Annual Report and Financial Statements

2023/2024

Sanctuary Group

Contents

Pictured on the front cover is Housing Officer Vanessa Brooks with resident Roy Smith

Icon key
Links to website

Year at a Glance 2023/2024 Highlights

Group revenue

£1,085.4m

15.0% growth

Homes in management

125,094

4.5% growth

A2	A	G1	V2
Group credit rating **Moody's**	Group credit rating **Standard & Poor's**	Housing regulator rating **Governance**	Housing regulator rating **Viability**

Housing resident satisfaction*
66%

Employee engagement – Your Say engagement score
77%

Underlying operating surplus margin
19%

Operating surplus margin
19.8%

Capacity – Cash, undrawn facilities and available security
£2,033m

Energy Performance Certificate ratings – Average rating
72

Carbon emissions – Tonnes of CO_2e per employee
2.51

Gas safety checks*
99.3%

Fire safety checks*
99.8%

Asbestos safety*
99.9%

New homes built (incl. JVs and consortia)
1,032

Homes on-site and in development
3,218

Care resident satisfaction
72%

Care Quality Commission ratings – Sanctuary Care (Good or Outstanding)
95%

Care Quality Commission ratings – Sanctuary Supported Living (Good or Outstanding)
98%

Care occupancy
88%

Student occupancy
93%

Sanctuary uses certain alternative performance measures throughout this report which, in the opinion of the Directors, aid the understanding of business performance or provide comparison with our peer group.
These measures are presented on a basis that enables comparison of performance; they are defined and/or reconciled in Appendix 3 on page 244 and the Value for Money Statement on page 88.

** New Tenant Satisfaction Measures introduced this year. Further details are included on page 82.*

Group Chair and Group Chief Executive's Statement

The last 12 months have seen a period of growth and investment in our services. For the second consecutive year we have invested record levels in our homes. As one of the largest not-for-profit housing and care providers in the country, any surplus we make is reinvested to improve and refurbish our customers' homes as well as to build new ones. We are not here to make profit to distribute to shareholders, we are here to provide good-quality homes and services for our customers in communities across the country and make a positive difference to their lives.

Putting our customers first across all our operations remains our key strategic priority and alongside this we are committed to identifying opportunities for strategic growth of our services. Through mergers and acquisitions, we unlock financial capacity in smaller organisations to help them deliver more to their customers. Together we can reduce overheads and ensure a sustainable financial future, meaning there is more money available to spend on homes and services – ensuring customers of both organisations benefit. We were therefore delighted to welcome Johnnie Johnson Housing Trust Limited (referred to as Johnnie Johnson Housing or JJH throughout this report) into the Group in February 2024 which has seen the 5,000-home landlord join Sanctuary as a subsidiary. The partnership means we now manage over 125,000 homes across England and Scotland. This has taken place alongside integration work to embed Swan Housing Association into our organisation following our rescue of Swan in February 2023.

While our acquisition of Swan meant tackling its significant financial difficulties, JJH has joined Sanctuary from a position of strength – recognising the benefits that Sanctuary's position as one of the UK's leading housing and care providers brings. Our size and strong financial position makes us an attractive organisation for smaller housing providers. We have the scale to provide additional support to smaller organisations such as JJH, enabling it to increase investment in its properties and ensure that customers continue to receive the service they deserve.

The year has not been without its challenges, and we remain acutely aware of the continuing need for investment in homes and services in the sector. There has also been a squeeze on our finances, driven by the full year impact of inflation and costs increasing more than income. Our financial results have also been adversely affected by a full year of stabilising the financial health of Swan; we have made good progress in limiting the losses within this business. That said, through careful financial stewardship and governance we remain financially and operationally robust and have strength in our financial performance and balance sheet to invest for the future. We are also aware of the continued pressures of the economic environment, and while an improving macro-economic picture is emerging, our customers' lives continue to be adversely impacted by price rises and limited economic growth.

Legal Services Officer Ruzina Begum applies henna to Group Chief Executive Craig Moule at Cultural Diversity Day

Group Chair and Group Chief Executive's Statement (cont.)

Group Chair Andrew Manning-Cox talking to residents at Lomas Close, Burnage, Manchester

There has been increased sector scrutiny from the Housing Ombudsman Service during the last 12 months. As has been the case for many of our peers, the Ombudsman has identified a handful of occasions where the service we delivered fell short of expectations. While these represent a very small proportion of the work we do, we are of course hugely disappointed to have received these findings. We do, however, welcome the increased scrutiny of our sector and customer service and we are engaging and working proactively with the Ombudsman to learn and improve.

We also welcome the new Consumer Standards and Tenant Satisfaction Measures (TSMs) introduced by the Regulator of Social Housing. Customers should have a powerful voice and receive the quality of service they deserve. We fully support these standards and are committed to listening; learning; being held to account; and being open and transparent with our customers. Feedback from our customers enables them to rate the services we provide and track our performance. During 2023/2024, 66% of our housing customers provided positive feedback, with our aim being to improve this score in the year ahead.

We're committed to investing in our infrastructure and delivering modern, innovative services and processes that drive continuous improvements for our customers and colleagues. Our transformational OneProperty project is a multi-million-pound investment in our repairs and maintenance systems to transform how we serve our customers. The first phase of the project went live in Scotland in November 2023 and has been positively received. We have continued to deploy OneProperty to more areas since then and expect to complete development and the full rollout later in 2024.

In our Sanctuary Care business, we continue to deliver care through our Enriching Lives framework which supports us to provide the highest-quality care to residents. This approach has helped us secure a 95% rating of homes as 'Good' or 'Outstanding' from the Care Quality Commission (CQC). Complementing this is a rating of 98% for our Supported Living accommodation. This sector-leading performance across both operations continues to support occupancy growth and the retention of services.

2024/2025 will also see us launch our new Customer Experience Programme. This represents a multi-year investment in technology to improve our customers' experience and interactions within all our operations. The new platform will align to and extend existing technology investments to provide an improved, efficient and effective service with increased options for engagement and an enhanced self-service offer.

In November we published our new 2023-2026 Decarbonisation and Net Zero Strategy, demonstrating our ambition to decarbonise our homes and operations for the benefit of our customers and the environment. The strategy sets out our goals and ambitions in our journey towards halving our operational emissions by 2030 and reaching net zero carbon emissions by 2050.

We are committed to being a truly diverse and inclusive organisation where differences are valued, and everyone feels safe and comfortable being themselves. In February 2024 we launched our new 2024-2026 diversity and inclusion strategy, Inclusion for All, which sets out how we plan to deliver on that ambition. The diverse voices of our colleagues and customers have played a key part in shaping the new strategy and our goals for the next three years. This is our second Inclusion for All strategy and it builds on the success of our first, with an increased focus on our customers, equity and being data informed so we can track our progress and set ambitious targets for improvement. Our continued growth and progress as an organisation is down to the hard work and dedication of our 14,000 colleagues who work tirelessly for our customers every day. We thank them all.

We continue to recognise the economic factors impacting on the sectors in which we operate and the challenges we and our customers face as a result. Cost-of-living pressures remain, there is a shortage of good-quality affordable homes and there is political uncertainty. But we are ready to embrace and adapt to change. Through our financial resilience, and the strength of our teams, we remain in a good position to achieve our strategic objectives and deliver to our customers our wider social purpose.

Andrew Manning-Cox
Group Chair

Craig Moule
Group Chief Executive

3 July 2024

Resident Advisory Panel and Resident Scrutiny Panel Chairs' Statement

Sanctuary is committed to putting its customers first – something you'll read much more about through the pages of this annual report.

To deliver on that commitment, Sanctuary recognises that it is essential for customers to be involved as partners in its work from the ground up. For Sanctuary to deliver the best possible service, and for residents to know they are truly valued and listened to, a two-way relationship is essential.

As part of its ongoing work to strengthen resident engagement and drive improved service, Sanctuary worked with its customers to establish a new Resident Advisory Panel (RAP), which sits alongside our refocused Resident Scrutiny Panel (RSP).

Sanctuary recognises how important it is to listen to the voices of all customers. More than 50,000 residents across England and Scotland were asked if they'd be interested in joining the RAP or RSP, with Sanctuary keen to hear and deliver any support they needed in order to apply – for example, with technology or transport.

More than 500 residents expressed interest in joining, with 10 people from a range of very diverse backgrounds ultimately forming the new advisory panel and a further six joining the RSP.

The RAP and RSP both work closely with Sanctuary's Group Board, Group Housing Board, and Executive leadership team – with the RAP sharing residents' views to ensure customer voice is central to decision-making, and the RSP reviewing and directly influencing the services Sanctuary provides.

The panels also work extremely closely with Sanctuary's Chief Customer Officer, enabling them to directly influence and ensuring their voices are truly at the heart of decisions impacting customers.

Together, the panels provide a robust framework for resident engagement and ensuring customer voices are represented, involved and listened to at the very highest level.

As Chairs of the RAP and RSP, and as residents ourselves, we're both advocates of the customer voice playing a key role in decision making. We're very proud to say Sanctuary has genuinely listened to us and many other residents during the past 12 months – and that we are seeing that engagement translate directly into improved services and outcomes.

An initial focus for the RAP was around how Sanctuary can enhance its engagement locally – and the views shared in those formative discussions are now being acted upon by the leaders of Housing and Property Services and embedded into new and improved operating models.

The panel has subsequently engaged directly with the Group Chief Executive and Chief Financial Officer to help plan budgets and strategy, making it clear how crucial it is to keep focusing investment on frontline services.

Alongside this, the RAP also played a direct and significant role in the development of Sanctuary's new diversity and inclusion strategy, Inclusion for All, which for the first time features a directly customer-focused objective driven by customer feedback.

In tandem with the work of the advisory panel, the RSP plays an integral part in developing and reviewing the services Sanctuary provides, and the outcomes those deliver for customers.

In particular this year, the RSP has played a significant role in reviewing the first results of the new Tenant Satisfaction Measures introduced by the Regulator of Social Housing, working with Sanctuary's leaders to identify and drive areas for improvement.

The RSP also carried out an important part in reviewing Sanctuary's complaint handling procedure, and has played a hands-on role in developing the improved systems that have been put in place. Alongside this, it has carried out an initial review of progress against Sanctuary's Resident Engagement Strategy, which found work was progressing well. Further reviews will now take place throughout the course of the three-year strategy.

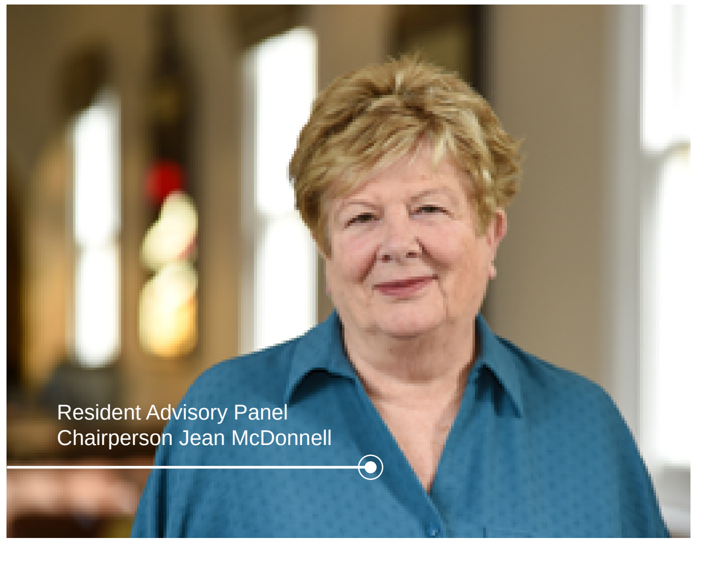
The collaborative learning culture evident in that work has also been evident in the prominent role the RAP and RSP have played in Sanctuary's engagement with the Housing Ombudsman, learning from those occasions where things were not got right and identifying the changes needed to improve things.

It's really important that our panels are involved in this work. With this visibility, we can see any areas where Sanctuary may not be delivering or need to improve, and hold it to account to do better. We firmly believe that this culture of two-way working can only lead to positive outcomes for the customer.

As we reflect on the year, it's clear to us that Sanctuary is listening to our panels and to the voices of many other residents. We're proud of the clear focus Sanctuary has on empowering residents, and on delivering a great customer experience as well as safe, good-quality homes.

The strength of engagement is real. The customer voice has never had such a strong position and involvement at the top table – and the direction of travel is both positive and exciting for all involved.


Resident Scrutiny Panel Chairperson Bob Werrett


Resident Advisory Panel Chairperson Jean McDonnell

Lache residents Elijah and David Griffiths

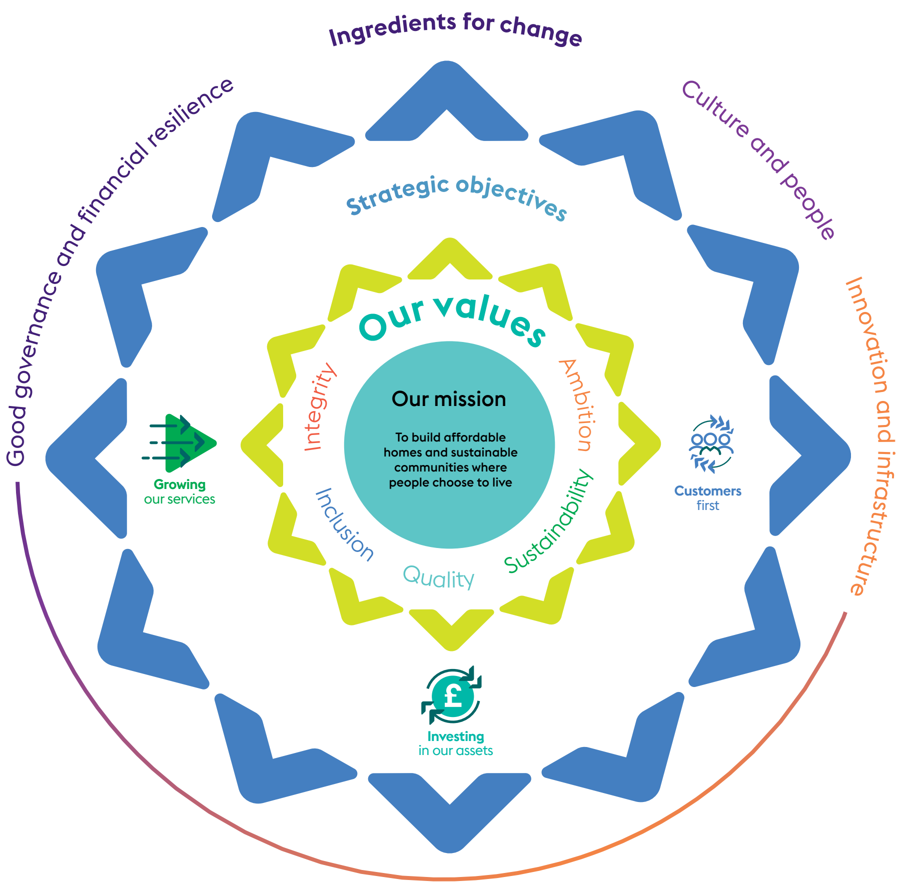
Strategic Report

Our Strategic Context

We have continued to make excellent progress against our strategic objectives with customers central to everything we do, delivering a record year for reinvestment spend and growing our services so we now manage over 125,000 homes for our customers.

In a continued cost-of-living crisis, not-for-profit housing and care providers such as Sanctuary have a critical role to play in society. We remain resilient and stable as an organisation, despite the growing pressures we face from increased costs to deliver our services. We have the financial strength to ensure the sustainability of our homes and communities while focusing our work on the people that matter most, our customers.

" In a continued cost-of-living crisis, not-for-profit housing and care providers such as Sanctuary have a **critical role to play in society**."



Alongside the economic challenges, we're acutely aware of the statutory changes to regulation through the introduction of the new Consumer Standards from the Regulator of Social Housing. We embrace these regulatory changes and the continued scrutiny from key stakeholders for us to deliver secure, safe and decent housing and high-quality care for the long-term. We continue to operate in a period of political uncertainty and are committed to ensuring that Sanctuary is well placed to respond and adapt to changes in the political landscape.

Sanctuary plays a key role in maintaining and enhancing the supply of high-quality and affordable housing and care across the country. As an accountable, socially-responsible and financially-secure organisation we will work with Government, local authorities, NHS commissioners and other charitable organisations to both invest in our existing communities as well as help address the under supply of good-quality affordable homes and care services.

Our Strategy

Our three-year Corporate Strategy was launched in 2023 and reviewed in February 2024. It sets out our three key strategic priorities to deliver our mission to build affordable homes and sustainable communities where people choose to live:

- Putting our customers first
- Investing in our assets
- Growing our services

We use ingredients for change – culture and people, innovation and infrastructure, and good governance and financial resilience – to achieve significant progress in our three key strategic priorities and provide an update on these in this report.

While we are acutely aware of the many external factors impacting the sectors in which we operate, it is important that our strategic plans are designed with the long-term in mind. Our focus on governance and financial stability ensures we can continue to build on Sanctuary's long and proud history of delivering our charitable social purpose.

The Social Housing Regulation Act was approved in July 2023, representing a new era of regulation for the social housing sector, aiming to give tenants greater powers and improve access to quick and fair solutions to problems. In February, the Regulator of Social Housing also set out new standards for social housing landlords, designed to protect tenants and the services they receive. We welcome these new regulatory standards and approach to consumer regulation. Our current strategy places us in a strong position to meet these new standards and continue to work with our residents to improve our services.

Our priorities are supported by our Value for Money Strategy to ensure that we make the best use of our spend. The key performance indicators against which we measure Value for Money performance are included in the Value for Money section of this report.

Read our Corporate Strategy 2023-2026 at
www.sanctuary.co.uk/publications

Customers First

Housing resident satisfaction

66%

"In building relationships of trust with our customers, we recognise **the importance of openness and transparency in what we do**."

Local Service Manager Lindi Urubusi and resident Ade Hassan

As one of the largest social housing providers in the country, we exist to provide safe, secure, good-quality homes for our customers. To enable us to achieve this, we recognise that it's essential we place customers at the heart of everything we do.

Taking a customer-first approach means including our customers by design, working together with them at every step of the process and embedding frameworks that build relationships of openness and trust.

We are working more closely than ever before with our customers. Our 2022-2025 resident engagement strategy, Shaping Our Future, which informs our decisions and holds us to account for the services we provide, was informed directly by conversations with over 3,000 customers in our communities across the country.

We work closely with our Resident Scrutiny Panel and Resident Advisory Panel, each comprising up to 12 residents from a variety of diverse backgrounds. This ensures that our customers have a genuine voice in our strategic decision making, the design of our services and in reviewing the impact of those decisions after they have been made.

We have also enhanced our governance through the recruitment of an additional resident to join our Group Housing Board. This means we now have four resident members, ensuring that the customer voice plays a key role in the design and scrutiny of our services.

In building relationships of trust with our customers, we recognise the importance of openness and transparency in what we do.

Across the sector, new Tenant Satisfaction Measures introduced by the Regulator of Social Housing in April 2023 will provide greater transparency on the performance of housing associations.

We have welcomed these new measures and regulations and recognise the opportunities they provide for us to build further on the work we have already been doing to actively engage with residents.

Feedback from our customers enables them to rate the services we provide. During the first year of the new TSM reporting in 2023/2024 we engaged with more than 3,500 residents, with overall satisfaction scores of 66% for our Low Cost Rental Accommodation (LCRA) customers and 50% for our Low Cost Home Ownership (LCHO) customers.

While neither of these scores were as high as we'd like them to be, they provide us with a clear baseline from which to measure the impact of our ongoing investment into our customer-facing systems and processes.

We are already seeing this work deliver improvements, with the score for our rented homes increasing by 6.7% over the course of the year, thanks to some of the changes we've made to deliver a personalised, customer-focused service.

We want to create communities where our residents live in a good, affordable, safe and secure Sanctuary home. The changes we've made to how we operate, and our 'Customer First' cultural change programme which supports this, have already driven a much more localised approach to our service delivery.

While the difference between rented and homeowner scores is consistent across social landlords, we know we need to do better for our homeowners. We are exploring how we can better meet their needs and working closely with homeowners to transform the service we provide based on what they've told us is most important.

Alongside the new TSMs, we continue to focus on hearing the voice of every resident. We've expanded our real-time feedback across our services over the last year, and have now heard from more than 11,000 customers through these methods. Most tell us our people provide a great service. Where they tell us things have not been good enough, we follow those up. This real-time feedback and engagement also helps us spot patterns and trends so we can improve our services in the longer-term.

To further strengthen our engagement, in March 2024 we launched our first Sanctuary Census, to gather more information about our housing and supported living residents across the country. The results will help us make sure that we have all the data we need to deliver the high-quality, tailored services for our customers.

We know we don't always get things right, and as a learning organisation we are committed not only to acting on complaints, but ensuring they don't happen again and using the feedback to drive improvements across our services.

The last year has seen an increase in complaints and sector scrutiny from the Housing Ombudsman. As has been the case for many of our peers, the Regulator has identified occasions where the service we deliver fell short of expectations. While these complaints represent a very small proportion of the work we do, we are of course hugely disappointed to have received these findings.

We do, however, welcome the increased regulation of our sector and we are engaging and working proactively with both our customers and the Ombudsman to learn and improve. Collectively we have the same goal, of providing good-quality accommodation that our customers deserve.

Our commitment to knowing our customers and putting them first stretches across all parts of our organisation and into everything we do.

In our new 2024-2026 diversity and inclusion strategy, Inclusion for All, we set out the key strategic objective of knowing our customers – treating them with fairness and empathy, recognising their diversity, and ensuring we design and deliver services that are truly accessible to all.

In our Sanctuary Care business, our focus is always on enriching the lives of our residents.

Care customer satisfaction scores were 72% this year, testament to our teams and their proud commitment to going above and beyond to provide good-quality care and support and enabling every resident to live a fulfilled, happy and rewarding life.

Beyond simply meeting physical and emotional needs, we look at what makes every single individual unique, enabling us to deliver truly person-centred care. This approach is underpinned by the findings of our independent and innovative Enriching Lives research, which shows residents and families need to have six senses met to be fulfilled and content: security, belonging, continuity, purpose, achievement, and significance.

In our supported living business, we have more than 650 supported housing services, all as unique and individual as the customers we support.

Through these, alongside our technology enabled living services, our teams support thousands of residents with varied needs on their pathways to independence.

Residents Sheila Downing and Dennis Rowberry with Wellbeing Assistant Danny Jackman

Case Study:

Our First Sanctuary Census

01

"We want to be **a trusted partner to our customers**, recognising and understanding their diversity and putting them at the heart of all we do."

We personalise our services around our customers' needs every day, and we're always looking for ways to improve.

We want to be a trusted partner to our customers, recognising and understanding their diversity and putting them at the heart of all we do.

We recognise that the more we know and understand our customers, the better we are able to meet their individual needs. Increasing our knowledge of our customers enables us to design and deliver services that are accessible and responsive to all.

That's why, in March 2024, we launched our first Sanctuary Census, reaching out to customers across the country with a series of questions to help us understand their preferences. We are using a range of solutions to maximise engagement and response rates to make sure that the data we collect provides better insight into the needs of different customer groups.

We have data recorded against census classifications for protected characteristics from 2021. This is through remapping existing data we held and the one-off collection of data, with responses from over 7,000 households covering around 20,000 customers. This new data collection has given us a 10 percentage point increase in the quantity of household data we hold, including 20 per cent in Sanctuary Supported Living where we have some of our most vulnerable customers.

The information we have received in response will further strengthen our work to deliver high-quality, tailored services for our customers over the months and years ahead.

Customer Service Officer Chloe Fenwick at our Customer Hub in Hull

Investing in Our Assets

A record

£121.3m

spent on investing in existing homes

"We play our part in **tackling the national housing crisis** by building **good-quality affordable homes** all over the UK."

The Orchards development site in Drakes Broughton

Homes in Management

A long history of acquisitions, mergers and development has enabled Sanctuary to grow into one of the largest housing associations in the UK and we now own and manage over 125,000 homes throughout England and Scotland.

We play our part in tackling the national housing crisis by building and regenerating good-quality affordable homes all over the UK. We build to a wide variety of needs and styles, with the aim of creating or adding to a sustainable community. We work hard to make our homes truly affordable and our average social housing rents are under 60% of the private sector average.

	Group		Association	
	2024	**2023**	**2024**	**2023**
Social housing accommodation:				
General needs housing	63,394	61,489	45,573	45,610
General needs housing affordable rent	7,049	6,750	3,192	3,158
Supported housing accommodation	4,734	4,728	3,421	3,496
Supported housing affordable rent	108	104	5	5
Housing for older people	13,062	10,715	10,240	10,271
Housing for older people affordable rent	604	588	110	110
Social care homes	212	219	172	180
Keyworker (social lets)	1,418	1,409	514	504
Shared ownership	5,211	4,896	2,470	2,501
Home ownership	9,534	8,700	5,056	5,030
Social housing leased outside Group tenancy	371	424	171	205
	105,692	**100,022**	**70,924**	**71,070**
Non-social housing accommodation:				
Student and keyworker (non-social lets)	10,693	10,547	10,461	6,946
Registered care homes	5,678	5,676	1,945	1,943
Commercial	267	275	153	153
Market rented accommodation	174	373	75	77
Other non-social rental accommodation	370	362	6	6
Non-social leased housing	1,857	1,957	62	62
Non-social housing leased outside Group agreements	363	483	363	336
	19,402	**19,673**	**13,065**	**9,523**
Total homes in management	**125,094**	**119,695**	**83,989**	**80,593**

The acquisition of Johnnie Johnson Housing Association on 29 February 2024 resulted in the recognition of 4,962 social housing properties. In addition to this acquisition, Sanctuary also developed 687 new social housing properties during the year.

At 31 March 2024, the Group had 3,218 (2023: 4,760) homes in development, with 2,129 (2023: 2,786) on-site.

The Group owns 1,224 homes that are managed by third parties (2023: 1,021).

Reinvestment in Our Homes

Our investment in improving our homes has surpassed previous levels for the second year in a row. Our aim is for our customers to live in homes and communities they can be proud of. As a not-for-profit organisation focused on long-term sustainability and value for money, we must prioritise our resources carefully and direct our funding where it will have the greatest impact.

While ensuring that our homes meet Decent Homes requirements remains a key priority, we believe this is a minimum – not maximum – standard. As such our reinvestment plans incorporate a more holistic and proactive view of our assets with the aim of futureproofing them beyond the challenges of the here and now. This means focusing on upgrading components such as lifts, roofs, windows, and doors to ensure our customers' homes, our care homes, schemes, and student accommodation are safe, secure, fit-for-purpose and well-maintained.

In November we published our new 2023-2026 Decarbonisation and Net Zero Strategy, demonstrating our ambition to decarbonise our homes for the benefit of our customers and the environment. Our Environment and Sustainability review on page 40 details how we are working with customers to make the homes and buildings we own warmer and less carbon intensive.

Across all our services, our future asset plans are based on a range of data sources, as well as customer insight, to ensure we target our investment where there is the greatest need. We will continue to focus on enhancing the data on our properties to enable us to plan effectively.

Capital spend on existing assets during the year is summarised in the following table. These figures encapsulate planned reinvestment works, responsive capital works, fire safety and remodelling for all operational areas within the Group.

	Group	
	2024 £m	**2023 £m**
Responsive capital	36.5	33.9
Planned reinvestment	69.1	54.4
Fire safety	7.3	8.0
Remodelling	8.4	11.1
	121.3	107.4
Grant funding	(6.2)	(4.8)
	115.1	102.6

Further details of specific activities within each operating division are included in the Business Reviews on pages 58 to 81.

Safety of Our Homes

Ensuring our customers' homes are safe and secure is at the heart of all that we do.

In line with Government guidance, regulations and best practice, Sanctuary's approach has been focused on creating a 'golden thread' of fire and structural safety information for our buildings; engaging with residents; embedding a safety-focused culture; and ensuring people have the right skills and continuous development.

For all our high-rise buildings across England, we have established a team of designated Building Safety Managers who are responsible for engaging with residents and ensuring that these buildings meet safety requirements.

We have robust systems in place to ensure the Group is well prepared to meet the requirements of the Building Safety Act. We recognise the importance of communicating with our residents about the safety of their homes and have developed a Building Safety resident engagement strategy based on the principles of openness and transparency.

Prior to the rescue of Swan Housing Association in 2023, Sanctuary was responsible for 29 high-rise buildings. We undertook a review of all buildings over 11 metres, including assessing External Wall Systems in line with PAS9980 methodology. As a result of this, we identified a small number of properties that required remediating, all of which are now complete or nearing completion.

With the rescue of Swan Housing Association in 2023, Sanctuary has taken on responsibility for a further 35 high-rise buildings which have been a key area of focus. Over the year, we have reviewed all these buildings, and where required have commissioned new inspections of external wall systems. Properties have been prioritised based on the specific level of risk and a programme of works is in place to ensure remediation works are completed as soon as possible.

As part of Sanctuary's long-term business planning, we have set aside funds for these works and are seeking recourse from third parties. Where applicable, funding from the Government's Building Safety Fund has been applied for and secured.

In order to minimise any risk to residents, we have implemented an alarm installation programme across a number of these blocks. This has been supported by funding from the Government's Waking Watch Replacement Fund.

To continually improve our approach to safety, we work closely with our primary authority partner, Hampshire Fire and Rescue Service. We have a team of internal Fire Technicians who provide advice and assurance across Sanctuary to ensure that the safety of our customers is embedded in everything we do.

We are committed to reviewing our properties against new emerging risks, such as Reinforced Autoclaved Aerated Concrete (RAAC). While the presence of RAAC does not necessarily present an immediate risk, the safety of our residents is our priority. Our desktop exercise to review all our housing stock by assessing the age and construction type has almost been completed. Where the possible presence of RAAC is identified, we carry out intrusive surveys and if RAAC is present, we undertake the necessary remedial work following specific, detailed methodology. RAAC has been found in just a small number of properties so far.

The securing of ISO450001 accreditation demonstrates our organisational commitment to safety.

Green Vale development, Evesham

Growing Our Services

Group revenue

£1,085.4m

Homes in management

125,094

"**We have grown our services considerably over the 50-plus years** we have been operating, and we continue to do so to this day."

Sanctuary is one of the largest not-for-profit housing and care providers in the country, managing over 125,000 homes and employing 14,000 people across England and Scotland.

We have grown our services considerably over the 50-plus years we have been operating, and we continue to do so to this day. This continued growth reflects our strong financial position and stability, as well as our proven expertise in bringing together the strengths of organisations to drive improved outcomes for customers.

We also recognise the responsibility we have as a leading organisation within the sectors where we operate, and the role we can play in maintaining their resilience and ensuring the continued provision of services to people from all diverse backgrounds.

This commitment was demonstrated in our rescue of Essex-based landlord Swan Housing Association, which saw us stabilise its financial position and secure the ongoing provision of services for customers in its 13,000 homes.

Having completed our acquisition of Swan in February 2023, we worked to revive and solidify its position while embarking on a longer-term integration process to embed its services into our organisation. We are experienced in this style of large integration, and while this process was carried out to achievable timescales and alongside other change projects, a great deal was nonetheless accomplished over the subsequent 12 months.

By early 2024, operational integration was largely complete. Alongside this, significant work has been taking place to assess and consolidate assets, integrating workspaces with our existing office estate and disposing of factory and office assets that are surplus to requirements.

As of March 2024, we stopped using the Swan name, with customers now receiving their services and communications under the Sanctuary brand.

We continued to expand during 2023/2024 as we agreed a business combination with Johnnie Johnson Housing, which has seen the 5,000-home landlord join Sanctuary as a subsidiary.

While our rescue of Swan involved managing through their significant financial difficulties, JJH has joined Sanctuary from a position of strength – recognising the benefits that Sanctuary's strong position as one of the UK's leading housing and care providers can bring to investing in its homes for the benefit of customers.

We, in turn, recognise that JJH's values and commitment to providing safe, secure, affordable homes align closely with our own, and that positive outcomes for customers of both organisations can be delivered through this combination.

JJH, which also has a telecare operation called Astraline, continues to operate as a standalone operation while future integration plans are reviewed.

As well as the clear benefits in securing and growing services for customers, we recognise that growth of this nature also enables us to further strengthen by bringing fresh thinking, ideas and best practice into our organisation.

We will always remain ambitious, however we are steadfast that growth will never come at the expense of strength and stability. As such, we will continue to be selective about future opportunities, always ensuring that growth for our organisation delivers benefits to Sanctuary and to our customers.

In our care business, we have now fully integrated the homes we took over following our acquisition of Cornwall Care during 2022/2023. We continue to work closely with Cornwall Council as part of our long-term strategic partnership to upgrade the provision of care services in the county, with residents benefitting from the Sanctuary Care ethos of delivering high-quality, personalised care that enriches lives.

We are committed to delivering new, high-quality housing to help meet the established need, and continue to build new homes across a range of affordable rental and homeownership tenures. We also build properties for open market sale, which enables us to supplement the cost of building our affordable homes.

In June 2023, we formally completed our significant, multi-year regeneration project to replace Cumbernauld's ageing high-rise tower blocks with new, high-quality housing. The £100 million-plus regeneration, supported by funding from the Scottish Government, saw us deliver almost 600 much-needed affordable homes for local people.

We've also delivered new affordable homes in areas such as Glasgow and East Kilbride, while in England we have broken ground on a major town centre regeneration scheme in Laindon, Essex, that will deliver 205 new affordable homes as well as new facilities for local people.

The Laindon scheme had stalled under the previous management of Swan, and we have worked closely with local residents and stakeholders to progress the long-awaited regeneration since our takeover.

We have completed construction of more than 800 new homes during the last year, with around 3,000 more homes currently on-site or in development. We have also identified sufficient schemes to deliver on our Strategic Partnership commitment of 1,000 new homes in the current Homes England affordable programme. Alongside this partnership, we continue to seek opportunities for joint ventures with trusted partners to support us in meeting our development goals.

When we build new homes, we do so with the long-term in mind – considering both the environmental impact of construction and ensuring schemes are designed with sustainability at the forefront.

Alongside our commitment to building new properties, we also continue to prioritise reinvestment into our existing homes. This reinvestment incorporates both general repair and maintenance, as well as a programme of retrofit energy-efficiency work, supported with grant funding from the Government's Social Housing Decarbonisation Fund.

Within our student accommodation business, we have been working to grow the efficiency of our operations. This has seen us undertake a remodelling process to restructure our portfolio internally, while working to acquire external leases from third parties. These have combined to deliver a significantly improved structure and greater operational efficiency.

Culture and People

Employee engagement – Your Say engagement score

77%

"We are committed to **investing in our people** and developing **high-performing teams.**"

Aaron Beats, Apprentice – Carpentry and Joinery

We are proud to employ around 14,000 colleagues in a variety of roles across England and Scotland, who are central to us achieving our strategic goals.

Developing and retaining the best people by providing a culture where everyone can thrive and be their best is an integral part of this. We are committed to investing in our people and developing high-performing teams who are dedicated to our mission and values – Ambition, Inclusion, Integrity, Quality and Sustainability – and putting our customers first.

We want to be a truly diverse and inclusive organisation where differences are valued, and everyone feels safe and comfortable being themselves. This year we launched our new diversity and inclusion strategy, Inclusion for All, which sets out how we plan to deliver on that ambition. The diverse voices of our colleagues and customers have played a key part in shaping the new strategy and our goals for the next three years. Our second Inclusion for All strategy builds on the success of our first and has an increased focus on our customers, equity and being data informed so we can track our progress and set ambitious targets for improvement.

Our four staff networks – PRISM (LGBTQ+), Race Equality, Parent, and Disability – have continued to grow over the last 12 months. The networks host regular flagship events throughout the year to help embed an inclusive culture and educate colleagues. Each network is sponsored by a member of the Executive team to provide feedback and foster an inclusive culture. We are committed to enhancing the diversity of our workforce to reflect the communities we operate in. We are undertaking an in-depth review to ensure our recruitment processes are more inclusive, and improve our attraction and recruitment of diverse talent. This will support us to identify changes to the way we advertise, shortlist and interview, and implement solutions to improve the recruitment of diverse talent.

We hold ourselves to the highest standards and are delighted that all parts of Sanctuary are accredited with Investors in People, with Sanctuary Care, Housing England, Development, and Sanctuary Students achieving Gold accreditation in the past 12 months.

Legal Manager Navreet Sahota and Senior Communications Assistant - Brand Assets Emily Szymanska at Cultural Diversity Day

Our annual Your Say colleague survey is used to help shape Sanctuary to be a better place to work. We were delighted to see an increase in our annual engagement score to 77% in June 2024. Engaging with our colleagues and benchmarking ourselves against best practice enables us to continually improve our employment offer.

We use effective management and succession planning to identify and nurture talented individuals and provide a strong and diverse talent pipeline. Growing our own people through the Sanctuary Learning Academy is a key focus, as well as using our apprenticeships and graduate scheme to bring fresh talent into the organisation.

In the year we supported 294 apprentices (2023: 223) with a significant increase in apprentices recruited to work across Property Services operations on the frontline supporting with maintenance and repairs in customers' homes. This helps us to develop our colleagues for the future and ensure our workforce is resilient and well-prepared to respond to future customer demand for services.

Setting the right culture for staff comes from the top down and we are committed to investing in our senior leadership team to develop our leaders of the future. To support our people to thrive we focus on making sure we have high-quality leadership throughout the organisation. We use a range of development opportunities, including a bespoke Executive Development Programme, to identify and nurture talented individuals and provide a strong and diverse pipeline for senior roles.

Dialogue and open conversations between colleagues at all levels of the organisation is also essential to embedding a positive culture. Members of our Executive team, and Board members, regularly visit colleagues across the country to learn about their roles and gather feedback on what it's like to work for Sanctuary, as well as meeting customers in their communities. Colleagues are also encouraged to share their thoughts directly with Executive leaders and hear from them at a range of events. Our national Staff Council continues to provide a more formal route for elected representatives to engage with management on key issues and share colleague feedback.

Feedback is an integral part of our commitment to delivering great service and the very best value for our customers. This year we launched our new Smarter Sanctuary scheme to encourage colleagues across the organisation to share their ideas on how we can do things differently, save costs and work more efficiently. We have also asked staff to share their feedback on working for Sanctuary through our annual Your Say staff survey and will use this to help make improvements for colleagues.

Recognising and rewarding the hard work of our employees ensures they feel valued and motivated to be their best. In the last 12 months we have introduced new reward packages including our e-hub platform which provides colleagues with access to discounts, recipes, workouts and wellbeing resources. We have also introduced a new-look loyalty awards scheme to recognise employment milestones for colleagues, while our Sanctuary Stars awards scheme recognises the outstanding performances of individual colleagues and teams who live to our values. Eligible colleagues have also been transferred onto Pension Salary Exchange. The move has increased take home pay (net) for colleagues without reducing their pension contributions and provides further benefits to Sanctuary.

Colleagues are encouraged to volunteer for two days a year through our dedicated Employee Volunteering scheme, where they can improve skills and give back to the community. They also have the opportunity to support our employee-chosen charity of the year, either through volunteering or fundraising, and take part in adhoc events in communities across the country.

Case Study:

Awards Hat-Trick for Talented Sanctuary Apprentice

02

"I'm so proud to win these awards and I'd like to say the biggest thank you to Sanctuary and everyone who has supported me during my apprenticeship."

Katie Davies at the Worcestershire Apprenticeship Awards

One of our former Sanctuary apprentices has seen her talent and dedication recognised with a hat-trick of top awards.

Katie Davies is celebrating after being named Intermediate Apprentice of the Year at the Worcestershire Apprenticeship Awards, as well as winning the Level Two Commerce Apprentice of the Year at the Herefordshire and Worcestershire Group Training Association awards.

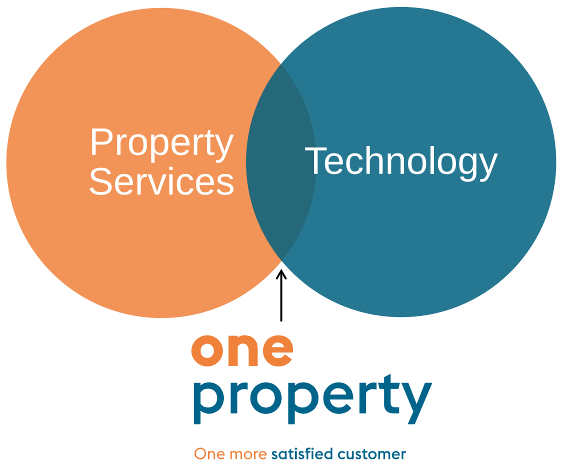
These successes come after Katie was named Intermediate Apprentice of the Year at the West Midlands regional finals of the National Apprenticeship Awards earlier in 2023.

Katie now works with us as a Resourcing Planner after successfully completing her customer service apprenticeship. She is also a committee member of our Disability network and uses her experience to inform our commitment to disability inclusion. She said: "I'm so proud to win these awards and I'd like to say the biggest thank you to Sanctuary and everyone who has supported me during my apprenticeship.

"Choosing this apprenticeship was one of the best decisions I ever made. It's been incredibly rewarding. I'm proud of how my career is progressing and excited to see what comes next."

Sanctuary's national apprenticeship programme was established in 2008 and has since supported more than 2,000 people into work, both directly and indirectly through development partners.

Innovation and Infrastructure



"We want to ensure our 14,000 colleagues across Sanctuary have **the right tools to deliver their work**, and we continue to invest in **solutions to empower and enable our teams.**"

To drive forward the delivery of our infrastructure and continuous innovation within the technology space we have recruited a new Chief Information Officer.

We know that we need the right systems and structures in place to enable us to deliver on our mission and provide the best possible service to our customers.

We're committed to investing in our infrastructure and delivering modern, innovative services and processes that drive continuous improvements for our residents and for our employees.

A great example of this culture of innovation is our transformational 'OneProperty' project. Originally launched in late 2022, OneProperty is a multi-million-pound investment in our repairs and maintenance systems to transform how we serve our customers. The first phase of the project went live in Scotland in November 2023 and we have since continued to deploy OneProperty to more areas. We expect to complete development and the full rollout later in 2024.

OneProperty makes it simpler to record and diagnose maintenance issues, meaning we can make most effective use of our resources by sending the person with the right skills, and the right materials, to each job. It also allows our teams to make sure routes are planned in the most efficient way, ensuring we cover work as effectively as possible and ultimately delivering a faster, more responsive service for our customers.

Additionally, OneProperty enables people to track the progress of their repairs, while enhancing the decision making and service of our frontline teams by making most effective use of data we hold about our customers' homes. The innovative technology incorporated in OneProperty was recognised at the 2023 SAP UK Customer Success Awards, winning the 'Cutting Edge Genius' category.

Alongside the rollout of OneProperty, we have launched new operating models within our Housing and Property Services divisions, introducing specialist functions and increasing local empowerment to build better delivery solutions. These are aligned in their customer-first approach, aiming to ensure we are best equipped to meet business requirements and the expectations of our residents by making consistent, efficient and effective use of available resources.

Further complementing this approach, 2024/2025 will also see us launch our new Customer Experience Programme. This represents a multi-year investment in technology to improve our customers' experience and interactions within all our varied operations. The new platform will align to and extend existing technology investments to provide contemporary, multi-channel interaction and engagement for all Sanctuary customers and related stakeholders.

We continue to progress our service charge transformation project, investing in advanced SAP technology to drive efficiency and deliver greater flexibility and forecasting and modelling capacity. This will also mean we are able to enhance our approach to communicating with our customers about their service charges, providing information in a more accessible and understandable way.

We want to ensure our 14,000 colleagues across Sanctuary have the right tools to deliver their work, and we continue to invest in solutions to empower and enable our teams.

Examples of this include our MySanctuary project which has replaced our existing HR systems for colleagues. The new system is delivering modernised, more user-friendly access to HR, payroll and expenses systems for employees in all parts of the organisation.

Through enhancement such as the development of a mobile application, colleagues will be given greater control of their own information and will be able to manage their own HR processes on the go.

Underpinning all our technology investment is our programme to upgrade to a next-generation network. Due to complete during 2024/2025, this is a multi-million-pound investment to improve and extend data connectivity for both employees and customers across Sanctuary. Through this work, we're putting in place a secure, resilient, manageable and extensive network coverage to meet the needs of the modern workplace and the expectations of our customers.

Robust infrastructure and a culture of continuous innovation are essential components of delivering the best business outcomes, and the right experience for customers and employees.

We recognise that our teams are working more flexibly than ever before, with many spending more time out and about in our communities and meeting our customers face-to-face.

To support these modern ways of working, our multi-year Future Workspaces programme continues to review our office estate around the country. As well as ensuring we are delivering the right facilities for our teams, the programme ensures we are delivering best value for money by closing outdated office spaces and creating modern, fit-for-purpose office hubs with modern technology close to our communities.

We've also undertaken a major programme to replace and improve our printers across the organisation. Along with simplifying and improving user-experience for our colleagues, the rollout has also delivered on its objectives of helping to lower our carbon footprint and reducing associated costs through more eco-friendly hardware and a cultural shift to discourage unnecessary printing.

Trade Supervisor Andy Dunn

Regional Head of Service Joanne Stringer and Business Change Manager Natasha Tilston

Case Study:

Transforming HR Systems With MySanctuary

03

"The app is very user-friendly. It's **intuitive and everything is very self-explanatory**, so you don't need to worry about finding where you need to look."

For our business to function efficiently and effectively, it's essential our teams have access to the right tools to perform their roles. We also understand how important it is that our systems and processes are as simple and efficient as possible.

It's for those reasons that we've delivered MySanctuary – a major investment in improving our HR, payroll and expenses systems.

MySanctuary transforms employee experience of these vital day-to-day tasks by delivering processes and systems that are quicker, simpler and easier to use. It also offers full functionality via a mobile app, meaning it's more flexible and convenient to use for our teams in diverse roles right across our organisation.

On a technical level, the multi-year development of MySanctuary has seen our talented internal project team collaborate with our external delivery partners to deliver a brand-new SAP end-to-end HR system.

This has involved moving from Human Capital Management (HCM) to the Employee Central (EC) and Employee Central Payroll (ECP) systems. The scope of MySanctuary also includes the use of Concur as a new expense management system.

MySanctuary launched this year and the response has been extremely positive, with colleagues praising the intuitive and easy-to-use nature of the new systems through planning.

Connie Dowler, Development Analyst - Projects, said: "The app is very user-friendly. It's intuitive and everything is very self-explanatory, so you don't need to worry about finding where you need to look.

"I think it's going to be a really good improvement for the business."

An employee using the new MySanctuary app

Environment and Sustainability

Energy Performance Certificate ratings – Average rating

72

Carbon emissions – Tonnes of CO2e per employee

2.51

"We believe **transparency** is the most important principle of reporting on an organisation's **net zero transition**."

We have always committed to being as transparent as possible about our environmental progress. Launching our Decarbonisation and Net Zero Strategy in November 2023 has enabled us to clearly communicate our plans for all areas of emissions, down to the last tonne of carbon. Our approach to achieving net zero emissions involves reducing all material categories of carbon emissions as much as feasibly possible, before using carbon offsetting only where absolutely necessary for any remaining emissions.

We believe transparency is the most important principle of reporting on an organisation's net zero transition. By publicly stating all our emissions, and sharing our annual trend analysis, we aim to be open and honest about our progress.

Our Decarbonisation and Net Zero Strategy also demonstrates our commitment to assessing the materiality of our emissions: we are prioritising the decarbonisation projects that tackle our areas of greatest emissions

The most material area of our carbon footprint is the emissions from our social housing. We know that these emissions are directly linked to the energy efficiency, comfort, and running costs of our customers' homes, and that we have an opportunity to improve all three through decarbonisation and retrofit works. Our Social Housing Decarbonisation Fund Wave 2.1 programme has resulted in 389 homes being brought up to EPC band C in 2023/2024, with a further 1,653 homes receiving retrofit improvements as part of the programme over the next 18 months. Moreover, the percentage of our homes rated EPC A-C has increased by 2% since last year.

While decarbonisation is key to improving environmental performance, it doesn't stop there. Our work on biodiversity, climate risk and resilience, and air quality has matured greatly, with associated case studies available on our Sustainability Hub.

Our Carbon Footprint

In line with the Greenhouse Gas Protocol, our Operational Carbon Footprint includes all Scope 1 and Scope 2 carbon emissions, but also an aspect of Scope 3 emissions (see below).

Our Operational Carbon Footprint is made up of the most central emissions sources to our operations. These are the emissions over which we have the most control and the greatest power to change. They include:

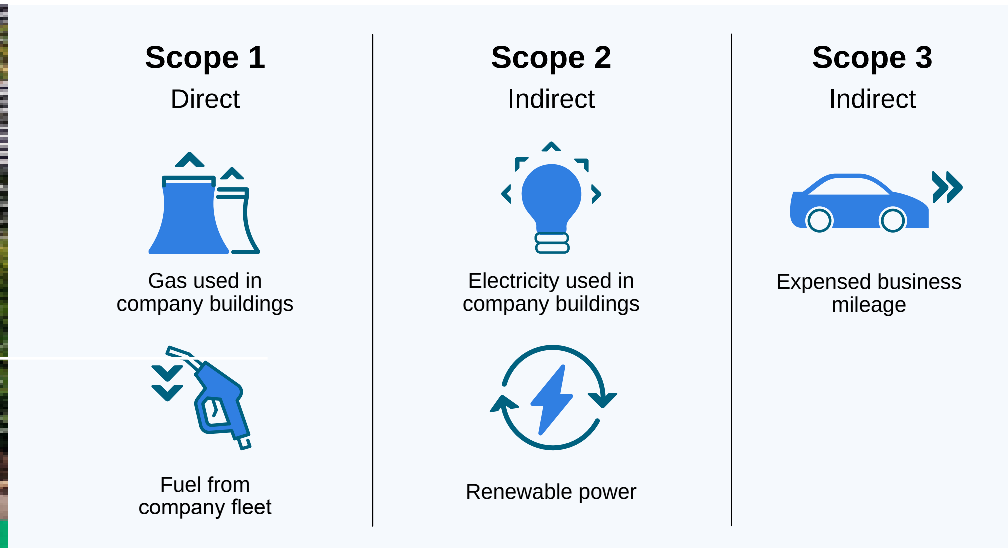
- **Scope 1** emissions, directly created and controlled by Sanctuary, such as those from our fleet and boilers.
- **Scope 2** emissions, those which are created elsewhere but consumed at Sanctuary's sites, such as electricity used in our company buildings.
- **Scope 3** consists of indirect emissions over which we have limited control. However, business mileage is the one area of Scope 3 that we include within our Operational Carbon Footprint due to the role we play in influencing the level of colleagues' business travel.

We also report our Extended Carbon Footprint, which comprises all other indirectly controlled Scope 3 categories, including emissions from our supply chain and from customers living in our social housing.

While we are only required to disclose the Operational Carbon Footprint, the Extended Carbon Footprint enables us to fully evaluate how all activities at Sanctuary impact the environment. Calculating and publishing our Extended Carbon Footprint is a key indicator of our commitment to achieve net zero by 2050.


Electric vehicle charging points and spaces at our Worcester office

Group Operational Carbon Footprint



Group Extended Carbon Footprint

Disclosures For Financial Year 2023/2024

We've set out three key targets associated with reducing our carbon footprint. As part of the United Nations' Race to Zero campaign, we've committed to halve our Operational Carbon Footprint by 2030, to significantly reduce our Extended Carbon Footprint by 2030, and to achieve net zero emissions across all aspects by 2050 at the latest. Our Decarbonisation and Net Zero Strategy sets out how we specifically aim to do this for each category of emissions.

In 2023/2024, we can report that we achieved:

- A 38% absolute reduction in operational carbon emissions since our 2019/2020 baseline year, with a 48% reduction on per home in management basis.
- Although we are reporting a 12% increase in absolute extended carbon emissions since our 2020/2021 baseline year (the year of the Covid-19 pandemic), we have achieved a 4% reduction against the extended emissions reported in 2022/2023.

Our operational energy consumption and carbon emissions can be found below, in our annual Streamlined Energy and Carbon Reporting (SECR) disclosure.

Sanctuary Group*	2024	2023	Baseline (2020)
UK energy use			
Electricity (kWh)	69,238,232	67,378,175	70,310,337
Gas (kWh)	147,353,469	143,417,702	158,557,248
Transport (kWh)	33,636,446	30,871,761	34,417,046
Associated greenhouse gas emissions (GHG)			
Electricity (Tonnes of CO2e)	323	-	19,497
Gas (Tonnes of CO2e)	26,955	26,179	29,151
Transport (Tonnes of CO2e)	8,429	7,832	8,930
Total	**35,707**	**34,011**	**57,578**
Intensity ratios			
Tonnes of CO2e per home in management	0.29	0.32	0.56
Tonnes of CO2e per employee	2.51	2.37	4.17

* Further detail on the methodology used for these calculations and information explaining our carbon reductions from renewable electricity can be found on page 248.

Sanctuary Group - Targets	2025	2024
Tonnes of CO2e per home in management	0.29	0.31
Tonnes of CO2e per employee	2.35	2.35

We use intensity ratios to understand our carbon emissions in light of business growth.

This year, our tonnes of operational carbon per home in management has surpassed the target we aimed to achieve. However, only a partial year of data has been received for our Cornwall Care and Swan entities, and Johnnie Johnson Housing emissions have not yet been included.

Therefore, our 2024/2025 target for operational carbon per home managed is to maintain our current performance, as we expect further energy data to be received next year.

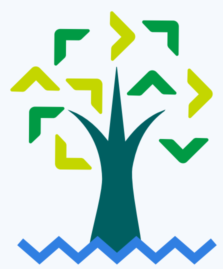
While the number of homes we manage has grown significantly, the number of our employees has not increased at the same rate. Therefore, the 2023/2024 target we set for the tonnes of operational carbon produced per employee has not been met. We intend to focus efforts on this metric in 2024/2025 and therefore have set ourselves the same target from 2023/2024.

We are also sharing the changes in emissions across our Extended Carbon Footprint over the last 12 months below, largely driven by major reinvestments, new acquisitions, and widening the geographical footprint of our operations. Further analysis and commentary on our emissions changes can be found on the Environment section of our Sustainability Hub.

Extended Carbon Footprint*	2024	2023	Baseline (2021)
Purchased Goods and Services (Tonnes of CO2e)	70,188	90,937	65,187
Capital Goods (Tonnes of CO2e)	95,683	96,102	72,358
Fuel & Energy Related Activities (Tonnes of CO2e)	10,969	11,422	9,080
Upstream T&D (Tonnes of CO2e)	16,326	13,071	8,264
Waste (Tonnes of CO2e)	4,686	3,763	5,159
Business Travel (Tonnes of CO2e)	572	307	179
Employee Commuting (Tonnes of CO2e)	19,529	18,555	17,951
End of Life of Sold Goods (Tonnes of CO2e)	107	65	65
Use of Sold Goods (Tonnes of CO2e)	44,999	50,896	31,053
Upstream Leased Assets (Tonnes of CO2e)	3,479	-	-
Downstream Leased Assets** (Tonnes of CO2e)	200,761	202,992	204,312
Investments (Tonnes of CO2e)	2,023	6,633	4,155
Intensity ratios			
Tonnes of CO2e per home in management	3.76	4.64	3.97
Tonnes of CO2e per employee	33.05	34.51	30.20

* The figures reported in last year's Annual Report were restated in our Decarbonisation and Net Zero Strategy and again here.
** This category does not yet include emissions from Swan or JJH.

Our Sustainable Successes and Stories



In 2023, we launched our Sustainability Hub, a dedicated area of our website for sharing sustainability case studies and updates. The Sustainability Hub is live, hosting environmental, social and governance-related statistics, with updates regularly reported.

Our case studies from the past financial year can be found across the Sustainability Hub.

Sustainable Communities

St Pauls Volunteer Emma Harris and Head of Community Investment Marie-Claire Wattison

"Our customers are always at the heart of what we do, and as a not-for-profit social housing provider **we use the surpluses we generate to improve our homes and communities.**"

Our mission is to build affordable homes and sustainable communities where people choose to live.

We believe that delivering on that mission is about more than simply the bricks and mortar. It's about creating strong, sustainable, empowered communities and investing in initiatives that build connection and resilience for our customers and the neighbourhoods where they live.

Our customers are always at the heart of what we do, and as a not-for-profit social housing provider we use the surpluses we generate to improve our homes and communities.

Over the past year we have invested £1.4 million in grants, time and resources to support projects and activities that make a real difference to our customers and the areas where they live.

The aim of our charitable investments is to build resilience and connection for our customers and their communities. Our aspiration is always for this to be led by our customers and communities. We do this by working with a network of over 200 community partners, with the objectives of:

- Supporting people to create conditions in which they can thrive and adapt to adversity in a positive way.
- Helping people to maintain and build relationships, increase connections with others, and feel part of their community.
- Supporting community groups to access funding, advice, peer networks and training.

This approach, centred around Asset Based Community Development, means we can contribute in a sustainable way, while also enabling us to support people to realise their aspirations and build local capacity for communities to drive change for themselves.

We of course recognise the challenges many people face in the current cost-of-living crisis. Alongside our local initiatives, we offer a suite of National Customer Support Offers, which offer direct and immediate support to our social housing residents in times of difficulty.

This direct support includes Welcome Offers for new tenants to help furnish their homes and sustain their tenancies, and a Hardship Fund for customers facing immediate difficulties and where no alternative support options are available.

In the six months following its launch in October 2023, our Hardship Fund supported more than 350 customers.

Funding for these national offerings comes through our own Sustainable Communities Fund, corporate charitable donations and our supply chain partners.

In its different forms, our investment in communities is always based around building trust and fostering meaningful relationships – whether through supporting families and their wellbeing in times of need, or helping to shape projects that deliver long-term, sustainable connections and support.

The social impact of last year's programme, including 17,811 lives positively impacted by wellbeing projects, can be viewed on the Sustainability Hub.

Case Study:

Making a Difference in Our Communities

04

"Our Employee Volunteering Scheme is **a great way to grow closer to our customers and work with our community partners** to deliver some fantastic outcomes."

We're proud to operate an Employee Volunteering Scheme as part of our sustainable communities programme.

This enables our employees across our organisation to volunteer for up to two working days each year, providing valuable support to our local communities and causes within them.

Whether through providing skilled labour or expertise, or simply giving up their time to lend a helping hand, our teams have made a valuable difference to a huge variety of charities, organisations, and local projects.

During 2023/2024, 239 colleagues took part in employee volunteering, totalling 1,820 hours volunteered.

Members of our Communications team were among those who got involved, with three groups volunteering with our 2022/2023 charity of the year, FareShare.

They spent the day sorting surplus food from big supermarkets that otherwise would have gone to waste, as well as making up pallets of food that were then wrapped ready to be distributed to local charities and food banks.

Employees from our Technology team also made a positive impact through the scheme, lending their time and expertise to support Jigsaw, Worcestershire's mental health relative and carers support group.

As well as offering expert technical guidance on the equipment the charity was using for its virtual meetings, they were able to source a video bar, speakers and microphones through our technology recycling partner.

Marie-Claire Wattison, Head of Community Investment, said: "Our Employee Volunteering Scheme is a great way to grow closer to our customers and work with our community partners to deliver some fantastic outcomes."

Gareth Holmes, Georgia Homer and Mirella Horsburgh volunteer at a FairShare site

Chief Financial Officer's Review

Underlying operating surplus margin

19.0%

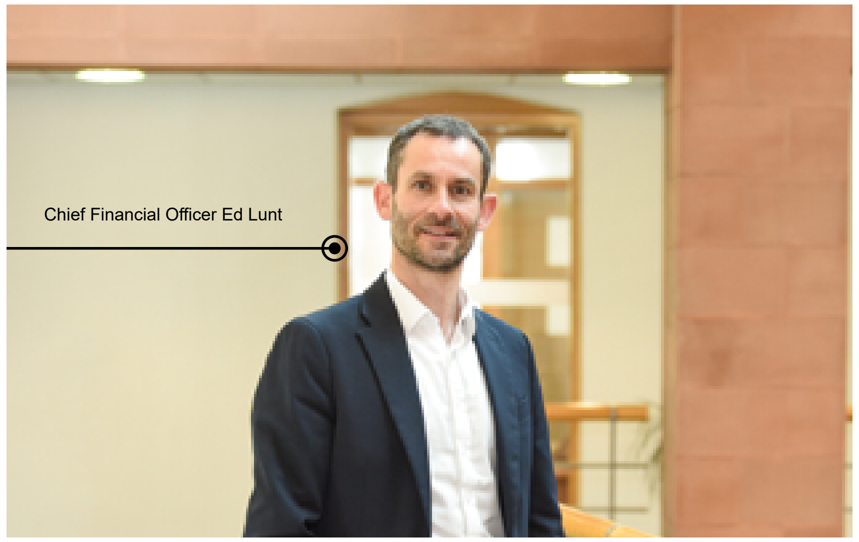
Group credit rating
Moody's

A2

Group credit rating
Standard & Poor's

A

"**Strong and improving operational metrics** continue to underpin our financial performance."



Introduction

As revenue surpasses £1 billion, it is a timely reminder that the Group's size, scale and operating structure provide the business with financial health and resilience. The Group has successfully navigated through the recent macro-economic challenges and undertaken the rescue of a financially-troubled peer whilst delivering record levels of reinvestment. Against this backdrop, the Group has stayed within its Golden Rules and maintained its investment grade credit ratings. The Group can therefore be pleased with the financial performance for the year.

Group revenue was £1,085.4 million, an increase of £141.6 million (15.0%) from the comparative period (2023: £943.8 million). The Group's Affordable Housing business benefitted from an increase in revenue from existing homes, which, together with additional revenue from new affordable homes, resulted in growth of £37.5 million (8.9%). The Group's supported living business saw revenue increases of £8.6 million (8.1%), through continued focus on achieving both organic and acquisition-driven growth. Revenue growth within the care business of £42.5 million (18.8%) was driven by a full year of income from 13 operational care homes added through the acquisition of Cornwall Care in October 2022, combined with improved average occupancy rates from 86% to 88%. The Group's student business saw further improvement, with occupancy increasing one percentage point to 93%, contributing to revenue growth of £8.6 million (14.2%).

A full year of Swan trading as part of the Group resulted in £114.2 million of revenue (£30.5 million of development property sales and £83.7 million of housing and other income), an increase of £76.3 million over the two-month post-acquisition period in the prior year. Swan accounted for 10.5% of the Group's total revenue.

Revenue from the sale of developed properties of £59.8 million (excluding Swan) saw a decrease of £32.3 million (35.1%) compared to the prior year as a result of reduced sales volumes, though gross development sales margins increased from 17.3% to 20.1%, reflecting the mix of properties sold. The Group continues to have a modest development programme with only 8.0% (2023: 13%) of revenue being derived from shared ownership and outright sales.

The Group operating surplus of £215.2 million is £9.9 million (4.8%) higher than the prior year (2023 restated**: £205.3 million), while the underlying operating surplus of £206.7 million* represents a £12.3 million (6.3%) increase from the prior year (2023 restated: £194.4 million).The operating margin is 19.8% compared to 21.8% (restated) in the prior year, while the underlying operating margin is 19.0% compared to 20.6% (restated) in 2023. The reduction in margin reflects inflationary cost pressures experienced throughout the sector, though efficiencies have partially mitigated the impact. The Group continues to maintain a strong housing margin with a social operating surplus margin, as defined by the Regulator of Social Housing, of 31.1% (2023: 33.1%).

Surplus before tax of £207.0 million is £125.2 million (153.1%) higher than the prior year (2023 restated: £81.8 million). This reflects a £162.7 million net gain on acquisitions relating to Johnnie Johnson. Underlying surplus for the year is £41.2 million*, which is £21.5 million (34.3%) lower than the prior year (2023 restated: £62.7 million). The primary driver for this decrease is the impact of a full year of Swan finance costs.

In the longer-term, the Group will see the benefits of the rescue of Swan, which has a strong social housing business at its core. Much progress has been made to date in stabilising Swan and limiting its losses and exposures. Operational integration has already been achieved and overheads notably reduced. Completion of remaining system integration activities and debt reduction, through targeted disposals of non-operational assets, will facilitate Swan transitioning to a stable financial footing.

Strong and improving operational metrics continue to underpin our financial performance, with sound customer metrics across all areas of the business. The recently adopted Tenant Satisfaction Measures provide a new baseline on which to build and improve in the future. Rent arrears remained stable and low at 3.17% (2023: 3.25%) and void losses improved to 1.7% (2023: 1.8%). Within the care business CQC scores improved to 95% (2023: 94%) and Sanctuary Supported Living CQC scores achieved 98% (2023: 98%). Care occupancy improved to 88% (2023: 86%) and student occupancy increased to 93% (2023: 92%).

Chief Financial Officer's Review (cont.)

Cash generated from operating activities was £286.6 million (2023: £289.9 million). The Group's predominantly fixed rate debt coupled with timely accessing of the capital markets has minimised rising interest costs in the year. EBITDA MRI interest cover was 105%* (2023 restated: 119.4%), maintaining solid cash interest cover performance while delivering record levels of reinvestment. The continued strength of our liquidity is highlighted by our closing cash balance for the year of £144.3 million (2023: £180.1 million) and undrawn facilities of £467.0 million (2023: £434.0 million), which provides the Group with 23 months of financing versus committed expenditure. Our total capacity (cash, undrawn facilities and available security) has remained at £2.0 billion (2023: £2.0 billion), providing a foundation for the Group to grow.

The Group maintained compliance with all of its financial Golden Rules during the year and expects that the more stable macro-economic landscape along with lower level of losses within Swan will improve the Group's key financial metrics in the future.

The Group continues to have strong investment grade credit ratings of A (Negative) (Standard & Poor's) and A2 (Stable) (Moody's). The Negative outlook in respect of Standard & Poor's is predominantly reflective of the wider sector. Highlighting the Group's positive intervention, Swan's standalone Standard & Poor's credit rating has seen a marked improvement from BB- to A following the rescue.

The Group is in robust financial health. It has successfully navigated through the recent macro-economic challenges and undertaken the rescue of a financially-troubled peer, whilst delivering record levels of reinvestment in our customers' homes. A more stable economic landscape combined with our investment grade credit ratings place the Group in a strong, financially-sustainable position to pursue our strategic objectives, deliver to our customers and fulfil our wider social purpose.

The Group Board visit Meriton Road, Handforth, Wilmslow

* Sanctuary uses certain alternative performance measures throughout this report which, in the opinion of the Directors, aid the understanding of business performance or provide comparison with our peer group. These measures are presented on a basis that enables comparison of performance; they are defined and/or reconciled in Appendix 3 on page 244 and the Value for Money Statement on page 88.

** Prior year results have been restated to reflect finalisation of acquisition date fair values for Swan Housing Association. Adjustments have also been made as a result of a change in accounting policy for investment property, moving from the cost model to the fair value model. Further details, including transition tables, are included within note 37 to the Financial Statements on page 234.

Five-Year Summary	2024 £m	Restated** 2023 £m	2022 £m	2021 £m	2020 £m
Income Statement					
Revenue	1,085.4	943.8	812.5	765.4	763.0
Cost of sales and operating exp. (underlying items)	(879.4)	(753.6)	(643.4)	(600.8)	(584.8)
Share of profit of joint ventures	0.7	4.2	3.1	2.1	4.4
Underlying operating surplus*	**206.7**	**194.4**	**172.2**	**166.7**	**182.6**
Restructuring and integration costs	(4.1)	-	-	(1.8)	(2.6)
Building safety contractor recoveries	5.0	-	-	-	-
Other gains and losses	7.6	10.9	6.4	5.2	6.2
Operating surplus	**215.2**	**205.3**	**178.6**	**170.1**	**186.2**
Net gain from acquisitions	162.7	21.1	2.3	4.5	-
Gain/(loss) on cessation of DB pension scheme	0.9	(6.2)	-	-	-
Net interest payable in respect of loans	(164.7)	(131.3)	(125.0)	(128.5)	(124.2)
Loan break costs	-	-	-	-	(8.6)
(Loss)/gain on refinancing	(8.2)	-	2.7	-	-
Fair value movement of investment property	0.3	(7.8)	-	-	-
Fair value movement of financial instruments	1.6	1.1	1.3	0.7	(0.1)
Other finance costs	(0.8)	(0.4)	(1.3)	0.1	(0.9)
Surplus for the year before tax	**207.0**	**81.8**	**58.6**	**46.9**	**52.4**
Surplus for the year before tax	**207.0**	**81.8**	**58.6**	**46.9**	**52.4**
Adjustments for:					
Restructuring and integration costs	4.1	-	-	1.8	2.6
Building safety contractor recoveries	(5.0)	-	-	-	-
Other gains and losses	(7.6)	(10.9)	(6.4)	(5.2)	(6.2)
Net gain from acquisitions	(162.7)	(21.1)	(2.3)	(4.5)	-
Loss on cessation of DB pension scheme	(0.9)	6.2	-	-	-
Loan break costs	-	-	-	-	8.6
Loss/(Gain) on refinancing	8.2	-	(2.7)	-	-
Fair value movement of investment property	(0.3)	7.8	-	-	-
Fair value movement of financial instruments	(1.6)	(1.1)	(1.3)	(0.7)	0.1
Underlying surplus for the year*	**41.2**	**62.7**	**45.9**	**38.3**	**57.5**
Underlying surplus for the year excluding Swan	**56.5**	**58.5**	**45.9**	**38.3**	**57.5**
Statement of Financial Position					
Non-current assets	5,791.7	5,377.9	4,179.9	4,064.0	4,002.1
Current assets	514.7	552.9	410.1	753.1	457.5
	6,306.4	**5,930.8**	**4,590.0**	**4,817.1**	**4,459.6**
Current liabilities	549.2	650.3	303.5	585.7	239.3
Non-current liabilities	3,949.9	3,671.7	3,072.5	3,123.1	3,098.9
Reserves	1,807.3	1,608.8	1,214.0	1,108.3	1,121.4
	6,306.4	**5,930.8**	**4,590.0**	**4,817.1**	**4,459.6**
Statement of Cash Flows					
Operating surplus	215.2	205.3	178.6	170.1	186.2
Depreciation, amortisation and impairment	83.9	74.0	78.1	78.6	73.0
EBITDA	**299.1**	**279.3**	**256.7**	**248.7**	**259.2**
Working capital movements	(3.8)	29.9	(20.0)	(22.9)	(4.4)
Other adjustments	(8.7)	(19.3)	(9.5)	(7.3)	(10.6)
Cash generated from operating activities	**286.6**	**289.9**	**227.2**	**218.5**	**244.2**
Finance costs less returns on investments	(176.8)	(141.8)	(136.1)	(134.8)	(142.5)
Acquisition, construction & improvement of assets	(327.9)	(250.6)	(234.9)	(186.6)	(246.9)
Cash flows from joint ventures	3.8	18.0	10.8	8.1	0.7
Business combinations (cost less cash acquired)	3.5	59.8	-	(6.4)	(61.0)
Capital grants and sales proceeds	68.8	84.3	43.7	65.8	59.0
Net cash flow from financing activities	106.2	18.4	(303.3)	268.6	257.9
	(35.8)	**78.0**	**(392.6)**	**233.2**	**111.4**
Cash and cash equivalents at start of year	180.1	102.1	494.7	261.5	150.1
Cash and cash equivalents at end of year	**144.3**	**180.1**	**102.1**	**494.7**	**261.5**

Key Performance Indicators	2024	Restated** 2023	2022	2021	2020
Satisfaction - what customers think about our services					
Housing - resident satisfaction % (New TSM metric)	66	-	-	-	-
Care - resident satisfaction %	72	95	96	96	96
Satisfaction - maintenance %	83	78	96	95	94
Compliance - measurement against standards prescribed by regulating bodies					
Care Quality Commission rating % (Care)	95	94	90	86	84
Care Quality Commission rating % (SSL)	98	98	100	98	100
Care Inspectorate rating % (Scotland)	89	63	50	75	88
Properties with valid gas safety certificate %	99.6	99.7	99.7	99.7	99.9
RSH governance	G1	G1	G1	G1	G1
RSH viability	V2	V2	V2	V2	V2
Operational - evaluation of operational efficiency and effectiveness					
Occupancy - Sanctuary Care % (average for year)	88	86	82	83	92
Occupancy - Student % (year end)	93	92	90	79	94
Rent arrears %	3.17	3.25	3.21	3.16	3.60
Homes in management	125,094	119,695	105,509	105,219	102,686
Void loss %	1.7	1.8	1.9	1.6	1.1
RSH social housing cost per unit £*	5,494	4,750	4,687	4,218	4,499
Average weekly fee rates - Care £	1,049	938	874	840	807
Debt - ability to service debt and secure funding					
Interest cover (excluding loan break costs) - times*	1.82	2.15	1.95	2.09	2.15
RSH EBITDA MRI interest cover %*	105.0	119.4	134.2	119.3	121.3
Gearing %*	49.2	51.8	49.6	50.6	49.3
RSH gearing %*	53.2	53.7	51.9	53.1	51.9
Capacity £m	2,033.0	1,960.8	1,442.0	1,408.8	1,131.1
% of debt under fixed interest rates	83.7	91.5	96.0	82.7	87.0
Standard & Poor's credit rating	A	A	A+	A+	A+
Moody's credit rating	A2	A2	A2	A2	A2
Profitability - measurement of financial performance					
Operating surplus margin %	19.8	21.8	22.0	22.2	24.4
Underlying operating surplus margin %	19.0	20.6	21.2	21.8	23.9
RSH operating surplus margin (social) %*	31.1	33.1	35.7	38.4	37.4
RSH operating surplus margin (overall) %*	19.4	20.2	20.8	21.3	23.0
Operating costs as % of revenue*	74.0	69.9	73.1	74.8	73.0
Underlying net margin %*	3.8	6.6	5.8	5.1	7.5
Total divisional EBITDA £m*	301.7	282.1	257.2	250.6	260.1
Total divisional EBITDA %*	27.8	29.9	31.7	32.7	34.1
Maintenance - investment in assets and how efficiently they are maintained					
Average repair cost per home £	1,561	1,340	1,353	1,186	1,257
Reinvestment spend per home £	920	857	792	609	782
RSH reinvestment %*	4.0	3.1	4.0	3.4	4.0
Average cost per responsive repair £	136	133	128	139	122
Asset efficiency - the returns generated from the Group's assets					
RSH Return on capital employed %*	2.8	2.8	2.8	2.7	3.1
Development - delivery of new properties					
Homes on-site and in development	3,218	4,760	5,183	5,130	5,642
RSH new supply delivered (social) %*	0.7	0.8	0.8	0.7	0.6
RSH new supply delivered (non-social) %*	0.2	1.0	0.1	0.3	0.1
Homes completed (excluding JVs and consortia)	910	978	768	620	604

* Sanctuary uses certain alternative performance measures throughout this report which, in the opinion of the Directors, aid the understanding of business performance or provide comparison with our peer group. These measures are presented on a basis that enables comparison of performance; they are defined and/or reconciled in Appendix 3 on page 244 and the Value for Money Statement on page 88. VFM Metrics defined by the Regulator of Social Housing (RSH) are highlighted grey. ** See note 37 on page 234.

Treasury

The Group's overall treasury management strategy seeks to maintain continued financial strength through polices which support strong cash and liquidity management (including cash flow forecasting), prudent interest rate and credit risk management, the management and monitoring of its debt obligations (including covenant compliance), and the securitisation of the assets utilised in support of those debt obligations. This includes sourcing and structuring liquidity to meet the Group's future cash flow requirements by reference to the long-term financial projections.

Cash and Liquidity Management

The cash position of the Group remains strong, with sufficient cash in hand and facilities to fund operations and committed capital expenditure for the next 23 months. The Group generated £286.6 million of cash from operating activities (2023: £289.9 million). At 31 March 2024, the Group had cash and undrawn facilities of £611.3 million (2023: £614.1 million). The undrawn facilities available at year end totalled £467 million, including £321 million of revolving credit facilities. No repayments have been made since year end.

The Group manages liquidity by preparing and monitoring cash forecasts on a daily, weekly, monthly and longer-term basis to ensure that short and medium-term cash requirements are met. The forecasts are updated regularly to include sensitivity and scenario planning, ensuring that existing cash and available facilities cover at least 18 months of future committed spending requirements; at the reporting date it covered 23 months.

Loan drawdowns are carefully managed to ensure funding is available when required and ensure debt finance costs are minimised. Sanctuary utilises revolving credit facilities to meet short-term fluctuations in cash flow, including capital expenditure on new housing for shared ownership or for sale where cash receipts are received in the short to medium-term. Longer-term funding requirements utilise term-loan facilities and debt capital market issues where necessary.

Debt Management

At 31 March 2024 the Group had total borrowings of £3,917.4 million (2023: £3,758.7 million), made up of bank loans, senior notes and debenture stock, Greater London Authority and Homes England loans and lease liabilities.

Undrawn facilities at 31 March 2024 totalled £467 million (2023: £434 million).

In the year to March 2024 the Group has raised £125 million, comprising a renewal of £50 million of loan facilities and additional bank finance of £75 million. A further £232.0 million has been drawn on existing revolving credit facilities. The acquisition of Johnnie Johnson Housing resulted in the recognition of an additional £82.7 million of borrowings, at fair value.

The weighted average duration of drawn debt across the Group is 17.5 years (2023: 17.3 years). Our funding strategy is designed to monitor the debt maturity profile and thereby manage the refinancing risk across the Group, ensuring that there is not a concentration of refinancing risk in any 12-month period.

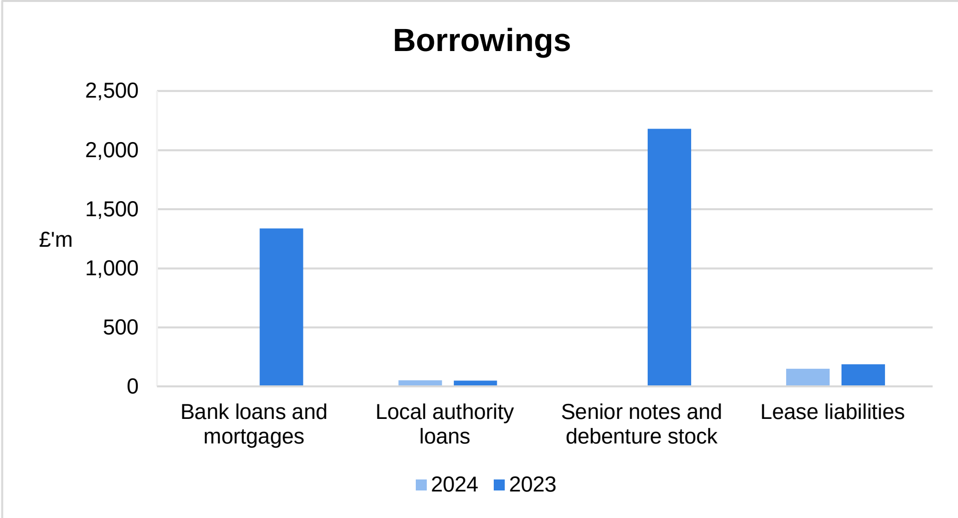
The Group is confident its financial strength will allow it to refinance existing loans and finance the current business plan commitments at competitive rates. The Group has limited refinancing risk of 21.1% (£826.5 million) of existing drawn loans in the next five years (2023: 17.9%, £671.4 million). The Group anticipates funding this through a mix of fixed and variable interest rate facilities, operating activities, cash generated from property sales and Government grants.

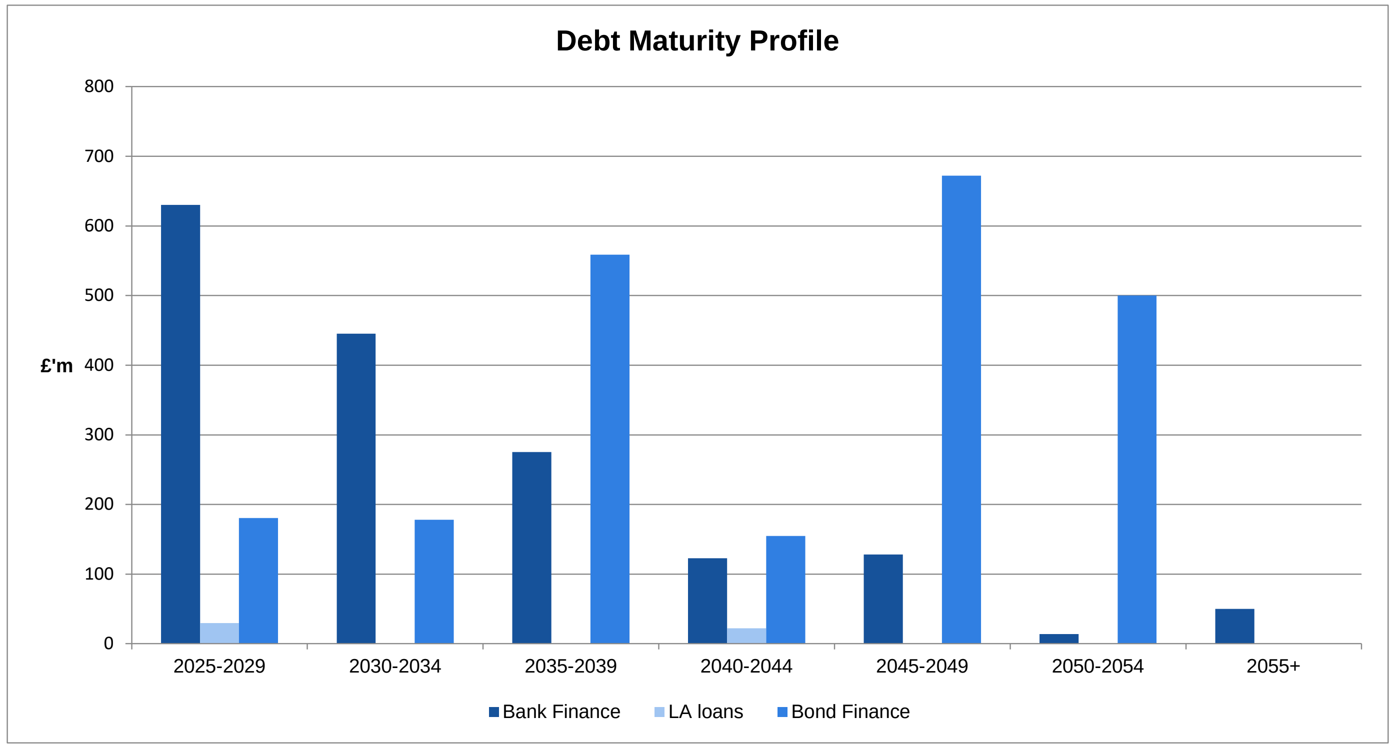
Undrawn facilities

£467m

Cash in hand and undrawn facilities to fund operations and committed capital expenditure for the next 23 months

£611.3m





Covenant Compliance

The Group regularly monitors financial and non-financial loan covenants, taking into consideration the headroom against them, and these are reported to Group Board, Group Audit and Risk Committee and subsidiary boards as appropriate. Key financial covenants include interest cover, gearing ratios and asset cover. All covenants on loan facilities have been met during the financial year and were within the parameters of the Group's risk appetite hurdles, metrics, and trigger points. Based on the Group's financial projections and analysis, covenants will continue to be met.

Interest Rates

The Group operates an interest rate policy designed to reduce volatility in cash flow and debt service costs. Wherever possible, bank borrowing and long-term debt market facilities are structured to include interest payments on a fixed or hedged basis. The Group's policy is to ensure that a minimum of 75% of all debt is held on a fixed basis. At 31 March 2024, 83.7% of debt was fixed (2023: 91.5%) and 16.3% floating (2023: 8.5%).

Net finance costs on borrowings totalled £164.7 million (2023: £131.3 million). The increase of £33.4 million stems from inherited Swan finance costs, which totalled £35.2 million.

The Group's cost of borrowing has increased slightly to 4.76% (2023: 4.51%), reflecting the inherited general rise in interest rates that has impacted variable rate borrowings. Interest cover has decreased to 1.82 (2023 restated: 2.13), reflecting finance costs associated with Swan. The EBITDA MRI interest cover was 105.0% (2023 restated: 119.4%), higher than the Golden Rule hurdle of 100%. The year end EBITDA MRI interest cover is within the range of the Group's optimum level of interest cover, balancing the need to ensure sufficient reinvestment in our homes whilst maintaining suitable headroom above the Group's interest costs.

Sanctuary has one stand-alone interest rate swap, entered into as part of a legacy project finance arrangement, which swaps a variable interest rate to a fixed rate. At the reporting date, a £0.3 million liability (2023: liability of £0.4 million) was recognised in respect of this cash flow hedge derivative financial instrument. The requirement to collateralise this derivative is limited to the assets already securitised under this ring-fenced arrangement.

At 31 March 2024, the Group had US dollar denominated debt with an aggregate value of $80 million (2023: $80 million). A cross currency interest rate swap is in place to hedge the risk of currency rate volatility in the future. This cash flow hedge derivative is recognised at fair value on the Statement of Financial Position; an asset of £26.8 million at the reporting date (2023: asset of £31.9 million). The counterparty is required to provide security, should the balance increase further, or its credit rating diminish. Their credit ratings are monitored on a monthly basis and these are assessed against exposure and collateralisation levels.

Property Securitisation

The Group primarily utilises its assets as security (collateral) for its debt obligations in line with individual borrowing agreements. Assets secured across a variety of these debt obligations support £3.5 billion (2023: £3.4 billion) of the Group's overall debt, inclusive of Swan.

The Group's primary security pool contains 41,058 units (2023: 40,108 units) with an aggregate value of £3.1 billion (2023: £3.0 billion). The collateralised assets represent a broad geographical cross-section of the Group's housing properties across all of its key geographical locations. This pool supports all the debt issued by Sanctuary Capital PLC via the debt capital markets, together with other bank funding put in place via Sanctuary Treasury Limited, including the Group's available Revolving Credit Facilities. The pool also comprises 493 unallocated units (2023: 137) with an aggregate value of £39.8 million (2023: £11 million).

Sanctuary Grove, Worcester

For all other secured borrowings, the Group undertakes regular revaluations of the security and (where funding arrangements allow) excess security is released from charge adding to the Group's pool of unencumbered assets, for future use as security. Unencumbered assets total £2.5 billion (2023: £2.1 billion), but the required asset cover ratios reduce this by £1.0 billion (2023: £0.7 billion). The inclusion of cash and undrawn facilities of £0.5 billion (2023: £0.6 billion) then contributes to the Group's capacity figure of £2.0 billion (2023: £2.0 billion). This is well above the Group's Golden Rule Hurdle of £500 million.

Group's capacity

£2bn

Credit Risk Management

It is the Group's policy not to take or place funds with any financial institution that is not investment grade, requiring regular monitoring of credit ratings of all counterparties. Sanctuary continues to have strong Group investment grade credit ratings of A (Negative) (Standard & Poor's) and A2 (Stable) (Moody's). The negative outlook is predominantly reflective of the wider sector.

Business Reviews
Affordable Housing - Divisional Review

Affordable Housing (excludes Swan, includes JJH)	2024	2023
Homes in management at the year end	88,205	82,653
Overall satisfaction % (new Tenant Satisfaction Measure)	66	n/a
Revenue (£ million)	456.8	419.3
Divisional EBITDA (£ million)*	209.6	209.4
Divisional EBITDA margin (%)*	45.9	49.9
Jobs per operative per day	3.4	3.2
Social operating surplus (%)	31.1	33.1
Rent arrears %	3.17	3.25
Void loss %	1.7	1.8
Capital investment before grants (£ million)	80.2	78.9

* The Group's operating segments are defined and reconciled in note 6 on page 178. Alternative performance measures are defined and/or reconciled in Appendix 3 on page 244.

Social operating surplus

31.1%

Performance

The Sanctuary Affordable Housing division currently has 88,205 homes in management (which includes 4,869 from the acquisition of Johnnie Johnson), including general needs properties, affordable housing and housing for older persons along with shared ownership and homeownership properties. We aim to provide good-quality homes throughout England and Scotland with the objective of creating communities and properties our residents are proud to call home.

Total revenue has increased by £37.5 million from £419.3 million to £456.8 million, principally due to continued investment in building new homes, alongside rent increases capped at 7% in England and 6% in Scotland. However, prevailing cost inflation on utilities and key supply chain costs such as labour, materials and cyclical compliance have been in excess of our income increase, placing direct pressure onto operating margins.

Despite these pressures and the changing operating environment, our national strength and the work of our highly-skilled central and regional colleagues means we continue to deliver customer first services alongside having a sector leading social operating surplus of 31.1%. Though, the continuation of inflationary cost pressures has resulted in our EBITDA margin reducing from 49.9% to 45.9%. This impact has been lessened by improving jobs per operative per day, which has delivered financial efficiencies as well as enhancing our customer experience.

During the year there has been a reduction in the number of vacant homes, and through a targeted programme of works we are aiming for this number to approach pre-pandemic levels by the end of the 2024/2025 financial year.

The total void loss percentage has improved from 1.8% to 1.7%. Minimising the number of empty homes remains a key focus in the year ahead.

This year we completed the first round of Tenant Satisfaction Measures as a new and consistent way of measuring all housing associations across the country. Our key strategic focus is putting our customers first and we aim to improve on the 66% overall satisfaction measure in the year ahead. Further details, along with a summary of Sanctuary's performance under all 22 metrics, are included on page 82.

Customer Focus Days were rolled out across the country during the year. This initiative sees multidisciplinary teams across both Housing and Property visit customers on large schemes and estates on a face-to-face basis to resolve any new repair, issue or challenge they may have. Customer Focus Days are now embedded and are proving to be a great success with customers, moving satisfaction up by approximately 20% for those surveyed.

Like most social landlords we have seen an increase in direct customer complaints. Reacting to this, we have implemented new systems and processes and increased staff numbers to manage complaints efficiently and effectively and improve customer experience.

This year has seen us evolve the National Resident Scrutiny Panel into two new panels, one Resident Scrutiny Panel and a Resident Advisory Panel, more than doubling the number of engaged residents we work with across the year. The Scrutiny Panel looks backward at performance and suggests improvements while the Advisory Panel provides input into forward looking decisions on policy, strategy and delivery changes, with the chairs of both panels sitting on our Group Housing Board.

The Advisory Panel have been particularly active in shaping a new vulnerabilities policy and customer outcomes framework which was launched in April 2024. They have also sponsored work on learning from Housing Ombudsman findings and improvements in the complaints service.

The strategic direction of increased investment in the Group's homes has continued, with capital reinvestment spend totalling £80.2 million, an increase of £1.3 million from 2022/2023.

Damp and mould continues to be a priority and as such there has been a continued proactive approach on identifying and remedying damp and mould in our customers' homes, we also follow up directly with our customers after several months to ensure that the issue has been resolved. OneProperty, a new IT system to manage repairs, began a pilot in Scotland in November 2023. This has improved the efficient management of repairs alongside improved customer satisfaction. This will be rolled out in England in summer 2024.

During 2023/2024 Swan Housing Association was successfully integrated, which has secured the future of 145 colleagues. Work remains ongoing to align operating structures to ensure long-term stabilisation, which is set to continue into 2024/2025, the focus will be aimed at improving performance and quality services for all customers. Swan results are presented separately on page 78.

In February 2024 Johnnie Johnson Housing joined the organisation and with it 4,869 homes and 189 colleagues moved into the Affordable Housing division, bringing with them vast amounts of knowledge and expertise in housing for older persons.

Future Plans

We continue to embed our Resident Engagement Strategy, building upon our strong base of engagement. Our strategy emphasises our commitment to great relationships with our residents and working together to improve services – both locally and at a national level. Listening to what's most important to our residents and striving to provide the quality of services they deserve remains high on our agenda.

In the coming year we will continue to support the work of our customer panels and ensure representation from Swan and Johnnie Johnson is incorporated. We will also look to provide opportunities for customers to shape the services they use through increasing the number of customers trained to support procurement and recruitment of key staff and will be developing a panel to represent young people to support how we should deliver our services for a younger demographic.

A 'Think Customer' programme is being launched, which will include training, workshops and spark sessions for every member of the Affordable Housing team. We anticipate 1,900 colleagues will have completed the initial training sessions in quarter one of 2024/2025.

We will continue to develop our complaints operating model, moving into proactive root cause analysis – identifying the common reasons for complaints and looking to eliminate or reduce the issue from occurring in the first place.

We will focus on maximising the use of our inhouse maintenance and reinvestment services, utilising both existing skilled and experienced team members as well as investing in new roles to strengthen the breadth of experience and knowledge across our inhouse teams.

We will progress integration of Johnnie Johnson into the Group and develop our expertise in age-defined housing to better provide services for the current customer demographic.

We will complete the Sanctuary Census to build our customer data and information, enabling us to grow and develop our services to meet individual customer needs, tailored to specific localities, demographics or vulnerabilities.

We will also build on our community connector model in Scotland and further expand the excellent work completed in the region, including further development of our trauma informed counselling programme for both colleagues and customers. We will work collaboratively within our communities to develop sustainable tenancies and long-term careers for housing professionals.

Case Study:

Working With Residents – Customer Focus Days

05

"We have taken learnings from this experience and organised a series of further proactive Customer Focus Days with residents around the country. "

We are committed to working with customers to ensure they are happy and safe in their homes.

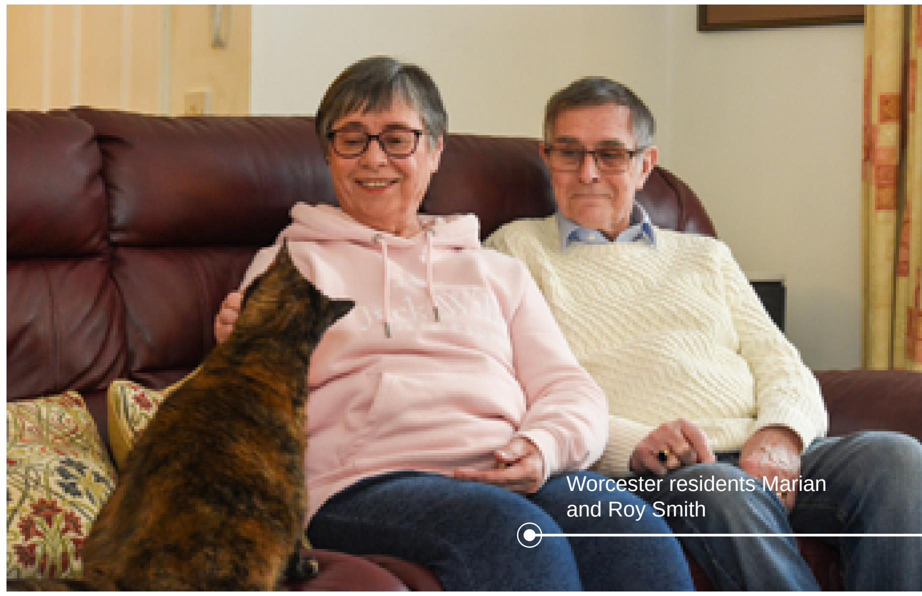
At one of our retirement housing schemes in Nottingham, residents had raised concerns about some issues in their homes including security lighting, CCTV and repairs work.

Following an in-person meeting, we developed an action plan to directly address their concerns and organised drop-in sessions for Property Services colleagues to share information about the work being carried out and answer any questions.

After just two months, our partnership with customers saw all repair and improvement works completed throughout the scheme, along with the re-housing of a customer with additional needs into more suitable accommodation and resolving a local antisocial behaviour issue.

We also held a follow-up meeting with residents which was hugely positive and customer surveys have evidenced high levels of satisfaction with the service we are providing.

We have taken learnings from this experience and organised a series of further proactive Customer Focus Days with residents around the country. These sessions are allowing us to meet with residents and work with them to address issues in real time, improving resident satisfaction and putting the customer first.


Worcester residents Marian and Roy Smith

Supported Living - Divisional Review

Supported Living (excludes Swan, includes JJH)	2024	2023
Homes in management at the year end	6,616	6,618
Revenue (£ million)	114.3	105.7
Divisional EBITDA (£ million)*	6.7	9.1
Divisional EBITDA margin (%)*	5.9	8.6
Capital investment (£ million)	5.5	7.4
Care Quality Commission rating (%)	98	98

* The Group's operating segments are defined and reconciled in note 6 on page 178. Alternative performance measures are defined and/or reconciled in Appendix 3 on page 244.

Care Quality Commission ratings (Good or Outstanding)

98%

Performance

Sanctuary Supported Living (SSL) provides care, support, housing management and assistive technology solutions to vulnerable adults across 644 separate services in England. Client groups include: older people, people with disabilities, people with mental health issues, homeless people and young people.

We have seen year-on-year growth in the number of homes in management and revenue, achieved through organic growth and acquisitions (including Johnnie Johnson). However, continued pressures and challenges experienced by the sector, including: the increase in national living wage; shortages in the experienced labour pool; cost inflation; and the squeeze on local authority budgets have resulted in a reduction of EBITDA. EBITDA margin has decreased by 2.7 percentage points to 5.9% in 2023/2024.

An overall improvement in occupancy levels from 86% to 88% across both residential care and supported housing has supported financial resilience by increasing support and care income in addition to rental income across our occupied homes portfolio.

While there has been some stabilisation of the labour market during 2023/2024, the pandemic's aftermath continued to impact on the delivery of services in the first half of the year, through increased colleague vacancies and associated increases in agency spend. These pressures have been mitigated by the rollout of an operationally-focused approach to recruitment, supporting frontline teams with centralised specialists; ongoing focus on retention rates, in particular induction; and our pay approach, which in the second half of 2023/2024 resulted in a significant reduction in the level of agency usage across the business.

Our strategy remains to align our core services with the strategic priorities in the local authority areas where we operate. We continually review services to make sure we are meeting the housing and support needs within each community, which is reflected in the Care Quality Commission rating of 98% of our services as 'Good' or 'Outstanding'. Our high-quality standards have assisted in retaining existing and securing new support contracts in several areas which have further contributed to our growth and stability.

During 2023/2024 our approach to strategic asset management identified a number of individual assets as not able to meet the quality standard of property we would wish to provide our customers. Following a strategic appraisal the decision to dispose of these assets was made. The customers were fully supported to find better-quality long-term homes.

Capital investment in our stock has continued with £5.5 million spent during the year; there is a slight decrease from the prior year due to extensive remodelling carried out in the comparative period. Further reinvestment will continue to be an area of focus to ensure our services are fit for the communities they operate within.

Our quality of service provision and colleague support has been recognised across various award nominations, including Care Employer of the Year, the Great British Care Awards and retention of Investors in People Gold status, of which we are very proud.

Supported Living resident Trevor Surrett

Future Plans

Continued investment in the quality of our service remains at the forefront of our decision making. Our reinvestment plan continues to make sure we are investing in the right assets at the right time and maintaining high-standard, sustainable homes and services which are fit for the future. Our priority continues to be achieving long-term, sustainable contractual relationships which reflect the increasing inflationary pressures in order to maintain the high quality of our services.

During 2024/2025 we aim to deliver service improvement and an enhanced wellbeing approach across our Retirement Communities portfolio, taking the decision to exit from related domiciliary care contracts to ensure customers get the best from their homes and communities whilst financial deliverables are achieved.

Continued focus of the integration of Swan into the business will also be a key focus and deliverable across next year, bringing stability and security for our new customers and colleagues. In addition, our technology enabled living services are expected to be significantly enhanced following the acquisition of Johnnie Johnson Housing and its specialist technology enabled living subsidiary Astraline.

The social and supported housing sectors are facing several changes over the coming year which will impact across our Supported Living portfolio. We welcome these sector regulatory interventions and are well placed to meet the necessary changes and challenges. We anticipate new regulatory focus and compliance specifically relating to Young Persons services as well as the continued maturity of the Care Quality Commission's governance and quality assurance role relating to the disabilities care and support sector.

The Government has also introduced mandatory national standards which will be overseen by an Ofsted-led registration and inspection regime to those providing supported accommodation for looked-after children and care leavers aged 16 and 17 for whom the local authority has a duty to accommodate or arrange accommodation. For these settings which are delivering support, as opposed to care, providers will need to engage with the new mandatory national standards and register with Ofsted. The core focus of the new regulations is providing consistent, quality, safe accommodation that empowers young people, promotes personal development and builds positive self-esteem. This regulatory change brings future opportunities for further involvement in this area, supporting our local authority partners to provide high-quality services to this service group.

Investment in our workforce is also critical to make sure we remain a market-leading, quality provider of choice. Our planned investment in our workforce includes Positive Behaviour Support specialist training, as well as our continued leadership and management programmes, to ensure both retention and succession planning as a responsive and expanding organisation.

In 2024/2025 our focus remains on our commitment to grow our contribution to society by continuing to expand our services across England, supporting more vulnerable customers and ensuring a sustainable, high-quality business where we provide people with a pathway to independence.

Case Study:

Dame Kelly Holmes Trust – Alfie's Story

06

"He has shown me how focused and determined he is to achieve his work-life goals, and **I do not doubt that he will achieve anything he sets his mind to.**"

A young resident from a Sanctuary Supported Living housing service in Basildon has been supported through a personal development programme delivered by the Dame Kelly Holmes Trust.

Alfie, 24, has improved his confidence, budgeting skills and mental wellbeing thanks to the support of the programme which has been delivered across Sanctuary Supported Living services in Brighton, Basildon, Hartlepool and Weston-Super-Mare.

The responsive and tailored personal development programme is designed to develop the confidence, well-being, and self-esteem of young people. The Trust's athlete mentors provide a reason for the young people to get out and about, learn budgeting skills and connect as a group.

For determined Alfie, the struggle was real. Having previously experienced PTSD and anxiety, he lacked confidence and struggled to find motivation, alongside dealing with the rising cost of living. He said: "I don't do a lot of food shopping and I go without eating a lot. Gas and electric – sometimes I can't top it up, and it can be hard in the winter."

With hopes of living independently, Alfie talked about the difference the programme has made in his life, explaining how the physical and team-building activities gave him a reason to leave the flat, and refuelled his love for socialising: "I feel more confident in myself now; I can set and follow goals. I'm doing lots more physical activity now, and I try to go to the gym most days, which helps with my mental health and wellbeing."

Reflecting on Alfie's progress, Claire Bennet, Alfie's mentor, added: "He has shown me how focused and determined he is to achieve his work-life goals, and I do not doubt that he will achieve anything he sets his mind to. His commitment to the programme inspired me every session, and any future employer would be lucky to have him on their team. I'm excited to follow his progress!"

Care - Divisional Review

Care	2024	2023
Number of bed spaces in management at the year end	5,449	5,447
Revenue (£ million)	269.0	226.5
Divisional EBITDA (£ million)*	22.1	18.3
Divisional EBITDA margin (%)*	8.2	8.1
Care Quality Commission rating (England) %	95	94
Care Inspectorate rating (Scotland) %	89	63
Average weekly rates (£)	1,049	938
Occupancy (%) – average for year	87.9	85.9
Occupancy (%) – at year end	88.5	88.4
Capital investment (£ million)	13.6	10.3

* The Group's operating segments are defined and reconciled in note 6 on page 178. Alternative performance measures are defined and/or reconciled in Appendix 3 on page 244.

Care occupancy

87.9%

Performance

Sanctuary Care has been delivering care to older people for over 25 years and manages 109 care homes and a supported living service, across England and Scotland. These provide a range of person-centred short and long-term care options, including residential, nursing, dementia, palliative, and respite care, to public and private pay markets, with private pay comprising around 50% of annual revenues.

While EBITDA has continued to be impacted by inflationary cost pressures, driven by national living wage and utility uplifts, the business has successfully managed this through partnership working with local authority partners to improve the recovery of delivery costs for publicly funded beds; historically low levels of agency usage; and several cost efficiency-based initiatives to absorb price impacts, leading to a slightly improved EBITDA margin of 8.2%.

Revenue growth was driven by a full year of income from 13 additional care homes added through the acquisition of Cornwall Care in October 2022 combined with improved average occupancy rates. Across the Sanctuary Care business, the first half of 2023/2024 continued to see steady occupancy growth, building on the trend set in the prior year as the business confidently recovered from the impact of the Covid-19 pandemic, improving by 1.6 percentage points during this period. The second half of 2023/2024 saw a longer and deeper winter dip in occupancy than trends would expect, which we believe is linked to a rollout of local authorities' 'home-first' strategies, driven by funding shortages for social care. Occupancy in the final quarter started to recover, with the year ending at 88.5%. Over the year, average occupancy has seen an increase of 2 percentage points compared to the prior year.

2023/2024 has seen the completion of integration activity for the 13 Cornish care homes acquired. This has provided Sanctuary Care with a sizable footprint in a new region in the South West, aligning with the wider organisation's footprint. Significant investment has been made during 2023/2024 to improve the quality of these assets, with more planned. Occupancy in this region has improved significantly during the year, demonstrating the successful partnership between Sanctuary Care and the local authority.

Sanctuary Care's 'Enriching Lives' framework and co-production initiatives continue to support the business' delivery of high-quality care. The Care Quality Commission (CQC) rates 95% of homes as 'Good' or higher, an improvement of one percentage point on the previous year, and 16 percentage points ahead of the 79% sector average. This supports occupancy growth, fee rates and the attraction of experienced colleagues. The impact on ratings of CQC's new single assessment framework is yet to be seen but Sanctuary Care has updated its internal audit framework to reflect the new quality statements and ensure it is prepared for this regulatory change.

In Scotland the Care Inspectorate (CI) rates 89% of our homes as an equivalent 'Good' or higher, an improvement of 26 percentage points on the previous year, and 12 percentage points ahead of the sector average. This improvement is due to a successful programme of 'service improvement plans' to respond to the framework change rolled out by the CI following the Covid-19 pandemic. These included an investment programme focused on asset improvement for our Scottish homes.

2023/2024 has seen stabilisation in the labour market, which has reduced staff turnover and vacant hours, reducing agency usage. We've also seen the continued investment in our overseas recruitment. Extending the scheme from solely nurses to team leaders and carers, resulting in the onboarding of 112 new overseas colleagues during the year. The scheme will continue to run in 2024/2025 returning to focus on nurse recruitment. The additional investment in these areas has allowed the business to reduce the impact of agency premium costs, ensuring that homes are staffed to a level that allows for occupancy growth. Strategic asset management appraisals are used to identify assets for targeted disposal, enabling us to recycle capital for the benefit of current and future customers, ensuring we meet acceptable financial returns.

Our passion for enriching the lives of our residents, their loved ones and our staff has been highlighted in many award wins, including the Outstanding Larger Group Care Provider Award in the Care Home Awards, a High Commendation for Best for Training and Development, as well as National Care Awards, Caring UK Awards and our Investors in People Gold status.

Future Plans

Continued investment in the care portfolio remains a priority, building on the £13.6 million invested during 2023/2024. An extensive programme to refresh homes in the South West and further works in Scotland is planned over 2024/2025, ensuring these homes continue to attract the private pay market and delivering our social purpose of providing local authority bed spaces. This runs alongside a wider programme of investment throughout the portfolio, refurbishing bathrooms, and communal spaces, ensuring homes remain homes we are proud of.

2024/2025 will see the increased investment in our South West new build programme, with builds progressing in Dartmouth and Cornwall. These properties will be a welcome addition to the Sanctuary portfolio having been designed and developed by Sanctuary's Development team to our specific requirements, based on our operational experience.

Occupancy continues to be a focus, with strategies in progress to limit further impact of local authority funding shortages; including the ongoing review of residential versus nursing delivery; and long-term sustainability of each geographical market based on commercial and asset sustainability.

The social care sector will undoubtedly experience challenges ahead; we are well placed to face these head on and to continue to grow with the 'Enriching Lives' framework in everything we do.

Case Study:

Warrior of Waste Programme: Reducing Food Waste

07

Sanctuary Care has launched a new waste strategy which has seen its daily food waste reduce by 31% (176,000 kilograms) in just one year.

This was achieved using resources from Guardians of Grub, a joint initiative by Hellmann's and WRAP to help operators reduce the 1.1 million tonnes of food thrown away by the food service and hospitality industry each year.

The programme aims to tackle the financial and environmental implications of food waste. Approximately 8-10% of the world's greenhouse gas emissions relate to food waste, costing the hospitality and food service sector £3.2 billion per year.

With British care homes sending £50,000 of food to landfill every year, Sanctuary Care, which produces more than 14,000 meals for residents and colleagues per day, recognised that it needed to do more to tackle food waste.

Volunteer Engagement Manager Yunus Giwa at Lime Tree Court Residential Care Home, Bilston

"Sanctuary Care, which produces more than 14,000 meals for residents and colleagues per day, recognised that it needed to **do more in the fight against food waste.**"

Sanctuary Care is working to reduce food waste

By adapting the principles, tools and training from Guardians of Grub, Sanctuary Care has created a unique Warriors of Waste movement, working with every member of the team, from kitchen porters to chefs, to the carers, to cut food waste.

Sarah Clarke-Kuehn, Chief Operating Officer for Sanctuary Care, commented: "The kitchen is at the heart of every care home, playing a vital role in preparing nourishing meals to enrich the lives of our residents and colleagues. However, this essential space can generate a substantial amount of food waste, which creates both environmental and economic challenges for care providers.

"We all have a moral responsibility to address the climate crisis. That's why we have personalised the principles of Guardians of Grub to develop Sanctuary Care's Warrior of Waste programme to reduce food waste across our care homes and divert food waste away from landfill into a closed loop system."

Student and Market Rented - Divisional Review

Student and Market Rented (excludes Swan)	2024	2023
Homes in management at the year end	11,998	11,976
Revenue (£ million)	69.2	60.6
Divisional EBITDA (£ million)*	31.9	28.6
Divisional EBITDA margin (%)*	46.1	47.2
Occupancy – Student (available units) (%)	93.4	92.0
Capital investment (£ million)	8.9	8.0

* The Group's operating segments are defined and reconciled in note 6 on page 178. Alternative performance measures are defined and/or reconciled in Appendix 3 on page 244.

Student occupancy

93.4%

Performance

Sanctuary Students works alongside higher education partners and the National Health Service, as well as letting directly to students and keyworkers, to provide a home for nearly 12,000 customers across 39 locations within the UK. Our teams across the portfolio offer high-quality purpose-built student, keyworker and commercial accommodation, where we are committed to putting our customers first and delivering high-quality accommodation where people choose to live.

We have seen year-on-year growth in revenue and EBITDA. Overall, revenue has increased by £8.6 million to £69.2 million and EBITDA has increased to £31.9 million. We have seen a small decline in EBITDA margin driven by a surge in inflationary pressures.

The overall improved student occupancy rate of 93.4% for properties available to let has contributed to student rental income growth of 14.2%. Occupancy rates in London and Manchester locations remained exceptionally high, exceeding 99%.

While we have faced certain occupancy challenges in areas serving students from lower-ranked universities or where there is an oversupply of accommodation. We have had significant success in offering short-term contracts in Liverpool and Bradford, specifically targeting Indian and Nigerian students.

Cost inflation, especially regarding utility costs, has presented notable challenges. The rise in energy prices, a key part of our operational expenses, reflects broader economic trends. Our forward purchasing of utilities has, however, helped to mitigate the increasing costs of electricity and gas, driven by global energy market fluctuations and regional policy changes.

During the autumn we participated in the Global Student Living Index, with the survey results showing a positive perception of the facilities and services offered. This is a noteworthy accomplishment, especially considering the current economic climate with high inflation and increased prices. It suggests that despite the challenges posed by economic factors and the evolving expectations of students, who increasingly desire immediate information and solutions, we have successfully maintained a high level of service and customer satisfaction ratings of 72%.

Sanctuary students at Tramways, Salford

It has never been more crucial to ensure that resources are used efficiently and preserved. This year, we have conducted surveys and produced Energy Performance Certificates for all of our properties, with 84% achieving an EPC rating of B and the remaining 16% rated C and above. This focused initiative has enabled us to direct our resources towards becoming more efficient and effective, reflecting our commitment to not only reducing our environmental footprint but also enhancing our overall service offering to students.

Capital investment in our portfolio has continued, with £8.9 million being spent this year. This included both building safety spend and reinvestment within our properties to ensure that our services are fit-for purpose for our customers.

We continue to invest in staff learning, employee recognition and our leadership and management programmes while promoting a diverse and inclusive workplace. Our continued success was recognised with our retention of our Investors in People Gold Standard, of which we are very proud. We continue to build a welcoming, inclusive culture committed to openness, transparency, learning and improvement.

The integration of Swan Housing assets into the business continues to progress and has included the rollout of Sanctuary systems and processes with support from the wider Sanctuary support functions. This has brought stability and security to all of our new customers, colleagues and communities.

Future Plans

As the UK Higher Education sector experiences a strong recovery and increased demand, characterised by higher student participation, demographic expansion, and a significant rise in international student enrolment, Sanctuary Students is well positioned to sustain strong demand for its accommodation services. The current scenario offers both challenges and opportunities, particularly with the slowdown in new accommodation development due to rising building costs, increasing interest rates, and complex regional planning challenges. This environment favours established providers like Sanctuary Students and creates opportunities to review assets and their future use, which will play a significant part in our strategy in the coming year. Meanwhile, it's business as usual.

In an election year marked by significant policy shifts, including the UK Government's initiatives to reduce net migration, which could have an impact on future international student numbers. Sanctuary Students adopts a forward-thinking strategy. We are committed to enhancing revenue, delivering value for money, and achieving our financial goals amidst cost-of-living pressures and an inflationary economy. For the academic year 2024/2025, our strategies include further increasing occupancy and revenue, and implementing effective cost control measures.

Environmental sustainability remains a paramount concern, with the Group aiming for net-zero carbon by 2050, in line with UK Government targets and the global Race to Zero campaign. Our immediate focus is on adhering to Minimum Energy Efficiency Standards (MEES), ensuring all Sanctuary Students' properties in England meet or exceed current requirements. As regulations evolve, we are dedicated to further improving our energy efficiency ratings. As part of our Green Group initiatives, we are also implementing a scheme to eliminate single-use plastics across the business within the next year.

Our comprehensive strategy extends beyond property investment to focus on our customers. We are committed to improving access to our services through an updated, mobile-optimised customer website and an enhanced self-service platform. Our "Here if you need us" engagement platform will continue to provide essential support services to our customers.

In 2024/2025 we will further integrate Swan Housing assets into the business by including the rollout of a new customer website alongside an enhanced sector-leading self-service platform, thereby improving ease of access to our services.

Investing in our people and culture is crucial, with plans to enhance staff learning, recognition, and talent management, while fostering a diverse and inclusive workplace. Our strategic objectives for 2024/2025 include prioritising customer experience, investing in our assets for safety and compliance, and expanding our services to optimise portfolio utilisation and ensure rental growth.

We are adopting innovative approaches to drive efficiency and enhance operational resilience while ensuring our customers are at the heart of everything we do.

Case Study:

Operational Improvements From Customer Feedback

08

"This **customer-focused approach** is instrumental in maintaining and elevating overall student satisfaction."

Sanctuary Students collects valuable customer feedback and perceptions to gauge how well we are meeting expectations through participation in the Global Student Living Index (GSLI).

The GSLI is a comprehensive annual survey conducted across over 65 universities, involving more than 40,000 students nationally, making it one of the UK's most extensive student surveys. Sanctuary Students has been participating in the GSLI since 2015 and the analysis from the annual survey shapes our approach to enhancing student accommodation experiences and informs our ongoing strategies and operational decisions.

The survey focuses on a number of key areas including the move in experience, property management, communication, repairs, and value for money. This customer-focused approach is instrumental in maintaining and elevating overall student satisfaction. The survey also affords Sanctuary the opportunity to benchmark results against university halls and other purpose-built student accommodation, vital for guiding operational improvements, sales, marketing strategies, and asset reinvestment decisions.

Continuous investment and upgrades in our properties are not just about maintaining market share; they are essential for keeping pace with the sector's progression and ensuring we meet, if not exceed, the ever-evolving expectations of our students.


Sanctuary students in Denmark Road, Manchester

Development - Divisional Review

Development Sales (excludes Swan)	2024	2023
Revenue (£ million)	59.8	92.1
Cost of sales (£ million)	(47.8)	(76.2)
Divisional EBITDA (£ million)*	12.0	15.9
Gross margin (%)*	20.1	17.3
Homes completed in the year**	806	963
Housing sales***	266	307
Homes on-site and in development at the year end	3,004	4,057
Funding for development		
Expenditure contracted (£ million)	226.6	254.5
Authorised expenditure not contracted (£ million)	339.3	308.4
Total (£ million)	565.9	562.9

* The Group's operating segments are defined and reconciled in note 6 on page 178. Alternative performance measures are defined and/or reconciled in Appendix 3 on page 244.

** Excluding joint ventures and consortia

*** Includes First Tranche sales

Gross margin

20.1%

Performance

Our development programme spans England and Scotland and, to deliver our strategic goals, we employ dedicated teams for sourcing land, managing developments, delivering construction, selling homes and looking after our new customers. Our primary focus is on developing much-needed new affordable housing, but with a modest number of outright sales to achieve an optimum tenure mix and to generate funding for development programmes. The Group's strategic aim of maintaining low levels of exposure to market sales is entrenched within risk appetite metrics called Golden Rules (see page 124) and revenue generated from private sales amounted to just 5.8% of total Group revenue for the year.

Over the year we have been on-site and building sustainable new homes in locations from Penzance to Aberdeen. This includes social and affordable homes for rent and shared ownership, and family homes for sale, as well as more specialist housing, including a new care home in Dartmouth and an extra care scheme in Lichfield.

Over the financial year, we completed 806 new properties, of which 487 were homes for social or affordable rent, 200 for affordable home ownership, 111 homes for open market sale and 8 commercial properties. We reached final completion on major schemes in Essex, Yorkshire, Worcestershire and Aberdeen and delivered the first completions in our redevelopment of the former Victoria Infirmary in Glasgow into over 400 desirable apartments, including homes under Scotland's New Supply Shared Equity scheme. A further landmark in Scotland was the start on-site of our first major scheme in Edinburgh, a development of 100 new houses for social/affordable rent.

Sales performance for shared ownership has been strong, however the market for open market sales has been challenging due to customer confidence and changes in the mortgage market. Revenue decreased by £32.3 million because of an expected decrease in homes for sale at this stage of our development programme. However, gross sales margin increased from 17.3% to 20.1% due to the nature and location of properties sold. In total, despite the additional challenges, we achieved strong sales of 266 new homes, of which 187 were shared ownership properties, one was for discount market and 78 for open market sale. We sold the final homes at Watling Gate in Sittingbourne, Whinney Hill in Rotherham, Mark Lane in East Markham and Boars Tye Road in Silver End. Our biggest selling sites during the year were at Watling Gate in Sittingbourne, Conrad Road in Witham, Abbey Meadows in Great Wakering and Drakes Broughton in Worcestershire.

The total value of the completed stock and assets under construction at the end of the financial year was £155.9 million across 790 homes, a decrease from the previous year's figures of £159.7 million and 1,199 homes.

Contracted works at the year end totalled £226.6 million, with a further £339.3 million of authorised expenditure not yet contracted, to be funded through a mixture of borrowing, cash generated from property sales and Government grants.

This success has been achieved despite ongoing disruptions to our construction programme caused by the insolvency of some of our key supply chain partners. Our in-house Construction team delivers resilience and has proved invaluable during collapses of subcontractors; over the year the team has had to step into schemes in Cambridgeshire, Worcestershire and Cheshire to enable them to be completed with as little disruption to the overall programme as possible. We have further increased our resilience to this ongoing situation by extending the in-house construction programme to Scotland over the year. The new Construction Scotland team has stepped in to complete a 51-home scheme in Renfrewshire where the contractor was unable to complete the scheme.

Swan's development operations have now been fully integrated into the Group and all Swan schemes have been assessed and incorporated into the Group's future development plans, where possible. This includes reinvigorating schemes with strong social and community benefit that had stalled under Swan. Further details are included in the separate review of Swan's activities on page 78.

Green Vale development, Evesham

Future Plans

In England we have now identified sufficient schemes to deliver on our Strategic Partnership commitment of 1,000 new homes in the current Homes England affordable programme. The focus for the next year will be to achieve a start on-site on the remaining schemes as soon as possible.

Our Construction Scotland team will be launching its first new build projects and is preparing to start on-site with two projects comprising over 120 new homes on the outskirts of Glasgow and in Inverclyde.

The Cornwall Care redevelopment programme will remain a key focus of work. The planning applications are progressing for the first two homes to be redeveloped. Meanwhile, construction of our new care home at Dartmouth will continue to progress this year.

A further central element of our strategy is the continuing need to make the most of all our assets and ensure they are fit for now and the future. In the coming year we will begin to convert our former office in West Bromwich and a former care home in Suffolk into new affordable housing.

We remain mindful of the sales market and the demand characteristics in the areas where we are on-site and will continue to consider pricing and tenure where required to mitigate weaker demand.

Case Study:

New Homes Delivered at Donside Village

09

"**Accessibility is also an important aspect of the project**, with all of the ground floor flats designed to be wheelchair adaptable."

In 2023/2024 we completed the final phase of our Donside Village regeneration in Aberdeen, providing a further 61 high-quality new homes for local people.

Overall, the £42 million development has delivered a total of 265 new homes, with a range of one, two and three-bedroom apartments including 144 available for social rent. The major regeneration project has transformed the area and significantly increased the provision of high-quality social housing for local people.

The new homes were built in partnership with the Scottish Government and Aberdeen City Council.

Sustainability has been a key factor of the regeneration, with solar panels providing electricity to the flats, an electric vehicle club, and future plans to install electric vehicle charging points.

Accessibility is also an important aspect of the project, with all of the ground floor flats designed to be wheelchair adaptable.

Swan - Divisional Review

Swan (post-acquisition)	2024	2023
Homes in management at the year end	12,826	13,001
Revenue – development sales (£ million)	30.5	26.0
Revenue – housing, supported and other (£ million)	83.7	11.9
Divisional EBITDA (£ million)*	28.0	9.2
Divisional EBITDA margin (%)*	24.5	24.3
Gross development margin (%)	11.7	33.5
Social operating surplus (£ million)	11.4	1.6
Social operating surplus (%)	17.6	17.2
(Deficit)/surplus after finance costs (£ million)	(1.4)	4.5
Capital investment (£ million)	13.1	2.8
Housing sales	70	55
Homes on-site and in development at the year end	214	703
Funding for development		
Expenditure contracted (£ million)	39.9	81.0
Authorised expenditure not contracted (£ million)	5.2	-

* The Group's operating segments are defined and reconciled in note 6 on page 178. Alternative performance measures are defined and/or reconciled in Appendix 3 on page 244.

Divisional EBITDA margin

24.5%

Performance

Swan manages almost 13,000 homes across east London and Essex, providing housing for general needs, supported living and NHS keyworkers; this includes over 1,300 homes managed under a PFI arrangement with London Borough of Newham. Swan also has a number of mixed-tenure development programmes.

Following the rescue on 8 February 2023, Sanctuary has worked to stabilise the position of Swan and has refinanced and renegotiated the terms of Swan's debt to put it on a sound financial footing. This has enabled Swan to recommence development and reinvestment activities. The development programme has moved from modular build to conventional build, following the closure of the loss-making modular factories, with development activities scaled back to ensure only schemes with a clear social purpose or sound financial rationale are being delivered. Swan has also exited several troubled development-related joint ventures and surplus office space has been disposed of. Building safety matters in a number of Swan's high-rise buildings are being addressed, including recovering monies from developers.

Sanctuary has now largely achieved operational integration of Swan and support has been given to colleagues within Swan's core social housing business to continue to deliver high-quality services to customers. The majority of central integration activities have been completed, including migrating HR, finance and procurement processes, while the finalisation of the individual Swan entity Financial Statements for the 2023 year end enabled the transition to the Group's auditors. Full integration will take place over the next financial year, alongside the ongoing process of rebranding which has already seen all customer communications changed to fall under the Sanctuary name.

Residents at the Laindon Regeneration event in 2023

During the year, Swan Housing Association and its subsidiaries contributed revenue of £114.2 million (2023: £37.9 million) and an EBITDA of £28.0 million (2023: £9.2 million) to the Group's results and social housing lettings income achieved an operating margin of 17.6% (2023: 17.2%). However, the high level of debt inherited with Swan meant that after finance costs a deficit of £1.4 million was recognised. In the prior year the post-acquisition surplus of £4.5 million arose due to a concentration of development sales in the last few weeks of the year.

Development sales of £30.5 million (2023: £26.0 million) reflect 7 (2023: 21) private sales at Beechwood Village, Basildon, 37 (2023: 29) private sales and 15 (2023: nil) shared ownership sales at Blackwall Reach, Tower Hamlets, and 11 (2023: 5) shared ownership sales at Cordage Works, Waltham Forest. At the year end Swan had 214 (2023: 703) homes on-site and in development.

The business combination had previously seen S&P improve Swan's credit rating from BB- to BBB+. The current year saw S&P further improve Swan's credit rating from BBB+ to A, which brings it in line with the rest of the Sanctuary Group.

Future Plans

Stabilisation activities will continue, with a focus on strategic refinancing of Swan's borrowings, further targeted asset disposals and achieving full integration across all areas of the business. All the schemes in the Swan development pipeline have now been assessed and, where possible, have been incorporated into the Group's future development pipeline. This includes the relaunch of a large regeneration project at Laindon in Basildon to deliver new housing and retail facilities, a project which had been stalled for three years due to the financial difficulties encountered by Swan.

Work is ongoing at the current tranche of Beechwood Phase West which, when complete, will have provided 260 new homes; it is anticipated that work will be finished during summer 2024. The launch of the next phase of the Beechwood project will follow, continuing with Swan's commitment to regenerate the former Craylands estate in Basildon.

The final 137 properties (67 rented and 70 private sale) of the 268 home Blackwall Reach Phase Two development are also nearing completion, while 34 shared ownership properties in Purfleet will be completed in a matter of months.

Case Study:

Laindon Centre Regeneration – Basildon, Essex

10

"This is very **exciting news for residents of Laindon** who have waited patiently for decades for this scheme to be delivered."

In 2023/2024, Sanctuary relaunched a major regeneration project of Laindon town centre.

A groundbreaking ceremony, attended by local MPs and councillors, marked the beginning of the project which will transform the area.

Working with local residents and businesses, Sanctuary will create a vibrant hub for the community. The fully affordable scheme will deliver 205 new high-quality homes with parking, a new Lidl supermarket and 15 local shops, along with an improved medical centre.

There will also be public spaces that will house the Laindon War Memorial and fountain. Regeneration plans have been shaped following public consultation events with residents and stakeholders from the local community.

Councillor Andrew Baggot, Leader of Basildon Council, said: "This is very exciting news for residents of Laindon who have waited patiently for decades for this scheme to be delivered. This is a new start for residents and I look forward to seeing progress."

Sanctuary starts work on Laindon Town Centre Regeneration

Residents at the Laindon Regeneration event in 2023

Tenant Satisfaction Measures

New Tenant Satisfaction Measures were introduced by the Regulator of Social Housing in April 2023. The central aims of the TSMs are to provide tenants with greater transparency about their landlord's performance and to inform the regulator about how a landlord is complying with Consumer Standards.

The TSMs are split into two categories: Low-Cost Rented Accommodation (LCRA), covering those who rent, and Low-Cost Homeownership (LCHO), mostly shared owners.

We are scored against a total of 22 TSMs. Twelve of the measures are based on resident perception by asking what they think of our services, and 10 measures are based on the performance figures we collect across our operations. Our results are shared with the Regulator of Social Housing and we will use them to drive improvements in our services.

What Are We Measuring?

Two independent agencies spoke to 3,884 residents between April 2023 and January 2024 to assess our performance. The measures were scored under six themes:

1 – Overall satisfaction

2 – Keeping properties in good repair

3 – Maintaining building safety and safety checks

4 – Respectful and helpful engagement

5 – Responsible neighbourhood management

6 – Effective handling of complaints

Participants were chosen using a mixed methodology to make the surveys as inclusive as possible, including phone, text, email and face-to-face.

The use of text, email and face-to-face surveys enabled us to include all customer groups, like younger residents and our homelessness services.

1. Overall Satisfaction

The score for our rented homes has increased by 6.7% from 2022/2023 thanks to changes we have made to how our teams work. Changes have focused on local service delivery for tenants and we are working with owners to address the things that matter to them most, including being clearer about their responsibilities and service charges.

› Overall satisfaction

66.5% (tenants)

50.1% (owners)

2. Keeping Properties in Good Repair

› Satisfaction with repairs

68.8% (tenants)

› Satisfaction with time taken to complete their most recent repair

61.5% (tenants)

› Homes not meeting Decent Homes Standard

0.4%

› Repairs completed within our target timescale

67.5% (non-emergency)

88.2% (emergency)

Over two in every three tenants were satisfied with our repairs service and most were satisfied with the length of time we took to complete their most recent repair.

We are restructuring our repairs service to focus on faster repairs that are right first time and have developed new technology through our OneProperty programme which will improve our repair process.

Our Damp and Mould Taskforce is also helping us bring more homes to standard and in the last 12 months we made record investment in our homes.

Performance on lift safety checks falls well below the target we set ourselves. Where we cannot complete the checks for a lift, we take the lift out of service. While we appreciate this is inconvenient, it keeps our customers safe. We complete checks and repairs as quickly as possible and are committed to improving our compliance in this area for the benefit of our customers.

3. Maintaining Building Safety and Safety Checks

› Satisfaction that their home is well maintained

68.1%
(tenants)

› Satisfaction that their home is safe

76%
(tenants)

› Satisfaction that their home is safe

76.6%
(owners)

› Gas safety check compliance

99.3%

› Fire safety check compliance

99.8%

› Asbestos safety check compliance

99.9%

› Water safety check compliance

99.8%

› Lift safety check compliance

85%

The results show that three in four tenants surveyed thought their home was safe, while more than two thirds thought their home was well maintained.

We have invested a record £274 million to improve our homes and have expanded our Building Safety team, including recruiting dedicated Building Safety Managers to work with residents at each of our high-rise residential homes. We have also taken steps to improve the data we hold on our homes and customers, which is enabling us to invest where it is needed most.

We have also accelerated our stock condition programme which is helping enhance knowledge of our homes.

4. Respectful and Helpful Engagement

› Satisfaction that Sanctuary listens to residents' views and acts upon them

53.2% (tenants) 39.1% (owners)

› Satisfaction that Sanctuary keeps residents informed about things that matter to them

65.8% (tenants) 52.2% (owners)

› Agreement that Sanctuary treats residents fairly and with respect

75.1% (tenants) 59.1% (owners)

Just over half of our rented customers were satisfied we listen to them and act on their views, while three in four felt we treated them fairly and with respect.

We have made changes to enable our Housing and Property teams to engage more closely with our residents, including Customer Focus Days where colleagues meet residents locally to resolve any issues. Over 5,000 customers now shape or scrutinise our services, giving us the most diverse range of voices we have ever had, and we are providing Think Customer training to all of our teams.

5. Responsible Neighbourhood Management

› Satisfaction that Sanctuary keeps communal areas clean and well maintained

68.8% (tenants) **51.4%** (owners)

› Satisfaction that Sanctuary makes a positive contribution to neighbourhoods

57.3% (tenants) **40.6%** (owners)

› Satisfaction with Sanctuary's approach to handling antisocial behaviour

57.4% (tenants) **45.5%** (owners)

Most of our rented customers were happy we kept communal areas clean and well maintained, made a positive contribution to neighbourhoods, and were satisfied with our approach to handling antisocial behaviour (ASB).

We continue to work with local partners in communities to tackle ASB and we're creating a more local service to bring us closer to our customers. Working with our Resident Advisory Panel, we are also creating a 'Good Neighbour' policy to prevent ASB from taking place.

› Number of antisocial behaviour cases for every 1,000 homes

73.2

› Number of antisocial behaviour cases involving hate incidents for every 1,000 of our homes

0.9

6. Effective Handling of Complaints

› Satisfaction with Sanctuary's approach to handling complaints

31.5% (tenants) **20.2%** (owners)

› Number of stage one complaints received for every 1,000 homes

94.1 (tenants) **67** (owners)

› Number of stage two complaints received for every 1,000 homes

15.6 (tenants) **14.7** (owners)

› Percentage of stage complaints responded within the Housing Ombudsman's Complaint Handling Code timescale

76.1% (tenants) **80%** (owners)

› Percentage of stage two complaints responded within the Housing Ombudsman's Complaint Handling Code timescale

64.2% (tenants) **85.7%** (owners)

Nearly one in three tenants were satisfied with our approach to handling complaints during the year. While most landlords score lowest in this measure, we are committed to making significant improvements and have already made changes to achieve this.

We have more than doubled colleagues on our complaint handling team and have established new processes to give our teams more understanding of open complaints so we can resolve customer issues more effectively.

We commissioned an independent review from an external body into our complaints handling policy, practice and the changes to our operating model. This provided assurance that the measures we have put in place are aligned to customer need.

Value for Money

While the economy has returned to a relatively stable position compared to 2022 and 2023, the cost of living continues to impact our customers with prices remaining stubbornly high. The need to deliver Value for Money for our customers therefore remains as great as ever and it continues to be fundamental to our mission of building affordable homes and sustainable communities. It is also central to our Corporate Strategy's objectives of putting customers first, growing our services and investing in our assets, and builds on our values of ambition, inclusion, integrity, quality, and sustainability.

Value for Money is embedded in all of our processes, ensuring our approach is strategic, comprehensive and aligned to our objectives. Underpinning our objectives are our financial Golden Rules and our rigorous approach to financial management, including detailed budgets, longer-term financial plans, and cost reduction targets. The budget setting process drives annual efficiencies in each operation, focusing on the Group's overall performance and the requirement to meet its Golden Rules. In addition to the annual budget, the Group's strategic projects, including acquisitions, are subject to the scrutiny of standalone business cases to ensure that they deliver the desired financial and non-financial benefits. Development schemes must meet Group Board approved hurdles that deliver the optimal balance between generating a sufficient level of return and delivering much-needed social housing. The Group's Procurement team works closely with all departments to secure goods and services at the best possible price, including longer-term contracts where appropriate.

Our Value for Money Principles

Our Value for Money principles are based on maximising:

Economy

When inputs or goods were purchased, did we get them for the lowest possible price?

Efficiency

How proficient are we at turning the inputs or goods into outputs or services?

Effectiveness

Did our outputs or services deliver the desired outcome or standard of service?

Equity

Are our services equally available to, and did they reach, all the people that they are intended for?

Housing Officer Pam Bruce with Lache resident Karen Lloyd and her granddaughter Brooklyn

Callows Rise development, Tenbury Wells

Monitoring Our Performance

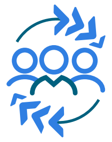
The Group's Value for Money performance is monitored across a variety of channels including operational management budgets, monthly financial performance reports to the Executive Committee and to every Group Board, and quarterly treasury reports to the Group Audit and Risk Committee. The Group Board is ultimately responsible for approving all budgets and financial forecasts. Value for Money is considered in every decision made by the Group Board, subsidiary boards, Executive Committee and Development Committee.

We analyse our performance in four areas: resources, structures and processes, customers, and assets. We measure performance over time and in comparison to other organisations. Benchmarking with other organisations provides a useful guide to our own performance and our peer group includes organisations either of a similar size or with activities of a similar nature to our own. However, none of these organisations have a similar-sized care or student portfolio, making meaningful comparisons difficult. Because information for 2023/2024 is not available at the time of preparing the annual reports, benchmarking information is presented for 2022/2023. For divisional benchmarking, relevant peer groups include large care providers and student accommodation providers.

Within the suite of key performance indicators, we include metrics required by the Regulator of Social Housing (RSH) through its 2018 Value for Money Standard. These metrics, referred to in this report as 'RSH metrics', are being disclosed by all Registered Providers, using prescribed methods of calculation to improve comparability. The methodology calculations for the RSH metrics can be obtained from the RSH website.

Value for Money and Our Corporate Strategy

Value for Money plays a key role in Sanctuary's delivery of its strategic objectives; putting our customers first, growing our services and investing in our assets. Examples of how we embed Value for Money in our objectives are:



Putting Our Customers First

Customer Commitments

In 2024 we launched our Sanctuary Census to learn more about our customers so that we can personalise services around their needs. This will help us ensure that we listen to our residents **equitably** and that we respond **effectively**.

Customer Services

The integration of Swan Housing has protected its customers and ensured that vital services such as repairs remain **equitably** accessible.

Customer Living Standards

One of the biggest improvements we can make to our customers' living standards is by upgrading the energy **efficiency** of our buildings through an **effective** investment programme in our homes. We are utilising the Government's Social Housing Decarbonisation Fund to help us achieve this **economically**.

Housing Officer Vanessa Brooks

Customer Engagement

While our primary customers are our residents, other stakeholders include MPs, local authorities, central Government, regulators and investors. We work with these partners to effectively achieve shared mutual goals that are delivered under our Value for Money framework.

Customer Accessibility

We are developing a new Customer Relationship Management system which will enable faster resolution of simple queries, offer further choice for residents about how they interact with us and will allow us to serve our customers more **effectively** and **efficiently**.

Investing in Our Assets

Invest in Our Homes
We recognise that our homes are getting older and that we must work **effectively** and **efficiently** to ensure our buildings continue to meet a standard we and our residents are proud of. Johnnie Johnson's customers will benefit from greater investment through joining the Group.

Invest in Our Communities
We help our communities tackle challenges such as unemployment, poverty and exclusion through the **effective** use of matched funding where possible, creating a more **equitable** society.

Invest in People
Delivering **effective** and **equitable** services requires a customer-centric culture which is embedded through our behaviours and values framework. We nurture potential talent through our apprenticeship schemes whilst we also have senior talent management programmes to support organisational development and succession planning.

Invest in Efficiencies
We recognise that we have limited resources but must also continually invest, so we constantly innovate and deliver **efficiencies** in order to avoid compromising frontline services. This includes a Sustainable Margin Improvement Group that identifies longer-term opportunities for the Group to save money.

Growing Our Services

Growing Through Development
We are continuing to develop essential social housing, building high-quality but economical homes where they are needed most and creating **equitable** communities. We have a Strategic Partnership with Homes England to support the delivery of 1,000 new affordable homes between now and 2026.

Growing Through Acquisition
We have acquired Johnnie Johnson in the last year, further expanding our housing operations. Johnnie Johnson is a specialist provider of housing to older people and we will take the best from both organisations to **effectively** integrate and deliver optimal outcomes for their residents.

Growing Through Innovation
We are committed to continual innovation in the way we build new homes and our in-house Construction team is delivering nearly half of our schemes in order to improve **efficiency**. We will also explore opportunities to expand our use of Modern Methods of Construction where it is **effective** to do so and are committed to Inclusion by Design.


Residents George and Lillian Martin with Housing Officer Angela Welch

Understanding Our Performance

Sanctuary Group's key performance indicator results for 2024 and 2023 are colour-coded as follows:

- Green: Exceeded target (2024)/outperformed peer group (2023)
- Amber: Within 10% of target (2024)/within 10% of peer group (2023)
- Red: More than 10% short of target (2024)/more than 10% short of peer group (2023)

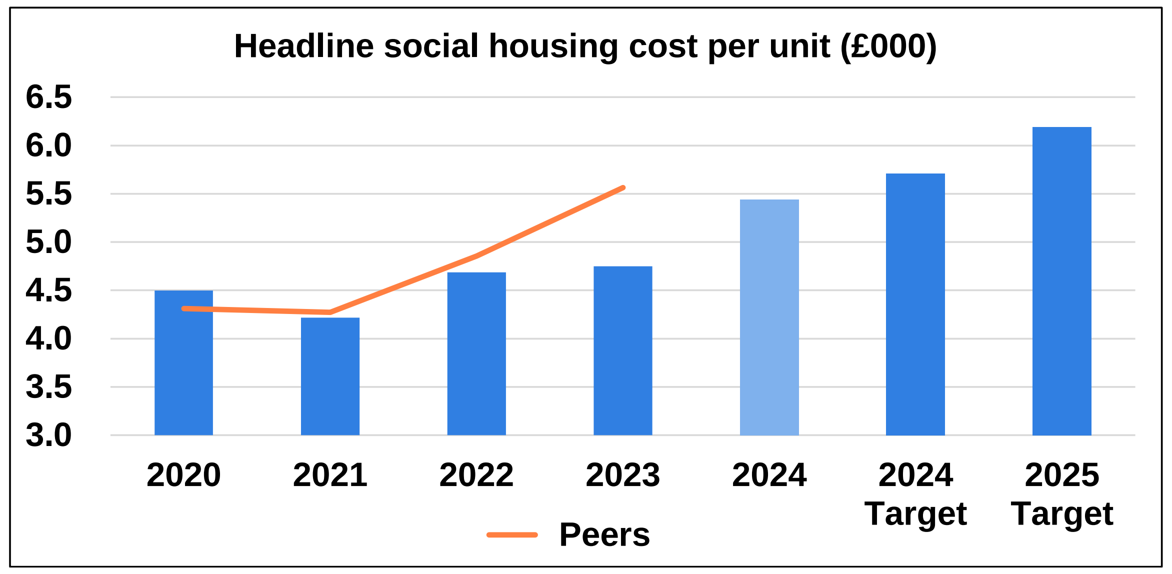
Where no colour-coding is offered, this is because no comparison is available, or a comparison is subjective.

Resources

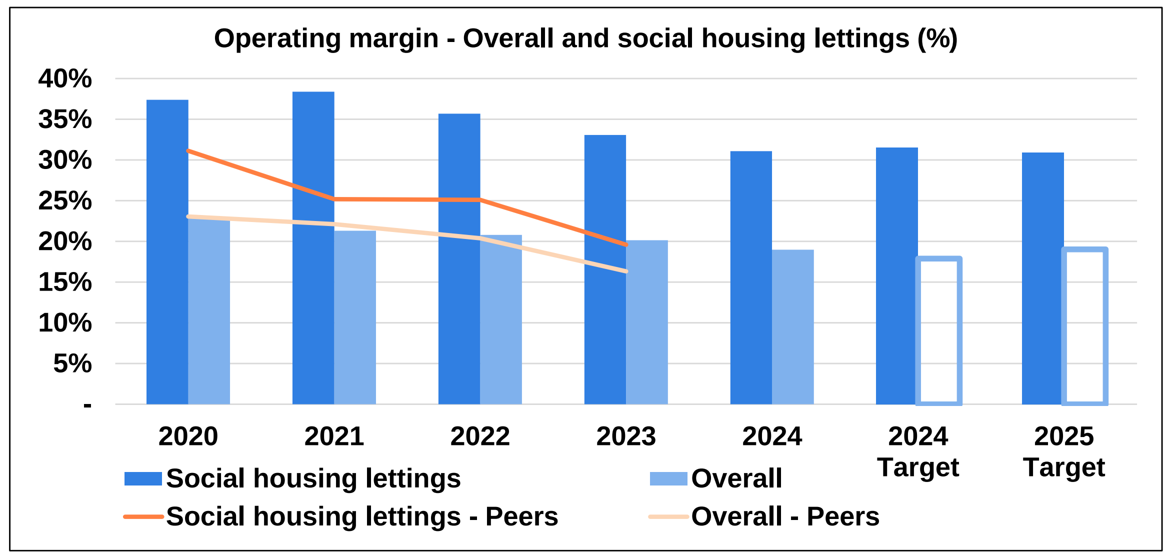
Our primary resource is our people, while our practical approach to procurement ensures that we purchase goods and services economically.

Value for Money Key Performance Indicators: Resources

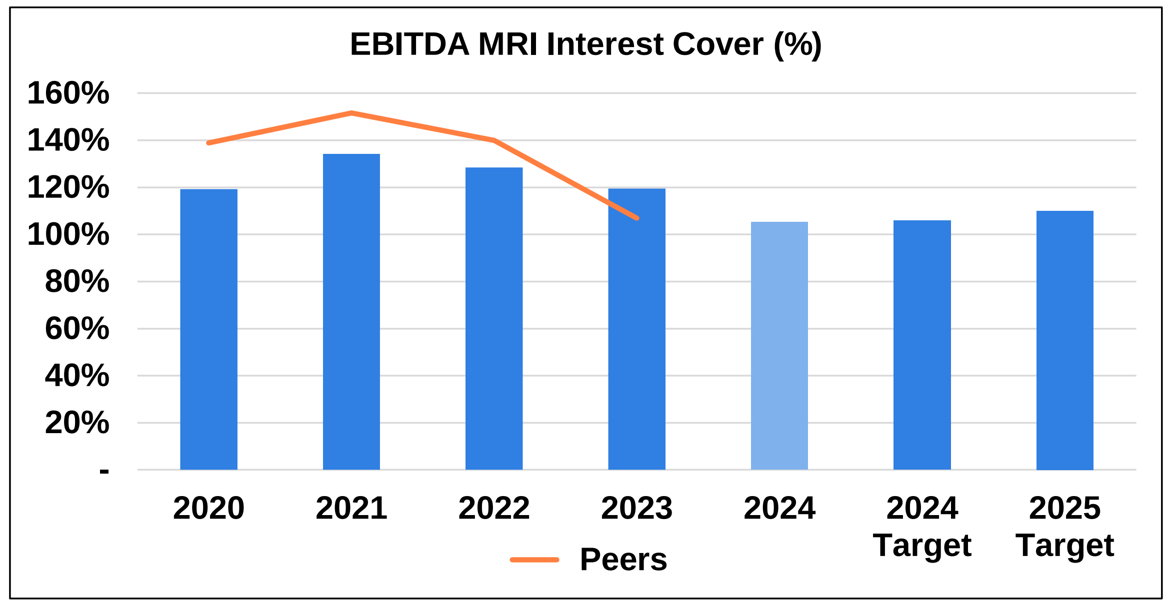
Headline social housing cost per unit was £5,494 for 2024, however this figure is artificially low due to the acquisition of Johnnie Johnson towards the end of the year. The adjusted figure of £5,733 is in line with target and £983 higher than the 2023 figure. The increase from 2023 is due to significantly higher reinvestment and the general high inflationary environment that has impacted all cost areas. Our cost per unit of £4,750 in 2023 was lower than our peer group, despite our greater proportion of supported living services which have a relatively high cost base. The target for 2025 of £6,189 per unit assumes that reinvestment continues to increase.



Although our operating margins fell year on year due to the wider inflationary pressures and full year impact of Swan, we outperformed the overall target due to careful cost management and several efficiency initiatives during the year. Our operating margins in 2023 were well above our peers, despite our relatively high proportion of typically low margin activities such as care, demonstrating our ability to deliver efficient housing services.

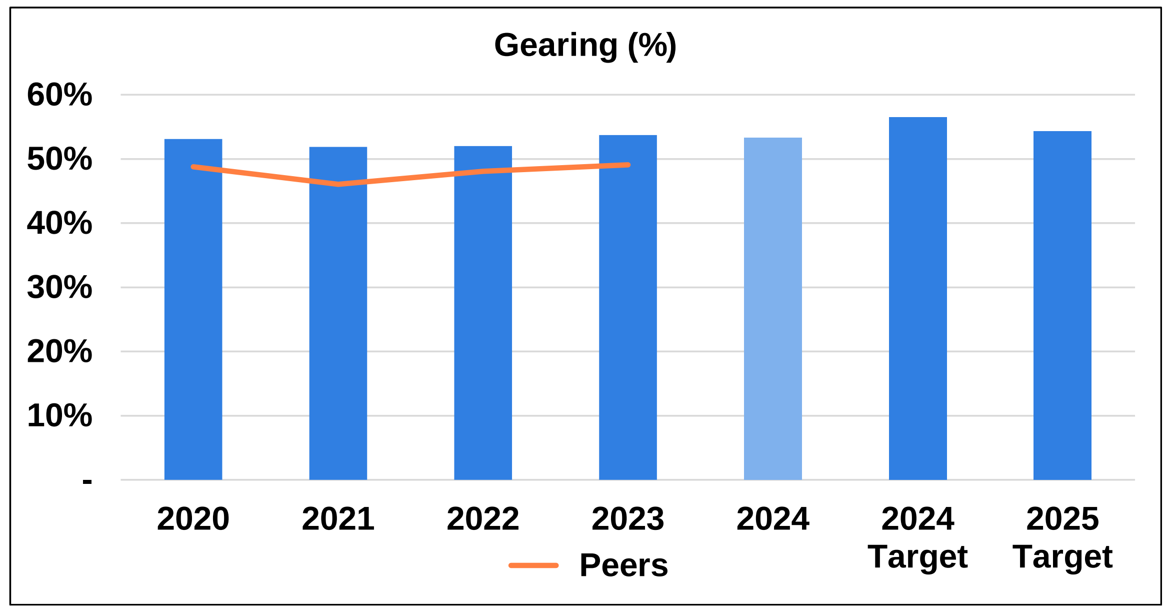


EBITDA MRI interest cover of 105.0% was in line with target but 14.4 percentage points below 2023, with the year-on-year variance driven almost wholly by the impact of Swan which carries significant historic debt and associated interest costs. Our interest cover has typically been lower than our peers due to the impact of historic development and acquisitions but this was not the case in 2023, with their interest cover impacted by inflation, greater reinvestment and significant rises in interest rates. We were largely protected due to our higher level of fixed debt and less exposure to building safety spend.



Gearing is 53.2%, 3.3 percentage points below target due to lower than expected development spend. Our 2023 gearing of 53.7% is above our peers, largely due to our history of acquisitions and rescues.

Our target for 2025 of 54% reflects a modest increase in debt driven by development spend.



	Sanctuary Group 2024 Actual	Sanctuary Group 2024 Target	Sanctuary Group 2023 Actual	Peer Group Average 2023 Actual	Sanctuary Group 2025 Target
Headline social housing cost per unit (£)*	5,494	5,708	4,750	5,565	6,189
Operating margin – social housing lettings (%)*	31.1	31.5	33.1	19.6	30.9
Operating margin – overall (%)*	19.4	17.9	20.2	16.3	19.0
EBITDA MRI interest cover (%)*	105.0	105.9	119.4	106.9	110.1
Gearing (%)*	53.2	56.5	53.7	49.1	54.4
Void loss (%)	1.73	1.6	1.8	1.6	XXX
Average cost per responsive repair (£)	136	145	133	n/a	135
Chief Executive pay per unit (£)	3.09	3.13	3.05	5.16	3.23
Remuneration of highest paid director per social home (£)	4.21	n/a	4.18	n/a	4.38
Total Directors' remuneration per social home (£)	30.30	n/a	31.33	n/a	31.51
Proportion of fixed rate debt (%)	83.7	n/a	91.5	77.8	n/a
Interest cover (Sanctuary metric)	1.82	2.02	2.15	2.41	1.85
Cost of borrowing (%)	4.76	n/a	4.51	4.08	n/a

* RSH metric
^ Adjusted for full year of Swan. Alternative performance measures are defined and/or reconciled in Appendix 3 on page 244.

Void Loss

While void loss improved from 2023, it was still greater than target due to difficulties in turning around empty properties, either through our internal maintenance function or using contractor resources. However, the last quarter of the year showed an improvement and we expect this to continue in 2025.

Average Cost Per Responsive Repair

The average cost of a responsive repair was lower than target reflecting the growing efficiency of our internalised maintenance service which has helped to mitigate the external inflationary pressures in the last couple of years. The cost is expected to fall marginally in 2025 as OneProperty, our new repairs and maintenance system which will transform how we serve our customers, helps to deliver further savings.

Chief Executive Pay Per Unit / Remuneration of Highest Paid Director per Social Home/Total Directors' Remuneration per Social Home

These metrics reflect our economies of scale and are a demonstration of our commitment to delivering Value for Money services across all of our businesses.

Proportion of Fixed Rate Debt/Interest Cover/Cost of Borrowing

Interest cover, which has declined year on year due to the impact of Swan, can be calculated in many different ways and our preferred method is consistent with our lenders' calculations and makes no adjustment for capitalised major repairs. As noted under EBITDA MRI interest cover, our interest cover has typically been lower than our peer group due to several factors, including our decision to continue to hold relatively high levels of fixed debt (91.5% at March 2023 against our peers' 77.8%). This higher proportion of fixed debt has helped shield us from the worst of the recent rate rises but our interest cover is still below our peers due to inherited debt from acquisitions such as Swan. Despite the high proportion of fixed debt our average cost of borrowing has increased during the year which is to be expected given the wider funding environment.

Housing Officer Heather Paterson

Structures and Processes

Our structures and processes include our corporate structure, our operational structure, our governance structure and processes, and our technology processes.

Value for Money Key Performance Indicators: Structures and Processes

	Sanctuary Group 2024 Actual	Sanctuary Group 2024 Target	Sanctuary Group 2023 Actual	Peer Group Average 2023 Actual	Sanctuary Group 2025 Target
Rent arrears (%)	3.2	3.7	3.3	4.1	3.4
Number of statutory entities (excluding joint ventures)	49	n/a	46	n/a	n/a
Employee survey engagement score (%)	77	76	76	66	76
Internal maintenance service utilisation (%)	76.4	76.2	72.4	n/a	78
Jobs per operative per day	3.4	n/a	3.2	n/a	4.0

Rent Arrears

Our rent arrears are significantly below target and have even fallen since the prior year despite the wider external economic pressures, demonstrating our effective income collection processes.

Statutory Entities

The number of statutory entities in the Group has increased over the year due to the acquisition of Johnnie Johnson. We endeavour to keep the number of active entities to a minimum in order to reduce the administrative burden and plan to rationalise more as soon as possible.

Employee Engagement Score

Our employee engagement score of 77% was a one percentage point increase on the previous year and is still significantly above the external benchmark of 66%. We recognise that it continues to be a challenging time for colleagues and are committed to providing them with the support and tools they need to thrive.

Internal Maintenance Service Utilisation and Jobs Per Day

The number of maintenance jobs we've been able to deliver ourselves has increased over the last year, giving us improved quality control. With the introduction of OneProperty there is also an even greater focus on ensuring our colleagues can be as efficient as possible, allowing them to complete more jobs per day.

Customers

We serve a broad range of customers across a wide geographic area, many of whom live in our homes.

Value for Money Key Performance Indicators: Customers

	Sanctuary Group 2024 Actual	Sanctuary Group 2024 Target	Sanctuary Group 2023 Actual	Peer Group Average 2023 Actual	Sanctuary Group 2025 Target
Resident satisfaction – overall (%)	66	65	n/a	n/a	68
Sanctuary Care CQC rating (% good or better)	95	100	94	n/a	100
Sanctuary Supported Living CQC rating (% good or better)	98	100	98	n/a	100
Care Inspectorate Scotland rating (% good or better)	89	100	63	n/a	100

Resident Satisfaction

The satisfaction metric presented here is now one of the RSH's key tenant satisfaction metrics and like many in the sector it is not as high as we would like. Improving satisfaction levels by putting our customers first is our first strategic objective and we want to ensure that the customer is at the heart of our service delivery whilst also introducing a broader range of tools to allow customers to interact with us however they prefer. We want to offer excellent customer service while also providing the highest Value for Money.

CQC/Care Inspectorate Ratings

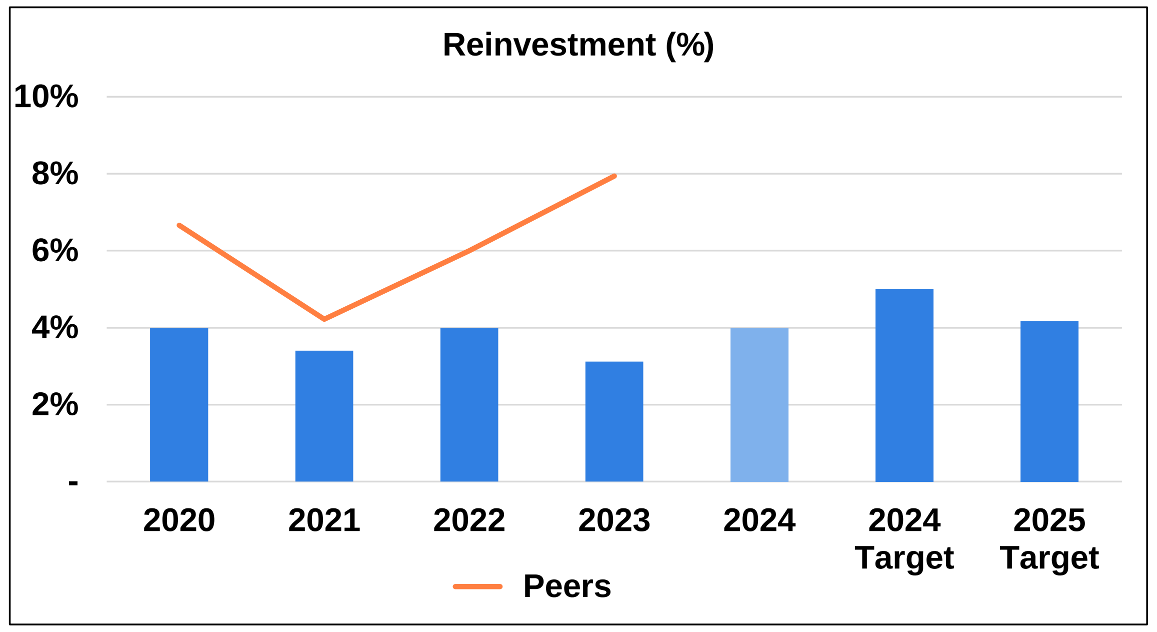
While our CQC and Care Inspectorate ratings are below the target of 100% that we set ourselves, our CQC ratings continue to be some of the highest in the sector, demonstrating our ability to deliver cost-effective, high-quality services to our residents. Our Care Inspectorate measure, which rates the Group's Scottish care homes, has improved significantly during the year reflecting the ongoing investment that has been made in the homes attained as part of the Lorimer acquisition.

Assets

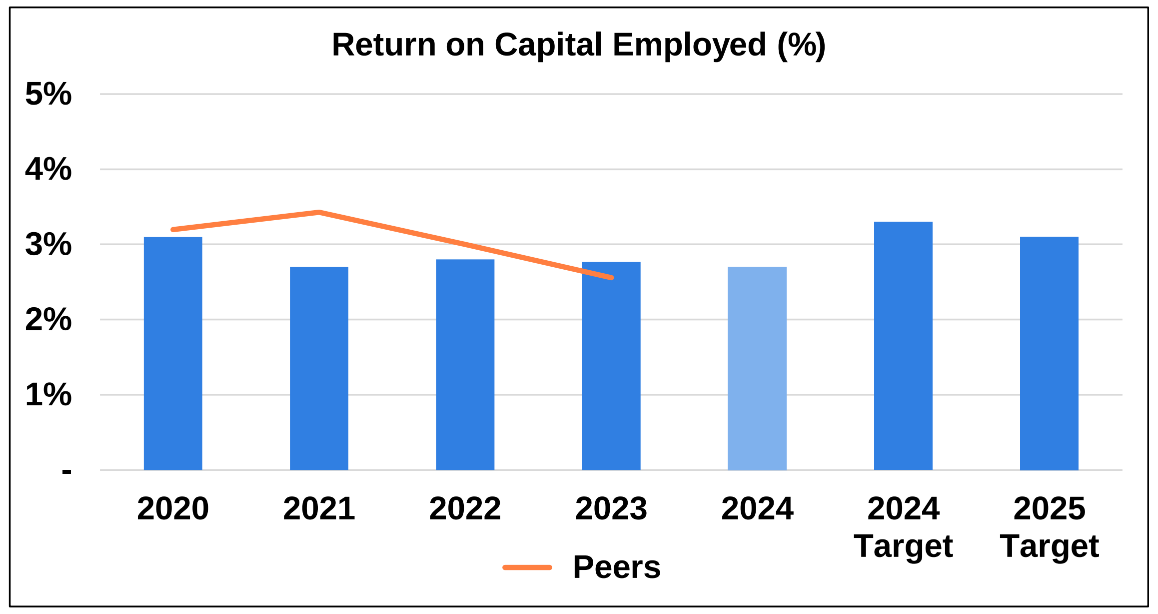
Assets comprises management of our existing asset base and the development of new properties.

Value for Money Key Performance Indicators: Assets

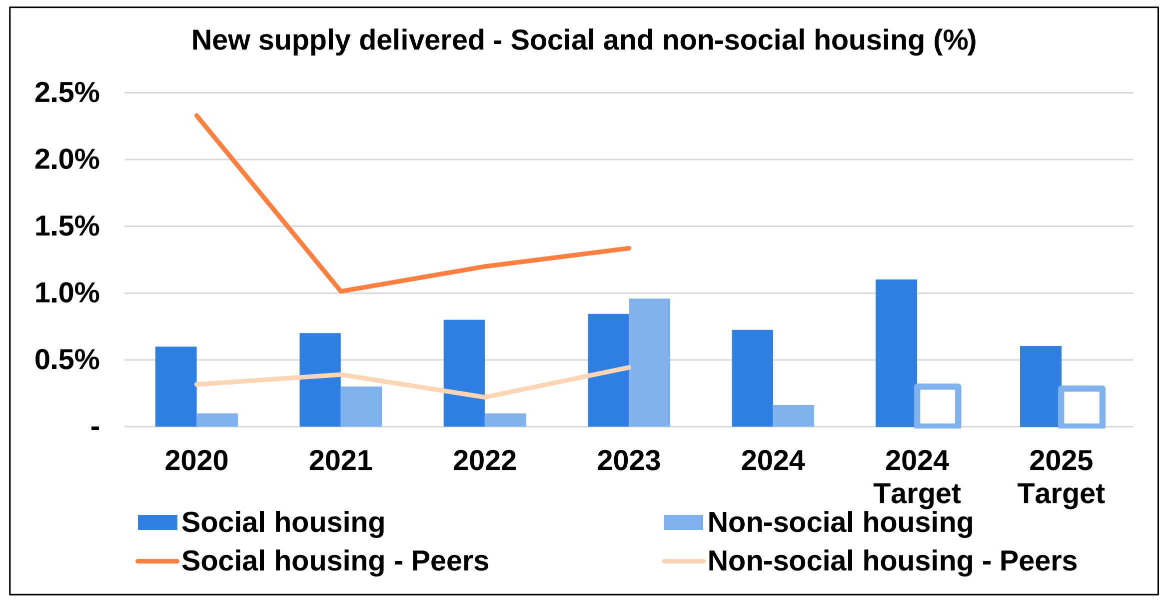
Reinvestment was 4.0% for 2024, 1.0 percentage point below target as development sites continued to experience delays. Several schemes were impacted by the primary contractor going into administration which required our internal Construction teams to step in to continue delivery. The target for 2025 is 4.2% as we continue to deliver our Homes England strategic partnership commitment and Swan's development promises.



ROCE was 2.8% for 2024, 0.5 percentage points below the target that assumed the divestment of non-core Swan stock which was subsequently delayed. The target for 2024 is 3.1%, with the increase primarily driven by operating efficiencies.



Both supply metrics were impacted by the problems being experienced across the construction sector, including access to skilled labour, which also impacted the reinvestment metric. New supply (social) was 0.7% for 2024, 0.4 percentage points lower than target, whilst new supply (non-social) was 0.2% for 2023, 0.1 percentage points below target. The targets for 2025 are 0.6% and 0.3% respectively.



	Sanctuary Group 2024 Actual	Sanctuary Group 2024 Target	Sanctuary Group 2023 Actual	Peer Group Average 2023 Actual	Sanctuary Group 2025 Target
Reinvestment (%)*	4.0	5.0	3.0	7.9	4.2
Return on Capital Employed (%)*	2.8	3.3	2.8	2.6	3.1
New supply delivered – social (%)*	0.7	1.1	0.8	1.3	0.6
New supply delivered – non-social (%)*	0.2	0.3	1.0	0.4	0.3
Number of new homes completed including through joint ventures and consortia	1,032	1,420	1,278	n/a	878
Number of new homes sold	336	475	307	n/a	296

* RSH metrics
Alternative performance measures are defined and/or reconciled in Appendix 3 on page 244.

New Homes Delivered and New Homes Sold

Sales of newly-built homes, both outright sale and shared ownership, generated £59.8 million of income, with a gross margin of 20.1%, compared to £92.1 million in 2023 which generated a margin of 17.3%. The number of homes sold in 2024 was below target as scheme completions were delayed due to site delays and contractors going into administration.

The Orchards, Drakes Broughton

Governance

Sanctuary has a group structure, in which Sanctuary Housing Association (the Association) is the parent company. The Association was established on 5 May 1969 and is a Registered Society (19059R). Sanctuary is governed by the Board of the Association (the Group Board) which comprises eight non-executive members, the Group Chief Executive, Craig Moule, and two co-opted members.

The Role of the Group Board

The Group Board's primary role is to achieve Sanctuary's social and constitutional purpose by defining strategy and ensuring compliance with its values and objectives. It agrees the strategic direction of the organisation and makes sure that policies and plans are in place to achieve those objectives. It also establishes and oversees a framework of delegation and systems of control, ensuring that good governance practices are embedded across Sanctuary's operations.

We are committed to having an effective board comprising members with diverse backgrounds, including in terms of gender and ethnicity, lived experience, and attributes with a range of skills, competencies, experience and knowledge to lead and control the organisation. Out of the 11 current Group Board members, seven are male and four are female, and two Group Board members represent ethnic minorities.

The Resident Advisory and Scrutiny Panels meet the Group Board

The Group Board (as at 3 July 2024)

Andrew Manning-Cox MA (Cantab), FCIArb, Chartered Arbitrator, CEDR Accredited Mediator
Group Chair

Andrew Manning-Cox retired as Senior Litigation Partner of Gowling WLG (UK) LLP in 2018, having been with the organisation for 40 years. He specialised in dispute resolution worldwide. Andrew is now in practice as an Arbitrator, Mediator, and a Notary Public.

Andrew is an experienced non-executive director and chair of a number of companies and public bodies. Past non-executive directorships include Chair of Hereford Enterprise Zone (Skylon Park), The Marches Local Enterprise Partnership, Worcestershire County Cricket Club, Malvern Hills Science Park, and Central Technology Belt. He is a non-executive director of Thursfields Legal Limited and a member of the Independent Remuneration Committee of Worcestershire County Council. Andrew is the immediate past High Sheriff of Worcestershire 2022/2023.

Craig Moule BSc (Hons)
Group Chief Executive

Craig Moule has been with Sanctuary for over 30 years, serving as Chief Financial Officer before becoming its Group Chief Executive five years ago. During his tenure as Group Chief Executive Craig has successfully overseen the acquisition of Swan Housing Association Limited and "Johnnie" Johnson Housing Trust Limited, and seen Sanctuary grow to managing around 125,000 homes nationally, 14,000 team members and becoming a £1 billion turnover organisation. Craig is an ex-officio member of the Group Board.

Trudi Elliott CBE, BSc Econ (Law and Econs), MRTPI, FAcSS
Group Vice Chair and Chair of Group Housing Board

Trudi Elliott is a Chartered Town Planner and was formerly a lawyer, practising in both the public and private sectors. Trudi is the Chair of the Planning Inspectorate for England. She is a visiting Professor in planning and land economy at Henley Business School, University of Reading, and a Fellow of the Academy of Social Sciences. Prior to this Trudi was Chief Executive of the Royal Town Planning Institute; Director of the Government Office for the West Midlands; Chief Executive of West Midlands Regional Assembly (Regional Planning Body); Director of Local Government Practice (West Midlands); and Chief Executive of Bridgnorth District Council.

Trudi has considerable experience across the civil service, local Government, charity, and private sector, and she has a strong track record of partnership working and delivery. Trudi is a Commissioner of UK2070, an inquiry into regional inequalities, and is Chair of Community Transport Wyre Forest.

Arvinda Gohil OBE, BA (Hons)
Group Board Member

Arvinda Gohil is an experienced executive and non-executive, having started her career in housing. She brings significant experience of working in the housing, homelessness, charity and social enterprise sectors. Her long history includes the Chief Executive of Central YMCA, the founder YMCA; Community Links, a place-based charity in Newham London; Emmaus UK, umbrella body for homeless charity and social enterprise; Director for Membership, Governance, and Regions for the National Housing Federation; Assistant Director for London at the Housing Corporation; setting up a capacity-building agency in South Africa for emerging housing organisations; and Chief Executive of two black-led housing associations. She was instrumental in setting up Unity Housing Association in Leeds, where she was its first Chief Executive.

Arvinda also has significant experience in the voluntary sector, working for a women's refuge, running a positive action programme to enable access to employment, and running a regeneration partnership. In addition to the executive roles, Arvinda has held several non-executive and trustee roles including in housing associations, refugee organisations, a university, and a social investment charity. She is currently Chair of Swan Housing Association Limited, a subsidiary within Sanctuary; Chair of the Future Economy Alliance; a non-executive director at University Hospitals North Midlands; and Co-Convenor of the Better Way Network. Arvinda is passionate about supporting young leaders, particularly women of colour, and provides mentoring and coaching support in their leadership journey.

James Thallon MA, MBBS, MBA, DRCOG, DCH, MRCGP
Group Board Member

James Thallon is a GP on the Norfolk Broads following a parallel career as a senior NHS clinical leader. James began working in clinical commissioning and medical performance management in 2003, eventually becoming Medical Director for Kent, Surrey, and Sussex for NHS England with a final role in 2018/2019 as Acting Regional Medical Director for NHS England South East.

As part of his GP role James is an Honorary Senior Lecturer at the University of East Anglia, teaching clinical skills to second year medical students. He also advises general practices in difficulty. James's involvement with Sanctuary followed a long association with Crossways Community, a charity providing long-term therapeutic residential accommodation for people with significant mental health issues in Tunbridge Wells and for which he was the Chair of Trustees. James is Chair of the Sanctuary Care Limited Board, Chair of Sanctuary Care Property (1) Limited, and Chair of the Sanctuary Home Care Limited Committee of Management.

Ian Chisholm MA, ACMA, FCT
Chair of Group Audit and Risk Committee

Ian Chisholm is currently a non-executive director at Shell Pensions Trust. Ian has over 34 years of executive experience in finance and treasury roles in large and complex organisations, including Shell and BHP.

He was most recently Group Treasurer of Grosvenor Group, the international property management and development company. Here, he oversaw all treasury activities including managing cash and financial risks, ensuring adequate liquidity, and executing financing transactions for all operating companies. Ian has operated at board level, both from an executive perspective, as Chief Executive of the Shell UK Pension Fund, and from a non-executive perspective, as President, Audit Committee Chair and Council Member of the Association of Corporate Treasurers.

Ros Kerslake CBE, BA (Hons), MBA
Chair of Remuneration Committee

Ros Kerslake has worked at board level in the field of property and regeneration for many years. She is currently Chair of The Architectural Heritage Fund and Leeds Castle Foundation; a board member of Homes England; and a Trustee of Re-Form Heritage, a national heritage regeneration charity, and the University College of Estate Management.

She was Chief Executive of the National Lottery Heritage Fund from 2016 to 2021, where she led a UK-wide team of 300 staff, responsible for the distribution of up to £400 million per annum. Here she delivered a major organisational transformation, including restructuring and culture change, a new strategic funding framework, and the delivery of a new grant making system. Her earlier roles include Chief Executive at The Prince's Regeneration Trust and RegenCo Sandwell, and Director-level roles at Network Rail, Booker PLC, and Gulf Oil. Her previous non-executive roles include Senior Independent Director and Chair of the Remuneration Committee at U+I PLC, a regeneration-based property developer, Quintain Estates and Development PLC, Black Country Housing Association, and Thurrock Thames Gateway Development Corporation. Ros is a qualified solicitor and holds an MBA. Ros was awarded an OBE in the 2015 New Year's Honours list for services to British heritage. In 2020 she was awarded a CBE for services to heritage.

Alan West

Group Board Member

Alan West is a retired corporate banker with expertise in both corporate finance and structuring debt in public sector supported transactions (including housing associations and universities). Alan is an experienced non-executive director having served on the boards of several charitable and non-charitable entities mainly in the housing arena. He was also a Trustee of the Lintel Trust from 1999 to 2019.

Alan is currently a consultant with The Housing Finance Corporation, undertaking consultancy work in Scotland for this London-based bond aggregator. Alan is a non-executive director on a number of Sanctuary Group subsidiary boards, including Chair of Sanctuary Scotland Housing Association Limited.

Olu Odeniyi BEng (Hons), MBCS, MCP, JP
Group Board Member

Olu Odeniyi is an experienced non-executive board member, chair, business leader and speaker who has held positions in the public, charity, and private sectors. He currently serves as an external advisor to the Royal College of Nursing and sits on the Board of the Finance & Investment Committee. With a focus on providing strategic guidance and expertise, Olu operates as a trusted independent advisor, trainer, and interim C-Suite executive. His areas of specialisation include cybersecurity, information security, and digital transformation. Additionally, Olu serves as a business mentor with the Government "Help to Grow" scheme and at the University of West London Enterprise Hub, where he assists with commercialising start-up ideas. Olu is also a professional member of BCS, the Chartered Institute for IT, a Young Enterprise judge, and a Magistrate. Olu recently co-founded CXB Limited, a not-for-profit forum focused on equipping board members for effective cyber governance.

His previous roles include being regional leader for a global technology company, CEO and chair of a chamber of commerce, chair and trusteeship for several charities, non-executive director for the Federation of Small Businesses, and a board member for the Government-sponsored Science and Innovation Audit on Sustainable Airports led by Brunel University.

Ed Lunt BA (Hons), CA
Chief Financial Officer and Co-opted Group Board Member

Ed Lunt joined Sanctuary in May 2019. As Chief Financial Officer, Ed is responsible for finance, treasury and procurement, ensuring Sanctuary maintains and enhances its financial performance and strength to deliver its ambitions. Ed is also a co-opted member of the Group Board.

Ed is a Chartered Accountant who was previously the Finance Director for Alliance Medical Limited. Prior to this Ed was the UK and Germany Finance Director at National Express PLC, and spent 15 years at PwC LLP where he moved through various roles to become Assurance Director.

Nicole Seymour BA (Hons), MA
Executive Director - Corporate Services and Co-opted Group Board Member

As Executive Director - Corporate Services and Co-opted Group Board Member, Nicole Seymour is responsible for human resources, communications, governance and legal services, and health and safety. Nicole is also responsible for Sanctuary's diversity and inclusion strategy, 'Inclusion for All'. Nicole is a co-opted member of the Group Board and is the Company Secretary to Sanctuary and all of its subsidiaries.

Nicole initially joined Sanctuary through its successful graduate programme and held a number of roles before becoming Director of Corporate Services in 2016.

Board/committee membership, as at 31 March 2024, is summarised as follows:

Membership details	Group Board	Group Audit and Risk Committee	Group Housing Board	Nominations Committee	Remuneration Committee	Succession Planning Committee*
Andrew Manning-Cox**	Chair 7/7	-	-	Chair 1/1	-	Chair 0/0
Trudi Elliott	Vice Chair 7/7	-	Chair 4/4	1/1	-	0/0
Arvinda Gohil	7/7	-	3/4	1/1	-	0/0
Ian Chisholm	6/7	Chair 4/4	-	1/1	1/1	0/0
Ros Kerslake	7/7	4/4	-	1/1	Chair 2/2	0/0
Olu Odeniyi	3/3	-	-	0/0	-	0/0
James Thallon	7/7	-	-	1/1	2/2	0/0
Alan West	7/7	4/4	-	1/1	-	0/0
Craig Moule	7/7	-	2/4	Lead Officer	Lead Officer	Lead Officer
Ed Lunt	7/7	Lead Officer	-	-	-	-
Nicole Seymour	6/7	-	-	-	-	-

* The Succession Planning Committee is currently dormant.

** As Group Chair, Andrew Manning-Cox is an ex-officio member of all committees of the Group Board.

Member attendance at board/committee meetings from 1 April 2023 to 31 March 2024 is also included in the table above. This is shown as (number of meetings attended in year/number of meetings held in year).

Code of Governance

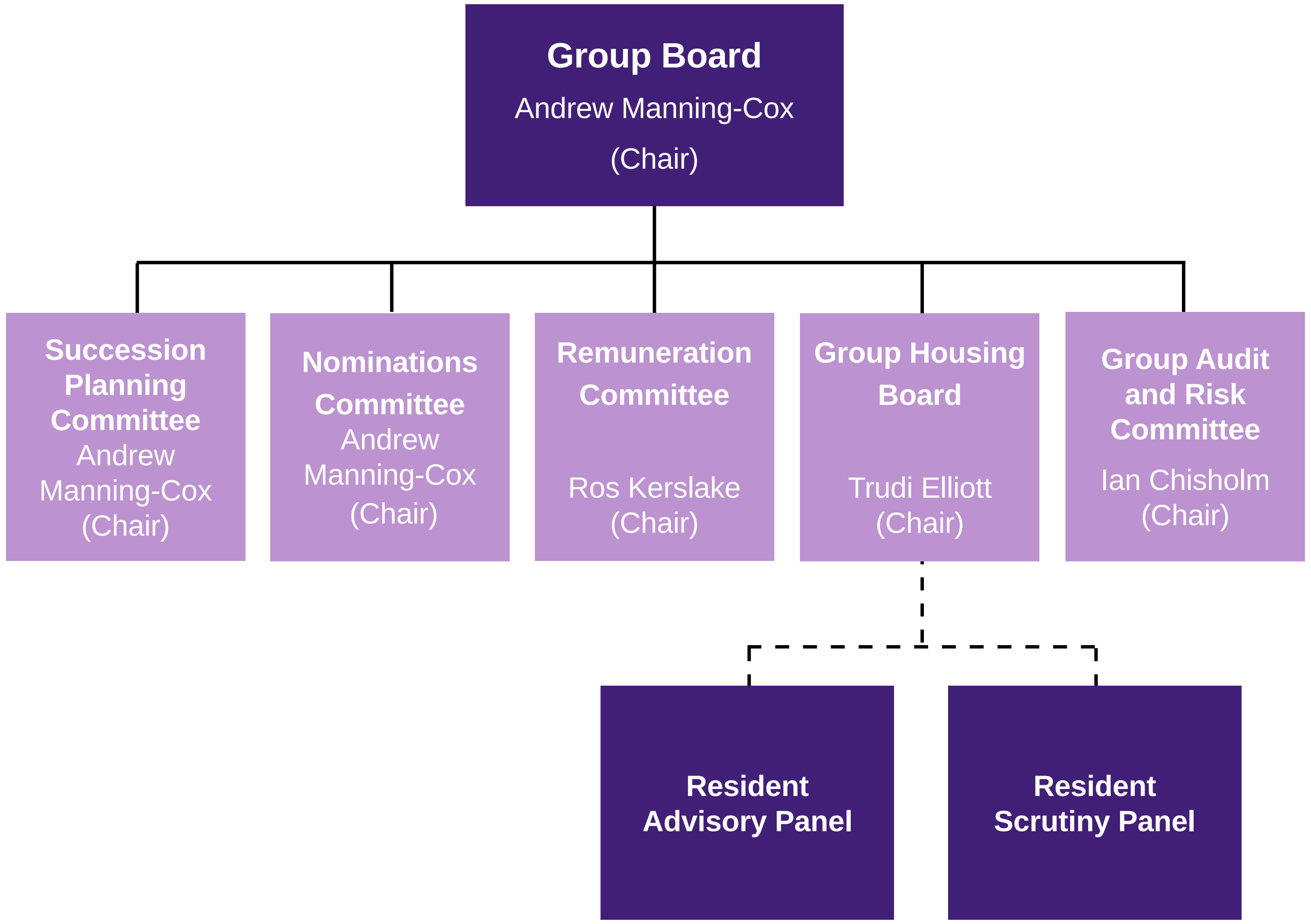
The Group Board considers that the Group and its Registered Provider subsidiaries comply with the provisions of the National Housing Federation's Code of Governance 2020.

Subsidiary Boards

All subsidiaries within the Group have their own boards, which are responsible to the Group Board for overseeing the operations of each subsidiary.

Committees of the Group Board

Sanctuary has the following committee structure in place.



Group Audit and Risk Committee

The membership of the Group Audit and Risk Committee is determined by the Group Board and comprises a maximum of five members including at least three Group Board members.

The role of Group Audit and Risk Committee is detailed below:

Effectiveness – The Group Audit and Risk Committee:

a. Advises the Group Board of the effectiveness and adequacy of the Association's risk management and internal control systems;

b. Monitors the implementation of approved recommendations relating both to internal audit reports and external audit reports and management letters;

c. Monitors the effectiveness of the external and internal audit services and their relationship with each other; and

d. Reviews the objectivity and independence of external and internal audit services.

Accountability – The Group Audit and Risk Committee:

a. Reviews and considers whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable before it is presented to the Group Board, focusing on:

- Accounting policies;
- Compliance with accounting standards;
- Findings of the external auditors, including significant audit adjustments;
- Statements concerning internal controls and risk management; and
- Customer considerations to be reflected within the Annual Report where relevant.

b. Prepares an annual report for submission to the Group Board.

Internal Audit – The Group Audit and Risk Committee:

a. Reviews the long-term plan and strategic focus for internal audit, approves the annual audit plan, and monitors results as presented in internal audit's annual report;

b. Reviews, considers and advises upon reports made by the internal audit services, as to the financial affairs of the Association and the functioning, maintenance and development of its financial control systems;

c. Pre-approves audit and non-audit services to be provided by the internal auditors, as set out in the Internal Auditor Engagement Policy, as reviewed from time to time;

d. Advises the Group Board on the organisation, remuneration and resourcing of the internal audit service; and

e. Ensures the customer voice is fully considered within internal audit work where services impact on customers.

External Audit – The Group Audit and Risk Committee:

a. Advises the Group Board on the appointment and remuneration of external auditors and the scope of their work;

b. Communicates with the external auditors on audit approach, reporting, timetables and findings;

c. Pre-approves audit and non-audit services to be provided by the external auditors, as set out in the External Auditor Engagement Policy, as reviewed from time to time; and

d. Reviews relationships or services that may impact on the independence and objectivity of the external auditors.

Risk Management, Internal Control and Fraud – The Group Audit and Risk Committee:

a. Advises the Group Board on the adequacy and effectiveness of the internal control framework and risk management strategy and the risk implications of Sanctuary's activities;

b. Regularly reviews the Sanctuary Group and its operations risk maps to assess the risks involved in the organisation and how these impact customers and are controlled and mitigated;

c. Reviews the policies and procedures for Risk Management, Management of Fraud Risk and Reported Fraud, Whistleblowing, Prevention of Bribery and Anti-Money Laundering; and

d. Provides monitoring and oversight in relation to fraud risk.

Internal and External Audit

KPMG LLP (KPMG) provides external audit services and PricewaterhouseCoopers LLP (PwC) performs internal audit services. The Group Audit and Risk Committee has approved a policy in relation to the nature of non-audit work undertaken by PwC and KPMG. The Chair of the Group Audit and Risk Committee must approve the work. There is an annual review of the provision of, and fees for, non-audit services as part of the Group Audit and Risk Committee's review of the services provided by PwC and KPMG.

The Resident Advisory and Scrutiny Panels meet the Group Board

Group Housing Board

Group Board has determined that there should be a Group Housing Board to which it will delegate certain powers in relation to the Association's activity as a landlord. The Group Housing Board is responsible for ensuring the Association's Registered Provider services, including general needs (England and Scotland), sheltered (retirement), supported and extra care landlord services, are efficient and effectively responding to and meeting the needs of residents. The Group Housing Board shall ensure that in all matters the voice of the resident is duly considered.

Landlord services cover the delivery of housing management and maintenance, including repairs, achievement of the Decent Homes standard, the allocation and letting of properties, rent collection and arrears pursuance, management of tenancy breaches, customer services, complaints management and resident engagement.

Membership of the Group Housing Board is determined by the Group Board and at least one third of the membership comprises existing residents of the Association. The Chief Customer Officer and Group Chief Executive shall be a member.

The Group Board has delegated certain responsibilities to the Group Housing Board (limited to the Association's Registered Provider services). The Group Housing Board:

a. Ensures that resident engagement is thorough and robust;

b. Ensures resident scrutiny arrangements are in place and working effectively;

c. Makes recommendations to the Executive Committee and Senior Management Teams in relation to resident engagement and/or the resident voice;

d. Seeks assurance on compliance with Consumer Standards, building and fire safety, ensuring compliance with current legislation, meet or exceed standards as laid down by the Regulator of Social Housing (or its successors) or the Scottish Housing Regulator (or its successors) (together, the 'Regulators');

e. Ensures there is openness and transparency with housing decisions and performance;

f. Receives and considers data on complaints and reviews processes and makes recommendations;

g. Monitors and challenges operational performance to ensure compliance, best practice and continuous improvement;

h. Reviews and approves housing-related policies, including social policy, ensuring they comply with current legislation, and meet or exceed standards as laid down by the Regulators;

i. Makes recommendations to Group Board or Executive Committee (as appropriate) on investment, covering reinvestment and capital programmes of work;

j. Sets and monitors service standards to ensure all services are delivered efficiently, offering Value for Money for residents and other stakeholders;

k. Oversees that all activity is compliant with the regulatory requirements of the Regulators;

l. Ensures that equality and diversity strategies and plans for housing are delivered;

m. Ensures the Local Offers and the Annual Reports to Tenants are produced in a manner that ensures compliance with the Regulator's regulatory framework, and reflect the wishes of the Association's residents; and

n. Reviews consultation documents to be submitted by the Association to third parties.

Succession Planning Committee*

The Succession Planning Committee is a committee of the Group Board. The Chair of the Group Board is expressly appointed as a voting member and Chair of the Succession Planning Committee. In addition to the Chair, the membership of the Succession Planning Committee shall be the non-executive members of the Group Board (including any non-executive co-optees).

The role of the Succession Planning Committee is to assist the Group Board in the performance of its responsibilities relating to succession planning for the Group Chief Executive.

* The Succession Planning Committee is currently dormant.

The Succession Planning Committee:

a. In collaboration with the Group Chief Executive, develops candidate profiles and qualifications (including experience, competencies and personal characteristics) to meet the leadership needs of the organisation taking into account its customers' needs and strategic plan;

b. In collaboration with the Group Chief Executive, identifies and evaluates internal candidates against the profile, including state of readiness to assume a larger role;

c. Agrees with the Group Chief Executive on development opportunities to be provided to identified candidates to overcome deficiencies in experience and/or education, as well as opportunities to increase exposure to the Group Board in business and social settings;

d. Considers the appointment of external advisers to support succession planning, to include identification of external candidates, as well as appointment of advisers to support any selection and recruitment process;

e. Evaluates external candidates identified by the Group Chief Executive, members of the Committee or recruitment exercise, and benchmarks against internal candidates;

f. Performs functions listed above in collaboration with the Group Chief Executive at least annually and updates as needed;

g. Presents results of this work to the Group Board annually for review and discussion;

h. Identifies and recommends to the Group Board a permanent Group Chief Executive; and

i. Replaces, whether in emergency situations or for planned transition, as appropriate.

Nominations Committee

The Nominations Committee is a committee of the Group Board. The Chair of the Group Board is expressly appointed as a voting member and Chair of the Nominations Committee. In addition to the Chair, the membership of the Nominations Committee shall be the non-executive members of the Group Board (including any non-executive co-optees).

The Nominations Committee is an advisory body to the Group Board.

The Nominations Committee:

a. Considers the suitability of candidates put forward by the Group Board for election to the Group Board by the shareholding membership; and

b. Provides feedback to the Group Board on its nominees, being mindful of its customer and regulatory obligations and the need to ensure that the governing body has a wide range of skills, experience, and fully appreciates and embraces the importance of diversity and lived experience, in order to be able to maintain effective control of the organisation and ensure the communities served are fully represented.

Remuneration Committee

The Remuneration Committee is a committee of the Group Board. The membership of the Remuneration Committee is determined by the Group Board and is a maximum of three of its non-executive members. The Chair of the Group Board is an ex-officio non-voting member of the Committee unless expressly appointed as a voting member and is not eligible to be the Chair of the Committee. The Chair of the Committee is appointed by the Group Board.

The Remuneration Committee:

a. Determines and agrees with the Group Board the framework for the remuneration of Sanctuary Group (the Group) Executive Directors;

b. Sets remuneration for the Group's Executive Directors;

c. Determines targets for performance-related pay schemes operated by the Association in respect of each of the Group's Executive Directors;

d. Determines the policy and scope of pension arrangements for each of the Group's Executive Directors;

e. Determines, within the terms of the agreed framework, the total individual remuneration package of each of the Group's Executive Directors including, where appropriate, bonuses and incentive payments;

f. Monitors the structure and level of remuneration for senior management where senior management is defined for the purposes of these Terms of Reference as being those reporting directly to the Group Chief Executive;

g. Ensures that in relation to the Group's Executive Directors and senior management, contractual terms on termination and any payments made, are fair to the individual, the Association and its customers, that failure is not rewarded and that the duty to mitigate loss is fully recognised;

h. Considers employment conditions elsewhere in the Group and across the sector when determining annual salary increases for the Group's Executive Directors' pay;

i. Is aware of and advises on any major changes in employee benefit structures throughout the Group;

j. Agrees the policy for authorising claims for expenses from the Group Chief Executive;

k. Has exclusive responsibility for establishing the selection criteria, the selection and appointment of and the setting of the Terms of Reference for any remuneration consultants who advise the Committee;

l. Makes a statement in the Annual Report about its activities; the membership of the Committee, number of Committee meetings and attendance over the course of the year;

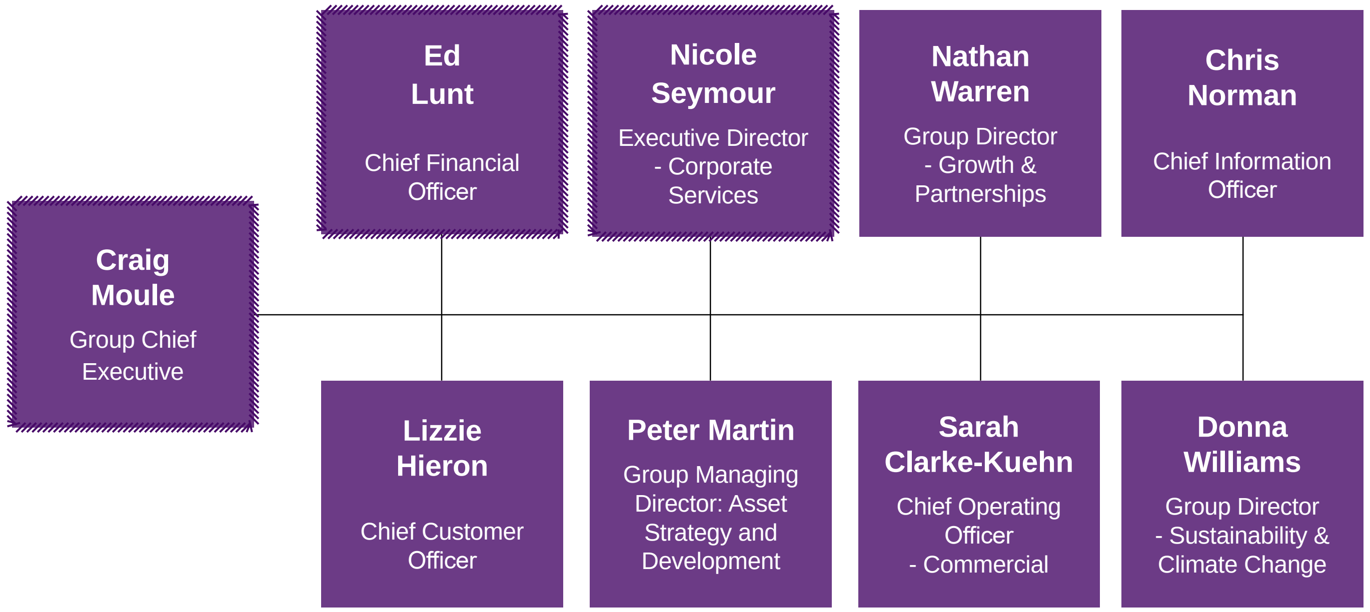
m. Conducts an annual review, or as and when needed, of the Terms of Reference to reflect any changes in regulatory requirements;

n. Gives due regard to the contents of associated guidance issued by the regulators and the National Housing Federation and ensures that the provisions regarding disclosure of remuneration, including pensions, as set out in the Directors' Remuneration Report Regulations 2002 and the UK Corporate Governance Code (each as may be subsequently amended), are fulfilled. Where the Remuneration Committee decides not to comply with the requirements of any relevant codes of governance it will explain the rationale for its decision; and

o. Reviews the non-executive director remuneration annually, using an objective mechanism for setting payment levels, and recommends to the Group Board, taking external advice where appropriate.

Group Chief Executive Craig Moule visits Spey House, Stockport

Executive Management



Executive Directors of Group Board

The Group Board delegates day-to-day management of activities to the Group Chief Executive, Craig Moule, who is responsible for ensuring that the organisation has appropriate executive arrangements in place to meet Sanctuary's objectives and targets, and that those arrangements reflect the diverse needs of the business, including financial performance, capital investment, compliance, growth, and business planning. To this end, Sanctuary has an Executive Committee, chaired by Craig Moule, which considers and approves strategic matters affecting the organisation (either implementation of strategy direction by the Group Board or determination of recommendations to the Group Board); and a Development Committee, also chaired by Craig Moule, which is responsible for monitoring performance and approving capital projects in furtherance of Sanctuary's Corporate Strategy agreed by the Group Board.

Group Executives (as at 3 July 2024)

Craig Moule BSc (Hons)
Group Chief Executive

Craig Moule has been with Sanctuary for over 30 years, serving as Chief Financial Officer before becoming its Group Chief Executive five years ago. During his tenure as Group Chief Executive Craig has successfully overseen the acquisition of Swan Housing Association Limited and "Johnnie" Johnson Housing Trust Limited, and seen Sanctuary grow to managing around 125,000 homes nationally, 14,000 team members and becoming a £1 billion turnover organisation. Craig is an ex-officio member of the Group Board.

Ed Lunt BA (Hons), CA
Chief Financial Officer and Co-opted Group Board Member

Ed Lunt joined Sanctuary in May 2019. As Chief Financial Officer, Ed is responsible for finance, treasury and procurement, ensuring Sanctuary maintains and enhances its financial performance and strength to deliver its ambitions. Ed is also a co-opted member of the Group Board.

Ed is a Chartered Accountant who was previously the Finance Director for Alliance Medical Limited. Prior to this Ed was the UK and Germany Finance Director at National Express PLC, and spent 15 years at PwC LLP where he moved through various roles to become Assurance Director.

Nicole Seymour BA (Hons), MA
Executive Director - Corporate Services and Co-opted Group Board Member

As Executive Director - Corporate Services and Co-opted Group Board Member, Nicole Seymour is responsible for human resources, communications, governance and legal services, and health and safety. Nicole is also responsible for Sanctuary's diversity and inclusion strategy, 'Inclusion for All'. Nicole is a co-opted member of the Group Board and is the Company Secretary to Sanctuary and all of its subsidiaries.

Nicole initially joined Sanctuary through its successful graduate programme and held a number of roles before becoming Director of Corporate Services in 2016.

Nathan Warren BA (Hons), FCCA, MBA, C-DIR
Group Director - Growth & Partnerships

As Group Director - Growth & Partnerships, Nathan Warren is responsible for introducing and managing investment opportunities, including joint ventures, partnerships, and strategic improvement programmes. Nathan is also chair of Sanctuary's Equality, Diversity and Inclusion Group and a Trustee of Leadership 2025, a charity promoting greater ethnic diversity in the leadership of the housing sector.

Before joining Sanctuary, Nathan spent his career working in the private sector with FTSE listed Rolls-Royce PLC, chartered accountancy practice Grant Thornton and large international defence companies. During his time with Sanctuary, Nathan has led a number of our operations, corporate planning and financing programmes, growth and partnerships, improvement, change and business development activities.

Lizzie Hieron BSc (Hons)
Chief Customer Officer

Lizzie Hieron is Chief Customer Officer, with responsibility for Sanctuary's housing operations across England and Scotland. She joined Sanctuary in July 2022 and her focus is on continually improving the experience for our customers and delivering the best possible service.

Lizzie's career history is heavily customer service focused, having worked in the energy sector and more recently as Chief Operating Officer for Midcounties Co-operative. Lizzie is a Volunteer Director for Younity, a community energy joint venture between Midcounties Co-operative and Octopus Energy. She is also a Non-Executive Director for Cottsway Housing Association, where she is Chair of the Customer Committee.

Peter Martin BA, DipHsg, LLM
Group Managing Director: Asset Strategy and Development

As Group Managing Director: Asset Strategy and Development, Peter Martin is responsible for leading the Development, Construction, Sales, and Regeneration teams to achieve Sanctuary's aspiration to build more homes. He is also in charge of the asset strategy for all of the Group's assets.

Prior to this role, Peter was appointed as Senior Development Manager for Sanctuary Scotland, promoted to Head of Development Services, and then appointed Director of Sanctuary Cumbernauld. This followed 15 years working in the housing sector.

Sarah Clarke-Kuehn BA (Hons)
Chief Operating Officer - Commercial

As Chief Operating Officer - Commercial, Sarah Clarke-Kuehn oversees a portfolio of operations on behalf of the Group, including Sanctuary Care, Sanctuary Supported Living, and Sanctuary Students. Sarah joined Sanctuary in 2011 as Head of Finance - Housing and Communities and since then has undertaken a number of roles including Director of Housing Operations, Commercial Services Director, Operations Director for Sanctuary Supported Living, and Group Director - Care.

Sarah is a qualified management accountant with varied experience in commercial, customer-focused environments within multinational PLCs and not-for-profit cultures. She started her career at London International Group (FMCG) and progressed from manufacturing into the service sector with RWE npower. Sarah is a member of the Board of Trustees of the National Care Forum (NCF).

Donna Williams BA (Hons), MBA, MCIM (Chartered)
Group Director - Sustainability and Climate Change

As Group Director - Sustainability and Climate Change, Donna Williams is responsible for leading Sanctuary's transition to net zero carbon by 2050 as well as the strategy for delivering social impact across the organisation. Donna initially joined Sanctuary through its successful graduate programme and since then has undertaken a number of communications roles including Director - Sales and Marketing.

Donna is a Chartered Marketeer with the Chartered Institute of Marketing and has recently completed an MBA with the University of Warwick, specialising in sustainability.

Chris Norman BSc (Hons), MSc
Chief Information Officer

Chris Norman is Chief Information Officer and is responsible for all things technology across Sanctuary. This includes supporting our current technologies, ensuring they are stable, secure, and up to date; delivering transformation underpinned by the latest technology; engineering data products and analytics; and managing cyber security.

Chris joined Sanctuary in 2023 and comes with extensive transformation experience across global brands including 3M, EMC2, Monster Worldwide and most recently at Dyson where he spent 12 years as Global IT Director.

Internal Controls

The Group Board is ultimately responsible for ensuring that the Group maintains a system of internal control that is appropriate to the various business environments in which it operates. Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed. The controls by their nature can provide reasonable but not absolute assurance against material misstatement or loss.

The Group Board has established key procedures to provide internal control and there are clear lines of responsibility for the creation and maintenance of the procedures through the Executive Committee of Sanctuary. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information used within Sanctuary or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets against unauthorised use or disposition.

Major business risks are identified through a system of continuous monitoring. The financial control framework includes the following key features:

- The Group Board being directly responsible for strategic risk management.
- The adoption of formal policies and procedures including documentation of key systems and rules relating to a delegation of authorities, which allows the monitoring of controls and restricts the unauthorised use of the Group's assets.
- Experienced and suitably qualified staff being responsible for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- Executives to monitor the key business risks and financial objectives allowing the Group to progress towards its financial plans set for the year and the medium-term. Regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information including significant variances from targets which are investigated as necessary.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.
- The Group Audit and Risk Committee reviews reports from management, PwC and KPMG to provide reasonable assurance that control procedures are in place and are being followed. The Group Audit and Risk Committee receives an annual report on internal controls from the Chief Financial Officer. The Group Audit and Risk Committee makes regular reports to the Group Board. The Group follows formal procedures for instituting appropriate action to correct weaknesses identified in the above reporting.

On behalf of the Group Board, the Group Audit and Risk Committee has reviewed the effectiveness of the systems of internal control in existence in the Group for the year ended 31 March 2024 and is not aware of any material changes at the date of signing the Financial Statements.

The Group Executive team

Risk Appetite, Principal Risks and Uncertainties

Risk Appetite

In forming its overall risk appetite, the Group identified specific operations and business functions that warrant specific risk appetite statements. Each of these areas has a statement indicating how the appetite is applied, together with metrics that monitor and measure our approach to risk. This includes hurdles which should not be breached without Board approval. Each metric has a trigger point which is an early warning system highlighting when we are approaching a hurdle. The trigger points provide a clear indicator of when remedial actions may need to be taken to avoid the Group breaching the risk appetite hurdles.

Included within the risk appetite metrics are key financial measures and we call these our Golden Rules. These define the financial parameters that the Group will stay within. These are illustrated in the table opposite along with our performance against these rules for the years ended 31 March 2024 and 31 March 2023.

Largely due to the impact of Swan but also a reflection of the recent high inflationary environment, the operating margin and EBITDA MRI interest cover metrics are above their respective hurdles but below their respective trigger points for 2024. Both metrics are expected to improve in 2024/2025 and will continue to be above their hurdles, although it is likely that the operating margin will continue to be below 20.0% trigger point in financial year 2025 as the Group continues to invest in its properties.

Golden Rule	Hurdle	Trigger Point	31 March 2024	31 March 2023
All outright sales revenue not to be greater than 30% of Group total sales revenue	30.0%	20.0%	4.0%	10.6%
Value of lending to Beech Grove Homes – the maximum amount we are prepared to lend into our development and construction business at any time	£350m	£300m	£196.1m	£159.1m
Existing cash and available facilities cover at least 18 months of future committed spending requirements	18 months	20 months	23 months	19 months
All income test funder covenants are exceeded and this continues to be the case for the life of the latest projections/business plan (statutory entity specific)	Pass	Covenant forecast within 10%	Swan's tightest EBITDA interest cover covenant is 38.5% against a covenant of 20% (£5.6m of headroom)	Tightest covenant is 152% against a covenant of 125% (£24m of headroom)
All balance sheet funder covenants are met and this continues to be the case for the life of the latest projections/business plan (statutory entity specific)	Pass	£100m debt headroom	Swan's tightest gearing covenant is 74% against a covenant of 90% (£118.6m headroom)	Tightest covenant has £192m of headroom
Capacity in the form of cash, undrawn facilities and available unencumbered property security that could be used to raise financing exceeds £500 million	£500m	£600m	£2,033m	£1,961m
EBITDA MRI interest cover (Group level) – the amount we can cover our interest expense from our earnings after deducting capital reinvestment spend*	100.0%	110.0%	105.0%	119.4%
Operating margin (Group level)*	18.0%	20.0%	19.1%	20.6%
Standard and Poor's (S&P) and Moody's credit ratings are maintained above BBB and Baa2 respectively	S&P = BBB Moody's = Baa2	S&P = BBB+ Moody's = Baa1	S&P = A Moody's = A2	S&P = A Moody's = A2

* Alternative performance measures are defined and/or reconciled in Appendix 3 on page 244.

Principal Risks and Uncertainties

We operate a comprehensive risk mapping process both at a strategic level and with all our business operations and this is reviewed by the Group Audit and Risk Committee. Risk and assurance maps are approved by the relevant boards and board reports must reference the relevant risks addressed on the appropriate risk map.

The Group's principal and highest rated risk relates to Government policy, legislation and regulation for which the residual risk continues to be greater than target. While we have assurance over the levels of rents in 2024/2025, the Government has not yet confirmed any long-term rent settlement and there is likely to continue to be uncertainty for some time given the forthcoming general election. We also continue to operate in a period in which there is far greater scrutiny on the sector as a whole with new Consumer Standards which came into force from April 2024, supported by stronger regulation. As a result, we regularly review the Government's proposals in respect of potential changes to policy and legislation to anticipate, adapt and mitigate any adverse effects of changes in the Government and political landscape.

Like many in the sector, the Group has received some adverse media coverage over the past year as a result of severe maladministration findings from the Housing Ombudsman. The Group has fully engaged with the Ombudsman and has wholly implemented any lessons learned from these cases, while we are aware that there may be further cases in the future that pre-date these changes. As a result of these findings, we have increased our residual reputational and customer service risk score during the year and it is now greater than target. The residual score will reduce once the Group's number of outstanding complaints (and therefore potential Ombudsman referrals) reduces to an acceptable level.

In 2021/2022 we increased our residual staffing risk score to reflect the fact that, like many organisations, we experienced difficulties in recruiting and retaining colleagues. Despite taking a number of proactive steps to address the issue this was still the case during 2022/2023, however the past 12 months has seen strong recruitment as a result of additional pay rises, revised recognition policies and investment in greater wellbeing offerings and therefore we have now reduced the residual risk score to be in line with target. We continue to strive to remain an employer of choice to both current and potential staff.

The Group's other risk scores have remained static during the year. While there has been upward pressure on the funding and financial viability risk from the external economic environment, the Group continues to have robust financial management, demonstrated by both Moody's and Standard and Poor's reaffirming the Group's credit ratings in February 2024. We have also maintained the programme and service delivery risk scores, which were increased during 2022/2023 due to the acquisition of Swan. While we have made good progress integrating Swan onto our systems and processes, the acquisition of Johnnie Johnson in February 2024 and subsequent need to integrate means that the current scores remain appropriate.

We have removed the Covid-19 risk from the map during the year, embedding the longer-lasting effects of the pandemic into other risk areas where appropriate.

The principal risks affecting Sanctuary are set out on the following pages. The order in which they are presented does not represent a hierarchy of risk level.

Keys:

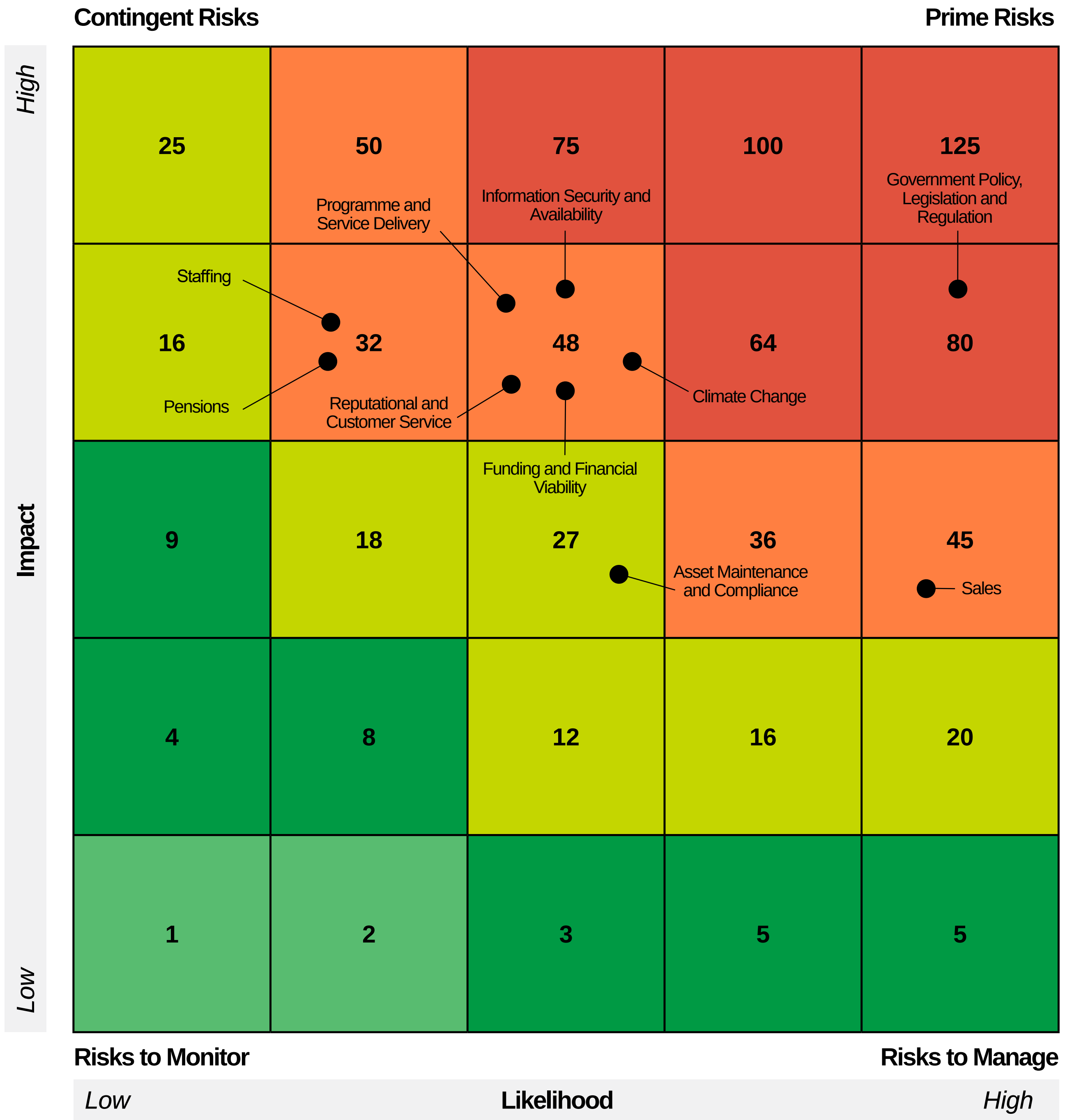
Risk Scores:

- Gross risk is the level of risk before any mitigating controls have been applied.
- Residual risk is the level of risk remaining after all of the mitigating controls have been applied.
- Target risk is our desired level of residual risk and is defined by our risk appetite.

Risk Assessments:

Rating	Likelihood	Impact
1	Rare	Insignificant
2	Unlikely	Minor
3	Possibly	Moderate
4	Likely	Significant
5	Very likely	Severe

Risk Ratings: (Calculated as Likelihood x Impact x Impact)



Risk Description (0 10 20 30 40 50 60 70 80 90 100 110 120)	Year-on-Year Change*	Score

Government Policy, Legislation and Regulation

Risk Description	Year-on-Year Change*	Score
Gross		125
Net		80
Target		64
Failure to comply with or react to regulations and Government announcements, for example around welfare reform and rent reduction, and health and safety changes, leading to reputational damage and financial impacts such as cash flow deterioration.	« »	No change

Funding and Financial Viability

Risk Description	Year-on-Year Change*	Score
Gross		125
Net		48
Target		48
Gearing constraints can limit the Group's capacity for further borrowing. Downgrades to the sector's credit ratings may increase the cost of future borrowing. Failure to obtain funding could undermine the Group's long-term growth plans.	« »	No change

Sales

Risk Description	Year-on-Year Change*	Score
Gross		80
Net		45
Target		45
The proposed development programme increases the risk due to the level of new properties for sale either via shared ownership or outright sale.	« »	No change

Programme and Service Delivery

Risk Description	Year-on-Year Change*	Score
Gross		125
Net		48
Target		48
Planned expansion increases the risk of overstretching management and overloading current systems, including risk management systems, while capacity and material constraints could result in supply chain and service disruption. There could be a subsequent decrease in control or a significant unforeseen event due to a failure in risk management.	« »	No change

Reputational and Customer Service

Risk Description	Year-on-Year Change*	Score
Gross		75
Net		48
Target		32
By operating businesses that provide services to many residents and tenants, we run the risk of reputational damage that could lead to loss of business and, at its most extreme, viability concerns for particular business streams.	︽	Increased

Risk Description (0 10 20 30 40 50 60 70 80 90 100 110 120)	Year-on-Year Change*	Score

Asset Maintenance and Compliance

Risk Description	Year-on-Year Change*	Score
Gross		64
Net		27
Target		27
A failure to monitor and invest in a group or class of assets leads to a significant impairment due to inadequate returns, a decline in demand or obsolescence generating a material financial loss, impact of health and safety requirements, operational failures or degradation of competitive ability.	« »	No change

Pensions

Risk Description	Year-on-Year Change*	Score
Gross		64
Net		32
Target		32
The Group participates in a number of defined benefit pension schemes and there is a risk of increasing funding requirements.	« »	No change

Staffing

Risk Description	Year-on-Year Change*	Score
Gross		100
Net		32
Target		32
A failure to recruit, train and retain a workforce with the appropriate knowledge, skills and experience at all levels leading to the Group failing to achieve its strategy or impacting on reputation. This risk includes wage costs inflation in an environment where costs are increasing.	︾	Decreased

Information Security and Availability

Risk Description	Year-on-Year Change*	Score
Gross		125
Net		48
Target		48
A failure to protect the Group's technology, data and assets against unauthorised access leading to a loss of, or no access to, data, or systems being rendered unavailable, resulting in prosecution, significant financial loss and reputational damage.	« »	No change

Climate Change

Risk Description	Year-on-Year Change*	Score
Gross		64
Net		48
Target		48
Climate change adversely affects or threatens the continuity of business operations and service delivery. Alternatively increased costs associated with climate events or mitigating/adaptions.	« »	No change

* Year-on-Year Change denotes movement in net risk score since the 2022/2023 Annual Report

Financial Strength

Our financial strength remains pivotal to us and underpins our ability to grow and be resilient to external events. Sanctuary's financial and operational decisions are made in the context of the Group's defined risk appetite. Our risk appetite is the level of risk the Group is willing to accept to achieve its strategic objectives. The Group refers to a set of Group-level Risk Appetite Statements and supporting metrics that address key risk areas and specific business operations. Each Risk Appetite Statement provides guidance on the nature and extent of the risk the Group is prepared to accept and in what circumstances. We call our financial risk appetite metrics our Golden Rules.

Monitoring our Golden Rules facilitates the maintenance of our financial strength, ensuring we have the resilience to withstand sharp shocks to the economy and continue to deliver our services and serve our communities. Our financial strength is assessed through continuous stress testing of our business plans against potential adverse events. Further details about the Group's risk appetite and management of risk are given on page 124.

Our financial strength is further underpinned by:

Scale and Diversity

Sanctuary's scale, range of activities and national footprint means the Group is not significantly exposed to a single market or geographic region.

Operating Performance

Sanctuary's financial strength is underpinned by its strong operating performance in each of its key divisions. Sanctuary's overall operating margin is comparable to its peers, despite its significant level of care and support activities. When comparing social housing margins alone, Sanctuary is amongst the highest in its peer group; further details are included in the Value for Money review on page 88. The Group's operations are also highly cash generative, facilitating continued reinvestment in the existing business and enabling capacity for growth as well as mitigating the effects of economic or regulatory shocks.

Credit Worthiness and Capacity

Credit ratings of A (Negative) (Standard & Poor's) (2023: A Negative) and A2 (Stable) (Moody's) (2023: A2 Negative) establish Sanctuary as a sound investment grade business. These strong credit ratings, in conjunction with £2 billion of capacity (cash, undrawn facilities and available security) (2023: £2 billion) enable the Group to secure funding from banks and the capital markets at competitive rates.

Liquidity

Significant liquidity and facilities to draw upon ensure the Group is able to withstand any additional external challenges as well as take advantage of new opportunities. At 31 March 2024, the Group had cash balances of £144.3 million (2023: £180.1 million) and a further £467 million (2023: £434 million) of undrawn facilities.

Debt Management

We match the maturity of our debt to the period over which our assets generate their net income. Volatility in cash outflows including debt service payments is reduced through maintaining a high proportion of fixed rate debt; 83.7% (2023: 91.5%) at year end. We regularly monitor our refinancing exposure and ensure that there is not a concentration of refinancing risk. The Group also has a cross currency interest rate swap in place to hedge the risk of currency rate volatility in respect of US dollar denominated debt.

Group Director - Growth and Partnerships Nathan Warren and Graduates Yusuf Raja and John Oloyede

Going Concern

The Group Board's assessment of the Group and the Association's ability to continue as a going concern is based on consideration of cash flow forecasts for a period of at least 12 months from the date of approval of these Financial Statements. The cash flow forecasts fully incorporate Swan, Johnnie Johnson Housing, and the Group's capital commitments and show that the Group and Association will have sufficient funds to continue to meet liabilities as they fall due. In order to demonstrate the Group's financial resilience, a number of plausible downside scenarios have been modelled, which individually and in combination show that there is sufficient headroom for liquidity purposes and no breaches of covenants. Scenarios include: a prolonged period of high inflation, energy cost increases, a rent cap in England, deterioration in income collection, an increase in voids, a reduction in student and care occupancy, lower development sales and greater maintenance demand. Further details are given in note 1 to the Financial Statements on page 153.

Having assessed the principal risks as set out on pages 126 to 129, the modelled plausible downside scenarios and other matters discussed in connection with the Viability Statement on page 133, the Group Board considers that the Group and the Association have adequate resources to remain in operation for the foreseeable future, have sufficient cash to meet their needs for the foreseeable future and will continue to meet all borrowing covenants. The Group Board has therefore continued to adopt the going concern basis in preparing the Financial Statements.

Viability Statement

During the year the Group Board has assessed the viability of the Group in line with the business plan. This assessment has been made through the business planning process which takes account of both the Group's current position and its principal risks, which are detailed on pages 126 to 129.

The Group Board has determined that the period to 31 March 2027 is an appropriate period over which to provide its Viability Statement. While the Group Board believes that Sanctuary will be viable over a much longer period, this period has been chosen as it has a much greater degree of certainty.

The business planning process includes the Group's most recent targets, operational plans, a review of external factors and the impact of any recent acquisitions such as Swan and Johnnie Johnson Housing. The operational plans provide long-term direction and are reviewed on at least an annual basis. The base strategy is tested through rigorous sensitivity analysis and stress testing using a series of robust downside financial scenarios such as greater inflation, rising interest rates, rent controls, house price declines, higher wages and greater net zero costs, all of which result in a financial impact. The testing also identifies the principal risks that may adversely impact the Group which include operational, political, business, liquidity, market and credit risk. The results of the testing ensure potential mitigating actions are appropriately developed.

Due to the inherent uncertainty involved in all business planning, it is not possible for the review to consider every risk that the Group may face. However, the Group Board considers that the stress testing performed includes all major risks and therefore provides strong assurance of the Group's financial viability.

Also key is the maintenance of a Group-wide assets and liabilities register and risk management processes that flow through to all of the Group's subsidiaries and operations. External assurance of the Group's viability is demonstrated by the Group's credit ratings (Moody's: A2 (Stable) and Standard & Poor's: A (Negative)), while the Group has strong liquidity in place and is able to refinance any debt due over the period.

The Group Board has therefore concluded, based on the extent of the business planning process and strong financial position, that there is a reasonable expectation the Group and the Association have adequate resources and will continue to operate and meet their liabilities as they fall due over the period of their assessment.

The Group Board can also confirm that it has complied with the Governance and Financial Viability Standard set out by the RSH. During the year, the RSH gave Sanctuary Group ratings for Governance and Viability of G1 and V2 respectively (2023: G1 and V2).

Statement of the Board's Responsibilities in Respect of the Annual Report and Financial Statements

The Group Board is responsible for preparing the Annual Report and the Group and Association Financial Statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Group Board to prepare Group and Association Financial Statements for each financial year. Under these regulations, the Group Board has elected to prepare the Group and Association Financial Statements in accordance with UK-adopted international accounting standards (IFRS).

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

In preparing these Financial Statements, the Group Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRS;
- Assess the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

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

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

Disclosure of Information to Auditor

In the case of each of the persons who are members of the Group Board at the date when this report was approved:

- So far as each of the members of the Group Board is aware, there is no relevant audit information of which the Group and Association's auditor is unaware; and
- Each of the members of the Group Board has taken all the steps that they ought to have taken as a Member of the Group Board to make themselves aware of any relevant audit information and to establish that the Group and Association's auditor is aware of that information.

Responsibility Statement of the Directors in Respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- The Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Association and the undertakings included in the consolidation taken as a whole; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Independent Auditor

KPMG LLP has indicated its willingness to continue in office and a resolution concerning the appointment of the auditor for the 2025 year end will be proposed at the next Annual General Meeting.

By order of the Group Board.

Nicole Seymour
Secretary

Date: 3 July 2024

Registered office: Sanctuary House, Chamber Court, Castle Street, Worcester, WR1 3ZQ

Independent Auditor's Report to The Members of Sanctuary Housing Association

1. Our Opinion is Unmodified

We have audited the Group and Association Financial Statements of Sanctuary Housing Association ('the Association') for the year ended 31 March 2024 which comprise the Group and Association Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and the related notes, including the accounting policies in note 1, and appendices 1, 2 and 3.

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 2024 and of the Group's and Association's income and expenditure for the year then ended;
- The Group and Association Financial Statements have been properly prepared in accordance with UK-adopted international accounting standards;
- The Group and Association Financial Statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- The Group and Association Financial Statements have been prepared in accordance with the requirements of the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis For Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Group Audit and Risk Committee.

We were first appointed as auditor by the Board on 28 November 2014. The period of total uninterrupted engagement is for the ten financial years ended 31 March 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: Group Financial Statements as a whole		£10.5m (2023: £9.4m) 1% (2023: 1%) of Group revenue
Coverage		**85% (2023: 86%) of Group revenue**
Key audit matters		**vs 2023**
Recurring risks	Finalisation of fair value on acquisition of Swan Housing Association	◄►
	Post-retirement benefits obligation	◄►
Event Driven	**New:** Fair valuation of the student properties within investment property.	▲

2. Key Audit Matters: Our Assessment of Risks of Material Misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the Financial Statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the Financial Statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The Risk	Our Response
Finalisation of Fair Value on Acquisition of Swan Housing Association **Group asset value** 2024: £893.0 million 2023: £908.3 million **Group liability value** 2024: £866.0 million 2023: £863.9 million Refer to pages 149 and 155 (accounting policy) and page 232 (financial disclosures).	**Subjective Estimate:** On 8 February 2023, the Group completed the acquisition of Swan Housing Association. In accordance with IFRS 3, management are allowed a period of up to one year from the date of acquisition to adjust the provisional amounts on acquisition, to reflect new information obtained about facts and circumstances that existed at the date of acquisition and, if known, would have affected the measurement of the amounts recognised as of that date. This re-assessment is a subjective estimate and has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Financial Statements as a whole.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balances meant that detailed testing is inherently the most effective means of obtaining audit evidence. Our procedures included: **Tests of details:** Challenged management's assessment to ascertain whether the conditions were in existence on the date of acquisition. **Tests of details:** We have assessed the updates made by management in order to arrive at the revised fair values, corroborating any updates to source documentation/third party evidence. **Tests of details:** We have assessed the fair values where no updates have been made and have challenged management as to whether these remain appropriate. **Assessment of management's experts:** We carried out an assessment as to whether the experts engaged by management had the necessary competence to carry out the acquisition accounting work, whether the scope was in line with our expectations, and whether they were independent. **Assessing transparency:** We assessed the adequacy of the Group's disclosures in respect of the final valuation of acquired assets and liabilities in the Financial Statements. **Our Results** We found the finalisation of the fair value in relation to the Swan acquisition to be acceptable (2023: acceptable).

	The Risk	Our Response
Post-Retirement Benefits Obligation **Group** 2024: £347.0 million 2023: £342.3 million **Association** 2024: £296.3 million 2023: £300.3 million Refer to pages 149 and 169 (accounting policy) and pages 214 to 221 (financial disclosures).	**Subjective Estimate:** The valuation of the post-retirement benefits obligation involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Group's pension obligation could have a significant effect on the Group's net pension deficit. The effect of these matters is that, as part of our risk assessment, we determined that post-retirement benefits obligation has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Financial Statements as a whole. The Financial Statements disclose the range estimated by the Group.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: **Benchmarking assumptions:** Challenging, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data. **Assessing experts' credentials:** Critically assessing the independence, professional qualifications, competence and experience of the experts used by the Group including whether they had been subject to undue influence from the Group. **Assessing transparency:** Considering the adequacy of the Group's disclosures in respect of the sensitivity of the deficit to these assumptions. **Our Results** We found the estimate of the post-retirement benefits obligation to be acceptable (2023: acceptable).

	The Risk	Our Response
Fair Valuation of the Student Properties Within Investment Property **Group** 2024: £550.2 million Restated 2023: £536.2 million Restated 2022: £536.1 million **Association** 2024: £554.1 million Restated 2023: £363.0 million Restated 2022: £362.1 million Refer to pages 149 and 158 (accounting policy) and pages 191 to 192 (financial disclosures). *2023 and 2022 amounts are restated due to the change in accounting policy to adopt the fair value model for investment property.*	**Subjective Estimate:** The Group has made a change in accounting policy in the current year to adopt the fair value model approach for student properties recognised within investment property. The valuation of student property requires significant judgement and estimation by management and their external valuers. Inappropriate assumptions used in these estimates could result in a material misstatement. The effect of these matters is that, as part of our risk assessment, we determined that student property valuation has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Financial Statements as a whole. The Financial Statements should disclose the range estimated by the Group and the fact that there has been a voluntary change in accounting policy.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: **Test of details:** Assessed management's application of the change in accounting policy which has been applied retrospectively. **Test of details:** Verification of data inputs to source documentation. **Assessing experts' credentials:** Critically assessed the independence, professional qualifications, competence and experience of the experts used by the Group including whether they had been subject to undue influence from the Group. **Benchmarking assumptions:** Challenged, with the support of our own valuation specialists, the key assumptions applied, being the net operating income and yield against externally derived and historical asset specific data. **Assessing transparency:** Considered the adequacy of the Group's disclosures in respect of the sensitivity of the valuation to these assumptions. Considered the adequacy of the Group's disclosures in respect of the change in accounting policy. **Our Results** We found the fair valuation of student properties within investment property to be acceptable (2023 : N/A).

3. Our Application of Materiality and an Overview of the Scope of Our Audit

Materiality for the group Financial Statements as a whole was set at £10.5 million (2023: £9.4 million), determined with reference to a benchmark of total Group revenue (of which it represents 1% (2023: 1%)). We consider revenue to be more appropriate than a profit-based benchmark as the Group is a not-for-profit organisation, therefore the focus is on revenue and any surplus generated is variable, with any surpluses reinvested in the Group.

Materiality for the Association's Financial Statements as a whole was set at £5.0 million (2023: £4.7 million), determined with reference to a benchmark of Association total revenue, of which it represents 1% (2023: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the Financial Statements as a whole.

Performance materiality was set at 75% (2023: 75%) of materiality for the Financial Statements as a whole, which equates to £7.8 million (2023: £7.0 million) for the Group and £3.8 million (2023: £3.1 million) for the Association. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Group Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £0.53 million (2023: £0.47 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 46 (2023: 40) reporting components, we subjected 10 (2023: 8) to full scope audits for Group purposes and 4 (2023: nil) to specified risk-focused audit procedures over revenue.

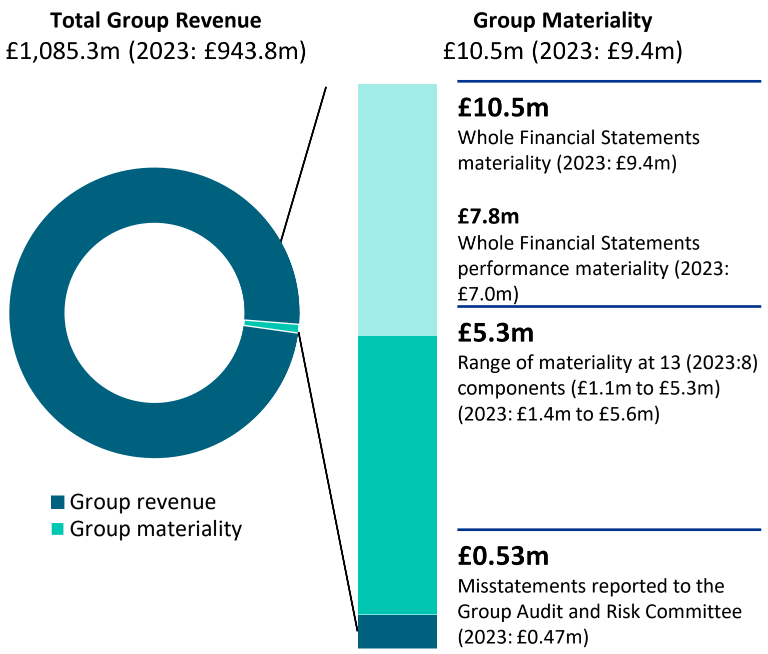
The components within the scope of our work accounted for the percentages illustrated opposite.

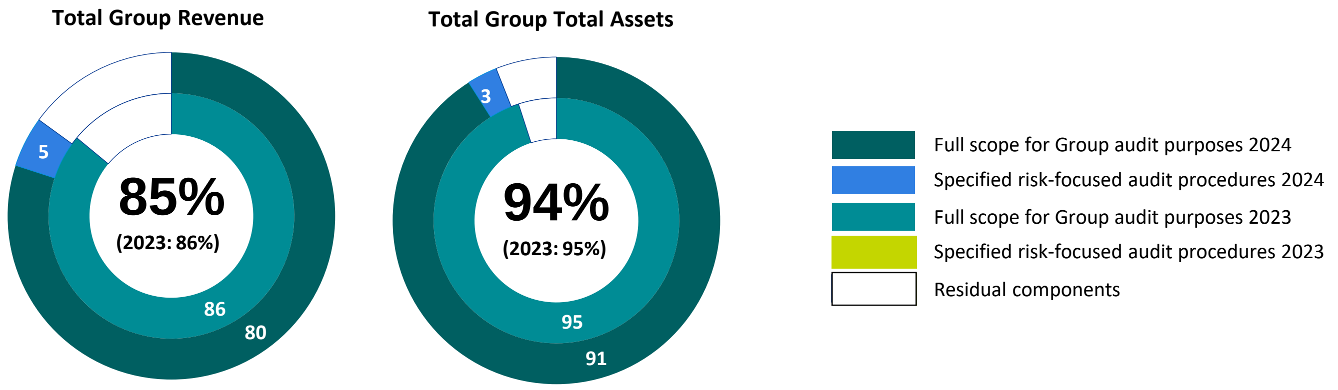
The remaining 15% (2023: 14%) of total Group revenue, 6% (2023: 5%) of total Group assets is represented by 32 (2023: 32) reporting components, none of which individually represented more than 2% (2023: 2%) of total Group revenue or total Group assets. For the residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The audit of all components, including the Association, were completed by the Group engagement team.

The Group team approved the component materialities, which ranged from £1.1 million to £5.3 million (2023: £1.4 million to £5.6 million), having regard to the mix of size and risk profile of the Group across the components.

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.





4. Going Concern

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

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Association's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Association's available financial resources and/or metrics relevant to debt covenants over this period was the impact of supporting Swan following the acquisition in the prior year.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

Our conclusions based on this work:

- We consider that the Group Board's use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate;
- We have not identified, and concur with the Group Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or company's ability to continue as a going concern for the going concern period; and
- We found the going concern disclosure in note 1 to be acceptable.

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

5. Fraud and Breaches of Laws and Regulations – Ability to Detect

Identifying and Responding to Risks of Material Misstatement Due to Fraud

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

- Enquiring of Board and the Group Audit and Risk Committee and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Group Audit and Risk Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the fair valuation of investment properties and pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because:

- The Group does not operate in an industry that would create an inherent revenue risk.
- The majority of the Group's revenue streams are easily observable and do not contain estimates e.g. rental income.
- There is no history of significant or a high number of audit misstatements in relation to revenue.
- Management are not incentivised on revenue directly.
- There are no indicators that management possesses the attitude, character or ethical values that would cause it to knowingly and intentionally commit a dishonest act.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included journals with unusual account pairings.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and Responding to Risks of Material Misstatement Due to Non-Compliance with Laws and Regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Financial Statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

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

The potential effect of these laws and regulations on the Financial Statements varies considerably.

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

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the Financial Statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Care Quality Commission standards, health and safety and anti-bribery law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the Ability of the Audit to Detect Fraud or Breaches of Law or Regulation

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

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

6. We Have Nothing to Report on the Other Information in the Annual Report

The Group Board is responsible for the other information presented in the Annual Report together with the Financial Statements. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

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

7. We Have Nothing to Report on the Other Matters on Which We Are Required to Report by Exception

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

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

We have nothing to report in these respects.

8. Respective Responsibilities

Group Board's Responsibilities

As explained more fully in their statement set out on page 134, the Group Board is responsible for: the preparation of the Financial Statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities

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

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

9. The Purpose of our Audit Work and to Whom We Owe Our Responsibilities

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

James Tracey
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

10 July 2024

The Orchards development,
Drakes Broughton

Statement of Comprehensive Income for the Year Ended 31 March 2024

	Notes	Group 2024 £m	Group Restated* 2023 £m	Association 2024 £m	Association Restated* 2023 £m
INCOME STATEMENT					
Continuing operations					
Revenue	2	1,085.4	943.8	524.8	474.8
Cost of sales	4	(74.8)	(93.7)	(1.9)	(2.5)
Operating expenditure	4	(803.7)	(659.9)	(417.7)	(375.3)
Other gains and losses	7	7.6	10.9	5.2	7.5
Other income	3	-	-	5.3	10.1
Share of profit of joint ventures	33	0.7	4.2	-	-
Operating surplus		**215.2**	**205.3**	**115.7**	**114.6**
Gain/(loss) on cessation of defined benefit pension schemes	29	0.9	(6.2)	2.4	(6.2)
Net gain/(loss) from acquisitions	34	162.7	21.1	-	-
Provision for amounts due from subsidiary undertakings	10	-	-	-	(46.7)
Finance income	9a	6.3	3.9	11.8	8.5
Finance costs	9b	(171.8)	(135.6)	(98.2)	(87.8)
Loss on refinancing	10	(8.2)	-	(29.2)	-
Gain/(loss) on fair value of investment property	14	0.3	(7.8)	(12.3)	(7.1)
Gain on fair value of financial instruments		1.6	1.1	-	-
Surplus before tax		**207.0**	**81.8**	**(9.8)**	**(24.7)**
Taxation	11	(0.3)	0.7	-	-
Surplus/(loss) for the year from continuing operations		**206.7**	**82.5**	**(9.8)**	**(24.7)**
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to income or expense:					
Remeasurement of defined benefit pension scheme liability	28,29	(4.5)	(2.1)	(9.9)	0.8
Equity investments at fair value through other comprehensive income – net change in value	15,28	-	(0.4)	-	(0.4)
Items that may be reclassified subsequently to income or expense:					
Cash flow hedges – effective portion of changes in fair value	28	(5.7)	5.7	(5.7)	5.7
Cash flow hedges – reclassified to Income Statement	28	1.3	(3.7)	1.3	(3.7)
Cost of hedging reserve – changes in fair value	28	0.7	(0.4)	0.7	(0.4)
Other comprehensive (losses)/income for the year		**(8.2)**	**(0.9)**	**(13.6)**	**2.0**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**198.5**	**81.6**	**(23.4)**	**(22.7)**

*Details of prior year restatements are included in note 37.

There were no discontinued operations in either the current or previous financial years.

The notes and appendices on pages 152 to 248 form part of these Financial Statements.

Statement of Financial Position as at 31 March 2024

	Notes	Group 31 March 2024 £m	Group Restated* 31 March 2023 £m	Group Restated* 1 April 2022 £m	Association 31 March 2024 £m	Association Restated* 31 March 2023 £m	Association Restated* 1 April 2022 £m
ASSETS							
Non-current assets:							
Intangible assets	12	54.3	50.0	51.6	48.0	43.8	45.6
Property, plant and equipment	13	5,064.2	4,672.4	3,796.5	2,663.2	2,592.9	2,554.1
Investment property	14	588.5	564.1	559.3	574.9	383.4	388.0
Deferred tax assets	25	5.2	5.4	4.7	-	-	-
Derivative financial assets	16	26.8	31.9	26.4	26.8	31.9	26.4
Investments in subsidiaries	33	-	-	-	87.7	87.7	87.7
Equity accounted investments	33	2.6	4.5	2.9	-	-	-
Other investments	15	17.5	17.1	17.9	15.9	15.9	17.7
Trade and other receivables	17,18	32.6	32.5	33.8	27.6	59.1	49.5
		5,791.7	5,377.9	4,493.1	3,444.1	3,214.7	3,169.0
Current assets:							
Trade and other receivables	17,18	153.7	140.3	96.9	108.5	150.8	191.5
Inventory	19	209.5	232.1	201.1	1.9	1.9	0.1
Assets classified as held for sale	20	7.2	0.4	10.0	0.4	0.4	10.0
Cash and cash equivalents	31	144.3	180.1	102.1	13.6	4.9	10.4
		514.7	552.9	410.1	124.4	158.0	212.0
TOTAL ASSETS		**6,306.4**	**5,930.8**	**4,903.2**	**3,568.5**	**3,372.7**	**3,381.0**
LIABILITIES							
Current liabilities:							
Trade and other payables	21	360.5	340.2	216.2	149.7	127.6	116.2
Contract liabilities	2	48.4	45.9	44.0	25.2	22.3	24.1
Current tax liabilities	11	0.3	0.1	-	-	-	-
Loans and borrowings	22,23	122.1	242.1	34.4	80.0	119.3	25.2
Provisions	26	17.9	22.0	8.9	9.5	2.9	1.9
		549.2	650.3	303.5	264.4	272.1	167.4
Non-current liabilities:							
Trade and other payables	21	8.3	6.8	3.3	7.6	4.6	2.6
Loans and borrowings	22,23	3,795.3	3,516.6	3,040.5	1,828.0	1,610.0	1,703.0
Deferred tax liabilities	25	0.6	0.6	0.5	-	-	-
Derivative financial liabilities	16	0.3	0.4	1.5	-	-	-
Retirement benefit obligations	29	37.0	29.0	21.6	29.8	24.6	23.9
Provisions	26	108.4	118.3	5.1	0.7	-	-
		3,949.9	3,671.7	3,072.5	1,866.1	1,639.2	1,729.5
TOTAL LIABILITIES		**4,499.1**	**4,322.0**	**3,376.0**	**2,130.5**	**1,911.3**	**1,896.9**
EQUITY							
Equity attributable to owners of the parent:							
Ordinary shares	27	-	-	-	-	-	-
Cash flow hedge reserve	28	5.4	9.8	7.8	5.3	9.7	7.7
Cost of hedging reserve	28	(0.3)	(1.0)	(0.6)	(0.3)	(1.0)	(0.6)
Revaluation reserve	28	0.1	0.1	-	0.1	0.1	-
Restricted reserves	28	5.1	4.9	4.8	4.9	4.7	4.6
Retained earnings	28	1,797.0	1,595.0	1,515.2	1,428.0	1,447.9	1,472.4
TOTAL EQUITY		**1,807.3**	**1,608.8**	**1,527.2**	**1,438.0**	**1,461.4**	**1,484.1**
TOTAL EQUITY AND LIABILITIES		**6,306.4**	**5,930.8**	**4,903.2**	**3,568.5**	**3,372.7**	**3,381.0**

*Details of prior year restatements are included in note 37.
The notes and appendices on pages 152 to 248 form part of these Financial Statements.

The Financial Statements were authorised and approved by the Board on 3 July 2024 and signed on its behalf by:

Andrew Manning-Cox
Group Chair

Ed Lunt
Group Board Member, Chief Financial Officer

Nicole Seymour
Group Board Member, Secretary

Statement of Changes in Equity for the Year Ended 31 March 2024

Group	Share capital	Revenue reserve	Restricted reserves	Revaluation reserve	Cash flow hedge reserve	Cost of hedging reserve	Total equity
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2022 (restated*)	-	1,515.2	4.8	-	7.8	(0.6)	1,527.2
Surplus for the year (restated*)	-	82.5	-	-	-	-	82.5
Other comprehensive income	-	(2.1)	-	(0.4)	2.0	(0.4)	(0.9)
Total comprehensive income	**-**	**80.4**	**-**	**(0.4)**	**2.0**	**(0.4)**	**81.6**
Transfer of VRTB proceeds	-	(0.1)	0.1	-	-	-	-
Transfer of loss on disposal of equity investments	-	(0.5)	-	0.5	-	-	-
Total transfers	**-**	**(0.6)**	**0.1**	**0.5**	**-**	**-**	**-**
At 31 March 2023 (restated*)	**-**	**1,595.0**	**4.9**	**0.1**	**9.8**	**(1.0)**	**1,608.8**
At 1 April 2023 (restated*)	-	1,595.0	4.9	0.1	9.8	(1.0)	1,608.8
Surplus for the year	-	206.7	-	-	-	-	206.7
Other comprehensive income	-	(4.5)	-	-	(4.4)	0.7	(8.2)
Total comprehensive income	**-**	**202.2**	**-**	**-**	**(4.4)**	**0.7**	**198.5**
Transfer of VRTB proceeds	-	(0.2)	0.2	-	-	-	-
Transfer of loss on disposal of equity investments	-	-	-	-	-	-	-
Total transfers	**-**	**(0.2)**	**0.2**	**-**	**-**	**-**	**-**
At 31 March 2024	**-**	**1,797.0**	**5.1**	**0.1**	**5.4**	**(0.3)**	**1,807.3**

Association	Share capital	Revenue reserve	Restricted reserves	Revaluation reserve	Cash flow hedge reserve	Cost of hedging reserve	Total equity
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2022 (restated*)	-	1,472.4	4.6	-	7.7	(0.6)	1,484.1
Deficit for the year (restated*)	-	(24.7)	-	-	-	-	(24.7)
Other comprehensive income	-	0.8	-	(0.4)	2.0	(0.4)	2.0
Total comprehensive income	**-**	**(23.9)**	**-**	**(0.4)**	**2.0**	**(0.4)**	**(22.7)**
Transfer of VRTB proceeds	-	(0.1)	0.1	-	-	-	-
Transfer of loss on disposal of equity investments	-	(0.5)	-	0.5	-	-	-
Total transfers	**-**	**(0.6)**	**0.1**	**0.5**	**-**	**-**	**-**
At 31 March 2023 (restated*)	**-**	**1,447.9**	**4.7**	**0.1**	**9.7**	**(1.0)**	**1,461.4**
At 1 April 2023 (restated*)	-	1,447.9	4.7	0.1	9.7	(1.0)	1,461.4
Deficit for the year	-	(9.8)	-	-	-	-	(9.8)
Other comprehensive income	-	(9.9)	-	-	(4.4)	0.7	(13.6)
Total comprehensive income	**-**	**(19.7)**	**-**	**-**	**(4.4)**	**0.7**	**(23.4)**
Transfer of VRTB proceeds	-	(0.2)	0.2	-	-	-	-
Transfer of loss on disposal of equity investments	-	-	-	-	-	-	-
Total transfers	**-**	**(0.2)**	**0.2**	**-**	**-**	**-**	**-**
At 31 March 2024	**-**	**1,428.0**	**4.9**	**0.1**	**5.3**	**(0.3)**	**1,438.0**

*Details of prior year restatements are included in note 37.

The notes and appendices on pages 152 to 248 form part of these Financial Statements.

Statement of Cash Flows for the Year Ended 31 March 2024

	Group		Association	
	2024	Restated* 2023	2024	Restated* 2023
	£m	£m	£m	£m
CASH FLOWS FROM OPERATING ACTIVITIES				
Surplus/(loss) for the year	206.7	82.5	(9.8)	(24.7)
Adjustments for:				
Depreciation, amortisation and impairment	83.9	74.0	55.1	59.0
Surplus on sale of property, plant and equipment	(7.6)	(10.8)	(5.2)	(7.4)
Surplus on sale of investments	-	(0.1)	-	(0.1)
Provision for amounts due from subsidiary undertakings	-	-	-	46.7
Share of profits in joint venture	(0.7)	(4.2)	-	-
Loss on refinancing arrangements	8.2	-	29.2	-
(Gain)/loss on cessation of defined benefit pension schemes	(0.9)	6.2	(2.4)	6.2
(Gain)/loss on fair value of investment property	(0.3)	7.8	12.3	7.1
Gain on fair value of financial instruments	(1.6)	(1.1)	-	-
Net gain/(loss) from acquisitions	(163.1)	(25.3)	-	-
Net finance costs	165.5	131.7	86.4	79.3
Tax expense	0.3	(0.7)	-	-
	83.7	177.5	175.4	190.8
Cash generated before working capital movements	290.4	260.0	165.6	166.1
Changes in:				
Trade and other receivables	(14.2)	(5.7)	8.3	(10.2)
Trade and other payables	1.2	20.6	24.4	20.0
Inventories	23.9	28.4	(0.1)	(1.7)
Retirement benefit obligations and provisions	(14.7)	(13.4)	4.2	(4.4)
	(3.8)	29.9	36.8	3.7
Cash generated from operating activities	286.6	289.9	202.4	169.8
Interest paid	(170.8)	(131.0)	(83.6)	(77.6)
Lease interest payments	(11.1)	(11.9)	(5.6)	(3.1)
Net cash inflow from operating activities	**104.7**	**147.0**	**113.2**	**89.1**
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	5.1	1.1	3.4	0.1
Proceeds from sale of property, plant and equipment	17.9	33.7	9.7	26.6
Proceeds from sale of investments	-	4.0	-	4.0
Acquisition and construction of property, plant and equipment, investment property and software	(327.7)	(248.5)	(254.2)	(123.4)
Acquisition of subsidiaries and other business combinations, net of cash acquired (note 34)	3.5	59.8	(0.2)	-
Acquisition of other investments	(0.2)	(2.1)	-	(2.6)
Capital grants received	50.9	46.6	8.5	9.1
Dividends received from joint ventures	2.5	4.4	-	-
Loans to joint ventures	1.3	13.6	1.4	13.6
Loans to other Group entities	-	-	39.6	(17.5)
Net cash outflow from investing activities	**(246.7)**	**(87.4)**	**(191.8)**	**(90.1)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from loans and borrowings	357.0	212.8	351.0	45.0
Repayment of borrowings	(245.8)	(192.2)	(261.3)	(47.6)
Repayment of leases	(5.0)	(2.2)	(2.4)	(1.9)
Net cash flow from financing activities	**106.2**	**18.4**	**87.3**	**(4.5)**
Net (decrease)/increase in cash and cash equivalents	**(35.8)**	**78.0**	**8.7**	**(5.5)**
Cash and cash equivalents 1 April 2023	180.1	102.1	4.9	10.4
Cash and cash equivalents 31 March 2024	**144.3**	**180.1**	**13.6**	**4.9**

*Details of prior year restatements are included in note 37.
An analysis of changes in liabilities from financing activities is shown in note 31.
The notes and appendices on pages 152 to 248 form part of these Financial Statements.

Notes to the Financial Statements

1. Principal Accounting Policies

General Information

The Association is registered in England as a Registered Society (number 19059R) and with the Regulator of Social Housing (number L0247); it is the ultimate parent undertaking within the Group. The Association's separate Financial Statements are presented alongside those of the Group, which consolidates the Financial Statements of the Association and entities controlled by the Association.

The Financial Statements are presented in pounds sterling which is the Group's functional currency. Unless otherwise stated, amounts are denominated in millions (£m) rounded to the nearest £0.1 million.

Basis of Accounting

The Group's and Association's Financial Statements (the Financial Statements) have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards. They are also prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Schedule 1 to the Housing and Regeneration Act 2008 and The Accounting Direction for Private Registered Providers of Social Housing 2022. Additional guidance is taken from the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 (the SORP) where this does not conflict with IFRS.

Changes to Accounting Policies

The Group has revised its accounting policy for its investment property, moving from the cost model to the fair value model under IAS 40 *Investment Property*. The move to a fair value policy results in the presentation of more relevant information within the financial statements and is aligned to the approach taken by other large operators within the sector.

Under IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, this is a voluntary change of accounting policy and so has been applied retrospectively in accordance with that Standard, restating opening balances for the earliest prior period presented and adjusting amounts disclosed, as if the new accounting policy had always been applied.

Further details, including transition tables, are included within note 37.

Alternative Performance Measures

In the reporting of financial information, the Group uses various Alternative Performance Measures (APMs). These measures are not defined under IFRS and therefore may not be directly comparable with the APMs of other businesses reporting under IFRS.

APMs are not intended to be a substitute for, or superior to, IFRS measurement, but are included to provide additional useful information on the underlying trends, performance and position of the Group.

APMs are used for the following reasons:

- Where metrics have been defined by the Regulator of Social Housing (RSH) and are a compulsory requirement within the Financial Statements of a housing association.
- Where metrics are not defined by the RSH but are commonly used within the sector and so their use aids comparability with peers.
- Where adjustment for events outside normal operations aids users of the Financial Statements in understanding the Group's underlying performance.

In determining whether events outside normal operations should be adjusted for, the Group considers whether these items are significant either because of their size or their nature. An item will be considered for adjustment if it meets one of the following criteria:

- It is directly incurred as a result of an acquisition.
- It arises from a major business change or restructuring programme.
- It relates to a major refinancing of loans and borrowings.

- It is unusual in nature, e.g. outside the normal course of business.

Further details of the Group's APMs, including reconciliations to line items within the primary Financial Statements and accompanying notes, are included in Appendix 3.

New Tenant Satisfaction Measures (TSMs) were introduced by the Regulator of Social Housing in April 2023 and the metrics are referred to throughout the Annual Report. Further details, along with a summary of Sanctuary's performance under all 22 metrics, are included on page 82.

Going Concern

The Group's operations, together with the factors likely to affect its future performance and financial position, are set out in the Strategic Report on pages 12 to 101.

The Group manages its exposure to risk, and this activity is reviewed and scrutinised by the Group Audit and Risk Committee. Details of the Group's Golden Rules and principal risks are discussed on pages 124 to 129.

Information about the Group's approach to treasury management can be found in the Chief Financial Officer's Review on pages 48 to 57, as well as within note 24 to the Financial Statements (Financial Instruments and Risk Management).

The Group's core operations are built on a solid base with strong relationships forged over the years with local authorities. The Group prepares robust business plans which are reviewed by the Regulator of Social Housing (RSH).

The Group's strategy and core strength is reflected in its external ratings with the RSH and credit agencies, with a V2 viability status from the RSH and investment grade ratings of A2 Stable from Moody's and A Negative from Standard & Poor's.

The Group Board's assessment of the Group and the Association's ability to continue as a going concern is based on consideration of cash flow forecasts for a period of at least 12 months from the date of approval of these Financial Statements. The cash flow forecasts fully incorporate the Group's capital commitments and show that the Group and Association will have sufficient funds to continue to meet liabilities as they fall due. In order to demonstrate the Group's financial resilience, a number of severe but plausible downside scenarios have been modelled, which individually and in combination show that there is sufficient headroom for liquidity purposes and no breaches of covenants. Scenarios include: a prolonged period of high inflation, energy cost increases, a rent cap in England, deterioration in income collection, an increase in voids, a reduction in student and care occupancy, lower development sales and greater maintenance demand.

Significant liquidity and facilities to draw upon ensure the Group is able to withstand any additional external challenges that arise. At 31 March 2024, the Group had cash balances of £144.3 million and a further £467 million of undrawn facilities; the Group's total capacity stood at £2.0 billion (cash, undrawn facilities and available security).

Borrowing covenants are constantly monitored as part of the Group's Golden Rules, to ensure that they will continue to be met based on latest projections (page 124). As expected from the acquisition there have been covenant amendments required on facilities which have been agreed with the lenders. As such, the Group has ensured that all covenants will continue to be met.

Having assessed the principal risks as set out on pages 126 to 129, the other matters discussed in connection with the viability statement on page 133 and the severe but plausible downside sensitivities, the Group Board considers that the Group and the Association have adequate resources to remain in operation for the foreseeable future, have sufficient cash to meet their needs for the foreseeable future and will continue to meet all borrowing covenants. The Group Board has therefore continued to adopt the going concern basis in preparing the Financial Statements.

IFRSs Not Yet Applied

The following list details new standards, amendments and interpretations which are not yet effective, which may have an impact on the accounting within the Group's Financial Statements in future periods:

- Amendments to IFRS 16 Leases in relation to leases on sale and leaseback (annual periods beginning on or after 1 January 2024).
- Amendments to IAS 1 Presentation of Financial Statements in relation to non-current liabilities with covenants (annual periods beginning on or after 1 January 2024).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instrument Disclosures in relation to supplier finance arrangements (annual periods beginning on or after 1 January 2024).

Other forthcoming standards, amendments or interpretations which are not covered within the above are unlikely to impact the Financial Statements of the Group.

Critical Accounting Judgements

In the process of applying the Group's and Association's accounting policies, management has made certain judgements which have an impact upon the Financial Statements, these are detailed below.

Classification of Property

A degree of judgement is required over whether certain property held by the Group is treated as property, plant and equipment or as investment property.

Investment property is property held to earn rentals or for capital appreciation or both. The Group considers all of its commercial property and its property held for student lettings to fall under this definition.

Property held for use in the production or supply of goods or services or for administrative purposes is treated as property, plant and equipment. The Group has therefore classified its office buildings (held for administrative purposes) and its care homes (held for the provision of care services) as property, plant and equipment.

A greater degree of judgement is required over the classification of housing property held for social lettings. It is the Group's opinion that while rental income is received from the provision of social housing, the primary purpose is to provide social benefits. The provision of social housing is therefore akin to supplying a service and so property held for this purpose has been accounted for as property, plant and equipment. This treatment is consistent with housing associations that have chosen the alternative option of applying the revised UK GAAP (FRS 102), which contains explicit provisions for this scenario and arrives at a similar conclusion; it is also consistent with guidance contained in the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 (the SORP).

Critical Accounting Estimates and Assumptions

The preparation of the Group's and Association's Financial Statements requires management to make estimates and assumptions that affect reported carrying amounts of assets and liabilities.

Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions. 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 discussed on the next page.

Acquisition of Swan Housing Association

On 8 February 2023 the Group completed the acquisition of Swan Housing Association, and its subsidiaries, and in accordance with the measurement principles of IFRS 3 Business Combinations (IFRS 3), all identifiable assets acquired and liabilities assumed were measured at their fair values at that date.

Post-acquisition there followed a measurement period that ran until 7 February 2024. During this time, the provisional fair values were reassessed based on new information obtained about facts and circumstances that existed at the acquisition date that if known at the time would have affected measurement amounts recognised at that date.

The proximity of the Swan acquisition to the year end and the complexity of some of the issues facing Swan, which led to it being taken over by Sanctuary, meant that several adjustments to the original fair values arose as a result of the measurement period assessment.

Key estimates and assumptions remain in establishing levels of provisions, reimbursement assets and contingent asset disclosures. Provisions include a number of items where costs have been estimated. Where possible, these estimates are based on third-party assessments or industry data. Legal advice has been sought, where required, to establish contractual obligations, or to support quantification of the outcome of cases. Further details are included in notes 26.

Retirement Benefit Obligation Valuations

In determining the valuation of defined benefit schemes' assets and liabilities, a number of key assumptions have been made. The key assumptions, which are given below, are largely dependent on factors outside the control of the Group:

- Inflation rate;
- Life expectancy; and
- Discount rate.

The Group is exposed to risks through its defined benefit schemes if actual experience differs to the assumptions used and through volatility in the plan assets. Details of the assumptions used, and associated sensitivities, are included in note 29.

Other Accounting Judgements, Estimates and Assumptions

Impairment of Care Home Property Assets

Where indicators of impairment exist then an asset's recoverable amount must be estimated to determine if an impairment adjustment is required; this entails making a number of assumptions, which include:

- Future occupancy levels;
- Fee rates;
- Inflation rates;
- Discount rates; and
- Sustainable Earnings Before Interest, Taxation, Depreciation, Amortisation, Rent and Management fees (EBITDARM) and EBITDARM multiples for determining valuations.

Further details of the general principles of impairment testing are included later within note 1. Details of the specific assumptions used, are included in note 13.

Provisions and Contingent Liabilities (Excluding Items on Acquisition)

A provision is recognised when the Group has a measurable present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions, by their nature, have a degree of uncertainty over the timing or amount of the future expenditure required in settlement. Management determines the level of an obligation by considering the range of possible outcomes and estimating the probable financial effect of settlement using judgement based on past experience and, where applicable, information provided by independent experts. Details of the provisions held within the Group are included in note 26.

Contingent liabilities are possible obligations whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Group's control, or present obligations that are not recognised because it is not probable that a settlement will be required or the value of such a payment cannot be reliably estimated. The Group does not recognise contingent liabilities but discloses them in note 36.

Inventory Carrying Value

The Group has ongoing procedures for assessing the carrying value of inventories and identifying where this is in excess of net realisable value, with reference to estimates of costs to complete and remaining revenues. The assumptions and estimates for both revenue and costs are based on conditions existing at the reporting date, with reference to recent experience on similar properties and site-specific knowledge.

A material portion of the Group's activities are undertaken through house building and development and the Group is required to make estimates in accounting for revenue and margin. These estimates may depend upon the outcome of future events and may need to be revised as circumstances change.

Specific procedures for assessing development projects include:

- **Market analysis** – A review of potential impact on build costs and sales revenues based on analysis of information published by the leading consultants in the sector;
- **Contract analysis** – A review of current contractual positions and the potential impact on build costs; and
- **Impact analysis** – Application of a series of sensitivities to existing models to assess the impact of potential revenue and cost movements.

Details of the year end review are included in note 19.

Fair Value of Acquired Assets and Liabilities Assumed in Business Combinations (Johnnie Johnson)

In accordance with the measurement principles of IFRS 3 Business Combinations (IFRS 3), all identifiable assets acquired and liabilities assumed are measured at their fair values at the date of acquisition.

Property fair values were determined by reference to an independent valuation, conducted in accordance with RICS Valuation Professional Standards; loans and borrowings were also valued by independent specialists. The values of other acquired assets and liabilities assumed were determined in accordance with the principles of IFRS 13 Fair Value Measurement.

There is a degree of judgement involved in determining these values and, in line with IFRS 3, the fair value adjustments are considered provisional and may change during the measuring period, which will not exceed one year from the acquisition date. However, accounting estimates are not deemed to be significant, due to all material items having been assessed by third party experts, with relatively low values for all other balance sheet items.

Revenue

Many of the Group's activities involve a high number of end service users, each of whom has a separate contract. However, for each activity type (for example, general needs housing) there is very little variation in the substance of the individual contracts. In arriving at its conclusions over application of IFRS 15, management has therefore applied the practical expedient that allows application of the Standard to portfolios of contracts with similar characteristics, rather than to individual contracts. Management believes that the effect on the Financial Statements of applying the Standard to the portfolios does not differ materially from applying the Standard to the individual contracts within the portfolios.

Detailed consideration has been given to the way in which shared ownership property transactions should be accounted for under IFRS 15. Since such transactions are unique to the housing industry no specific guidance is offered within the Standard itself and so in reaching this conclusion management has relied upon an assessment of the substance of the underlying elements of the arrangement, while considering guidance within the housing SORP and drawing on wider industry practice.

Climate Change

The Group has considered the impact of climate change in preparing these Financial Statements, in the context of its Environment and Climate Change Strategy, which is discussed in the Environment and Sustainability section on pages 40 to 43.

Climate change mitigation activities are already well underway across the Group, with a short-term target of halving operational carbon emissions by 2030, as detailed on page 42. The Group continues to invest in environmental initiatives to drive decarbonisation, and the effect that these initiatives may have on existing asset component lives is kept under constant review. To date, works have been within existing life cycles or additive in nature and so have not been indicative of a shortening of component lives.

Climate risks are considered when assessing assets for impairment. The review of physical climate-related risks such as flooding, changes in temperature and extreme weather events, has not resulted in identification of indicators of impairment for the Group's assets. When determining cash flows for value in use calculations, climate change is deemed to have a negligible impact on the Group's income streams and maintenance requirements in the short or medium-term and so no adjustments have been required.

The Group continues to improve sustainability standards in the construction of new homes in a range of ways to reduce carbon emissions and to minimise exposure to physical climate change risks in the future.

Climate change in relation to defined benefit pension schemes is discussed in note 29.

Whilst there is currently no material impact expected from climate change over the short to medium-term, the Group will continue to assess the risks of climate change against judgements and estimates made in preparation of the Group's Financial Statements.

Fair Value Measurement (Excluding Items on Acquisition)

A number of assets and liabilities included in the Group's Financial Statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible.

The Group measures (or discloses) the following items at fair value:

- Investment property (note 14)
- Equity investments at FVOCI – listed investments (notes 15 and 24)
- Derivative financial instruments (notes 16 and 24)
- Certain loans with embedded interest rate swaps (notes 24)

Basis of Consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Association and entities controlled by the Association.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases. Business combinations are accounted for using the acquisition method.

Investments in subsidiaries are accounted for at cost less any impairment for permanent diminutions in value.

Joint Arrangements

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. The Group has a number of joint ventures whereby it has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Application of the Equity Method to Joint Ventures

Joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The consolidated Financial Statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to £nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Transactions Eliminated on Consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Goodwill Arising on Business Combinations

Goodwill is calculated as the difference between the fair value of the aggregate of the consideration transferred and the net fair value of identifiable assets acquired and liabilities assumed.

If the difference calculated above is positive, the amount is treated as an intangible asset in the Statement of Financial Position and is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment with any impairment losses recognised in the Statement of Comprehensive Income.

Where the consideration transferred is lower than the net fair value of identifiable assets acquired and liabilities assumed, the resulting gain is credited to the Statement of Comprehensive Income in the period in which the business combination takes place, as a gain on acquisition.

Investments Treated as Non-Current Assets

Where the investments in listed or unlisted securities are held as a condition of financing arrangements, with the result that the Group's ability to utilise these funds is restricted in the long-term, the investments are treated as non-current assets.

Listed investments are accounted for as fair value through other comprehensive income (FVOCI). Unlisted investments are stated at amortised cost less impairment.

Revenue

Under IFRS 15, revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

A significant proportion of the Group's income is derived from contracts of 'residential occupation'. Management has determined that social housing tenancies and student licences do not meet the definition of leases; consequently, they are treated as revenue contracts under IFRS 15.

As per the Standard, revenue must be recognised either over time or at a point in time. The majority of the Group's activities are services where the customer consumes the benefits of performance simultaneously with the Group performing and so revenue is recognised over time. Revenue from property sales, which is a transfer of goods, is recognised at a point in time.

Contract liabilities are obligations to transfer goods or services to a customer for which the Group has received consideration, or for which an amount of consideration is due from a customer. Such balances include payments received in advance and deferred income.

Contract receivables are unconditional rights to consideration where only the passage of time is required before payment becomes due. Such balances include rental receivables, other trade receivables and accrued income.

The Group has presented contract liabilities as separate line items on the Statement of Financial Position while contract receivables are included within trade and other receivables.

IFRS 15 requires that the incremental costs of obtaining a contract with a customer are capitalised if those costs are expected to be recovered through future services to the customer. The Group does not incur costs such as sales commissions in obtaining contracts and any pre-contract costs that are incurred are not incremental, consequently no asset of this nature has been recognised. The Group continually reviews costs incurred in fulfilling contracts to determine if they require capitalisation under the Standard.

Accounting for the revenue from shared ownership property transactions is considered to be an accounting judgement.

Intangible Assets – Software

Software acquisition costs, licence costs and development costs are treated as intangible assets and stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of the software from the date it is available for use.

The estimated useful lives used for software are between 4 to 10 years. Management judges these estimated lives to be a reasonable reflection of the economic lives of the assets.

Property, Plant and Equipment and Depreciation

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of PPE have different useful lives, they are accounted for as separate items of PPE.

Land and Buildings

Land and buildings consists of housing properties for social rent (including care homes) and shared ownership properties. The provision of social housing is akin to supplying a service and therefore property held for the primary purpose of providing social benefits should be excluded from the scope of investment property and accounted for as PPE. Housing properties are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of such properties includes the following:

a) Cost of acquiring land and buildings;
b) Construction costs including internal equipment and fitting;
c) Directly attributable development administration costs;
d) Cost of capital employed during the development period;
e) Expenditure incurred in respect of improvements and extensions to existing properties; and
f) Construction costs incurred but not yet certified at the reporting date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic or social benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Expenditure on housing properties, capable of generating increased future rents, extends their useful life, or significantly reduces future maintenance costs, is capitalised. Other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial year in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Structure	40 to 125 years
Doors and door entry systems	10 to 40 years
Bathrooms	15 to 40 years
External works	20 to 25 years
Heating systems	15 to 40 years
Kitchens	30 years
Lifts	10 years
Green technologies	25 years
Roof coverings	50 years
Windows	40 years
Electrical wiring	30 years

The acquisition and disposal of properties is accounted for on the date when completion takes place.

Offices, Plant and Equipment

Assets are stated at cost (this includes the original purchase price of the asset and the costs attributable to bringing the asset into its working condition for its intended use) less accumulated depreciation, which is charged on a straight-line basis to write off assets over their expected economic useful lives as follows:

Freehold land and buildings (offices) and improvements	10 to 40 years
Leasehold land and buildings (offices)	Over the period of the lease
Furniture and equipment	4 to 10 years
Motor vehicles	4 to 7 years
Computer equipment (excluding software)	4 to 10 years

Investment Property

Investment property is property which is held either to earn rental income or for capital appreciation or for both. The Group classifies its property held for student lettings and its commercial property as investment property.

The Group has chosen to apply the fair value model to its investment properties, with changes in fair value recognised on the Income Statement.

Fair values of student properties are determined by external, independent valuers, with appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

Fair values of commercial properties are determined by management assessment, with reference to market data and third-party valuations where available.

Further details on the measurement of fair values for investment properties are included within note 14.

Shared Ownership Property

Under shared ownership arrangements, the Group disposes of a long lease to the occupier; the initial lease premium paid for the first tranche is typically for between 25% and 75% of the value. The occupier has the right to purchase further proportions. A shared ownership property comprises two assets: that to be disposed of in the first tranche, which is recorded as inventory within current assets; and that retained by the Group, which is recorded as a non-current asset (PPE) in the same manner as general needs housing properties. Proceeds of sale for first tranches are accounted for as revenue in the Income Statement, with apportioned cost being shown as cost of sales within operating results. Subsequent tranches sold (staircasing) are reflected as surpluses or deficits on sale of housing properties, shown within other gains and losses on the Income Statement.

Capitalised Borrowing Costs and Capitalised Staff Costs

Interest on the Group's and Association's borrowings is capitalised when directly attributable to the construction of an asset that necessarily takes a substantial amount of time to get ready for its intended use or sale. For the Group, qualifying assets are properties under construction for sale or rental. The interest is either on borrowings specifically financing a scheme (after deduction of interest on Social Housing Grant (SHG) received in advance) or the weighted average borrowing rate across net borrowings deemed to be financing a scheme. Where a scheme has SHG in excess of costs, interest receivable is accrued against the balance.

Labour costs of the Group's and Association's own employees that are incurred in relation to the development of properties, whether for sale or rental, are also capitalised.

Social Housing Grant (SHG) and Other Public Grant

Where developments have been financed wholly or partly by SHG and/or other public grant, the amount of grant received is offset against the cost of developments on the face of the Statement of Financial Position. In instances where grant for the development programme exceeds development costs, an amount equal to the excess is held in payables. Where grants are receivable for the development programme in arrears the amounts are accrued within receivables. Where grants are repayable and the associated asset is sold, the grant is held within the recycled capital grant fund (RCGF) within payables until it is recycled or repaid to the issuer.

Under IAS 20 the policy choice has been made to deduct the grant from the carrying amount of the associated assets. The grant is recognised in the Income Statement over the life of the depreciable assets as a reduced depreciation expense.

Recycled Capital Grant Fund

In certain circumstances the Group and Association are permitted to retain the SHG relating to properties sold and to apply this to further property development within a certain time frame. If this time frame is exceeded the grant may be repayable. In these circumstances it is included within the RCGF within payables.

Impairment

Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at Fair Value Through Other Comprehensive Income (FVOCI) are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group recognises loss allowances for Expected Credit Losses (ECLs) on:

- Financial assets measured at amortised cost

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (that is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Loss allowances for trade receivables are measured at an amount equal to lifetime ECLs. Other loss allowances are measured at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date.
- Other debt securities and bank balances for which credit risk (that is the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

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

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be 'Baa3' or higher as per the rating agency Moody's.

Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit (CGU) exceeds its estimated recoverable amount. Impairment losses are recognised in the Income Statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects a market participant rate and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs.

Impairment Testing – Property

When an impairment indicator is identified, an impairment review is performed at an individual CGU level and carrying value is compared to recoverable amount, which is defined as the higher of:

- Fair value less selling costs, or
- Value in use.

Should the carrying value of the CGU exceed the higher of these measures, it is impaired to this value, with the movement going through the Income Statement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A valuation technique that may be used to determine fair value is the cost approach, which reflects the amount that would be required currently to replace the service capacity of the asset (current replacement cost). For social housing properties this is depreciated replacement cost (DRC) of the property. To determine the DRC, the Group uses information on current and recently completed developments in order to establish a build cost relevant to the property being tested, based on size, location, and other factors.

Value in Use (VIU) is the present value of the future cash flows expected to be derived from the CGU, established by estimating future cash inflows and outflows from the use of the asset and applying an appropriate discount rate to those cash flows.

Impairment Testing – Goodwill and Other Intangible Assets

The Group tests goodwill and other intangible assets annually for impairment or more frequently if there are indications that items might be impaired. The carrying value of the relevant CGU is compared to the recoverable amount to ascertain if impairment is required. Recoverable amounts for CGUs are based on the higher of value in use and fair value less costs of disposal. VIU is determined by calculating the present value of future cash flows of the CGU, using discount rates that reflect the time value of money and risks specific to the CGU.

Inventories

Inventories are stated at the lower of cost and net realisable value and comprise properties held for sale and consumables used by the Group's maintenance operation. Properties held for sale include properties held for outright sale and proportions of shared ownership properties allocated as first tranche sales; costs include direct materials, direct labour and other direct costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less any anticipated selling costs. Maintenance consumables are valued on a first in, first out basis.

Assets Classified as Held for Sale

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year. On initial classification as held for sale, assets are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to the Income Statement.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identical asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
    - The Group has the right to operate the asset; or
    - The Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocated the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As a Lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the initial rate implicit in the lease. The Group uses a single discount rate for each portfolio of leases with reasonably similar characteristics.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the Statement of Financial Position.

Short-Term Leases and Leases of Low-Value Assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term and low value assets. The Group recognises the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

As a Lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains a lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of revenue.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

Financial Instruments

Recognition and Initial Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and Subsequent Measurement

a) Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVPL.

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business Model Assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The funding needs of the Group
- How the performance of the assets is evaluated and reported to the Group's management
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed
- The contractual cash flows
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows
- Terms that may adjust the contractual coupon rate, including variable-rate features
- Prepayment and extension features
- Terms that limit the Group's claim to cash flows from specified assets (for example non-recourse features).

b) Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

a) Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its Statement of Financial Position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

b) Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Derivative Financial Instruments and Hedge Accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments which hedge the variability in cash flows arising from changes in foreign exchange rates relating to foreign currency borrowings.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash Flow Hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income (OCI) and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity.

The forward points are accounted for as a cost of hedging; they are recognised in OCI and accumulated in a cost of hedging reserve as a separate component within equity.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued the amount that has been accumulated in the hedging reserve remains in equity until it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Costs which are incurred directly in connection with the raising of private finance are deducted from the liability and amortised over the term of the loan on a consistent periodic rate of charge. Premiums or discounts on financial instruments are amortised using the effective interest rate basis or a straight-line basis where it can be demonstrated that there is no material difference between the two methods.

Leasehold Service Charge Sinking Funds

The Group and Association are required to set aside sums for future maintenance of certain properties subject to leasehold arrangements. These sums are held in a separate bank account to which interest is added. Amounts accumulated in the fund are included within trade and other receivables and within trade and other payables. Unutilised contributions to sinking funds and over recovery of service costs repayable to tenants/leaseholders are shown in liabilities (including any interest). Where there has been an under recovery of variable service charges, the balance is included within receivables to the extent it is recoverable.

Retirement Benefits

The Group's and Association's pension arrangements comprise various defined benefit and defined contribution schemes. Where the underlying assets and liabilities of the defined benefit schemes can be separately identified the Group recognises in full the schemes' surpluses or deficits on the Statement of Financial Position. Actuarial gains and losses for these schemes are included within other comprehensive income. Current and past service costs, curtailments and settlements are recognised within operating surplus. Interest on net pension liabilities is recognised as a finance expense. Key assumptions used in determining the valuation of defined benefit schemes are given within critical accounting estimates and assumptions.

For defined benefit pension schemes where a debt has been, or is soon to be, crystallised, the Group and Association recognise the full liability on the Statement of Financial Position based upon a cessation valuation.

For defined contribution arrangements, the cost charged to the Statement of Comprehensive Income represents the Group's contributions to those schemes in the financial year in which they fall due.

2. Revenue

Nature of Goods and Services and Revenue Recognition

The following is a description of the principal activities from which the Group derives its revenue.

Product/ service	Nature, timing of satisfaction of performance obligations and significant payment terms
Social housing lettings income	Social housing lettings income relates to rent and service charges received from social housing tenancies, which may be classified as: general needs, sheltered housing, extra care, shared ownership (all affordable housing division), supported housing (supported living division) or keyworker accommodation (student division). Revenue is recognised over time based on rental periods, in accordance with tenancy agreements. Where periodic timing differences arise between billing and rental periods, then revenue is accrued or deferred accordingly. Some older tenancy agreements include rent-free periods each year, in these cases income is accrued or deferred in order to recognise the rent-free periods on a straight-line basis over 52 weeks. Tenants generally pay weekly or monthly in advance.
Domiciliary	Home care services are provided to certain tenants of extra care schemes. Revenue is recognised based on care hours delivered. Clients are generally billed either weekly, fortnightly, four-weekly or monthly, in arrears, depending on the terms of the individual contract.
Supported registered services	Supported registered services (CQC registered services) encapsulate both residential and non-residential care and support. Residential care and support services are provided to individuals who are in care homes for reasons other than being an older person, for instance due to physical or mental disabilities. Revenue is recognised based on number of bed days occupied in the period. Billing is predominantly done on a four-week cycle, which may be in advance or arrears. Non-residential care and support services are generally supported living services where income is separately recognised for rent and service charges (social housing lettings income); support income may be received for support hours delivered, dependent upon the client needs and the agreements with the local authority and/or the client.
Supporting People income	Supporting People income is a specific form of revenue received from local authorities to provide housing-related support services to vulnerable individuals. This includes people with disabilities, people with mental health issues, young people, homeless people or people at risk of domestic violence. Revenue is recognised based either on support hours delivered in a period (spot contracts) or at a fixed amount each period (block contracts), depending on the specific agreement. Billing is predominantly done on a four-week cycle.
Care homes	Residential and nursing homes for older people are managed within the care division. Revenue relates to provision of residential/nursing care, with contracts in place with local authorities, the NHS and private self-funders. Revenue is recognised based on the number of bed days occupied (or available for occupation in the case of block contracts) in the period. Billing is generally monthly or four-weekly in advance.
Student lets	Student lettings income is received through direct lets or via nominations agreements with universities. Revenue is recognised in accordance with the rental contract periods and is generally billed termly in advance.
Facilities management	The Group provides facilities management services for several student and non-student sites. Performance is by virtue of managing the sites, with all that this entails, and so revenue is recognised equally throughout the year based on the contracted annual fees; this is generally billed quarterly.
Property sales – outright sales	Property held for sale in the ordinary course of business or in the process of construction or development for such a sale is treated as inventory as per IAS 2; sales of these properties are treated as revenue under IFRS which is consistent with the approach of the housing SORP. Revenue is recognised on the date of legal completion of the sale to the new owner of the property when consideration is also received.
Property sales – initial sales	Initial sales are governed by a shared ownership arrangement, where the Group will retain a percentage of the ownership of the property with the new shared owner having the remaining share. The Group recognises sales of shared ownership properties as those where the initial tranche of equity has been sold; this is treated as revenue under IFRS which is consistent with the approach of the housing SORP. Revenue is recognised on the date of legal completion of the sale of the acquired proportion when consideration is also received.

Disaggregation of Revenue

In the following tables, revenue is disaggregated by major products and services using the same headings as the note prepared to meet the requirements of the Accounting Direction for Private Registered Providers of Social Housing 2022 (Appendices 1 and 2) and reconciled to the Group's operating segments (note 6).

Year ended 31 March 2024 - Group	Affordable housing	Supported living	Care	Student & market rented	Development property sales	Swan	All other segments	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue recognised over time								
Income from social housing lettings	440.8	62.2	-	4.8	-	64.5	-	572.3
Social Housing contracts	-	-	-	-	-	10.3	-	10.3
Home ownership and managed properties	8.4	1.3	-	-	-	1.9	-	11.6
Supported registered services	-	11.8	-	-	-	-	-	11.8
Supporting People contract income	0.1	29.5	-	-	-	2.7	-	32.3
Other social housing income	0.4	5.4	-	0.2	-	4.0	-	10.0
Student lettings, facilities management and commercial	2.8	-	-	64.2	-	0.5	-	67.5
Care homes	-	-	269.0	-	-	-	-	269.0
External maintenance services	3.0	-	-	-	-	-	-	3.0
Domiciliary	-	4.1	-	-	-	-	-	4.1
Other development income	-	-	-	-	-	0.8	0.2	1.0
Other non-social housing income	1.3	-	-	-	-	(1.0)	1.9	2.2
Total revenue over time	**456.8**	**114.3**	**269.0**	**69.2**	**-**	**83.7**	**2.1**	**995.1**
Revenue at a point in time								
Shared ownership first tranche sales	-	-	-	-	22.4	4.7	-	27.1
Non-social housing property sales	-	-	-	-	37.4	25.8	-	63.2
Total revenue at a point in time	**-**	**-**	**-**	**-**	**59.8**	**30.5**	**-**	**90.3**
Total revenue from external customers	**456.8**	**114.3**	**269.0**	**69.2**	**59.8**	**114.2**	**2.1**	**1,085.4**
Less lease income	-	(5.7)	-	(5.9)	-	(0.8)	-	(12.4)
Revenue from contracts with customers	**456.8**	**108.6**	**269.0**	**63.3**	**59.8**	**113.4**	**2.1**	**1,073.0**

Year ended 31 March 2023 – Group	Affordable housing	Supported living	Care	Student & market rented	Development property sales	Swan	All other segments	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue recognised over time								
Income from social housing lettings	405.0	53.8	-	4.5	-	9.3	-	**472.6**
Home ownership and managed properties	7.2	1.2	-	-	-	1.6	-	**10.0**
Supported registered services	-	11.7	-	-	-	-	-	**11.7**
Supporting People contract income	0.2	29.6	0.3	-	-	0.4	-	**30.5**
Other social housing income	0.5	4.2	-	0.2	-	0.1	-	**5.0**
Student lettings, facilities management and commercial	2.4	-	-	55.9	-	-	-	**58.3**
Care homes	-	-	226.2	-	-	-	-	**226.2**
External maintenance services	3.4	-	-	-	-	-	-	**3.4**
Domiciliary	-	5.2	-	-	-	-	-	**5.2**
Other development income	-	-	-	-	-	0.5	-	**0.5**
Other non-social housing income	0.6	-	-	-	-	-	1.6	**2.2**
Total revenue over time	**419.3**	**105.7**	**226.5**	**60.6**	**-**	**11.9**	**1.6**	**825.6**
Revenue at a point in time								
Shared ownership first tranche sales	-	-	-	-	17.5	0.8	0.1	**18.4**
Non-social housing property sales	-	-	-	-	74.6	25.2	-	**99.8**
Total revenue at a point in time	**-**	**-**	**-**	**-**	**92.1**	**26.0**	**0.1**	**118.2**
Total revenue from external customers	**419.3**	**105.7**	**226.5**	**60.6**	**92.1**	**37.9**	**1.7**	**943.8**
Less lease income	-	(5.1)	-	(6.8)	-	(0.1)	-	**(12.0)**
Revenue from contracts with customers	**419.3**	**100.6**	**226.5**	**53.8**	**92.1**	**37.8**	**1.7**	**931.8**

Year ended 31 March 2024 - Association	Affordable housing	Supported living	Care	Student & market rented	Development property sales	Swan	All other segments	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue recognised over time								
Income from social housing lettings	358.8	45.2	-	4.8	-	-	-	408.8
Home ownership and managed properties	7.6	0.7	-	-	-	-	-	8.3
Supporting People contract income	-	15.6	-	-	-	-	-	15.6
Other social housing income	0.2	6.0	-	0.2	-	-	-	6.4
Student lettings, facilities management and commercial	-	-	-	51.0	-	-	-	51.0
Non-social housing development contracts	-	-	-	-	-	-	-	-
Other development income	-	-	-	-	-	-	0.2	0.2
Management charges (intra-Group)	-	-	-	-	-	-	23.8	23.8
Other non-social housing income	-	-	-	-	-	-	5.3	5.3
Total revenue over time	**366.6**	**67.5**	**-**	**56.0**	**-**	**-**	**29.3**	**519.4**
Revenue at a point in time								
Shared ownership first tranche sales	-	-	-	-	-	-	-	-
Non-social housing property sales	-	-	-	-	5.4	-	-	5.4
Total revenue at a point in time	**-**	**-**	**-**	**-**	**5.4**	**-**	**-**	**5.4**
Total revenue from external customers	**366.6**	**67.5**	**-**	**56.0**	**5.4**	**-**	**29.3**	**524.8**
Less lease income	-	(4.8)	-	(5.9)	-	-	-	(10.7)
Revenue from contracts with customers	**366.6**	**62.7**	**-**	**50.1**	**5.4**	**-**	**29.3**	**514.1**

Year ended 31 March 2023 - Association	Affordable housing	Supported living	Care	Student & market rented	Development property sales	Swan	All other segments	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue recognised over time								
Income from social housing lettings	331.5	40.7	-	4.4	-	-	-	**376.6**
Home ownership and managed properties	6.6	0.6	-	-	-	-	-	**7.2**
Supporting People contract income	0.1	14.0	-	-	-	-	-	**14.1**
Other social housing income	0.4	5.6	-	0.2	-	-	-	**6.2**
Student lettings, facilities management and commercial	-	-	-	35.6	-	-	-	**35.6**
Non-social housing development contracts	-	-	-	-	-	-	-	**-**
Other development income	-	-	-	-	-	-	0.1	**0.1**
Management charges (intra-Group)	-	-	-	-	-	-	24.1	**24.1**
Other non-social housing income	-	-	-	-	-	-	7.1	**7.1**
Total revenue over time	**338.6**	**60.9**	**-**	**40.2**	**-**	**-**	**31.3**	**471.0**
Revenue at a point in time								
Shared ownership first tranche sales	-	-	-	-	-	-	-	**-**
Non-social housing property sales	-	-	-	-	3.8	-	-	**3.8**
Total revenue at a point in time	**-**	**-**	**-**	**-**	**3.8**	**-**	**-**	**3.8**
Total revenue from external customers	**338.6**	**60.9**	**-**	**40.2**	**3.8**	**-**	**31.3**	**474.8**
Less lease income	-	(4.3)	-	(2.9)	-	-	-	(7.2)
Revenue from contracts with customers	**338.6**	**56.6**	**-**	**37.3**	**3.8**	**-**	**31.3**	**467.6**

2. Contract Balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Contract receivables (included in trade and other receivables)				
Tenant rental receivables (note 17)	11.6	14.2	10.6	11.3
Other trade receivables (note 17)	29.8	22.9	5.6	5.0
Accrued income (note 17)	22.6	13.0	6.4	1.2
	64.0	50.1	22.6	17.5
Contract liabilities				
Payments received in advance	(30.3)	(28.3)	(16.9)	(15.9)
Deferred income	(18.1)	(17.6)	(8.3)	(6.4)
	(48.4)	**(45.9)**	**(25.2)**	**(22.3)**

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

3. Other Income

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Gift aid	-	-	5.3	10.1
	-	**-**	**5.3**	**10.1**

4. Surplus for the Year

Cost of sales relates to the cost of properties sold in the ordinary course of business. Expenditure relating to the provision of services, which forms the majority of the Group's activities, is shown within operating expenditure.

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
The surplus is arrived at after charging/(crediting):				
Cost of sales				
Cost of inventories recognised as an expense	74.8	93.7	1.9	2.5
Operating expenditure				
Rented and sheltered credit losses (note 24)	4.0	5.6	3.2	3.9
Other credit losses (note 24)	2.7	2.0	0.6	(0.7)
Amortisation of intangible assets (software) (note 12)	7.0	9.2	7.0	9.2
Depreciation of property, plant and equipment (note 13)	76.9	65.3	48.1	49.8
Impairment of property, plant and equipment (note 13)	-	(0.5)	-	-
Non-capital grants offset against operating expenditure	9.8	7.2	9.4	0.8
Other gains and losses				
Surplus on sale of property, plant and equipment (note 7)	7.6	10.9	5.2	7.5

5. Auditor's Remuneration

Auditor's remuneration (excluding VAT) for audit and non-audit services comprises:

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Fees payable to the Association's auditor and its associates for the audit of these Financial Statements	0.9	0.8	0.5	0.5
Fees payable to the Association's auditors for other services to the Group:				
The audit of the Association's subsidiaries	0.3	0.2	-	-
Total audit fees	**1.2**	**1.0**	**0.5**	**0.5**
Other assurance services	0.2	0.2	0.2	0.2
Total non-audit fees	**0.2**	**0.2**	**0.2**	**0.2**
Total audit and non-audit fees	**1.4**	**1.2**	**0.7**	**0.7**

The above shows fees paid to the Group's external statutory auditor.

Amounts receivable by the Association's auditor and its associates in respect of the audit of Financial Statements of associated pension schemes totals £nil (2023: £nil).

Other assurance services relate to regulatory reviews and the audit of service charge accounts.

6. Operating Segments

The Group's reportable segments are based on its operational divisions which offer distinguishable services, are managed separately and are regularly assessed by the chief operating decision maker, identified as the Executive Committee, comprising the Group Chief Executive, the Chief Financial Officer and the Group Director – Corporate Services.

Operating division results include items directly attributable to the segment, together with apportioned centralised costs. Central costs are allocated based on a number of factors including headcounts, desk spaces, asset values and turnover within each of the respective operations.

Information relating to each reportable segment is set out below:

2024	Affordable housing	Supported living	Care	Student & market rented	Development sales	Swan	All other segments***	Intra-Group eliminations	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue from external customers	456.8	114.3	269.0	69.2	59.8	114.2	2.1	-	1,085.4
Internal maintenance income	165.0	-	-	-	-	-	-	(165.0)	-
Internal maintenance costs	(165.0)	-	-	-	-	-	-	165.0	-
Cost of sales	-	-	-	-	(47.8)	(27.0)	-	-	(74.8)
Operating costs	(247.2)	(107.6)	(246.9)	(37.3)	-	(59.2)	(10.7)	-	(708.9)
Divisional EBITDA**	**209.6**	**6.7**	**22.1**	**31.9**	**12.0**	**28.0**	**(8.6)**	**-**	**301.7**
Depreciation	(44.2)	(8.3)	(18.1)	(3.6)	-	(8.0)	(1.0)	-	(83.2)
Impairment	-	-	-	-	-	-	-	-	-
Reportable segment surplus	**165.4**	**(1.6)**	**4.0**	**28.3**	**12.0**	**20.0**	**(9.6)**	**-**	**218.5**
Corporate central overheads*****									(7.5)
Share of profits of joint ventures									0.7
Operating surplus before integration/restructuring costs and asset disposals									**211.7**
Integration and restructuring costs									(4.1)
Other gains and losses (note 7)									7.6
Total Group operating surplus									**215.2**

Restated* 2023	Affordable housing	Supported living	Care	Student & market rented	Development sales	Swan	All other segments***	Intra-Group eliminations	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue from external customers	419.3	105.7	226.5	60.6	92.1	37.9	1.7	-	943.8
Internal maintenance income	148.3	-	-	-	-	-	-	(148.3)	-
Internal maintenance costs	(148.3)	-	-	-	-	-	-	148.3	-
Cost of sales	-	-	-	-	(76.2)	(17.4)	(0.1)	-	(93.7)
Operating costs	(209.9)	(96.6)	(208.2)	(32.0)	-	(11.3)	(10.0)	-	(568.0)
Divisional EBITDA**	**209.4**	**9.1**	**18.3**	**28.6**	**15.9**	**9.2**	**(8.4)**	**-**	**282.1**
Depreciation	(39.8)	(7.5)	(14.4)	(2.3)	-	(1.2)	(1.2)	-	(66.4)
Impairment	-	-	0.5	-	-	-	-	-	0.5
Reportable segment surplus	**169.6**	**1.6**	**4.4**	**26.3**	**15.9**	**8.0**	**(9.6)**	**-**	**216.2**
Corporate central overheads*****									(26.0)
Share of profits of joint ventures									4.2
Underlying Group operating surplus									**194.4**
Other gains and losses (note 7)									10.9
Total Group operating surplus									**205.3**

Divisional EBITDA %	Affordable housing	Supported living	Care	Student & market rented	Development sales	Swan*	Total
2024	45.9%	5.9%	8.2%	46.1%	20.1%	24.5%	27.8%
2023	49.9%	8.6%	8.1%	47.2%	17.3%	24.3%	29.9%

*Details of prior year restatements are included in note 37.

**Swan relates to the post-acquisition period.

***Other segments comprises sundry external income and associated costs and development administration costs.

****Divisional EBITDA is defined as segment surplus with office and equipment depreciation and software amortisation costs removed. Other gains and losses have not been attributed across divisions. Further information explaining alternative performance measures is included in Appendix 3.

*****Included within corporate central overheads is depreciation of £0.7 million (2023: £8.6 million).

Details of the Group's operating divisions are included in the Business Reviews on pages 58 to 81.

7. Other Gains and Losses

Group

2024	Right to buy/ acquire	Subsequent staircasing	Disposal of surplus properties	Other fixed assets	Fixed asset investments	Total 2024
	£m	£m	£m	£m	£m	£m
Proceeds	4.6	6.0	2.3	5.0	-	17.9
Cost of disposals	(3.1)	(3.0)	(1.0)	(3.2)	-	(10.3)
	1.5	3.0	1.3	1.8	-	7.6

2023	Right to buy/ acquire	Subsequent staircasing	Disposal of surplus properties	Other fixed assets	Fixed asset investments	Total 2023
	£m	£m	£m	£m	£m	£m
Proceeds	9.3	10.5	9.9	4.0	4.0	**37.7**
Cost of disposals	(6.5)	(4.8)	(9.1)	(2.5)	(3.9)	**(26.8)**
	2.8	5.7	0.8	1.5	0.1	**10.9**

Association

2024	Right to buy/ acquire	Subsequent staircasing	Disposal of surplus properties	Other fixed assets	Fixed asset investments	Total 2024
	£m	£m	£m	£m	£m	£m
Proceeds	3.7	3.3	1.3	1.4	-	9.7
Cost of disposals	(2.4)	(1.3)	(0.6)	(0.2)	-	(4.5)
	1.3	2.0	0.7	1.2	-	5.2

2023	Right to buy/ acquire	Subsequent staircasing	Disposal of surplus properties	Other fixed assets	Fixed asset investments	Total 2023
	£m	£m	£m	£m	£m	£m
Proceeds	9.3	3.9	9.8	3.6	4.0	**30.6**
Cost of disposals	(6.5)	(1.6)	(8.7)	(2.4)	(3.9)	**(23.1)**
	2.8	2.3	1.1	1.2	0.1	**7.5**

Cost of disposals includes the carrying amount of assets prior to disposal and other related disposal costs.

Subsequent staircasing relates to shared ownership properties, where the tenant owners have purchased an additional stake in the property from the Group or Association. This is treated as a gain or loss on asset disposal based on guidance from the SORP that does not conflict with IFRS.

8. Key Management Remuneration and Employee Information

Key Management Personnel

Members of the Board of Directors and Executive Committee are deemed to be key management personnel.

Emoluments of the Group Board for the financial year was as follows:

	2024	2023
	£'000	£'000
Salary and benefits in kind – Executive Board Directors	907	837
Pension contributions and payments in lieu of pension contributions – Executive Board Directors	102	82
	1,009	919
Salary – Non-Executive Board Directors	266	223
Benefits in kind – Non-Executive Board Directors	-	-
	1,275	**1,142**

The emoluments (excluding pension contributions and analogous payments) of the Group Board Directors and Executive Committee were:

		Salary	Benefits excluding pension contributions and payments in lieu of pension contributions	Total	Pension contributions and payments in lieu of pension contributions
		£'000	£'000	£'000	£'000
Executive Board Members at 31 March 2024 and those served during the year					
Craig Moule	Group Chief Executive	387	18	**405**	58
Ed Lunt	Chief Financial Officer	264	15	**279**	25
Nicole Seymour	Group Director – Corporate Services	200	23	**223**	19

		Salary	Other benefits	Total
		£'000	£'000	£'000
Non-Executive Board Members				
Andrew Manning-Cox	Group Chair	60	-	**60**
Trudi Elliott	Vice Chair	35	-	**35**
James Thallon	Non-Executive Board Director	30	-	**30**
Arvinda Gohil	Non-Executive Board Director	30	-	**30**
Ian Chisholm	Non-Executive Board Director	30	-	**30**
Ros Kerslake	Non-Executive Board Director	30	-	**30**
Alan West	Non-Executive Board Director	30	-	**30**
Olu Odeniyi (Appointed 20 Sep 2023)	Non-Executive Board Director	21	-	**21**
Other members of the Executive				
Operating division and functional Directors		1,216	90	**1,306**

The emoluments of the highest paid Executive Group Board Director (excluding payments in lieu of pension contributions) were £405,000 (2023: £382,000).

Key Management Personnel – Expenses

In addition to the emoluments detailed on page 181, key management personnel were reimbursed for expenses necessarily incurred in the conduct of their duties amounting to £19,300 (2023: £15,500).

Employee Information

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Employee (including Directors) costs charged during the year amounted to:				
Wages and salaries	359.9	319.4	105.6	96.9
Social security costs	32.9	29.7	10.5	9.8
Other pension costs	15.4	10.6	6.4	4.6
	408.2	359.7	122.5	111.3

	Group		Association	
	2024 Number	2023 Number	2024 Number	2023 Number
The average monthly number of persons (including Directors) employed during the year expressed in full-time equivalents was:				
Site-based staff	7,533	7,290	749	729
Office-based staff	3,252	2,897	2,164	2,081
	10,785	10,187	2,913	2,810

Full-time equivalents have been calculated based on hours worked compared to the standard level of working hours per week for an equivalent employee in the same business area.

Loans totalling £1,073 (2023: £6,230) have been made to employees for tools and travel season tickets. All loans are interest bearing at a commercial rate with terms varying between one and five years.

Senior Pay Banding

In the year, the following number of staff within the social housing part of the business, expressed in full-time equivalents, were paid remuneration (including pensions) of over £60,000:

	2024 Number	2023 Number
£60,000-£69,999	154	102
£70,000-£79,999	68	49
£80,000-£89,999	40	34
£90,000-£99,999	34	26
£100,000-£109,999	17	8
£110,000-£119,999	9	8
£120,000-£129,999	6	5
£130,000-£139,999	4	7
£140,000-£149,999	9	1
£150,000-£159,999	2	3
£160,000-£169,999	1	2
£170,000-£179,999	1	-
£180,000-£189,999	1	1
£190,000-£199,999	-	2
£230,000-£239,999	2	1
£240,000-£249,999	1	1
£250,000-£259,999	-	1
£260,000-£269,999	1	-
£280,000-£289,999	1	1
£300,000-£309,999	1	-
£430,000-£439,999	-	1
£460,000-£469,999	1	-
	353	253

9. Finance Income and Costs

a) Finance Income

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Interest received and receivable from:				
Short-term cash deposits	4.8	1.9	1.4	1.1
Listed investments	0.1	0.2	0.1	0.2
Other interest	1.4	1.8	10.3	7.2
	6.3	3.9	11.8	8.5

b) Finance Costs

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Bank loans, overdrafts and other loans:				
Repayable within five years by instalments	38.6	19.0	20.2	14.3
Repayable wholly or partly in more than five years	140.8	119.0	71.9	70.3
Interest in respect of right-of-use assets	10.1	10.3	6.0	3.1
Less: amounts transferred to housing properties in the course of construction within PPE and inventory	(18.5)	(13.1)	(0.6)	(0.5)
	171.0	135.2	97.5	87.2
Finance costs/(income) of defined benefit pension schemes	0.8	0.4	0.7	0.6
	171.8	135.6	98.2	87.8

Included within bank loans, overdrafts and other loans repayable wholly or partly in more than five years is £0.8 million (2023: £0.9 million) in respect of premium and discount amortisation for the Group and £1.1 million (2023: £1.1 million) for the Association.

10. Student Restructure

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Provision for amounts due from subsidiary undertakings	-	-	-	46.7
Loss on refinancing	8.2	-	29.2	-
	8.2	-	29.2	46.7

In the current year the Group underwent a restructure in its student property portfolio, which resulted in the transfer of properties between Group companies. Amounts receivable from subsidiary undertakings of £46.7 million were no longer recoverable due to the decision to restructure before the end of the lease arrangements.

11. Taxation on Surplus on Ordinary Activities

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Corporation tax:				
Current year	0.5	-	-	-
Adjustments in respect of prior year	-	(0.1)	-	-
Current tax charge	0.5	(0.1)	-	-
Deferred tax charges:				
Temporary timing differences	(0.2)	(0.6)	-	-
	(0.2)	(0.6)	-	-
Total tax charge/(credit)	**0.3**	**(0.7)**	**-**	**-**

A significant proportion of the Group's activities occurs in Group entities recognised by His Majesty's Revenue and Customs as exempt charities for tax purposes and are therefore not liable to corporation tax on surpluses.

The tax charge for the year is lower (2023: lower) than the standard rate of corporation tax in the UK of 25% (2023: 19%) for the Group and Association. The differences are explained below:

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Surplus/(deficit) before tax	207.0	81.8	(9.8)	(24.7)
	207.0	81.8	(9.8)	(24.7)
Surplus before tax multiplied by the main rate of corporation tax in the UK of 25% (2023: 19%)	51.8	15.5	(2.5)	(4.7)
Effects of:				
Activities which are exempt from taxation	(48.1)	(13.2)	2.5	4.7
Gift aid	(1.6)	(1.9)	-	-
Utilisation of current year losses	(1.6)	(0.4)	-	-
Adjustments in respect of prior year	-	(0.1)	-	-
Temporary timing differences	(0.2)	(0.6)	-	-
Total tax charge/(credit)	**0.3**	**(0.7)**	**-**	**-**

Factors affecting future tax charge:

The Finance Act 2021 was substantively enacted on 24 May 2021. Following enactment, the rate of corporation tax was increased to a main rate of 25% for profits over £250,000 from April 2023.

12. Intangible Assets

Group	Goodwill £m	Software £m	Total £m
Cost			
At 1 April 2022	5.9	113.0	118.9
Additions	-	7.7	7.7
Disposals	-	(0.1)	(0.1)
At 31 March 2023	5.9	120.6	126.5
At 1 April 2023	5.9	120.6	126.5
Additions	-	11.3	11.3
Disposals	-	(6.0)	(6.0)
At 31 March 2024	5.9	125.9	131.8
Amortisation and impairment			
At 1 April 2022	-	67.3	67.3
Amortisation for the year	-	9.2	9.2
At 31 March 2023	-	76.5	76.5
At 1 April 2023	-	76.5	76.5
Amortisation for the year	-	7.0	7.0
Disposals		(6.0)	(6.0)
At 31 March 2024	-	77.5	77.5
Net book amount at 31 March 2024	**5.9**	**48.4**	**54.3**
Net book amount at 31 March 2023	5.9	44.1	50.0
Net book amount at 1 April 2022	5.9	45.7	51.6

Association	Goodwill £m	Software £m	Total £m
Cost			
At 1 April 2022	-	112.9	112.9
Additions	-	7.5	7.5
Transfer to property, plant and equipment	-	(0.1)	(0.1)
At 31 March 2023	-	120.3	120.3
At 1 April 2023	-	120.3	120.3
Additions	-	11.2	11.2
Disposals	-	(6.0)	(6.0)
At 31 March 2024	-	125.5	125.5
Amortisation and impairment			
At 1 April 2022	-	67.3	67.3
Amortisation for the year	-	9.2	9.2
At 31 March 2023	-	76.5	76.5
At 1 April 2023	-	76.5	76.5
Amortisation for the year	-	7.0	7.0
Disposals	-	(6.0)	(6.0)
At 31 March 2024	-	77.5	77.5
Net book amount at 31 March 2024	**-**	**48.0**	**48.0**
Net book amount at 31 March 2023	-	43.8	43.8
Net book amount at 1 April 2022	-	45.6	45.6

In accordance with the policies set out in note 1, goodwill was tested for impairment at the year end. No impairment was found or recorded in respect of goodwill.

13. Property, Plant and Equipment

Group	Land and buildings	Land and buildings shared ownership	Plant and equipment	Offices	Under construction	Shared ownership under construction	Total
Cost	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Balance at 1 April 2022	5,668.4	182.5	139.2	62.9	233.7	30.2	6,316.9
Additions	101.1	-	19.7	-	106.4	-	227.2
Acquisitions (restated*)	816.2	33.8	-	3.3	8.0	5.7	867.0
Acquisitions – adjustments for fire safety works	(103.7)	-	-	-	-	-	(103.7)
Transfer to completed land and buildings	100.6	19.7	-	-	(100.6)	(19.7)	-
Transfer between PPE categories	6.0	(5.0)	(0.7)	(0.7)	0.4	-	-
Transfer to investment property	(0.3)	-	(2.8)	-	-	-	(3.1)
Transfer from inventory	0.4	-	-	-	0.3	12.7	13.4
Transfer from assets held for sale	0.5	-	-	-	-	-	0.5
Other transfers	6.7	-	(0.3)	0.2	-	-	6.6
Disposals	(15.0)	(4.8)	(5.0)	(5.6)	-	(0.8)	(31.2)
Balance at 31 March/1 April 2023 (restated*)	6,580.9	226.2	150.1	60.1	248.2	28.1	7,293.6
Additions	122.9	0.1	19.8	0.2	156.6	3.6	303.2
Acquisitions (note 34)	222.4	22.2	2.6	0.1	4.0	-	251.3
Transfer to completed land and buildings	108.6	24.2	-	-	(108.6)	(24.2)	-
Transfer between PPE categories	(6.9)	2.6	1.4	-	2.9	-	-
Transfer (to)/from inventory	-	-	-	-	(36.9)	19.4	(17.5)
Transfer to assets held for sale	(2.2)	-	-	-	-	-	(2.2)
Reclassification between grant, depreciation and cost	2.4	(0.9)	3.3	-	0.1	-	4.9
Disposals	(14.4)	(2.9)	(8.1)	(2.1)	-	-	(27.5)
Balance at 31 March 2024	7,013.7	271.5	169.1	58.3	266.3	26.9	7,805.8
Depreciation and impairment							
Balance at 1 April 2022	399.6	3.2	83.8	24.4	-	-	511.0
Depreciation charge for the year	47.9	0.4	15.4	1.6	-	-	65.3
Impairment	1.2	-	-	-	-	-	1.2
Impairment reversal	(1.7)	-	-	-	-	-	(1.7)
Transfer between PPE categories	0.6	(0.6)	0.3	(0.3)	-	-	-
Other transfers	(2.4)	-	(0.3)	0.2	-	-	(2.5)
Disposals	(9.5)	(0.2)	(4.6)	(3.6)	-	-	(17.9)
Balance at 31 March/1 April 2023	435.7	2.8	94.6	22.3	-	-	555.4
Depreciation charge for the year	63.3	0.7	11.3	1.6	-	-	76.9
Reclassification between grant, depreciation and cost	2.6	(0.9)	3.2	-	-	-	4.9
Transfer between PPE categories	(1.0)	1.0	-	-	-	-	-
Disposals	(11.4)	(0.1)	(4.6)	-	-	-	(16.1)
Balance at 31 March 2024	489.2	3.5	104.5	23.9	-	-	621.1
Social Housing Grant							
Balance at 1 April 2022	1,359.1	47.7	-	-	13.7	5.1	1,425.6
Additions	1.1	0.1	-	-	18.0	3.3	22.5
Acquisitions	-	-	-	-	6.9	1.7	8.6
Transfer to completed land and buildings	5.9	3.3	-	-	(5.9)	(3.3)	-
Transfer between PPE categories	(0.2)	0.1	-	-	0.1	-	-
Other transfers	3.7	-	-	-	(0.2)	-	3.5
Disposals	(1.7)	(0.7)	-	-	-	-	(2.4)
Balance at 31 March/1 April 2023	1,367.9	50.5	-	-	32.6	6.8	1,457.8
Additions	-	-	-	-	34.5	-	34.5
Transfer to completed land and buildings	8.0	6.3	-	-	(14.3)	-	-
Transfer between PPE categories	(1.2)	1.2	-	-	-	-	-
Reclassification between grant, depreciation and cost	0.6	0.1	-	-	-	-	0.7
Disposals	(1.7)	(0.5)	-	-	-	-	(2.2)
Balance at 31 March 2024	1,373.6	57.6	-	-	52.8	6.8	1,490.8
Other grant							
Balance at 1 April 2022	499.1	4.1	-	-	80.6	-	583.8
Additions	0.3	-	-	-	30.7	-	31.0
Transfer to completed land and buildings	32.0	-	-	-	(32.0)	-	-
Transfer to investment property	(4.6)	-	-	-	-	-	(4.6)
Other transfers	(3.0)	-	-	-	1.1	-	(1.9)
Disposals	(0.3)	-	-	-	-	-	(0.3)
Balance at 31 March/1 April 2023	523.5	4.1	-	-	80.4	-	608.0
Additions	0.7	-	-	-	22.4	-	23.1
Transfer to completed land and buildings	31.7	-	-	-	(32.2)	-	(0.5)
Reclassification between grant, depreciation and cost	(0.7)	(0.1)	-	-	0.1	-	(0.7)
Transfer between PPE categories	(0.1)	-	-	-	0.1	-	-
Disposals	(0.2)	-	-	-	-	-	(0.2)
Balance at 31 March 2024	554.9	4.0	-	-	70.8	-	629.7
Net book value							
31 March 2024	**4,596.0**	**206.4**	**64.6**	**34.4**	**142.7**	**20.1**	**5,064.2**
31 March 2023	4,253.8	168.8	55.5	37.8	135.2	21.3	4,672.4
1 April 2022	3,410.6	127.5	55.4	38.5	139.4	25.1	3,796.5

Included in the amounts disclosed above is care property with a carrying value of £321.2 million (2023: £320.9 million).

In accordance with the measurement principles of IFRS 3 Business Combinations, acquired property, plant and equipment is measured at a provisional fair value at the date of acquisition. Fair value adjustments may change during the measurement period, which will not exceed one year from the acquisition date.

Acquisitions include completed social housing properties that have associated historic capital grants.

*Details of prior year restatements are included in note 37.

Association	Land and buildings	Land and buildings shared ownership	Plant and equipment	Offices	Under construction	Shared ownership under construction	Total
	£m	£m	£m	£m	£m	£m	£m
Cost							
Balance at 1 April 2022	4,090.2	84.4	123.0	60.2	9.8	0.1	4,367.7
Additions	81.5	-	15.6	-	7.5	-	104.6
Transfer to completed land and buildings	3.6	-	-	-	(3.6)	-	-
Transfer to investment property	(0.1)	-	(2.8)	-	-	-	(2.9)
Transfer from inventory	-	-	-	-	0.6	-	0.6
Transfer to assets held for sale	0.5	-	-	-	-	-	0.5
Transfer between PPE categories	1.1	-	(1.1)	(0.4)	0.4	-	-
Reclassification between grant, depreciation and cost	(2.2)	-	-	-	-	-	(2.2)
Disposals	(13.4)	(1.6)	(4.7)	(5.6)	-	-	(25.3)
Balance at 31 March/1 April 2023	4,161.2	82.8	130.0	54.2	14.7	0.1	4,443.0
Additions	90.8	-	17.8	0.1	19.8	-	128.5
Transfer to completed land and buildings	2.3	-	-	-	(2.3)	-	-
Transfer from inventory	-	-	-	-	1.2	-	1.2
Transfer to assets held for sale	(0.2)	-	-	-	-	-	(0.2)
Transfer between PPE categories	(1.7)	0.1	1.6	-	-	-	-
Disposals	(7.8)	(1.3)	(4.4)	-	-	-	(13.5)
Balance at 31 March 2024	4,244.6	81.6	145.0	54.3	33.4	0.1	4,559.0
Depreciation and impairment							
Balance at 1 April 2022	310.7	2.4	75.7	21.2	-	-	410.0
Depreciation charge for the year	34.6	0.1	13.5	1.6	-	-	49.8
Transfer between PPE categories	0.7	(0.7)	-	-	-	-	-
Reclassification between grant, depreciation and cost	(2.2)	-	-	-	-	-	(2.2)
Disposals	(8.8)	(0.1)	(4.4)	(3.6)	-	-	(16.9)
Balance at 31 March/1 April 2023	335.0	1.7	84.8	19.2	-	-	440.7
Depreciation charge for the year	32.3	0.1	14.2	1.5	-	-	48.1
Disposals	(4.0)	-	(4.2)	-	-	-	(8.2)
Balance at 31 March 2024	363.3	1.8	94.8	20.7	-	-	480.6
Social Housing Grant							
Balance at 1 April 2022	1,209.4	30.2	-	-	0.6	-	1,240.2
Additions	4.2	-	-	-	7.1	-	11.3
Transfer to be completed	1.1	-	-	-	(1.1)	-	-
Transfer between PPE categories	(0.3)	0.3	-	-	-	-	-
Disposals	(1.6)	(0.4)	-	-	-	-	(2.0)
Balance at 31 March/1 April 2023	1,212.8	30.1	-	-	6.6	-	1,249.5
Additions	-	-	-	-	2.2	-	2.2
Transfer to be completed	0.6	-	-	-	(0.6)	-	-
Transfer between PPE categories	(1.2)	1.2	-	-	-	-	-
Reclassification between grant, depreciation and cost	0.6	0.1	-	-	-	-	0.7
Disposals	(1.8)	(0.5)	-	-	-	-	(2.3)
Balance at 31 March 2024	1,211.0	30.9	-	-	8.2	-	1,250.1
Other grant							
Balance at 1 April 2022	160.1	3.3	-	-	-	-	163.4
Additions	-	-	-	-	1.2	-	1.2
Transfer to investment property	(4.6)	-	-	-	-	-	(4.6)
Disposals	(0.1)	-	-	-	-	-	(0.1)
Balance at 31 March/1 April 2023	155.4	3.3	-	-	1.2	-	159.9
Additions	0.4	-	-	-	5.6	-	6.0
Transfer between PPE categories	(0.1)	-	-	-	0.1	-	-
Reclassification between grant, depreciation and cost	(0.6)	(0.1)	-	-	-	-	(0.7)
Disposals	(0.1)	-	-	-	-	-	(0.1)
Balance at 31 March 2024	155.0	3.2	-	-	6.9	-	165.1
Net book value							
31 March 2024	**2,515.3**	**45.7**	**50.2**	**33.6**	**18.3**	**0.1**	**2,663.2**
31 March 2023	2,458.0	47.7	45.2	35.0	6.9	0.1	2,592.9
1 April 2022	2,410.0	48.5	47.3	39.0	9.2	0.1	2,554.1

Included in the amounts disclosed above is care property with a carrying value of £110.0 million (2023: £108.9 million).

Annual Impairment Review

The Group annually reviews properties for indicators of potential impairment. Assets that reveal indicators are then subjected to further impairment tests using the methods described in note 1 and below. The Group has determined that for the purposes of impairment testing, each property, together with associated operating assets, is a cash-generating unit.

Social housing assets are considered to have indicators of impairment when they have been vacant for a period of 90 days or longer. In the current and prior year, the carrying value of social housing properties identified with indicators of potential impairment was not material to the Group or Association and so further impairment tests were not deemed necessary.

Care homes are assessed for indicators of impairment based on a balanced scorecard that encapsulates measurement of regulatory ratings, occupancy, fee types and other metrics that relate to quality or operational performance. For the year ended 31 March 2024, 7 (2023: 12) care homes were identified as having indicators of potential impairment and so further tests were carried out for these assets.

Impairment is recognised when the carrying amount exceeds the recoverable amount. Recoverable amounts are the higher of fair value less costs of disposal, and value-in-use.

For care homes, where there was an indicator of impairment, value-in-use was calculated from cash flow projections based on detailed five-year forecasts; the forecasts were then extrapolated to perpetuity using long-term growth rates of 2.0% (2023: 2.0%). Management used a discount rate of 7.5% (2023: 7.5%) which reflects a market participant rate and the risks specific to the assets. In addition to calculating value-in-use, valuations were obtained from independent professional valuers for certain sites. These valuations were determined using sustainable EBITDARM and an EBITDARM multiple as referenced on page 155.

Following these reviews, an impairment of £0.8 million was recognised for care homes within the Group, no impairment was recognised for the Association (2023: £1.2 million was recognised for care homes within the Group, no impairment was recognised for the Association). This impairment charge was offset by impairment reversals, relating to three properties, totalling £0.8 million, of which no properties related to the Association. The net impairment recognised in the Income Statement was therefore nil for the Group and the Association.

Assets Pledged as Security

Property with a pre-grant carrying amount of £3,850.8 million (2023: £3,214.3 million) in the Group and £2,334.3 million (2023: £2,338.0 million) in the Association has been pledged to secure borrowings.

14. Investment Property

Reconciliation of carrying amount	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Fair value of investment property at 1 April	564.1	559.3	383.4	388.0
Additions	10.3	8.0	10.3	4.2
Acquisitions	-	6.1	-	-
Transfer from/(to) property, plant and equipment	9.8	(1.5)	-	(1.7)
Restructure of finance lease arrangements	4.0	-	193.5	-
Change in fair value	0.3	(7.8)	(12.3)	(7.1)
Fair value of investment property at 31 March	**588.5**	**564.1**	**574.9**	**383.4**

Included within the amounts disclosed above is student property with a carrying value of £550.2 million for the Group (2023 restated: £536.2 million) and £554.1 million for the Association (2023 restated: £363.0 million). Commercial property has a carrying value of £38.3 million for the Group (2023 restated: £27.9 million) and £20.8 million for the Association (2023 restated: £20.4 million).

Movements in fair value are reflected on the Income Statement within 'gain/loss on fair value of investment property'.

The valuations of certain leased assets have been adjusted to avoid double counting of lease obligations that have been recognised as separate liabilities within the Financial Statements.

Adjustments to leased assets	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Fair value at 31 March net of lease obligations	58.1	57.9	58.1	42.1
Carrying value of lease liabilities	113.7	152.4	117.6	21.1
Adjusted fair value at 31 March	**171.8**	**210.3**	**175.7**	**63.2**

Change in Accounting Policy

The Group has revised its accounting policy for its investment property, moving from the cost model to the fair value model. A summary of how this change impacts the Financial Statements is included within note 1 and further details, including full transition tables, are included in note 37.

Student Property Portfolio Restructure

During the year, the Group's student property portfolio was restructured. This entailed the acquisition of freeholds of four properties leased from external parties, combined with a transfer of student property trade and assets from Sanctuary Student Homes Limited and Sanctuary Student Properties Limited to Sanctuary Housing Association and the cancellation of all intra-Group student property leases. The impact of the restructure on the Income Statement is detailed in note 10.

Items Recognised in the Statement of Comprehensive Income

Rental income from investment property during the year amounted to £46.2 million (2023: £40.4 million) for the Group and £37.4 million (2023: £23.9 million) for the Association.

Details of future minimum lease payments in respect of non-cancellable leases are shown in note 23.

Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the year amounted to £19.9 million (2023: £15.3 million) for the Group and £13.7 million (2023: £7.3 million) for the Association.

Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the year amounted to £nil (2023: £nil) for both the Group and Association.

Restrictions and Commitments

At 31 March 2024, there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal for the Group or Association (2023: none). There were also no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements for the Group or Association (2023: none).

Assets Pledged as Security

Investment property with a pre-grant carrying amount of £73.3 million (2023: £98.9 million) in the Group and £72.5 million (2023: £67.7 million) in the Association has been pledged to secure borrowings.

Measurement of Fair Values

The fair values of student properties were determined by external, independent valuers, with appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The independent valuers provide the fair values of student properties on an annual basis.

The following table shows the valuation technique used in measuring the fair values of student properties, which have been determined to be Level 3 fair values.

Valuation technique	Significant unobservable inputs		
Valuations have been prepared in accordance with the latest version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the Red Book) based on net rental income, estimated future costs, occupancy and the net initial yield or discount rate. Other considerations include tenure (freehold or leasehold) and whether accommodation is Direct Let or Nominations Agreement.		2024	2023
	London		
	Rent per bed per week	£230-£440	£212-£420
	Core income growth	3%	3%
	Cost per bed per annum	£3,006-£4,231	£2,700-£3,800
	Discount rate	7.70%-10.98%	4.01%-9.02%
	Net initial yield	3.75%-4.75%	3.50%-4.50%
	Outside London		
	Rent per bed per week	£75-£230	£81-£215
	Core income growth	3%	3%
	Cost per bed per annum	£2,227-£3,452	£2,000-£3,100
	Discount rate	6.72%-16.00%	8.69%-20.00%
	Net initial yield	5.50%-15.20%	5.85%-18.61%

The process of making forward projections involves assumptions regarding numerous variables which are sensitive to changing conditions. Variations in any one of these assumptions, in isolation or in combination with other assumptions, may significantly affect the outcome. Net rental income and discount rate are considered to be key sources of estimation uncertainty and are therefore more likely to have a material impact on the valuation of the Group's investment property within the next 12 months as a result of reasonably possible changes in the assumptions used. There is an interrelationship between these factors as they are influenced by market conditions.

Sensitivity	+5% change in net rental income £m	-5% change in net rental income £m	+25 bps change in NIY £m	-25 bps change in NIY £m
London	24.6	(23.1)	(20.2)	23.2
Outside London	16.0	(15.0)	(4.5)	5.2
	40.6	**(38.1)**	**(24.7)**	**28.4**

The fair values of commercial properties are level 3 valuations determined by management using internal data, adjusted for third-party market capital growth data specific to the types of assets. The valuations of commercial properties are not considered to be materially sensitive to changes in the unobservable inputs.

15. Other Investments

	Group 2024 £m	Group 2023 £m	Association 2024 £m	Association 2023 £m
FVOCI – equity investment				
Listed investments	1.2	1.2	1.0	1.0
	1.2	1.2	1.0	1.0
Carried at amortised cost				
Unlisted investments	14.9	14.9	14.9	14.9
Homebuy				
- Investment	2.9	2.5	-	-
- Grant	(1.5)	(1.5)	-	-
	16.3	15.9	14.9	14.9
Total other investments	**17.5**	**17.1**	**15.9**	**15.9**

The Directors believe that the carrying value of other investments is supported by their underlying net assets. The historical cost of the Group's listed investments is £1.0 million (2023: £1.0 million). The historical cost of the Association's listed investments is £1.0 million (2023: £1.0 million). These investments comprise gilt edged stock and other corporate issue bonds, which are held in accordance with the terms of certain Group facilities. Where required under documentation the security trustee has a charge over these investments, totalling £1.0 million (2023: £1.0 million).

The unlisted investments represent cash reserves held in trust as security against borrowings either as required under the terms of the loan agreements or as substitutes for charges on stock. These reserves cannot be utilised for any purpose other than servicing the associated debt.

Reconciliation of Movement in Listed Investments

	Group £m	Association £m
As at 1 April 2022	5.2	5.0
Additions	0.2	0.2
Disposal	(3.8)	(3.8)
Revaluations	(0.4)	(0.4)
As at 31 March 2023	1.2	1.0
As at 1 April 2023	1.2	1.0
Additions	-	-
Disposal	-	-
Revaluations	-	-
As at 31 March 2024	**1.2**	**1.0**

See note 24 for further details.

16. Derivative Financial Instruments

Fair value of derivative assets	Group and Association 2024 £m	2023 £m
US Private Placement foreign exchange swap	26.8	31.9
	26.8	**31.9**

The derivative financial instrument represents the fair value of the currency related swap in place to hedge the foreign currency risk arising from interest and principal payments. It relates to $80 million 5.83% senior notes issued in April 2007 and due in 2037 (US private placement).

Fair value of derivative liabilities	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Interest rate swap	(0.3)	(0.4)	-	-
	(0.3)	**(0.4)**	**-**	**-**

The derivative financial instrument represents the fair value of an interest rate swap drawn under a facility agreement dated September 2002; this was put in place to hedge the interest rate risk arising from a variable rate loan.

Further details of derivative financial instruments are provided in note 24.

17. Trade and Other Receivables

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Current:				
Tenant rental receivables (note 24d)	11.6	14.2	10.6	11.3
Other trade receivables (note 24d)	29.8	22.9	5.6	5.0
Amounts due from subsidiary undertakings (note 9)	-	-	42.9	89.2
Prepayments	31.9	30.5	19.3	18.5
Accrued income	22.6	13.0	6.4	1.2
Lease Receivables (note 18)	0.1	-	-	-
PFI contract receivables (note 18)	3.7	4.3	-	-
Other receivables	54.0	55.4	23.7	25.6
	153.7	140.3	108.5	150.8
Non-current:				
Lease receivable (note 18)	0.6	0.8	-	-
PFI contract receivables (note 18)	21.8	21.1	-	-
Amounts due from subsidiary undertakings	-	-	17.4	48.5
Amounts due from joint venture	10.2	10.6	10.2	10.6
	32.6	32.5	27.6	59.1
Total trade and other receivables	**186.3**	**172.8**	**136.1**	**209.9**

Tenant rental receivables are stated net of expected credit loss allowance of £5.7 million for the Group (2023: £5.5 million) and £3.8 million for the Association (2023: £3.7 million). Further information on rental receivables is contained in note 24d. Other trade receivables are stated net of expected credit loss allowance of £8.4 million for the Group (2023: £7.0 million) and £2.1 million for the Association (2023: £1.8 million). Further information on other trade receivables is contained in note 24d.

No ECLs are recognised against intercompany balances or PFI contract receivables due to low counter party risk. Accrued income and other receivables carry low risk of non-recovery due to their nature, consequently no ECLs are recognised.

18. PFI contract Receivables and Lease Receivables

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Land and buildings:				
Under one year	3.8	4.3	-	-
In the second to fifth year inclusive	13.5	13.3	-	-
In more than five years	8.9	8.6	-	-
	26.2	**26.2**	**-**	**-**

PFI contract receivables relates to a PFI agreement between ASK (Greenwich) Limited and the Royal Borough of Greenwich, all amounts are expected to be received over the next 12 years. Additionally, the acquisition of Swan Housing Association included a PFI arrangement with London Borough of Newham to provide and arrange property related services, the contract runs to 2028.

19. Inventory

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Materials and consumables	2.1	1.9	-	-
Properties held for sale – completed	48.3	44.1	-	-
Properties held for sale – under construction	159.1	186.1	1.9	1.9
Total inventory	**209.5**	**232.1**	**1.9**	**1.9**

	Group £m	Association £m
Properties held for sale as at 1 April 2023	230.2	1.9
Acquisitions	1.2	-
Additions	56.5	2.2
Transfer to property, plant and equipment	(0.9)	(1.2)
Other transfers	(4.8)	0.9
Disposals – property sales	(74.8)	(1.9)
Properties held for sale as at 31 March 2024	**207.4**	**1.9**

Within the Group and Association, no inventories have been written off or written down to net realisable value during the year (2023: none).

Included within properties held for sale for the Group are £4.1 million (2023: £3.8 million) completed shared ownership properties and £18.0 million (2023: £16.4 million) shared ownership properties under construction.

Included within properties held for sale for the Association are £nil (2023: £nil) completed shared ownership properties and £0.3 million (2023: £0.1 million) shared ownership properties under construction.

A detailed year end review of all development projects was carried out to assess the carrying value of property inventories and identify if there were any instances where this was in excess of net realisable value. As a result of this exercise no impairment has been recognised.

Inventory added through acquisitions relates to Johnnie Johnson and was recognised at fair value at the date of acquisition.

20. Assets Classified as Held for Sale

	Group	Association
	£m	£m
At 1 April 2023	0.4	0.4
Additions	0.9	-
Transfer from property, plant and equipment	6.1	0.2
Other transfers	-	-
Disposals	(0.2)	(0.2)
At 31 March 2024	**7.2**	**0.4**

21. Trade and Other Payables

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Current:				
Trade payables	43.2	45.7	18.5	18.6
Amounts owed to subsidiary undertakings	-	-	27.7	17.5
Other taxation and social security payable	8.7	12.9	3.1	7.6
Other payables	30.0	14.7	7.2	2.7
Grants received in advance or repayable	50.0	59.0	-	-
Accruals	192.8	172.1	59.5	46.6
Future maintenance on home ownership schemes	27.6	25.4	26.3	24.4
Recycled capital grant fund (a)	8.2	10.4	7.4	10.2
	360.5	340.2	149.7	127.6
Non-current:				
Recycled capital grant fund (a)	6.5	4.9	4.4	2.8
Other payables	1.8	1.9	3.2	1.8
	8.3	6.8	7.6	4.6
Total Trade and Other Payables	**368.8**	**347.0**	**157.3**	**132.2**

All social housing and other capital grants are potentially repayable to the issuing body. The potential liability is recognised through the balances held as the recycled capital grant fund.

Future maintenance on home ownership schemes relates to funds received which are held in sinking funds.

(a) Recycled Capital Grant Fund

	Group	Association
	£m	£m
Recycled capital grant fund at 1 April 2023	15.3	13.0
Grants recycled	3.5	2.2
Interest accrued	0.7	0.6
Major repairs and works of existing stock	(3.8)	(3.8)
Repayment of grants	(0.6)	(0.2)
Other	(0.4)	-
Recycled capital grant fund at 31 March 2024	**14.7**	**11.8**

22. Loans and Borrowings

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Current:				
Senior notes and debenture stock	64.5	6.8	64.5	6.8
Bank loans and overdrafts	24.0	229.9	3.0	70.1
Net lease liability (note 23)	3.8	5.4	2.6	1.3
Local authority loans	29.8	-	-	-
Amounts owed to Group companies	-	-	9.9	41.1
	122.1	242.1	80.0	119.3
Non-current:				
Senior notes and debenture stock	2,111.1	2,174.0	495.7	561.8
Bank loans and mortgages	1,520.8	1,109.2	348.7	277.6
Local authority loans	20.0	49.8	-	-
Net lease liability (note 23)	143.4	183.6	133.5	44.7
Amounts owed to Group companies	-	-	850.1	725.9
	3,795.3	3,516.6	1,828.0	1,610.0
Total loans and borrowings	**3,917.4**	**3,758.7**	**1,908.0**	**1,729.3**

Based on the lender's earliest repayment date, borrowings fall due as follows:

Group	Leases	Other borrowings	Total
	£m	£m	£m
Due within one year	3.8	118.3	122.1
Due in more than one year but less than two years	3.9	149.3	153.2
Due in more than two years but less than five years	14.7	536.5	551.2
Due in more than five years	124.8	2,966.1	3,090.9
	147.2	**3,770.2**	**3,917.4**

Association	Leases	Other borrowings	Total
	£m	£m	£m
Due within one year	2.6	77.4	80.0
Due in more than one year but less than two years	2.6	89.3	91.9
Due in more than two years but less than five years	7.9	300.2	308.1
Due in more than five years	123.0	1,305.0	1,428.0
	136.1	**1,771.9**	**1,908.0**

The Group recorded security on loans with charges on property totalling £3,553.9 million (2023: £3,346.3 million) at the reporting date. It also recorded security for the one year's interest payments and final principal instalment in the form of debt service reserves for loans totalling £114.4 million (2023: £122.4 million). Borrowings are stated net of £16.8 million set up costs (2023: £16.9 million). Further details on interest rates are contained in note 24a.

The Association recorded security on loans with charges on property totalling £1,528.5 million (2023: £1,345.7 million) at the reporting date. It also recorded security for the one year's interest payments and final principal instalment in the form of debt service reserves for loans totalling £114.4 million (2023: £122.4 million). Borrowings are stated net of £10.5 million set up costs (2023: £10.5 million).

23. Leases

Lessee Arrangements

The Group leases a significant number of residential and commercial properties. Typical residential leases most commonly run from periods of between 100 and 999 years. Commercial leases typically run on shorter leases up to 99 years in duration. Leases will be typically appraised prior to expiry of the initial term of the contract or at the next break opportunity. A decision to either terminate or renew the lease will be undertaken. Leases that pass the initial term without a decision will continue in a holdover period until resolved.

Right-of-Use Assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see note 13).

Right-of-Use Assets Included Within Property, Plant and Equipment

Group	Land and buildings £m	Offices £m	Total £m
Cost			
Balance as at 1 April 2023	42.0	5.8	47.8
Additions to right-of-use assets	2.2	-	2.2
Disposals	(2.8)	-	(2.8)
Balance as at 31 March 2024	41.4	5.8	47.2
Depreciation and impairment			
Balance as at 1 April 2023	7.3	1.1	8.4
Depreciation charge for the year	2.7	0.1	2.8
Balance as at 31 March 2024	10.0	1.2	11.2
Net Book Value			
31 March 2024	**31.4**	**4.6**	**36.0**
31 March 2023	34.7	4.7	39.4

Association	Land and buildings £m	Offices £m	Total £m
Cost			
Balance as at 1 April 2023	30.5	5.8	36.3
Additions to right-of-use assets	2.0	-	2.0
Disposals	(2.8)	-	(2.8)
Balance as at 31 March 2024	29.7	5.8	35.5
Depreciation and impairment			
Balance as at 1 April 2023	6.4	1.4	7.8
Depreciation charge for the year	1.8	0.1	1.9
Balance as at 31 March 2024	8.2	1.5	9.7
Net Book Value			
31 March 2024	**21.5**	**4.3**	**25.8**
31 March 2023	24.1	4.4	28.5

Amounts Recognised in the Statement of Comprehensive Income

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Interest on lease liabilities	10.1	10.3	6.0	3.1
Depreciation charge for right-of-use assets	2.8	2.1	1.9	1.9
	12.9	**12.4**	**7.9**	**5.0**

Amounts Recognised in the Statement of Cash Flows

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Total cash outflow for leases	16.1	14.1	8.0	5.0
	16.1	**14.1**	**8.0**	**5.0**

Rent Reviews

Around 40% of the Group's leases have rent reviews within their terms. These reviews rely on information such as inflation indexes and market rates at the time of the review. These future increases (and occasional decreases) in rents payable will not be recognised in the right-of-use assets and lease liabilities until they become effective.

Lease Liabilities

Undiscounted lease payments to be made under lease arrangements fall due as shown below. Lease liabilities also relate to assets within investment property.

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Land and buildings:				
Under one year	12.5	15.2	10.8	4.3
In the second to fifth year inclusive	50.9	62.8	41.8	15.4
In more than five years	262.1	324.6	262.0	103.7
Total gross payments	325.5	402.6	314.6	123.4
Financing costs	(178.3)	(213.6)	(178.5)	(77.4)
Net lease liability	**147.2**	**189.0**	**136.1**	**46.0**

The present value of amounts payable under leases is as follows:

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Land and buildings:				
Under one year	3.8	5.4	2.6	1.3
In the second to fifth year inclusive	18.6	21.9	10.5	4.3
In more than five years	124.8	161.7	123.0	40.4
	147.2	**189.0**	**136.1**	**46.0**

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent payments.

Lessor Arrangements

Contracts of residential occupation do not meet the definition of a lease under IFRS 16.

The Group undertakes an assessment of the financial and operational viability of any potential lessee for a new lease and as such will determine the most appropriate lease terms to put in place. Negotiation of these lease terms will consider the most appropriate terms to ensure they are not unduly onerous or prohibitive and ensure any value continues to be realised or enhanced from the property.

There are no variable lease payments that do not depend on an index or a rate.

The Group has operating leases in its Supported Living, Student and Market Rented and Swan divisions. During the year ended 31 March 2024, income from operating leases was £12.4 million for the Group (2023: £12.0 million) and £10.7 million for the Association (2023: £7.2 million).

Amounts receivable under operating leases are due as follows:

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Under one year	7.6	7.7	7.1	4.3
Between one and two years	4.2	7.2	3.7	3.7
Between two and three years	4.1	3.8	3.7	3.7
Between three and five years	7.8	7.6	7.2	7.3
In more than five years	35.0	38.1	33.6	37.3
	58.7	**64.4**	**55.3**	**56.3**

24. Financial Instruments and Risk Management

Financial Risk Management Objectives and Policies

The Group's treasury function is responsible for the management of funds and control of the associated risks. Other financial risks, for example tenant rental arrears, are the responsibility of other teams within the Group's finance function. Treasury and finance activities are governed in accordance with the Board approved policy and the management of associated risks is reviewed and approved by the Group Audit and Risk Committee. There is further explanation of the Group's approach to risk management in the Strategic Report.

Where financial instruments are measured in the Statement of Financial Position at fair value, disclosure of fair value measurements by level is required, in accordance with the following fair value measurement hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group's financial instruments include:

Financial Assets

Financial assets at amortised cost	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Unlisted investments (note 15)	16.3	15.9	14.9	14.9
Rental receivables (note 17)	11.6	14.2	10.6	11.3
Other trade receivables (note 17)	29.8	22.9	5.6	5.0
Other receivables (note 17)	54.0	55.4	23.7	25.6
Amounts due from subsidiary undertakings (note 17)	-	-	60.3	137.7
Amounts due from joint venture (note 17)	10.2	10.6	10.2	10.6
Lease receivable (note 17)	0.7	0.8	-	-
PFI receivable (note 17)	25.5	25.4	-	-
Cash and cash equivalents	144.3	180.1	13.6	4.9
	292.4	**325.3**	**138.9**	**210.0**

The Group's investments in the Statement of Financial Position were £17.5 million at 31 March 2024 (2023: £17.1 million). Of this value, £1.2 million (2023: £1.2 million) was classed as FVOCI and £16.3 million (2023: £15 .9 million) was classed as held at amortised cost. The Association's investments in the Statement of Financial Position were £15.9 million at 31 March 2024 (2023: £15.9 million). Of this value, £1.0 million (2023: £1.0 million) was classed as FVOCI and £14.9 million (2023: £14.9 million) was classed as held at amortised cost.

Of the above balance held at amortised cost, rental receivables, finance lease receivables, amounts due from subsidiary undertakings, amounts due from joint venture and other receivables totalling £131.8 million (2023: £129.3 million) for the Group and £110.4 million (2023: £190.2 million) for the Association derive from current and non-current trade and other receivables balances on the Statement of Financial Position.

Trade and other receivables totalled £186.3 million at 31 March 2024 (2023: £172.8 million) for the Group and £136.1 million at 31 March 2024 (2023: £209.9 million) for the Association. Prepayments and accrued income balances of £54.5 million (2023: £43.5 million) for the Group and £25.7 million (2023: £19.7 million) for the Association are not considered to fall within the definition of a financial asset.

Financial assets at FVOCI	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Listed investments (note 15)	1.2	1.2	1.0	1.0

All significant inputs required to value investments held at FVOCI are observable, quoted and traded in an active market, and, as such, the Group has classified them as Level 1.

Financial Liabilities

As at 31 March 2024, the Group's and Association's financial liability balances were as follows:

Financial liabilities at amortised cost – current	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Debt finance excluding set up costs	120.0	238.4	78.6	119.2
Trade payables (note 21)	43.2	45.7	18.5	18.6
Lease liability (note 23)	3.8	5.4	2.6	1.3
Amounts due to subsidiary undertakings (note 21)	-	-	27.7	17.5
Grants (note 21)	50.0	59.0	-	-
Other payables (note 21)	66.3	53.0	36.6	34.7
	283.3	**401.5**	**164.0**	**191.3**

Other payables include other tax and social security, other payables, future maintenance on home ownership schemes and Social Housing Grant and other grants in advance or repayable. Current trade and other payables as disclosed in the Statement of Financial Position totalled £360.5 million (2023: £340.2 million) for the Group and £149.7 million (2023: £127.6 million) for the Association. The difference between the Statement of Financial Position and the amounts disclosed above is £201.0 million (2023: £182.5 million) for the Group and £66.9 million (2023: £56.8 million) for the Association and relates to balances that are not considered to fall within the definition of a financial liability. Debt finance consists of loans and borrowings and is presented above before deduction of set up costs.

Financial liabilities at amortised cost – non-current	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Debt finance excluding set up costs	3,466.7	3,157.3	1,703.8	1,574.8
Net lease liability (note 23)	143.4	183.6	133.5	44.7
Other payables (note 21)	1.8	1.9	3.2	1.8
	3,611.9	**3,342.8**	**1,840.5**	**1,621.3**

Financial liabilities at FVPL	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Debt finance excluding set up costs	200.3	190.8	-	-
Derivative financial instruments – interest rate swap (note 16)	0.3	0.4	-	-
	200.6	**191.2**	**-**	**-**

Non-current trade and other payables as disclosed in the Statement of Financial Position totalled £8.3 million (2023: £6.8 million) for the Group and £7.6 million (2023: £4.6 million) for the Association. Of these amounts, £1.8 million (2023: £1.9 million) in the Group is considered to fall within the definition of a financial liability while £3.2 million (2023: £1.8 million) is considered to fall within this definition in the Association.

All significant inputs required to value the above instruments are observable and, as such, the Group has classified them as Level 2.

A number of loans recognised as part of the acquisition of Swan Housing Association include embedded interest rate swaps. It was determined that these swaps are closely related to the host contracts and so do not need to be separately accounted for. However, the presence of the swaps changes the nature of the loan instruments as a whole and so they have been classified as fair value through profit and loss.

The derivative financial instrument relating to an interest rate swap valued at FVPL was entered into by the Group under a facility agreement dated September 2002.

Fair value movements of loans and derivatives totalling £1.6 million (2023: £1.1 million) for the Group and £nil (2023: £nil) for the Association are shown as a credit to the income statement.

The purpose of the derivative financial instrument is to hedge the interest rate risk associated with the variability of cash flows on variable rate loans.

Valuation

Balances are valued in accordance with note 1 Principal Accounting Policies – Financial Instruments. Instruments are carried at fair value in the following cases:

Derivative financial instruments are measured at fair value.

The fair value of the cross currency derivative financial instruments is arrived at by discounting future cash flows associated with each swap and comparing, for each swap, the cumulative total discounted sterling future cash flows with the total discounted dollar future cash flows translated at the year end exchange rate. The swap rate data used for discounting the flows is provided to the Group by external advisers.

The fair value of the interest rate swap is arrived at by discounting the fixed leg and variable leg cash flows using interpolated yield curves provided to the Group by external advisers.

Listed investments are measured at fair value. The fair value equates to the market value of these listed investments at the reporting date.

Certain loans with embedded interest rate swaps acquired through the Swan acquisition are measured at fair value. The fair value equates to the discounted future cashflows of these loans at the reporting date.

Senior notes and debenture stock, bank loans and mortgages, and net lease liabilities are measured at book value. However, fair value can be calculated and these are disclosed in note 24a. The variance between the fair value and the book value of the Group and Association's long-term borrowings is driven by the discount rates and weighted average life of the fixed rate financial liabilities, which is 17.3 years (2023: 17.3 years) for the Group and 14.5 years (2023: 14.5 years) for the Association.

Loans denominated in foreign currency are translated at year end exchange rates.

Analysis of Risks

a) Interest Rate Risk and Exposure

Interest rate risk is defined as the risk that interest rates may change in the future materially affecting the Group's liabilities and cash flows. The interest rate exposure of the Group and Association net debt at 31 March 2024 after hedging instruments was:

	Group		Association	
	£m	%	£m	%
Fixed rate financial liabilities	3,317.9	83.7	1,666.2	87.2
Floating rate financial liabilities	644.9	16.3	244.6	12.8
	3,962.8	**100.0**	**1,910.8**	**100.0**

The cost of borrowing of the Group fixed rate financial liabilities is 4.44% (2023: 4.42%) and for the Association 4.95% (2023: 4.79%). The cost of borrowing of the Group's total financial liabilities is 4.76% (2023: 4.51%) and for the Association 5.14% (2023: 4.92%). The weighted average life of fixed rate financial liabilities for the Group is 17.5 years (2023: 17.3 years) and for the Association is 13.9 years (2023: 14.5 years). The Group operates an interest rate policy designed to minimise interest cost and reduce volatility in cash flow and debt service costs. Group borrowings currently comprise 83.7% fixed rate debt (2023: 91.5%) and 16.3% floating rate debt (2023: 8.5%). Association borrowings comprise 87.2% fixed rate debt (2023: 96.9%) and 12.8% floating rate debt (2023: 3.1%).

The Group's cash flow interest rate risk relates to:

- Variable rate financial instruments which are subject to rate changes – a 10% increase in interest costs would result in an additional charge to the Statement of Comprehensive Income of £4.1 million (2023: £1.7 million).
- Fixed rate financial instruments where benefits of interest rate reductions are lost – a 0.25% rate reduction would result in a lost benefit of £8.4 million (2023: £8.6 million).

A comparison of the book value to fair value of the Group's and Association's long-term borrowings at 31 March 2024 is set out below.

	Group		Association	
	2024 Book value £m	2024 Fair value £m	2024 Book value £m	2024 Fair value £m
Senior notes and debenture stock (note 22)	2,111.1	1,919.8	495.7	479.4
Bank loans and mortgages (note 22)	1,520.8	1,453.0	348.7	352.2
Local authority loans (note 22)	20.0	20.0	-	-
Net lease liability (notes 22, 23)	143.4	143.4	133.5	133.5
Amounts owed to Group companies (note 22)	-	-	850.1	852.5
	3,795.3	3,536.2	1,828.0	1,817.6

The following methods and assumptions have been applied in determining the value of the financial instruments in the table above.

(i) The book value of loans with a maturity of less than one year is assumed to equate to their carrying value. They have therefore not been included in the above table.
(ii) The fair value of loans greater than one year is established by utilising discounted cash flow valuation models or listed market prices where available.
(iii) The fair value of balances shown above at a variable rate of interest is assumed to approximate to their book value.

For the balances at 31 March 2024, the range of discount rates used was 4.62% to 5.99% (2023: 4.11% to 5.63%). Swan Housing and Johnnie Johnson Housing Trust loans were fair valued by a third parties.

The fair values of the swaps at the year end would decrease by the following amounts, if an increase of 1% occurred:

Group	Liability	Statement of Comprehensive Income
	£m	£m
In sterling swap rates only	(0.4)	0.4

Interest rate risk applies to debt finance.

Management considers the sensitivity analysis in relation to the remaining interest rate swaps not included above to be not material.

b) Currency Rate Risk and Exposure

Currency rate risk is the risk that foreign currency arrangements that the Group has entered into will be adversely affected by exchange rate movements. Hedging is defined as the practice of offsetting such risks and the organisation applies such practices. The hedge put in place by the organisation removes completely the currency risk, as explained below.

In 2007 the Group borrowed $80 million through an issue of senior notes at an interest rate of 5.83% repayable in 2037. The foreign currency funds have been swapped through derivative financial instruments with the counterparty of the arrangement described above.

The amounts at the reporting date relating to items designated as hedged items were as follows.

	Carrying value of hedging instrument	Line item in the Statement of Financial Position where the hedging instrument is located	Change in value of the hedging instrument recognised in OCI	Costs of hedging recognised in OCI
	£m		£m	£m
Foreign currency risk	26.8	Derivative financial assets	4.4	(0.7)

The fair values of the swaps and loans at the year end, if an increase in interest rates of 1% occurred, are:

Group	Asset	Income Statement	Cash flow hedge reserve
	£m	£m	£m
In both dollar and sterling swap rates	(2.3)	-	(2.3)
In sterling swap rates only	4.4	-	4.4
In dollar swap rate only	(6.7)	-	(6.7)
In the year end exchange rate	(0.8)	-	(0.8)
In the year end exchange rate and in the dollar and sterling swap rates	(3.1)	-	(3.1)

Association	Asset	Income Statement	Cash flow hedge reserve
	£m	£m	£m
In both dollar and sterling swap rates	(2.3)	-	(2.3)
In sterling swap rates only	4.4	-	4.4
In dollar swap rate only	(6.7)	-	(6.7)
In the year end exchange rate	(0.8)	-	(0.8)
In the year end exchange rate and in the dollar and sterling swap rates	(3.1)	-	(3.1)

Currency rate risk applies to the derivative financial instruments balance and underlying loans denominated in dollars.

c) Liquidity Risk

Liquidity risk is the risk that the Group will fail to be able to access liquid funds, either through:

- Lack of available facilities; or
- Lack of secured, but available, facilities; or
- Lack of identification of need to draw on available facilities.

The treasury function ensures the above risks are managed by preparing cash forecasts on a daily and longer-term basis to ensure that short and longer-term requirements are known. The forecasts are cautious in the approach and are constantly updated to allow for sensitivity in assumptions. These are reported to the Group Chief Financial Officer on a fortnightly basis. The forecasts identify when drawdowns on existing facilities are required and when existing facilities expire. Further facilities are negotiated and secured well in advance of them being needed for drawdown.

The treasury function also manages a database of the Group's stock in order to identify unencumbered stock for security of new facilities. A programme of valuations is maintained to ensure that optimum value is gained from the Group's secured properties. These systems ensure that facilities are available to the Group which are secured and available to draw on as required.

The Group's liquidity policy is to maintain sufficient liquid resources to cover cash flow requirements and fluctuations in funding to enable the Group to meet its financial obligations.

The Group has not defaulted on any of its loan arrangements in the year.

Liquidity risk applies to cash and all payables balances.

Contractual Cash Flows for All Financial Liabilities

The following is an analysis of the anticipated contractual cash flows including interest and finance charges payable for the Group and Association's financial liabilities on an undiscounted basis. For the purpose of this table, debt is defined as bank loans, mortgages, deferred finance, bonds and debenture stock. Interest is calculated based on debt held at 31 March.

At 31 March 2024 – Group	Debt	Interest on debt	Lease liabilities	Other liabilities not in net debt	Interest on hedge accounted derivatives	Total
	£m	£m	£m	£m	£m	£m
Due less than one year	(121.2)	(178.5)	(12.5)	(159.5)	(2.7)	(474.4)
Between one and two years	(152.0)	(167.4)	(12.3)	(1.8)	(2.7)	(336.2)
Between two and three years	(176.4)	(161.4)	(14.8)	-	(2.6)	(355.2)
Between three and four years	(71.7)	(151.0)	(12.3)	-	(2.6)	(237.6)
Between four and five years	(297.0)	(139.9)	(11.5)	-	(2.5)	(450.9)
Greater than five years	(2,970.6)	(1,607.2)	(262.1)	-	(19.6)	(4,859.5)
Gross contractual cash flows	**(3,788.9)**	**(2,405.4)**	**(325.5)**	**(161.3)**	**(32.7)**	**(6,713.8)**

At 31 March 2023 – Group	Debt	Interest on debt	Lease liabilities	Other liabilities not in net debt	Interest on hedge accounted derivatives	Total
	£m	£m	£m	£m	£m	£m
Due less than one year	(237.8)	(155.2)	(15.2)	(157.7)	(2.7)	(568.6)
Between one and two years	(89.0)	(153.1)	(15.7)	(1.9)	(2.7)	(262.4)
Between two and three years	(159.8)	(146.1)	(15.8)	-	(2.7)	(324.4)
Between three and four years	(111.8)	(139.5)	(15.7)	-	(2.6)	(269.6)
Between four and five years	(69.5)	(134.2)	(15.6)	-	(2.6)	(221.9)
Greater than five years	(2,916.3)	(1,697.9)	(324.6)	-	(22.1)	(4,960.9)
Gross contractual cash flows	**(3,584.2)**	**(2,426.0)**	**(402.6)**	**(159.6)**	**(35.4)**	**(6,607.8)**

At 31 March 2024 – Association	Debt	Interest on debt	Lease liabilities	Other liabilities not in net debt	Interest on hedge accounted derivatives	Total
	£m	£m	£m	£m	£m	£m
Due less than one year	(77.5)	(105.1)	(10.8)	(82.8)	(2.3)	(278.5)
Between one and two years	(89.2)	(100.4)	(10.6)	(3.2)	(2.3)	(205.7)
Between two and three years	(102.3)	(97.0)	(10.5)	-	(2.3)	(212.1)
Between three and four years	(43.6)	(85.7)	(10.4)	-	(2.3)	(142.0)
Between four and five years	(152.9)	(76.6)	(10.3)	-	(2.3)	(242.1)
Greater than five years	(1,277.1)	(699.0)	(262.0)	-	(19.3)	(2,257.4)
Gross contractual cash flows	**(1,742.6)**	**(1,163.8)**	**(314.6)**	**(86.0)**	**(30.8)**	**(3,337.8)**

At 31 March 2023 – Association	Debt	Interest on debt	Lease liabilities	Other liabilities not in net debt	Interest on hedge accounted derivatives	Total
	£m	£m	£m	£m	£m	£m
Due less than one year	(118.1)	(83.2)	(4.3)	(70.8)	(2.3)	(278.7)
Between one and two years	(77.5)	(82.4)	(4.0)	(1.8)	(2.3)	(168.0)
Between two and three years	(89.2)	(78.5)	(4.0)	-	(2.3)	(174.0)
Between three and four years	(60.3)	(74.9)	(3.8)	-	(2.3)	(141.3)
Between four and five years	(43.6)	(70.6)	(3.6)	-	(2.3)	(120.1)
Greater than five years	(1,263.0)	(754.2)	(103.7)	-	(21.5)	(2,142.4)
Gross contractual cash flows	**(1,651.7)**	**(1,143.8)**	**(123.4)**	**(72.6)**	**(33.0)**	**(3,024.5)**

d) Credit Risk

Credit risk applies to all debtor balances and to debt finance. The risk falls into two categories: financial and operational.

Financial

It is the Group's policy not to take or place funds with any financial institution which is not accepted as a counterparty in the Group's Financial Regulations. Such counterparties are approved by the Board but only on the achievement of the desired credit agency rating. The maximum exposure with a single funder is £326.0 million as at 31 March 2024 (2023: £329.0 million).

The Group manages credit risk by carrying out monthly credit checks on all counterparties from which the Group either sources funds or places deposits, also allowing the Group to assess whether there has been a significant increase in credit risk at the reporting date. The financial credit risk is mitigated to some extent by the existence of borrowing facilities with such counterparties.

Twelve-month probabilities of default (PD) are based on historical credit loss data supplied by the rating agency Moody's. Assets measured at amortised cost or FVOCI were subject to a 12-month ECL allowance, none of these assets were materially credit impaired. Largely due to the low credit risk of the financial assets held, there has been no expected credit loss recognised at 31 March 2024 because the amounts are not material.

Operational

The majority of the operational debt at any given time relates to tenants and non-tenants of the Group. These debts are reported to management on a weekly basis and recovery of debts is coordinated through subsidiary and regional management teams. Performance of debt recovery is reviewed monthly by the Executive Committee.

Tenant Rental Receivable Arrears

Gross tenant rental arrears due as at 31 March 2024 totalled £17.3 million (2023: £19.7 million) for the Group and £14.4 million (2023: £15.0 million) for the Association. Most of this balance was past due as the majority of tenancy agreements state that the rent is due in advance. The age of these arrears was as follows:

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Less than 30 days	7.7	10.9	6.4	8.1
30 to 60 days	1.9	2.8	1.9	1.9
60 to 90 days	0.9	1.4	1.3	1.1
More than 90 days	6.8	4.6	4.8	3.9
Balance as at 31 March	**17.3**	**19.7**	**14.4**	**15.0**

In the Group there is an expected credit loss allowance against £5.7 million (2023: £5.5 million) of this balance leaving a net rental arrears balance of £11.6 million (2023: £14.2 million) (see note 17). In the Association there is an expected credit loss allowance against £3.8 million (2023: £3.7 million) of this balance leaving a net rental arrears balance of £10.6 million (2023: £11.3 million) (see note 17).

Tenant Rental Receivable Arrears Expected Credit Loss

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Balance as at 1 April	5.5	5.8	3.7	4.7
Provided in the year	5.5	6.2	4.3	4.1
Released in the year	(1.5)	(0.6)	(1.1)	(0.2)
Amounts written off	(3.8)	(5.9)	(3.1)	(4.9)
Balance as at 31 March	**5.7**	**5.5**	**3.8**	**3.7**

Under IFRS 9, loss allowances for trade receivables are measured at an amount equal to lifetime Expected Credit Losses (ECLs). Lifetime ECLs are a probability-weighted estimate of credit losses that result from all possible default events over the expected life of a financial instrument.

Other Trade Receivables

Gross other trade receivables balances as at 31 March 2024 totalled £38.2 million (2023: £29.9 million) for the Group and £7.7 million (2023: £6.8 million) for the Association. The age of gross other trade receivables balances was as follows:

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Less than 30 days	19.9	12.0	4.1	2.7
30 to 60 days	5.0	5.6	0.8	0.8
60 to 90 days	3.6	1.7	0.6	0.7
More than 90 days	9.7	10.6	2.2	2.6
Balance as at 31 March	**38.2**	**29.9**	**7.7**	**6.8**

In the Group there is an expected credit loss allowance against £8.4 million (2023: £7.0 million) of this balance leaving a net other trade receivables balance of £29.8 million (2023: £22.9 million) (see note 17). In the Association there is an expected credit loss allowance against £2.1 million (2023: £1.8 million) of this balance leaving a net other trade receivables balance of £5.6 million (2023: £5.0 million) (see note 17).

Other Trade Receivables Expected Credit Loss

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Balance as at 1 April	7.0	6.1	1.8	2.6
Provided in the year	4.2	3.7	0.9	0.5
Released in the year	(1.5)	(1.7)	(0.3)	(1.2)
Amounts written off	(1.3)	(1.1)	(0.3)	(0.1)
Balance as at 31 March	**8.4**	**7.0**	**2.1**	**1.8**

The Group provides for specific categories of sundry receivable balances and specific sundry receivable balances where the likelihood of settlement in full or in part is unlikely.

Summary of Credit Risk

The maximum credit risk at 31 March 2024 and 2023 was as follows:

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Investments (note 15)	17.5	17.1	15.9	15.9
Derivative financial instruments (note 16)	26.8	31.9	26.8	31.9
Receivables	131.8	129.3	110.4	190.2
Cash and cash equivalents	144.3	180.1	13.6	4.9
	320.4	**358.4**	**166.7**	**242.9**

e) Concentration Risk

Concentration risk is defined as the risk associated with a reliance on transactions that carry a similar risk profile. Management determines concentrations of risk through its standard risk management procedures, as detailed in the Strategic Report.

Management considers the Group's main concentration of risk to be within rent and service charge arrears. The shared characteristic of this concentration is the social demographic of the client base that can be linked to lower credit quality. However, the arrears are from a number of types of tenancy:

- Rental
- Sheltered housing
- Supported housing
- Shared ownership
- Home ownership.

A reduced level of risk is associated with shared ownership and home ownership residents.

The maximum exposure to this risk is equal to the tenant rental arrears balance (net of expected credit loss) at 31 March 2024, £11.6 million (2023: £14.2 million) for the Group and £10.6 million (2023: £11.3 million) for the Association.

Information on the Group's spread of lenders is explained in note 24d.

f) Market Rate Risk

Market risk applies to listed investments. Listed investments are exposed to fluctuations in market values that are outside the Group's control. Listed investments at 31 March 2024 totalled £1.2 million (2023: £1.2 million) in the Group and £1.0 million (2023: £1.0 million) in the Association. The Group mitigates this risk by carrying out credit checks on all counterparties and investing only in those counterparties that achieve the desired credit agency rating. This is also explained in note 24d.

g) Collateral Pledged

The Group holds debt servicing reserves if, and as, required by the various lenders. These are disclosed and described in note 15.

h) Collateral Held

The Group does not hold any significant collateral.

i) Capital

The Group considers its capital balances to be share capital (note 27) and reserves (note 28). The revaluation reserve balance is entirely governed by market rates for listed investments. The revenue reserve is formed of Group surpluses and deficits from each year since the Group's formation and it also contains gains on business combinations that have arisen following the acquisition of subsidiaries. Acquisitions of social housing businesses that are in substance the gift of one business to another are treated as non-exchange transactions. The fair value of the gift of the recognised assets and liabilities is treated as a gain or loss in the Statement of Comprehensive Income.

None of these capital balances has a significant degree of active management, other than in the case of current year Income Statement movement that contributes to revenue reserves. There are restrictions on the Group in the use of £0.2 million (2023: £0.2 million) in relation to Carr-Gomm which was acquired by the Group in 2010 and then transferred its engagements to the Association on 31 March 2011, and £4.9 million (2023: £4.7 million) relating to Voluntary Right to Buy scheme surpluses (see note 28 regarding restricted reserves).

25. Deferred Tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred Tax Assets

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
As at 1 April	5.4	4.7	-	-
Temporary timing differences	(0.2)	0.7	-	-
As at 31 March	**5.2**	**5.4**	**-**	**-**
Comprising:			-	
Trading losses carried forward	5.1	5.3	-	-
Interest rate swap derivative	0.1	0.1	-	-
	5.2	**5.4**	**-**	**-**

The interest rate swap derivative is held in ASK (Greenwich) Limited. Trading losses are carried across a number of Group subsidiaries.

Deferred tax assets relating to historic losses within certain subsidiaries, amounting to £57.1 million, have not been recognised as the criteria for recognition have not been met.

Deferred Tax Liabilities

A deferred tax liability exists within ASK (Greenwich) Limited, a 100% owned subsidiary of the Association.

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
As at 1 April	0.6	0.5	-	-
Charge/(credit) to Income Statement	-	0.1	-	-
As at 31 March	**0.6**	**0.6**	**-**	**-**

This balance relates to timing differences on taxation of a unitary charge. Unitary charge refers to amounts due from the Royal Borough of Greenwich under the terms of a project agreement.

26. Provisions for Liabilities and Charges

Group	Onerous contracts £m	Property related £m	Other provisions £m	Total £m
At 1 April 2023 (restated*)	3.9	85.2	51.2	140.3
Provided in the year	-	1.7	9.4	11.1
Utilised during the year	-	(5.0)	(9.0)	(14.0)
Released during the year	(2.9)	(0.7)	(7.5)	(11.1)
At 31 March 2024	**1.0**	**81.2**	**44.1**	**126.3**
Ageing of provisions – expected utilisation				
At 31 March 2024				
Under one year	-	3.2	14.7	17.9
Over one year	1.0	78.0	29.4	108.4
At 31 March 2023				
Under one year	-	7.9	14.1	22.0
Over one year	3.9	77.3	37.1	118.3

*Details of prior year restatements are included in note 37.

Association	Onerous contracts £m	Property related £m	Other provisions £m	Total £m
At 1 April 2023	-	-	2.9	2.9
Provided in the year			7.8	7.8
Transfers	2.4	0.7	-	3.1
Utilised during the year	-	-	-	-
Released during the year	(2.4)	-	(1.2)	(3.6)
At 31 March 2024	**-**	**0.7**	**9.5**	**10.2**
Ageing of provisions – expected utilisation				
At 31 March 2024				
Under one year	-	-	9.5	9.5
Over one year	-	0.7	-	0.7
At 31 March 2023				
Under one year	-	-	2.9	2.9
Over one year	-	-	-	-

Onerous Contract Provisions

Provisions have been made for two onerous contracts which are being unwound over the remaining contract terms.

Property Related Provisions

Property related provisions include a sum of £42.1 million in relation to cladding and fire safety works where the recently acquired subsidiary Swan Housing Association has contractual obligations to external parties to rectify the issues. There is the potential to recover a significant proportion of these costs from other parties; however, there is not yet sufficient certainty to enable recognition of these amounts. Consequently, the reimbursements are considered to be contingent assets (see note 36).

Provisions have been recognised relating to a number of housing developments where defects have been identified on houses previously sold by Swan. Other property related provisions from the Swan acquisition relate to wider obligations arising from property development.

Cladding provisions have been discounted using a risk-free rate based on UK Gilts. Other amounts have not been discounted as the impact of discounting would not be material.

Other Provisions

Provisions have been recognised for a range of potential legal, contractual or other obligations, of which £32.6 million relates to Swan, arising primarily from development related activities. Insurance recoveries of £10.8 million have been included within debtors, relating to a potential gross obligation of £14.8 million, where there is virtual certainty over reimbursement. No recoveries have been recognised for the other amounts. These provisions have not been discounted as they are expected to be utilised in a relatively short timeframe and the impact of discounting would not be material.

27. Share Capital

	Group and Association	
Each member holds one share of £1 in the Association	**2024**	**2023**
	£	**£**
Allotted, issued and fully paid:		
At 1 April	28	30
Issued during the year	1	-
Redeemed during the year	(3)	(2)
At 31 March	**26**	**28**

Each share carries voting rights but not rights to dividends, distributions on winding up or rights of redemption. Share issues and redemptions are as a result of changes to the membership of the Association.

28. Reserves

Group	Revenue reserve	Restricted reserves	Revaluation reserve	Cash flow hedge reserve	Cost of hedging reserve	Total
	£m	£m	£m	£m	£m	£m
At 1 April 2022 (restated*)	1,515.2	4.8	-	7.8	(0.6)	1,527.2
Surplus for the year (restated*)	82.5	-	-	-	-	82.5
Actuarial gain on pension schemes	(2.1)	-	-	-	-	(2.1)
Revaluation of listed investments	-	-	-	-	-	-
Gain/(loss) on financial assets	-	-	(0.4)	-	-	(0.4)
Gain/(loss) on hedge instrument	-	-	-	2.0	(0.4)	1.6
Transfer of VRTB proceeds	(0.1)	0.1	-	-	-	-
Transfer of gain on disposal of equity investments	(0.5)	-	0.5	-	-	-
At 31 March 2023 (restated*)	1,595.0	4.9	0.1	9.8	(1.0)	1,608.8
At 1 April 2023 (restated*)	1,595.0	4.9	0.1	9.8	(1.0)	1,608.8
Surplus for the year (restated*)	206.7	-	-	-	-	206.7
Actuarial gain on pension scheme	(4.5)	-	-	-	-	(4.5)
Revaluation of listed investments	-	-	-	-	-	-
Gain/(loss) on financial assets	-	-	-	-	-	-
Gain/(loss) on hedge instrument	-	-	-	(4.4)	0.7	(3.7)
Transfer of VRTB proceeds	(0.2)	0.2	-	-	-	-
Transfer of loss on disposal of equity investments	-	-	-	-	-	-
At 31 March 2024	**1,797.0**	**5.1**	**0.1**	**5.4**	**(0.3)**	**1,807.3**

*Details of prior year restatements are included in note 37.

Association	Revenue reserve	Restricted reserves	Revaluation reserve	Cash flow hedge reserve	Cost of hedging reserve	Total
	£m	£m	£m	£m	£m	£m
At 1 April 2022 (restated*)	1,472.4	4.6	-	7.7	(0.6)	1,484.1
Surplus for the year (restated*)	(24.7)	-	-	-	-	(24.7)
Actuarial gain on pension schemes	0.8	-	-	-	-	0.8
Revaluation of listed investments	-	-	-	-	-	-
Gain/(loss) on financial assets	-	-	(0.4)			(0.4)
Gain/(loss) on hedge instrument	-	-	-	2.0	(0.4)	1.6
Transfer of VRTB proceeds	(0.1)	0.1	-	-	-	-
Transfer of gain on disposal of equity investments	(0.5)	-	0.5	-	-	-
At 31 March 2023 (restated*)	1,447.9	4.7	0.1	9.7	(1.0)	1,461.4
At 1 April 2023 (restated*)	1,447.9	4.7	0.1	9.7	(1.0)	1,461.4
Deficit for the year	(9.8)	-	-	-	-	(9.8)
Actuarial gain on pension schemes	(9.9)	-	-	-	-	(9.9)
Revaluation of listed investments	-	-	-	-	-	-
Gain/(loss) on financial assets	-	-	-	(4.4)	0.7	(3.7)
Gain/(loss) on hedge instrument	-	-	-	-	-	-
Transfer of VRTB proceeds	(0.2)	0.2	-	-	-	-
Transfer of loss on disposal of equity investments	-	-	-	-	-	-
At 31 March 2024	**1,428.0**	**4.9**	**0.1**	**5.3**	**(0.3)**	**1,438.0**

*Details of prior year restatements are included in note 37.

Restricted Reserves

Within both the Group and the Association, £0.2 million (2023: £0.2 million) of the reserves acquired with Carr-Gomm remain restricted in application.

At the year ended March 2024, £4.9 million of revenue reserves (2023: £4.7 million) in the Group and £4.7 million in the Association (2023: £4.5 million) has been restricted relating to surpluses made on asset sales as part of the Voluntary Right to Buy scheme. Funds are made up of the receipts from the discounted sale, plus compensation for the discount given. These funds are restricted in use and must be spent on new supply social housing properties on a one-for-one replacement basis.

Revaluation Reserve

The revaluation reserve comprises cumulative net changes in fair value of equity securities designated at fair value through other comprehensive income (FVOCI).

Cash Flow Hedge Reserve

The cash flow hedge reserve comprises the effective portion of cumulative net changes in the fair value of hedging instruments used in cash flow hedges.

Cost of Hedging Reserve

The cost of hedging reserve reflects gains or losses on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts. It is initially recognised in OCI and accounted for similarly to gains or losses in the cash flow hedge reserve.

29. Retirement Benefits

During the year ended 31 March 2024, the Group participated in 16 (2023: 15) funded defined benefit pension schemes. All schemes' assets are held in separate funds administered by the trustees of each scheme.

Local Government Pension Schemes

Where the underlying assets and liabilities of the defined benefit schemes can be separately identified the Group recognises in full the schemes' surpluses or deficits on the Statement of Financial Position. Where it is not possible to separately identify the share of the underlying assets and liabilities of a defined benefit scheme, or where sufficient information is not available because of the relative size of the membership and contributions to the scheme of the Group, an amount is charged to the Statement of Comprehensive Income that represents the contributions payable in the year.

The Association and its subsidiaries are admitted bodies into the below local Government pension schemes, participation in which is accounted for on a defined benefit pension scheme basis:

Scheme name	Group admitted body	Employer contributions	Range of member contributions	Liability recognised
Cambridgeshire County Council Pension Fund	Sanctuary Housing Association	0.0%	5.5% to 9.9%	Yes
London Borough of Greenwich Pension Fund	Sanctuary Housing Association	18.5%	5.5% to 9.9%	Yes
Oxfordshire County Council Pension Fund	Sanctuary Housing Association	37.3%	5.5% to 9.9%	Yes
Essex County Council Pension Fund	Sanctuary Housing Association	0.0%	5.5% to 9.9%	Yes
Strathclyde Pension Fund	Sanctuary Scotland Housing Association	22.5%	5.5% to 11.2%	Yes
Warwickshire County Council Pension Fund	Sanctuary Care Property (1) Limited	0.0%	5.5% to 9.9%	Yes
North East Scotland Pension Fund	Sanctuary Scotland Housing Association	23.7%	5.5% to 11.2%	Yes
Cheshire County Council Pension Fund	Sanctuary Housing Association	0.0%	5.5% to 9.9%	Yes

Participation in the following local Government pension schemes is accounted for on a defined contribution pension scheme basis:

Scheme name	Group admitted body	Employer contributions	Range of member contributions	Liability recognised
Shropshire County Council Pension Fund	Sanctuary Housing Association	11.1%	5.5% to 9.9%	Contributions only
Merseyside Pension Fund	Sanctuary Housing Association	23.3%	5.5% to 9.9%	Contributions only

Scottish Housing Associations' Pension Scheme

Through its subsidiary, Sanctuary Scotland Housing Association Limited, the Group was an admitted body of the Scottish Housing Associations' Pension Scheme (SHAPS) during the year. Participation in this scheme is accounted for on a defined benefit pension scheme basis:

Scheme name	Group admitted body	Employer contributions	Range of member contributions	Liability recognised
Scottish Housing Associations' Pension Scheme (SHAPS)	Sanctuary Scotland Housing Association Limited	7.7% to 13.2%	7.7% to 13.2%	Yes

Social Housing Pension Schemes

Following acquisition of Swan Housing Association on 8 February 2023 and Johnnie Johnson Housing Association on 29 February 2024 (note 34), the Group acquired the assets and liabilities of the Swan Housing Association Social Housing Pension Scheme and Johnnie Johnson Housing Association Social Housing Pension Scheme respectively.

Participation in both schemes is accounted for on a defined benefit pension scheme basis. The schemes are closed to future accrual and, as such, there are no ongoing employee contributions. Monthly contributions are made to both schemes to ensure statutory funding objectives are met.

Sanctuary Housing Association Final Salary Pension Scheme and Sanctuary North West Housing Association Pension Scheme

The Group participates in two further defined benefit pension schemes; the Sanctuary Housing Association Final Salary Pension Scheme (SHAFSPS) and the Sanctuary North West Housing Association Pension Scheme (SNWHAPS). Both schemes are closed to future accrual and, as such, there are no ongoing employee contributions. The Group makes monthly contributions to these schemes to ensure statutory funding objectives are met.

IAS 19 Employee Benefits

The financial assumptions used to calculate scheme liabilities under IAS 19 Employee Benefits in respect of defined benefit schemes are as follows:

	2024	2023
All schemes	%	%
RPI inflation	3.25	3.30
CPI inflation	2.85	2.90
Rate of increase in salaries	2.85	2.90
Rate of increase for pensions in payment	2.85	2.90
Rate of increase for deferred pensions	3.25	3.30
Discount rate	4.85	4.70

The figures shown in the table above are the general financial assumptions applied, however, the application of assumptions can vary between defined benefit pension scheme actuaries.

On 25 November 2020, HM Treasury and the UK Statistics Authority released their joint response to the consultation on reform to retail price index (RPI) methodology. This confirmed that RPI will be aligned with CPIH (consumer price index including owner occupiers' housing costs) from February 2030. To reflect this, the Group has changed the approach to setting the CPI inflation assumption, resulting in a 1.0% per annum deduction to RPI inflation for the period up to 2030 and 0.0% per annum for the period from 2030. This leads to a single equivalent average deduction of 0.4% per annum from the RPI inflation assumption to derive the CPI inflation assumption. Changes in the approach to the setting of RPI and CPI assumptions are reported as a change in financial assumptions in the following tables.

The financial assumptions have been set with reference to the weighted average duration for the various pension scheme participations held by the Company (approximately 17 years).

The assumptions for mortality rates are based on 109% of the Continuous Mortality Investigation of the Institute and Faculty of Actuaries (CMI) S3PA tables (2023: (CMI S3PA tables) with future improvements based on the CMI 2022 model (2023: CMI 2021 model) with a long-term improvement of 1.25% per annum for both males and females. Based on these assumptions, the average future life expectancies at age 65 are:

	Males	Females
Current pensioners	20.9 years	23.4 years
Future pensioners	22.2 years	24.8 years

Changes in mortality assumptions are reported as changes in demographic assumptions in the following tables.

The fair value of assets in the scheme, split between quoted and unquoted investments, is as follows:

Group

	2024 £m Quoted	2024 £m Unquoted	2024 £m Total	2024 %	2023 £m Quoted	2023 £m Unquoted	2023 £m Total	2023 %
Equities	22.8	15.1	37.9	11.7	26.9	21.9	48.8	14.6
Bonds	157.4	10.6	168.0	52.0	150.8	11.6	162.4	48.6
Property	16.1	1.0	17.1	5.3	25.2	2.5	27.7	8.3
Other	81.5	18.6	100.1	31.0	79.1	15.9	95.0	28.5
Total value of assets	**277.8**	**45.3**	**323.1**	**100.0**	**282.0**	**51.9**	**333.9**	**100.0**

Association

	2024 £m Quoted	2024 £m Unquoted	2024 £m Total	2024 %	2023 £m Quoted	2023 £m Unquoted	2023 £m Total	2023 %
Equities	19.9	15.1	35.0	12.8	13.2	14.1	27.3	9.6
Bonds	146.1	10.6	156.7	57.2	148.4	10.4	158.8	55.7
Property	14.7	1.0	15.7	5.7	22.7	1.0	23.7	8.3
Other	56.8	9.7	66.5	24.3	62.0	13.3	75.3	26.4
Total value of assets	**237.5**	**36.4**	**273.9**	**100.0**	**246.3**	**38.8**	**285.1**	**100.0**

Reconciliation of the effect of the asset ceiling:

	Group 2024 £m	Group 2023 £m	Association 2024 £m	Association 2023 £m
Net asset ceiling at 1 April	(19.2)	(18.3)	(8.0)	(15.3)
Remeasurement of Strathclyde Pension Fund surplus	(0.2)	(3.5)	-	-
Remeasurement of North East Scotland Pension Fund surplus	0.4	(2.2)	-	-
Remeasurement of Warwickshire County Council Pension Fund surplus	4.7	(1.7)	-	-
Remeasurement of the Sanctuary Housing Association Final Salary Scheme surplus	-	14.7	-	14.7
Remeasurement of the Cheshire Pension Fund surplus	3.4	(3.3)	3.4	(3.3)
Remeasurement of the Essex Pension Fund surplus	(0.2)	(1.0)	(0.2)	(1.0)
Remeasurement of the Oxfordshire County Council Pension Fund surplus	(1.8)	(2.7)	(1.8)	(2.7)
Remeasurement of Swan Social Housing Pension Scheme surplus	0.8	(0.8)	-	-
Interest effect of net asset ceiling	(0.4)	(0.4)	(0.2)	(0.4)
Net asset ceiling at 31 March	**(12.5)**	**(19.2)**	**(6.8)**	**(8.0)**

Scheme assets/(liabilities) are reflected in the Statement of Financial Position:

	Group 2024 £m	Group 2023 £m	Association 2024 £m	Association 2023 £m
Present value of employer assets	323.1	333.9	273.9	285.1
Present value of funded liabilities	(347.0)	(342.3)	(296.3)	(300.3)
Net funding in funded plans	(23.9)	(8.4)	(22.4)	(15.2)
Present value of unfunded liabilities	-	-	-	-
Pension asset/(liability) before restrictions	(23.9)	(8.4)	(22.4)	(15.2)
Effect of net asset ceiling	(12.5)	(19.2)	(6.8)	(8.0)
Recognition of minimum funding requirements	(0.6)	(1.4)	(0.6)	(1.4)
Net pension liability	**(37.0)**	**(29.0)**	**(29.8)**	**(24.6)**

An analysis of the expense reflected in the Statement of Comprehensive Income:

	Group 2024 £m	Group 2023 £m	Association 2024 £m	Association 2023 £m
Amount charged to operating surplus:				
Current service cost	(0.2)	(0.7)	(0.1)	(0.4)
Past service cost	-	-	-	-
Expenses	(0.6)	(0.5)	(0.7)	(0.5)
Total charged to operating surplus	(0.8)	(1.2)	(0.8)	(0.9)
Amount charged to finance cost:				
Interest income on plan assets	15.1	12.8	13.3	11.7
Interest cost on defined benefit obligations	(15.5)	(12.8)	(13.8)	(11.9)
Interest effect of net asset ceiling	(0.4)	(0.4)	(0.2)	(0.4)
Total amount charged to finance cost	(0.8)	(0.4)	(0.7)	(0.6)
Gain/(loss) on cessation of defined benefit pension scheme	0.9	(6.2)	2.4	(6.2)
Total amount (charged)/credited to the Income Statement	**(0.7)**	**(7.8)**	**0.9**	**(7.7)**
Amounts recognised in other comprehensive income:				
Remeasurement gains and losses:				
Loss on plan assets excluding interest	(20.3)	(134.5)	(18.9)	(133.0)
Experience losses	(5.7)	(31.4)	(5.7)	(31.3)
Other remeasurement (losses)/gains	(0.6)	(1.4)	-	(0.7)
Changes in financial assumptions	10.7	156.1	9.2	149.2
Changes in demographic assumptions	3.5	10.6	3.3	10.2
Effect of movement in net asset ceiling	7.1	(0.5)	1.4	7.7
Movement in IFRIC 14 minimum funding obligation	0.8	(1.0)	0.8	(1.3)
Total remeasurement (losses)/gains	(4.5)	(2.1)	(9.9)	0.8
Total amounts recognised in other comprehensive income	**(4.5)**	**(2.1)**	**(9.9)**	**0.8**

Reconciliation of the opening and closing balances of the present value of scheme liabilities:

	Group 2024 £m	Group 2023 £m	Association 2024 £m	Association 2023 £m
Opening defined benefit obligation	342.3	477.3	300.3	446.7
Acquisitions (note 34)	18.7	20.0	-	-
Revised opening defined benefit obligation	361.0	497.3	300.3	446.7
Current service cost	0.2	0.7	0.1	0.4
Past service cost	-	-	-	-
Interest cost	15.5	12.8	13.8	11.9
Contributions by employees	-	0.1	-	0.1
Experience losses	5.7	29.6	5.7	30.9
Changes in financial assumptions	(10.7)	(156.1)	(9.2)	(149.2)
Changes in demographic assumptions	(3.5)	(10.6)	(3.3)	(10.2)
Net benefits paid (including expenses)	(12.3)	(12.7)	(11.1)	(11.5)
Defined benefit obligation before cessation of pension scheme	355.9	361.1	296.3	319.1
Cessation of pension scheme	(8.9)	(18.8)	-	(18.8)
Closing defined benefit obligation	**347.0**	**342.3**	**296.3**	**300.3**

During the year ended March 2022, the Trustee of the Sanctuary Housing Association Final Salary Pension Scheme, the Scottish Housing Associations' Pension Scheme, the Swan Housing Association Social Housing Pension Scheme and the Johnnie Johnson Housing Association Social Housing Pension Scheme conducted a review of the application of historic changes to scheme member benefits. The review found that, in some cases, changes to benefits provided by the scheme may have been implemented at a time or in a way that may not be in accordance with scheme rules. In response to the review, the Trustee will be seeking direction from the courts, on behalf of scheme employers, on how to interpret these rules. Should the courts direct that some changes were made in a way not permitted by the scheme rules, this could give rise to an increase in member benefits and an additional liability for the Group. While the likelihood, timing and amount of this additional liability is uncertain, the scheme's actuaries have estimated that any potential additional obligation in respect of this scheme could be material to the Group. Due to the uncertainty surrounding this review, the pension obligations stated in the Financial Statements do not reflect any additional liability that may arise from this review, which is not expected to complete until the final quarter of 2024.

Reconciliation of opening and closing balances of the fair value of the scheme assets:

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Opening fair value of the scheme assets	333.9	474.4	285.1	438.2
Acquisitions (note 34)	14.4	15.5	-	-
Revised opening fair value of the scheme assets	348.3	489.9	285.1	438.2
Expenses	(0.6)	(0.5)	(0.7)	(0.5)
Effect of settlements	-	-	-	-
Interest income on plan assets	15.1	12.8	13.3	11.7
(Losses)/return on plan assets excluding interest	(20.3)	(134.5)	(18.9)	(133.0)
Other remeasurement (losses)/gains	(0.6)	(1.4)	-	(0.7)
Contributions by employer	7.3	7.0	6.2	6.2
Contributions by employees	-	0.1	-	0.1
Experience (losses)/gains	-	(1.8)	-	(0.4)
Net benefits paid (including expenses)	(12.3)	(12.7)	(11.1)	(11.5)
Fair value of the scheme assets before cessation of pension scheme	336.9	358.9	273.9	310.1
Cessation of pension scheme	(13.8)	(25.0)	-	(25.0)
Closing fair value of scheme assets	**323.1**	**333.9**	**273.9**	**285.1**

The total and cumulative remeasurements recognised in other comprehensive income:

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Net actuarial remeasurements recognised in year	(12.4)	(0.6)	(12.1)	(5.6)
Net cumulative actuarial remeasurements	(35.4)	(23.0)	(40.9)	(28.8)

Remeasurement gains and losses are broken down as follows:

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
(Losses)/return on plan assets excluding interest	(20.3)	(134.5)	(18.9)	(133.0)
Experience (loss)/gains	(5.7)	(31.4)	(5.7)	(31.3)
Other remeasurement gains	(0.6)	(1.4)	-	(0.7)
Changes in financial assumptions	10.7	156.1	9.2	149.2
Changes in demographic assumptions	3.5	10.6	3.3	10.2
Total remeasurement (losses)/gains	**(12.4)**	**(0.6)**	**(12.1)**	**(5.6)**

History of consolidated defined benefit schemes in Statements of Financial Position, before recognition of the net asset ceiling or IFRIC 14 minimum funding obligations:

	Group				
	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Defined benefit obligations	(347.0)	(342.3)	(477.3)	(517.8)	(402.7)
Scheme assets	323.1	333.9	474.4	451.2	405.3
(Deficit)/surplus	**(23.9)**	**(8.4)**	**(2.9)**	**(66.6)**	**2.6**

	Association				
	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Defined benefit obligations	(296.3)	(300.3)	(446.7)	(485.0)	(378.5)
Scheme assets	273.9	285.1	438.2	416.6	380.4
(Deficit)/surplus	**(22.4)**	**(15.2)**	**(8.5)**	**(68.4)**	**1.9**

The Group expects to contribute the following amounts to the defined benefit schemes during the year ended 31 March 2025:

	£m
Cheshire County Council Pension Fund	0.4
Sanctuary North West Housing Association Pension Scheme	-
Sanctuary Housing Association Final Salary Pension Scheme	3.9
Oxfordshire County Council Pension Fund	0.2
North East Scotland Pension Fund	-
London Borough of Greenwich Pension Fund	-
Strathclyde Pension Fund	-
Essex County Council Pension Fund	-
Swan Social Housing Pension Scheme	0.8
Johnnie Johnson Social Housing Pension Scheme	0.8
	6.1

Cessation of Defined Benefit Pension Schemes

Following a consultation process with members of the Warwickshire County Council Pension Fund, the Group ceased to be a participating employer in the scheme on 30 June 2023. A final cessation valuation report, prepared by the Scheme's actuary, was used to determine an exit credit payable to the Group of £4,156,000, which was received in December 2023, extinguishing Sanctuary's obligations in the fund.

A consultation process was also conducted with members of the Scottish Housing Associations' Pension Scheme (SHAPS), following which, the Group ceased to be a participating employer in the scheme on 31 May 2023. In conjunction with their actuary, the Trustee produced an employer debt report estimating that the debt due by Sanctuary under section 75 of the Pensions Act 1995 was £792,000. In agreement with the Trustee, the Group paid 90% of the cessation debt in December 2023, with the remaining payment being subject to reassessment following conclusion of a review into the application of historic changes to scheme member benefits.

For accounting purposes under IAS 19 Employee Benefits, participation in the Cambridgeshire County Council Pension Fund was deemed to have ceased during March 2023. As such, the assets and liabilities of the scheme were de-recognised during the year ended 31 March 2023. Following the production of a final cessation valuation report by their actuary, the Scheme has subsequently agreed that a cessation credit of £2,337,000 is due to the Group. This cessation credit has been recognised in the Statement of Comprehensive Income in the year ending 31 March 2024.

In line with IAS 19 Employee Benefits, the Group has de-recognised the assets and liabilities of the above schemes and recognised a gain or loss on cessation in the Statement of Comprehensive Income as follows:

2024	Group Total £m	Warwickshire County Council Pension Fund £m	Scottish Housing Associations' Pension Scheme £m	Cambridge County Council Pension Fund £m
De-recognition of present value of employer assets	(13.8)	(11.8)	(2.0)	-
De-recognition of present value of funded liabilities	8.9	6.7	2.2	-
Refund from or (debt paid) to scheme	5.8	4.2	(0.8)	2.4
Gain/(loss) on cessation of defined benefit pension scheme	**0.9**	**(0.9)**	**(0.6)**	**2.4**

2023	Group Total £m	Warwickshire County Council Pension Fund £m	Scottish Housing Associations' Pension Scheme £m	Cambridge County Council Pension Fund £m
De-recognition of present value of employer assets	(25.0)	-	-	(25.0)
De-recognition of present value of funded liabilities	18.8	-	-	18.8
Refund from or (debt paid) to scheme	-	-	-	-
(Loss)/gain on cessation of defined benefit pension scheme	**(6.2)**	**-**	**-**	**(6.2)**

Assumption Sensitivity Analysis

The impact of a 0.1 percentage point movement in the primary assumptions (longevity: one year) on the defined benefit obligations as at 31 March 2024 is set out below:

	Group Movement £m	Association Movement £m
Discount rate +0.1%	(5.3)	(4.6)
Discount rate -0.1%	5.3	4.6
Rate of inflation +0.1%	4.8	3.9
Rate of inflation -0.1%	(4.8)	(3.9)
Life expectancy +1 year	10.1	9.3
Life expectancy -1 year	(10.1)	(9.3)

The above sensitivity analyses are based on isolated changes in each assumption, while holding all other assumptions constant. In practice, this is unlikely to occur, and there is likely to be some level of correlation between movements in different assumptions. In addition, these sensitivities relate only to potential movement in the defined benefit obligations.

The assets, held by the schemes, are to some extent designed to mitigate the full impact of these movements so that the movements in the defined benefit obligations shown above would, in practice, be partly offset by movements in asset valuations.

However, the above sensitivities are shown to illustrate at a high level the scale of sensitivity of the defined benefit obligations to key actuarial assumptions.

The same actuarial methods have been used to calculate these sensitivities as are used to calculate the relevant Statement of Financial Position values and have not changed compared to the previous period. The Group's share of total assets in participating Local Government Pension Schemes ranges from between less than 0.04% to less than 1.00% of fund value.

The asset values of the Group for the Local Government Pension Schemes are reported using estimated asset allocations prepared by each scheme actuary. This asset value is calculated at each triennial valuation per scheme. Thereafter, it is rolled forward to accounting dates using suitable estimates for investment returns, contributions received, and benefits paid out. Each employer's share of the fund is individually tracked.

Contributions which Sanctuary Group pays to the funds are allocated entirely to its identified asset share and are not spread in any way. Asset allocations are also produced using bid values where necessary.

A sensitivity analysis to reflect a plus or minus 5% movement in asset values in Local Government Pension Schemes equates to plus or minus £4.6 million (2023: £6.5 million).

Defined Benefit Schemes – Risk Factors

Through its various post-employment pension schemes, the Group is exposed to a number of risks, the most significant of which are detailed below. The Group's focus is on managing the cash demands which the various pension plans place on the Group, rather than Statement of Financial Position volatility in its own right. For funded schemes, cash requirements are generally determined by funding valuations which are performed on a different basis from accounting valuations.

Asset volatility: Plan liabilities are calculated using discount rates set with reference to bond yields (although the discount rate methodology differs for accounting and funding purposes). If plan assets deliver a return which is lower than the discount rate, this will create or increase a plan deficit.

The Group's various pension plans hold a significant proportion of equities and similar 'growth assets', which are expected to out-perform bonds in the long-term, albeit at the risk of short-term volatility. As the pension schemes mature, with a shorter time horizon to cope with volatility, the scheme trustees and administering authorities will gradually reduce holdings of growth assets in favour of increased matching assets (bonds and similar). In the meantime, the Group considers that equities and similar assets are an appropriate means of managing pension funding requirements, given the long-term nature of the liabilities and the strength of the Group to withstand volatility.

Changes in bond yields: A decrease in bond yields will typically increase scheme liabilities (and vice-versa), although this will be offset partially by an increase in the value of bonds held in the asset portfolios of the various plans. The effect of changes in bond yields is more pronounced in less well funded schemes where there is less potential for offsetting movements in asset values.

Inflation risk: As the Group's pension obligations are linked to inflation, higher inflation expectations will lead to higher liabilities, although caps are in place to protect against unusually high levels of inflation. The asset portfolio includes some inflation-linked bonds to provide an element of protection against this risk.

Member longevity: As the Group's post-employment obligations are generally to provide benefits for the life of the member, increases in life expectancy will result in an increase in scheme liabilities (and vice versa).

The mortality rate is based on publicly available mortality tables for the specific country. Covid-19 has caused a short-term increase in deaths in the UK but the excess deaths to date have not generally had a material impact on UK pension scheme liabilities. The future impact of Covid-19 on long-term mortality improvements is currently uncertain with potential adverse implications of delayed medical interventions and "long Covid", along with potential positive implications if the surviving population is less "frail" or the pandemic causes improved healthcare initiatives and lifestyle changes. In consideration of the potential impacts of Covid-19, the Group has allowed, in the mortality assumptions used, for 10 years of suppressed improvements in mortality rate before rates return to previously expected levels.

During the year, the investment strategy for assets in the North East Scotland Pension Fund and Strathclyde Pension Fund was changed. As both schemes are fully funded on a cessation basis, the Group agreed with the respective local authorities to move the investments into Liability-Driven Investment matching strategies, where the assets will move approximately in line with liabilities.

Climate change risk: TPT Retirement Solutions (TPT) is responsible for the investment strategy of the majority of the Group's defined benefit liabilities.

When considering environmental and social issues, TPT believes that climate change presents a material financial risk to the investment assets held, and therefore supports the goals of the Paris Agreement and has signed the Global Investor Statements to Governments on Climate Change. TPT has developed an approach to ensure that climate change risk, including physical, regulatory and transition risks are more explicitly considered through the investment process, from portfolio construction through to asset allocation. TPT's approach to responsible investment in relation to climate change has three pillars:

- Understanding the exposure of investments to climate change;
- Making sure new and existing investments are managed in a way that takes account of climate change risks and opportunities; and
- Actively engaging with the wider investment community and policy makers on climate change.

National Health Service Pension Scheme

The Association is a direction body employer of the National Health Service Pension Scheme (NHS Pension Scheme). The NHS Pension Scheme is an unfunded occupational scheme backed by the Exchequer, which is open to all NHS staff and qualifying employees of other approved organisations.

Employers and employees pay contributions based on a percentage of pensionable pay. Every four years the Government Actuary conducts a full actuarial review and recommends contribution rates in their valuation report to the Secretary of State for Health.

The Association contributes at a rate of 14.3% of pensionable salaries (2023: 14.3%). Members contribute at a rate of between 5.0% and 12.5% of pensionable salary.

Defined Contribution Schemes

The Group participates in defined contribution schemes for members of staff. The cost of the defined contribution schemes amounts to £14.2 million (2023: £9.7 million). As at the year end there was £1.8 million of accrued contributions due for payment after the year end (2023: £0.8 million).

30. Capital Commitments

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Expenditure contracted	266.6	335.5	11.0	10.1
Authorised expenditure not contracted	344.5	308.4	49.4	53.4
Expenditure on existing assets - committed	2.8	2.2	2.8	0.1
	613.9	**646.1**	**63.2**	**63.6**

For the Group, of the £613.9 million (2023: £646.1 million) of capital commitments at 31 March 2024, £155.2 million (2023: £138.8 million) will be financed by grant and other public finance.

For the Association, of the £63.2 million (2023: £63.6 million) of capital commitments at 31 March 2024, £13.8 million (2023: £13.1 million) will be financed by grant and other public finance.

The Group is confident its financial strength will allow it to refinance existing loans and finance the current business plan commitments at competitive rates. The Group anticipates funding this through a mix of fixed and variable interest rate facilities, cash generated from property sales, operating activities and Government grants.

31. Notes to the Statement of Cash Flows

Cash and Cash Equivalents

	Group		Association	
	2024 £m	2023 £m	2024 £m	2023 £m
Cash and cash equivalents per Statement of Financial Position	144.3	180.1	13.6	4.9
Cash and cash equivalents per Statement of Cash Flows	**144.3**	**180.1**	**13.6**	**4.9**

Cash and cash equivalents at the end of the reporting period can be reconciled to the related items in the Statement of Financial Position as shown above.

Reconciliation of Liabilities Arising from Financing Activities

			Non-cash changes				
Group	**At 1 April 2023**	**Cash flows**	**Acquisitions (note 34)**	**Foreign exchange movement**	**Fair value changes**	**Other non-cash changes**	**At 31 March 2024**
	£m	£m	£m	£m	£m	£m	£m
Short-term borrowings	(236.7)	245.8	(2.4)	-	-	(125.0)	(118.3)
Long-term borrowings	(3,333.0)	(357.0)	(80.3)	1.3	-	117.1	(3,651.9)
Lease liabilities	(189.0)	5.0	-	-	-	36.8	(147.2)
Derivative financial instruments	31.5	-	-	-	(5.0)	-	26.5
Total liabilities from financing activities	**(3,727.2)**	**(106.2)**	**(82.7)**	**1.3**	**(5.0)**	**28.9**	**(3,890.9)**

Non-cash movements on derivative financial instruments relate to the fair value movement of foreign exchange (£5.1 million decrease movement) and interest rate derivatives (£0.1 million positive movement).

			Non-cash changes				
Group	**At 1 April 2022**	**Cash flows**	**Acquisitions (note 34)**	**Foreign exchange movement**	**Fair value changes**	**Other non-cash changes**	**At 31 March 2023**
	£m	£m	£m	£m	£m	£m	£m
Short-term borrowings	(30.7)	192.2	(17.8)	-	-	(380.4)	(236.7)
Long-term borrowings	(2,872.1)	(212.8)	(623.8)	(3.7)	-	379.4	(3,333.0)
Lease liabilities	(172.1)	2.2	(15.1)	-	-	(4.0)	(189.0)
Derivative financial instruments	24.9	-	-	-	6.6	-	31.5
Total liabilities from financing activities	**(3,050.0)**	**(18.4)**	**(656.7)**	**(3.7)**	**6.6**	**(5.0)**	**(3,727.2)**

Non-cash movements on derivative financial instruments relate to the fair value movement of foreign exchange (£5.5 million positive movement) and interest rate derivatives (£1.1 million positive movement).

Other non-cash changes reflect progression in the ageing of borrowings due after more than one year to less than one year, the amortisation of premiums and discounts recognised on issue of bonds and in the case of lease liabilities, the recognition, de-recognition and revaluation of right-of-use assets and corresponding lease liabilities. Foreign exchange movement relates to the retranslation of dollar denominated loan notes at the year end spot rate.

			Non-cash changes			
Association	**At 1 April 2023**	**Cash flows**	**Foreign exchange movement**	**Fair value changes**	**Other non-cash changes**	**At 31 March 2024**
	£m	£m	£m	£m	£m	£m
Short-term borrowings	(118.0)	261.3	-	-	(220.7)	(77.4)
Long-term borrowings	(1,565.3)	(351.0)	1.3	-	220.5	(1,694.5)
Lease liabilities	(46.0)	2.4	-		(92.5)	(136.1)
Derivative financial instruments	31.9	-	-	(5.1)	-	26.8
Total liabilities from financing activities	**(1,697.4)**	**(87.3)**	**1.3**	**(5.1)**	**(92.7)**	**(1,881.2)**

Non-cash movements on derivative financial instruments relate to the fair value movement of foreign exchange (£5.1 million decrease movement) derivatives.

Association	At 1 April 2022	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Fair value changes	Non-cash changes: Other non-cash changes	At 31 March 2023
	£m	£m	£m	£m	£m	£m
Short-term borrowings	(23.9)	47.6	-	-	(141.7)	(118.0)
Long-term borrowings	(1,658.4)	(45.0)	(3.7)	-	141.8	(1,565.3)
Lease liabilities	(45.9)	1.9	-	-	(2.0)	(46.0)
Derivative financial instruments	26.4	-	-	5.5	-	31.9
Total liabilities from financing activities	**(1,701.8)**	**4.5**	**(3.7)**	**5.5**	**(1.9)**	**(1,697.4)**

Non-cash movements on derivative financial instruments relate to the fair value movement of foreign exchange (£5.5 million positive movement) derivatives.

Other non-cash changes reflect progression in the ageing of borrowings due after more than one year to less than one year, the amortisation of premiums and discounts recognised on issue of bonds and in the case of lease liabilities, the recognition, de-recognition and revaluation of right-of-use assets and corresponding lease liabilities. Foreign exchange movement relates to the retranslation of dollar denominated loan notes at the year end spot rate.

32. Related Party Transactions

Trading

During the year, the Association recharged costs incurred on behalf of other Group undertakings. Such costs include the Group audit fees and the recharging of Central Services costs including finance, information systems, human resources, office costs and management.

These recharges are agreed by management and are based on relevant information such as occupancy of offices, asset base and employee details.

The Association received gift aid from its subsidiary undertakings during the year of:

Entity	2024 £m	2023 £m
ASK (Greenwich) Limited	(0.3)	1.0
Beech Grove Homes Limited	-	3.1
Dornoch Medical Care Limited	0.4	-
Lorimer Care Homes Limited	0.8	-
Mull Hall Care Limited	0.2	-
Sanctuary Maintenance Contractors Limited	0.4	0.7
Sanctuary Care Limited	3.3	1.0
Sanctuary Treasury Limited	0.1	-
Spiral Developments Limited	0.2	4.3
Tayside Care Limited	0.2	-

The Association also receives capital grants on behalf of other Group undertakings. These are transferred through intra-Group transactions into the relevant entity which owns the property the grant relates to.

At the reporting date, the Association had the following trading balances with non-RSH regulated Group undertakings:

Entity	2024 £m	2023 £m
ASK (Greenwich) Limited	1.1	1.7
Avenue Services Limited	0.2	0.1
Beech Grove Homes Limited	(0.5)	7.7
CornwalL Care Limited	0.2	-
Dornoch Medical Care Limited	0.7	0.4
Lorimer Care Homes Limited	0.8	-
Mull Hall Holdings Limited	(0.3)	(0.3)
Sanctuary Care Limited	4.2	3.1
Sanctuary Care Property (1) Limited	(3.8)	0.4
Sanctuary Care Property (2) Limited	0.3	0.1
Sanctuary Care (North) Limited	0.1	-
Sanctuary Home Care Limited	0.3	1.0
Sanctuary Maintenance Contractors Limited	(6.3)	(8.4)
Sanctuary Management Services Limited	(0.2)	(0.4)
Sanctuary (NW Management) Limited	1.9	1.9
Sanctuary Scotland Housing Association Limited	-	0.4
Sanctuary Student Homes Limited	(0.7)	0.2
Sanctuary Treasury Limited	-	(0.4)
Spiral Developments Limited	0.5	4.3
Tayside Care Limited	0.2	-
Swan Commercial Services Limited	0.1	-
Swan New Homes Limited	0.1	-

At the reporting date, the Association had the following trading balances with RSH regulated Group undertakings:

Entity	2024 £m	2023 £m
Sanctuary Affordable Housing Limited	(8.8)	(2.2)
Swan Housing Association Limited	2.5	-

Loans

The Association has loan balances with other Group undertakings at the reporting date.

The Association both receives and allocates funds to other Group undertakings. These loans are arranged at commercial terms and, as appropriate, secured against the assets of each entity.

At the reporting date, the Association had the following loan and lease balances with non-RSH regulated Group undertakings:

	2024	2023
Entity	**£m**	**£m**
Loans		
ASK (Holdings) Limited	1.0	1.0
Beech Grove Homes Limited	28.0	26.0
Sanctuary Care Property (2) Limited	16.4	18.8
Sanctuary Scotland Housing Association Limited	0.1	0.3
Sanctuary Student Homes Limited	-	65.4
Sanctuary Student Properties Limited	-	46.9
Sanctuary Treasury Limited*	(860.0)	(751.3)
Leases		
Sanctuary Student Properties Limited	-	(4.6)
Sanctuary Student Homes Limited	-	2.5

*Sanctuary Treasury Limited raises finance (including bond issues by Sanctuary Capital PLC) for onward lending to Registered Providers within the Group, including the Association.

At the reporting date, the Association had no loan balances with RSH regulated Group undertakings.

Accrued Interest

Related party loan net interest accrued in the Association with non-RSH regulated Group entities at the reporting date is as follows:

	2024	2023
Entity	**£m**	**£m**
ASK (Holdings) Limited	0.1	0.1
Beech Grove Homes Limited	0.2	0.1
Sanctuary Care Property (2) Limited	1.0	1.2
Sanctuary Student Homes Limited	-	0.3
Sanctuary Student Properties Limited	-	0.5
Sanctuary Treasury Limited*	(10.6)	(5.8)

*Accrued interest payable on loan balances owed to Sanctuary Treasury Limited.

There was no related party loan net interest accrued in the Association with RSH regulated Group entities.

Transactions between the Group and joint ventures, associates and trade investments are disclosed on the following pages.

Sanctuary North West Housing Association Pension Scheme

The Sanctuary North West Housing Association Pension Scheme is considered a related party to the Group under IAS 19 Employee Benefits. The assets of the scheme for year ended 31 March 2024 were £12.5 million (2023: £11.2 million) and the obligations of the scheme for year ended 31 March 2024 were £11.4 million (2023: £11.5 million), these are included within the consolidated figures in note 29.

33. Investments in Subsidiaries, Associates and Jointly-Controlled Entities

The following table provides information about investments in subsidiaries, joint ventures and associates.

	Group		Association	
	2024	2023	2024	2023
	£m	£m	£m	£m
Investments in subsidiaries				
Investment in subsidiaries	-	-	87.7	87.7
	-	-	87.7	87.7
Equity accounted investments				
Joint ventures	0.8	2.7	-	-
Associates	1.8	1.8	-	-
	2.6	**4.5**	**-**	**-**

The Association carries investments in subsidiaries at cost.

	£m
At 1 April 2022 and 31 March 2023	87.7
At 31 March 2024	**87.7**

Details of the Association's subsidiaries and joint arrangements as at 31 March 2024 are shown below:

Entities registered in England and Wales with registered office at Sanctuary House, Chamber Court, Castle Street, Worcester, WR1 3ZQ:

Company	Nature of business	RSH regulated	Ownership (direct and indirect)
Subsidiaries			
ASK (Greenmwich) Limited	Care home development and management	Non-RSH regulated	100%
ASK (Holdings) Limited	Holding company	Non-RSH regulated	100%
Astraline JJ Limited	Telecare services	Non-RSH regulated	100%
Astraline TEC Limited	Telecare services	Non-RSH regulated	100%
Avenue Services (NW) Limited	Property maintenance services	Non-RSH regulated	50%
Bateman Memorial Almshouses Charity	Registered almshouse	Registered Charity	100%
Beech Grove Homes Limited	Property development	Non-RSH regulated	100%
Cornwall Care Limited	Care home management	Registered Charity	100%
Cornwall Care Property Limited	Care home management	Non-RSH regulated	100%
Cornwall Care Services Limited	Care home management	Non-RSH regulated	100%
Hera Management Services Limited	Property management	Non-RSH regulated	100%
Johnnie Johnson Developments Limited	Property development	Non-RSH regulated	100%
Johnnie Johnson Housing Trust Limited	Supplier of social housing	Registered Provider	100%
Riverside Apartments Management Limited	Property management	Non-RSH regulated	78%
Sanctuary Affordable Housing Limited	Supplier of social housing	Registered Provider	100%
Sanctuary Capital PLC	Group financing	Non-RSH regulated	100%
Sanctuary Care (North) Limited	Care home management	Non-RSH regulated	100%
Sanctuary Care Limited	Care home management	Non-RSH regulated	100%
Sanctuary Care Property (1) Limited	Care home development and management	Non-RSH regulated	100%
Sanctuary Care Property (2) Limited	Care home development and management	Non-RSH regulated	100%
Sanctuary Home Care Limited	Domiciliary care	Non-RSH regulated	100%
Sanctuary Maintenance Contractors Limited	Property maintenance services	Non-RSH regulated	100%
Sanctuary Management Services Limited	Management services	Non-RSH regulated	100%
Sanctuary (NW Management) Limited	Provider of market rented property	Non-RSH regulated	100%
Sanctuary Student Homes Limited	Student accommodation	Non-RSH regulated	100%
Sanctuary Student Properties Limited	Student accommodation	Non-RSH regulated	100%
Sanctuary Treasury Limited	Group financing	Non-RSH regulated	100%
Spiral Developments Limited	Property development	Non-RSH regulated	100%
Spon Lane Trust Almshouses	Registered almshouse	Registered Charity	100%
St Albans Mount Management Limited	Property management	Non-RSH regulated	66.7%
Swan BQ Limited	Regeneration partner	Non-RSH regulated	100%
Swan Commercial Services Limited	Property development	Non-RSH regulated	100%
Swan Housing Association Limited	Supplier of social housing	RSH regulated	100%
Swan Housing Capital PLC	Financing	Non-RSH regulated	100%
Swan Housing Finance Limited	Financing	Non-RSH regulated	100%
Swan New Homes Limited	Property development	Non-RSH regulated	100%
The Hertford Housing Company Limited	Provider of market rented property	Non-RSH regulated	100%
Vivo Support Limited	Care and support services	Non-RSH regulated	100%

Entities registered in Scotland with registered office at Sanctuary House, 7 Freeland Drive, Glasgow, G53 6PG:

Company	Nature of business	RSH regulated	Ownership (direct and indirect)
Subsidiaries			
Dornoch Medical Care Limited	Care home management	Non-RSH regulated	100%
Gate Healthcare Limited	Care home management	Non-RSH regulated	100%
Glasgow Student Villages Limited	Student accommodation	Non-RSH regulated	100%
Glenfairn Limited	Care home management	Non-RSH regulated	100%
Lorimer Care Homes Limited	Holding company	Non-RSH regulated	100%
Mull Hall Care Limited	Care home management	Non-RSH regulated	100%
Mull Hall Holdings Limited	Holding company	Non-RSH regulated	100%
Sanctuary Homes (Scotland) Limited	Supplier of mid-market rent housing	Non-RSH regulated	100%
Sanctuary Scotland Housing Association Limited	Supplier of social housing	Registered Social Landlord (Scotland)	100%
Tayside Care Limited	Care home management	Non-RSH regulated	100%

These entities are controlled or wholly-owned subsidiaries of wholly-owned subsidiaries of the Association.

Non-Controlling Interests

The following parties have interests in the entities not wholly-owned by the Association or its subsidiaries:

- Avenue Services (NW) Limited – 50% owned by Cheshire West and Chester Council.
- Riverside Apartments Management Limited – 22% owned by the tenants of the company.
- St Albans Mount Management Limited – 33.3% owned by the tenants of the company.

Joint Ventures

The Group has the following investments in joint ventures which are registered in England and Wales with registered offices at 11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY:

Name	Country of incorporation	Date of incorporation	Nature of incorporation	Voting rights	Carrying amount Group 2024 £m	Carrying amount Group 2023 £m
Linden (Biddenham) LLP	England	24 June 2015	Limited Liability Partnership	50%	0.2	0.3
Linden (Brampton) LLP	England	27 July 2016	Limited Liability Partnership	50%	-	0.2
Linden (Avery Hill) LLP	England	1 August 2016	Limited Liability Partnership	50%	0.2	1.1
Europa Way JV LLP	England	7 December 2017*	Limited Liability Partnership	50%	0.4	1.1
Glen Parva JV LLP	England	7 December 2017**	Limited Liability Partnership	50%	-	-
					0.8	**2.7**

*Spiral Developments Limited was appointed as a member on 20 December 2018.
**Spiral Developments Limited was appointed as a member on 28 June 2019.

The Group controls 50% of the joint ventures via Spiral Developments Limited, a wholly-owned subsidiary of the Association. The remaining 50% is controlled by Vistry Linden Limited, a wholly-owned subsidiary of Vistry Group PLC.

The joint ventures have been established to acquire, develop, manage and dispose of properties on specific development sites, including an element of affordable housing.

The Association and Vistry Linden Limited have provided equal amounts of loan finance to the joint ventures; these loans are on an arm's length basis at a commercial rate of interest. Amounts due to the Association, including capitalised interest, at 31 March 2024 totalled £10.2 million (2023: £10.6 million), see note 17. The recoverability of the loans is supported by the appraisal work performed by the Group prior to entering into the joint ventures.

The following table summarises the financial information of the joint ventures as included in their own Financial Statements:

	2024	2023
	£m	£m
Cash and cash equivalents	2.7	2.1
Other current assets	24.0	29.8
Loans and borrowings – short-term	(13.8)	(15.9)
Other current liabilities	(12.2)	(11.3)
Net assets 100%	**0.7**	**4.7**
Net assets 50%	0.4	2.4
Losses not recognised	0.4	0.3
Group's recognised share of net assets	**0.8**	**2.7**
Revenue	25.7	67.8
Cost of sales and other operating costs	(23.1)	(57.6)
Interest expense	(1.8)	(2.2)
Profit 100%	**0.8**	**8.0**
Profit 50%	0.4	4.0
Losses not recognised	0.3	0.2
Group's recognised share of profits	**0.7**	**4.2**
Dividends received by the Group	**2.5**	**4.4**

The acquisition of Swan Housing Association on 8 February 2023 (see note 34), included the following joint ventures which are incorporated in England and Wales:

- Purfleet Centre Regeneration Limited – 49.9% owned by Swan New Homes Limited (50% of voting rights) – property development.
- PCRL 1A Limited – 100% owned subsidiary of Purfleet Centre Regeneration Limited – property development.
- Porters Place Southend-on-Sea – 50% partnership between Swan BQ Limited and Southend-on-Sea Borough Council – regeneration partnership.

The acquisition date fair value of the equity investments in the joint ventures was determined to be nil. Consequently, no balance was recognised in the Group Financial Statements. Post acquisition, ownership of Porters Place Southend-on-Sea was transferred fully to the other JV partner, whilst PCRL 1A Limited and Purfleet Centre Regeneration Limited have not traded.

Associates

The acquisition of Swan Housing Association on 8 February 2023 (see note 34), included the following associates which are incorporated in England and Wales:

- Linq Investors Limited – Swan New Homes Limited owns 408 shares with voting rights in Linq Investors Limited, representing 25% of the Company's voting share capital.
- Linq Housing PLC – 100% subsidiary of Linq Investors Limited – buying and selling of real estate.

A market approach was used to determine the acquisition date fair value for the Linq investment of £1.8 million.

	2024	2023
	£m	£m
Fair value of acquired associates	**1.8**	1.8

34. Acquisitions

Acquisitions in the Current Year

Johnnie Johnson Housing Association

On 29 February 2024 Johnnie Johnson Housing Trust Limited (Johnnie Johnson) became a wholly owned subsidiary of Sanctuary Housing Association following formal completion of the business combination which was approved by the boards of both organisations. The substance of this transaction was the gifting of control of Johnnie Johnson and as such no consideration was transferred.

Founded by James Edgar Johnson in 1969, Johnnie Johnson is a not-for-profit housing association providing social housing across the North-West, North-East, Yorkshire and Derbyshire. The Association currently has over 5,000 units, serving over 7,000 customers. The majority of these lettings are specialised housing for people aged over 55, but Johnnie Johnson also provides general needs housing, supported housing, and low-cost home ownership.

Astraline, run through two subsidiaries of Johnnie Johnson, provides technology enabled care services (telecare) to both Johnnie Johnson residents and external parties. It is one of the UK's largest telecare providers, currently managing 40,000 connections.

Johnnie Johnson began searching for buyers in 2022, after identifying the requirement for external investment to enable any further investment and growth in properties. Sanctuary was chosen due to its strong reputation, larger scale and assured ability to provide the level of investment Johnnie Johnson required for its growth plans. They also considered Sanctuary to hold similar values to Johnnie Johnson and therefore it was perceived as closely aligned on culture.

With Johnnie Johnson as a subsidiary, Sanctuary now manages around 125,000 homes across England and Scotland.

In the post-combination period since 29 February 2024 Johnnie Johnson and its subsidiaries contributed revenue of £2.7 million and a net surplus of £0.4 million to the Group's results for the year. Johnnie Johnson's provisional results in its own books for the full 12 months to 31 March 2024 are revenue of £31.1 million and a net surplus of £0.2 million.

In accordance with the measurement principles of IFRS 3 Business Combinations (IFRS 3), all identifiable assets acquired and liabilities assumed have been measured at their fair values at the date of acquisition.

Johnnie Johnson Housing Trust	Book value	IFRS policy alignment	Fair value adjustments	Fair value
	£m	£m	£m	£m
Assets				
Intangible assets	1.6	-	(1.6)	-
Property, plant and equipment (including AUC)	150.8	(6.2)	106.6	251.2
Investments	0.2	-	-	0.2
Trade and other receivables	0.9	-	(0.2)	0.7
Inventory	1.2	-	-	1.2
Cash and cash equivalents	3.5	-	-	3.5
Liabilities				
Trade and other payables	(6.2)	-	(0.5)	(6.7)
Grants	(6.3)	6.2	-	(0.1)
Loans and borrowings	(83.5)	-	0.8	(82.7)
Retirement benefit obligations	(2.7)	-	(1.5)	(4.2)
Net assets	**59.5**	**-**	**103.6**	**163.1**
Consideration				-
Gain from acquisition				163.1
Acquisition costs recognised as an expense				(0.4)
Net gain from acquisition				**162.7**

Existing intangible assets within Johnnie Johnson book value were considered to have nil value.

Property fair values have been determined by independent valuers in accordance with RICS Valuation Professional Standards 'Red Book'. Social housing properties have been valued at Existing Use Value - Social Housing (EUV-SH) and offices have been valued at Market Value.

The fair value of trade and other receivables was determined to be £0.7 million. Gross amounts receivable totalled £0.9 million, with cash flows not expected to be collected estimated at £0.2 million.

Fair value of inventory work in progress has been determined by reference to finished selling prices, less the sum of costs to complete, costs to sell and a reasonable profit allowance for completion and selling effort. Valuations have been carried out by independent valuers in accordance with RICS Valuation Professional Standards 'Red Book'.

Fair value of loans and borrowings has been determined by independent valuers by discounting cash flows with reference to a yield curve covering the maturities in Johnnie Johnson's portfolio.

Retirement benefit scheme assets and liabilities have been valued by an independent actuary in accordance with IAS 19. Further details are given in note 29.

Fair values are provisional and may change during the measurement period, which will not exceed one year from the acquisition date.

Acquisitions in the Prior Year

Swan Housing Association

In the prior year, on 8 February 2023, Swan Housing Association Limited (Swan) became a wholly owned subsidiary of Sanctuary Housing Association following formal completion of the business combination which was approved by the boards of both organisations.

In accordance with the measurement principles of IFRS 3 Business Combinations (IFRS 3), all identifiable assets acquired and liabilities assumed were measured at their fair values at the date of acquisition.

Post-acquisition there followed a measurement period that ran until 7 February 2024. During this time, the provisional fair values were reassessed based on new information obtained about facts and circumstances that existed at the acquisition date that if known at the time would have affected measurement amounts recognised at that date.

The proximity of the Swan acquisition to the year end and the complexity of some of the issues facing Swan, which led to it being taken over by Sanctuary, meant that several adjustments to the original fair values arose as a result of the measurement period assessment. This is illustrated in the following table.

Swan Housing Association	Book value	IFRS policy alignment	Fair value adjustments	Provisional fair value	Final adjustments	Final fair value
	£m	£m	£m	£m	£m	£m
Assets						
Intangible assets	1.8	-	3.4	5.2	(5.2)	-
Property, plant and equipment	696.6	(46.4)	64.0	714.2	-	714.2
Right of use assets	-	15.1	-	15.1	(3.9)	11.2
Investment property	1.6	-	3.7	5.3	0.8	6.1
Investments	10.7	-	(7.9)	2.8	-	2.8
PFI and finance lease receivables	16.3	-	(0.4)	15.9	-	15.9
Trade and other receivables	18.2	-	8.0	26.2	-	26.2
Inventory	114.6	-	(47.7)	66.9	(7.0)	59.9
Cash and cash equivalents	56.7	-	-	56.7	-	56.7
Liabilities						
Trade and other payables	(48.5)	-	3.5	(45.0)	-	(45.0)
Loans and borrowings	(657.7)	-	30.0	(627.7)	-	(627.7)
Lease liabilities	(3.0)	(12.1)	-	(15.1)	-	(15.1)
Grant & RCGF	(94.0)	46.4	(3.0)	(50.6)	-	(50.6)
Retirement benefit obligations	(4.3)	-	(0.2)	(4.5)	-	(4.5)
Provisions	(25.0)	21.3	(117.3)	(121.0)	(2.1)	(123.1)
Net assets	**84.0**	**24.3**	**(63.9)**	**44.4**	**(17.4)**	**27.0**
Consideration						-
Gain from acquisition						27.0
Acquisition costs recognised as an expense						(3.3)
Net gain from acquisition						**23.7**

Cornwall Care

In the prior year, on 21 October 2022, Cornwall Care Limited (Cornwall Care) became a wholly owned subsidiary of Sanctuary Housing Association.

In accordance with the measurement principles of IFRS 3 Business Combinations (IFRS 3), all identifiable assets acquired and liabilities assumed were measured at their fair values at the date of acquisition.

Post-acquisition there followed a measurement period that ran until 20 October 2023. During this time, the provisional fair values were reassessed based on new information obtained about facts and circumstances that existed at the acquisition date that if known at the time would have affected measurement amounts recognised at that date.

No adjustments to the original fair values arose as a result of the measurement period assessment.

Cornwall Care	Book value	IFRS policy alignment	Fair value adjustments	Provisional fair value	Final adjustments	Final fair value
	£m	£m	£m	£m	£m	£m
Assets						
Property, plant and equipment	33.3	-	(4.0)	29.3	-	29.3
Trade and other receivables	1.9	-	(0.7)	1.2	-	1.2
Cash and cash equivalents	3.2	-	-	3.2	-	3.2
Liabilities						
Trade and other payables	(4.3)	-	(1.1)	(5.4)	-	(5.4)
Loans and borrowings	(13.9)	-	-	(13.9)	-	(13.9)
Grant	-	-	(7.2)	(7.2)	-	(7.2)
Provisions	-	-	(8.9)	(8.9)	-	(8.9)
Net assets	**20.2**	**-**	**(21.9)**	**(1.7)**	**-**	**(1.7)**
Consideration						-
Loss from acquisition						(1.7)
Acquisition costs recognised as an expense						(0.9)
Net loss from acquisition						**(2.6)**

35. Events After the Reporting Period

There were no events after the reporting period.

36. Contingent Assets and Liabilities

Contingent Assets

Included within provisions is a sum of £42.1 million where the recently acquired Swan Housing Association has contractual obligations to external parties to rectify cladding and fire safety issues.

Every effort will be made to recover these costs either from the original developers or, where applicable, through funding from the Government's Building Safety Fund. However, at the reporting date these avenues of recovery are in the early stages of discussion and so no amounts have been recognised for these potential reimbursements.

Contingent Liabilities

The Association has entered into counter indemnities in respect of Surety Bonds for £9.9 million of pension liabilities. The Association considers these Surety Bonds to be insurance arrangements and accounts for them as such. The Association treats the counter indemnities as a contingent liability and, until such time as it becomes probable that the company is required to claim, any accompanying payment for the counter indemnity has a fair value of £nil. All bonds expired during April 2024.

37. Restatements

The Group has revised its accounting policy for its investment property, moving from the cost model to the fair value model under IAS 40 Investment Property. The move to a fair value policy results in the presentation of more relevant information within the financial statements and is aligned to the approach taken by other large operators within the sector.

Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, this is a voluntary change of accounting policy and so has been applied retrospectively in accordance with that Standard.

The following tables show the adjustment resulting from the change of accounting policy to each prior period presented and for each financial statement line affected by the adjustment.

Due to the retrospective application of the fair value model, there were no adjustments to the current period. A reconciliation between the opening and closing position of investment property is shown in note 14.

Adjustments are also shown below for changes to acquisition date fair values of Swan Housing Association, in accordance IFRS 3 Business Combinations (see note 34).

Year ended 31 March 2023 - Group	As reported	Acquisition adjustment (note 34)	Adjustment to prior periods	Reverse depreciation	Fair value adjustments	Restated
	£m			£m	£m	£m
Statement of Financial Position						
Non-current assets:						
Intangible assets	55.2	(5.2)	-	-	-	50.0
Property, plant and equipment	4,676.3	(3.9)	-	-	-	4,672.4
Investment property	252.2	0.8	313.2	5.7	(7.8)	564.1
Current assets:						
Inventory	239.1	(7.0)	-	-	-	232.1
Non-current liabilities:						
Provisions	(116.2)	(2.1)	-	-	-	(118.3)
Equity attributable to owners of the parent:				-		
Retained earnings	(1,301.3)	17.4	(313.2)	(5.7)	7.8	(1,595.0)
Statement of Comprehensive Income						
Operating expenditure	(665.6)	-	-	5.7	-	(659.9)
Net gain/(loss) from acquisitions	38.5	(17.4)	-	-	-	21.1
Loss on fair value of investment property	-	-	-	-	(7.8)	(7.8)

Year ended 31 March 2023 - Association	As reported	Adjustment to prior periods	Reverse depreciation	Fair value adjustments	Restated
	£m		£m	£m	£m
Statement of Financial Position					
Non-current assets:					
Investment property	149.9	238.0	2.6	(7.1)	383.4
Equity attributable to owners of the parent:					
Retained earnings	(1,214.4)	(238.0)	(2.6)	7.1	(1,447.9)
Statement of Comprehensive Income					
Operating expenditure	(377.9)	-	2.6	-	(375.3)
Loss on fair value of investment property	-	-	-	(7.1)	(7.1)

The fair value adjustments for the year ended 31 March 2023 include the reversal of depreciation previously charged to operating expenditure under the cost model, along with the in-year movement in the fair value of investment property, charged to the Statement of Comprehensive Income.

Year ended 31 March 2022 - Group	As reported	Other adjustments	Adjustment to fair value	Restated
	£m		£m	£m
Statement of Financial Position				
Non-current assets:				
Property, plant and equipment	3,794.6	1.9	-	3,796.5
Investment property	248.0	(1.9)	313.2	559.3
Equity attributable to owners of the parent:				
Retained earnings	(1,202.0)	-	(313.2)	(1,515.2)

Year ended 31 March 2022 - Association	As reported	Other adjustments	Adjustment to fair value	Restated
	£m		£m	£m
Statement of Financial Position				
Non-current assets:				
Property, plant and equipment	2,548.9	5.2	-	2,554.1
Investment property	155.2	(5.2)	238.0	388.0
Equity attributable to owners of the parent:				
Retained earnings	(1,234.4)	-	(238.0)	(1,472.4)

The fair value adjustments for the year ended 31 March 2022 include an increase in the carrying amount of investment property that could be attributed to prior periods not presented in the Financial Statements. IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors requires the opening balance of each affected component of equity to be adjusted for the earliest prior period presented. The tables above show the opening balance of investment property being adjusted against retained earnings.

Housing Manager Lorraine Quinn, Housing Officer Angela Welch and resident Helen Mckale

Appendix 1

Prepared to meet the requirements of The Accounting Direction for Private Registered Providers of Social Housing 2022.

Turnover, Cost of Sales, Operating Costs and Operating Surplus - Group

	2024 Turnover £m	2024 Cost of sales £m	2024 Operating costs £m	2024 Operating surplus/ (deficit) £m	2023 Operating surplus/ (deficit) £m
Social housing lettings					
Housing accommodation	413.0	-	(261.4)	151.6	143.5
Sheltered and supported housing	133.9	-	(125.4)	8.5	4.0
Keyworker accommodation	11.8	-	(4.7)	7.1	1.2
Shared ownership	13.6	-	(2.9)	10.7	7.6
	572.3	**-**	**(394.4)**	**177.9**	**156.3**
Other social housing activities					
Development administration	1.0	-	(8.9)	(7.9)	(4.5)
Social housing contracts	10.3	-	(9.0)	1.3	-
Home ownership and managed properties	11.6	-	(7.6)	4.0	3.5
Supported registered services	11.8	-	(11.8)	-	-
Supporting People contract income	32.3	-	(32.3)	-	-
Shared ownership first tranche sales	27.1	(24.9)	-	2.2	2.9
Community/neighbourhood services	-	-	(1.5)	(1.5)	(1.4)
Other	10.0	-	(10.0)	-	-
	104.1	**(24.9)**	**(81.1)**	**(1.9)**	**0.5**
Non-social housing activities					
Student accommodation and market rented	67.5	-	(47.5)	20.0	15.7
Care homes	269.0	-	(265.0)	4.0	3.1
External maintenance services	3.0	-	(2.8)	0.2	0.6
Domiciliary care	4.1	-	(6.5)	(2.4)	(0.5)
Non-social housing property sales	63.2	(49.9)	-	13.3	21.6
Development administration (non-social housing)	-	-	(5.1)	(5.1)	(7.1)
Restructuring and integration costs	-	-	(4.1)	(4.1)	-
Cladding recoveries	-	-	5.0	5.0	-
Other	2.2	-	(2.2)	-	-
	409.0	**(49.9)**	**(328.2)**	**30.9**	**33.4**
Totals	**1,085.4**	**(74.8)**	**(803.7)**	**206.9**	**190.2**
Other gains and losses (note 7)				7.6	10.9
Share of profit of joint ventures				0.7	4.2
Operating surplus				**215.2**	**205.3**
Gain/(loss) on cessation of pension schemes				0.9	(6.2)
Net gain from acquisitions				162.7	21.1
Finance income				6.3	3.9
Finance costs				(171.8)	(135.6)
Loss on refinancing				(8.2)	-
Gain/(loss) on fair value of investment property				0.3	(7.8)
Gain on fair value of financial instruments				1.6	1.1
Surplus for the year before taxation				**207.0**	**81.8**
Taxation				(0.3)	0.7
Surplus for the year after taxation				**206.7**	**82.5**

Turnover, Cost of Sales, Operating Costs and Operating Surplus - Association

	2024 Turnover £m	2024 Cost of sales £m	2024 Operating costs £m	2024 Operating surplus/ (deficit) £m	2023 Operating surplus/ (deficit) £m
Social housing lettings					
Housing accommodation	289.2	-	(193.8)	95.4	88.7
Sheltered and supported housing	110.0	-	(107.4)	2.6	1.5
Keyworker accommodation	4.0	-	(3.0)	1.0	0.9
Shared ownership	5.6	-	(2.7)	2.9	3.1
	408.8	**-**	**(306.9)**	**101.9**	**94.2**
Other social housing activities					
Development administration	0.2	-	(3.9)	(3.7)	(2.1)
Home ownership and managed properties	8.3	-	(6.2)	2.1	2.9
Supporting People contract income	15.6	-	(15.6)	-	-
Shared ownership first tranche sales	-	-	-	-	-
Community/neighbourhood services	-	-	(1.5)	(1.5)	(1.4)
Other	6.4	-	(6.4)	-	-
	30.5	**-**	**(33.6)**	**(3.1)**	**(0.6)**
Non-social housing activities					
Student accommodation and market rented	51.0	-	(43.9)	7.1	5.1
Non-social housing property sales	5.4	(1.9)	-	3.5	1.3
Development administration (non-social housing)	-	-	(2.2)	(2.2)	(3.0)
Management recharges	23.8	-	(23.8)	-	-
Restructuring and integration costs	-	-	(2.0)	(2.0)	
Other	5.3	-	(5.3)	-	-
	85.5	**(1.9)**	**(77.2)**	**6.4**	**3.4**
Totals	**524.8**	**(1.9)**	**(417.7)**	**105.2**	**97.0**
Other gains and losses (note 7)				5.2	7.5
Other income				5.3	10.1
Operating surplus				**115.7**	**114.6**
Gain/(loss) on cessation of pension schemes				2.4	(6.2)
Provision for amounts due from subsidiary undertakings				-	(46.7)
Finance income				11.8	8.5
Finance costs				(98.2)	(87.8)
Loss on refinancing				(29.2)	-
Loss on fair value of investment property				(12.3)	(7.1)
Deficit for the year before taxation				**(9.8)**	**(24.7)**
Taxation				-	-
Deficit for the year after taxation				**(9.8)**	**(24.7)**

Appendix 2

Prepared to meet the requirements of The Accounting Direction for Private Registered Providers of Social Housing 2022.

Income and Expenditure from Social Housing Lettings

Group	Housing accommo-dation	Sheltered and supported housing	Key worker accommo-dation	Shared ownership	2024 Total	2023 Total
	£m	£m	£m	£m	£m	£m
Income from lettings						
Rents	386.0	77.3	11.8	11.4	486.5	406.3
Service charges	25.9	50.0	-	2.2	78.1	60.5
Total rent and service charge income	411.9	127.3	11.8	13.6	564.6	466.8
Other income	1.1	6.6	-	-	7.7	5.8
Turnover from social housing lettings	**413.0**	**133.9**	**11.8**	**13.6**	**572.3**	**472.6**
Expenditure on lettings						
Management	(60.2)	(13.4)	(0.4)	(1.4)	(75.4)	(66.4)
Services	(34.6)	(66.6)	(2.9)	(0.7)	(104.8)	(75.8)
Routine maintenance	(93.7)	(25.5)	(0.5)	-	(119.7)	(98.6)
Planned maintenance	(36.9)	(8.5)	0.1	-	(45.3)	(34.2)
Rent losses from bad debts	(1.9)	(1.9)	(0.1)	-	(3.9)	(3.5)
Depreciation of properties	(34.1)	(9.5)	(0.9)	(0.8)	(45.3)	(37.8)
Operating costs from social housing lettings	**(261.4)**	**(125.4)**	**(4.7)**	**(2.9)**	**(394.4)**	**(316.3)**
Operating surplus from social housing lettings	**151.6**	**8.5**	**7.1**	**10.7**	**177.9**	**156.3**
Voids	**(3.2)**	**(5.5)**	**(1.1)**	**-**	**(9.8)**	**(8.2)**

Income and Expenditure from Social Housing Lettings

Association	Housing accommo-dation	Sheltered and supported housing	Key worker accommo-dation	Shared ownership	2024 Total	2023 Total
	£m	£m	£m	£m	£m	£m
Income from lettings						
Rents	271.1	65.8	4.0	4.8	345.7	323.6
Service charges	17.1	38.3	-	0.8	56.2	47.8
Total rent and service charge income	288.2	104.1	4.0	5.6	401.9	371.4
Other income	1.0	5.9	-	-	6.9	5.2
Turnover from social housing lettings	**289.2**	**110.0**	**4.0**	**5.6**	**408.8**	**376.6**
Expenditure on lettings						
Management	(50.1)	(15.8)	(0.6)	(2.0)	(68.5)	(66.4)
Services	(22.9)	(51.4)	(1.1)	(0.5)	(75.9)	(64.7)
Routine maintenance	(67.3)	(23.0)	(0.6)	-	(90.9)	(87.6)
Planned maintenance	(30.6)	(8.2)	(0.2)	-	(39.0)	(31.1)
Rent losses from bad debts	(1.5)	(1.5)	(0.1)	-	(3.1)	(2.7)
Depreciation of properties	(21.4)	(7.5)	(0.4)	(0.2)	(29.5)	(29.9)
Operating costs from social housing lettings	(193.8)	(107.4)	(3.0)	(2.7)	(306.9)	(282.4)
Operating surplus from social housing lettings	**95.4**	**2.6**	**1.0**	**2.9**	**101.9**	**94.2**
Voids	**(2.4)**	**(4.4)**	**(0.3)**	**-**	**(7.1)**	**(6.2)**

Appendix 3

Alternative Performance Measures

In the reporting of financial information, the Group uses various Alternative Performance Measures (APMs). These measures are not defined under IFRS and therefore may not be directly comparable with the APMs of other businesses reporting under IFRS.

APMs are not intended to be a substitute for, or superior to, IFRS measurement, but are included to provide additional useful information on the underlying trends, performance and position of the Group.

APMs are used for the following reasons:

- Where metrics have been defined by the Regulator of Social Housing (RSH) and are a compulsory requirement within the Financial Statements of a housing association.
- Where metrics are not defined by the RSH but are commonly used within the sector and so their use aids comparability with peers.
- Where adjustment for events outside normal operations aids users of the Financial Statements in understanding the Group's underlying performance.

In determining whether events outside normal operations should be adjusted for, the Group considers whether these items are significant either because of their size or their nature. An item will be considered for adjustment if it meets one of the following criteria:

- It is directly incurred as a result of an acquisition.
- It arises from a major business change or restructuring programme.
- It relates to a major refinancing of loans and borrowings.
- It is unusual in nature, e.g. outside the normal course of business.

Further information about the specific APMs used by the Group is shown below, including reconciliations to line items within the primary Financial Statements and accompanying notes.

Value for Money Metrics

In April 2018, the Regulator of Social Housing introduced a new Value for Money Standard and accompanying Code of Practice. The Standard introduced a requirement for providers to publish performance against their own Value for Money targets, and a series of common metrics with which to measure economy, efficiency and effectiveness set by the Regulator. The Regulator defined these metrics in the publication Value for Money metrics – technical note feedback and responses. These seven metrics remain the most appropriate set of measures to capture performance across the sector in a fair and comparable way.

The seven metrics, which are analysed in the Value for Money report on pages 88 to 101, are:

- Metric 1 – Reinvestment %
- Metric 2 – New supply delivered (social and non-social)
- Metric 3 – Gearing %
- Metric 4 – Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %
- Metric 5 – Headline social housing cost per unit
- Metric 6 – Operating margin % (social housing and overall)
- Metric 7 – Return on capital employed (ROCE) %

Current guidance on these metrics (published April 2024), which includes details of how they are calculated, can be found at:

https://www.gov.uk/government/publications/value-for-money-metrics-technical-note

Segmental Reporting

The Group's operating segments are defined and reconciled in note 6 to the Financial Statements on page 178.

Analysis of these operating segments, referred to as operating divisions, is included in the business reviews on pages 58 to 81. This analysis includes reference to divisional EBITDA and divisional EBITDA percentage, which are key measures of operational performance for the Group and are regularly monitored by senior management.

Divisional EBITDA is calculated by taking divisional revenue and deducting costs directly attributable to the division as well as an apportionment of central costs, but excluding interest, tax, depreciation, amortisation and impairment. See note 6 for further details.

Total divisional EBITDA (as disclosed in the five-year summary on page 52) is the sum of the EBITDA of all individual divisions. See note 6 for further details.

Other Metrics (Included in Golden Rules on Page 124)

EBITDA MRI interest cover

Refer to Value for Money metric 4.

Operating Margin

Operating surplus, excluding other gains and losses, as a percentage of revenue.

	2024 £m	Restated* 2023 £m
Revenue	1,085.4	943.8
Operating surplus	215.2	205.3
Adjust for:		
Other gains and losses (note 7)	(7.6)	(10.9)
Adjusted operating surplus	207.6	194.4
	19.1%	**20.6%**

Other gains and losses relate to surpluses on sales of property, plant and equipment and other non-current assets. It is common within the sector for these items to be excluded when calculating operating margin and therefore this adjustment aids peer comparability, as well as avoiding the potential distortion caused by large one-off asset sales.

*Details of prior year restatements are included in note 37.

Other Metrics (Included in Five-Year Summaries on Page 52)

Profitability – Measurement of Financial Performance

Underlying Operating Surplus

Operating surplus, excluding restructuring costs and other gains and losses.

	2024 £m	Restated* 2023 £m	2022 £m	2021 £m	2020 £m
Operating surplus	215.2	205.3	178.6	170.1	186.2
Adjust for:					
Integration and restructuring costs	4.1	-	-	1.8	2.6
Building safety contractor recoveries	(5.0)	-	-	-	-
Other gains and losses (note 7)	(7.6)	(10.9)	(6.4)	(5.2)	(6.2)
Underlying operating surplus	**206.7**	**194.4**	**172.2**	**166.7**	**182.6**

Other gains and losses relate to surpluses on sales of property, plant and equipment and other non-current assets. It is common within the sector for these items to be excluded when calculating operating surplus and therefore this adjustment aids peer comparability, as well as avoiding the potential distortion caused by large one-off asset sales. Integration and restructuring costs have arisen as a result of acquisitions and are considered to be outside of normal operations, which is also the case for building safety contractor recoveries.

Underlying Operating Surplus Margin

Underlying operating surplus as a percentage of revenue.

	2024 £m	Restated* 2023 £m	2022 £m	2021 £m	2020 £m
Revenue	1,085.4	943.8	812.5	765.4	763.0
Underlying operating surplus	206.7	194.4	172.2	166.7	182.6
	19.0%	**20.6%**	**21.2%**	**21.8%**	**23.9%**

Operating Surplus Margin (Excluding Development Sales and Other Gains and Losses)

Operating surplus as a percentage of revenue (excluding development sales and other gains and losses)

	2024 £m	Restated* 2023 £m	2022 £m	2021 £m	2020 £m
Revenue	1,085.4	943.8	812.5	765.4	763.0
Adjust for:					
Development sales	(90.3)	(118.2)	(56.8)	(37.0)	(40.4)
Revenue (excluding development sales)	**995.1**	**825.6**	**755.7**	**728.4**	**722.6**
Operating surplus	215.2	205.3	178.6	170.1	186.2
Adjust for:					
Surplus on development sales after marketing costs	(15.4)	(24.5)	(4.3)	(3.7)	(7.5)
Other gains and losses (note 7)	(7.6)	(10.9)	(6.4)	(5.2)	(6.2)
Operating surplus (excluding development sales)	**192.2**	**169.9**	**167.9**	**161.2**	**172.5**
	19.3%	**20.6%**	**22.2%**	**22.1%**	**23.9%**

Excluding surpluses from the sale of property, plant and equipment and development sales surpluses presents operating margin arising from services only.

Operating Costs as a Percentage of Revenue

Operating expenditure as a percentage of revenue (excludes cost of sales, other gains and losses and joint venture income).

	2024 £m	Restated* 2023 £m	2022 £m	2021 £m	2020 £m
Revenue	1,085.4	943.8	812.5	765.4	763.0
Operating expenditure	803.7	659.9	593.6	572.6	557.3
	74.0%	**69.9%**	**73.1%**	**74.8%**	**73.0%**

Underlying Surplus for the Year

Surplus for the year before tax excluding restructuring costs, other gains and losses, net gain from acquisitions and other items outside of normal business operations.

	2024 £m	Restated* 2023 £m	2022 £m	2021 £m	2020 £m
Surplus before tax	207.0	81.8	58.6	46.9	52.4
Adjust for:					
Restructuring and integration costs	4.1	-	-	1.8	2.6
Building safety contractor recoveries	(5.0)	-	-	-	-
Other gains and losses (note 7)	(7.6)	(10.9)	(6.4)	(5.2)	(6.2)
Loss/gain on refinancing	8.2	-	(2.7)	-	-
Pension scheme cessation	(0.9)	6.2	-	-	-
Net gain from acquisitions	(162.7)	(21.1)	(2.3)	(4.5)	-
Loan break costs	-	-	-	-	8.6
Loss/gain on fair value of investment property	(0.3)	7.8	-	-	-
Loss/gain on fair value of financial instruments	(1.6)	(1.1)	(1.3)	(0.7)	0.1
Underlying surplus for the year	**41.2**	**62.7**	**45.9**	**38.3**	**57.5**

Other gains and losses relate to surpluses on sales of property, plant and equipment and other non-current assets. It is common within the sector for these items to be excluded and therefore this adjustment aids peer comparability, as well as avoiding the potential distortion caused by large one-off asset sales. Integration and restructuring costs have arisen as a result of acquisitions and are considered to be outside of normal operations, which is also the case for building safety contractor recoveries. Other activities considered to be outside the normal course of business are the loss on refinancing relating to the restructure of the student portfolio, pension scheme cessation gains/losses and gains from acquisitions. Gains and losses from fair value movements of investment property and financial instruments have been excluded as they are driven by external market factors rather than being representative of the underlying trading performance of the Group.

Underlying Net Margin

Underlying surplus for the year as a percentage of revenue.

	2024 £m	Restated* 2023 £m	2022 £m	2021 £m	2020 £m
Revenue	1,085.4	943.8	812.5	765.4	763.0
Underlying surplus for the year	41.2	62.7	47.2	39.0	57.4
	3.8%	**6.6%**	**5.8%**	**5.1%**	**7.5%**

Debt – Ability to Service Debt and Secure Funding

Interest Cover/Interest Cover (Excluding Loan Break Costs)

Operating surplus plus depreciation and impairment divided by net interest payable, excluding pension finance costs, loan break costs and gains on refinancing.

	2024 £m	Restated* 2023 £m	2022 £m	2021 £m	2020 £m
Operating surplus	215.2	205.3	178.6	170.1	186.2
Add back depreciation and impairment (note 4)	83.9	74.0	78.1	78.6	73.0
	299.1	279.3	256.7	248.7	259.2
Finance income	(6.3)	(3.9)	(2.2)	(2.9)	(3.6)
Finance costs	171.8	135.6	124.5	130.6	137.4
Add back pension finance costs (note 10)	(0.8)	(0.4)	(1.3)	0.1	(0.9)
	164.7	131.3	121.0	127.8	132.9
Add back loan break costs	-	-	-	-	(8.6)
Add back gain on refinancing	-	-	2.7	-	-
	164.7	131.3	123.7	127.8	124.3
Interest cover	**1.82**	**2.13**	**2.12**	**1.95**	**1.95**
Interest cover (excluding loan break costs)	**1.82**	**2.13**	**2.08**	**1.95**	**2.09**

included.

Gearing

Net Debt/Properties Depreciated Cost

	2024 £m	Restated* 2023 £m	2022 £m	2021 £m	2020 £m
Liabilities from financing activities (note 22)	3,917.4	3,758.7	3,074.9	3,377.3	3,105.7
Less cash and cash equivalents	(144.3)	(180.1)	(102.1)	(494.7)	(261.5)
	3,773.1	3,578.6	2,972.8	2,882.6	2,844.2
Property (PPE) cost – land and buildings (note 13)	7,285.2	6,807.1	5,851.8	5,688.7	5,489.5
Property (PPE) accumulated depreciation – L&B (note 13)	(492.7)	(438.5)	(403.8)	(366.3)	(346.6)
Property (PPE) cost – under construction (note 13)	293.2	276.3	263.9	229.4	210.7
Investment property valuation/cost (note 14)	588.5	564.1	346.5	344.0	336.7
Investment property accumulated depreciation (note 14)	-	-	(89.6)	(87.5)	(64.9)
	7,674.2	7,209.0	5,968.8	5,808.3	5,625.4
	49.2%	**49.6%**	**49.8%**	**49.6%**	**50.6%**

*Details of prior year restatements are included in note 37.

Methodology Statement for Streamlined Energy and Carbon Reduction (SECR) Declaration

In this carbon emissions declaration, we report emissions from gas and electricity consumption, fleet fuel consumption, and private business mileage.

Energy consumption relates to company buildings where Sanctuary pays the bills through our Group gas and electricity contracts. This includes:

- 98 care homes (excludes Cornwall Care)
- 34 student accommodation complexes
- 23 key office locations
- Communal heat and power at housing and supported living schemes

Transport energy consumption relates to 1,200 commercial vans, 332 company cars, 39 minibuses, 25 trailers, and 2 plant vehicles. We also include business mileage carried out by 850 staff in personal vehicles.

Our baseline year for these emissions is financial year 2019/2020, our first year of publishing carbon emissions for the Group. Data for this year was validated by the Carbon Trust.

Greenhouse gas emissions were then calculated using the Department for Business, Energy, and Industrial Strategy's 2022 Conversion Factors.

Since 1 October 2021, the Group has procured renewable electricity, resulting in electricity being certified as carbon-neutral and a conversion factor of zero being used for carbon calculations.

Advisers and Other Information

Independent statutory auditor	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH
Internal auditor	PricewaterhouseCoopers LLP One Chamberlain Square Birmingham B3 3AX
Bankers	Barclays Bank PLC Barclays Corporate Social Housing Team Level 27 1 Churchill Place London E14 5HP
Legal adviser	Gowling WLG (UK) LLP Two Snowhill Birmingham B4 6WR
Registered office	Chamber Court Castle Street Worcester WR1 3ZQ

Registration Numbers

Regulator of Social Housing	L0247
Registered Society	19059R

Sanctuary Housing Association is an exempt charity under the Charities Act 2011

Accessibility

We want this report to be accessible to all. If you would like it in a different format, call **01905 334000** or email **contactus@sanctuary.co.uk.**

Sanctuary Group

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Sanctuary Group is a trading name of Sanctuary Housing Association, an exempt charity
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Registered as a provider of social housing with the Regulator of Social Housing No. L0247
Registered Society No. 19059R

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