Grand Union
Housing Group

Grand Union Housing Group

Annual report and financial statements
for the year ended 31 March 2021

Contents

The Board, Executive Officers and Advisors

Chair

James Macmillan,
Independent

Board members

Gillian Walton,
Independent Vice Chair (Appointed Senior Independent Director 2 June 2020, resigned as Vice Chair 1 February 2021)

Richard Broomfield,
Independent

Kami Nuttall,
Independent

John Edwards,
Independent

Vanessa Connolly,
Independent (resigned 30 June 2021)

Nicola Ewen,
Independent

Brent O'Halloran,
Independent

Peter Fielder,
Independent

Michael Pattinson,
Independent (Resigned 16 June 2021)

Dave Willis,
Re-appointed Co-optee 25 May 2021 and appointed full member 27 July 2021

Company Secretary

Anne-Marie Huff,
(Resigned 26 January 2021)

Mandy Hopkins,
(Appointed 26 January 2021)

Executive Officers

Aileen Evans,
Group Chief Executive

Phil Hardy,
Executive Director of Operations

Mona Shah,
Executive Director of Finance & Business Services

Registered office

K2
Timbold Drive
Kents Hill
Milton Keynes
Buckinghamshire
MK7 6BZ

Solicitors

EMW Law

Devonshires

Perrin Myddelton

Trowers & Hamlins

Wright Hassall

Funders

NatWest Bank plc

Royal Bank of Scotland plc

Santander plc

Newcastle Building Society

Nationwide Building Society

Bankers

NatWest Bank plc

Auditors

Beever and Struthers
(External)

KPMG
(Internal)

Valuers

Savills plc

Avison Young

Berrys

Registered under the Co-operative and Community Benefit Societies Act 2014 No. 7853 and with the Regulator of Social Housing No. 5060


Grand

Statement from the Chair and Group Chief Executive

Despite what has been an incredibly challenging year for us all, where the COVID-19 pandemic has affected the way we live and work, the rollout of the vaccine is giving some hope that some normality will resume as the year progresses.

During the last 12 months, our colleagues have risen to the challenge of providing services in different ways with compassion and skill and we are extremely proud of the commitment they've demonstrated. We've also worked to support our customers and our partners – contractors, local authorities and community groups. We are continually inspired by the ability of colleagues across the group to consistently turn words into actions and this 'can-do' attitude has exemplified our approach to the pandemic.

We have continued to focus on the wellbeing of our customers and colleagues – we have an open culture ensuring that there is no stigma in talking about mental health and our customer wellbeing and support service has delivered a range of initiatives during the year, such as working with mental health charity Mind BLMK to create a psychologist led programme for those who hoard, contacting our customers whose gas has been capped and helping them to get back onto supply, and working with the police and community safety partnerships on detecting cuckooing and county lines networks. The service has received over 490 referrals in the last year and continues to support our most vulnerable customers across a wide range of issues.

Our Financial Wellbeing team has been busy, with colleagues supporting over 1,000 customers, many of whom were navigating the benefit system for the first time. We have increased the resource available to our customers experiencing challenge and hardship; we are committed to working together with our customers and a range of partners to help people live full lives in the homes we provide. We recognise that what most of our customers want from us is a well-maintained home at a reasonable rent and a prompt and high-quality repairs service. Where customers do need it, then extra support is available at the right time, in the right way for as long as required.

We have really appreciated the value of clear and regular communication with both our customers and our colleagues during the last year – we have followed government guidelines and have ensured that both our colleagues and our customers are safe, by using quality PPE and adopting a range of controls to make sure we are COVID-19 secure.

Our ability to work in a truly agile way was embedded before the pandemic struck – our investment in IT infrastructure, the kit our colleagues use, software and training paid dividends and, during the year, we were able to move to contactless lettings and implemented a new customer portal. Our customers tested the portal prior to it going live and we made important changes to the way it worked as a result of their feedback. Our IT team have provided expert support to a fully remote working team and have continued to make major strides in transforming our digital offer – not only for our customers, but for our colleagues too.

Our customers are at the heart of everything we do. That's an easy thing to say, but we have made real efforts to improve the service our customers receive – we learn from the considerable amount of feedback we receive from Rant & Rave, our customer portal, from social media and online reviews. We are serious about ensuring we put things right when they go wrong too, and set up our Resolutions team to ensure that negative feedback is followed up and that complaints are resolved quickly. Our average complaint resolution time is 6.07 days and having adopted the Housing Ombudsman Complaints handling code, we are focussed on ensuring that we learn and improve from every interaction with our customers.

We have undertaken several Lean reviews during the year and are beginning to see the benefits of this, for example, void turnaround time has decreased to 15 days. Further reviews will be undertaken as the year progresses in order that we use our resources effectively to deliver better services that represent value for money.

We carried out a major restructure during the year to implement our target operating model. We have aligned our processes, technology and people to further ensure that we can properly deliver our values of being **driven** to do more for our customers, that we **deliver** on our promises and that we're in it **together**.

As part of this restructure we created a Domestic Abuse & Safeguarding team – we're also opening our fourth domestic abuse refuge in 2021/22. We are in the process of working towards the Domestic Abuse Housing Alliance accreditation and keeping the customers we support safe, whether they are in a refuge or not, is a key priority for us.

We also insourced our responsive maintenance and voids services. There were many reasons for this, but the desire to fully own our relationships with our customers over the single most important service we provide was a central factor. We expect to improve the quality of the service and deliver savings as a result. Over the year we spent £26.83m on repairing, improving and maintaining our stock and in addition, our in-house Occupational Therapy service supported customers by delivering 543 adaptations and the facilitation of 126 Disabled Facility Grants (DFGs) through our local authority partners.

During the year we began the implementation of a suite of new strategies that will deliver the ambitions outlined in our corporate plan, Further together, which we launched last year. Our new Strategic Asset Management Strategy focusses on building safety, carbon reduction and keeping our homes in good condition. Our Environmental Sustainability Strategy will ensure that we are making a positive impact through our sustainability performance, by promoting a culture of sustainability with our colleagues and customers. We are taking our responsibilities seriously and are committed to becoming carbon zero by 2050. Our Sustainable Rents Strategy sets our approach to the rents we will charge, with a focus on genuine affordability, and our New Business and Development Strategy will see us build 400 new homes a year. Our development programme saw us build 111 homes this year – delays due to the pandemic prevented us from achieving our planned programme. We claimed £5.7m in Homes England grant during the year and our plans for the next year will see us bid into the new Affordable Homes Programme 2021-2026.

We are on site this year with our largest development ever; an extra care scheme at Sorrel Way in Biggleswade which will provide 93 high quality homes for older people. As well as a housing crisis, we are experiencing a social care crisis, and good quality accommodation where people can access support when they need it is vital in Grand Union contributing to solving these twin issues.

During the year we were privileged to be among the first signatories to Harry's Pledge, a national campaign spearheaded by Longhurst Group to inspire change in the way society values carers, and to commit to the building of more accessible homes and public buildings. As part of our commitment to this, we surveyed our colleagues to better understand those who had caring responsibilities and have worked on an individual basis to provide support to them where necessary.

Following the Black Lives Matter protests in the wake of the unlawful death of George Floyd, we have worked during the year to develop and to begin implementing our new Belonging Strategy, to counter racism in the workplace and adopt a new approach to diversity and inclusion, stemming from the belief that our customers and our colleagues all deserve a place where they can belong. Our implementation of this will see us raise awareness of diversity related issues, especially around the issue of white privilege. We will work to challenge prejudice and become allies to those who face it. We have made a start by measuring our ethnic pay gap which was 0% in 2020 and is now -3.75%, with a median gap of -3.63% for the year ended March 2021, which means we pay People of the Global Majority (PGM) more than those from white backgrounds. We will monitor this annually alongside our gender pay gap, which this year fell to 3.10%, with a median gap of -4.74%, meaning our median pay is higher for women than it is for men, and will develop a suite of metrics so that we can measure and be held accountable for our performance. It is not just about the questions that our monitoring of the data will raise – we will work hard to make sure our culture is one where we embrace diversity fully and truly create a sense of belonging.

We are proud of the culture at Grand Union; we are fast paced and yet thorough and have a kind, collaborative culture where people feel valued and are focussed on delivering great customer service. Our culture is important – it's part of what drives our desire to do our best for those we serve and continually improve and innovate in the way that we do this.

We are pleased to have become early adopters of the industry led Sustainability Reporting Standard, designed to unlock institutional investment to help tackle the UK's deepening housing crisis and reduce our carbon footprint. We remain financially strong; we delivered an operating margin of 28% and we retained our G1/V1 rating from the Regulator of Social Housing. This financial strength will enable us to keep developing new sites so we can serve both our existing and future customers with a range of tenures, and also provide a range of additional services to support our more vulnerable customers.

We are well placed to deliver the challenges of the Social Housing White Paper and are focussed on being fully compliant by the time the legislation reaches the statute book.

We are proud of the achievements during the last year, despite the significant challenge of the pandemic. We know we still need to drive continual improvement in our services, and we will be unwavering in our focus on this. We have an important role to play in the recovery and we will continue to work hard to deserve the trust of our customers, colleagues, and partners.

Good governance is important to us and from 2021, we have adopted the National Housing Federation's (NHF) 2020 Code of Governance that will see our Board members moving from maximum terms of nine years to maximum terms of six years. We are in the process of drawing up a transition plan that ensures we use the flexibility in the Code in planning both the succession and continuity of the Board, making sure that we keep the interests of Grand Union paramount. It's our aim to achieve this in an efficient and smooth way.

The pandemic has highlighted the structural inequality that exists in our society and this has been in the forefront of our minds throughout the past year. Our values have guided the decisions we made and our responses. We are well placed to meet the challenges we continue to face with an agile and committed team and we appreciate all their efforts this year.

Our Board and Committee members have shown great commitment over the last year and our thanks go to them for their expertise and support.

James Macmillan
Chair

Aileen Evans
Group Chief Executive

Staff Engagement Statement

Colleague engagement became more important than ever before in 2020/21 as COVID-19 forced us all to work from home for large periods of time.

Ensuring that colleagues were kept informed of key issues, and matters affecting them, was critical and we used a number of different methods to do this.

Staying in touch

With colleagues and teams all working virtually, we used GUS, our intranet, to engage with colleagues as much as possible. In 2020/21, an average of 86% of colleagues regularly used GUS. During the year, 845 different news, features and information articles were posted on it and were viewed over 138,800 times.

The Executive team provided colleagues with regular updates on GUS in a number of different ways, ranging from more formal information posts about COVID-19 updates and external issues that may affect the business, to more personal video updates recorded by Aileen Evans, our Chief Executive. We also started regularly posting good news and achievements from across the business on GUS so that colleagues could stay engaged with sections of the business they may not have regular contact with.

We also increased the use of discussion groups on GUS, setting up a number throughout the year to keep all colleagues engaged and informed. The 'Team GUHG' discussion group was set up for colleagues to discuss all things to do with the business, ask questions and stay in touch with colleagues. We also set up more informal groups, including one to share pictures of our pets, one to give hints and tips for home schooling and then another called the 'wall of kindness'. This was where colleagues could share examples of kindness they had experienced themselves, or where they had done a kind deed for others.

Our Joint Consultative Committee (JCC) was able to continue, meeting virtually every two months. JCC is a forum between Grand Union as the employer and its colleagues and aims to help develop the organisation's interests, ensuring colleagues are treated fairly, and in accordance with equality and diversity legislation, to achieve the highest possible standards within the resources available.

Helping colleagues during lockdown

With colleagues working remotely, it was important that we made sure they were okay and had everything they needed to perform their roles.

Colleagues were invited to complete a survey in May 2020, to help us understand how they were coping during the first lockdown and find out what further support could be provided. There was a high response to the survey and the results showed that colleagues felt communications during the first lockdown had been great.

We also introduced Mental Health First Aiders in July 2020. These are nine colleagues and a Board member from across the organisation who attended a mental health first aid course and are available as a confidante for colleagues or alternatively direct them to sources of support. They posted regular updates on GUS regarding various mental health topics and events and have supported a number of colleagues throughout the year.

Staying engaged during a restructure

In the summer of 2020, we began a restructure of the operational side of the organisation, which would bring it more in line with our target operating model. This was introduced as a live event on Microsoft Teams, which was attended virtually by 150 colleagues. We also provided a recording for those who were not able to view it live.

We kept colleagues affected by the restructures engaged throughout, from the initial launch right through to consultation. This included pre-recorded videos from Directors talking through the impact to their business area, consultation packs, live question and answer sessions with Directors, and finally individual meetings with their Director and HR Business Partner to discuss how the restructure would affect them.

Going further together

On 1 July 2020 we launched Further together, our new corporate plan. This was launched on GUS via blogs, articles and video content. We also held a live event on Microsoft Teams for colleagues where Aileen Evans spoke about it in greater detail, explaining what it meant to colleagues and the business moving forward. Colleagues were able to engage in a question and answer session as part of this. A microsite was made available for all staff to view, as was a printed copy and digital copy.

Last year's Annual Report and Financial Statements were also made available for colleagues as either a digital pdf or printed copy. A "year at a glance" summary page was published on GUS in an easy to read, infographic format.

In October we launched a new online check-in, which replaced our outdated appraisals. These check-in meetings are held once every quarter and require colleagues to complete the form online, prior to meeting with their manager. They also tied in with Further together and our values, helping to create a direct link between the goals of the organisation and those of individual colleagues. Check-ins were promoted on GUS and colleagues reacted positively to the new format.

The year at a glance

Who we are

We've been in business for over 25 years and provide 12,000 homes for more than 27,000 people across Bedfordshire, Buckinghamshire, Northamptonshire and Hertfordshire. We're a £75 million turnover social business with almost 400 staff.

Our mission is **more homes, stronger communities, better lives**. We build affordable homes, provide personalsupport, and help people to learn, work and be healthy.

We're a financially stable and innovative not-for-profit organisation that believes in partnership and collaboration. We plan to build 2,160 more new homes in the coming years to play our part in ending the housing crisis.

For today and tomorrow

Turnover

£75m

We achieved VfM savings of

£0.8m

Total assets worth

£702m

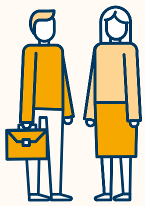
£0.5m

of these savings came from the office move

We built:

62

homes for rent (including social rent, affordable rent and supported living)



25

shared ownership homes

24

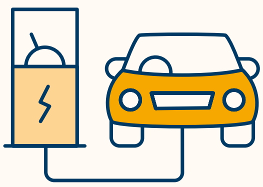
for market rent

G1/V1

Confirmed Governance and Financial Viability Standard in November 2020 by the Regulator of Social Housing.

A3 (Stable)

Confirmed Moody's credit rating in December 2020



We installed

4

electric charging points were installed at K2 for colleagues to use for free

For our customers

35,755 repairs were carried out and **574** voids were completed. We spent **£26.83m** on home improvements and repairs which included:

477 homes with new windows and doors

65 new kitchens and **22** kitchen upgrades

104 new bathrooms and **32** bathroom upgrades

395 new boilers installed, **22** new central heating systems and **56** upgraded

419 high level works to properties

Year-end compliance levels:

100% Fire

99.15% Legionella

79.73% Asbestos

99.79% Gas

87.55% Electric (within five years)

£3.26m benefits secured for customers in 2020/21

£1.01m of assistance with rent such as Housing Benefit, Discretionary Housing payments or the housing costs element of Universal Credit

£0.91m in disability payments which provide extra money for customers with long-term health problems or disabilities

3,986 wellbeing calls made during lockdowns to over 70s and Life24 (Supported) customers

We received **11,285** customer responses through Rant & Rave (customer feedback tool)

Rent arrears just **1.68%** net (as of 31 March 2021)

1,781 customers have engaged with us via training, guidance and advice sessions, consultation, IT training sessions and youth sessions. We also have a further 70 customers on a waiting list for any new consultations

79,355 phone calls answered by our Customer Contact team

7,016 web chats were answered by our Customer Contact team

33,729 emails were dealt with by our Customer Contact team

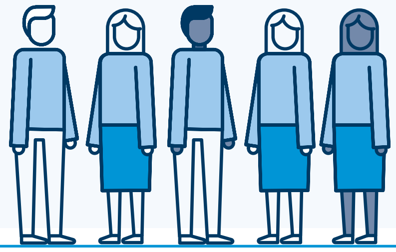
2,580 customers signed up to our new MyGUHG portal between 1 - 31 March 2021

For each other

We have
387
members of staff

57
have been here for more than 15 years

Turnover was **8.6%**, the lowest for 8 years



For our partners

Working with NHS England and Adult Social Care, we now have seven properties housing nine customers living independently rather than in hospital.

543 adaptations completed, **126** with support from the Local Authority Disabled Facilities Grant, enabling customer to enjoy their home and provide comfort for their families knowing their loved ones are safe at home.

Wherever possible we try and keep customers safe in their homes rather than moving, so move-on numbers are fairly low. We have three domestic abuse refuges and a much needed fourth one will be delivered in 2021/22. Since the Domestic Abuse & Safeguarding team's formation in October 2020, we have taken the following steps to ensure the safety of victims of domestic abuse:

6
completed moves,
3 still pending
(1 application stage, 1 awaiting viewing, 1 moving to a refuge)

20
Additional security for home (lock changes, back door gates, window locks, flood lights, Ring doorbells)

28
Panic alarms


THIS HOUSE IS
OCCUPIED
PLEASE BE COURTEOUS

Strategic Report

The Board presents its Strategic and Board reports on the affairs of Grand Union Housing Group Limited ("the Group") together with the financial statements and auditor's report for the year ended 31 March 2021.

The Group is comprised of

Grand Union Housing Group Limited
Registered

Grand Union Homes Limited	Grand Union Group Funding PLC	GUHG Development Company Limited
Not registered	Not registered	Not registered

Our strategic commitments for now and the future

Going further together
On 1 July 2020 we launched our new corporate plan, **Further together**, which sets out Grand Union's aspirations and goals for the next three years and builds on the strong foundations we've already put in place.

This ambitious plan was created with input from colleagues, the Board and importantly, our customers.

At its heart is the theme of trust – Further together is aimed at deserving and retaining the trust of our customers, our colleagues and our wider stakeholders.

To build this trust, we've based Further together on four clear commitments:

For today and tomorrow
We take our responsibilities seriously and our goal is to be a financially strong organisation, delivering on our social purpose and our environmental responsibilities. We build great homes where people can live great lives, and we use our influence for the benefit of our communities.

For our customers
We serve our customers and their communities fairly and with integrity. Our goal is for customers to trust us to provide advice and support when they need it. We want them to know we're on their side.

For each other
We support our people in their service. Our goal is that people choose to come to Grand Union because they know they'll get the support they need to fulfil their potential and we're in it together.

For our partners
We're an honest and constructive partner. Our goal is for different organisations to choose to work with us because they trust us to share our expertise and help them to get things right.

We know that we have the power to change things for good. That's why we build more homes, stronger communities, better lives. Because what we do matters.

You can read more details about each of the commitments in Further together here: **https://guhg-furthertogether.co.uk/**

Grand Union Housing Group delivery map

We are based in the heart of the Oxford to Cambridge Arc and have made a long-term commitment to building new affordable homes, where we can deliver efficient services and support our customers now and in the future, as shown in the map below.

COVID-19 pandemic

The COVID-19 pandemic affected everyone involved with Grand Union. It's touched on every aspect of what we do, and we can be proud of how we've risen to the challenge, transforming our service delivery to meet the challenges of the pandemic and ensure that we were still there for our customers, colleagues and partners. We've really seen how each of us has been driven to do more. And we've definitely been in it together; working alongside members of our communities to make a real difference.

Everyone has spent more time at home and this crisis has demonstrated the importance of a home that is safe, secure, affordable and meets their changing needs.

Our response to the pandemic has reinforced the benefit of our transformation approach, by being adaptable to change we are navigating through this crisis and will emerge stronger than ever. This approach, led by Grand Union's leadership team and informed by customer insight, has enabled us to organise our colleagues, processes and technology to provide a more targeted and tailored service to customers. The pandemic shifted both our customer base and what was needed from us, by understanding this we have been able to adapt to meet these changing needs.

As we come out of the current difficult period and plan for the next three years, it's clear that we'll need our new skills and our organisational and financial strength. Using scenarios from Savills and Hargreaves, we have run pandemic stress tests on our business plan including a drop in sales, delayed development and increased costs, and we have been able to demonstrate that our plan is robust to withstand these additional pressures. Through our Financial Wellbeing team, we continue to support our customers through assistance with disability and benefits claims.

We operate in an area of planned economic growth, and we have a responsibility to help ensure that everyone in our communities benefits from the opportunities that brings.

That means playing our part in tackling the housing crisis by building new homes at scale and at pace, and making as many as possible available at genuinely affordable rents. It means supporting our customers to achieve their potential through education and training, employment and getting involved in their communities, and it also means supporting the people who work for Grand Union.

Our values

Further together is underpinned by the values that shape our organisation's culture and guide everything that we do.

Driven

We're **driven** to do more. We empower staff to achieve more and help us evolve into a more **efficient**, **flexible** and **ambitious** organisation that has a positive impact on our customers and communities.

Together

We're in it **together**. Our **can-do attitude** and **collaborative approach** help us achieve our goals and provide what our customers, colleagues and partners need from us.

Deliver

We **deliver** on our promises. We're committed to making a difference to people's lives and by acting with **integrity**, being **open-minded** and **taking ownership**, we can be trusted to do what we say we will.

Our performance

In the past five years, we have transformed the way we deliver our services and released financial strength to build more homes for the customers of the future.

However, we knew we could do more, which is why we set our four strategic commitments in Further together.

For today and tomorrow
We take our responsibilities seriously

For our customers
We serve our customers and their communities fairly and with integrity

For each other
We support our people in their service

For our partners
We're an honest and constructive partner

In what has been a tough year for so many, we're proud to have already achieved so much against our strategic objectives and commitments. We have incurred additional costs to protect our customers and colleagues.

The last year has brought with it a number of significant challenges, and we have identified different ways of working throughout the COVID-19 crisis. We will learn from these experiences and look at alternative practices for our customers and business.

For today and tomorrow

Financial and operational performance analysis

We are financially strong, and any surplus made is reinvested in what we do, delivering more homes and support services for our customers.

Assets	£'000
Housing properties	634,188
Other fixed assets	2,136
Investment properties	23,500
Intangible assets	457
Current assets	41,251
Total	**701,532**

Financed by	£'000
Debt	315,591
Pension liability	14,683
Reserves brought forward	328,504
Creditors (excluding debt)	35,934
Surplus for the year	6,820
Total	**701,532**

Group financial performance three-year summary	2021 £'000	2020 £'000	2019 £'000
Total turnover	74,943	71,166	74,299
Cost of sales	5,821	4,165	6,666
Operating costs	48,374	45,942	41,415
Surplus on disposal of property, plant and equipment	1,764	3,455	2,649
Operating surplus/(deficit)	22,512	24,514	28,867
Comprehensive income for the year	6,820	13,420	15,505
Fixed assets	660,281	633,025	604,966
Net current assets	18,622	21,980	26,725
Creditors – more than one year	328,896	312,922	300,792
Revenue reserve	150,917	143,139	127,746

Financial Viability

The Board governs the affairs of the Group, which is regulated by the Regulator of Social Housing (RSH). Following an in-depth assessment in 2019, the Group retained its highest level ratings from the RSH for both Financial Viability and Governance (G1/V1). The Group continues to be rated A3 (Stable) by Moody's.

During the year, the Group issued and sold £21m of bonds to an investor, generating proceeds of £30.3m. This funding was achieved at an exceptionally low rate of 2.18% with a repayment date in line with the original bond of 2043.

We also took the opportunity to issue a further £35m of retained bonds which we have the option to sell in the future, dependent upon future plans.

Governance

The recommendations from the governance review, which took place in early 2020, were fully implemented by October 2020. These mainly fell into two categories - structure and 'housekeeping'. The structure changes resulted in a reduction in the number of Committees, new Terms of Reference, and improved oversight for Board. The new governance structure was launched on 1 October 2020 and we were particularly pleased to recruit two customer members to join our new Customer Experience Committee. The two new members were the first to receive our new Member Handbook and to experience our revised members' induction process.

There were quite a few 'housekeeping' changes implemented which standardised the report and minute templates, tightened up on the management of papers and aligned Board and Committee meeting times. The development of the Delegations Framework has given us a comprehensive reference point, that brings together all of our key governance documents into one place.

Grand Union remains compliant with the NHF 2015 Code of Governance and the Governance and Financial Viability Standard from the Regulatory Framework, with a G1/V1 rating confirmed in November 2020 by the Regulator of Social Housing.

Environmentally responsible (as a business and as landlord)

Over the last 12 months we have conducted a benchmarking exercise to provide us with a baseline. Scope two and scope three emissions for 2020/21 are atypical due to COVID-19 restrictions which resulted in a decrease in energy usage, as people worked from home and undertook less business mileage. Fleet transport emissions have increased which reflects changes in our operations. Scope three business mileage does not include the mileage for home to office; this is deducted from our reporting as part of the expense claims.

SECR reporting – energy and carbon	2020/21	2019/20	2018/19
Scope one			
Energy use and emissions from use of purchased gas			
kWh	940.00	53,677.00	94,4670.00
tCO2e	0.17	9.87	17.42
Energy use and emissions from fleet transport and machinery			
kWh	1,503,793.78	1,116,954.12	1,042,700.30
tCO2e	366.53	273.08	258.09
Scope two			
Energy use and emissions from purchase of electricity for Grand Union offices and sites			
kWh	289,934.00	358,122.40	435,383.00
tCO2e	67.60	91.54	123.24
Scope three			
Energy use and emissions from business travel in rental cars or employee-owned vehicles where Grand Union is responsible for purchasing the fuel or awarding mileage allowance			
kWh	249,828.16	631,815.34	700,376.92
tCO2e	62.59	158.15	178.54
Totals			
Total annual energy and emissions			
kWh	2,044,495.94	2,160,568.87	2,273,130.22
tCO2e	496.89	532.64	577.29
Intensity ratio: tCO2e per property managed	0.04	0.05	0.05

Our Environmental Sustainability Strategy includes targets for reducing our environmental footprint which are reflected in both our Asset Management Strategy and our New Business and Development Strategy.

We have adopted the Sustainability Reporting Standard for Social Housing; the aim of which is to provide a voluntary reporting framework for housing providers to report on their sustainability performance in a transparent, consistent and comparable way. Participating housing associations will report against the standard on an annual basis and we are working across the organisation to plan and prepare for our first return in advance of the October 2021 deadline. The standard covers 48 criteria including affordability, fire safety and carbon emissions monitoring.

Building more new homes

During the COVID-19 pandemic we have managed sites working in a COVID-compliant manner and following government requirements. We have continued to build and market new homes and grow our future line, whilst following government guidance.

We completed 111 new homes and have been able to build a very strong pipeline of future affordable new homes. We have an identified pipeline of over 1,200 new homes, with over 90% of these being affordable homes. We have seen strong interest in shared ownership new homes generating over £4.8m of sales receipt and continuing to reserve homes off plan across our operational area. We successfully completed the sale of our first market sale scheme in Oakley, Bedfordshire. These 10 homes were sold at prices above our income assumptions and importantly, enabled us to deliver additional affordable housing on the same site.

The Group continues to have access to Affordable Housing Grant, through Homes England, as head of a consortium of three other local housing associations which has enabled the significant development programme to continue. This year we have secured flexible grant payments on several schemes, which meant up to 90% of grant was paid at site acquisition.

During 2021/22 we are on course to deliver more new homes with a strong pipeline to follow in subsequent years. Our New Business and Development Strategy places greater emphasis on land led opportunities, relationships with local authorities, creating our road map to net zero carbon homes and delivery by partnerships.


TCS

Success story: shared ownership

Jonathan and Nichola Houghton had been renting for many years, trying their best to save to buy a house of their own. Through Grand Union's shared ownership scheme, they were able to do just that – ensuring the couple and their two children, Isla (eight), Harry (four) and beloved dog Bruno, have the space they need to enjoy family life.

Jonathan, 39, said: "We moved into our brand-new home in Cranfield in June 2020, and have never looked back. Nichola and I were both born and bred in Cranfield so it's great that our kids are growing up in the same area.

"The estate is lovely and our house picturesque. It looks like a pretty, English countryside cottage – a two up, two down classic property with beautiful features.

"Nichola and I had been renting since we moved in together in our early twenties. We'd been saving for ages and looking at buying a property, but it always seemed like a distant dream.

"What's more, at the age of 25, I was diagnosed with Lupus. It's a condition which affects me everywhere, from my joints and muscles, to my blood and organs. I've been in and out of hospital with complications including ulcerated colitis and even suffered a small stroke during my twenties. Because of this, I was unable to continue work running a cleaning company and as a salesman, meaning it was even harder for Nichola and I to save money."

It was in the beginning of February 2020 that the couple first heard about the Cranfield shared ownership development. They'd been renting a garage from Grand Union and when they saw the opportunity advertised in a newsletter, they immediately put their names down.

"We were blown away by the proposed building plans and knew a local builder involved in the project – we had no idea a shared ownership home could look so beautiful. To our surprise, our offer was accepted, and we couldn't wait for the property to be finished.

"Sadly, because of the COVID-19 pandemic, some of the building work had to be put on hold. Nevertheless, Grand Union's New Homes Officer Andrea Fisher was always on hand to help and we even had a sneaky peak of the development during lockdown, through safety glass and at a safe distance of course.

"The pandemic made moving house even more stressful than it usually is – not least because I was shielding due to my long-term health conditions. Andrea made it so much easier and even helped advise us when our mortgage offer was pulled out last minute and we had to liaise with a new bank. Everyone at Grand Union was really helpful and understanding.

"Once we moved in, we were so happy. It's wonderful to live in the village we'd called home for most of our lives, on a lovely estate. The house is much bigger than our last place, and it makes all the difference.

"Harry no longer sleeps in a cupboard-sized room that could simply fit a single bed, a bookcase and very little else. His room is three times bigger and Isla's room is larger too. Downstairs, we've got so much more space and can't wait to replace our furniture in the near future. Everything seems so much smaller now we're in a bigger house!

"Nichola's also excited to do some interior decorating after we've been here for some time. It already looks fantastic and contemporary, but she always likes to put her own stamp on things and let her creative juices flow. She runs a beauty salon, which she's owned for more than a decade, so she's very artistic.

"Going forward, we plan to buy more shares so eventually we own 100% of the property – which is known as staircasing. Due to my ill health, it's a relief to know we have somewhere secure to live; when we were renting, we were never sure about what was coming round the corner and feared we may have to move out at the drop of a hat. Now, the security we feel is invaluable and we can begin to plan ahead.

"The kids have thoroughly enjoyed the garden during lockdown and the summer holidays; we installed a trampoline, built in the ground, which brings them so much joy. Our beloved chocolate Labrador Bruno also approves of the bigger garden!

"We're enormously grateful for Grand Union's support. Without the shared ownership scheme, and guidance from staff members, it would have been very hard for us to get on the property ladder. The house has made such a difference to our lives and we're looking forward to a happy future here."

Using our voice for good

This year we delivered our new Corporate Communication Strategy, which sets out how we'll use our voice to support change for good.

We've used our voice to promote the things we stand for, including supporting the NHF's Homes at the Heart campaign throughout the summer of 2020, and responding to two of the Government's planning consultations such as Fire and Building Safety, First Homes and Planning White Papers. We have also responded to the All-Party Parliamentary Group (APPG) for Housing and Employment Enquiry and the APPG Housing Market and Delivery consultation.

Since the launch of the Social Housing White Paper in November 2020, we have been working to understand the principles and how it will impact Grand Union and our customers, and we have a project group tasked with its implementation.

For our customers

Delivering on our promises

Our customers know that they can rely on us to deliver. We're always clear about our promises.

In order to earn and retain our customers' trust, we have been working hard to create a truly customer-centric culture where all customers are treated fairly and with integrity. Our new customer service standards and customer offer, launched in 2020, set out what our customers can expect from us and provide clear standards for our colleagues to work to. We monitor how well we are delivering these standards through our customer feedback platform, Rant & Rave. On the occasions when we fall short, our Resolutions team acts quickly to recover service failure, avoiding the need for customers to have to make a complaint.

The achievements of the Customer 2020 transformation programme meant that we were able to quickly adapt, continue delivering services and meet new customer demands during recent challenging times. We set up a new Payment Support team in just four days to meet growing customer demand to discuss rent payment problems. We already have the tools and the technology to work remotely, so when we went into lockdown we were able to switch overnight to operating a remote customer contact team. This meant that we were able to keep dealing with customer enquiries without any disruption to service.

Hearing the customer voice through behavioural insight

Behavioural insight (BI) is an approach to policy making that combines insights from psychology, cognitive science, and social science.

Our BI project, which has been running since 2019, aims to help us to:

- target and tailor interventions with customers
- make best use of our staffing resources
- increase rental income whilst reducing the cost of collection
- reduce tenancy failure, legal action and evictions
- create better customer experiences
- increase digital service adoption.

By making relatively subtle policy shifts, we can encourage our customers to make decisions that are in their interest, as well as the organisation's interest.

The project included interviews with different customer groups, carried out by an independent behavioural insight consultancy. This valuable insight and in-depth research undertaken during the project has given us much better understanding of what factors increase or decrease the risk of tenancy issues. We have learnt how we can influence customer decisions, thereby reducing operating costs and improving our relationship with our customers.

We are currently redesigning our income and repairs services to incorporate the learning from this project. Colleagues from around the business have attended a programme of training sessions on how to use BI to have more productive conversations with customers and tailor communications to get better outcomes.

New software, called Mobysoft, is helping us to focus customer interventions on those most at risk of escalating rent arrears. This will release capacity in the team and allow them to take on debt recovery work previously carried out by other teams.

We expect to make significant efficiency savings of £3.4m over the next five years as a result of this project.

Shaping the business around the customer experience

In the last year, we've undertaken an ambitious reorganisation of our operational teams to align our structure to our organisational goals, introducing some important new roles. Great customer experience is shaped as much by the quality of the home and neighbourhoods as it is by the services that we provide, so we've created a single point of ownership for each area for our new Property Managers. Our Customer Partners are deployed to support customers and communities that need extra help. They own the customer experience and coordinate activity from our internal specialist teams.

We've created a new Service Improvement team, responsible for the delivery of service innovation and continuous improvement initiatives across customer facing teams. Their role is to identify and deliver service improvement activity across the business using Lean service improvement methodologies, customer feedback and behavioural insight. The team has completed service reviews across a number of key customer touchpoints including rent arrears recovery and the repairs service. This work is enabling us to deliver targeted and tailored customer interventions, improving outcomes for customers.

Mindful of our goal to achieve an 80% channel shift, we have continued to develop our customer communication channels and digital services. Webchat has been expanded with the introduction of chatbots to enable us to offer this service at any time of the day or night. Our new customer portal was launched in March 2021 after involving customers in the testing phase.

Online viewings and sign ups have been a huge benefit to our customers during a very testing year, enabling us to continue to provide much needed homes safely throughout the pandemic. We also launched our online repairs service in November, which enables customers to report repairs and book their appointments 24/7.

Success Story: Involving customers in designing digital services

In 2020, we began developing our digital offer (via the customer portal) to enable customers to report and book repair appointments. We engaged Tpas, England's leading tenant engagement experts, to undertake customer testing and provide comprehensive user experience, prior to rolling it out more widely.

We specifically wanted customer views on:

- speed
- appearance
- ease of use/utilisation
- minimising follow up calls.

We recruited 15 customers who agreed to participate in testing the system, of which 10 subsequently took part. Despite the drop-out rate, findings were consistent, suggesting that opportunities and lessons from this exercise were largely comprehensive.

Testers ranked themselves out of 10 in terms of how 'technologically savvy' they believed they were. This made sure we tested a good range of experience and abilities.

Similarly, testers were split into segments, based on behavioural insight. We also tested access via different devices to determine whether the experience varied dependent upon how the user accessed the system.

Each user was observed conducting a series of test scenarios, designed based upon their individual circumstances.

As each user undertook their scenarios, they were asked to give feedback on their experience, which was recorded on customer journey maps. Similarly, as users progressed through the repair reporting steps, their relative experience (positive, neutral, and negative) was also logged, alongside the reason for this.

At the end of the testing, users were asked to score the speed, appearance, ease of use and understanding of next steps. They were then provided with an opportunity to state what they particularly liked about the system, if there was anything they would like to see improved and if they had any further comments.

All testers, irrespective of how digitally confident they were, stated that they would use this system. All participants grew in confidence after their first attempt - even if they struggled initially - and by the time they were logging their third repair, they quickly and easily navigated the system.

As a result of the customer testing, recommendations for improvement were built into the design of the service before it was launched in November 2020. A growing number of customers are now using this service, with 20% of repairs now reported digitally, and the figure is increasing.

Customer engagement and influence

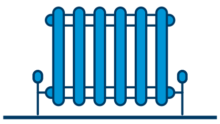
During the last year we have been working with Tpas to review our customer engagement and influence arrangements. The key objective was to design a framework that enables our customers to be involved in helping us to reassess services and deliver cost-effective solutions that bring real and lasting change to communities. Building on the great work we had already done to build the customer voice into our Lean service improvement programme, we set out to create a platform for constructive conversations with our customers that is transparent and based on respect and trust to drive our business forward.

This project involved working with the Board and a large group of customers, to co-create a structure that creates opportunities for customers to formally hold us to account on service provision, as well as being able to influence services by giving feedback on experiences at an individual level. The project recommendations will be presented to Board for approval during the summer.

Our existing homes

The condition of our homes is continually reviewed, with the results determining a long-term repair and component replacement programme.

Key highlights of 2020/21 spend and works:



Central heating

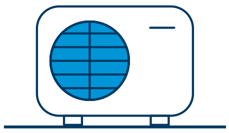
£1.396m

395 boiler changes
22 full systems
56 upgrades

Roofing

£1.357m

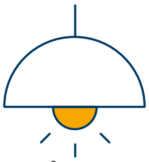
314 high level works
105 upgrades



Air source heat pumps

Included in heating

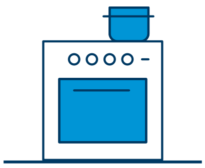
8 full systems



Electrical testing and upgrades

£467k

1,095 electrical jobs in total



Kitchens

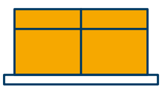
£448k

65 kitchens
22 upgrades

Bathrooms

£571k

104 bathrooms
32 upgrades



Windows and doors

£1.749m

477 windows and doors
33 upgrades
12 blocks
37 communal areas

External works

£1.186m

208 programmed works
99 upgrades

Keeping homes safe

We consider that the successful management of all health and safety activity is essential to the delivery of our business and are committed to providing a safe environment within which our customers can live without concern.

We deliver a comprehensive property compliance programme comprising the following areas:

1. Fire safety
2. Legionella management
3. Asbestos management
4. Gas safety
5. Electrical safety
6. Lift management

In terms of governance, each month we track several key health and safety performance indicators relating to our core compliance activities, covering work undertaken both by our colleagues and contractors. Through our existing control framework, we have identified further improvements in our reporting of the key compliance areas. Asbestos reporting previously stated the overall percentage of properties with an asbestos survey, and made no distinction between our statutory and policy related obligations. This has been changed and we now report to Board the compliance against the non-domestic properties, where we have the statutory duty, including the communal areas of blocks of flats.

The wellbeing of our colleagues and customers is overseen by the Health & Safety Group, which meets four times per year, with reports going from this group to the Audit & Risk Committee. We also report to the Board annually, through the Audit & Risk Committee, on all health and safety related activities; the compliance areas are also subject to an independent annual audit.

Challenging stigma, celebrating diversity

Everyone has a right to feel that they belong in their workplace and their community. That's why we recently published our new Belonging Strategy, which covers equality, diversity and inclusion at Grand Union. We're really proud of the strategy because it has been developed with input from Board, senior staff and our colleague Belonging group who champion diversity here. The overall aim of the strategy is to look at how we achieve a sense of belonging for all our colleagues and Board members, and a sense of fairness and inclusion for our customers.

We want to celebrate diversity and challenge stigma, speaking up when we see others being treated badly. We want everyone to understand and appreciate how diversity makes us stronger and that we can learn and benefit from each other's different backgrounds and experiences. Alongside the strategy is an action plan which will enable us to deliver the Belonging Strategy and implementation of this is already underway.

We have a Single Equality Statement which goes beyond the legal requirements and is reviewed annually. We will also identify an operational diversity lead to take forward a customer inclusion action plan, with an initial focus on reviewing our data and obtaining data that helps us better understand our customer mix and inform the design of services. Our Board drives forward all of our work on diversity and inclusion, monitoring progress through regular reporting and with representation on the colleague Belonging group.

We use our colleague intranet to celebrate diversity and educate one another. Colleagues and Board members have written blogs and articles giving insight into the different cultural celebrations of their faiths including Ramadan, Passover, Holi and Vaisakhi. We've also had articles and blogs covering other diverse subjects ranging from Black History Month and Martin Luther King Day to LGBTQ+ History Month and World Down Syndrome Day.

Some colleagues have shared their incredibly personal and powerful stories of how they've been affected by racism and homophobia in their personal and professional lives to encourage understanding, growing knowledge, acceptance and support across the organisation.

Support where it's needed

Our customers turn to us when they need support, and we make sure they get the advice or practical support they need. Our Independent Living Strategy and our Community Investment Strategy clarify our approach.

Grand Union provides a range of services to support its customers through the ongoing complexities of welfare reform changes which have impacted them. These include direct support and advice, which has contributed to the continued low level of customer rent arrears within the Group.

	2020/21	2019/20
Welfare Benefits – opened cases	1,230	1,140
Money Advice – opened cases	193	209
	£'000	£'000
Benefits gains for customers	**3,264**	**3,424**

Success stories: Welfare Benefits

1) Tina Sullivan joined Grand Union's Financial Wellbeing team just over two years ago and when Miss C was referred to the Financial Wellbeing team she was one of Tina's first referrals. Maybe this is not something to boast about, but we think it demonstrates that with some cases you have to be in it for the long haul. It also shows that some cases take longer than others to resolve in full.

Miss C lives in supported living and receives enhanced Personal Independence Payment (PIP). Inexplicably, she was also placed in the work-related activity group as part of her Employment and Support Allowance award, which suggests that the Department for Work and Pensions (DWP) could expect her able to do some form of work-related activity. An open and shut case for reassessment into the support group.

What Tina hadn't expected was the long period of waiting for a home visit assessment by the provider for the DWP. Eighteen months, two formal complaints and two lockdowns later, the DWP reviewed her case and placed her into the support group.

Although this may not have been a huge financial win – she gained an extra £9.65 per week – her award now fairly reflects her needs and all we need to do now is find out when the DWP will finally pay her the arrears.

2) In June 2020, during lockdown, the Welfare Benefits team received a referral from Tenancy Support to contact Mrs G who was originally homeless. She had just been allocated one of our properties and needed help setting up all relevant benefits - the Tenancy Support team was helping her out with white goods for her property and making sure that she had everything needed to start her new life in her new home.

The Welfare Benefits team called the customer within 48 hours of receiving the claim to explain about Housing Benefit and Council Tax reduction, but luckily she already knew about this and had submitted her claim.

The team identified that her only source of income was a state pension which was below the normal state pension amount. Straight away they identified that they could claim Pension Credit for her to ensure that her income would be topped up to that recognised by the Government as the minimum pension amount, which is £175.20 per week.

They called the customer again in July and submitted her claim for Pension Credit, which was awarded at £21.00 per week - not a massive amount but she was grateful, saying it would make such a difference to her.

The more the team spoke to Mrs G, the more they realised that she had additional challenges in her life due to some medical issues. They submitted a claim for Attendance Allowance which was awarded at a rate of £59.70 per week. As a result of this, Mrs G's Pension Credit also increased as she was eligible for a Severe Disability Premium of £65.85 per week, which was on top of the £21.00 already awarded. All in all, she was significantly better off per week thanks to the team's help and support.

Inclusive, supporting wellbeing

We understand our customers and their different needs, and we use technology intelligently. Our Wellbeing Strategy makes it clear that, when there are obstacles to overcome, we make sure we're always part of the solution and never part of the problem. We provide bespoke housing and support solutions for a diverse range of customers. We work collaboratively with local authorities, National Health Service England, clinical commissioning groups, charities and family carers. Our aim is to provide a seamless service for all of our customers.

Success stories: Supported living

Harry, 21, moved into one of our supported living schemes in Downhead Park, Milton Keynes, in September last year, having previously lived with his parents. He's one of 11 young men who live in this particular scheme that Grand Union has been managing since July 2019.

Harry loves having his own place, he said: "My home is very important to me because it's actually made me closer to my parents. When I lived with them we argued sometimes, but since living on my own we get on so much better. I enjoy having days out with them and also having time by myself.

"I think my flat is really nice and it makes me feel safe and secure. I call it my homepad.

"I can phone for repairs by myself and talk to people if I have a problem. It's made me more independent."

Marcus Olozulu is the Independent Living Officer for the scheme. He said: "When Harry first moved to his new home, he would have bad panic attacks; once he was rushed to hospital as it was so bad. Anxiety can be a big issue with people with autism.

"He soon learnt to cope and knowing he had me on the end of the phone in the week, if he needed me, also helped. Meeting with him when he was anxious has improved things, plus at night-time, there's a concierge present.

"Harry was quite timid to begin with, but he's definitely come a long way since living there. I'm really proud of him.

"He keeps his flat very clean and tidy and does his own laundry and washing up as well."

Marcus visits the scheme two or three times a week to support residents with their benefits, especially Housing Benefit, and to follow up on any repair issues. Along with a fellow colleague, he'll get stuck in to assembling their furniture too!

"I give advice on various things like ways to save money, maintaining good mental health, health and safety in their home, healthy eating and any tenancy rules. Recently, I had to get pest control out to treat a wasp nest as Harry is allergic to wasp stings.

"I also support the residents emotionally and will mediate between them sometimes when issues crop up. Often I'll signpost them to other agencies so that they can fill their time but with lockdown this has been difficult."

Harry is proud to work for a hospital radio in Milton Keynes once a week, a role he loves. He joined a community centre, but this has been on hold due to the COVID-19 situation.

"Harry's a big fan of 80s music and particularly loves Bob Marley, as you can see from his t-shirt. He has his own DJ music deck which he thoroughly enjoys."

Harry added: "I've made new friends since living here, I can watch what I want on TV and I can play my music a bit louder than when I lived at my parents!"

A Sector first – Launching our safe space

In March 2021 we launched our online Safe Space, to help tackle domestic abuse. We are the first housing association in the UK to provide this, so we should be rightly proud of ourselves.

Through an untraceable link on our website, by clicking the Safe Spaces logo, Grand Union customers and the wider public will be able to access information on helplines and specialist support services. Online Safe Spaces aim to increase the opportunities for victims of domestic abuse to safely access support while carrying out daily online tasks.

We have been working in partnership with the charity Hestia, which supports individuals in crisis, on this project. The Safe Space launch coincided with the charity's #NoMore campaign – something we are actively promoting, alongside the charity's Bright Sky app which supports domestic abuse survivors.

Sadly, the scale of domestic violence across the UK has only increased due to the COVID-19 pandemic. According to the Office for National Statistics, domestic abuse rose by 10% in 2020 compared to the previous year. Now more than ever, every housing provider has a duty to do all it can to prevent people suffering from violence and emotional abuse in their homes.

Grand Union is committed to tackling domestic abuse and we run three local domestic abuse refuges, with a fourth due for completion next year. These refuges provide survivors with the skills to return to the community, empowering individuals and making them feel safe at home. Our unique personalised alarm support service, Life24, can also be used for those fleeing from domestic violence.

Everyone deserves a safe and secure place to call home and, with the launch of our online Safe Space, we are doing our bit to tackle domestic abuse.

For each other

Trust and respect

GUS, our intranet, allows colleagues to give shout-outs to each other and #teamwork and #together are the most used for these, highlighting how important everyone sees working together is to our success. There have also been numerous examples of secondments from one team to another, supporting each other when resources have been negatively impacted.

During the year we signed up to Harry's Pledge, a commitment to support carers in the workplace. We identified carers through a questionnaire and asked if they were getting the support they needed, acting on it if that was not the case. We have also created a carers page on our intranet with useful links to carer related support organisations.

We recognised that a number of colleagues' families will have been impacted by the pandemic, some having their income reduced and others affected by job losses. So, during the year we introduced the Centre for Financial Education (Cfed) to help support colleagues with their finances. This has been well received with some saying that the education they received has been life-changing. Once lockdown has been fully eased, Cfed will attend our office to bring their knowledge and education to more of our colleagues who could benefit from it.

Attendance during lockdown has improved greatly with average days lost to sickness absence reducing from over 10 days to under seven days per person. This has been helped by the majority of colleagues being able to work from home during the pandemic. With the changes to our agile framework, colleagues will continue to work from home for the majority of the time, which we hope will help to sustain the reduced levels of sickness absence.

Celebrating our diverse workforce

We will work to ensure Grand Union is an employer of choice, attracts diverse colleagues who embrace our values and want to grow, achieve their full potential and stay within the Group. We want everyone to feel like they belong and our new Belonging Strategy, which has been created with the Board and a colleague diversity group, is helping us to make changes, including positive action where appropriate, to ensure that we, as an organisation, are representative of the customers and communities that we serve.

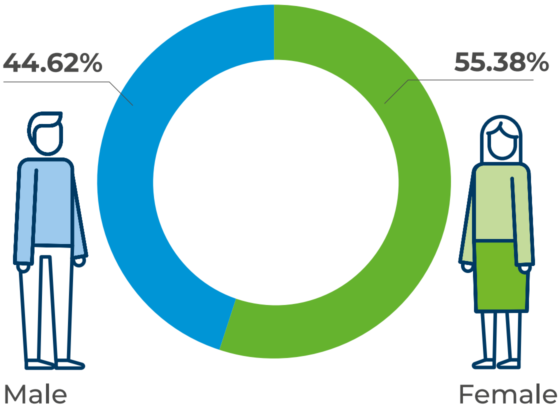
We have carried out some work to close the data gaps so that reporting can be more accurate and this year we have used the NHF data tool to compare our diversity data with the communities that we serve. This data was sourced from the ONS Annual Population Survey. The next census is due in 2021, with the results coming out in 2022. The tool will be updated with this data once it is available.

Whilst we are proud that we have a 50:50 gender split at the senior levels, that we have a high representation of those from the LGBTQ+ community, and that People of Global Majority (PGM) representation is also currently higher than our communities when compared with the NHF data, there is still more work to do. We need to improve the data for those with disabilities, increase the number of younger people we are recruiting and do further work on ethnic diversity. We are working closely with the Housing Diversity Network, Board and colleagues to define clear actions against which we can be accountable. We will continue to work hard to ensure equality and diversity representation across all levels of the organisation including the Board.

Grand Union fully complies with its obligations on gender pay gap reporting. You can find our report on our website at: **www.guhg.co.uk/gender-pay-gap-report/**. We produced an ethnicity pay gap report last year, which shows no ethnicity pay gap. We will continue to report on this annually.

A brief overview of our equality and diversity monitoring 2021

Gender

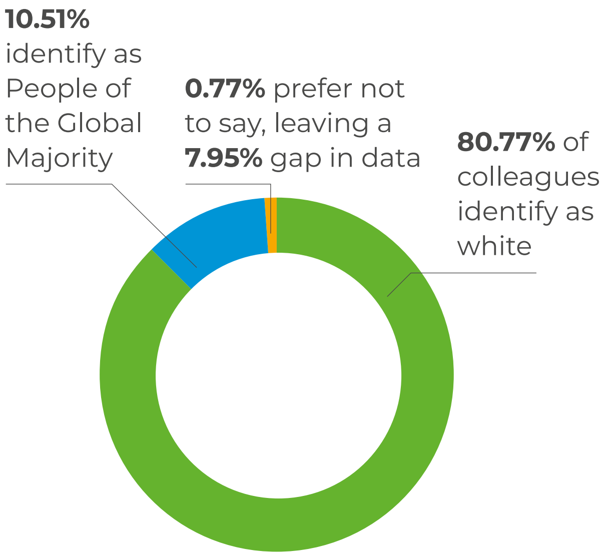


Grand Union's female to male ratio is over **4%** higher than the population in the areas in which we operate.

This is a **5%** shift on the number of male colleagues reported last year. This is mainly attributable to the in-house transfer of colleagues from Jeakins Weir in October 2020.

40% of Board members are female - an improvement on last year when only a third were female.

Ethnic origin



This compares to the population data which reports **7.3%** of those in our operational area are from PGM groups. This suggests that the workforce, Leadership team and Board are fairly representative, based on this data.

The representation of PGM groups has reduced compared to last year when it was **11.4%**. While work has been done to improve the diversity of those we recruit, this reduction may also be partly attributable to the transfer of Jeakins Weir colleagues who were not ethnically diverse.

Age

Our workforce has only half the representation of 16-24 year olds when compared to the population. The Leadership team and Board have no representation in this age group. However, whilst the Board has improved the age profile when compared to last year, the Leadership team does not have representation in the 25-34 age group either.

The workforce is also under-represented in the 65+ group, but that is to be expected as the large majority of colleagues will have retired by 65. The Board is over-represented from 45 years and over when compared to the population.

We still have some work to do to improve the representation of younger colleagues in the workforce, Board and Leadership.

Sexual orientation

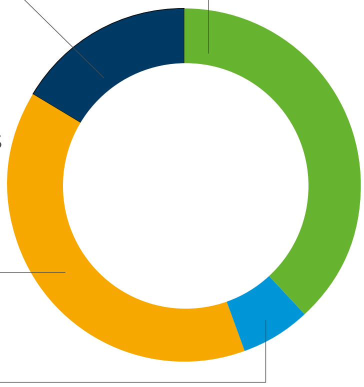
1.28% categorised themselves as bisexual. This compares to **0.17%** of the population.

2.56% categorised themselves as gay or lesbian. This compares to **0.39%** of the population.

No members of the Board or Leadership team have categorised themselves as gay, lesbian or bisexual.

3.63% of the population categorised themselves as 'other', meaning that they did not consider themselves to fit into any of the categories.

Religion



The Leadership team and Board are less diverse in the area of religion.

The data gap has also improved on the reporting of religion, with only **16.15%** now missing.

Disability

- **3.08%** of the workforce categorise themselves as disabled compared to:
  - **0%** of the Leadership team
  - **5.88%** of Board (one member)
- This compares to **19.42%** of the population.

This is an area that shows under-representation and the first step will be to consider how we improve the data, as we believe there are more colleagues with disabilities than those reported.

Positive and empowering

We believe colleagues are proud to work for Grand Union and we want our customers to feel this passion. Following the pandemic, our agile working framework has been reviewed to reflect the progress that has been made over the last year, with colleagues working more flexibly and mainly from home.

Supporting growth and wellbeing

In her position as President of the Chartered Institute of Housing, our CEO, Aileen Evans worked with MIND to create a mental health toolkit for housing associations, which was published in 2020. She was then honoured by InsideOut, a social enterprise looking to end the stigma of mental ill-health in the workplace, by featuring on their Leader board 2020 for championing mental ill-health issues in the workplace.

Our Mental Health First Aiders (MHFAs), who include a Board member, have been busy during the pandemic, which has had an impact on many colleagues' mental health. Introducing MHFAs has been a real positive for Grand Union colleagues.

Last year we introduced a new, online, check-in process which encompassed a wellbeing action plan, ensuring that at regular one to one meetings, managers are talking to their teams about their mental wellbeing. This, together with having career discussions as part of the process, has made the discussions much more personal. Having them online during the pandemic has really helped to improve compliance.

With the launch of the K2 Academy in January 2021, all colleagues' learning needs, including management and leadership development have been brought together in one place. We look forward to seeing the K2 Academy continue to build and thrive as more programmes, such as our Aspire and mentoring courses, are launched.

We have had our annual review with Investors in People (IIP) and continue with our accredited status. We will be putting a plan together to work towards and achieve IIP Silver during 2021/22.

For our partners

Understanding what matters

Being clear about our operating area and our purpose means that we can spend quality time understanding our partners' priorities and values, so we know how, together, we can deliver more, by being stronger than the sum of our parts.

Positive engagement

We're proactive as well as responsive in our stakeholder management. We bring our focus on solutions to every partnership.

We know that many of the projects are long term, such as the Greater London Council style estate within the town of Sandy in Central Bedfordshire. We have been part of a project to transform the infrastructure of this estate. The project board consists of Grand Union, Central Bedfordshire Council (CBC) Officers and Councillors, Town Councillors and, working with local residents, the aim is to improve the aesthetics of the area and provide additional parking.

This project also involved consultation with residents to demolish 39 garages nearing the end of their useful life and offering customers alternative nearby garages as needed. Planning permission has been sought to remove planters, create more parking, introduce new arboriculture, and generally create a more cohesive community.

Success Story: community engagement

At Bilberry Road, Clifton, we are starting to see a community thrive thanks to the multi-agency work to deal with antisocial behaviour (ASB), including drug related issues. Working with the key stakeholders' project group, the local community and young people, a plan was put in place to tackle issues from all angles following an ASB crime reduction report. A local lettings policy was introduced, and a community facility called "The Hub" was established on the estate for all partner agencies and the community to come together. Estate improvement works have been carried out and working with the police and CBC enforcement measures resulted in closure orders. Feedback has been received from the community, parish council and partner agencies about the positive impact of this on the estate.

Transparent and accountable

We share information to ensure transparency of our performance because we understand that being held to account makes us better.

We fully comply with the Housing Service Ombudsman Code and our self-assessment has been published on our website.

Our Customer Resolutions team meets regularly with service managers to review complaint trends and make sure recurring issues are identified and acted on. This has resulted in a number of changes, the details of which are also published on our website.

Our biggest customer touchpoint is repairs and this is the service area that attracts the most complaints. In the last year we have created a Service Improvement team, made up of accredited Lean practitioners, and we have an ambitious programme of Lean service reviews, including our repairs service.

The repairs service review will analyse and address failure demand and ensure our processes enhance the customer experience. Customer feedback and complaint trends have been fed into the review. A key focus will be on improving our right first time rates as this is the main cause of complaints and negative customer feedback. The project will run until the autumn of 2021 and will involve working with customers at key stages.

Our customer care training programme ‘Doing the basics brilliantly’ was designed using learning from customer feedback and complaints. This has been delivered to all customer facing colleagues in the Group. All new starters will attend this training within their first three months. Bitesize training modules are now being developed and topics will be informed by customer feedback and complaints. We are also rolling out practical problem-solving training across the business, to ensure that colleagues understand the root cause of recurring problems and identify the right solutions.

Valuing our reputation

The aim of the Communications and Public Affairs Strategy is to help Grand Union to go further together, by using our voice for good, and enhancing and protecting our reputation.

In 2018 we ran a perception survey to make sure that our stakeholders understood us and that we understood them.

Since then, we’ve used the findings to build on those relationships and partnerships and have now started work on a follow up perception survey, so we can make sure we’re still on the right track.

We’re also working to provide customers and stakeholders with proactive, transparent communications. Using a mix of customer and colleague engagement, we’re progressing with an organisation-wide project to ensure all letters we produce are easy to understand and written in plain English. This has also included the introduction of a “how’s our writing?” icon on all letters and emails, inviting customers to feed back and tell us what’s working and what isn’t.

Value for Money (VfM)

VfM is a key element of our Further together strategy. By being more efficient we can build great homes, where people can live great lives and where we also provide an excellent service to our customers.

Being more efficient is delivering both economic and social value - high quality homes and services, and cash we can invest in building and doing more.

Highlights in 2020/21

During the year, our focus has been firmly on transformation, operational integration and investing in our people. The key savings are highlighted below.

Business Transformation

Our business transformation programme is based on detailed customer insight and by using innovative data science techniques, we are making sure that our services are designed around the needs of our customers. The new ways of working, delivered as a key element of our office rationalisation, has been key to us successfully dealing with the COVID-19 pandemic. The original annual savings forecast of £0.3m will be higher as a result of the significant shift we have seen in digital services, flexible working and reduced travel. This change has enabled us to go further, faster, and the closure of our three touchdown points will save us a further £65k annually, bringing total savings to £0.5m.

By investing in great technology to support transformation, we are making it simple for customers and colleagues to get things done and are building trust in us to deliver a great customer experience. There will be financial benefits, with net cost savings of £2.3m by year five, meaning we can do more to support current and future customers.

We have implemented our new operating model that delivers a more targeted and tailored service to customers and by aligning our operational structure, we have saved around £0.25m annually in staffing costs that have enabled us to deliver some vital new work on environmental sustainability, domestic abuse and safeguarding, and building safety with no increase in operational expenditure.

New Business & Development Strategy
The strategy was reviewed as part of our new and ambitious corporate plan, Further together, and continues our drive to deliver much needed, genuinely affordable homes, to help solve the current housing emergency. By 2026 we aim to have delivered 2,160 homes for social benefit, a quarter of which will be at Social Rent. To support this programme, we will deliver 216 homes for market rent or sale. Our NHS and Social Care partnerships demonstrate the wider social value that great housing provides for the most vulnerable customers; together we have helped deliver NHS efficiencies and better outcomes through the 'Transforming Care' programme. Currently we do not have enough data to evaluate this, but are in the process of conducting surveys for our wellbeing and support service and will be able to report on this next year.

Asset Management
The environmental emergency and Government's commitment to achieve net carbon zero by 2050 presents a challenge and opportunity for us. Our new Strategic Asset Management Strategy, supported by our innovative portfolio management plan, seeks to deliver net carbon zero by 2050 alongside delivering any future homes standard. We have rolled out a new strategic asset management system that will drive both our investment programme and support portfolio management decisions, identifying homes where realising the social capital of the asset presents opportunities to invest in new, sustainable, cost-effective homes. The strategy extends beyond our homes and is delivering new homes on garage sites and land owned by us and our partners, to not only regenerate communities and deliver more homes but also increase the overall value of the asset base.

Procurement
We have continued to amalgamate contracts where possible and are members of several procurement partnerships, ensuring competitive tenders are received in the most efficient way. Furthermore, Grand Union acts as contracting authorities on a number of frameworks including materials supply and utilities which achieves additional value. In the year, we have set up a centralised procurement team which will co-ordinate procurement across the business. During the next year they will produce a wave plan so that we can be more proactive in contract negotiation.

Transformation Projects
We have a Programme Overview Board which governs all transformation projects, ensuring that projects are only approved once the business case prepared demonstrates value for money, whether economic or social.

Delivering digital solutions have been key projects this year and our new digital onboarding saves approximately £20k a year in office time and travel costs, as the sign up can now be completed by the customer through our new portal, freeing up the team to focus on those customers that need more help from us. Our new online repairs booking system has been implemented, which saves officer time in the reporting and booking process. Since it was implemented in November 2020 this has saved us around £12k. We are aiming for a 40% shift to digital repairs reporting this year, which will produce savings of around £112k. One of the other projects implemented this year was a complete review of our voids process. Using the Lean principles, we have implemented a new process which ensures that the time taken to have homes ready for new customers to move in will reduce. We are already seeing times fall by up to one third and, as we roll this out in 2021/22, expect to see savings exceed £76k annually.

Insourced recruitment service
Our Recruitment & Talent Manager continues to make a positive impact on modernising our application process and ensuring more first-time placements. We have managed to recruit 74 colleagues. The total number of applications has risen by 113% and a key factor is our active work on our employer brand. We have bought and own our Indeed page and there has been a high increase in presence and footfall on our career site. Our presence on LinkedIn increased to 1,500 followers in just one year and we now have 2,561 followers. This has led to a reduction in our recruitment costs which are estimated at over £30k.

We are working on our Employer Value Proposition and have carried out most of this work internally instead of using an external consultancy, saving £18k.

Learning and Development
During the last 12 months, the Learning and Development team has embraced the world of virtual delivery, supporting colleagues to learn and develop. Despite some disruption through the pandemic, colleagues attended 805 recorded learning interventions. The team opened the K2 Academy, our in-house centre of excellence, in January 2021, delivered 14 days of virtual training, covering subjects from new manager training through to mentoring and mental toughness, with a saving of £12k.

Many colleagues have engaged with the hundreds of free webinars that have been available, and further savings have been made on travel and hotel accommodation for external conferences and courses. In addition, IOSH working safely has been brought in-house and delivered virtually, with a cost saving of £6k over three days of delivery. The pandemic has seen a reduction in attendance at conferences and has resulted in a saving of £87k, minimising business expenditure for the year. Future training will be a blend of virtual and physical attendance and savings are expected to continue.

Our plans for 2021/22 are the continued delivery of new manager training and IOSH working safely. We will introduce the Institute of Customer Service first impressions training, an aspiring managers programme and a leadership development programme, with a combined predicted saving of £69k. There will be more new money saving initiatives form the Learning and Development team during the year.

Electric car scheme
We have recently introduced a salary sacrifice car scheme for colleagues, focused on electric and hybrid vehicles. The scheme will not only support our green agenda, but it will also provide NI savings of approximately £600 per year per car leased. Business mileage for electric cars from the scheme is paid at 4p per mile – providing a further saving from the 45p currently paid. Four cars have been ordered so far, one of which has already been delivered.

Mileage savings
During lockdown, we have minimised the need for colleagues to attend the office and visit customers, unless the situation is urgent or an emergency. This has greatly improved our carbon footprint by reducing the amount of business and commuter mileage. The savings in mileage costs were £136k against budget.

VfM metrics

The metrics below reflect the challenges of the environment we are operating in, given the impact of the pandemic and our continued investment in transforming our customer services and investment in maintaining our homes.

Metric	2020/21	2019/20	*Peer group average 2019/20	Sector scorecard 2019/20	2021/22 Targets
Reinvestment	5.68%	5.90%	8.74%	6.10%	13.09%
New supply delivered – social housing	0.73%	1.43%	2.20%	1.26%	3.33%
New supply delivered – non-social housing	0.20%	0.14%	0.21%	0.00%	0.13%
Gearing	46.43%	45.83%	51.87%	33.80%	47.00%
EBITDA MRI	166.83%	162.30%	176.36%	196.10%	202.00%
Headline social housing cost per unit £	£3,438	£3,448	£3,695	£4,023	£3,593
Operating margin – social housing lettings only	28.03%	28.91%	31.56%	23.60%	32.00%
Operating margin – overall	27.68%	29.59%	28.99%	21.50%	29.34%
Return on capital employed (ROCE)	3.32%	3.74%	4.15%	2.80%	3.70%

*Our peer group consists of, bpha, Futures Housing Group, Settle, Stonewater, PA Housing, Longhurst Group, East Midlands Group, Greatwell Homes, Paradigm Housing and Nottingham Community Housing Association

Reinvestment remains strong at just under 6% and includes both new supply and investment in existing stock.

The provision of new supply of social stock reduced this year due to lower than anticipated development activity caused by the pandemic. However, this will grow to in excess of 3% as the development programme grows to 2,160 units over the next five years. We continue to look at growth opportunities including strategic partnerships. There will also be future growth in the delivery of non-social housing as new tenure streams are developed, including market sale homes to complement the market rent portfolio already managed by the Group.

Our gearing ratio has increased over the past 12 months as cash resources have been utilised through increased costs in the general operating environment impacted by the pandemic, a development market that is increasingly competitive and increasing costs relating to more land led schemes and significant investment in transformation projects to deliver better customer service.

EBITDA MRI has increased year on year partly as a result of additional transformation costs, lower sales and higher maintenance costs. The EBITDA MRI is broadly in line with our plan and reflects the Group's appetite to remain financially strong.

We have financial golden rules which help safeguard the Group against external risk. These have been assessed as part of the Resilience plan included in the Risk Management Framework and for specific treasury considerations, as part of the annual Treasury Management Policy review which requires appropriate levels of comfort to be maintained across a variety of measures including gearing and interest cover.

The Headline Social Housing Cost per unit has marginally decreased due to a reduction in planned repairs works as a result of the pandemic. The Group continues to invest in its transformation and during the year we have insourced our repairs team, which will reduce our overall cost per unit in the coming year.

The operating margin has been negatively affected for both social housing lettings and overall, as a result of the increased operating cost mainly from investment in transformation projects and increased costs relating to the pandemic.

During the year we issued and sold £21m of bonds to an investor, generating proceeds of £30.3m. This funding was achieved at an exceptionally low rate of 2.18%, with a repayment date in line with the original bond of 2043.

We also took the opportunity to issue a further £35m of retained bonds (a future option to issue another loan) which we have the option to sell in the future, dependent upon future plans.

Sector scorecard

Metric	2020/21	2019/20	Sector scorecard 2019/20
Customer satisfaction	4.4*	4.3*	N/A
Customer satisfaction	11.5**	N/A	N/A
Investment in communities	£0.9m	£1.0m	N/A
Occupancy	99.49%	99.42%	99.28%
Ratio of responsive to planned maintenance spend	0.79	0.71	0.64
Rent collected	99.87%	99.80%	99.84%
Overheads as a % of adjusted turnover	12.42%	12.32%	13.90%

*Grand Union now monitors customer satisfaction through Rant & Rave
** Grand Union monitored customer satisfaction through the Institute of Customer Services

Customer satisfaction has fluctuated throughout this challenging year, peaking at 4.6 during the first lockdown, ending the year at the lowest point for 12 months. Net Promoter Score, however, has increased over the same period.

Service managers have responsibility for reviewing feedback from Rant & Rave to identify opportunities for service improvement and to make sure service improvements are prioritised and acted on.

Our biggest customer touchpoint is the repairs service and unsurprisingly, this is the service area that attracted the most negative feedback during the year. We are undertaking a comprehensive review of the repairs service to tackle recurring service issues, strip out unnecessary waste and ensure our processes are aligned to and enhance the customer experience. Learning from complaints and Rant & Rave is a key part of the review. A prime focus will be on improving our right first time rates as this is the cause of many complaints and adverse customer feedback. The project will run until quarter 3 in 2021 and will involve working with customers at key stages of the project.

Our plans for further improvement

As for many in the sector, the pandemic has resulted in this being a challenging year, which has been felt across the organisation and reflected in our published metrics. Next year's targets represent a bumper year for development and the commencement of efficiency savings from investment in business transformation. We have some key projects planned for next year which support our value for money strategy.

The target operating model restructure and IRT insourcing, which were implemented during the year, will be embedded and the savings realised.

Over the next five years we are investing just over £3.5m with a total forecast saving of £9.5m. The biggest area of investment comes from systems transformation, and it is anticipated a large proportion of this will come from the development of a new CRM system using Microsoft Dynamics and Power Apps. The new CRM system, along with the enhancement of supporting systems plus Lean process reviews, will enable us to deliver service delivery savings using behavioural insights.

During 2021/22 we will be introducing pension salary sacrifice which will result in significant NI savings of around £50k per annum. Colleagues in the scheme will also save – on average £210 per year.

Our new Sustainability Strategy and Strategic Asset Management Strategy were approved in the year and this will support our work in maximising our social value.

The current pandemic situation we are facing has challenged us to do things differently and we will be working on a new VfM strategy and targets next year, incorporating all of the lessons learnt during this time.

Group Board

The members of the Board are shown on page 5. Board members are drawn from a wide background, bringing together professional, commercial and local experience. At 31 March 2021 the Group had issued 10 £1 shares.

The Grand Union Housing Group Board met formally eight times during the year and undertook one strategy workshop and a Board risk appetite and stress testing workshop. The increase in the number of the meetings was due in part to the new governance structure, which now allows for six meetings per year. In addition, the Group Board was supported during the year by the following group wide committees.

Subsidiary Boards

Grand Union Homes Ltd
This subsidiary was established in 2015 to build quality homes and create sustainable places catered to local markets across Bedfordshire, Northamptonshire and Buckinghamshire. It prides itself on creating vibrant communities in great locations, which offer a range of housing choices for every stage of life. By reinvesting all profits into affordable housing, Grand Union Homes is able to help realise Grand Union's mission of building more homes, stronger communities and better lives.

Grand Union Group Funding Plc
This subsidiary was formed in late 2013 and the principal activity of the Company is to act as the funding vehicle for Grand Union Housing Group. As the Company's activities are limited to the raising and management of private finance for Grand Union Housing Group Limited (GUHG), it employs no staff and all administration functions are carried out by the finance team of GUHG.

Audit & Risk Committee
The Group's Board has delegated the monitoring of the risk management framework and internal controls to the Audit & Risk Committee. They met five times during the year and report to the Board on its activity throughout the year. The Committee is responsible for recommending the appointment of both internal and external auditors and considers the scope of their work each year. It also receives regular reports from both sets of auditors. The Committee reviews in detail the annual report and financial statements and recommends them to the Board.

Development Committee
The Group's Development Committee met twice in the first half of the year, to review the development and asset management strategies and new business opportunities and assumptions. It played an important role in monitoring risk, programme delivery and sales on behalf of the Board, and ensured detailed scrutiny and oversight of the appraisal methodology. However, the governance review identified that the increasing development programme needed closer scrutiny by the Board and therefore the Committee was retired on 30 September 2020. A new group, Investment & Development Group, was developed outside of the governance structure. The role of this group includes appraising the schemes and monitoring the whole programme and key expenditure in context. They will produce a quarterly report that will provide the Board with oversight as an output of the governance review.

Governance & Remuneration Committee – previously Remuneration & Nominations Committee
The Group's Remuneration & Nominations Committee was renamed on 1 October 2020 as the new governance structure came into place. It met twice before the new structure and twice in its new form in the second half of the year. The Committee has responsibility for remuneration policies and reviews Chief Executive performance and pay and that of the other executive directors. The Committee overseas Board, Committee and Executive recruitment and facilitates the annual Board appraisal and effectiveness reviews. In addition, the Committee has delegated responsibility for governance and works with the Head of Governance over matters such as Board and Committee appraisal, training and initiatives such as the recent governance review.

Homes & Services Committee
Meetings of the Homes & Services Committee were suspended when the lockdown happened in the spring 2020. The Committee did meet once in September for a strategy day, however following that the Committee was retired on 30 September 2020 as part of the new governance structure.

Customer Experience Committee
This new Committee was launched on 1 October 2020 as part of the new governance structure and it has met twice in the second half of the year. The purpose includes areas of specific interest to customers such as customer experience of services provided, community investment, routine maintenance, performance and customer feedback.

Funding Committee
This Committee met three times during the first half of the year to oversee the funding arrangements and quarterly covenant compliance. As part of the new governance structure, the Committee was retired on 30 September 2020. A new forum, Funding Group, which sits outside of the governance structure, was formed on 1 October 2020. The purpose of the group is to scrutinise any funding requirements, as directed by the Board.

Regulator of Social Housing Regulatory Framework
The Board reviews annually its compliance with the Regulatory Framework and confirms that it complies fully with its requirements at year end. However, we did identify a minor breach of the Rent Standard in August 2020, which was reported to the Regulator along with the action that we had taken to address the breach. The feedback received from the Regulator was that they were taking no further action.

National Housing Federation Code of Governance 2015
In 2016, the Board adopted the National Housing Federation's "Code of Governance: Promoting board excellence for housing associations (2015 edition)". The Board reviews the Code annually and confirms it complies fully. The Board is aware that the new Code was released in November 2020 and Grand Union will be adopting this from 1 April 2021.

Executive Directors
Grand Union's Executive Officers have no interest in the Group's share capital, and although they do not have the legal status of Directors, they act as an Executive within the authority delegated by the Board and are termed Director. The Board has delegated the day-to-day management and the implementation of its strategy and policies to the Group Chief Executive and other senior officers. The Executive Management team meets regularly, and its members attend Boards, Committees, the Groups outside of the governance structure detailed above, and stakeholder panels.

Directors' and Officers' Liability Insurance
The Group has purchased Directors' and Officers' Liability Insurance for the Board, Executive Officers and staff of the Group.

Employees
The ability of the Group to meet its objectives and commitments to customers in an efficient and effective manner depends on the contribution, commitment and quality of its colleagues. Grand Union provides training programmes focusing on quality and customer service requirements, and the Group's objectives and progress are discussed at regular management and departmental meetings. Managers throughout Grand Union attend training to improve their leadership and management skills.

Grand Union is committed to equal opportunities for all its employees and strives to attain an inclusive culture and building on achieving a diverse as possible workforce, through its Belonging Strategy. We have effective employment policies in place, which are reviewed on a regular basis. All existing colleagues have been provided with diversity and inclusion training, whilst new members of staff are trained during the induction process.

The Board is aware of its responsibilities on all matters relating to health and safety. The Group has detailed health and safety policies and provides job specific training to colleagues.

The Governance and Viability Standard
Following the annual review, the Regulator of Social Housing reconfirmed the status of the Group as G1/V1 in November 2020, indicating that the highest standards of governance and financial viability are being met. The Board confirm compliance with this standard.

Risk management & internal controls
At Grand Union we recognise that some managed risk-taking is essential if we are to meet our objectives. Therefore, we are committed to a 'risk aware' rather than a 'risk averse' culture and we acknowledge that risk cannot always be eliminated from the activities we undertake. We ensure that we have a robust approach to risk management with enough resources allocated to ensure risk is managed effectively.

The Regulator of Social Housing requires that we have an effective risk management and internal controls assurance framework. Our framework includes our strategic approach to risk, our methodology for the assessment of risks, reporting mechanisms, timing and specific risk management responsibilities.

Risk Management Framework
Our risk management framework and risk management policy include robust processes to manage risk in support of the achievement of Grand Union's objectives, protect our staff and business assets and ensure financial sustainability.

Like all businesses, Grand Union's activities are not free from risk. We have a moral and statutory duty of care to our customers and employees and as such we safeguard and make proper use of our assets through the practical application of the methods our risk management framework describes. The Risk Management Strategy at Grand Union is built upon fundamental principles that recognises that ultimate responsibility for risk management lies with the Board and that the management of risk is a continuous process involving regular monitoring and where necessary re-tuning.

The Board and Audit & Risk Committee review the Group risk register each quarter. Other Committees (made up of members from either Board or the Executive Management Team) also review the risk register on a regular basis and our independent internal auditors set out an annual audit plan, created from our risk register and their knowledge of the housing sector. In addition, the management of risk is subjected to external scrutiny on a periodic basis.

The Risk Management framework is reviewed and amended, if appropriate, on an annual basis and is approved by the Audit & Risk Committee and the Board.

Roles & responsibilities

Board	• Overall responsibility for the management and control of risks and the risk management framework • Agrees the strategic risk that Grand Union faces in delivery of its business plan • Set the risk appetite • Receives regular risk reports from the Audit & Risk Committee
Audit & Risk Committee	• Review of strategic and operational risks at each meeting • Annual review of the group-wide risk register • Review of inherent and residual risk scores • Reports its findings and recommendations to the Board
Executive Management Team	• Owns strategic risks and assurances • Reviews strategic and operational risks and assurances • Reviews risk reports prior to them being taken to Audit & Risk Committee and Board • Review and agreement of emerging risks
Leadership Team	• Reviews Group risk registers • Operational risks owned at a leadership team level • Annual review of the Group risk register
All colleagues	• Responsibility for identification of new risks

Emerging risk

Everyone at Grand Union (colleagues, Leadership team, Committees and Board) has a responsibility to identify risks. All newly identified risks are logged on the Group risk register. The emerging risks are then assessed as part of regular strategic risk review meetings.

Risk appetite

The annual performance and financial targets at Grand Union are set in line with the risk appetite, where quantitative measures can be identified. The risk appetite statements set out guidance for the qualitative areas of the business.

On an annual basis the Board will review and set its risk appetite against all our key risk areas, ranging from averse to hungry, defined as follows:

- Averse – avoidance of risk and uncertainty is a key organisational objective.
- Minimal – always opt for very safe delivery options that have a low degree of inherent risk even though they may give limited potential reward.
- Cautious – preference for safe delivery options that have a low degree of inherent risk that may only have limited potential for reward.
- Open – willing to consider all potential delivery options and choose the option that is most likely to result in successful delivery and which provides an acceptable level of reward.
- Hungry – eager to be innovative and to choose options based on higher rewards, despite potential greater inherent risk.

A risk appetite matrix has been developed and is updated annually as a minimum that reflects what each risk appetite range means for all key risk areas. Activities which could potentially have a major adverse impact on Grand Union (regardless of any control mechanisms in place) are not undertaken without explicit approval by the Board.

Wherever possible, all Board reports include an assessment of risk to Grand Union. Risk appetite is not a single fixed concept. Grand Union has a range of appetites for different risks, and indeed these appetites may well vary over time as circumstances change. The appropriate risk appetite statement areas are expressed in words and then a score assigned to each specific statement area. Our risk framework defines the extent to which risk is encouraged and tolerated.

Three lines model

Grand Union uses the three lines model which provides us with a standardised and comprehensive risk management process that clearly outlines the roles of various leaders within GUHG, including oversight by the Board. An assurance can include a key performance indicator, an internal audit report, external validation, a document, report, or other method of verification which provides an opinion on the operation of the controls in place to manage the risk.

Grand Union Housing Group's Board

Board Roles: integrity, leadership & transparency

Management

Management of risk to achieve organisational objectives

First Line Roles:

Provision of services to customers; managing risks

Second Line Roles:

Expertise, support, monitoring and challenge on risk related matters

Internal Audit

Independent Assurance

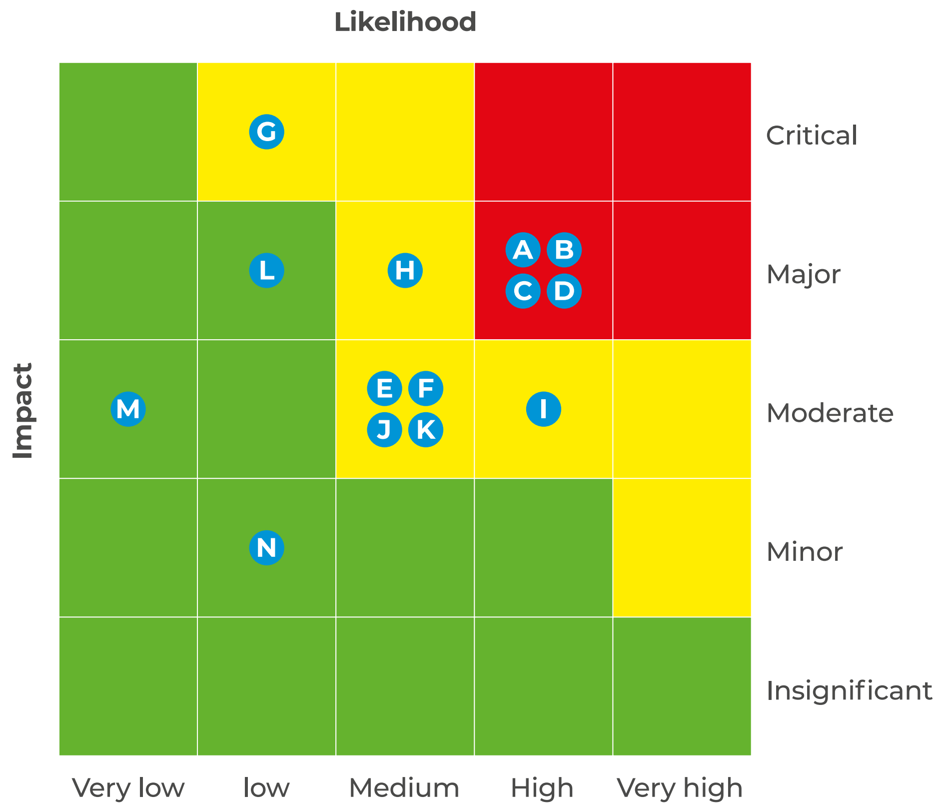
Third Line Roles:

Independent and objective assurance and advice an all matters related to the achievement of objectives

The three categories of assurance are recorded based on an increasing level of independent oversight of the risk and current performance. Assurances are noted against each risk on the risk register.

Strategic risks – heat map

Our 14 strategic risks at the year end are plotted on the heat map below with the residual risk rating – which is the amount of risk that remains after the controls that Grand Union has in place are accounted for.



- **A** Sales Income
- **B** Brexit
- **C** Data Processing Breach
- **D** Environmental Sustainability
- **E** Achievement of Business Growth
- **F** Liquidity Requirement Levels
- **G** Regulatory Framework Failure
- **H** Political Environment
- **I** Pension Liability Increase
- **J** Strategic Partnerships
- **K** COVID-19 Outbreak
- **L** Ineffective Business Planning
- **M** Staffing Levels
- **N** Change Management

Key risks and uncertainties

As we begin looking ahead to the new financial year, we continue to face challenges due to the ever-changing risk landscape and the implications that it may have on our own internal resources and for those of our residents.

The four risks identified below are those which are currently seen as presenting the greatest potential impact on our business and achievement of business objectives. However, our continuous monitoring process ensures that risks are identified and assessed in response to the often challenging environment that we operate in.

A – Sales income

Potential causes	Impacts	Mitigations
• Changes in the housing market • Speed of sales completion • Restricted mortgage availability • Delayed land ownership • Increased competition	• Cashflow • Expected income from sales activities not realised • Additional interest costs • Additional cost incurred due to increased promotion and incentives • Reduced new homes delivery capacity • Reputational	• New Business and Development Strategy tenure details balance & exposure levels • Business plan stress testing • Standard approach to scheme feasibility modelling • Individual scheme approval through agreed decision making framework (Board and Investment & Development Group) • Tenure changes (with grant support)

B – Brexit

Potential causes	Impacts	Mitigations
• Uncertainty and economic outcomes arising from the agreement	• Supply chain disruption • Cost increase • Reduced demand for products • Housing market downturn	• Treasury advisors engaged • Long term re-financing options in place • Continuous review of stress test scenarios

C – Data processing breach

Potential causes	Impacts	Mitigations
· Unintentional disclosure of personal information to an external party · Unauthorised access to data by a deliberate external attack e.g. cyber crime	· Fines up to £17.5m or 4% of annual turnover by the ICO · Disruption to operations when recovering from an attack · Reputational damage · Regulatory downgrade	· Software in place to check attachments and recipients of emails · Sophisticated firewall, penetration and anti-virus software in place · Regular phishing simulations for all staff to raise awareness of attacks · Cyber essentials accreditation · Cyber insurance in place to cover recovery costs associated with attack and any fines imposed

D – Environmental sustainability

Potential causes	Impacts	Mitigations
· Retrofitting of existing stock · Additional cost of building new homes is too high	· Inability to comply with the UK Government zero emissions strategy · Covenant compliance impact	· Repairs include renewable energy technology · Utilise available government funding · Covenant carve-out negotiations

Disclosure of information to the auditor
The Board members at the date of approval of this report have confirmed that:

- as far as the Board members are aware, there is no relevant audit information of which the Group's auditor is unaware
- the Board members have taken all of the steps that they ought to have taken as Board members in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Going concern
The Group's activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to credit, liquidity and cash flow risk are described above and in the Board Report.

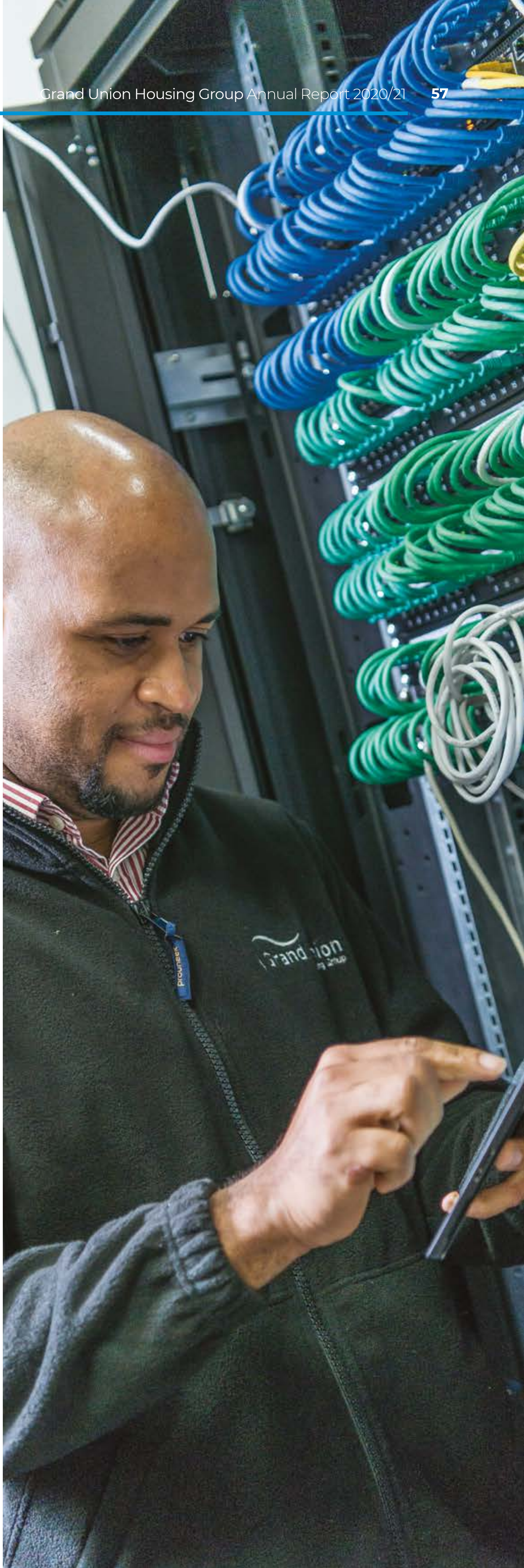
The Group has considerable financial resources and as a consequence, the Board believes that the Group is well placed to manage its business risks successfully, despite current uncertainties in the social housing sector.

After making enquiries, the Board expects that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the financial statements.

Approved by the Board and signed on its behalf by:

James Macmillan
Chair

27 July 2021



Board Report

Details of Grand Union Housing Group Limited's principal activities, its financial performance, VfM and factors likely to affect its future are given in the Strategic Report, which preceded this report.

Statement of Board members' responsibilities

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Association and of the Income and Expenditure for the period of account.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness within the Group.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It can also give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Group's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls, which is embedded within normal management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed. The process adopted by the Board in reviewing the effectiveness of the system of internal control together with some of the key elements of the control framework includes:

- **Identification and evaluation of key risks –** Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Group's activities. The Executive Management team regularly considers reports on significant risks facing the Group and is responsible for reporting to the Board any significant changes affecting key risks.

- **Monitoring and corrective action –** A process of control, self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

- **Control environment and control procedures –** The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. The Board has adopted the NHF Code of Governance 2015. In addition, the Group has policies with regard to the quality, integrity and ethics of its employees and these are supported by a framework of policies and procedures with which employees must comply.

  These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

- **Information and financial reporting systems –** Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievements of key business objectives, targets and outcomes.

- **Fraud –** The Group has in place policies in respect of preventing, detecting and investigating fraud and the Board is satisfied that these effectively manage the risk of fraud. The Group has a Whistleblowing policy that covers Board members, employees and customers.

The internal control framework and the risk management process are subject to regular review by Internal Audit who are responsible for providing independent assurance to the Board via its Audit & Risk Committee.

The Board has received the Group Chief Executive's annual report, has conducted its annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process. No attempts or successful frauds were carried out against the Group in 2020/21.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board.

Auditor

KPMG were appointed as Internal Auditors in May 2019, and Beever and Struthers were appointed as External Auditors in January 2020.

Statement of Compliance

The Board has followed the principles set out in the Statement of Recommended Practice (SORP) for Registered Social Providers 2018. The Group has fully complied with the Accounting Direction for Private Registered Providers of Social Housing 2019.

Approved by the Board and signed on its behalf by:

James Macmillan
Chair

27 July 2021

Independent auditor's report to the members of Grand Union Housing Group Limited

Opinion

We have audited the financial statements of Grand Union Housing Group Limited (the 'Association') and its subsidiaries (the 'Group') for the year ended 31 March 2021 which comprise the Consolidated and Association Statement of Comprehensive Income, Consolidated and Association Statement of Financial Position, Consolidated and Association Statement of Changes in Reserves, Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in notes 1 and 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2021 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

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

Responsibilities of the Board

As explained more fully in the Statement of Board Members' Responsibilities set out on pages 58 – 59 the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation;
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance;
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period;
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Group's activities;
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims;
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud;
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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

Use of our report

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

Beever and Struthers
Statutory Auditor
St George's House
215-219 Chester Road
Manchester
M15 4JE

Date: 24 August 2021

Consolidated Statement of Comprehensive Income

As at 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover	3a	74,943	71,166
Cost of sales	3a	(5,821)	(4,165)
Operating expenditure	3a	(48,374)	(45,942)
Gain on disposal of housing properties, plant and equipment	4	1,764	3,455
Operating surplus		**22,512**	**24,514**
Interest receivable	5	251	405
Interest and financing costs	6	(14,313)	(14,453)
Movement in fair value of financial Instruments	13	(895)	–
Surplus before tax		7,555	10,466
Taxation	10	–	–
Surplus for the year		**7,555**	**10,466**
Other comprehensive income			
Actuarial (deficit)/surplus in respect of defined benefit pension schemes	19	(735)	2,954
Total comprehensive income for the year		**6,820**	**13,420**

All of the activity above relates to continuing activities.

The notes on pages 71 - 111 form an integral part of these financial statements.

James Macmillan
Chair
Date: 27 July 2021

Gillian Walton
Senior Independent Director

Mandy Hopkins
Company Secretary

Association Statement of Comprehensive Income

For the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover	3a	72,527	69,445
Cost of sales	3a	(3,687)	(2,707)
Operating expenditure	3a	(48,374)	(45,942)
Gain on disposal of housing properties, plant and equipment	4	1,764	3,455
Operating surplus		**22,230**	**24,251**
Interest receivable	5	604	746
Interest and financing costs	6	(14,313)	(14,453)
Movement in fair value of financial Instruments	13	(895)	–
Surplus before tax		7,626	10,544
Taxation	10	–	–
Surplus for the year		**7,626**	**10,544**
Other comprehensive income			
Actuarial (deficit)/surplus in respect of defined benefit pension schemes	19	(735)	2,954
Total comprehensive income for the year		**6,891**	**13,498**

All of the activity above relates to continuing activities.

The notes on pages 71 - 111 form an integral part of these financial statements.

James Macmillan
Chair

Gillian Walton
Senior Independent Director

Mandy Hopkins
Company Secretary

Date: 27 July 2021

Consolidated Statement of Financial Position

As at 31 March 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Housing properties	11	634,188	609,959
Other property, plant and equipment	12a	2,136	4,856
Investment properties	13	23,500	17,896
Intangible assets	12b	457	314
		660,281	**633,025**
Current assets			
Stock	15	15,684	12,063
Debtors	16	7,312	7,750
Cash and cash equivalents	21	18,255	18,185
		41,251	**37,998**
Creditors: Amounts falling due within one year	17	(22,629)	(16,018)
Net current assets		18,622	21,980
Total assets less current liabilities		678,903	655,005
Creditors: Amounts falling due after more than one year	18	(328,896)	(312,922)
Defined benefit pension liability	19	(14,683)	(13,579)
Net assets		**335,324**	**328,504**
Capital and reserves			
Share capital	20	–	–
Revenue reserve		150,917	143,139
Revaluation reserve		184,407	185,365
Total reserves		**335,324**	**328,504**

The financial statements of Grand Union Housing Group were approved by the Board and signed on its behalf by:

James Macmillan
Chair
Date: 27 July 2021

Gillian Walton
Senior Independent Director

Mandy Hopkins
Company Secretary

The notes on pages 71 - 111 form an integral part of these financial statements.

Association Statement of Financial Position

As at 31 March 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Housing properties	11	634,188	609,959
Other property, plant and equipment	12a	2,136	4,856
Investment properties	13	23,500	17,896
Fixed asset investments	14	50	50
Intangible assets	12b	457	314
		660,331	**633,075**
Current assets			
Stock	15	8,622	6,168
Debtors	16	14,911	14,064
Cash and cash equivalents	21	18,184	18,078
		41,717	**38,310**
Creditors: Amounts falling due within one year	17	(22,667)	(15,973)
Net current assets		19,050	22,337
Total assets less current liabilities		679,381	655,412
Creditors: Amounts falling due after more than one year	18	(328,896)	(312,922)
Defined benefit pension liability	19	(14,683)	(13,579)
Net assets		**335,802**	**328,911**
Capital and reserves			
Share capital	20	–	–
Revenue reserve		151,395	143,546
Revaluation reserve		184,407	185,365
Total reserves		**335,802**	**328,911**

The financial statements of Grand Union Housing Group, registered number 7853, were approved by the Board and signed on its behalf by:

James Macmillan
Chair

Gillian Walton
Senior Independent Director

Mandy Hopkins
Company Secretary

Date: 27 July 2021

The notes on pages 71 - 111 form an integral part of these financial statements.

Consolidated Statement of Changes in Reserves

For the year ended 31 March 2021

	Revenue reserve £'000	Revaluation reserve £'000	Total reserves £'000
At 1 April 2020	143,139	185,365	328,504
Surplus for the year	7,555	–	7,555
Other comprehensive income:			
Actuarial deficit in respect of defined benefit pension schemes	(735)	–	(735)
Total comprehensive income	6,820	–	6,820
Reserve transfers	958	(958)	–
At 31 March 2021	**150,917**	**184,407**	**335,324**
At 1 April 2019	127,746	187,338	315,084
Surplus for the year	10,466	–	10,466
Other comprehensive income:			
Actuarial surplus in respect of defined benefit pension schemes	2,954	–	2,954
Total comprehensive income	13,420	-	13,420
Reserve transfers	1,973	(1,973)	–
At 31 March 2020	**143,139**	**185,365**	**328,504**

Reserves

Revenue reserve
The revenue reserve represents cumulative surpluses and deficits of the Group.

Revaluation reserve
The revaluation reserve relates to cumulative historic valuation uplifts arising before 1 April 2014.

The notes on pages 71 - 111 form an integral part of these financial statements.

Association Statement of Changes in Reserves

For the year ended 31 March 2021

	Revenue reserve £'000	Revaluation reserve £'000	Total reserves £'000
At 1 April 2020	143,546	185,365	328,911
Surplus for the year	7,626	–	7,626
Other comprehensive income:			
Actuarial deficit in respect of defined benefit pension schemes	(735)	–	(735)
Total comprehensive income	6,891	–	6,891
Reserve transfers	958	(958)	–
At 31 March 2021	**151,395**	**184,407**	**335,802**
At 1 April 2019	128,075	187,338	315,413
Surplus for the year	10,544	–	10,544
Other comprehensive income:			
Actuarial surplus in respect of defined benefit pension scheme	2,954	–	2,954
Total comprehensive income	13,498	-	13,498
Reserve transfers	1,973	(1,973)	–
At 31 March 2020	**143,546**	**185,365**	**328,911**

Reserves

Revenue reserve
The Revenue reserve represents cumulative surpluses and deficits of the Association.

Revaluation reserve
The revaluation reserve relates to cumulative historic valuation uplifts arising before 1 April 2014.

The notes on pages 71 - 111 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Net cash generated from operating activities	**21**	**27,451**	**26,600**
Cash flows from investing activities			
Purchase of property, plant and equipment		(36,493)	(39,114)
Purchase of investment property		(6,499)	(1,396)
Proceeds from sale of property, plant and equipment		5,812	5,441
Grants received		7,411	9,775
Taxation		–	–
Interest received		251	405
Net cash flows from investing activities		**(29,518)**	**(24,889)**
Cash flows from financing activities			
Interest paid		(14,313)	(14,453)
Receipt/(Repayment) of loans		16,450	2,952
Net cash flows from financing activities		**2,137**	**(11,501)**
Net decrease in cash and cash equivalents		**70**	**(9,790)**
Cash and cash equivalents at beginning of year		18,185	27,975
Cash and cash equivalents at end of year		**18,255**	**18,185**

The notes on pages 71 - 111 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2021

1. Accounting policies

Grand Union Housing Group Limited (the 'Association') is a private limited company incorporated and domiciled in England. The address of the registered office is K2, Timbold Drive, Kents Hill, Milton Keynes, Bucks, MK7 6BZ. The registered number is 7853.

The main activities of the Group are the provision of affordable homes for people in housing need. The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting
The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) and comply with the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The Group is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

Grand Union Housing Group meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside these consolidated financial statements. Exemptions have been taken in relation to the following:

- A Statement of Cash Flows has not been presented for the parent company.

FRS 102 allows a qualifying entity certain disclosure exemption, subject to certain conditions, which has been complied with. In preparing the Association's individual financial statements, the Association has taken advantage of the exemption not to provide certain disclosures as required by Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instrument Issues" and "Related Party Transactions" on the basis that equivalent disclosures are given in the consolidated financial statements.

Property, plant and equipment - housing properties at cost
Housing properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs and borrowing costs directly attributable to the construction of new housing properties during the development calculated at the weighted average cost of capital during 2020/21. Capitalisation ceases when substantially all the activities that are necessary to prepare the asset for use are complete.

Property, plant and equipment - housing properties at deemed cost
Where housing properties were measured at fair value at the date of transition to FRS 102 and this valuation was used as deemed cost, taking advantage of the exemption available on transition to FRS 102 from previous UK GAAP, this was considered to be a valuation and a revaluation reserve established to account for the movement.

A release of the revaluation reserve is calculated to reflect the additional depreciation that has been charged on the uplift to the structure cost upon moving to deemed cost.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their useful economic lives. Freehold land is not depreciated.

Major components
Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

Structure	
Standard	100 years
– Properties built by pre-reinforced concrete method with certificate	50 years
– Properties built by pre-reinforced concrete method without certificate	10 years
Roofs	50 years
Heating systems	40 years
Doors, windows, bathrooms, lifts, wiring, insulation and high-level works	30 years
Solar panels	25 years
Kitchens and heat pumps	20 years
Heating boilers	15 years

If the component is replaced before the end of its economic life, the resulting charge will be reflected in the overall depreciation charge rather than a loss on its replacement.

Properties held on long leases are depreciated over their estimated useful economic lives or the lease duration if shorter.

Improvements
Where there are improvements to housing properties that are expected to provide incremental future benefits, these are capitalised and added to the carrying amount of the property. Any works to housing properties which do not replace a component or result in an incremental future benefit are charged as expenditure in surplus or deficit in the Statement of Comprehensive Income.

Sales of Housing Property
Sales of housing property are taken into account on completion of contracts. The surplus or deficit arising from the sale is shown net after deducting the carrying value of the property and any sale related expense.

Non-housing property, plant and equipment
Non-housing property, plant and equipment are stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life.

Expected useful lives are as follows:

Expected useful lives	
Freehold offices	50 years
Office improvements	25 years
Leasehold improvements	10 years
Office fixtures	10 years
Office heating and mechanical	5 years
Furniture and fittings	5 years
Vehicles	4 years
Computer equipment	3 years

Intangible assets

Intangible assets are stated at historic cost, less accumulated amortisation. Amortisation is provided on all intangible assets at rates calculated to write-off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Expected useful live	
Computer software	3 years

Investment properties

The classification of properties as investment property or property, plant and equipment is based upon the intended use of the property. Properties held to earn commercial rentals or for capital appreciation or both are classified as investment properties. Properties that are used for administrative purposes or that are held for the provision of social housing are treated as property, plant and equipment. Mixed use property is separated between investment property and property, plant and equipment.

Land is accounted for based on its intended use. Where land is acquired speculatively with the intention of generating a capital gain and/or a commercial rental return it is accounted for as investment property. Where land is acquired for use in the provision of social housing or for a social benefit it is accounted for as property, plant and equipment.

Investment properties are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

Impairment of social housing properties
Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential. The Group has identified a cash generating unit for impairment assessment purposes at a property scheme level.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and is included in surplus or deficit in the Statement of Comprehensive Income.

As part of the end of year review of the carrying value of properties under construction, three schemes were identified and resulted in a write down of £716k.

Social Housing Grant and other government grants
Grants received in relation to assets that have been treated as deemed cost at the date of transition to FRS 102 have been accounted for using the performance model. In applying this model such grant has been presented as if it were originally recognised as income within the statement of comprehensive income in the year it was receivable and is therefore included within brought-forward general reserves.

Grants received since transition in relation to newly acquired or existing housing properties are accounted for using the accrual model. Grant is carried as deferred income in the balance sheet and is amortised on a systematic basis over the useful life of the housing property structure, even if the fair value of the grant exceeds the carrying value of the structure in line with SORP 2018. No grant is recognised against other components.

When a housing property is sold which was partly funded by social housing grant (SHG) the grant becomes repayable and is transferred to a Recycled Capital Grant (RCGF) fund until it is either reinvested in a replacement property or repaid to the Regulator of Social Housing.

Leased assets
At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leased assets
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to surplus or deficit in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Interest payable
Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition.

Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

Taxation
The majority of the Group's activities are charitable and are conducted through the Registered Provider which has charitable status. No taxation is payable on activities relating to charitable purposes. Any charge for taxation is based on the surplus/deficit for the year and recognises deferred taxation because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax on a full provision basis.

Value Added Tax (VAT)
The Group is registered for VAT but a large proportion of its income, including rents, is exempt for VAT purposes. The majority of the Group's expenditure is subject to VAT which cannot be reclaimed, and expenditure is therefore shown inclusive of VAT where appropriate. For those areas where VAT is recoverable, a group partial exemption formula has been agreed with HM Revenue and Customs (HMRC). The recoverable amount is credited against the relevant expenditure.

Pensions

Local Government Pension Scheme
The group participates in a local government pension scheme which is a multi-employer scheme, where it is possible for individual employers as admitted bodies to identify their share of the assets and liabilities of the pension scheme. For this scheme the amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to revenue and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each reporting date. This scheme was closed to new members from 1 April 2013.

Multi-employer defined benefit pension scheme – Social Housing Pension Scheme (SHPS)
The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK. The Scheme is subject to the funding legislation outlined in the Pensions Act 2004, which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

Defined contribution scheme
The Group participates in a defined contribution scheme where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Investments
Investments are measured at cost less impairment.

Turnover

Turnover represents rental and service charge income, fees and revenue-based grants receivable from local authorities and from Homes England, the proceeds of first tranche sales of shared ownership properties and open market property sales, housing management services, feed in tariff income and assistive technology services income.

Revenue for the main income streams is recognised as follows:

Rent	Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for the services rendered net of empty properties.
Service charge income	Fixed service charge income is recognised in the year to which it relates. Variable service charge income is recognised in the year the related cost is recognised.
First tranche shared ownership property sales and properties developed for outright sale	Property sales income is recognised when the risks and rewards of ownership have passed to the buyer upon legal completion of the sales, except in circumstances where specific legal contractual terms dictate that risks and rewards of ownership pass at different times.
Revenue grants	Revenue grants are recognised when the performance-related conditions are met or when the grant proceeds are received or become receivable if no conditions are imposed.
Amortisation of government grant	Grants provided to construct social housing assets are recognised on a systematic basis over the useful economic life of the asset for which the grant is intended to compensate.
Interest receivable	Interest income is recognised on a receivable basis.
Gift Aid	Gift Aid is recognised on a received or receivable basis.
Other income	Other income relates to housing management services, feed in tariff income and assistive technology services which are recognised on a receivable basis.

Supported housing and other managing agents
Where the Group has ownership of a supported housing or other scheme but also has an agreement with a third party to manage the scheme (including Supporting People funded schemes or services), where there has been a substantial transfer of the risks and benefits attached to the scheme to the third party, any scheme revenue and expenditure is excluded from these financial statements.

Shared ownership property sales
Shared ownership properties, including those under construction, are split between non-current assets and current assets. The split is determined by the percentage of the property to be sold under the first tranche disposal which is shown on initial recognition as a current asset, with the remainder classified as a non-current asset within property plant and equipment. Where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus, the surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or non-current assets.

Proceeds from first tranche disposals are accounted for as turnover in the Statement of Comprehensive Income of the period in which the disposal occurs and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.

Inventories/WIP
Inventories and work in progress (WIP) relate to the percentage of shared ownership properties to be sold under the first tranche disposal which is shown on initial recognition as a current asset under Inventories/WIP. These properties held for sale are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes materials, direct labour and an attributable proportion of overheads based on normal levels of activity.

Financial instruments
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost
Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at transaction value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost
These financial liabilities include trade and other payables and interest-bearing loans and borrowings.

A financial liability is initially recognised at transaction value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Loan issue costs relating to the housing loans and bond issue are amortised to the Statement of Comprehensive Income over the repayment period of the loans. Interest payable on the loans and bond is charged to the Statement of Comprehensive Income in the year it is due.

On long-term lending, the interest rate to be charged is calculated by reference to the interest rates, margins and banking charges within the loan agreements, with the funders, on the day the loan is made.

Public benefit entity concessionary loans
Where loans are made or received between a public benefit entity within the Group or an entity within the public benefit entity group and other party at below the prevailing market rate of interest that are not repayable on demand and are for the purposes to further the objectives of the public benefit entity or public benefit entity parent, these loans are treated as concessionary loans and are recognised in the Statement of Financial Position at the amount paid or received and the carrying amount adjusted to reflect any accrued interest payable or receivable.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, and on demand deposits, together with other short term, highly liquid investments (with original maturities of three months or less) that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

2. Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements
The following are management judgements in applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties
The Housing SORP 2018 requires the Group to assess if there are any triggers for impairment. Management have considered the triggers and confirmed no further impairment is required.

Categorisation of investment properties
Property assets are classified as investment property or property, plant and equipment depending on the intended use of the property. In determining the intended use of each property, management considers various factors in making this judgement such as whether the asset is held for social benefit at below a market rent for the wider benefit of the community and whether the properties are subsidised and operated at a loss in order to continue providing a service. The accounting treatment will be different depending upon the categorisation.

Loan issue costs
Where loan issues costs are deemed to be immaterial, they will be amortised on an accruals basis instead of applying an effective rate of interest basis.

Classification of financial instruments between basic and other
Financial instruments are classified as either basic or other, with differing accounting treatments depending on the classification. Section 11 of FRS 102, 'Basic Financial Instruments', sets out the requirements for the recognition, measurement and de-recognition of basic financial instruments and the conditions that must be satisfied in order to classify a financial instrument as basic and therefore account for it in accordance with Section 11.

Modification of financial liabilities
Where the Group has modified a loan agreement, an assessment is carried out as to whether the modification results in substantially different terms. If it does, the loan is de-recognised, and a new financial liability recognised. If the new terms are not considered substantially different, there is a re-measurement of the financial liability using the original effective interest rate. In making this assessment, judgement is applied in considering a combination of quantitative and qualitative factors.

Capitalisation of property development costs
The Group capitalises development expenditure in accordance with the accounting policy on housing properties. Judgement is exercised over the likelihood that projects will continue.

Mixed tenure developments
Where the Group develops mixed tenure development schemes including more than one element, the costs incurred in acquiring and developing the land are attributed to each element of the scheme depending on the intended usage to reflect the different tenure types.

Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value measurement

Management uses valuation techniques to determine the fair value of assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual process that would be achievable in an arm's length transaction at the reporting date.

Provisions

Provisions are only recognised where the Group has an obligation to incur future expenditure as a result of a past event. The provision is recognised as a liability in the Statement of Financial Position. These would include Service Charge Sinking Funds, provision for an outstanding insurance claim.

Valuation of investment properties

The Group carries its investment property at fair value and engages independent valuers to determine fair value using a valuation technique based on a discounted cash flow model. The calculated fair value of the investment property therefore uses assumptions, of which the most sensitive relate to the estimated yield and the long term vacancy rate.

The future economic environment is uncertain due to the pandemic and although the full impact and long-term implications are yet to be fully understood, the Group has confidence in the values disclosed in the financial statements. The Group has undertaken internal reviews of the most recent investment property valuations and assessed the financial performance of the portfolio and are confident that when taking into consideration the financial strength of the Group, any potential downturn in the value or financial returns from its investment properties would not have an impact on the Group's long-term financial viability.

Defined benefit pension scheme

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Statement of Financial Position. The assumptions reflect historical experience and current trends. Variations in these assumptions could significantly impact the liability.

The cost of the LGPS and SHPS defined benefit pension plans are primarily determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, the scheme employers consider, the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector.

The future salary increases provided by the actuaries ranged between 3.35% and 3.87%. These are far in excess of our business plan assumptions, which are 1.5% to March 2023, 1.9% to March 2024 and 2.0% for the remainder of the plan. We have reduced the actuary forecasts by 0.35% to 0.87% to better reflect our business model but have

retained an element of prudence within the calculation. The impact of this is to reduce the pension liability from £23.8m to £14.7m, reducing the actuarial loss for the year from £9.8m to £0.7m. Further details are given in note 19.

Inventory
Inventory includes properties for sale under market sale and shared ownership programmes. In addition, the Group holds work in progress on schemes where properties are being developed for sale. The value of each asset is assessed for impairment by review against its selling price less costs to complete and sell and each scheme in progress against expected proceeds less costs to be incurred.

Whilst the long-term economic environment is uncertain due to the pandemic, the Group's immediate exposure to a downturn in the property market is fairly limited as its market sales and shared ownership programmes over the next 12 months are on a relatively small scale. In a situation where there was a significant shock to the market, the Group would consider short term conversion to rented products for which there is a strong demand in the areas the Group operates in.

The Group effectively monitors sales risk by monitoring the market and stress testing the business plan, including scenarios of a 25% reduction in house prices, no sales in the next year, a six-month delay to development and an increase in build costs. The Group is able to withstand all these scenarios and can ensure that suitable mitigation strategies are in place to protect its long-term financial viability.

Components of housing properties and useful lives
Major components of housing properties have significantly different patterns of consumption of economic benefits and estimates are made to allocate the initial cost of the property to its major components and to depreciate each component separately over its useful economic life. The Group considers whether there are any indications that the useful lives require revision at each reporting date to ensure that they remain appropriate.

3a Particulars of turnover, cost of sales, operating costs and operating surplus - Group and Association

2021	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus* £'000
Social housing lettings (note 3b)	**63,023**	**–**	**(45,355)**	**17,668**
Other social housing activities				
- First tranche property sales	4,873	(3,687)	–	1,186
- Leasehold properties	83	–	–	83
- Development	–	–	(40)	(40)
- Community Services	–	–	(854)	(854)
- Other assistive technology	1,142	–	(550)	592
Non social housing activities				
- Garages	1,124	–	(75)	1,049
- Market rent accommodation	947	–	(133)	814
- Solar panel feed-in tariff	820	–	(151)	669
- Other	210	–	–	210
- Management services	305	–	(156)	149
- Impairment losses	–	–	(716)	(716)
- One off costs	–	–	(344)	(344)
Total Association	**72,527**	**(3,687)**	**(48,374)**	**20,466**
Open Market Property Sales	2,416	(2,134)	–	282
Total Group	**74,943**	**(5,821)**	**(48,374)**	**20,748**

2020				
Social housing lettings (note 3b)	**61,315**	**–**	**(43,592)**	**17,723**
Other social housing activities				
- First tranche property sales	3,630	(2,707)	–	923
- Leasehold properties	70	–	–	70
- Development	–	–	(76)	(76)
- Community Services	–	–	(1,025)	(1,025)
- Other assistive technology	835	–	(305)	530
Non social housing activities				
- Garages	1,138	–	(109)	1,029
- Market rent accommodation	887	–	(135)	752
- Solar panel feed-in tariff	836	–	(144)	692
- Other	296	–	–	296
- Management services	438	–	(145)	293
- One off costs	–	–	(411)	(411)
Total Association	**69,445**	**(2,707)**	**(45,942)**	**20,796**
Open Market Property Sales	1,721	(1,458)	–	263
Total Group	**71,166**	**(4,165)**	**(45,942)**	**21,059**

*operating surplus excluding gain/loss on disposal of housing properties, plant and equipment

3b Particulars of income and expenditure from social housing lettings

Group and Association Year ended 31 March 2021	Rented social housing £'000	Shared ownership £'000	Supported housing £'000	Total £'000	2020 £'000
Income					
Rents receivable	46,112	2,947	11,395	60,454	58,746
Supporting people	–	–	281	281	336
Service charge income	292	149	1,538	1,979	2,050
Amortised government grant	154	84	71	309	183
Turnover from social housing lettings	**46,558**	**3,180**	**13,285**	**63,023**	**61,315**
Expenditure					
Management	(6,829)	(701)	(2,539)	(10,069)	(9,570)
Service charge costs	(426)	(171)	(1,764)	(2,361)	(2,165)
Routine maintenance	(9,209)	–	(2,603)	(11,812)	(11,281)
Planned maintenance	(1,857)	–	(780)	(2,637)	(2,653)
Major repairs expenditure	(5,553)	–	(1,213)	(6,766)	(6,422)
Write out components	(359)	–	(126)	(485)	(497)
Bad debts	(271)	–	(101)	(372)	(455)
Depreciation of housing properties	(7,686)	(396)	(1,891)	(9,973)	(9,547)
Depreciation - other	(404)	(41)	(150)	(595)	(491)
Amortised intangible assets	(153)	(15)	(57)	(225)	(159)
Pension	(41)	(4)	(15)	(60)	(352)
Operating costs	(32,788)	(1,328)	(11,239)	(45,355)	(43,592)
Operating surplus social housing lettings	**13,770**	**1,852**	**2,046**	**17,668**	**17,723**
Void losses	533	2	91	626	411

4. Surplus on disposal of property, plant and equipment

Group and Association	2021 £'000	2020 £'000
Sale of property	3,746	5,797
Sales proceeds from the sale of land	89	37
Costs of sale	(1,961)	(2,303)
Loss from other fixed asset disposals	(110)	(76)
Surplus on disposal	**1,764**	**3,455**

5. Finance income

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Bank interest receivable	251	405	251	404
Interest receivable from a Group member	–	–	353	342
	251	**405**	**604**	**746**

6. Interest and financing costs

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Interest payable on loans and overdrafts	(15,195)	(15,061)	(9,670)	(9,742)
Interest payable to Group member	–	–	(5,525)	(5,319)
Net interest on defined benefit liability (note 19)	(309)	(366)	(309)	(366)
Borrowing costs capitalised	1,191	974	1,191	974
	(14,313)	**(14,453)**	**(14,313)**	**(14,453)**

Borrowing costs on properties during construction have been capitalised based on a capitalisation rate of 4.90% (2020: 4.95%).

7. Surplus on ordinary activities before taxation

Surplus on ordinary activities before taxation is stated after charging:

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Depreciation of housing properties	9,973	9,547	9,973	9,547
Depreciation of other property, plant & equipment	591	491	591	491
Amortised government grants	(257)	(183)	(257)	(183)
Amortised intangible assets	226	159	226	159
Auditor fees - statutory	54	57	36	39
Auditors fees – other services	17	-	17	-
Internal audit fees	79	55	79	55
Operating lease rentals - hire of motor vehicles	361	224	361	224
(Surplus) on disposal of fixed assets	(1,764)	(3,455)	(1,764)	(3,455)

8. Staff costs

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Wages and salaries	11,916	10,489	11,916	10,489
Social security costs	1,246	1,119	1,246	1,119
Other pension costs (see note 19)	1,881	2,207	1,881	2,207
	15,043	**13,815**	**15,043**	**13,815**

The full-time equivalent number of staff who received emoluments, excluding pension contribution, in excess of £60,000 are as shown below.

	Group		Association	
Salary band £	2021 number	2020 number	2021 number	2020 number
60,000 - 69,999	4	2	4	2
70,000 - 79,999	–	–	–	–
80,000 - 89,999	7	7	7	7
120,000 - 129,999	–	–	–	–
130,000 - 139,999	1	1	1	1
140,000 - 149,999	1	1	1	1
150,000 - 159,999	–	–	–	–
160,000 - 169,000	–	1	–	1
170,000 - 179,999	1	–	1	–

The average full-time equivalent number of employees was:

Group		Association	
2021 number	2020 number	2021 number	2020 number
337	**309**	**337**	**309**

The basis of the calculation of the full-time equivalents was the total number of working hours per week from all employees at the reporting date, divided by a standard working week.

9. Board and Executive Directors' remuneration

Directors are defined as Board Members and the Executive Management Team, who are key management personnel. Board members are remunerated at different levels dependent upon their role. Board members are also reimbursed for travel expenses totalling £1.0k (2020: £7.4k)

Non-Executive Board Member	£'000	Grand Union Housing Group	Development up to 1/10/2020 then disbanded	Governance & Remuneration from 1/10/2020ce & Remuneration from	Audit & Risk	Grand Union Group Funding PLC	Grand Union Homes Ltd	GUHG Development Company Ltd	Homes & Services Customer Experience Committee from 1/10/2020
Gillian Walton	8.5	◆		◆					
Kami Nuttall (resigned G & R October 2020)	8.5	◆		◆	◆				
James Macmillan	15.0	◆		◆			◆		
Richard Broomfield	8.5	◆	◆				◆	◆	
Peter Fielder	8.5	◆				◆			◆
Nicola Ewen	6.0	◆			◆	◆			
John Edwards	8.5	◆	◆		◆	◆			
Brent O'Halloran	6.0	◆							◆
Vanessa Connolly (appointed G & R October 2020)	6.0	◆		◆					◆
David Willis (appointed Co-optee to Board June 2020 and re-appointed on May 2021)	6.0	◆	◆				◆		◆
Emma Killick	4.8								◆
Michael Pattinson	6.0	◆			◆				
Ian Bovingdon	6.0		◆				◆		
Raj Shah	6.0		◆				◆		
Kevin Gould	6.0				◆				
Ashleigh Webber (appointed September 2020)	2.0								◆
Shawna Barnes (appointed September 2020)	2.0								◆

9. Board and Executive Directors' remuneration (continued)

The Executive Management team are ordinary members of either the defined benefits or defined contribution pension schemes and have no enhancements or special terms. No further contributions are made to an individual pension arrangement for the Directors.

	Group		Association	
Total Directors' remuneration	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Wages and salaries	459	444	459	444
Social security costs	60	58	60	58
Pension payments	69	63	69	63
	588	**565**	**588**	**565**

	Group		Association	
Remuneration of the highest paid Director (excluding pension contributions)	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Group Chief Executive	**171**	**166**	**171**	**166**

The Chief Executive is a preserved member of the local authority pension schemes run by Bedfordshire County Council (BCC). No special or enhanced terms apply to her membership of the scheme.

10. Taxation

The Group has charitable status for tax purposes and no liability to Corporation Tax arises on its charitable activities. In 2020/21 financial year, the Group paid no tax (2019/20: £nil) relating to its non-charitable activities.

In the opinion of the directors, the tax payable by the Group is not material and therefore full disclosures have not been provided for.

11. Tangible fixed assets – Housing Properties

Group and Association	Housing properties £'000	Lands and housing properties under construction £'000	Leasehold properties £'000	Shared ownership £'000	Shared ownership under construction £'000	Total £'000
Cost						
At 1 April 2020	602,865	15,241	5,744	61,962	7,667	693,479
Additions	–	28,057	–	–	9,564	37,621
Transfer to investment property	–	(6,499)	–	–	–	(6,499)
Schemes completed	9,423	(9,423)	–	3,000	(3,000)	–
Improvements	5,612	–	1	–	–	5,613
Disposals	(1,949)	–	(138)	(862)	–	(2,949)
At 31 March 2021	**615,951**	**27,376**	**5,607**	**64,100**	**14,231**	**727,265**
Depreciation						
At 1 April 2020	(80,668)	-	(683)	(2,169)	-	(83,520)
Charge for the year	(9,314)	-	(263)	(396)	-	(9,973)
Transfer to investment property	–	–	–	–	–	–
Disposals	240	–	138	38	–	416
At 31 March 2021	**(89,742)**	**–**	**(808)**	**(2,527)**	**–**	**(93,077)**
Net book value						
At 31 March 2021	**526,209**	**27,376**	**4,799**	**61,573**	**14,231**	**634,188**
At 31 March 2020	522,197	15,241	5,061	59,793	7,667	609,959

The brought forward balances include reclassifications between housing properties and leasehold properties, the total net book value for tangible fixed assets (Housing properties) remains unchanged.

Freehold land and buildings with an Existing Use Value-Social Housing of £450.8 million (2020: £434.8 million) have been pledged to secure borrowings of the Group, which is surplus to the covenant requirement. The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Analysis of works to exisiting properties	2021 £'000	2020 £'000
Capitalised: replacement of components	4,068	4,915
Capitalised: improvements	1,545	1,896
Charged to Statement of Comprehensive Income	6,766	6,422

12a. Property, plant and equipment – Other

Group and Association	Freehold offices £'000	Leasehold improvements £'000	Fixtures and fittings £'000	Vehicles £'000	Computer equipment £'000	Assistive tech £'000	Total £'000
Cost							
At 1 April 2020	3,082	1,849	485	392	1,194	46	7,048
Additions	–	9	6	–	86	12	113
Disposals	(3,082)	(142)	(291)	(41)	–	–	(3,556)
At 31 March 2021	**–**	**1,716**	**200**	**351**	**1,280**	**58**	**3,605**
Depreciation							
At 1 April 2020	(955)	(118)	(278)	(378)	(452)	(11)	(2,192)
Charge during year	–	(191)	(46)	(14)	(330)	(10)	(591)
Disposals	955	55	263	41	–	–	1,314
At 31 March 2021	**–**	**(254)**	**(61)**	**(351)**	**(782)**	**(21)**	**(1,469)**
Net book value							
At 31 March 2021	**–**	**1,462**	**139**	**–**	**498**	**37**	**2,136**
At 31 March 2020	2,127	1,731	207	14	742	35	4,856

The brought forward balances include reclassifications between computer equipment and intangible assets (IT software) included at note 12b. The reclassified assets were fully depreciated resulting in no change in brought forward total net book values.

12b. Intangible Assets

Group and Association	IT Software £'000
Cost	
At 1 April 2020	1,910
Additions	369
At 31 March 2021	**2,279**
Amortisation	
At 1 April 2020	(1,596)
Charge during year	(226)
At 31 March 2021	**(1,822)**
Net book value	
At 31 March 2021	**457**
At 31 March 2020	314

13. Investment properties

Group and Association	2021 £'000	2020 £'000
Valuation		
At 1 April	17,896	16,500
Transfer from housing properties	–	–
Addititions	6,499	1,396
Fair value surplus	(895)	–
Carrying value at 31 March	**23,500**	**17,896**

Investment properties were valued by Avison Young at fair value at 31 March 2021. These are independent valuers with recent experience in the location and class of the investment property being valued. The method of determining fair value was in accordance with the RICS Valuation – Global Standards (effective from 31 January 2020) and significant assumptions were as follows:

a. That the properties are in a good condition and well managed and maintained to institutionally acceptable standards.

b. That the properties comply with legal or statutory consents. There are no restrictions on the realisation of investment property.

c. That the valuation was based on the accommodation being tenanted.

14. Fixed asset investments

Association	2021 £'000	2020 £'000
At 1 April	50	50
At 31 March	**50**	**50**

Grand Union Housing Group is incorporated in England under the Co-operative and Community Benefit Society Act 2014 and is required by statute to prepare Group financial statements.

All shares held as investments are held as ordinary shares. Grand Union Housing Group Limited is the ultimate controlling party of:

Subsidiary Undertakings	Principal activity	Holding %
Grand Union Group Funding Plc	Access funding	100
Grand Union Homes Limited	Market sales of properties	100
GUHG Development Company Limited	Design and build activities	100

15. Stock

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Properties in construction	13,823	7,307	6,761	3,459
Completed properties	1,654	4,521	1,654	2,474
Consumable stock	207	235	207	235
	15,684	**12,063**	**8,622**	**6,168**

An amount of interest of £804k (2020: £1,007k) is included in work in progress and the number of inventories recognised as an expense in the year was £5,821k (2020: £4,164k).

16. Debtors

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Amounts falling due within one year				
Rent arrears	3,071	2,774	3,071	2,774
Provision for bad debts	(1,782)	(1,592)	(1,782)	(1,592)
Cash due from collecting agencies	228	208	228	208
	1,517	**1,390**	**1,517**	**1,390**
Other debtors	487	737	487	737
Amounts owed by Group undertakings	–	–	–	–
Prepayments and accrued income	1,068	1,278	1,069	1,278
	3,072	**3,405**	**3,073**	**3,405**
Bedford Citizens Housing Association	4,240	4,345	4,240	4,345
Amounts owed by Group undertakings	–	–	7,598	6,314
	4,240	**4,345**	**11,838**	**10,659**
Total debtors	**7,312**	**7,750**	**14,911**	**14,064**

No disclosure has been made of the net present value of rental arrears subject to repayment plans as the amount is considered to be insignificant.

The Group has a long-term loan owing from Bedford Citizens Housing Association for the provision of an older persons' scheme to support the delivery of housing for vulnerable residents in the Bedford area.

The amounts owed by the group members are unsecured, interest free, have no fixed date of repayments and are repayable on demand.

17. Creditors – amounts falling due within one year

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Rents received in advance	2,367	2,335	2,367	2,335
Housing loans	8,890	3,085	8,890	3,085
Amounts owed to Group members	–	–	2,042	38
Other creditors	1,935	1,712	1,935	1,712
Government grants - received in advance	257	183	257	183
Recycled capital grant fund	171	103	171	103
Accruals and deferred income	9,009	8,600	7,005	8,517
	22,629	**16,018**	**22,667**	**15,974**

The amounts owed to group members are unsecured, interest free, have no fixed date of repayments and are repayable on demand.

18. Creditors – amounts falling due after more than one year

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Housing loans	159,228	181,326	159,228	181,326
Bond (due to Group undertakings)	144,616	113,337	144,616	113,337
Government grants	24,692	17,612	24,692	17,612
Recycled capital grant fund	360	647	360	647
Voluntary Right to Buy	–	–	–	–
	328,896	**312,922**	**328,896**	**312,922**

18. Creditors – amounts falling due after more than one year (continued)

Housing loans

At 31 March 2021, £315.6 million (of the total facility of £404.8 million) had been drawn down, of which £290.6 million was fixed at interest rates between 3.08% and 7.13%. £25 million was at variable rates. These housing loans are secured by a fixed charge on a proportion of the assets of the Group.

Housing loans are repayable as follows:

Bank loans	2021 £'000	2020 £'000
Between one and two years	2,085	9,083
Between two and five years	16,583	36,325
After five years	143,223	137,192
On demand or within one year	**9,083**	**3,204**
	170,974	**185,804**

Bond

On 4 December 2013, Grand Union Group Funding Plc successfully issued a £115m bond at a coupon of 4.625% with repayment after 30 years in 2043. The bond was issued at a discount of 0.578% so that funds of £114.3m were received.

The cost of issuing the bond was £1.4m leaving a net balance of £112.9m. This was on-lent to Grand Union Housing Group Limited to enable the repayment of some of its existing loans and to fund future development. The effective interest rate and actual interest rate associated with the listed bond and on-lent funds is 4.715% and 4.625% respectively. The underlying assets of the issuance belong to Grand Union Housing Group Limited through a security trust arrangement with the Prudential Trustee Company Ltd.

On 15 December 2020, Grand Union Group Funding Plc successfully tapped the 2043 Bond for a further £56m, which included a retained element of £35m. The Bonds were issued at a premium of 44.22%, so funds received totalled £30.3m, this was on-lent to Grand Union Housing Group Limited to fund future development. The effective interest rate, and actual interest rate, associated with the 2020 bond tap and on-lent funds is 2.182% and 4.625% respectively.

Any bond discount/premium and costs of issue are amortised over the term of the bond, 30 years, with Grand Union Housing Group Limited being liable to Grand Union Group Funding Plc for both.

Government grants - deferred income	2021 £'000	2020 £'000
Original capital grant value		
At 1 April	18,327	8,552
Grants receivable	7,411	9,775
At 31 March	**25,738**	**18,327**
Amortisation		
At 1 April	(532)	(332)
Amortisation to Statement of Comprehensive Income	(257)	(183)
To recycled capital grant	–	(17)
At 31 March	**(789)**	**(532)**
At 31 March	**24,949**	**17,795**
Due within one year (note 17)	257	183
Due after one year (note 18)	24,692	17,612

Capital grants received are recorded as deferred income and amortised to turnover within the Statement of Comprehensive Income. The period of amortisation is the remaining years of useful economic life for the building structure from its date of construction, or at the time of its acquisition, if this is later.

Recycled capital grant	2021 £'000	2020 £'000
Opening balance	750	625
Grant recycled	115	125
Interest accrued	–	–
New build (grant utilised)	(334)	–
Carried forward	**531**	**750**
Grants to be recycled less than one year (note 17)	(171)	(103)
At end of the year	**360**	**647**

19. Retirement benefit schemes

Since April 2013, Grand Union Housing Group has offered to all new employees a defined contribution pension scheme, the Grand Union Housing Aviva Pension Plan. During 2020/21 the Group paid £530,162 (2020: £413,934) on behalf of employees who have joined the scheme. £1,207 (2020: £57,923) was outstanding as at 31 March 2021.

The Group participates in two pension schemes as an "Admitted Body", the local authority pension schemes run by Bedfordshire (BCC) and Northamptonshire (NCC) County Councils. These schemes provide benefits based on final pensionable pay for employees of all participating organisations. Both pension schemes are multi-employer defined benefit schemes and are funded and contracted out of the state scheme. Contributions are determined by a qualified actuary (Hymans Robertson) on the basis of triennial valuations using the "projected unit credit" method.

The latest available valuations were as at 31 March 2019 and these showed the overall actuarial value of the scheme's assets at that date of £46,571k (market value). The actuarial value was sufficient to cover 88% of the benefits that had accrued to members and past members of the pension schemes.

	Northamptonshire scheme valuation at		Bedfordshire scheme valuation at	
	2021	2020	2021	2020
Key assumptions used:				
Discount rate	2.30	2.30	2.30	2.35
Future pension increases	2.60	1.90	2.60	1.70

Mortality assumptions

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Northamptonshire scheme valuation at		Bedfordshire scheme valuation at	
	2021	2020	2021	2020
Retiring today:				
Men	21.7	21.5	21.9	22.2
Women	24.1	23.7	24.3	24.3
Retiring in 20 years:				
Men	22.8	22.3	22.8	23.4
Women	25.8	25.1	26.0	26.1

Amounts recognised in the Statement of Comprehensive Income in respect of these defined benefit schemes are as follows:

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Current service cost	1,381	1,709	1,381	1,709
Net interest cost	305	356	305	356
Recognised in other comprehensive income	532	(2,711)	532	(2,711)
Total cost relating to defined benefit scheme	**2,218**	**(646)**	**2,218**	**(646)**

The amount included in the Statement of Financial Position arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2021 £'000	2020 £'000
Present value of defined benefit obligations	69,139	57,959
Fair value of scheme assets	(54,809)	(44,574)
Net liability recognised in the Statement of Financial Position	**14,330**	**13,385**

Movements in the present value of defined benefit obligations were as follows:

	2021 £'000	2020 £'000
At 1 April	57,959	64,456
Service cost	1,355	1,680
Interest cost	1,345	1,542
Actuarial gains and losses	9,600	(8,983)
Contributions from scheme participants	301	301
Benefits paid	(1,407)	(1,325)
Past Service costs	–	302
Unfunded benefits paid	(14)	(14)
At 31 March	**69,139**	**57,959**

19. Retirement benefit schemes (continued)

Movements in the fair value of scheme assets were as follows:

	2021 £'000	2020 £'000
At 1 April	44,574	49,088
Actuarial gains and losses	9,068	(6,272)
Return on plan assets (excluding amounts included in net interest cost)	1,040	1,186
Contributions from the employer	1,273	1,639
Administration expenses	(26)	(29)
Contributions from scheme participants	301	301
Benefits paid	(1,421)	(1,339)
At 31 March	**54,809**	**44,574**

The analysis of the scheme assets at the Statement of Financial Position date was as follows:

	Fair value of assets	
	2021	2020 £'000
Equity instruments	37,379	29,965
Debt instruments	10,414	7,750
Property	5,591	5,421
Cash	1,425	1,438
	54,809	**44,574**

The Pension Schemes have not invested in any of the Group's own financial instruments or assets.

Social Housing Pension Scheme (SHPS)
The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020 and the results of this valuation are in the process of being finalised. The last published valuation in 2017 revealed a deficit of £1,522m. A recovery plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

	2021	2020
Key assumptions made:		
Discount rate	2.30	2.36
Future pension increases	2.60	1.58

Mortality assumptions:
Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement at age 65 are:

	2021	2020
Retiring today:		
Men	21.6	21.5
Women	23.5	23.3
Retiring in 20 years:		
Men	22.9	22.9
Women	25.1	24.5

19. Retirement benefit schemes (continued)

Amounts recognised in the Statement of Comprehensive Income in respect of these defined benefit schemes are as follows:

	Group 2021 £'000	Association 2020 £'000
Current service cost	47	55
Net interest cost	4	10
Recognised in other comprehensive income	203	(243)
Total cost relating to defined benefit scheme	**254**	**(178)**

The amount included in the Statement of Financial Position arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2021 £'000	2020 £'000
Present value of defined benefit obligations	2,225	1,768
Fair value of scheme assets	(1,872)	(1,574)
Net liability recognised in the Statement of Financial Position	**353**	**194**

Movements in the present value of defined benefit obligations were as follows:

	2021 £'000	2020 £'000
At 1 April	1,768	1,858
Service cost	47	55
Interest cost	42	44
Actuarial gains and losses	377	(175)
Contributions from scheme participants	20	14
Benefits paid	(29)	(28)
Unfunded benefits paid	–	–
At 31 March	**2,225**	**1,768**

Movements in the fair value of scheme assets were as follows:

	2021 £'000	2020 £'000
At 1 April	1,574	1,411
Actuarial gains and losses	174	68
Return on plan assets (excluding amounts included in net interest cost)	38	34
Contributions from the employer	95	75
Contributions from scheme participants	20	14
Benefits paid	(29)	(28)
At 31 March	**1,872**	**1,574**

The analysis of the scheme assets at the Statement of Financial Position date was as follows:

	Fair value of assets	
	2021 £'000	2020 £'000
Equity instruments	314	264
Debt instruments	1,386	1,165
Property	168	142
Cash	4	3
	1,872	**1,574**

The Pension Schemes have not invested in any of the Group's own financial instruments or assets.

20. Share capital - Association

	2021 £	2020 £
At beginning of year	10	10
Issued during the year	–	1
Cancelled during the year	–	(1)
At end of year	**10**	**10**

The share capital of the Association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When the shareholder ceases to be a member that person's share is cancelled, and the amount paid up thereon becomes the property of the Association.

No shareholders have any rights in the residual interest in the assets of the Association after deducting all liabilities.

21. Statement of cash flows

Group	2021 £'000	2020 £'000
Cash flow from operating activities		
Operating surplus for the year	22,512	24,514
Adjustment for non-cash items		
Depreciation of property, plant and equipment	10,793	10,464
Increase/(Decrease) in debtors	438	(492)
Increase in stock	(3,621)	(4,573)
Increase in creditors	(1,276)	(576)
Pension costs less contributions payable	369	718
Adjustment for investing or financing activities		
Less Gain on disposal of tangible fixed assets	(1,764)	(3,455)
Cash generated by operations	**27,451**	**26,600**

22. Financial commitments

Capital commitments are as follows:

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Contracted for but not provided for	60,285	56,718	59,398	53,226
Approved by the directors but not contracted for	12,280	–	12,280	–
	72,565	**56,718**	**71,678**	**53,226**

The total amount contracted for at 31 March 2021 in respect of new dwellings relates to approved schemes for which grant approval has been received and is covered by cash balances and undrawn revolving credit facilities.

23. Analysis of changes in net debt

	Group			
	At start of year £'000	Cash flows £'000	Non-cash movements £'000	At year end £'000
Cash and cash equivalents	18,185	70	–	18,255
Housing loans due in one year	(3,204)	(5,879)	–	(9,083)
Housing loans due after one year	(295,938)	(10,570)	–	(306,508)
	(280,957)	**(16,379)**	**–**	**(297,336)**

	Association			
	At start of year £'000	Cash flows £'000	Non-cash movements £'000	At year end £'000
Cash and cash equivalents	18,078	106	–	18,184
Housing loans due in one year	(3,204)	(5,879)	–	(9,083)
Housing loans due after one year	(295,938)	(10,570)	–	(306,508)
	(281,064)	**(16,343)**	**–**	**(297,407)**

24. Operating lease commitments

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

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Payments due				
Within one year	893	741	893	741
Between one and five years	3,560	3,253	3,560	3,253
In five years or more	1,758	2,322	1,758	2,322
	6,211	**6,316**	**6,211**	**6,316**

25. Number of units in management

At the end of the year accommodation owned and / or managed for each class of accommodation was as follows:

Group and Association	2021 units	2020 units
Owned and managed		*restated
General needs	7,919	7,912
Supported housing and housing for older people	2,972	2,948
Shared ownership accommodation	821	803
Market rent	134	110
Intermediate market rent	73	73
Housing accommodation owned at the end of the year	**11,919**	**11,846**
Managed not owned		
General needs	42	42
Supported housing and housing for older people	184	189
Shared ownership accommodation	43	44
Market rent	7	7
Intermediate market rent	54	54
	12,249	**12,182**

*restated due to late re-classification

Reconciliation of residential accommodation owned and/ or managed	2020 No	Additions* No	Disposals No	Other No	2021 No
General Needs	7,954	54	(15)	(32)	7,961
Supported housing and housing for older people	3,137	16	(24)	27	3,156
Shared Ownership accommodation	847	25	(7)	(1)	864
Market rent	117	24	-	-	141
Intermediate market rent	127	-	-	-	127
	12,182	**119**	**(46)**	**(6)**	**12,249**

'* includes 111 new build units and additional units from remodelling or purchase of completed units.

26. Related party transactions

There were no Customer or Leaseholder Members of the Group Board as at 31 March 2021.

There were no Board members nominated by local authorities.

Grand Union Housing Group and its subsidiaries have throughout the year held balances with each other. These balances relate to normal trading transactions between each of the entities and are covered in more detail below:

	2021 £'000	2020 £'000
Payments made to subsidiaries		
Grand Union Group Funding Plc – loan interest	5,525	5,319
Grand Union Homes Limited – development cash flows	1,636	281
Receipts from subsidiaries		
Grand Union Homes Limited – intercompany loan interest	352	342
Amounts owed by subsidiaries at 31 March		
Due within one year:		
Grand Union Homes Limited	–	–
Due after more than one year:		
Grand Union Homes Limited	7,598	6,314
Amounts owed to subsidiaries at 31 March		
Due within one year:		
Grand Union Group Funding Plc – unpaid share capital	38	38
Due after more than one year:		
Grand Union Group Funding Plc – Bond	136,000	115,000

There were no transactions made with GUHG Development Company Limited during 2021 or 2020.

27. Ultimate Controlling Party

The ultimate controlling party of the Grand Union Housing Group Limited is the Board of Grand Union Housing Group Limited. The Annual Financial Statements of the Group and Association are publicly available, and copies are available upon request from the registered office and website.

Grand Union Housing Group is the ultimate controlling party of:

- **Grand Union Homes Limited** - a non-regulated private company, registered in England and Wales, limited by shares set up to undertake sales of homes on the open market for the Group.
- **GUHG Development Company Limited** - a non-regulated private company, limited by shares registered in England and Wales, set up to provide design and build services on behalf of the Group. This company did not trade during the year.
- **Grand Union Group Funding Plc** - a non-regulated public limited company, registered in England and Wales, formed to on-lend all proceeds of a bond issue to members of the Group.

28. Financial instruments

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	Group	
	2021 £'000	2020 £'000
Financial assets that are measured at amortised cost		
Debtors	1,556	2,016
Debtors falling due after one year	11,838	10,659
Cash	18,255	18,185
	31,649	**30,860**
Financial liabilities that are measured at amortised cost		
Trade and other payables	6,257	4,043
Public bonds	144,616	113,337
Loans and borrowings	170,975	185,804
Accruals and deferred income	7,004	8,518
	328,852	**311,702**

29. Legislative provisions

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Registered Provider as defined by the Housing and Regeneration Act 2008.

Grand Union Housing Group

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Grand Union Housing Group Limited Registered office:
K2, Timbold Drive, Kents Hill, Milton Keynes, Bucks MK7 6BZ
Grand Union Housing Group Limited is a Charitable
Community Benefit Society registered in England & Wales
No. 7853, regulated by the Regulator of Social Housing
No. 5060, and is a member of the National Housing Federation