this measure going forwards.

During the year, occupancy increased slightly to 98.4% but remains a key focus for the business as we look to improve both the void turnaround and lettings processes. It is essential that we make maximum use of the properties we own during the housing crisis and significant waiting lists.

Clarion's ratio of responsive repairs to planned maintenance has increased significantly in the year from 66.3% in 2022/23 to 83.8%, and is well above our target. This reflects the increase in demand for repairs and the need to prioritise planned investment works within a constrained capacity. The target for 2024/25 has been reset reflecting the current higher level.

6. Directors' remuneration

Directors' Remuneration	2023/24 Clarion	2022/23 Clarion	2022/23 G15 Average
Remuneration payable to the highest paid director relative to the size of the landlord	**£3.98**	£3.90	£5.36
Aggregate amount of remuneration paid to directors, relative to the size of the landlord	**£30.58**	£26.37	£36.08

As expected, due to inflation, Clarion's directors' remuneration and management costs in relation to the size of the organisation have increased year on year. However, our results are significantly below the 2022/23 G15 averages for both measures, demonstrating the efficiencies of a larger organisation operating under the stewardship of a typically sized executive team.

Principal risks and uncertainties

Risk management in delivering our objectives

Clarion Housing Group recognises that it operates in a world of uncertainties with inherent risks present in all it does. The effective management of our risks remains key to the achievement of our strategic, tactical, operational, and compliance objectives, thereby fostering sustainable growth and long-term value.

Risk management framework

As the principal governing entity of Clarion Housing Group, the Group Board holds ultimate responsibility for risk oversight. With a blend of expertise and experience, the Board regularly receives updates on risks - with a focus on those prioritised and judged to impede the achievement of Clarion's strategic goals. The Board also has overall responsibility for defining Clarion's risk appetite, outlining the principal risks it is willing to take, and thereby guiding decision-making across the Group. We have implemented a risk management framework based on the three-lines model (see Figure 10), which facilitates the identification, assessment, management, monitoring and reporting of risks throughout Clarion.

The Group Board has delegated to the Audit and Risk Committee (ARC) the responsibility for reviewing Clarion's risk management process to ensure their adequacy and effectiveness.

The ARC also oversees the effectiveness of assurance arrangements, systems, and processes, and regularly considers Clarion's risk exposure as a standing item in its meetings to ensure continuous monitoring.

The Group Executive Team (GET) is responsible for executing the Group's strategy and managing risks across all of Clarion's activities. The GET emphasises the importance of a strong risk culture, which is embedded throughout the organisation. Consequently, all key business areas manage their own risks appropriately by assigning ownership, escalating risks/issues where necessary, and maintaining and regularly reviewing their risk registers.

This year, we have continued to enhance our second line risk activities by implementing our refreshed risk policy and methodology, supporting enhanced analyses and assessments, delivering clear insights and robust debate. Staff members across Clarion engaged in conversations about risk and participate in the risk assessment process, encouraging greater risk awareness and further building on the solid foundations we already have in place.

Risk appetite

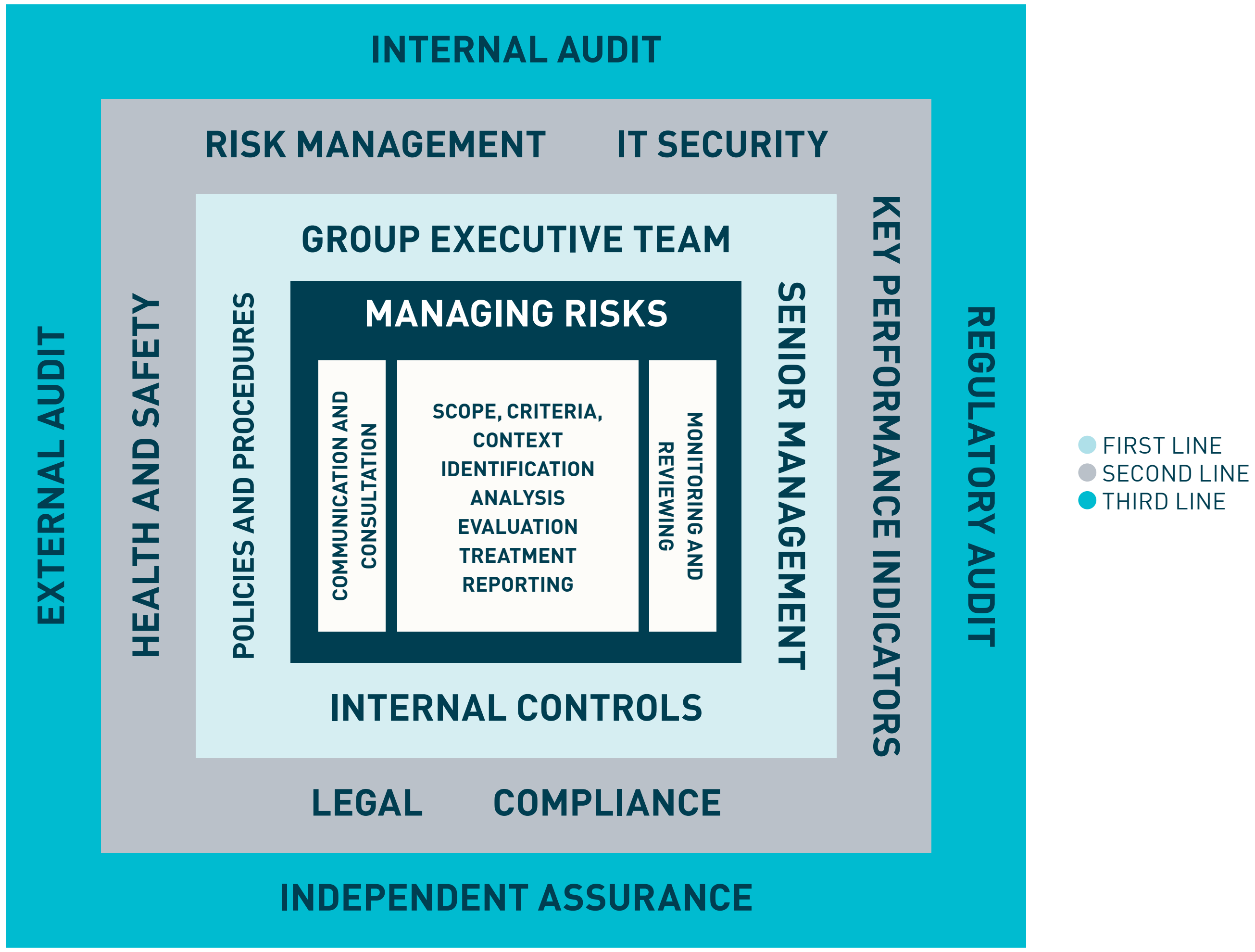
The Group Board has overall responsibility for defining our risk appetite: the degree and type of risk it is prepared to take to achieve our overall objectives. This is set within the context of the rapidly changing external environment including regulatory, political, economic, and environmental change, all of which can have significant and immediate impacts on our business.

The most significant judgements are associated with our investment decisions on development schemes, our asset strategy and reinvestment priorities, our customer offer, our obligations under regulation, legislation, maintaining sufficient financial capacity and headroom, fulfilling our environmental and social responsibilities, and maintaining resilience to climate-related risks.

We have a low level of appetite for risk which would impact our record on regulatory compliance, health and safety, and our reputation. We have a higher level of appetite for new business and opportunities for growth, within the financial risk parameters set by the Board.

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

Figure 10: Three Lines Model



Risk focus this year

The Board continues to focus on our principal risks and during the year we have completed a full review, informed by horizon scanning and external research on emerging risks, including the Regulator of Social Housing's sector risk profile.

The past year was particularly challenging. Amid economic turbulence, the Group faced high inflation, limitations posed by a rent cap, a slow housing market, supply chain pressures, relentless and sophisticated cyber threats, and increased scrutiny of the social housing sector. Additionally, unprecedented demand for repairs and the rising cost of living have increased our customers' need of our services, necessitating careful management and thoughtful decision-making.

The table on the following pages sets out our principal risks and uncertainties along with current and planned mitigations:

Strategic pillars	Principal risk area and drivers	Current and planned mitigations	Change in the year
Our business Our customers	**Macro-environment** Failure to appropriately respond to changes in the macro environment particularly, economic, and societal factors, and government policy shifts (e.g., rent-setting regime).	• Long term financial planning • Maintaining headroom / capacity • Monitoring external markets • Performing financial stress testing • Responding to consultations / influencing policy and practices • Future scanning and insights • Business performance reporting and monitoring	⟷
Our business Our homes	**Sale of new homes** Sales of newly developed homes / value of the delivered product (or volume) falls below forecasts (or commitment).	• Investment policy • Investment committee review and approval • Robust governance through Development Gateways • Clear business plan, building in market evidence • Sensitivity analysis as part of scheme appraisal • Forward Sales strategy • Regular tracking and reporting • Flexibility in our approach to respond to market changes	⟷
Our business Our customers Our people	**Information security / major cybersecurity breach** A direct breach in Clarion HG's cyber security or an indirect breach via our supply chain.	• Cyber and Information security policies in place • Cyber hygiene routinely performed • Defence-in-Depth security - leveraging multiple security measures to protect Clarion's information assets • Security visibility • Supplier management • Delivery of comprehensive Roadmap strengthening our response	⟷
Our homes Our customers	**Building safety and compliance** Failure to ensure a whole-building approach to safety, including appropriate risk assessment and remediation works. Failure to adhere to legal and regulatory requirements.	• Delivery of building safety, resident engagement and fire safety strategies • Dedicated function to tackle Leaks, Condensation, Damp and Mould (LCDM) • Central Health and Safety function providing independent oversight and subject matter expertise • Dedicated Building Safety team in place • Performance reporting and monitoring • Fire Risk appraisal and remediation programme • Enhanced building safety governance	Formerly Property Condition and Safety[1]
Our business Our customers Our homes	**Third party reliance** Insolvency/poor resilience of key contractors/partners and/or their capability to deliver impacts on the achievement of our objectives.	• Supplier Due Diligence policy • Procurement and contract management programme training • Due diligence management system in place • Diversification of contracts • Regular strategic and performance reviews for critical suppliers • Centralised team of professionals in place supporting cross-business procurement • Steering groups for high spend areas • Outsourcing/3rd party management roadmap	Formally Third-Party Reliance / Supply Chain Issues[2]
Our customers Our homes Our business	**Customer experience and expectations** We do not deliver a positive customer experience, our products, services, and range of channels do not keep pace with the evolving demands and expectations of our customers, or we fail to meet the standards expected by our regulatory bodies.	• Delivery of Customer Strategy • Clarion Commitments in place • Surveys providing customer insights • Business performance reporting and monitoring • Range of policies in place and regularly reviewed • Variety of communication channels available • Training and development portfolio in place	⟷

Strategic pillars	Principal risk area and drivers	Current and planned mitigations	Change in the year
Our business **Our customers**	**Data integrity and governance** A culture of data awareness, ownership and confidence is not embedded, inhibiting our goal to become a data driven organisation and make informed decisions based on accurate data.	• Data governance policy and framework in place • Data Council, prioritising overall strategic direction • Data Owners and Steward in place • Ongoing identification of critical data elements • Improvement programme • Targeted training programme • Delivery of tools to support understanding	⟷
Our customers **Our homes** **Our business**	**Property condition and investment** Failure to provide good quality, well-maintained homes which are fit for the future (e.g., the changing climate).	• Clarion 2050 Asset Strategy • Regional Investment Plan • Existing asset management contracts • Asset Condition strategy • In-house repairs and maintenance service • Monitoring of delivery performance and value for money • Clear governance structure with oversight and monitoring • Improvement programme • Contracts re-procurement to support Asset Investment programme	Formally Property Condition and Safety[1]
Our people **Our business**	**Sourcing and retaining skilled people** Inability to attract, develop and retain a diverse workforce with the right skills and knowledge.	• Delivery of People Strategy • Learning and Development policy • Recruitment and talent management • Pay and benefits • Equality, Diversity, and Inclusion (EDI) policy • Salary benchmarking • Graduate and apprenticeship schemes • Clarion & You (staff) Survey • Business performance reporting and monitoring	⟷
Our business **Our homes**	**Sustainability commitments** Our sustainability commitments across the Environmental, Social and Governance spectrum are not achieved	• Sustainability policies in place • Sustainability Strategy delivery • Delivery of supporting strategies, including Clarion 2050 Asset Strategy, Clarion Futures Strategy, Equality, Diversity, and Inclusion (EDI) Strategy and Procurement Strategy • Dedicated senior management oversight • Adoption of Sustainability Reporting Standard • Implementing improvement to data collection and performance on waste generation • Climate-related risk exposure assessment	⟷
Our business **Our customers** **Our homes**	**Supply chain issues** Challenges within our supply chain, including shortages of both materials and skilled workers at competitive prices drives up costs and impacts delivery	• Group Procurement policy • Regular dedicated steering groups / local areas of excellence • Regular strategic review meetings with key suppliers • Repairs and maintenance service fully in-house • Regular development project review gateways • Development contracts provide flexibility / JV structures limit exposure	Formally Third-Party Reliance / Supply Chain Issues[2]
Our business **Our homes**	**Funding and liquidity** Insufficient liquidity and/or inability to raise funding on competitive terms leading to a drop/inability to continue operations, deliver high quality services and generate growth	• Liquidity policy • Prudent treasury policies and procedures • Funding strategy • Long term business plan • Regular reporting on cash flow and liquidity • Frequent cash / liquidity forecasting • Proactive engagement with lenders and ratings agencies • Monitoring of external markets • Diversification of funding sources	⟷

1 Our Property Condition and Safety risk has now been split into two risks: (1) Building Safety and Compliance and (2) Property Condition and Investment. 2 Our Third-Party Reliance / Supply Chain Issues risk has now been split into two risks: (1) Third Party Reliance and (2) Supply Chain Issues.

Clarion Housing Group Board

David Avery, Group Chair
First appointed: October 2015

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

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

Jock Lennox, Group Chair Designate
First appointed: May 2024

Jock is a chartered accountant, with extensive experience across a range of sectors, including real estate and retail. He spent 30 years with Ernst & Young, holding a number of leadership positions in the UK and globally, including 20 years as a partner.

Since leaving EY, he has developed an active board career. He is currently Chairman of Johnson Service Group PLC and is a Non-Executive Director and Chair of the Audit Committee for Barratt Developments PLC. He was previously Chairman of EnQuest PLC and Hill & Smith Holdings PLC. He has also served on the boards of Dixons Carphone PLC, Oxford Instruments PLC and A&J Mucklow Group PLC.

Doris Olulode, Vice Chair and Chair of Remuneration, Nominations and People Committee
First appointed: April 2021

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

Doris also serves as a non-executive director for the Royal Free London NHS Foundation Trust, Royal National Orthopaedic Hospital and the Chartered Institute of Legal Executives and is a Lay Member to HM Courts and Tribunals Service.

Lord Barwell, Chair of Clarion Futures
First appointed: December 2019

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

Graham Farrant
First appointed: November 2019

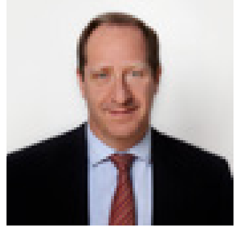
Graham is Chief Executive of Bournemouth, Christchurch and Poole Council. He has led complex political organisations as Chief Executive in both the public and private sectors with a track record of delivering change. Graham brings a background in housing and local government.

Rachel Fletcher
First appointed: September 2022

Rachel is a regulatory expert and Octopus Energy's Director for Regulation and Economics. She was Chief Executive of Ofwat and held senior positions including at board level in Ofgem. Before that, Rachel worked as an energy strategy and policy consultant, having started her career in international development.

Amanda Metcalfe
First appointed: November 2019

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



Jeremy Newman, Chair of Audit and Risk Committee
First appointed: September 2023

Jeremy currently has a portfolio of board level roles in the public, not for profit and private sectors, including as a Panel Member for the Competition and Markets Authority, Senior Non-Executive Director of Open Banking Limited and Chair of the Workforce Development Trust. Jeremy also recently led a review of the UK's Civil Aviation Authority.

During his career Jeremy has held various roles with BDO, including Global Chief Executive Officer and Managing UK Partner. He was also Chair of the Audit Commission and of the Single Source Regulations Office.

David Orr CBE, Chair of the Clarion Housing Association Board
First appointed: November 2018

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

David has had a 30-year career in housing, which includes time as the Chief Executive of Newlon Homes and working for Centrepoint, the homelessness charity. He is a former president of Housing Europe and was previously the Chief Executive of the Scottish Federation of Housing Associations.

Rupert Sebag-Montefiore, Chair of Latimer
First appointed: July 2017

Rupert has extensive Board experience at both listed and private companies. He is currently a Non-Executive Director at Pigeon Land Limited - a development land promotion company. Prior to this, he was on the Savills plc main Board, followed by the Group Executive Board, for 21 years.

He has also previously served as Non-Executive Chairman of Fastcrop plc, which operated the property web portal PrimeLocation, as Non-Executive Director of Adventis, a marketing company, during its flotation on AIM, and as Chairman of the Finance Committee for a university. Rupert has sat on a number of external investment committees, including Christ Church College at the University of Oxford, is a Trustee of the Orchestra of the Age of Enlightenment and chairs the property companies for the private office of a European family.

Tom Smyth, Chair of Treasury Committee
First appointed: December 2019

Tom became Chair of the Treasury Committee in March 2020. He retired in 2022 from Rothschild & Co, one of the world's largest independent financial advisory groups, where he was Executive Vice Chairman, Financing Advisory. During his 25 years at Rothschild & Co, he advised the boards of the biggest listed and private equity owned companies across Europe on their debt funding, risks management and treasury strategies. He sits on the Board of Kingston University where he chairs its Finance Committee.

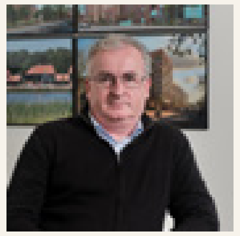
*Executive directors Clare Miller and Mark Hattersley are also members of the Clarion Housing Group Board.

Group Executive Team

Clare Miller, Group Chief Executive

Clare has been Clarion's Group Chief Executive since 2018. She is a chartered accountant with over 30 years' experience in the housing sector. Clare joined the Housing Corporation in 1992 as a financial regulator and over the next 18 years progressed to become its Director of Regulation.

She then became an Executive Director at the Tenant Services Authority, with responsibility for housing association regulation. In 2010, Clare joined Affinity Sutton as Group Director of Governance and Compliance. She took up the same role at Clarion in 2016, before taking on her current role two years later.



Richard Cook, Group Director of Development

Richard leads Clarion's development business and is responsible for the group's sustainability strategy.

He joined Clarion in February 2019 from Lendlease where he was head of residential, delivering over a thousand new homes each year. He also played a key role in the delivery of the London 2012 Athletes' Village while at Lendlease. He has more than 25 years of experience in the property sector having previously worked at companies including Mace and Taylor Wimpey.

Mark Hattersley, Chief Financial Officer

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

Catrin Jones, Group Director of Corporate Services

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

Rob Lane, Chief Property Officer

Rob leads the Group's strategic asset management, including regeneration, and spearheaded Clarion's 2040 Strategy which involves a major programme of investment to sustainably upgrade its properties, based on a set of housing standards it has developed.

Rob is a qualified accountant, with a career that has included senior finance roles in major commercial organisations such as the Domino's Pizza Group and Network Rail Property.

Michelle Reynolds, Chief Customer Officer

Michelle has more than 30 years' experience in the housing sector and was formerly Clarion's Chief Operating Officer and Group Director for Commercial Services prior to this. As Chief Customer Officer, Michelle is responsible for delivering a consistently good quality, comprehensive service for all Clarion customers and ensuring that customers remain at the heart of our business, improving the customer experience and representing the voice of our customers. Michelle is also Executive lead for Clarion Futures, Clarion's Charitable Foundation.

Catherine Thomas, Group Director of Corporate Affairs

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

Han-Ley Tang, Chief Technology Officer

Han was appointed Chief Technology Officer in June 2023. Han began his career at Deloitte and he most recently was the Chief Technology Officer at VetCT. Prior to this, he held positions at PwC, UBS, and AJW Group.

Han has a proven track record of implementing innovative technology strategies to drive business growth and operational efficiency, leveraging emerging technologies, such as artificial intelligence and big data, to deliver superior customer experiences and improve business outcomes. In addition, Han has expertise in enterprise architecture, cloud computing, data analytics, and software engineering.

Corporate governance

Clarion Housing Group is the strategic parent of the group and has overall control of all of its subsidiaries. Within the Group, there are key business streams: the landlord, Clarion Housing; the development company, Latimer Developments; and the charitable foundation, Clarion Futures. A single housing association, Clarion Housing, owns all of the Group's social housing assets and delivers all services to residents.

Horizon Place, Borehamwood

Clarion Housing Group Board

The Board sets the strategic direction of the wider Group and monitors overall performance as well as ensuring compliance with the association's objects and regulatory obligations. It receives assurance on landlord functions from the Clarion Housing Association Board. The Group Board approves the budgets and business plans of its subsidiary companies and retains control through the ability to appoint and remove subsidiary board members.

The Board and Group Executive Team have an effective working relationship which helps to facilitate appropriate challenge and support.

Group Executive Team

The Group Executive Team, led by the Chief Executive, is the internal leadership team responsible for day-to-day operational performance. They also lead on implementing agreed strategies and ensuring our culture and values are embedded across the business and they have operational responsibility for the management of risk across the business and provide the first line of defence in the management of corporate risk.

The Board delegates certain matters to four committees. The Committees operate on behalf of all group entities. The Chair of each Committee provides a written update at each meeting on the work of their committee.

Audit and Risk Committee

Advises the Group and subsidiary boards on the effectiveness of assurance arrangements and has oversight of the risk framework. It also reviews the effectiveness of the internal audit function and maintains the relationship with our external auditor.

Remuneration, Nominations and People Committee

Responsible for Board member appointments and renewals, the appointment of the Chief Executive and for Board and Executive succession planning. It also agrees the remuneration strategy for all employees and remuneration for the Group Chief Executive and executive directors. It oversees and monitors the Group's culture and behaviours.

Treasury Committee

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

Investment Committee

Responsible for scrutiny of all proposed projects involving major investment, by way of acquisition, development or regeneration. It recommends to the Group Board any projects outside agreed delegations.

Board membership

The Group Board ordinarily has ten non-executive directors and two executive directors who bring a broad range of skills, experience and knowledge to their roles, including expertise in finance, business, consumer service, sector knowledge and public administration. Currently there are eleven non-executive members following the appointment of Jock Lennox, as Chair Designate. The current Group Chair, David Avery will step down on 31 July 2024 at which membership will revert to the usual ten non-executives.

Non-executive directors serve six years in total although this may be extended for a maximum further three years where members have a particular expertise or skillset.

We undertake an annual appraisal process and skills audit of all our board and committee members. As a result, we are confident the Board has the collective skills to fulfil their responsibilities of overseeing the strategic direction of the Group.

The table below sets out the Board and Committee membership along with attendance for the year:

Board Member	Group Board	Audit and Risk Committee	Remuneration, Nominations and People Committee	Investment Committee	Treasury Committee
David Avery	7/7		4/4		
David Orr	5/7				
Gavin Barwell	5/7		3/4		
John Coghlan*	4/5	3/3			
Jeremy Newman**	4/4	3/3			
Graham Farrant	6/7	5/5			
Rachel Fletcher	6/7		1/1		
Amanda Metcalfe	7/7		4/4		
Doris Olulode	7/7		4/4		
Tom Smyth	6/7	5/5			5/5
Rupert Sebag-Montefiore	6/7				
Clare Miller	7/7			1/8	3/5
Mark Hattersley	7/7			7/8	5/5

Other Committee members	Group Board	Audit and Risk Committee	Remuneration, Nominations and People Committee	Investment Committee	Treasury Committee
Andrew Murray				6/8	
Sharon Critchlow**		3/3			
Karima Fahmy				6/8	
Chris Hatfield				8/8	
Paul Munday				6/8	
Michelle Reynolds				7/8	
Rob Lane				8/8	
Richard Cook				8/8	
Kwok Liu					5/5
Maxim Sinclair					5/5
Kirstin Baker***		2/2			

*Resigned December 2023

**Appointed September 2023

***Resigned July 2023

Governance review

In February 2024, the Regulator of Social Housing confirmed Clarion's existing G1 grade for governance (the highest compliance rating) and V2 grade for viability following a stability check. The Board has considered its obligations under regulation and is satisfied that it complies in all material respects with the standards.

During 2023/24, we have continued to embed the outcomes of our previous externally led board effectiveness review. Enhancements include:

- Reviewing how we report to boards and committees;
- Working to simplify our governance structure; and
- Improved reporting on people, culture and wellbeing.

Our next externally led review is expected to take place in 2024/25.

Code of governance

The Group has adopted the NHF Code of Governance 2020 which enable the Board to demonstrate compliance with best practice in the housing sector. The Group routinely self-examines performance against the main requirements of the Code and regularly reviews its effectiveness. We continue to review and enhance our approach to ensure we remain compliant.

The Group fully complies with the NHF Code of Governance 2020 with the exception of Principle 3.1(4). Our Investment Committee is chaired by, Mark Hattersley, the Chief Financial Officer. The Board believes that Mark is best placed to chair the Committee given his detailed knowledge and experience of the business. There are four non-executive members on the Committee who provide appropriate independent scrutiny.

The Group has also adopted and complies with the NHF Code of Conduct 2022. We have a strong probity framework in place with all board and committee members declaring any potential conflicts of interest at least annually as well as being asked to declare any new conflicts at every meeting.

Resident involvement

The Board is committed to ensuring there is resident involvement at various levels in the Group. Residents are able to engage from the very local, through to regional and national forums which ensures the resident voice is at the heart of everything we do. We continue to support the NHF resident involvement charter which aims to strengthen the relationship between housing associations and their residents.

The Board values resident input and has actively encouraged resident scrutiny and accountability measures which have added value to the business. Our Resident Involvement strategy is due to be refreshed in Q1 2024/25 and this will continue to ensure all residents have the opportunity to be involved in ways that are accessible and which meet their needs. The Housing Association Board currently has 3 resident board members, with recruitment for a fourth member underway.

In 2023, we launched our new Customer Committee, chaired by a resident board member and made up of our Chief Customer Officer, Chief Property Officer and six additional residents. We were delighted to receive over 100 applications from residents across the country and the committee has already begun providing extra scrutiny on customer related matters. The Customer Committee is a formal committee of the Clarion Housing Association Board.

Modern slavery and human trafficking statement

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

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

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

Report of the Remuneration, Nominations and People Committee

Membership of the Committee: Doris Olulode (Chair), David Avery, Gavin Barwell, Amanda Metcalfe, Rachel Fletcher (resigned 1 August 2023)

The role of the Committee is to ensure that the Board has the skills and members to operate effectively, and to agree remuneration policies which are appropriate for the organisation's needs, balancing our absolute requirement to attract and retain the right staff with our social purpose. Board Members are appointed for two, three-year terms. Where members have a particular expertise or skillset, we may choose to extend the appointment for a further three years, reviewed at least annually.

The Committee monitors equality, diversity and inclusion across all levels of the Group and regularly reviews and evaluates the strength and diversity of the Group's leadership. The Committee also has responsibility for overseeing and monitoring the culture and behaviours of the organisation.

As a long-term investor in homes and property we value the experience and knowledge Board Members acquire over their term of office. Our Board understands the property market and the cycles it displays, which helps to manage and mitigate the risks of the business. The Board aims to undertake an external review every three years, with the next due in 2024/25. In other years the Board conducts its own assessment with the Chairman appraising all Board Members' performance.

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

This year the Committee has been engaged in recruiting a new Group Chair ahead of David Avery's retirement later this year. In addition, we've also been monitoring the continued implementation of, and compliance with, the NHF Code of Governance.

Report of the Audit and Risk Committee

Membership of the Committee: Jeremy Newman (Chair, appointed 1 September 2023), Sharon Critchlow (appointed 1 September 2023), Graham Farrant, Tom Smyth, Kirstin Baker (resigned 31 July 2023), John Coghlan (resigned 31 December 2023)

The Committee currently includes three non-executive Group Board Members and one non-executive member from the Clarion Housing Association Board.

The Committee continues to meet regularly during the year and the focus is to ensure there are sound and effective systems of internal control and risk management along with scrutinising the financial statements and proposing them to the Group Board for approval. Members examine in detail the work of internal audit, and the risk framework, advising the Board of any new and emerging risks of which they consider the Board should be aware. In support of the accounts, the Committee has considered the accounting policies and the significant judgements and accounting estimates. The Committee has also been focussed on monitoring Clarion's approach to cyber security.

The Committee's role remains vital in overseeing the internal control and risk management environment, advising the Board and working closely with management to secure the best outcomes for those who benefit from our services.

Internal audit

Clarion has its own internal audit and risk function, led by the Director of Audit and Risk. This is supplemented by the engagement of external partners to carry out specific internal audit reviews utilising their specialist surveying, IT and treasury skills. We believe this model gives us a suitably skilled and flexible resource for maximum coverage and benefit to the business. The focus of the audit programme this year has included anti-social behaviour, recruitment, complaints handling and disrepair.

External audit

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

Report of the Treasury Committee

Membership of the Committee:
Tom Smyth (Chair), Clare Miller, Mark Hattersley, Kwok Liu, Maxim Sinclair

The role of the Committee is to assist the Group in discharging its responsibility in relation to treasury and financing activities. The role also includes reviewing treasury policies, approving the appointment of bankers and financial intermediaries, advising on funding strategy, and approving the terms of any financing arrangements. The Committee also provides guidance and advice in relation to the Group's external credit ratings and investor relations.

During the year, the Committee focussed on funding strategy, preparing the Group for a return to the capital markets in 2024 by agreeing the reactivation of our EMTN programme, the development of a new Sustainable Housing Finance Framework, and the addition of a new credit rating. This work supported the publication of an A+ credit rating with Fitch and the issuance of a successful £250 million sustainable bond issue in May 2024.

During the year, the Committee also continued to review and advise upon the Group's liquidity and treasury policies, security position and the significant derivative portfolio.

Report of the Investment Committee

Membership of the Committee:
Mark Hattersley (Chair), Richard Cook, Karima Fahmy, Chris Hatfield, Rob Lane, Clare Miller, Paul Munday, Andrew Murray, Michelle Reynolds

The Committee currently includes two non-executive members from the Latimer Board and two non-executive members from the Clarion Housing Association Board. The non-executive members bring a wealth of experience in legal, finance and development.

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

The Committee also has a role in ongoing monitoring of schemes to ensure they are progressing within the agreed parameters. The Committee also considers other aspects of Development including sales market, future pipeline, contractor risk, grant programmes, project exceptions etc.

During the year, the Committee was focussed on flexing the current development programme in response to the challenging external factors such as legislation and planning changes, supply chain issues, cost inflation and sales/mortgage constraints.

Board statement on the effectiveness of the system of internal control

The Group's system of internal controls responsibility

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

The Board has overall responsibility for risk management, the system of internal control and for reviewing the effectiveness of these at least annually. Clarion's system of internal control consists of a range of controls which include policies, processes, management systems, organisational structures, and standards of conduct. These are employed to address the significant risks that could impede the Group's ability to meet its objectives. The Board acknowledges that these controls provide reasonable, though not absolute, assurance against material misstatement or loss.

An overview of key elements of the control framework is set out below.

Control framework elements

The primary methods for identifying, evaluating, and managing internal control systems include:

- Corporate governance arrangements;
- Management structures providing balance and focus within the Group;
- Adoption of the principles of the NHF Code of Governance 2020, which the Group routinely self-examines performance against;
- A Group-wide risk management process, which enables threats to be managed so that residual risk, after appropriate mitigation, can be absorbed without serious permanent damage to the Group or its subsidiaries. This includes a formal risk management approach to new business and major development initiatives and action plans to mitigate the worst effects of the risks. Risk management is considered at each Audit and Risk Committee meeting, with periodic reviews of individual risk areas and/or risk registers, as well as considered regularly by the Group and Subsidiary Boards;
- A Group-wide Internal Audit function, structured to provide independent and objective assurance to the Audit and Risk Committee and the Board through the delivery of a risk based Internal Audit plan. Regular reporting is delivered to the Audit and Risk Committee highlighting progress on the delivery of the plan and the outcomes of internal audit activities. Audit recommendations are tracked and followed up, so that recommendations for strengthened controls and improvement can be implemented promptly;
- Policies and procedures for all key areas of the business, which are reviewed periodically to ensure their continued appropriateness;
- A Group-wide Health and Safety function which provides technical guidance, support, and strategy for ongoing assurance of Clarion's safety practices;
- Regulatory requirements and service objectives with managers ensuring that variances are investigated and acted upon;
- An anti-fraud and anti-bribery culture which is supported by a policy and procedure for dealing with suspected fraud, bribery, and whistleblowing;
- Written Group-wide financial standards framework and delegated authorities;
- A process to ensure all housing investment decisions and major commitments are subject to appraisal and approval by the Investment Committee and, when appropriate, the Group Executive Team and the relevant Board, in accordance with the Group's financial regulations;
- A Group-wide treasury management function reporting at least three times a year to the Treasury Committee;
- Annual budgets and long-term business plans for the Group and its subsidiaries prepared and regularly monitored by Boards and managers. An important tool in this process is the Group's

Balanced Scorecard which identifies performance against key performance indicators, underpinned by supporting performance indicators and management information. The measures are reviewed by the Group Executive Team on a monthly basis and are reported up through the governance structure, through to the Board, as appropriate; and

- Annual internal controls assessment of how well systems of governance, internal control and risk management practices are operating across Clarion.

Continuous improvement

We continually keep our internal control framework under review. Further programme of works is being undertaken, with a vision of transforming our ways of working through simpler processes, better collaboration and a greater working environment, enhancing the delivery of our services and making positive impacts for both customers and colleagues.

Review and status

The Board has considered a range of evidence, including the outcomes of externally led assessments.

The Audit and Risk Committee have reviewed the Chief Executive's annual review of the effectiveness of Clarion's risk management and internal control systems for the year ended 31 March 2024. A report has been made to the respective Boards on the effectiveness of the control systems in place and they would be made aware of any changes needed to ensure the ongoing effectiveness of controls and assurance arrangements. The Audit and Risk Committee and the Group Board have expressed their satisfaction with these arrangements.

No significant weaknesses were found in internal controls which resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements, for the year ended 31 March 2024 and up to the date of approval of the financial statements.

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

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

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

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

In preparing each of the Group and the Parent Association financial statements, the Board is required to:

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

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Group and the Parent Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. The Board is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Group and the Parent Association and to prevent and detect fraud and other irregularities.

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

Going Concern

After reviewing the Group's budget for 2024/25 and those of its subsidiaries, the Group's 30-year business plan, and based on normal strategic business planning and control procedures, the Board has a reasonable expectation that Clarion Housing Group Limited has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements.

Disclosure of information to Auditor

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

Auditor

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

By order of the Board

David Avery,
Group Chair

10 July 2024

Independent Auditor's Report to Clarion Housing Group Limited

Opinion

We have audited the financial statements of Clarion Housing Group Limited ("the Association") for the year ended 31 March 2024 which comprise the Group and Parent Association Statements of Comprehensive Income, the Group and Parent Association Statements of Financial Position, the Group and Parent Association Statements of Changes in Capital and Reserves, the Group Statement of Cash Flows, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the Group and the Parent Association as at 31 March 2024 and of the income and expenditure of the Group and the Parent Association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

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

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

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

As required by auditing standards, we perform procedures to address the risk of management override of control, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition due to the predictable, non-complex nature of material revenue streams and the limited opportunity for management to manipulate revenue transactions.

We did not identify any additional fraud risks.

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

We performed procedures including:

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations; and
- assessing significant accounting estimates for bias.

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Board and other management (as required by auditing standards).

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

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

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

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

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

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

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

Other information

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on page 65 the Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and the Parent Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the Parent Association, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Fleur Nieboer

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

16 July 2024

Group Statement of Comprehensive Income
for the year ended 31 March 2024

	Notes	**2024 £m**	2023 £m
Turnover	4a	**992.5**	1,007.8
Cost of sales	4a	**(142.4)**	(204.7)
Operating costs (excluding pension cessations)	4a	**(671.3)**	(638.6)
Pension cessations	4a, 28	**(7.5)**	–
Surplus on disposal of properties	4a	**66.1**	96.0
Operating surplus	4a	**237.4**	260.5
Surplus on disposal of other fixed assets	4a	**–**	0.1
Surplus on disposal of operations	17	**–**	7.0
Share of surplus of JCEAs	17	**2.5**	5.3
(Loss)/gain on revaluation of investment properties	15	**(7.8)**	4.7
Interest receivable	7	**28.3**	14.7
Interest payable and financing costs	8	**(178.1)**	(152.9)
Loan breakage costs	8	**–**	(44.8)
Movement in fair value of financial instruments	9	**(0.4)**	0.6
Surplus on ordinary activities before taxation	10	**81.9**	95.2
Tax credit on surplus on ordinary activities	11	**5.2**	1.6
Surplus for the year		**87.1**	96.8
Remeasurement of defined benefit pensions	28	**11.6**	(28.3)
Movement in fair value of financial instruments	9	**22.2**	141.7
Total comprehensive income for the year		**120.9**	210.2

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

David Avery
Group Chair

Mark Hattersley
Chief Financial Officer

Louise Hyde
Company Secretary

10 July 2024

Parent Statement of Comprehensive Income
for the year ended 31 March 2024

	Notes	**2024 £m**	2023 £m
Turnover	4a	**81.7**	72.5
Operating costs	4a	**(75.5)**	(69.8)
Operating surplus	4a	**6.2**	2.7
Interest receivable	7	**54.0**	32.7
Interest payable and financing costs	8	**(60.1)**	(35.4)
Surplus/result on ordinary activities before taxation		**0.1**	–
Tax charge on surplus/result on ordinary activities	11	**–**	–
Surplus/result for the year		**0.1**	–

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

David Avery
Group Chair

Mark Hattersley
Chief Financial Officer

Louise Hyde
Company Secretary

10 July 2024

Group Statement of Financial Position
as at 31 March 2024

	Notes	2024 £m	2023 £m
Fixed assets			
Goodwill	12	**14.3**	14.3
Other intangible assets	13	**56.6**	66.9
Social housing properties	14	**8,656.9**	8,395.1
Investment properties	15	**200.6**	219.3
Non-housing fixed assets	16	**25.4**	26.9
Interests in JCEAs	17	**210.9**	185.5
Other fixed asset investments	18	**10.5**	11.1
		9,175.2	8,919.1
Current assets			
Stock	19	**469.5**	476.3
Debtors: amounts falling due within one year	20	**124.7**	114.0
Debtors: amounts falling due after one year	20	**100.1**	102.8
Current asset investments	21	**59.9**	107.9
Cash and cash equivalents		**85.8**	89.4
		840.0	890.4
Current liabilities			
Creditors: amounts falling due within one year	22	**(325.5)**	(331.2)
Net current assets		**514.5**	559.2
Total assets less current liabilities		**9,689.7**	9,478.3
Creditors: amounts falling due after one year	23	**(7,006.9)**	(6,920.9)
Provisions for liabilities and charges	27	**(48.1)**	(43.6)
Total net assets		**2,634.7**	2,513.8
Capital and reserves			
Non-equity share capital	32	**–**	–
Cash flow hedge reserve		**(55.2)**	(77.4)
Income and expenditure reserve		**2,689.0**	2,591.2
Restricted reserve		**0.9**	–
Total capital and reserves		**2,634.7**	2,513.8

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

David Avery
Group Chair

Mark Hattersley
Chief Financial Officer

Louise Hyde
Company Secretary

10 July 2024

Parent Statement of Financial Position
as at 31 March 2024

	Notes	2024 £m	2023 £m
Fixed assets			
Other intangible assets	13	**56.6**	66.8
Non-housing fixed assets	16	**12.7**	12.4
Other fixed asset investments	18	**45.6**	45.6
		114.9	124.8
Current assets			
Debtors: amounts falling due within one year	20	**15.6**	25.7
Debtors: amounts falling due after one year	20	**507.0**	429.8
Cash and cash equivalents		**66.0**	72.3
		588.6	527.8
Current liabilities			
Creditors: amounts falling due within one year	22	**(81.2)**	(111.1)
Net current assets		**507.4**	416.7
Total assets less current liabilities		**622.3**	541.5
Creditors: amounts falling due after one year	23	**(592.2)**	(510.2)
Provisions for liabilities and charges	27	**(0.3)**	(1.6)
Total net assets		**29.8**	29.7
Capital and reserves			
Non-equity share capital	32	**–**	–
Income and expenditure reserve		**29.8**	29.7
Total capital and reserves		**29.8**	29.7

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

David Avery
Group Chair

Mark Hattersley
Chief Financial Officer

Louise Hyde
Company Secretary

10 July 2024

Statements of Changes in Capital and Reserves
for the year ended 31 March 2024

Group

	Non-equity share capital £m	Cash flow hedge reserve £m	Income and expenditure reserve £m	Restricted reserve £m	Total capital and reserves £m
At 31 March 2022	–	(219.1)	2,522.7	–	**2,303.6**
Surplus for the year ending 31 March 2023	–	–	96.8	–	**96.8**
Other comprehensive income for the year	–	141.7	(28.3)	–	**113.4**
At 31 March 2023	–	(77.4)	2,591.2	–	**2,513.8**
Surplus for the year ending 31 March 2024	–	–	87.1	–	**87.1**
Other comprehensive income for the year	–	22.2	11.6	–	**33.8**
Transfers between reserves	–	–	(0.9)	0.9	**–**
At 31 March 2024	**–**	**(55.2)**	**2,689.0**	**0.9**	**2,634.7**

Parent

	Non-equity share capital £m	Income and expenditure reserve £m	Total capital and reserves £m
At 31 March 2022	–	29.7	**29.7**
Result for the year ending 31 March 2023	–	–	**–**
At 31 March 2023	–	29.7	**29.7**
Surplus for the year ending 31 March 2024	–	0.1	**0.1**
At 31 March 2024	**–**	**29.8**	**29.8**

Group Statement of Cash Flows
for the year ended 31 March 2024

	2024 £m	2024 £m	2023 £m	2023 £m
Surplus for the year		**87.1**		96.8
Adjustment for working capital movements				
Decrease in stock	**2.2**		50.5	
Increase in operating debtors	**(6.9)**		(18.1)	
(Decrease)/increase in operating creditors	**(16.7)**		12.8	
Pension expense in excess of/(less than) contributions	**2.8**		(6.7)	
Payments to settle other provisions	**(2.5)**		(3.9)	
	(21.1)		34.6	
Adjustment for non-cash items				
Amortisation of government grants	**(23.5)**		(24.3)	
Deferred tax credit	**(5.2)**		(1.6)	
Amortisation of intangible assets	**14.5**		11.8	
Depreciation charge	**131.9**		133.8	
Impairment (reversal)/charge	**(0.7)**		23.9	
Loss/(gain) on revaluation of investment properties	**7.8**		(4.7)	
Other non-cash increase in provisions	**0.2**		1.5	
	125.0		140.4	
Adjustment for financing or investment activities				
Surplus on disposal of properties	**(66.1)**		(96.0)	
Surplus on disposal of other fixed assets	**–**		(0.1)	
Surplus on disposal of operations	**–**		(7.0)	
Share of surplus of JCEAs (excluding impairment)	**(2.6)**		(6.0)	
Net financing costs (excluding impairment)	**148.9**		177.7	
	80.2		68.6	
Net cash from operating activities		**271.2**		340.4
Cash flows from investing activities				
Net proceeds from disposal of properties	**158.0**		179.7	
Proceeds from disposal of other fixed assets	**–**		1.9	
Interest received	**27.3**		14.7	
Purchase of subsidiary (net of cash acquired)	**–**		(16.1)	
Acquisition of intangible assets	**(5.7)**		(9.2)	
Investment in social housing properties	**(467.4)**		(444.1)	
Acquisition of non-housing fixed assets	**(3.9)**		(2.1)	
Investment in JCEAs	**(23.1)**		(40.1)	
Distributions from JCEAs	**0.2**		1.0	
Proceeds from disposal of other fixed asset investments	**0.6**		0.3	
Decrease in current asset investments	**48.0**		7.9	
Social housing and other property grants received	**96.1**		109.9	
Repayment of Recycled Capital Grant Fund	**–**		(3.3)	
Proceeds from disposal of operations (net of cash disposed)	**–**		17.8	
Net cash from investing activities		**(169.9)**		(181.7)

Group Statement of Cash Flows (continued)
for the year ended 31 March 2024

	2024 £m	2024 £m	2023 £m	2023 £m
Cash flows from financing activities				
Interest paid	**(206.3)**		(180.6)	
Breakage costs	**–**		(44.8)	
Net borrowing of loans and bonds (notional)	**102.7**		19.2	
Capital transaction costs paid	**(1.1)**		(0.9)	
Payment of finance lease capital	**(0.2)**		(0.1)	
Net cash from financing activities		**(104.9)**		(207.2)
Net decrease in cash and cash equivalents		**(3.6)**		(48.5)
Cash and cash equivalents at 1 April		**89.4**		137.9
Cash and cash equivalents at 31 March		**85.8**		89.4

See note 24 for the reconciliation of net debt.

Notes to the Financial Statements
for the year ended 31 March 2024

1. Accounting policies
The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (January 2022) ("FRS 102"), the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers ("the SORP"), the Accounting Direction for Private Registered Providers of Social Housing 2022 ("the Accounting Direction") and the Co-operative and Community Benefit Societies Act 2014.

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

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

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

Going concern
The Board, after reviewing the Group's budget for 2024/25 and its long-term financial plan ("LTFP"), is of the opinion that the Group has adequate resources to continue to meet their liabilities over the period of at least 12 months from the date of approval of the financial statements.

The most recent LTFP was approved by Board in May 2024 and presents a financially robust performance, reflecting the Group's resilience in the backdrop of sustained political and economic uncertainty, high inflation, and regulatory and operational pressures shared across the sector. The LTFP projects a strong financial outlook with sufficient funding in place and maintains compliance with the most stringent financial banking covenant requirements.

Rigorous stress testing is carried out based on single and multi-variate scenarios linked to the latest Group risk register. The impact on cash, covenants, and security, when faced with plausible cyclical and long-term economic and business risks, has been measured. A worst-case "perfect storm" scenario is also modelled and mitigating actions identified to ensure compliance with all loan covenants, restoring financial viability.

The Group's budget and LTFP includes the activity of the Parent. The Parent's costs are met by its subsidiary entities and there are no plans to discontinue this approach. The Parent is also part of the Group's cash-pooling arrangement and so has the ability to raise cash for temporary trading gaps, thus enabling it to access adequate resources.

Consequently, the Board is confident that the Group and its Parent will have sufficient funds to continue in operational existence for at least 12 months from the date of approval of the financial statements and therefore has prepared the financial statements on a going concern basis.

The Group, through its subsidiaries, has provided confirmation of support to Bonner Road LLP, Circle Housing Asset Design Limited, Downland Regeneration Limited, Latimer Cocoa Works LLP, Latimer Green Lanes Limited, Latimer Kirkstall Limited, Latimer Media City Limited, Latimer (Tendring Colchester Borders Garden Community) Development Limited, Leamington Waterfront LLP and Twyford Abbey NW10 LLP, and some of its jointly controlled entities and associates ("JCEAs"). This confirmation of support is for at least twelve months after their financial statements for the year ended 31 March 2024 are signed.

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

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

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

Disclosure exemptions
The Parent has taken advantage of the exemptions in FRS 102 in respect of the following disclosures:

a. the requirement to present a statement of cash flows and related notes;

b. financial instrument disclosures, including: categories of financial instruments; items of income, expense, gains or losses in respect of financial instruments; and, exposure to, and management of, financial risks; and

c. the requirement to provide an assessment of its exposure to Pillar Two income tax rules.

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

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

Notes to the Financial Statements for the year ended 31 March 2024
continued

1. Accounting policies (continued)
Leased assets (continued)
Likewise, where the Group enters into a lease which substantially transfers to a third party all the risks and rewards of ownership of an asset (or the Group's interest in an asset, where the Group itself leases the asset from another third party), this is accounted for as a finance lease debtor. Future instalments receivable under the lease, net of interest receivable, are included within debtors. Rentals receivable are apportioned between the finance element, which is included in interest receivable and the capital element which reduces the outstanding debtor.

All other leases are accounted for as operating leases, and the total rental payable is recognised on a straight-line basis over the lease term.

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

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

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

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

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

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

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

Other intangible assets:

ERP system	10 years
Other computer software	4-10 years

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

Structure	100 years
Bathrooms	30-35 years
Boilers	15 years
Other heating	25-30 years
Doors	30-35 years
Electrics	30-35 years
Energy efficiency	30 years
External works	30 years
Fire Safety	5-15 years
Kitchens	20-25 years
Lifts	15-25 years
Mechanical systems	20 years
Roofs – flat	15-25 years
Roofs – pitched	50-60 years
Windows	30-35 years
Other	5-25 years

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

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

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

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

Non-housing fixed assets:

Freehold offices	100 years
Leasehold offices	Over the period of the lease
Office furniture, fixtures and fittings	3-10 years
Computer hardware	4-5 years

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

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

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

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

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

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

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

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

Interest receivable, interest payable and financing costs
Interest receivable is only recognised to the extent that it is probable that it will be recoverable when due.

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

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

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

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

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

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

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

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

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

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

b. However, some housing properties are held to earn income at market rates and/or for capital appreciation, and these are treated as investment properties. This includes freeholds where ground rent is payable by the leaseholder, provided that the Group substantially retains the risks and rewards of ownership of (or interest in) the freehold.

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

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

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

Notes to the Financial Statements for the year ended 31 March 2024
continued

1. Accounting policies (continued)
Social housing properties, investment properties and stock (continued)

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

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

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

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

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

Investments in subsidiaries
These are initially recognised at the amount of the investment made, including transaction costs, and subsequently adjusted for any impairment losses.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements for the year ended 31 March 2024
continued

1. Accounting policies (continued)
Derivative financial instruments and hedge accounting (continued)
Interest rate benchmark reform
Following the cessation of LIBOR on 31 December 2021, all of the Group's financial instruments that were previously indexed to Sterling LIBOR are now indexed to SONIA.

The Group has also updated its hedge documentation in order to designate the new benchmark. In order to ensure this reindexing is done on an economically equivalent basis, a credit adjustment spread is added to the SONIA rate for instruments previously indexed to LIBOR.

In doing so, the Group applies the following reliefs in IFRS 9 (the "Phase 2" amendments issued in August 2020):

i. the carrying amounts of assets and liabilities are not affected by the change in benchmark;

ii. hedge relationships can be re-designated to the new benchmark without discontinuing the hedge relationship; and

iii. amounts accumulated in the cash flow hedge reserve are deemed to be based on the new benchmark.

Therefore, there is no further risk or uncertainty to the Group as a result of this reform.

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

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

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

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

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

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

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

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

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

Contributions to schemes accounted for as defined contribution are recognised as an expense as they fall due.

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

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

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

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

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

2. Significant judgements and accounting estimates – Group
Significant judgements
The following significant judgement has been made in applying the Group's accounting policies:

1 Gain/loss on revaluation of investment properties

The Group considers that any gains and/or losses made as a result of the revaluation of investment properties is incidental to its operating activities, which is renting out the properties in order to generate revenue. As a result, these gains and/or losses are not included in determining the operating result.

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

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

The Group believes that the UELs used are reasonable based on its experience. The most material assumptions are the UELs of rental-only social housing property components: these were reviewed in detail in 2022, with the input of the Group's repairs and maintenance staff, and by benchmarking against the UELs disclosed by other English Registered Providers. A further sense check was completed during the current financial year, which included a review against expected asset service lives.

Using these UELs, the accumulated depreciation at the reporting date was £1,421.8 million. Were each of the UELs shorter by one year, this figure would be approximately £1,468.8 million, reducing the net book value of social housing properties by £47.0 million.

Conversely, included in liabilities is £2,281.3 million of social housing and other property grants. As their amortisation rate is matched to the UEL of the structure component, a reduction of one year would have reduced the liability by £4.3 million, leading to a net reduction in assets of £42.7 million (1.6% of net assets).

2 The valuation of residential investment properties.

At the reporting date, the Group holds £156.8 million of residential investment properties, of which £151.4 million relates to market rent properties valued by Savills plc.

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

- Vacant possession values: a 10% fall in these would reduce the value of these properties by £10.7 million;

- Market rents: a 10% fall in these would reduce the value of these properties by £6.1 million; and

- Discount rates: 7.25% has been used; increasing this by 0.5% would reduce the value of these properties by £4.6 million.

3 The fair value of derivative financial instruments.

At the reporting date, the Group has a £58.6 million net liability in respect of interest rate swaps. These have been valued using discounted cash flow models, for which the main assumption is the interest rate yield curve used.

The curve used has been based on external market data at the reporting date, including Bank of England forecasts, plus an appropriate credit spread, giving a range of 2.94% to 5.34%. Decreasing this curve by 100 basis points would increase the net liability by £65.4 million (2.5% of net assets).

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

4 The valuation of defined benefit pension scheme obligations.

During the year the Group decided to cease participating in, and close to future accrual, all seven of its defined benefit pension schemes. This triggered a cessation and settlement event for the five Local Government Pension Schemes and the related pension assets and liabilities were derecognised from the Statement of Financial Position. Whilst closed to future accrual, the remaining two private defined benefit schemes remain on the Statement of Financial Position and will continue to be valued on an FRS 102 basis at each reporting date (in this case 31 March 2024).

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

The assumptions for the remaining two schemes have been set by independent actuaries, reviewed by a second independent actuary appointed by the Group, and finally reviewed and signed off by management.

The range of assumptions used by the two schemes of which the Group remains a member are shown in note 28. Using sensitivity analysis which the largest scheme's actuary has provided, the estimated combined impact of changing the material assumptions would be as follows:

- Decreasing the discount rate by 0.1% would increase the obligation by £3.7 million;

- Increasing the pension increase assumption by 0.1% would increase the obligation by £3.7 million; and

- Increasing the assumed life expectancy by 1 year would increase the obligation by £7.5 million.

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

Notes to the Financial Statements for the year ended 31 March 2024
continued

2. Significant judgements and accounting estimates – Group (continued)

Accounting estimates (continued)

5 The recoverability of current tenant arrears.

Included in 'Rent and service charges debtors' is £67.7 million which relates to current tenants. Excluding amounts covered by Housing Benefit or Universal Credit (which is expected to be received directly from the government) and also amounts owed by tenants who are freeholders or leaseholders (as larger arrears, such as for their share of communal repairs, may be secured against the properties they own) leaves £57.4 million to provide against.

Based on a review of the movement in the amounts owed in the past year, the Group has determined that a provision of 51% is required, or £29.3 million.

A 1% increase in the provision rate would increase the provision by £0.6 million.

6 The valuation of stock.

At the reporting date, the Group holds £146.6 million of social stock, which is net of £8.0 million of impairment. Based on the sales margins in the year, this would generate £169.5 million of sales. Therefore, it is estimated that for the cost of this stock to be materially impaired, sales values would need to drop by around 25% in the following year. This is very unlikely as a number of lenders and estate agents are currently forecasting small single-digit % rises in house prices in the following year.

The Group also holds £322.9 million of non-social stock, which is net of £2.6 million of impairment. For these properties the most significant assumptions, and their sensitivities as per the 31 March 2024 impairment review, are sales income and build costs:

- a 5% fall in future open market sales proceeds would increase the impairment by £7.0 million; and
- a 5% fall in future open market sales proceeds combined with a 5% increase in the cost of completing these properties would increase the impairment by £13.4 million.

3. Units managed and/or owned - Group

	At 1 April 2023	Adjustments	Units developed or newly-built units acquired	Units sold or demolished	Transfers to other Registered Providers	Other movements	**At 31 March 2024**
Units managed							
Social housing							
Social rent	73,970	(89)	12	(107)	(275)	55	**73,566**
Affordable rent	14,483	(5)	449	(6)	(172)	(64)	**14,685**
General needs	88,453	(94)	461	(113)	(447)	(9)	**88,251**
Supported	1,234	(9)	–	(22)	(237)	(3)	**963**
Housing for older people	6,544	(16)	–	(26)	(296)	(3)	**6,203**
Shared ownership	11,017	4	575	(55)	(92)	(97)	**11,352**
Care homes	12	–	–	–	–	–	**12**
Intermediate rent	465	2	–	–	–	4	**471**
Keyworker	947	–	–	(2)	–	(4)	**941**
Social leaseholders	10,232	(64)	–	(23)	(43)	98	**10,200**
Staff accommodation	83	–	–	(1)	–	(1)	**81**
Social homes managed	**118,987**	**(177)**	**1,036**	**(242)**	**(1,115)**	**(15)**	**118,474**
Non-social housing							
Market rent	819	2	–	–	–	9	**830**
Non-social leaseholders	4,971	53	71	(3)	–	12	**5,104**
Homes managed	**124,777**	**(122)**	**1,107**	**(245)**	**(1,115)**	**6**	**124,408**
Non-housing							
Garages and car parking spaces	10,301	(16)	10	(18)	–	(17)	**10,260**
Commercial leaseholders	342	1	3	–	(2)	(2)	**342**
Community centres	55	(1)	–	(1)	–	–	**53**
Units managed	**135,475**	**(138)**	**1,120**	**(264)**	**(1,117)**	**(13)**	**135,063**
The figures above include							
Social housing	177	2	–	–	–	–	**179**
Non-social housing	1,147	–	65	–	–	9	**1,221**
Non-housing	1	–	–	–	–	–	**1**
Units managed but not owned	**1,325**	**2**	**65**	**–**	**–**	**9**	**1,401**
Units owned but not managed							
Social housing	1,020	–	–	(13)	(168)	(15)	**824**
Non-social housing	1,695	(28)	278	–	–	77	**2,022**
Non-housing	8	–	–	–	–	–	**8**
Units owned but not managed	**2,723**	**(28)**	**278**	**(13)**	**(168)**	**62**	**2,854**

All supported and housing for older people units are used for social rent.

Notes to the Financial Statements for the year ended 31 March 2024
continued

4. Turnover, cost of sales, operating costs (including pension cessations), surplus on disposal of properties and operating surplus/deficit

4a. Particulars of turnover, cost of sales, operating costs (including pension cessations), surplus on disposal of properties and operating surplus/deficit

Group

	Turnover £m	Cost of sales £m	Operating costs (including pension cessations) £m	Surplus on disposal £m	2024 Operating surplus/ (deficit) £m	Turnover £m	Restated 2023 Operating surplus/ (deficit) £m
Social housing activities							
Social housing lettings (note 4b)	**784.0**	**–**	**(602.0)**	**–**	**182.0**	728.5	162.3
Shared ownership first tranche sales	**84.3**	**(70.9)**	**(2.0)**	**–**	**11.4**	121.0	10.1
Other social housing activities							
Care and support services	13.5	–	(8.7)	–	**4.8**	13.6	5.4
Social homeowners	11.3	–	(16.1)	–	**(4.8)**	10.3	(5.0)
Development costs not capitalised/ written off	–	–	(2.1)	–	**(2.1)**	–	(1.7)
Impairment of social housing properties under development	–	–	(0.8)	–	**(0.8)**	–	(12.6)
Community investment	3.4	–	(18.2)	–	**(14.8)**	3.0	(13.8)
Pension cessations (see notes 2 and 28)	–	–	(7.5)	–	**(7.5)**	–	–
Other	3.6	–	(5.2)	–	**(1.6)**	2.1	(1.5)
Total	**31.8**	**–**	**(58.6)**	**–**	**(26.8)**	29.0	(29.2)
Surplus on disposal of social housing properties	**–**	**–**	**–**	**66.1**	**66.1**	–	95.8
Total social housing activities	**900.1**	**(70.9)**	**(662.6)**	**66.1**	**232.7**	878.5	239.0
Non-social housing activities							
Property sales							
Open market sales	63.0	(64.7)	(5.5)	–	**(7.2)**	98.6	7.6
Leaseholder reprovision	4.9	(4.9)	–	–	**–**	7.2	–
Total	**67.9**	**(69.6)**	**(5.5)**	**–**	**(7.2)**	105.8	7.6
Other non-social housing activities							
Market rent lettings	9.7	–	(3.5)	–	**6.2**	9.0	6.2
Garage lettings	2.6	–	(1.1)	–	**1.5**	3.0	2.1
Commercial lettings	3.5	–	(1.6)	–	**1.9**	3.9	2.3
Other	8.7	(1.9)	(4.5)	–	**2.3**	7.6	3.1
Total	**24.5**	**(1.9)**	**(10.7)**	**–**	**11.9**	23.5	13.7
Surplus on disposal of investment properties	**–**	**–**	**–**	**–**	**–**	–	0.2
Total non-social housing activities	**92.4**	**(71.5)**	**(16.2)**	**–**	**4.7**	129.3	21.5
Total social and non-social housing activities	**992.5**	**(142.4)**	**(678.8)**	**66.1**	**237.4**	1,007.8	260.5

	Turnover £m	Cost of sales £m	Operating costs (including pension cessations) £m	Surplus on disposal £m	2024 Operating surplus/ (deficit) £m	Turnover £m	2023 Operating surplus/ (deficit) £m
Analysis of disposals							
Social housing properties	*165.4*	*(91.3)*	*(8.0)*	66.1	**66.1**	*188.5*	95.8
Investment properties	*1.7*	*(1.7)*	–	–	**–**	*3.6*	0.2
Other fixed assets	–	–	–	–	**–**	*1.9*	0.1

Turnover and operating costs relating to social homeowners are now included in 'Other social housing activities' in note 4a, having previously been reported within the 'Other' column of note 4b. For consistency, the analysis for the prior year has been restated to move £10.3 million of turnover (net of £0.1 million void loss) and £15.3 million of operating costs from note 4b. Turnover includes £0.4 million of grant relating to leaseholder cladding (2023: £2.5 million).

Impairment of social housing properties under construction, resulting from non-lettings issues such as contractor failure or cost overruns, is now included in note 4a, having previously been reported within the 'Impairment of social housing properties' row of note 4b. For consistency, the analysis for the prior year has been restated to move £12.6 million of operating costs from note 4b.

Parent
Turnover includes corporate recharges to operating companies (see note 35) and sundry external income.

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

Group

	General needs housing £m	Supported housing/ housing for older people £m	Shared ownership accommodation £m	Other £m	Total 2024 £m	Restated Total 2023 £m
Income						
Rent receivable net of identifiable service charges	607.3	37.0	56.8	14.2	**715.3**	665.3
Service charge income	22.6	9.1	11.0	1.5	**44.2**	38.9
Amortisation of government grants	20.4	1.1	1.8	0.2	**23.5**	24.3
Other revenue grants/income	0.3	–	0.7	–	**1.0**	–
Turnover from social housing lettings	**650.6**	**47.2**	**70.3**	**15.9**	**784.0**	728.5
Expenditure						
Management	(93.0)	(8.3)	(11.1)	(2.6)	**(115.0)**	(108.9)
Service charge costs	(38.5)	(10.9)	(15.7)	(2.0)	**(67.1)**	(61.6)
Routine maintenance	(173.7)	(13.1)	(0.7)	(3.1)	**(190.6)**	(156.7)
Planned maintenance	(72.1)	(2.5)	(0.3)	(1.3)	**(76.2)**	(66.8)
Major works expensed	(21.4)	(0.6)	(0.1)	(0.4)	**(22.5)**	(23.8)
Bad debts (charge)/credit	(0.4)	(0.6)	0.5	–	**(0.5)**	(20.7)
Depreciation of housing properties	(116.9)	(7.5)	–	(1.9)	**(126.3)**	(126.5)
Impairment of housing properties	(1.9)	–	(0.5)	(0.1)	**(2.5)**	–
Lease costs	(0.2)	–	–	–	**(0.2)**	(0.2)
Other costs	(0.3)	(0.1)	–	(0.7)	**(1.1)**	(1.0)
Operating costs on social housing lettings	**(518.4)**	**(43.6)**	**(27.9)**	**(12.1)**	**(602.0)**	(566.2)
Operating surplus on social housing lettings	**132.2**	**3.6**	**42.4**	**3.8**	**182.0**	162.3
Void losses	**10.1**	**2.7**	**–**	**3.0**	**15.8**	15.1

Other includes intermediate rent, keyworker and temporary social units.

Void losses represent rent and service charge income lost as a result of an available-for-letting property not being let.

Notes to the Financial Statements for the year ended 31 March 2024
continued

5. Employees – Group

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

	2024 Number	2023 Number
FTEs	**4,071**	3,772

FTEs are based on a standard working week, which varies between 35 and 40 hours, but is 36 hours for most employees. All staff are employed by subsidiaries.

	2024 £m	2023 £m
Staff costs		
Wages and salaries	**180.7**	162.6
Compensation for loss of office	**0.6**	0.4
Social security costs	**18.2**	17.2
Pension costs	**17.4**	10.1
	216.9	190.3

Pension costs in the current year include £7.5 million relating to pension cessation (see notes 2 and 28).

6. Key management personnel

Key management personnel is defined as the members of the Group Board and/or the Group Executive Team.

Unless otherwise stated, remuneration includes salaries, performance-related pay, fees, benefits-in-kind, compensation for loss of office and pension contributions, as applicable. Amounts disclosed reflect the total remuneration receivable from the Clarion Housing Group and also include any amounts receivable in respect of other directorships held within the Group as well as any amounts receivable in respect of membership of Group committees.

Remuneration payable was as follows:

	2024 £'000	2023 £'000
Non-Executive Directors		
Fees and other benefits	**292**	277
Executive Directors		
Salary and other benefits	**2,552**	2,187
Compensation for loss of office	**52**	–
Pension contributions, or pay in lieu thereof, in respect of services as directors	**105**	105
	2,709	2,292
	3,001	2,569

In addition to the above remuneration, £333,000 of social security contributions were made by the Group during the year (2023: £324,000).

A new Chief Information Officer was appointed on an interim basis in June 2023, commencing employment on a permanent basis from December 2023. The increase in Executive remuneration seen above is largely due to their 6-month employment on an interim contract.

	2024 £	2023 £
Remuneration of highest paid Director (excluding pension contributions, or pay in lieu thereof)	**433,761**	427,892
Pension contributions, or pay in lieu thereof, in respect of the highest paid Director	**20,024**	19,098

The Chief Executive Officer is a not a member of any Group pension scheme, instead receiving pay in lieu of pension contributions, through normal payroll remuneration.

Banding for key management personnel whose total remuneration exceeded £60,000 per annum is as follows:

	2024 Number	2023 Number
£120,000 to £129,999	**–**	1
£130,000 to £139,999	**1**	–
£190,000 to £199,999	**1**	–
£230,000 to £239,999	**–**	1
£240,000 to £249,999	**–**	1
£250,000 to £259,999	**1**	–
£280,000 to £289,999	**–**	1
£300,000 to £309,999	**1**	–
£310,000 to £319,999	**–**	2
£320,000 to £329,999	**3**	1
£400,000 to £409,999	**1**	–
£440,000 to £449,999	**–**	1
£450,000 to £459,999	**1**	–
Total	**9**	8

Notes to the Financial Statements for the year ended 31 March 2024
continued

7. Interest receivable

	Group		Parent	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Interest receivable on bank deposits	**7.8**	4.2	**3.2**	1.6
Interest receivable on derivatives	**5.8**	–	**–**	–
Interest receivable on finance leases	**0.1**	1.0	**–**	–
Interest receivable from Group undertakings	**–**	–	**50.8**	31.1
Interest receivable from JCEAs	**13.0**	9.3	**–**	–
Interest receivable relating to pensions in surplus (see note 28)	**1.0**	–	**–**	–
Other interest receivable	**0.6**	0.2	**–**	–
	28.3	14.7	**54.0**	32.7

8. Interest payable and financing costs, and loan breakage costs

	Group		Parent	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Interest payable on loans	**83.5**	46.0	**–**	–
Interest payable on bonds and similar instruments	**111.4**	112.5	**–**	–
Interest payable on derivatives	**3.8**	16.6	**–**	–
Interest payable on finance leases	**0.9**	0.8	**–**	–
Interest payable to Group undertakings	**–**	–	**59.9**	35.2
Interest payable relating to pensions in deficit (see note 28)	**1.7**	0.3	**–**	–
Impairment of loan to contractor	**1.3**	4.7	**–**	–
Other interest payable	**2.8**	1.0	**–**	–
Other charges	**4.9**	4.6	**0.2**	0.2
	210.3	186.5	**60.1**	35.4
Interest payable capitalised	**(32.2)**	(33.6)	**–**	–
	178.1	152.9	**60.1**	35.4

During the prior year, Latimer Developments Limited ("Latimer"), a member of the Group, agreed to provide up to £6 million of support to the contractor for one of the company's development schemes. As this contractor is in financial difficulties, any support provided in this manner is not expected to be recovered, and so Latimer has expensed the support as it is paid. Even so, Latimer believes that providing this support is preferable to allowing the contractor to collapse, as doing so would further delay the scheme and increase the overall cost of development even further.

Support payments are made into a Project Bank Account which is controlled by Latimer, so that the funds are only used to pay costs relating to this particular development scheme, and are not available for any of the contractor's other costs.

As at 31 March 2024, this £6 million loan is fully drawn. In April 2024, the contractor entered voluntary liquidation.

	Group		Parent	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Loan breakage costs	**–**	44.8	**–**	–

During the prior year, the Group completed a debt portfolio rationalisation project which strengthens the Group's credit position going forward. The one-off breakage costs above were incurred as a result.

9. Movement in fair value of financial instruments – Group

	2024 £m	2023 £m
Included in income and expenditure		
Fair value gains on		
Borrowings treated as fair value hedging items	**–**	11.9
Derivatives treated as fair value hedging instruments	**0.3**	–
Derivatives treated as cash flow hedging instruments – ineffective	**0.3**	1.3
	0.6	13.2
Fair value losses on		
Borrowings treated as fair value hedging items	**(0.3)**	–
Derivatives treated as fair value hedging instruments	**–**	(11.9)
Amortisation of cash flow hedge reserve relating to a prematured derivative	**(0.7)**	(0.7)
	(1.0)	(12.6)
	(0.4)	0.6

	2024 £m	2023 £m
Included in other comprehensive income		
Fair value gains on		
Derivatives treated as cash flow hedging instruments – effective	**21.5**	141.0
Amortisation of cash flow hedge reserve relating to a prematured derivative	**0.7**	0.7
	22.2	141.7

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

Notes to the Financial Statements for the year ended 31 March 2024
continued

10. Surplus/result on ordinary activities before taxation

	Group		Parent	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Surplus/result on ordinary activities before taxation is stated after charging/(crediting):				
Amortisation				
Negative goodwill	**–**	(0.5)	**–**	–
Other intangible assets	**14.5**	12.3	**14.4**	12.1
	14.5	11.8	**14.4**	12.1
Depreciation				
Social housing properties	**126.3**	126.5	**–**	–
Non-housing fixed assets	**5.6**	7.3	**3.8**	5.2
	131.9	133.8	**3.8**	5.2
Impairment				
Social housing properties	**3.3**	12.6	**–**	–
Interests in JCEAs	**0.1**	0.7	**–**	–
Stock	**(5.9)**	5.9	**–**	–
Finance lease debtors	**0.5**	–	**–**	–
Loan to contractor	**1.3**	4.7	**–**	–
	(0.7)	23.9	**–**	–
Operating lease rentals	**12.5**	11.7	**3.9**	5.5

	Group		Parent	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Auditor's remuneration (exclusive of VAT)				
– for statutory audit services	**0.7**	0.7	**0.2**	0.2
– for other services	**0.1**	–	**0.1**	–
	0.8	0.7	**0.3**	0.2

11. Taxation

	Group		Parent	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Analysis of credit in period				
Current tax				
Current tax on income for the period	**–**	–	**–**	–
Deferred tax				
Origination and reversal of timing differences	**(5.2)**	(0.5)	**–**	–
Change in tax rate	**–**	(1.1)	**–**	–
	(5.2)	(1.6)	**–**	–
	(5.2)	(1.6)	**–**	–
Recognised in income and expenditure	**(5.2)**	(1.6)	**–**	–

The tax charge for the Group for the period is less than 25% (2023: less than 19%), the main rate of corporation tax in the UK. The tax charge for the Parent for the period is equal to 25% (2023: equal to 19%), the main rate of corporation tax in the UK. The differences are explained below:

	Group		Parent	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Reconciliation of tax recognised in income and expenditure				
Surplus/result on ordinary activities before taxation	**81.9**	95.2	**0.1**	–
Tax charge at 25% (2023: 19%)	**20.5**	18.1	**–**	–
Effects of				
Charitable surpluses not taxed	**(31.7)**	(19.6)	**–**	–
Expenses not deductible for tax purposes	**2.3**	3.5	**–**	–
Depreciation in excess of capital allowances	**–**	0.1	**–**	–
Gift Aid relating to current year profits and paid in-year	**(0.2)**	(0.4)	**–**	–
Gift Aid expected to be paid in following 9 months	**(0.8)**	(1.2)	**–**	–
Deferred tax asset not recognised on losses carried forward	**5.2**	0.3	**–**	–
Deferred tax asset now recognised on prior year losses	**(0.5)**	(1.3)	**–**	–
Remeasurement of deferred tax due to change in UK tax rate	**–**	(1.1)	**–**	–
	(5.2)	(1.6)	**–**	–

The impairment of certain intra-Group loans and investments is not deductible for tax purposes.

Notes to the Financial Statements for the year ended 31 March 2024
continued

11. Taxation (continued)

	Group		Parent	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Deferred tax				
Deferred tax assets				
Unused tax losses	**12.2**	7.3	–	–
Deferred tax liabilities				
Unrealised gains on revaluation of investment properties	**(1.8)**	(2.1)	**–**	–
	10.4	5.2	**–**	–

For tax losses at 31 March 2024 which are expected to be utilised against profits made in the following year, the related deferred tax asset is included in debtors falling due within one year. For those losses where the timing of future profits is uncertain, the deferred tax assets are included in debtors falling due after more than one year.

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

All deferred tax assets and liabilities as at 31 March 2024 are calculated using 25% (2023: 25%).

12. Goodwill – Group

	£m
At 1 April 2023 and at 31 March 2024	**14.3**

£13.9 million of goodwill relates to land acquired as part of acquiring the remaining 50% of Bonner Road LLP, and is being amortised over the life of the development scheme as properties are sold.

The remaining £0.4 million of goodwill relates to land acquired as part of the acquisition of Latimer Clyde Limited (and since transferred to Latimer Kirkstall Limited), and is likewise being amortised over the life of the development scheme as properties are sold.

13. Other intangible assets
Group

	Enterprise resource planning system £m	Other computer software £m	Total £m
Cost			
At 1 April 2023	78.4	45.2	**123.6**
Additions	–	4.5	**4.5**
Transfers to non-housing fixed assets	–	(0.3)	**(0.3)**
Disposals (including write-offs)	–	(13.4)	**(13.4)**
At 31 March 2024	**78.4**	**36.0**	**114.4**
Amortisation			
At 1 April 2023	(37.2)	(19.5)	**(56.7)**
Amortisation charge for the year	(8.2)	(6.3)	**(14.5)**
Eliminated on disposals (including write-offs)	–	13.4	**13.4**
At 31 March 2024	**(45.4)**	**(12.4)**	**(57.8)**
Net book value			
At 31 March 2024	**33.0**	**23.6**	**56.6**
Net book value			
At 31 March 2023	41.2	25.7	66.9

During the year £13.4 million of fully-amortised assets were written off through disposals.

Included in 'Other computer software' at 31 March 2024 is £0.3 million relating to assets under development (2023: £7.2 million).

Parent

	Enterprise resource planning system £m	Other computer software £m	Total £m
Cost			
At 1 April 2023	78.4	44.9	**123.3**
Additions	–	4.5	**4.5**
Transfers to non-housing fixed assets	–	(0.3)	**(0.3)**
Disposals (including write-offs)	–	(13.4)	**(13.4)**
At 31 March 2024	**78.4**	**35.7**	**114.1**
Amortisation			
At 1 April 2023	(37.2)	(19.3)	**(56.5)**
Amortisation charge for the year	(8.2)	(6.2)	**(14.4)**
Eliminated on disposals (including write-offs)	–	13.4	**13.4**
At 31 March 2024	**(45.4)**	**(12.1)**	**(57.5)**
Net book value			
At 31 March 2024	**33.0**	**23.6**	**56.6**
Net book value			
At 31 March 2023	41.2	25.6	66.8

During the year £13.4 million of fully-amortised assets were written off through disposals.

Included in 'Other computer software' at 31 March 2024 is £0.3 million relating to assets under development (2023: £7.2 million).

Notes to the Financial Statements for the year ended 31 March 2024
continued

14. Social housing properties – Group

	Completed		Under construction		
	Rental-only £m	Shared ownership £m	Rental-only £m	Shared ownership £m	Total £m
Cost					
At 1 April 2023	7,874.8	1,349.6	256.3	256.9	**9,737.6**
Construction/redevelopment of properties	–	–	230.3	119.6	**349.9**
Works to completed properties	128.7	–	–	–	**128.7**
Other additions	8.4	–	–	–	**8.4**
Properties completing construction	122.9	124.9	(122.9)	(124.9)	**–**
Change of tenure	33.3	(33.3)	–	–	**–**
Transfer from non-housing fixed assets	0.1	–	–	–	**0.1**
Transfer from investment properties	7.2	–	–	–	**7.2**
Transfer (to)/from stock	(0.8)	21.3	–	–	**20.5**
Components replaced	(15.9)	–	–	–	**(15.9)**
Transfer to other private Registered Providers ("RPs")	(109.1)	(10.0)	–	–	**(119.1)**
Other disposals/write-offs	(5.3)	(17.0)	(0.2)	(0.1)	**(22.6)**
At 31 March 2024	**8,044.3**	**1,435.5**	**363.5**	**251.5**	**10,094.8**
Depreciation and impairment					
At 1 April 2023	(1,317.6)	(12.3)	(4.9)	(7.7)	**(1,342.5)**
Depreciation charge for the year	(126.3)	–	–	–	**(126.3)**
Impairment charge for the year	(2.8)	(0.5)	–	–	**(3.3)**
Properties completing construction	(2.3)	(6.7)	2.3	6.7	**–**
Change of tenure	(6.7)	6.7	–	–	**–**
Eliminated on components replaced	15.9	–	–	–	**15.9**
Eliminated on transfers to other private RPs	16.9	0.1	–	–	**17.0**
Eliminated on other disposals/write-offs	1.1	0.2	–	–	**1.3**
At 31 March 2024	**(1,421.8)**	**(12.5)**	**(2.6)**	**(1.0)**	**(1,437.9)**
Net book value					
At 31 March 2024	**6,622.5**	**1,423.0**	**360.9**	**250.5**	**8,656.9**
Net book value					
At 31 March 2023	6,557.2	1,337.3	251.4	249.2	8,395.1

Completed properties with a combined net book value of £4,066.1 million (2023: £4,107.5 million) are held as security against debt and derivatives (see notes 24 and 26), £14.2 million (2023: £14.3 million) of which relates to assets held under finance leases.

15. Investment properties - Group

	Residential properties £m	Non-residential properties £m	Freeholds £m	Total £m
At 1 April 2023	170.6	42.0	6.7	**219.3**
Transfer to social housing properties	(7.1)	(0.1)	–	**(7.2)**
Transfer to stock	(2.0)	–	–	**(2.0)**
Disposals	–	(1.7)	–	**(1.7)**
Revaluation	(4.7)	(0.6)	(2.5)	**(7.8)**
At 31 March 2024	**156.8**	**39.6**	**4.2**	**200.6**

All residential properties, the majority of the non-residential properties, and all freeholds were valued as at 31 March 2024 by either Savills or Jones Lang LaSalle, Chartered Surveyors. These valuations were prepared in accordance with 'RICS Valuation – Global Standards' (effective from 31 January 2022), which incorporates the International Valuation Standards, alongside, where applicable, 'RICS Valuation - Global Standards 2017: UK National Supplement' (effective from 14 January 2019).

The value of the remaining non-residential properties has been estimated internally, using Savills' valuation results as a guide, as £5.1 million (2023: £5.5 million).

Investment properties with a combined fair value of £141.1 million (2023: £152.1 million) are held as security against debt and derivatives (see notes 24 and 26).

Notes to the Financial Statements for the year ended 31 March 2024
continued

16. Non-housing fixed assets

Group

	Freehold and leasehold offices £m	Office furniture, fixtures and fittings £m	Computer hardware £m	Total £m
Cost				
At 1 April 2023	32.4	30.0	28.5	**90.9**
Additions	0.4	1.8	1.7	**3.9**
Transfer from other intangible assets	–	–	0.3	**0.3**
Transfer to social housing properties	(0.1)	–	–	**(0.1)**
Disposals (including write-offs)	(4.2)	(4.9)	(20.9)	**(30.0)**
At 31 March 2024	**28.5**	**26.9**	**9.6**	**65.0**
Depreciation and impairment				
At 1 April 2023	(17.8)	(21.0)	(25.2)	**(64.0)**
Depreciation charge for the year	(1.5)	(2.3)	(1.8)	**(5.6)**
Eliminated on disposals (including write-offs)	4.2	4.9	20.9	**30.0**
At 31 March 2024	**(15.1)**	**(18.4)**	**(6.1)**	**(39.6)**
Net book value				
At 31 March 2024	**13.4**	**8.5**	**3.5**	**25.4**
Net book value				
At 31 March 2023	14.6	9.0	3.3	26.9

During the year £30.0 million of fully-depreciated assets were written off through disposals.

Included in 'Freehold and leasehold offices' at 31 March 2024 is £0.4 million relating to assets under construction (2023: £nil) and £0.2 million is included in 'Office furniture, fixtures and fittings' (2023: £0.1 million).

Parent

	Freehold and leasehold offices £m	Office furniture, fixtures and fittings £m	Computer hardware £m	Total £m
Cost				
At 1 April 2023	3.2	26.8	28.1	**58.1**
Additions	0.4	1.8	1.6	**3.8**
Transfers from intangible assets	–	–	0.3	**0.3**
Disposals (including write-offs)	(2.6)	(4.2)	(20.6)	**(27.4)**
At 31 March 2024	**1.0**	**24.4**	**9.4**	**34.8**
Depreciation				
At 1 April 2023	(2.4)	(18.5)	(24.8)	**(45.7)**
Depreciation charge for the year	(0.2)	(1.9)	(1.7)	**(3.8)**
Eliminated on disposals (including write-offs)	2.6	4.2	20.6	**27.4**
At 31 March 2024	**–**	**(16.2)**	**(5.9)**	**(22.1)**
Net book value				
At 31 March 2024	**1.0**	**8.2**	**3.5**	**12.7**
Net book value				
At 31 March 2023	0.8	8.3	3.3	12.4

During the year £27.4 million of fully-depreciated assets were written off through disposals.

Included in 'Freehold and leasehold offices' at 31 March 2024 is £0.4 million relating to assets under construction (2023: £nil) and £0.2 million is included in 'Office furniture, fixtures and fittings' (2023: £0.1 million).

Notes to the Financial Statements for the year ended 31 March 2024
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17. Interests in JCEAs – Group

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

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

	2024 £m	2023 £m
Turnover	49.8	66.2
Cost of sales	(42.8)	(54.2)
Operating surplus	7.0	12.0
Interest payable	(4.4)	(6.0)
Impairment charge	(0.1)	(0.7)
Surplus for the year	2.5	5.3
Assets	245.0	229.9
Liabilities	(218.8)	(206.8)
Net assets	26.2	23.1
Investment in JCEAs	184.7	162.4
Interest in JCEAs	210.9	185.5

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

Included in 'Investment in JCEAs' are loans from the Group totalling £179.7 million (2023: £159.0 million) which are impaired by £1.9 million (2023: £1.8 million).

Development agreements for the construction of residential property are in place between the Group and some of its JCEAs. The amount of construction works provided in the year was £59.9 million (2023: £40.3 million) and £nil is included in creditors at the reporting date (2023: £0.5 million).

During the year, the Group received profit distributions of £0.2 million from its JCEAs (2023: £1.0 million).

In June 2022, the Group disposed of its interest in Hadley Goodmayes LLP (equity and loans) for a surplus of £7.0 million.

18. Other fixed asset investments

Group

	2024 £m	2023 £m
Equity loans including HomeBuy	10.5	10.6
Other investments	–	0.5
	10.5	11.1

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

Parent

	2024 £m	2023 £m
Investment in subsidiaries	45.6	45.6

19. Stock – Group

	Under construction		Completed properties		
	Social £m	Non-social £m	Social £m	Non-social £m	Total £m
At 1 April 2023	92.2	257.4	57.6	69.1	476.3
Additions	62.4	73.2	–	–	135.6
Impairment credit/(charge) for the year	2.7	(1.8)	3.7	1.3	5.9
Properties completing construction	(57.4)	(114.2)	57.4	114.2	–
Change of tenure	–	–	17.7	(17.7)	–
Transfer (to)/from social housing properties	–	–	(21.3)	0.8	(20.5)
Transfer from investment properties	–	–	–	2.0	2.0
Properties sold	–	–	(68.4)	(61.4)	(129.8)
At 31 March 2024	99.9	214.6	46.7	108.3	469.5

20. Debtors

	Group		Parent	
	2024 £m	2023 £m	2024 £m	2023 £m
Amounts falling due within one year				
Rent and service charge debtors	108.2	108.2	–	–
Impairment	(69.7)	(71.2)	–	–
	38.5	37.0	–	–
Finance lease debtors	0.4	–	–	–
Amounts due from Group undertakings: loans and cash pooling	–	–	–	7.3
Local authority housing transfers	10.1	5.2	–	–
Amounts due from Group undertakings: interest	–	–	0.6	0.1
Pension cessation refunds accrued (see note 28)	16.9	–	–	–
Other prepayments and accrued income	42.7	37.3	8.6	8.5
Deferred tax assets (see note 11)	0.1	–	–	–
Amounts due from Group undertakings: trading	–	–	5.9	9.1
VAT debtor	2.7	3.1	0.3	0.3
Social housing property grants debtor	0.3	18.4	–	–
Other debtors	13.0	13.0	0.2	0.4
	124.7	114.0	15.6	25.7
Amounts falling due after one year				
Finance lease debtors	1.4	1.9	–	–
Amounts due from Group undertakings: loans	–	–	507.0	429.8
Local authority housing transfers	76.6	91.6	–	–
Derivative financial assets (see note 26)	3.6	2.0	–	–
Deferred tax assets (see note 11)	12.1	7.3	–	–
Net pension assets (see note 28)	6.4	–	–	–
	100.1	102.8	507.0	429.8

Included in 'Rent and service charges debtors' are gross social housing rent arrears of £104.6 million (2023: £104.2 million), which are impaired by £67.9 million (2023: £69.5 million).

Rents and service charges debtors relating to former tenants (across all tenures) total £40.5 million and continue to be provided for in full (2023 : £35.2 million).

Notes to the Financial Statements for the year ended 31 March 2024
continued

21. Current asset investments – Group

	2024 £m	2023 £m
Collateral deposits	**51.1**	101.2
Cash held on deposit	**8.8**	6.7
	59.9	107.9

Collateral deposits represent cash that the Group has placed with its commercial lenders and derivative counterparties. This mitigates their exposure to the Group, for example if the derivative fair values are sufficiently "out of the money" that the Group's liability exceeds an agreed amount.

Funds held by Igloo, the Group's insurance vehicle, have been invested on a short-term basis. At the reporting date, £8.0 million (2023: £6.0 million) is invested in various Certificates of Deposit, which mature over the course of the following year.

22. Creditors: amounts falling due within one year

	Group		Parent	
	2024 £m	2023 £m	2024 £m	2023 £m
Debt (see note 24)				
Bank loans and bonds	**48.0**	45.3	**–**	–
Obligations under finance leases	**0.2**	0.1	**–**	–
Amounts due to Group undertakings: loans and cash pooling	**–**	–	**72.9**	98.7
	48.2	45.4	**72.9**	98.7
Capital grants (see note 25)				
Social housing property grants	**24.3**	24.3	**–**	–
Recycled Capital Grant Fund	**17.2**	16.5	**–**	–
	41.5	40.8	**–**	–
Other creditors				
Trade creditors	**8.7**	17.5	**0.6**	1.4
Local authority housing transfers	**10.1**	5.2	**–**	–
Derivative financial liabilities (see note 26)	**–**	0.1	**–**	–
Interest creditor	**37.2**	36.4	**–**	–
Amounts due to Group undertakings: interest	**–**	–	**0.7**	0.1
Rents and service charges received in advance	**34.2**	35.5	**–**	–
Pension cessation payments accrued (see note 28)	**8.1**	–	**–**	–
Other accruals and deferred income	**122.2**	132.1	**4.0**	6.6
VAT creditor	**0.2**	0.2	**–**	–
Other taxation and social security	**4.7**	4.4	**–**	–
Amounts due to Group undertakings: trading	**–**	–	**0.3**	1.2
Other creditors	**10.4**	13.6	**2.7**	3.1
	235.8	245.0	**8.3**	12.4
	325.5	331.2	**81.2**	111.1

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

23. Creditors: amounts falling due after one year

	Group		Parent	
	2024 £m	2023 £m	2024 £m	2023 £m
Debt (see note 24)				
Bank loans and bonds	**4,562.4**	4,464.9	**–**	–
Obligations under finance leases	**7.1**	7.2	**–**	–
Amounts due to Group undertakings: loans	**–**	–	**592.2**	510.2
	4,569.5	4,472.1	**592.2**	510.2
Capital grants (see note 25)				
Social housing property grants	**2,257.0**	2,233.0	**–**	–
HomeBuy grants	**8.8**	9.0	**–**	–
Recycled Capital Grant Fund	**13.3**	14.8	**–**	–
	2,279.1	2,256.8	**–**	–
Other creditors				
Local authority housing transfers	**76.6**	91.6	**–**	–
Derivative financial liabilities (see note 26)	**62.2**	82.6	**–**	–
Other creditors	**19.5**	17.8	**–**	–
	158.3	192.0	**–**	–
	7,006.9	6,920.9	**592.2**	510.2

Notes to the Financial Statements for the year ended 31 March 2024
continued

24. Debt analysis – Group

	2024 £m	2023 £m
Debt is repayable as follows:		
Due within one year	**48.2**	45.4
Due between one and two years	**117.0**	45.6
Due between two and five years	**218.9**	251.6
Due after more than five years	**4,233.6**	4,174.9
	4,617.7	4,517.5

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

	2024 £m	2023 £m
Notional amounts drawn		
Clarion Funding PLC		
– Note issuance	**1,750.0**	1,750.0
Clarion Treasury Limited		
– Loans	**1,531.5**	1,428.3
Circle Anglia Social Housing PLC		
– Bond issuance	**635.0**	635.0
Affinity Sutton Capital Markets PLC		
– Bond issuance	**500.0**	500.0
Circle Anglia Social Housing 2 PLC		
– Private placement	**150.0**	150.0
Clarion Housing Association Limited		
– Bonds and loans	**0.8**	1.3
– Finance leases	**5.2**	5.4
Your Lifespace Limited		
– Finance leases	**1.2**	1.2
	4,573.7	4,471.2
Accounting adjustments		
Fair value adjustment due to		
– Acquisitions of legacy Registered Providers	**10.2**	11.2
– Hedging of private placement	**(10.7)**	(11.0)
Effective interest rate adjustment	**44.5**	46.1
	44.0	46.3
	4,617.7	4,517.5

The fair value adjustment relating to acquisitions is amortised over the life of the related loans and £1.0 million has been released in the year (2023: £1.1 million). The private placement is held at fair value as a result of hedge accounting and has increased in value by £0.3 million during the year (2023: reduced by £11.9 million).

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

	Within one year £m	Between one and two years £m	Between two and five years £m	After five years £m	Total £m
Maturity of notional amounts drawn					
Term	40.3	60.1	194.1	992.1	**1,286.6**
Revolver	5.6	5.4	16.7	217.2	**244.9**
Bond	–	–	300.0	2,585.0	**2,885.0**
Private placement	–	50.0	–	100.0	**150.0**
Finance lease	0.2	0.2	1.2	4.8	**6.4**
Other	0.6	0.2	–	–	**0.8**
At 31 March 2024	**46.7**	**115.9**	**512.0**	**3,899.1**	**4,573.7**
At 31 March 2023	43.6	44.8	244.9	4,137.9	4,471.2

	Within one year £m	Between one and two years £m	Between two and five years £m	After five years £m	Total £m
Maturity of facilities (notional amounts)					
Term	40.3	60.1	194.1	992.1	**1,286.6**
Revolver	6.0	155.8	668.7	407.8	**1,238.3**
Bond	–	–	300.0	2,585.0	**2,885.0**
Private placement	–	50.0	–	100.0	**150.0**
Finance lease	0.2	0.2	1.2	4.8	**6.4**
Other	0.6	0.2	–	–	**0.8**
At 31 March 2024	**47.1**	**266.3**	**1.164.0**	**4,089.7**	**5,567.1**
At 31 March 2023	45.9	47.1	852.2	4,467.9	5,413.1

The Group's facilities are repayable at various dates through to 2051 and are secured by fixed charges over the completed housing properties of the participating Group members and a series of cross guarantees.

	At 1 April 2023 £m	Cash flows £m	Changes in fair value £m	Other non-cash changes £m	At 31 March 2024 £m
Analysis of changes in net debt					
Cash and cash equivalents	89.4	(3.6)	–	–	**85.8**
Debt	(4,517.5)	(101.4)	(0.3)	1.5	**(4,617.7)**
Derivatives	(80.7)	–	22.1	–	**(58.6)**
Net debt	**(4,508.8)**	**(105.0)**	**21.8**	**1.5**	**(4,590.5)**

Notes to the Financial Statements for the year ended 31 March 2024
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24. Debt analysis – Group (continued)

	Fixed rate £m	Floating rate £m	Total £m
Analysis of financial instruments by type of interest (notional amounts)			
Term	829.4	457.2	**1,286.6**
Revolver	–	244.9	**244.9**
Bond	2,885.0	–	**2,885.0**
Private placement	–	150.0	**150.0**
Finance lease	6.4	–	**6.4**
Other	0.8	–	**0.8**
Borrowings at 31 March 2024	**3,721.6**	**852.1**	**4,573.7**
Cash and cash equivalents	(0.8)	(85.0)	**(85.8)**
Collateral and other deposits	(8.0)	(51.9)	**(59.9)**
Cash and deposits at 31 March 2024	**(8.8)**	**(136.9)**	**(145.7)**
Net borrowings at 31 March 2024	**3,712.8**	**715.2**	**4,428.0**
Net borrowings at 31 March 2023	3,742.3	531.6	4,273.9

As at 31 March 2024, the Group's debt has a weighted average maturity of 14 years (2023: 15 years) and a weighted average cost of 4.29% (2023: 3.96%). The weighted average cost during the year, inclusive of breakage costs, was 4.46% (2023: 5.19%). In order to minimise the Group's exposure to variable interest rate risk, 84% of the Group's portfolio as at 31 March 2024 is fixed, either directly or as a result of interest-rate swaps which convert variable interest rates to fixed interest rates (2023: 88%).

25. Capital grants – Group

	HomeBuy grants £m	Social housing and other property grants £m
Capital Grants		
At 1 April 2023	9.0	2,257.3
New grant recognised	–	78.0
RCGF utilised	–	7.5
Amortisation income	–	(23.5)
Recycled on disposals (net of amortisation)	(0.2)	(4.1)
Disposals not required to be recycled	–	(33.9)
At 31 March 2024	**8.8**	**2,281.3**
Amounts falling due within one year	–	24.3
Amounts falling due after one year	8.8	2,257.0
	8.8	**2,281.3**

During the year the Group acquired 11 social housing properties from another Registered Provider, as part of which £0.8 million of social housing grant transferred to the Group. In accordance with the Housing SORP, this grant has not been recognised as a creditor; but as it is potentially repayable by the Group, its value is included in the contingent liability relating to grant (see note 29).

	Homes England £m	Greater London Authority £m	Total £m
Recycled Capital Grant Fund			
At 1 April 2023	14.7	16.6	**31.3**
Additions to fund due to disposals	1.8	3.2	**5.0**
Interest accrued	0.8	0.9	**1.7**
Utilised against new properties	(7.5)	–	**(7.5)**
At 31 March 2024	**9.8**	**20.7**	**30.5**
Amounts falling due within one year			17.2
Amounts falling due after one year			13.3
			30.5
Amounts three years old or older which may need to be repaid	0.5	8.5	**9.0**

26. Financial instruments - Group

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

	2024 £m	2023 £m
Notional		
Pay fixed	**829.4**	856.6
Receive fixed	**100.0**	100.0
	929.4	956.6
Fair value		
Pay fixed (asset)	**3.6**	2.0
Pay fixed (liability)	**(51.5)**	(71.7)
Receive fixed (liability)	**(10.7)**	(11.0)
	(58.6)	(80.7)

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

	2024 £m	2023 £m
Due within one year	**(1.7)**	3.1
Due between one and two years	**6.4**	4.8
Due between two and five years	**29.2**	28.6
Due after five years	**43.0**	77.2
	76.9	113.7

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

All of the Group's derivatives at the reporting date are Level 2 (2023: all are Level 2).

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27. Provisions for liabilities and charges

	Group		Parent	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Net pension liabilities	**43.6**	36.5	**–**	–
Deferred tax liabilities	**1.8**	2.1	**–**	–
Other	**2.7**	5.0	**0.3**	1.6
	48.1	43.6	**0.3**	1.6

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

Group

	Deferred tax liabilities £m	Other £m	Total £m
Deferred tax liabilities and other provisions			
At 1 April 2023	2.1	5.0	**7.1**
Additions	–	1.4	**1.4**
Amounts utilised	–	(2.5)	**(2.5)**
Unused amounts reversed	(0.3)	(1.2)	**(1.5)**
At 31 March 2024	**1.8**	**2.7**	**4.5**

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

Other provisions includes, amongst other amounts, £1.2 million for repair allowances provided with shared ownership properties sold under the Government's "New model" (2023: £0.4 million), £0.7 million for repairing a retaining wall at one of the Group's estates (2023: £0.8 million), £0.3 million for dilapidations at leased offices that the Group has decided to vacate (2023: £1.2 million), £nil for repairs and compensation resulting from damage to a gas pipeline at another one of the Group's estates (2023: £1.0 million), and £nil for costs associated with the decant of Clare House, including leaseholder buybacks (2023: £0.8 million).

Parent

	Other £m
Other provisions	
At 1 April 2023	1.6
Amounts utilised	(0.9)
Unused amounts reversed	(0.4)
At 31 March 2024	**0.3**

Other provisions includes, amongst other amounts, £0.3 million for dilapidations at leased offices that the Parent has decided to vacate (2023: £1.2 million).

28. Pensions

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

Scheme	**Date of the most recent comprehensive actuarial valuation**
Cambridgeshire County Council Pension Fund (LGPS)	31 March 2022
Clarion Housing Group Pension Scheme	30 September 2021
Downland Housing Group Pension & Assurance Scheme	31 March 2021
Kent County Council Pension Fund (LGPS)	31 March 2022
London Borough of Merton Pension Fund (LGPS)	31 March 2022
Norfolk County Council Superannuation Fund (LGPS)	31 March 2022
Surrey County Council Pension Fund (LGPS)	31 March 2022

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

Local Government Pension Schemes ("LGPS")
On 30 November 2023, the Group ceased participating in all five of its LGPS which triggered a cessation and settlement event. FRS 102 valuations prepared at this cessation date showed all five schemes to be in surplus, with a combined surplus of £23.2 million. In light of settlement discussions with the schemes, the Group reassessed its right to refund and did not recognise £6.9 million of this £23.2 million combined FRS 102 surplus (2023: all £24.7 million of the combined surplus was not recognised). Movements in the level of cap applied to the net surplus positions are shown in Other Comprehensive Income. The capped net surplus of £16.3 million was derecognised from the Statement of Financial Position at the cessation date of 30 November 2023.

Separately, the Group has accrued a £16.9 million debtor for amounts receivable on settlement (see note 20) and a £8.1 million creditor for amounts payable on settlement (see note 22). In total the Group expects to receive a net £8.8 million refund from the five LGPS in the year ending 31 March 2025.

The combined impact of derecognising the capped FRS 102 net surplus of £16.3 million, and accruing a net refund of £8.8 million, is a net cessation operating cost of £7.5 million, which is separately disclosed on the face of the Statement of Comprehensive Income.

In the prior year the Group exited both the London Borough of Bromley Pension Fund and the London Pensions Fund Authority Pension Fund. These schemes were in surplus at the time of their respective exits, but these surpluses were not recognised as they were not considered to be recoverable and so the schemes were held at £nil; additionally, no cessation payments were due as a result of these exits, and so there was no cost to the Group.

Remaining (non-LGPS) pension schemes
Likewise, both the Clarion and Downland pension schemes were closed to future accrual on 30 November 2023. Unlike the LGPS, this has not triggered cessation. As a result FRS 102 valuations continue to be sought at each reporting date (in this case 31 March 2024).

The Clarion scheme is in a net deficit position of £43.6 million at the reporting date (2023: £36.5 million).

The Downland scheme is in a net surplus position of £6.4 million at the reporting date (2023: £5.1 million). The Group has reviewed the scheme's trust deed and rules, determined there is an unconditional right to refund, and at this reporting date has recognised this net surplus in full (2023: £nil net surplus recognised).

This year, the trustees of the Clarion scheme have made the Group aware of a High Court judgement in the case of Virgin Media vs NTL Pension Trustees II Limited. The judgement is being appealed but, as it stands, could have significant implications for defined benefit schemes that were "contracted out" between April 1997 and April 2016. At this point in time it is unclear whether there could be an impact for the scheme and, if so, its value.

Additionally, the Group was notified in 2021 by the trustees of the Clarion scheme that they have performed a review of the changes made to the scheme's benefits over the years and the result is that there is uncertainty surrounding whether some of these changes were made in accordance with the trust's governing documentation. The trustees are seeking clarification from the court on these items, and this process is ongoing and unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the value of the scheme's liabilities by around 5%. This is an estimate only and is subject to change depending on the outcome of the court case and more detailed calculations on scheme data. Until the court's direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

Notes to the Financial Statements for the year ended 31 March 2024
continued

28. Pensions (continued)
All pensions schemes
The most recent comprehensive actuarial valuations have been used by actuaries to estimate the amounts recognised by the Group. These amounts are, in aggregate, as follows:

Reconciliation of opening and closing pension assets and liabilities:

	Group	
	2024 £m	2023 £m
Fair value of scheme assets		
At the beginning of the year	**253.7**	448.1
Scheme admin expenses	**(0.6)**	(0.5)
Cessation of schemes	**(123.1)**	(40.7)
Interest income	**11.4**	11.0
Actual return on scheme assets less interest income	**(11.8)**	(130.9)
Decrease/(increase) in pension surplus - assets in excess of obligation - not recoverable	**22.9**	(32.8)
Contributions by employer	**6.7**	10.9
Contributions by members	**0.3**	0.5
Benefits paid	**(10.2)**	(11.9)
At the end of the year	**149.3**	253.7
Defined benefit obligation		
At the beginning of the year	**290.2**	462.7
Current service cost	**1.4**	3.7
Cessation of schemes	**(106.8)**	(40.7)
Interest expense	**12.1**	11.3
Actuarial gains in respect of liabilities	**(0.5)**	(135.4)
Contributions by members	**0.3**	0.5
Benefits paid	**(10.2)**	(11.9)
At the end of the year	**186.5**	290.2
Net pension liabilities	**(37.2)**	(36.5)

	Group	
	2024 £m	2023 £m
Schemes in surplus included in debtors (see note 20)	**6.4**	–
Schemes in deficit included in provisions (see note 27)	**(43.6)**	(36.5)
	(37.2)	(36.5)

Amounts credited/(charged) to the Income Statement:

	Group	
	2024 £m	2023 £m
Operating costs		
Scheme admin expenses	**(0.6)**	(0.5)
Current service cost	**(1.4)**	(3.7)
Cessation of schemes	**(7.5)**	–
	(9.5)	(4.2)
Interest receivable/(payable) relating to pensions (see notes 7 and 8)		
Interest income	**11.4**	11.0
Interest expense	**(12.1)**	(11.3)
	(0.7)	(0.3)
	(10.2)	(4.5)
Cessation of schemes		
Net assets derecognised	**(16.3)**	–
Refunds accrued (see note 20)	**16.9**	–
Payments accrued (see note 22)	**(8.1)**	–
	(7.5)	–

Gains/(losses) recognised in other comprehensive income:

	Group	
	2024 £m	2023 £m
Actuarial (losses)/gains		
Actual return on scheme assets less interest income	**(11.8)**	(130.9)
Actuarial gains in respect of liabilities	**0.5**	135.4
	(11.3)	4.5
Decrease/(increase) in pension surplus - assets in excess of obligation - not recoverable	**22.9**	(32.8)
	11.6	(28.3)

Notes to the Financial Statements for the year ended 31 March 2024
continued

28. Pensions (continued)
All pensions schemes (continued)
The categories of scheme assets, and the actual return on those assets, were as follows:

	Group	
	Non-LGPS 2024 £m	All schemes 2023 £m
Equities	**16.4**	76.4
Liability-Driven Investments ("LDI")	**60.7**	62.2
Gilts and other bonds	**14.2**	43.4
Private credit	**13.9**	22.7
Property	**6.0**	22.0
Liquid alternatives	**16.3**	17.6
Cash	**8.9**	9.5
Other	**12.9**	29.7
	149.3	283.5
Pension surplus (assets in excess of obligation) not recoverable	**–**	(29.8)
	149.3	253.7
Actual return (all pension schemes)	**(0.4)**	(119.9)

The ranges of principal actuarial assumptions used, including the expected number of years in retirement, are as follows:

	Group	
	Non-LGPS 2024	All schemes 2023
Inflation	**3.1%-3.2%**	2.9%-3.2%
Future salary increases	**3.9%**	3.5%-4.0%
Future pension increases	**3.1%**	2.9%-3.2%
Discount rate	**4.9%**	4.8%-4.9%
Retiring today – male	**21.3**	21.0-21.9
Retiring today – female	**23.7-23.9**	23.2-24.1
Retiring in twenty years – male	**22.6-22.9**	21.9-23.3
Retiring in twenty years – female	**25.2-25.3**	24.6-26.0

29. Contingent assets/liabilities
Group
As per note 1, the original amount of social housing and other property grants may become repayable. In addition to the amounts disclosed in creditors, £428.6 million of grant has been credited to reserves to date through amortisation (2023: £413.2 million). The timing of any future repayment, if any, is uncertain.

On 27 July 2021, Clarion Housing Association Limited ("the Association") received a letter of claim regarding potential defects in the design and/or construction of a site and buildings sold under a Development and Sale Agreement dated 15 January 2010. The initial claim was valued at up to £17.0 million. In the intervening period, the Association has entered into various Standstill Agreements with relevant parties to protect its position and there has been ongoing communication with the claimant. The claimant has still yet to fully particularise its claim. A "without prejudice" site meeting between the parties' respective experts took place in March 2024. The Association is waiting on further legal advice regarding options to seek to bring the matter to a resolution. The likelihood of any liability and its timing still remains very much uncertain.

Parent
The Parent has no contingent assets/liabilities.

30. Capital commitments – Group

	2024 £m	2023 £m
Contracted for but not provided for in the financial statements	**688.1**	573.5
Authorised by the Board but not contracted for	**3,184.6**	3,368.0
	3,872.7	3,941.5

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

The figures above include £740.6 million (2023: £946.0 million) for the Group's share of the capital commitments of its JCEAs.

At the reporting date the Group had £85.8 million of cash and cash equivalents and £993.4 million of undrawn funding. Most of the remaining £2,793.5 million is expected to be funded by future surpluses and debt funding, sourced from banks and the debt capital markets. The Group considers this to be a reasonable expectation given its previous successes in these markets and its strong, investment-grade credit rating. The Group's £3 billion European Medium Term Note programme issued a further £250 million in May 2024.

The Group has also been allocated grant funding under the Affordable Homes Programme 2021-26. £249 million of grant from Homes England and £224 million from the Greater London Authority, which in total will support the delivery of 4,324 homes.

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

	Group		Parent	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Within the next year	**7.2**	6.9	**2.2**	5.3
Between one and five years' time	**16.0**	14.6	**4.4**	12.0
Later than five years' time	**7.1**	0.5	**0.2**	0.5
	30.3	22.0	**6.8**	17.8

New leases entered into by the Group during the year include a new London head office (total future commitment £9.8 million) and 239 vehicles, the majority being vans used by Clarion Response operatives (total future commitment £7.9 million).

During the year, the Parent also agreed with the landlord of its current London head office to vacate in September 2024, reducing its commitment by £4.5 million.

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

	Group		Parent	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Within the next year	**0.7**	0.7	**–**	–
Between one and five years' time	**4.5**	4.3	**–**	–
Later than five years' time	**13.6**	14.2	**–**	–
	18.8	19.2	**–**	–

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

	Group		Parent	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Obligations under finance leases				
Amounts falling due within one year	**0.2**	0.1	**–**	–
Amounts falling due after one year	**7.1**	7.2	**–**	–
	7.3	7.3	**–**	–
Interest payable to be recognised in future periods	**11.5**	11.9	**–**	–
	18.8	19.2	**–**	–

Notes to the Financial Statements for the year ended 31 March 2024
continued

32. Non-equity share capital

	2024 £	2023 £
Shares of £1 issued and fully paid		
At the beginning of the year	**14**	13
Movement during the year	**(2)**	1
At the end of the year	**12**	14

Each member of the Parent holds one £1 share. These shares carry no dividend rights and are cancelled on cessation of membership of the Parent. Each member has the right to vote at members' meetings..

33. Legislative provisions

The Parent is a registered society under the Co-operative and Community Benefit Societies Act 2014 and is regulated by the Regulator of Social Housing.

34. Subsidiaries, JCEs and associates

Full name	Company	FCA Registered Society	Charity Commission	Regulator of Social Housing
At the reporting date, Clarion Housing Group Limited controls the following entities. It also owns 100% of each of these entities, either directly or indirectly, except where shown in brackets:				
Registered Provider (Public Benefit Entity)				
Clarion Housing Association Limited	–	7686	–	4865
Property maintenance or management				
Clarion Response Limited (1)	04129615	–	–	–
Grange Management (Southern) Limited	08351375	–	–	–
Registered charities (Public Benefit Entities)				
Circle Anglia Foundation Limited	01832817	–	326681	–
Clarion Futures	07156509	–	1135056	–
Treasury vehicles				
Affinity Sutton Capital Markets PLC	06678086	–	–	–
Affinity Sutton Funding Limited	05589011	–	–	–
Circle Anglia Social Housing PLC	06370683	–	–	–
Circle Anglia Social Housing 2 PLC	09781172	–	–	–
Clarion Funding PLC	10922187	–	–	–
Clarion Treasury Limited	06133979	–	–	–
Property development				
Affinity Sutton Investments Limited	07466271	–	–	–
Bonner Road LLP	OC401099	–	–	–
Broomleigh Regeneration Limited	06494492	–	–	–
Circle Housing Asset Design Limited	08822471	–	–	–
Clarion Housing Property Development Services Limited (2)	07068999	–	–	–
Clarion Regeneration Limited	09042606	–	–	–
Downland Regeneration Limited	06456605	–	–	–
Latimer Cocoa Works LLP	OC419999	–	–	–
Latimer (Tendring Colchester Borders Garden Community) Developments Limited	12429722	–	–	–
Latimer Developments Limited	05452017	–	–	–
Latimer Green Lanes Limited	012398V	–	–	–
Latimer Kirkstall Limited	11909078	–	–	–
Latimer Media City Limited	11850531	–	–	–
Latimer Storrington Limited	11894235	–	–	–
Latimer Twyford Abbey Limited	11775770	–	–	–
Latimer Weyburn Works Limited	11474914	–	–	–
Leamington Waterfront LLP	OC318351	–	–	–
Twyford Abbey NW10 LLP	OC446467	–	–	–
Your Lifespace Limited	02998648	–	–	–

(1) Voluntarily dissolved May 2024
(2) Formerly Affinity Sutton Professional Services Limited

Notes to the Financial Statements for the year ended 31 March 2024
continued

34. Subsidiaries, JCEs and associates (continued)

Full name	Company	FCA Registered Society	Charity Commission	Regulator of Social Housing
Property management				
Broadmeadow Park Management Company Limited	12691939	–	–	–
Cocoa Works York Management Limited	15143271	–	–	–
Conningbrook Lakes Management Limited	11416212	–	–	–
Eaton Crescent Management Company Limited (73%)	10097852	–	–	–
Elmbridge Road Cranleigh Homes Management Limited (54%)	11772660	–	–	–
Furness Quay Residents' Management Company Limited (3)	12715679	–	–	–
Garway Court (Tredegar) Management Limited	5575222	–	–	–
Islington Wharf Ancoats Management Limited	14936051	–	–	–
Latimer Blackfriars Road Management Limited	12525940	–	–	–
Latimer Green Lanes Management Limited	12715812	–	–	–
Ropetackle East Management Company Limited	6601595	–	–	–
Thackeray Mews Limited (62%)	02666421	–	–	–
Tollgate Gardens (NW6) Residents Management Company Limited	11024438	–	–	–
Other				
Old Ford Homes Limited	04625160	–	–	–

(3) Formerly Amplify Residents Management Company Limited

The Group also accounts for the assets and liabilities of its captive insurance cell as if it were a subsidiary:

Full name	Company	FCA Registered Society	Charity Commission	Regulator of Social Housing
Insurance vehicle				
Igloo Insurance PCC Limited (Cell ASG2)	53462	–	–	–

The Group is a member of the following JCEs. It also owns 50% of each:

Full name	Company	FCA Registered Society	Charity Commission	Regulator of Social Housing
Property development				
72 Farm Lane Developments LLP	OC379893	–	–	–
261 City Road Developments LLP	OC360210	–	–	–
Argenta House (Stonebridge Park) LLP (4)	OC439169	–	–	–
Bellway Latimer Cherry Hinton LLP	OC435634	–	–	–
Berkeley Latimer Estates Limited (5)	08161672	–	–	–
Bovis Latimer (Sherford) LLP	OC423820	–	–	–
Circle Hill LLP	OC397177	–	–	–
Countryside Clarion (Eastern Quarry) LLP	OC420693	–	–	–
Durkan Latimer Eddington LLP	OC434668	–	–	–
Hadley Penge LLP	OC435213	–	–	–
Hadley Streatham LLP	OC432013	–	–	–
Latimer Hill LLP	OC415952	–	–	–
Latimer Hill Attleborough LLP	OC439632	–	–	–
Latimer Hill (Hardwick) LLP	OC429829	–	–	–
Linden (York Road) LLP	OC392756	–	–	–
Linden/Downland Graylingwell LLP	OC333712	–	–	–
Lovell Latimer LLP	OC429114	–	–	–
Mace Develop Latimer Limited	13732397	–	–	–
Mace Develop Latimer (Stevenage) LLP	OC439880	–	–	–
Montgomrey's Wharf LLP	OC437512	–	–	–
Ramsden Regeneration LLP	OC352417	–	–	–
Twickenham Reach LLP	OC450619	–	–	–
Vistry Latimer Collingtree LLP	OC429233	–	–	–
Wilmington Regeneration LLP	OC352419	–	–	–

(4) Formerly Latimer LN NW10 LLP
(5) Formerly Mayfield Market Towns Limited

Full name	Company	FCA Registered Society	Charity Commission	Regulator of Social Housing
261 City Road Developments LLP has the following 100% subsidiary:				
City Road (Lexicon) Limited	30048	–	–	–
Circle Hill LLP has the following 100% subsidiary:				
Sycamore Gardens (Epsom) Management Company Limited	10246752	–	–	–
Mace Develop Latimer Limited and Mace Develop Latimer (Stevenage) LLP jointly control the following JCEs:				
Mace Develop Latimer (Stevenage) Plot A LLP	OC439892	–	–	–
Mace Develop Latimer (Stevenage) Plot K LLP	OC439894	–	–	–
Berkeley Latimer Estates Limited has the following 100% subsidiary:				
Mayflower Residential Limited	11193327	–	–	–

All of the above entities are incorporated in England and Wales with the exception of Igloo Insurance PCC Limited (registered in Guernsey), Latimer Green Lanes Limited (registered on the Isle of Man), and City Road (Lexicon) Limited (registered in Bermuda).

Notes to the Financial Statements for the year ended 31 March 2024
continued

35. Related party disclosures and intra-group transparency
Debtor and creditor balances between members of the Group are either debt subject to a market rate of interest, fair values in respect of intra-Group derivative contracts, or trading balances which are non-interest bearing and are due to be settled within one year of their recognition.

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

As the Group parent, Clarion Housing Group Limited incurs certain overheads centrally on behalf of the whole Group. These costs are then recharged to other members of the Group.

Direct costs are allocated to specific legal entities, across housing management, property development and community investment areas. The remaining central overheads are then apportioned across all entities based on their levels of operating costs.

The recharges were as follows:

	2024 £m	2023 £m
Clarion Futures	**0.4**	0.4
Clarion Housing Association Limited	**78.8**	70.0
Clarion Housing Property Development Services Limited (1)	**0.5**	0.3
Clarion Regeneration Limited	**0.1**	–
Grange Management (Southern) Limited	**0.1**	0.1
Latimer Developments Limited	**1.3**	1.3
Old Ford Homes Limited	**–**	0.1
	81.2	72.2

Other regulated members of the Clarion Housing Group have disclosed transactions with non-regulated members in their own financial statements.

Apart from any disclosures made in relation to the Group's key management personnel or JCEAs, no other related party transactions require disclosure.

(1) Formerly Affinity Sutton Professional Services Limited.

General corporate information

Board

David Avery (Group Chair)

Jock Lennox (Group Chair Designate) (appointed 1 May 2024)

Doris Olulode (Vice Chair)

Clare Miller (Group Chief Executive)

Lord Barwell

Graham Farrant

Rachel Fletcher

Mark Hattersley (Chief Financial Officer)

Amanda Metcalfe

Jeremy Newman (appointed 1 September 2023)

David Orr CBE

Rupert Sebag-Montefiore

Tom Smyth

John Coghlan (resigned 31 December 2023)

Company Secretary

Louise Hyde

Executive Team

Clare Miller

Richard Cook

Mark Hattersley

Catrin Jones

Rob Lane

Michelle Reynolds

Han-Ley Tang (appointed 5 June 2023)

Catherine Thomas

Ian Woosey (resigned 30 April 2023)

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