Places work when they work for everyone.

Places for People
Annual Report and
Accounts 2020

Places for People

Places for People is an award-winning placemaking and regeneration company, with over 50 years of experience creating places that work for everyone. With a long-term commitment to the sustainability of places, we have the capability and expertise to create and manage entire places.

PLACES FOR PEOPLE ANNUAL REPORT AND ACCOUNTS 2020

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/annualreport

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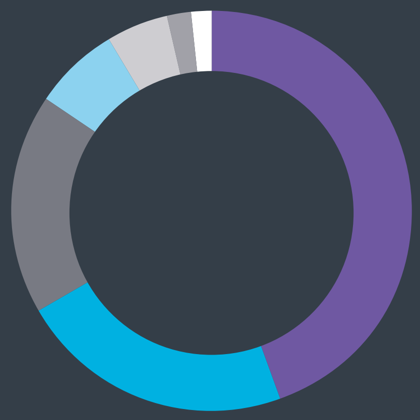
Strategic report

Strategic Report
Governance Report
Financial Statements

PERFORMANCE HIGHLIGHTS

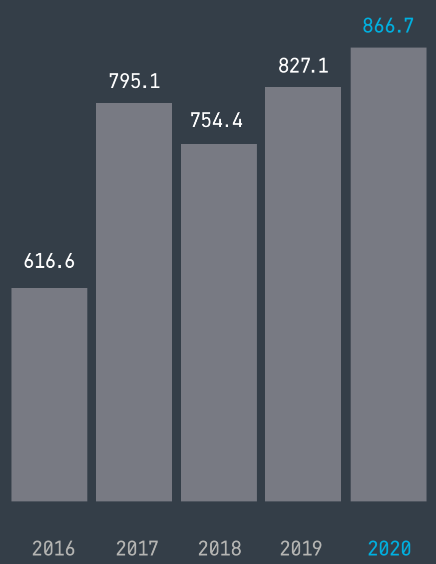
2019/20 turnover by market



	%
Affordable housing	44.7
Development	22.2
Leisure management	17.7
Property management	6.9
Non-social lettings	5.0
Construction	2.1
Other	1.4

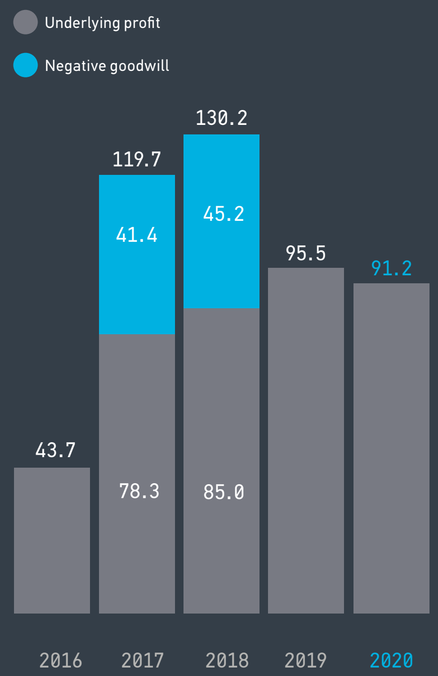
Turnover

Figures shown in £m



Profit before tax

Figures shown in £m



Turnover

£866.7m

(2019: £827.1m)

Operating profit

£216.3m

(2019: £227.9m)

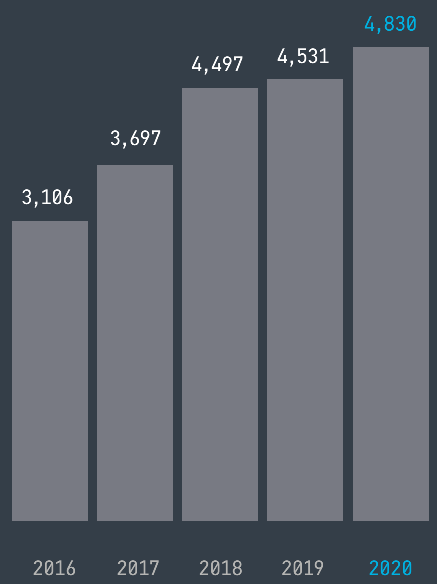
Reserves

£662.0m

(2019: £562.4m)

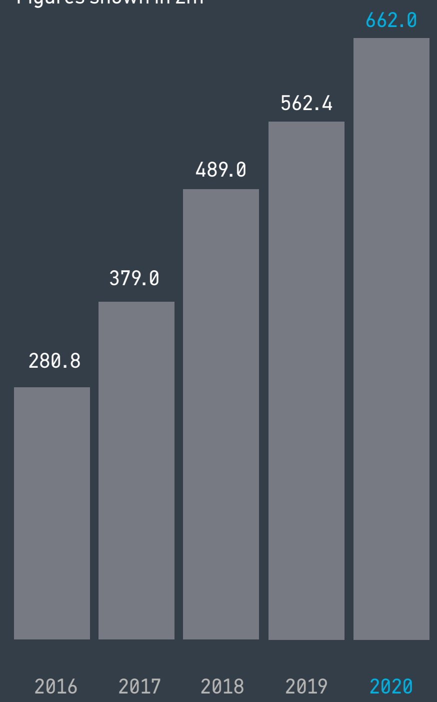
Fixed assets

Figures shown in £m



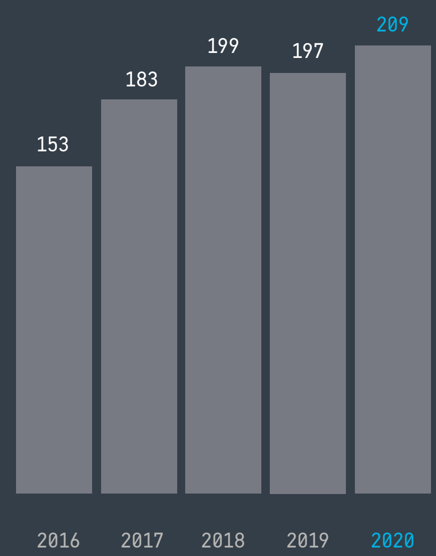
Reserves

Figures shown in £m



Homes owned or managed

Figures shown in 1,000s properties



Over the past year, Places for People has continued to invest in the assets we own to deliver sustainable assets and communities that meet and exceed the expectations of our customers. Alongside this priority, we have continued to invest in the quality of the property management service we offer, and build new homes across the country to contribute to the national effort to boost housing supply.

Group Chairman's statement

Chris Phillips

2019/20 was one of the most challenging periods we have faced in recent years. The year began with considerable political and economic uncertainty over Brexit, and ended with the nation in lockdown due to the coronavirus crisis. The Group has successfully navigated these challenges, delivering strong financial performance while prioritising the safety of our customers.

We have also sustained strong performance in our property management businesses, securing new clients and contracts as well as retaining existing relationships. Our presence across all sectors of the property market means we can offer products and services that are relevant to our customers at all stages in their lives.

The Places for People Group is immensely proud of the homes and communities that we build, so it is always satisfying when our efforts receive external recognition. In the last year, we have won 24 awards for our work and been shortlisted, commended or a runner-up in 64 other awards. In November 2019, we were delighted to win two gold awards at the prestigious WhatHouse Awards. Park Hill, our joint venture with Urban Splash, won Best Renovation of the Year and ZeroC won Best House for Golden Mede, in Hertfordshire.

Social impact is a central theme that runs through everything we do. Across the Group, we have delivered a wide range of social impact through our core work in creating thriving communities and through grants, sponsorship, volunteering and social investment. Our purpose is to create places that work for everyone. This includes maximising and multiplying social impact across the Group to make a positive difference to people, places and the planet.

As well as seeking innovative solutions to the challenges our customers face, we seek to employ innovative people. In 2019, our emerging talent programme saw us recruit 18 graduates across the Group, bringing their enthusiasm and talents to bear on our work. In April 2019, the Regulator of Social Housing concluded its second in-depth assessment of the Places for People Group, in which we retained our existing G1/V1 rating.

"The Places for People Group has achieved many successes during 2019/20, despite it being one of the most challenging periods we are likely to face for many years."

This year, we have seen some changes to the Places for People Group board at non-executive and executive director level. Non-executive directors Jon Lloyd and Michael Brodtman stepped down from the Group board on 30 September 2019 and new non-executive directors Angela Daniel, Regina Finn, Tracey James and Liz Woolman were all appointed to the Group board on 1 October 2019. In addition Pat Egan, Group Executive Director Affordable Housing, retired from the Group board after 37 years of service. During 2019, Debi Marriott-Lavery, Group Executive Director Affordable Housing, and Tim Weightman, Group Executive Director Assets and Investments, were appointed to the Group board. Since the year end, Mary Parsons, Group Executive Director Placemaking and Regeneration, has stepped down from the Group board and Scott Black has been appointed Group Executive Director Development, a role which not only covers development activity but which also carries responsibility for the majority of the Group's placemaking and regeneration projects.

We are a 'People First' organisation and I believe our people are our greatest asset. I am proud to say that in January 2020, this was recognised when the Group was included in Great Places to Work UK's Best Workplaces. I would like to thank all our staff for the crucial role they have played in upholding our commitments and promises to our customers. I would also like to thank our partners, funders and stakeholders for helping to make our achievements possible.

I look forward to another year of putting our vision into action.

Chris Phillips
Group Chairman

In the past, year the Places for People Group delivered a turnover of £866.7m (2019: £827.1m) and a profit before tax of £91.2m (2019: £95.5m). We continued to implement our plan to consolidate our recent growth and strengthen the social impact we create, while mitigating our exposure to risk.

Group Chief Executive's statement

David Cowans

Over the past year, Places for People has continued to invest in the assets we own to deliver sustainable assets and communities that meet the expectations of our customers. Alongside this priority, we have continued to invest in the quality of the property management service we offer, and build new homes across the country to contribute to the national effort to boost housing supply.

In 2019/20, the Group built and acquired 2,680 new homes and started a further 1,982 new homes. Over the year, we grew the number of homes we manage. We have continued to refocus our development activities to increase the number of affordable homes delivered. During the year, the Group delivered 1,466 new affordable homes, an increase of 615 homes from the previous year. The Group now manages more than 209,000 homes across 377 local authority areas, providing valued services to more than half a million people each year.

Over the past year, we have continued to work on large-scale placemaking as part of our work to tackle the housing crisis in the UK. We are building new homes across the country, including the Olympic Park in London and the 43-acre Icknield Port Loop site in Birmingham. Our regeneration business is leading the transformation of Smith's Dock in North Tyneside — the biggest regeneration project in the North East — and Park Hill in Sheffield — one of the largest listed buildings in Europe. By bringing forward large sites such as Gilston Park near Harlow, which has the capacity to deliver 8,500 homes, we are making a major contribution to local economic and employment growth.

We have continued to drive efficiencies across the Group and shift the balance of our new-build programme in favour of rental homes to reduce our exposure to the housing for sale market. We have also increased the volume and proportion of new, affordable housing we develop, as part of our partnership with Homes England.

Following a series of mergers with other housing associations in recent years, we have delivered a major change programme over the past year, developing and implementing a new target operating model that seeks to maximise synergies across the Group and drive efficiencies and improvements in customer service. Adopting a new state-of-the-art property management IT system is central to this approach.

"We delivered our plan to consolidate our recent growth and strengthen the social impact we create, while mitigating our exposure to risk."

In the last year, we have continued the delivery of our People First strategy to deliver great customer service. We adopted the net promoter score (NPS) methodology across all our affordable housing businesses to measure how likely our customers are to recommend us to others. Currently, our NPS score is +43 putting us in the 'Great' category of companies using NPS.

In line with the Group's commitment to install sprinkler systems in all blocks of six storeys or above, we continue to review and enhance our fire safety approaches and implement fire prevention and protection measures. During 2019/20, we have installed and commissioned automatic fire suppression systems to 10 high rise blocks, providing a higher level of fire protection for 566 customers. Work continues to deliver systems to a further 953 customers in 2020/21 and 2021/22.

Delivering social value for our customers and communities is at the heart of our approach. In our affordable housing businesses, we delivered a social value of £87.9m in 2019/20, while our leisure business delivered £198.2m in social value for local authorities through improvements in physical and mental wellbeing, educational attainment and reductions in crime. We supported over 2,762 people into employment, training or volunteering and helped over 80,263 children learn to swim each week in Places Leisure facilities. In addition, we helped 10,000 people who were homeless or at risk of being homeless.

We are grateful for the contribution of our board members and, in particular, those who left us during the year. We manage succession at board level carefully and will continue to recruit for non-executive and executive roles.

As we look ahead to the next phase in our journey, I am confident that, despite the significant challenges associated with the coronavirus pandemic, our clear strategy, experience, and capability will equip us to put our people and customers first, and provide a solid base from which to grow our impact, and continue to create places that work for everyone.

David Cowans
Group Chief Executive

What we do

The Places for People Group has built on its long track record as a provider of affordable housing to become a large-scale placemaking, property management, investment and regeneration company.

Our Group companies are market leaders in their fields, providing relevant and high quality services to our customers at every stage of their lives, from students to first-time buyers, through to retirement. By taking a commercial approach to sustainable placemaking, we also deliver a strong and positive impact on our communities.

Through our active asset management and investment strategy, we maintain a well-managed and profitable portfolio. This has enabled us to withstand short-term shocks in the economy and build our capability to deliver our long-term strategy. We invest in quality developments that will stand the test of time.

Our purpose

This sums up our long-term ambition to change the way places are designed, built and managed to create housing choices that improve the lives of the people who live there. We achieve this by building, acquiring, and managing new and existing places.

Creating places that work for everyone.

S P I R I T

Support
Always there to help customers and colleagues

Positive
A 'can do' attitude; encouraging others to achieve

Integrity
Always delivering on promises; being open and honest

Respect
Treating people fairly and with understanding

Innovative
Open to new ideas; not afraid of failure

Together
Believing more can be achieved by working well with others

Our values

At the heart of our approach are our SPIRIT values, which have been developed with our people. These demonstrate what is important to us, underpin our culture and define our approach.

Our people helped develop our SPIRIT values.

Creating places that work for everyone

Following a period of transformative growth based on a series of mergers and entry into new markets, 2019/20 was a year of consolidation for the Group. We have focused on finding new and better ways to deliver high quality services to satisfy the ambitions and demands of our customers. Thanks to our scale and diversity, our portfolio of complementary companies has found creative ways to collaborate to tackle the big issues affecting the sector, and create places and assets in a way that few organisations can match.

Where we operate

Our geographic strategy assesses demand for our services at a very local level. This enables us to prioritise markets in particular areas, using this as a framework for land selection and development decisions.

↑ *The Copper Building, Lakeshore, Bristol.*

Number of homes owned or managed by region

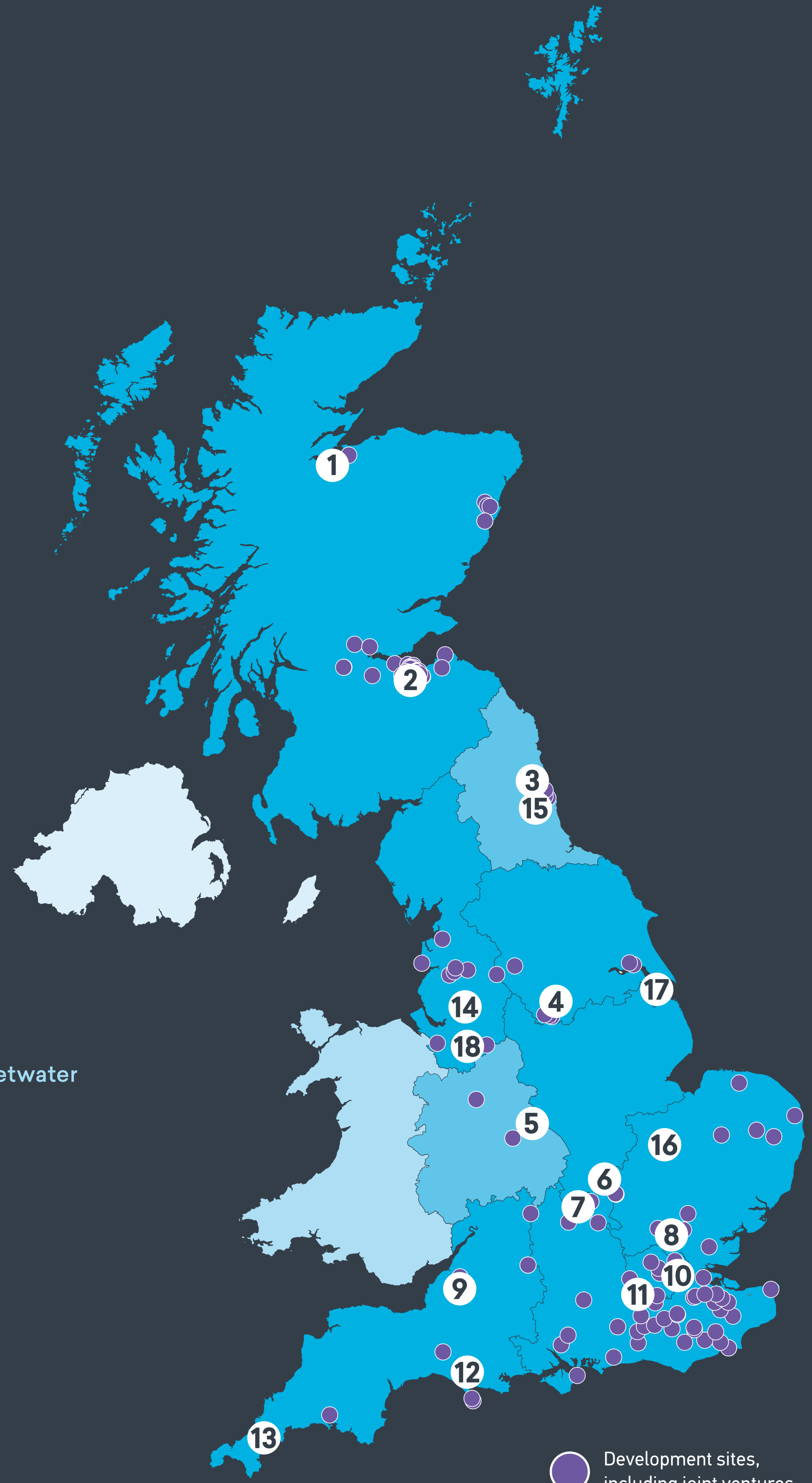
East Midlands	21,139
East	30,626
London	20,061
North east	9,815
North west	41,791
Northern Ireland	16
Scotland	16,478
South east	28,226
South west	10,945
Wales	1,291
West Midlands	5,364
Yorkshire and Humber	23,560
Total	**209,312**

Key

- 10,001 +
- 5,001 – 10,000
- 1,001 – 5,000
- 0 – 1,000

Our major sites and projects include:

1. **Tornagrain** Inverness
2. **The Engine Yard** Edinburgh
3. **Smith's Dock** North Tyneside
4. **Park Hill** Sheffield
5. **Port Loop** Birmingham
6. **Brooklands** Milton Keynes
7. **Duchy Field** Bletchingdon
8. **Gilston Park Estate** Harlow
9. **Lakeshore** Bristol
10. **East Wick and Sweetwater** London
11. **Egham** Runnymede
12. **Poundbury** Dorset
13. **Trevethow Riel** Truro
14. **Melody Gardens** Salford
15. **Walker Riverside** Newcastle
16. **Drovers Place** Huntingdon
17. **Burchester Court** Grimsby
18. **Westfield Court** Congleton



Development sites, including joint ventures

Our major sites and projects

Tornagrain
Inverness

We are helping to create a new community on land owned by Moray Estates in the Scottish Highlands. Sales recently have been encouraging, assisted by the attractive rural setting, and high specification of the accommodation.

The Engine Yard
Edinburgh

The Engine Yard, Leith Walk, Central Edinburgh is the development of a former Local Authority brownfield site in Central Edinburgh. This is an ongoing residential-led regeneration of a significant city centre site. With a total of 386 residential units comprising 76 homes for social rent, 150 homes for Mid-Market Rent, three for private rental and 157 for market sale. The Engine Yard also has a Places Gym and a mix of commercial spaces.

Smith's Dock
North Tyneside

Work has continued on Smith's Dock, North Shields, which is being delivered in partnership with Urban Splash, and will include more than 800 new homes. The Smokehouses buildings, containing 80 apartments, was the next phase to be completed for sale.

Park Hill
Sheffield

Phase two of our joint venture development with Urban Splash has continued to progress, creating a further 200 new homes and more commercial space. Our joint venture with student developer Alumno Group progresses the creation of 356 student beds as part of phase three at Park Hill.

Port Loop
Birmingham

One of Birmingham's most exciting new developments, the transformation of Port Loop into a new family-focused waterside neighbourhood, continues. In total, 1,150 new homes will be created, along with commercial property and community facilities, on the 43-acre site close to Birmingham city centre.

Brooklands
Milton Keynes

1,500 homes are now completed on Brooklands and a further 1,000 are expected to be completed by 2023. Brooklands Square, which contains shops, a gym and a public square, was completed in the summer 2019. The sales office also relocated at the same time, into the square for customer convenience.

Duchy Field
Bletchingdon

Duchy Field in Oxfordshire consists of 58 new homes designed in a traditional 'arts and crafts' style.

Gilston Park Estate
Hertfordshire

Site allocation was secured in the East Hertfordshire District Plan, allowing us to proceed with an outline planning application for Gilston Park Estate, with the aim of delivering 8,500 homes, driving £650m of infrastructure investment and supporting sustainable economic growth around Harlow.

Lakeshore
Bristol

The £20m Copper Building at Lakeshore, south Bristol offers 136 new apartments and brand new duplex penthouses across market sale, shared ownership and affordable rent tenures.

East Wick and Sweetwater
London

The project, a joint venture with Balfour Beatty Investments, will deliver 1,500 homes (including 450 affordable homes), community infrastructure, green spaces, business and creative space, leisure and community facilities.

Egham
Runnymede

The first development delivered under the contract with Runnymede Borough Council was Egham Leisure Centre. The new £19m venue was completed and passed to the Council in January 2019.

Poundbury
Dorset

Work also continued at our Poundbury development in Dorset, the Duchy of Cornwall's urban extension to Dorchester. Sixty six houses are set to be completed, with the construction of a further 85 homes on the development's northern quadrant in the pipeline.

Trevethow Riel
Truro

This prestigious development continues our integrated and collaborative approach to delivering mixed-tenure homes. The development is benefitting from the full range of the Group's expertise, with Places for People Homes acquiring and managing 34 affordable homes, Residential Management Group (RMG) managing the established parts of the estate, and ZeroC delivering 102 homes for rent or sale.

Melody Gardens
Salford

Melody Gardens is a development of affordable homes and comprises nine three- and four-bedroom two-storey houses, one two-bedroom bungalow and 48 apartments which were handed over to Places for People during December 2019. All 58 homes are being allocated to customers by Places for People using the local authority's choice-based lettings system.

Walker Riverside
Newcastle

This development is part of the regeneration of the Walker Riverside area to the east of the city centre. It is providing new, affordable rent homes in partnership with Newcastle City Council. Forty new homes on Chalfont Road were completed in 2019/20 and construction has started on a further 36 homes at Wharrier Street. A final phase of 22 new homes, all for affordable rent, is in the pipeline and will complete the development.

Drovers Place
Huntingdon

Drovers Place is an affordable housing-led scheme situated on a previously dormant site, addressing the high levels of housing need across Huntingdonshire. It comprises 79 homes, including 23 available for affordable rent and 19 shared ownership properties. The remaining 37 are for market sale and private rent.

Burchester Court
Grimsby

Funded jointly by Homes England and Places for People, Burchester Court is an extra care scheme to provide 54 one-bedroom and 6 two-bedroom affordable housing apartments for people aged 55+ who have a support need. The development is expected to complete in September 2020. Its facilities include 24-hour onsite staffing, a restaurant and residents' lounge.

Westfield Court
Congleton

This development is funded under our Homes England partnership. It is a 1.9 acre brownfield development, that was previously part of an industrial site and provides 29 shared ownership homes. The Westfield Court development was completed in June 2019 and the final sale was completed September 2019.

Our strategy

We put People First. We believe places work when they work for everyone. Our ambition is to change the way places are designed, built, and managed to create housing choices to improve the lives of the people who live there. What we achieve in the short term affects and positions us for the future. We develop strategy, and review policy and practice using customer and stakeholder feedback.

Our three-year strategic objectives will equip us to deliver our ambitions:

Our strategic objectives.

To invest to achieve strong commercial and social outcomes.

To build our capacity and capability to respond to external changes and meet the aspirations and needs of our customers.

To grow our impact — putting customers first to make a bigger difference.

Our priorities this year.

Deliver an optimum return on our assets in the long term. Continue to invest in our assets to maintain a well-managed and profitable portfolio of assets, pre-empting asset failure through active asset management.

Build a better business, improving our core business functions to boost performance. We have programmes of work in place to drive greater efficiency; data improvements and analytics; workforce improvements; and project planning.

Provide inclusive, well-designed and well-managed communities. Prioritise delivery of our People First approach across both existing and new developments to ensure the places we work in are well managed.

Delivering value

	Create Value	Manage Value	Realise Value
	Land acquisition and appraisal. Construction or acquisition of new homes.	Rent or sale of homes depending on prevailing economics. Management of retained homes and existing PRS portfolio while generating rental income.	Retained income reinvested in the acquisition of new land or further homes.
Investor	Establish investment structure. Source institutional capital.	Commit to fund development.	Investment and fund management.
Places for People	Acquire or provide suitable sites. Ensure planning obtained.	Procure and manage construction.	Property management.

We provide a platform for third-party investment through our fund management business and we are uniquely placed to accelerate housing production across the UK. Given the ongoing weaknesses in the housing for sale market, last year we began rebalancing our development programme to favour more rental homes, thereby reducing our risk exposure. At the same time, we are increasing the proportion of affordable housing we develop as part of our strategic partnership with Homes England.

Unlike many other large developers, we have a significant private rental business. This is able to manage and market properties that may have previously been considered for sale in a more buoyant market. This approach has enabled the Group to weather the difficult economic conditions and weak housing market, positioning us well for what will be another difficult year ahead.

Sustainability is a key theme that flows through all aspects of our management, development and regeneration activity. Our focus on sustainability sees us working to reduce our carbon footprint; seeking to make a positive impact on the environment and our communities; and taking the lead in being a responsible business within our markets.

The DREEAM project at our Padiham development in Burnley won Best Green Scheme at the 24Housing Awards in October 2019. The site has equipped 105 homes with a range of energy efficiency measures aimed at reducing energy consumption and the cost of energy bills.

Our approach

We work with partners and local communities to inspire the creation of places that offer opportunity and choice for people that live and work there.

A key strength of our integrated approach is the ability to respond to the changing needs of our customers and the evolving and sometimes volatile economic and policy environment in which we operate.

The resilience we have built up has enabled us to respond swiftly and effectively to market changes. Our diversification has further strengthened our position by enabling us to generate income from businesses that are not as exposed to fluctuations in the economy, and particularly the housing market.

People First

Across the Places for People Group, we put People First. We treat everybody honestly, courteously and fairly. The Group works with a broad range of customers and clients and applies a unique mix of skills and capabilities to meet and exceed their needs.

Our approach to customer experience is rooted in our SPIRIT values — supportiveness; positivity; integrity; respectfulness; innovation and togetherness. We regularly check our performance with customers and review any potential improvements. We also involve customers in developing the products and services we provide, helping to ensure they are relevant and valued. Our People First training programme has been awarded the ICS Training Marque.

↑ We involve our customers and staff in developing our products and services.
↓ ModularWise, our off-site modular housing construction facility, is utilising modern methods of construction to deliver new homes.

We enhance our capacity to improve existing homes and to create new ones.

Affordable housing

We have more than 50 years' affordable housing management and development experience. There are six affordable housing providers in the Places for People Group — Places for People Homes, Cotman Housing Association, Derwent Housing Association, Castle Rock Edinvar Housing Association, Chorus Homes and our specialist supported housing business, Places for People Living Plus. Their mission is to create and maintain good neighbourhoods that are modern, relevant and fit for the future, providing a service that enables our customers to live their best lives. Collectively, these companies own or manage 71,000 affordable rented homes.

We aim to create and maintain sustainable, long-term tenancies and neighbourhoods where people choose to live and want to stay, by improving the efficiency of our management and maintenance.
We enhance our capacity to improve existing homes and to create new ones. We achieve this by delivering services in the most efficient and effective way, and identifying and implementing opportunities for synergies across our businesses.

Placemaking and regeneration

Placemaking is in our DNA and we bring experience from our own communities to help transform others.

Our aim is to work with partners and local communities to inspire the creation of places that offer opportunity and choice for people that live and work there. The Group has a proud legacy of placemaking, from Smith's Dock in the North East to Brooklands in the South. Over the past year, we have focused on the latest phases in the delivery of Park Hill in Sheffield, Port Loop in Birmingham, Smith's Dock in North Tyneside and Campbell Park in Milton Keynes.

Through large-scale projects like these, we aim to deliver long-term, multi-phase, mixed-use and mixed-tenure developments that involve a number of the Group's organisations, or joint ventures with public and private sector partners.

Drovers Place, Huntingdon.

Property management

The Group's property management businesses play a key role in supporting our broad placemaking offer to customers, and strengthen our counter-cyclical business. Collectively, our property management businesses span all residential tenures from the traditional private rental sector to student accommodation and retirement housing. Our property management businesses RMG, Tila, Touchstone, Derwent FM and Girlings work collaboratively with other Group companies to provide a seamless management service in what continues to be a growing market driven by demographic and economic changes. Innovation and improving efficiency remain central in a sector where the competition is defined by both cost of delivery and customer service.

Leisure, health and wellbeing

We continue to provide leisure facilities across the country and prioritise work with our partners to boost health and wellbeing. Places Leisure has developed a membership structure that ensures good value for customers across its portfolio of 127 leisure centres. We offer a range of activities including gyms, swimming, personal training and community clubs, to provide something for all customers.

In addition, we work with public health agencies to provide interventions such as GP referrals and weight management programmes. These are designed to reduce the incidence of major chronic diseases, such as coronary heart disease, type 2 diabetes, osteoporosis and many forms of cancer.

Our mission is to create active places and healthy people within our communities through our existing portfolio of contracts and the addition of new best value and PPP contracts, as well as private gyms in Group developments.

Development and construction

We are an end-to-end developer with a long track record of creating high quality properties that people are proud to call home. We work on land acquisition, planning and design, construction and sales, across a range of homes and tenures.

Our pipeline of new homes includes a total of 2,603 affordable homes to be delivered by 2024 through our partnership with Homes England.

We are committed to playing our part in tackling the UK housing crisis by building more homes and helping to make home ownership and rental more accessible. Our five development and construction businesses — Places for People Developments, ZeroC, Millwood Designer Homes, Design Your Home and ModularWise — aim to deliver profitable, sustainable, design-led residential developments. Through our offsite construction company ModularWise, and partnerships with ilke and Top Hat, we use modern methods of construction, including offsite and custom-build technologies, to increase our housebuilding capacity.

In our rental development programme, we deliver social and affordable housing, including shared ownership, as well as market rented properties, student housing and extra care properties. In our development for sale programme, designed to facilitate mixed income neighbourhoods, we deliver traditional general market sales, together with retirement properties.

Assets and investments

The Group holds £4.5bn in housing assets, so active asset management is central to our approach. As well as owning social and affordable homes across the country, the Group holds a range of residential and commercial property and investments.

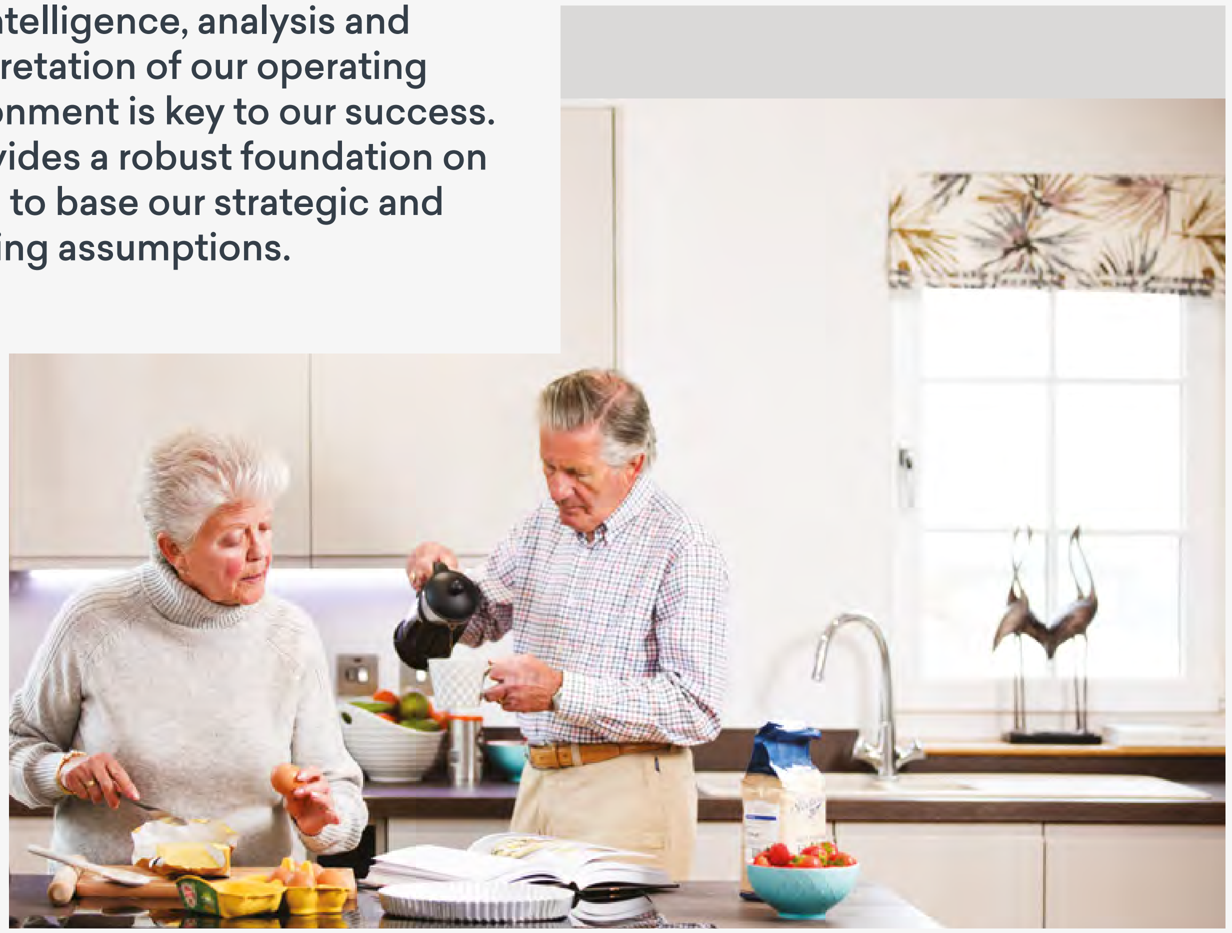
We seek to ensure our investments deliver annual rent growth, remain attractive to other investors and contribute to the Group's wider placemaking ambitions.

Fund management

Since the launch of PfP Capital in March 2017, we have created a sustainable real estate investment management business with the capability to enable investors to access the housing market. PfP Capital has successfully established and grown three funds — the Private Rented Sector (PRS), Mid-Market Rent, and Urban Transformation Partnership — bringing greater diversity to our investor base as well as delivering attractive returns. Through responsible investment, PfP Capital is helping to create long-term, sustainable places with the creation of social value in communities that aim to make a positive difference to people's lives.

Operating environment

The intelligence, analysis and interpretation of our operating environment is key to our success. It provides a robust foundation on which to base our strategic and planning assumptions.



Brio retirement at Landale Court, Chapelton.

At the same time, it gives us a clear outlook on our markets and sectors, how they develop and shift, and how we can adapt to capitalise on any opportunities this creates.

In the wider economy, growth has been slow over recent years, a trend that has been substantially exacerbated in 2020 by the coronavirus outbreak and the impact it has had on our society. This has not only cast a shadow over the economy's short to medium term prospects, but has also created uncertainty within the housing market.

However, the UK Government has reaffirmed its commitment to supporting the construction industry and increasing the number of new homes being built, including a series of targeted policies and funding streams.

As a Group, we continue to work closely with Government at all levels to identify opportunities to help achieve these ambitions and develop new partnerships to meet the demand for new homes of all types across the UK.

At the start of the coronavirus lockdown, the Group established a coronavirus management group chaired by the Group CEO which met daily to manage our response. The Group board approved a coronavirus response strategy and in line with that strategy, we closed offices, construction sites, sales centres and leisure centres. The Group reviewed our strategic risk map and introduced new arrangements to coordinate the management of risks associated with the pandemic. Similarly, we centralised our procurement of personal protective equipment and deployed the expertise we have from running the procurement hub to establish new supply lines to successfully meet the increased demand for equipment.

We took steps to introduce new policies and procedures to protect our staff and sustain vital services for our customers. In our affordable housing business we established a Customer Taskforce which made over 59,000 calls to customers, starting with the most vulnerable, to ensure they had the support they needed during the crisis.

Throughout the pandemic, we provided updates to the Group board and held an additional meeting in April 2020. At the time of writing, the lockdown across the UK is being eased, albeit differently in each of the four parts of the UK. In response, the Group is now reopening construction sites and sales centres. Most Group offices remain closed but a small number of staff continue to work in some offices where social distancing guidance can be followed. The Group board approved a Coronavirus Business Resumption Plan in April 2020 and a revised Group business plan in August 2020.

OPERATING REVIEW

Affordable housing

Places work when everyone has somewhere to call home.

KEY STATISTICS

71,000

social and affordable rented homes owned or managed across the UK

99.72%

affordable housing occupancy rate

£72m

invested into home improvements

HIGHLIGHTS

Sprinkler installations completed at 10 high rise blocks

Hundreds of much-needed affordable homes under construction, including two extra care home developments

As one of the country's leading providers of affordable housing, we own or manage 71,000 affordable homes across the UK and deliver a range of accessible and diverse services to our customers.

Building new homes

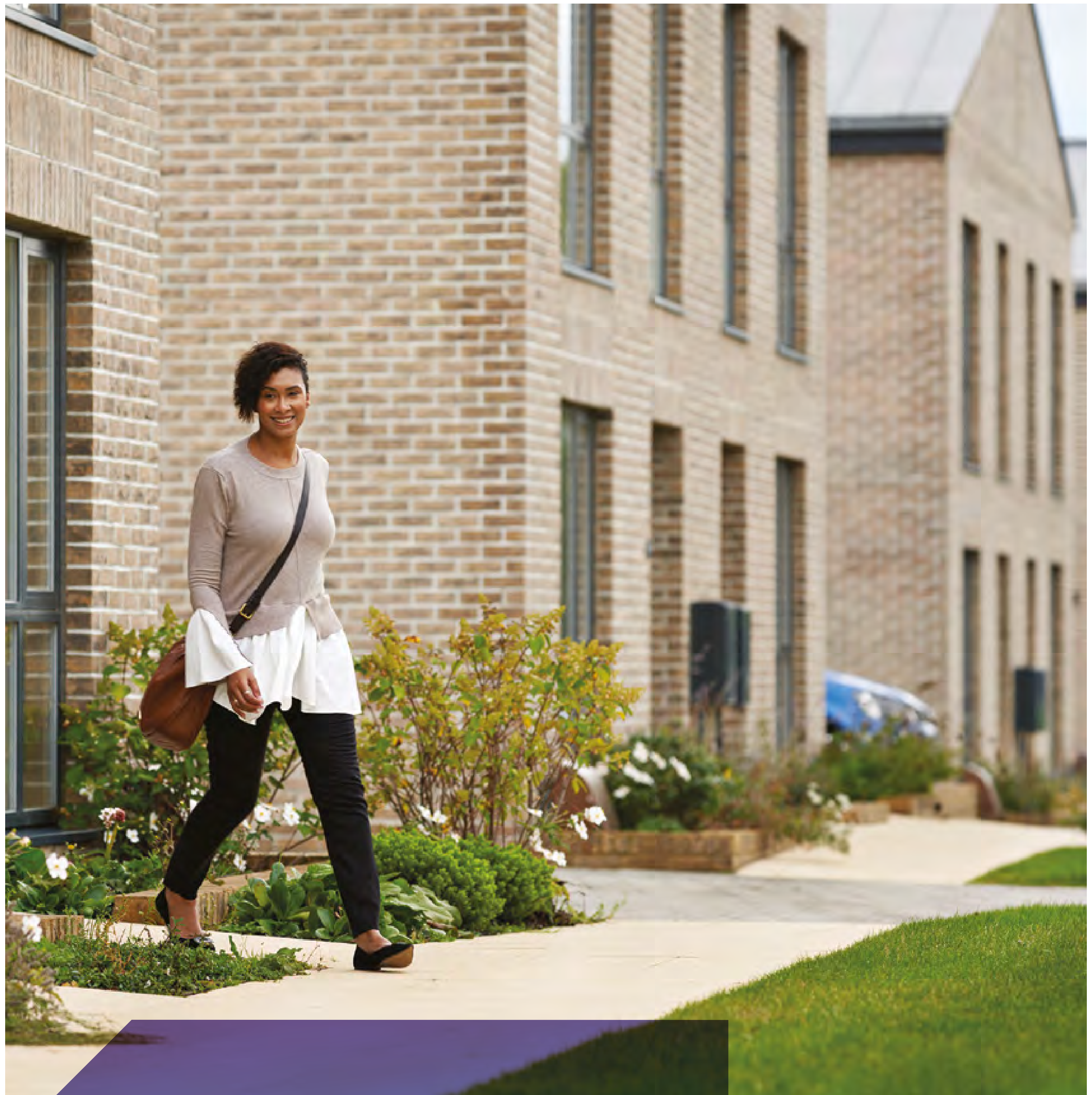
Places for People is one of eight strategic partners working with Homes England, which will provide £74m of social housing grant over three years to deliver 2,600 affordable homes.

We built 1,226 new homes for social rent, affordable rent and shared ownership during the past year.

New developments have been completed in Blackburn, Preston, Basingstoke, Huntingdon, Cambridge, Peterborough and East Anglia and the construction of more homes is underway.

Operating across East Anglia, Cotman Housing Association continues to meet local housing needs. New homes have been built in Little Melton, Old Buckenham and Great Yarmouth. Housing management services are also being delivered to Sage Housing customers.

During the year, the Group completed the development of 1,466 affordable homes, which was an increase of 615 affordable homes from the previous year.



During the year, the Group completed the development of 1,466 affordable homes, which was an increase of 615 affordable homes from the previous year.

Operating environment

In September 2019, a new Group Executive Director was appointed to lead our affordable housing business and deliver a new strategy focused on six key areas: customers; the regulatory framework; asset management; growth; people and structure; and efficiency and innovation.

This strategy is supported by a new People First operating model, which puts colleagues, customers and clients at the heart of everything we do. Working together, our six affordable housing providers will drive a number of efficiencies as part of a two-year transformational programme. Ultimately, the aim is to ensure we can continue to deliver a positive experience for customers and colleagues, as well as an affordable housing business that is fit for the future.

In June 2019, Places for People Homes secured an agreement with Sage Housing, a registered affordable housing provider that is aiming to deliver 20,000 new homes over the next five years.

We engaged in the Great Places To Work survey to capture employee feedback on our working practices and culture, achieving positive results. Our response rate was 85% and overall, 71% of our colleagues consider our business a great place to work.

As part of the Group's new Emerging Talent Programme, we employed seven graduates in the affordable housing business.

Our Money Advice team continued to offer advice to our customers, supporting more than 600 people with Universal Credit.

The last year has seen us manage and overcome several challenges. In February 2020, we significantly increased customer contact as a result of Storm Ciara and Storm Dennis, which both hit over weekend periods. The customer service centre worked in partnership with our colleagues to successfully manage the situation with a flexible and proactive approach. This enabled multiple incidents to be handled effectively and ensured clear communication with our customers.

Another key challenge was the management of hand-arm vibration syndrome (HAVS) throughout 2019/20. We ensured all colleagues working in property and estate management services were monitored daily and put full health surveillance in place.

In the last month of our financial year, our affordable housing business was significantly impacted by the coronavirus crisis, which is likely to adversely impact our 2020/21 targets.

In response to the crisis, we implemented our business continuity and disaster recovery plans. Critical business functions were quickly mobilised, including a 24-hour customer service centre. Staff were supported to work from home and kept continually informed and reassured to ensure the transition was as seamless as possible.

↑ Marlborough Park, Wiltshire.
↓ Drovers Place, Huntingdon.

↑ Places Management takes care of the repair and maintenance of more than 60,000 affordable and social housing properties.

↑ *Ivy Close mixed-tenure community, Blackburn.*

Putting our customers first

Working collaboratively, we have established a National Customer Group. The first meeting to develop and shape the group took place in August 2019. Customers were involved in creating and developing the role profile and application form. Feedback from the meeting has been used to develop a draft terms of reference document and project plan.

A Scrutiny Group has been established to help ensure our services are effective and accessible, putting people at the centre of our delivery methods. There are currently six members and we hope to increase this number in the coming year. Customer training on scrutiny has been provided by leading tenant engagement experts, Tpas.

Castle Rock Edinvar Housing Association has set up new stakeholder partnerships to provide a better service to customers and increase tenancy sustainability. These include Aid & Abet, an initiative to support ex-prisoners and prevent reoffending; Fresh Start, a charity that helps homeless people establish themselves in their new homes by providing furniture, white goods and more; and the Health Opportunities team, to provide support and advice for people aged 12–25 in the Craigmillar area. It has also established a much closer working relationship with Police Scotland to make our communities safer for all.

Living Plus repurposed a building attached to the Mill Bank Wellbeing Centre, Preston, into a three-bedroom home as a 'training tenancy'. This aims to prevent the cycle of eviction and homelessness, increasing sustainability and reducing the 'revolving door' cycle.

As well as its three women's refuges and outreach services, Living Plus also secured £4,000 in Target Hardening funding to support people at risk of domestic abuse in the North East.

"Thank you so much for giving me this opportunity. I came to the service with massive debts after leaving a violent relationship. I now have a home for my two boys and life is the best it has ever been."

Living Plus customer

We adopted the net promoter score (NPS), to measure how likely our customers are to recommend us to others. NPS is monitored across our affordable housing business and is a vital tool to help monitor and improve customer satisfaction. Currently, our NPS score is +43 putting us in the 'Great' category using the NPS standard measurement scale.

The Places for People page on Trustpilot, the consumer review website, is being actively managed by our Customer Focus team. They are providing responses to comments, following up any concerns and inviting customers to provide a review. The initial results have been extremely positive.

In June 2019, Chorus Homes rebranded with a new mission statement, website and brand. Its new mission statement, 'Working together, creating great places to live', was created with the help of colleagues. It reflects that, as part of Places for People, Chorus works with customers to improve services, build new homes and support communities.

The annual Places for People Good Neighbour Awards took place in October 2019. One hundred and fifty five residents were nominated and received awards for their exceptional community-spirited efforts. The event was an excellent opportunity for us to thank those making great contributions to our neighbourhoods.

↓ *Cotman sheltered housing scheme, Ashwell Court, Norwich.*

↑ *Briarbank Row, Preston.*
↓ *Living Plus supported housing scheme, Windmill Lane, Sheffield.*

Safety first

Government guidance regarding fire safety was regularly updated during the year and, together with the publication of both the Hackitt report and the first Moore-Bick report from the Grenfell enquiry, fire safety generally and the future new building safety regime was seldom off the agenda. So far, this has included:

- Continuing to review and enhance our fire safety approaches and implement opportunities to evolve fire prevention and protection.
- Completing the installation of sprinkler systems at 10 high rise properties of six storeys and above, with further works planned in 2020/21.
- Renewing our efforts to raise awareness of fire safety at home in light of a reported UK national increase of fires in homes.
- Continuing to review external cladding on our homes to ensure they are safe.
- Widening membership of the Fire Safety Core Group, which meets quarterly to discuss fire safety matters and share best practice. Our primary authority partners at Tyne and Wear Fire and Rescue Service (TWFRS) form part of this group.
- Taking renewed steps towards ensuring the Health and Safety function remains, as far as possible, an independent function with greater oversight and ability to deliver further improvements and ensure the safety of our customers.
- Continuing to reflect our commitment to ensure the safety of our customers and giving our customers a direct influence over how we manage this important area of work.

↑ *Tudsbery Court, Steedman Row show home, Edinburgh.*

Delivering efficiencies

Through a transformational action plan, the Group has enhanced the service levels provided by the Customer Service Centre. This has enabled us to increase performance by dramatically reducing call waiting times, improving communication and ensuring we take a People First approach towards service delivery. We are now consistently delivering an exceptional contact centre service with truly engaged employees.

Enhancing digital services for customers continues to be a priority to help improve the customer experience and productivity. We have successfully rolled out a platform that enables customers to self-schedule repairs and developed an 'innovation gateway'. This initiative seeks to connect the Group with relevant businesses and new technologies that could add value to our businesses and customers. As part of this, we have run a number of pilot schemes with new technology and applications. These include a video and voice call app which use smart technology to enable engineers to remotely diagnose heating or hot water faults.

Together with project partner Changeworks, Castle Rock Edinvar Housing Association received a £415,000 grant from the second round of the Scottish Government's Decarbonisation Fund.

The money will be used to retrofit electric battery storage and solar panels in 80 homes in a project that could see the technology specified as standard to meet energy efficiency requirements in future homes.

Maintaining and improving homes

We have invested £117m in maintaining and improving our properties to ensure our customers enjoy well-maintained, comfortable homes. Plans for future investments are linked to detailed data analysis which models the performance of our assets and predicts decline, so there can be early intervention in relation to repair, repurpose or sale.

In line with the Group's commitment to install sprinkler systems in all blocks of six storeys and above, we continue to review and enhance our fire safety approaches and implement fire prevention and protection where required. During 2019/20, we have installed automatic fire suppression systems to 10 high rise blocks, providing a higher level of fire protection for 566 customers. Work continues to deliver systems to a further 953 customers in 2020/21 and 2021/22.

Making a difference

Our Community Investment Fund (formerly HomeChoice) has been extended to April 2022. This programme allows Places for People Homes and Cotman Housing Association to sell unsustainable properties and reinvest the surplus within our communities to deliver projects and services that contribute to neighbourhood sustainability. To date, the fund has generated over £1.6m, which has all been innovatively reinvested in our neighbourhoods.

We are working closely with colleagues in Places Impact to align our work and maximise the impact of Group investment for our affordable housing customers.

In 2019/20, the Fund invested £179,593 in more than 30 projects to support 157 people into work and 784 into training, and engaged 26,047 customers, including 11,325 young people, in projects comprising 3,231 sessions supported by 700 volunteers.

In April 2019, we delivered clean-up events in 11 neighbourhoods in Preston, Chorley, Hounslow, Eastbourne, Sheffield, Leicester, Newcastle, Lowestoft, Kimberley, St. Neots and Huntingdon. The events involved 211 volunteers — 135 staff, contractor and stakeholder volunteers and 76 customers, local residents and their families. More than 600 bags of rubbish were collected, achieving a considerable improvement in neighbourhood appearance.

↑ *Chorus Homes, customer support.*
↓ *Our homes and customers feel the benefit of Places Management's expert care and maintenance.*

We have invested £117m in maintaining and improving our properties to ensure our customers enjoy well-maintained, comfortable homes.

Derwent Living launched the Virtual Places project with the help of a grant from The Places Foundation. The initiative uses untethered virtual reality headsets to help customers in retirement living revisit places from their past or explore new experiences. Sessions are held in communal areas to help reduce social isolation and create new friendship groups. Sessions can be run in a customer's home if they are immobile and unable to come to the communal lounge.

The team from Derwent Living also worked with colleagues from Living Plus and Chorus Homes to pilot sessions across the Places for People Group, using technology with customers who have more complex needs and degenerative conditions.

Supported living

Places for People Living Plus is the Group's expert in providing accommodation, care and support to over 6,300 vulnerable people with complex needs.

In Grimsby, Living Plus is constructing two new extra care developments, which are due to be completed in 2021. These will provide a total of 114 one- and two-bedroom apartments with 24/7 onsite care provision. They include Burchester Court, a new £10.3m development comprising 60 extra care apartments and which was named by a local resident following a community competition.

Living Plus also acquired eight properties, creating 32 additional homes for people with learning disabilities and complex mental health needs.

In July 2019, The Ferry Project launched a Street Homeless Hub. In the first nine months, it supported 217 people: 158 were moved into accommodation, 53 were prevented from homelessness, 39 were helped to access mental health support, and 17 into work.

More than 147 clients have been supported by The Ferry Project's night shelter initiative which has provided a total of 8,160 nights of accommodation. Over 88.4% of people did not return to the streets and moved into a variety of accommodation.

In 2019, Living Plus began the roll-out of its STAR service to help affordable housing customers at risk of losing their homes sustain their tenancies. The service is aimed at delivering positive outcomes for customers and neighbourhoods while reducing the costs associated with tenancy failure.

Adding to the three women's refuges and outreach services managed by Living Plus, £4,000 of funding was secured to support people at risk of domestic abuse in the North East.

Social value is at the heart of Living Plus, and colleagues are actively encouraged to record customer support activity via a support planning system which, in turn, is quantified using certified Housing Association's Charitable Trust (HACT) social values. In 2019/20, Living Plus was able to demonstrate that its activities had delivered £4m in social value.

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OPERATING REVIEW

Placemaking and regeneration

Places work when they are designed, delivered and managed by people committed to their long-term success.

KEY STATISTICS

200+
homes commenced in Egham, Surrey

1,150
homes planned for Port Loop, Birmingham

HIGHLIGHTS

Selected by National Grid as joint venture partner

Continued progress of joint venture with Urban Splash

Achieving planning consent on Egham Gateway West

Submission of Gilston Park planning applications

Two 'Golden Pineapple' awards for Smith's Dock and Port Loop

Placemaking is at the heart of everything we do. For over 50 years, we have engaged communities to build sustainable places with the physical and social infrastructure they need for long-term success. From the smallest detail to the most ambitious and innovative masterplan, we take a long-term approach to building sustainable value in the places we create. We believe this approach is essential to ensuring our communities succeed.

Port Loop powers onwards

Working closely with our joint venture partner Urban Splash, Places for People is transforming the Port Loop former industrial site close to the centre of Birmingham and reconnecting the local network of canals and towpaths.

Our ambitious masterplan features 1,150 homes. The first phase of offsite manufactured homes is complete, with a further two phases of family housing under development.

Port Loop will provide a diverse range of public realm spaces for residents and visitors. The first of these was launched in 2019 as part of a community event called 'Play out 'til tea', with over 1,000 visitors enjoying the new shared space and taking part in games, crafts and other events.

↑ Port Loop, Birmingham.

↑ Smokehouses, Smith's Dock, North Tyneside.
← 'Play out 'til tea' community event, Port Loop, Birmingham.

Port Loop will provide a diverse range of public realm spaces for residents and visitors. The first of these was launched in 2019 as part of a community event called 'Play out 'til tea'.

Smokehouses make a splash

In 2019, we completed the first riverside apartment block at Smith's Dock on the banks of the River Tyne, which is being delivered in partnership with Urban Splash. The Smokehouse buildings consist of 80 new homes, ground floor commercial space and a public realm area which reconnects the community of North Shields with the River Tyne.

Taking architectural reference from the historic buildings which once stood within the neighbouring Fish Quay, the Smokehouse buildings are attracting both local and national recognition for their striking design and contribution to transforming this 30-acre former ship repair yard.

Further phases of Smith's Dock are well underway, with planning scheduled to be submitted in 2020.

Community building at Gilston Park

At Gilston Park, East Hertfordshire, we have submitted planning applications for up to 8,500 new homes and supporting infrastructure. The site is the largest within the Harlow and Gilston Garden Town, a key development in the Government's Garden Towns and Villages programme. Our proposals include two new crossings over the River Stort to link the development to Harlow.

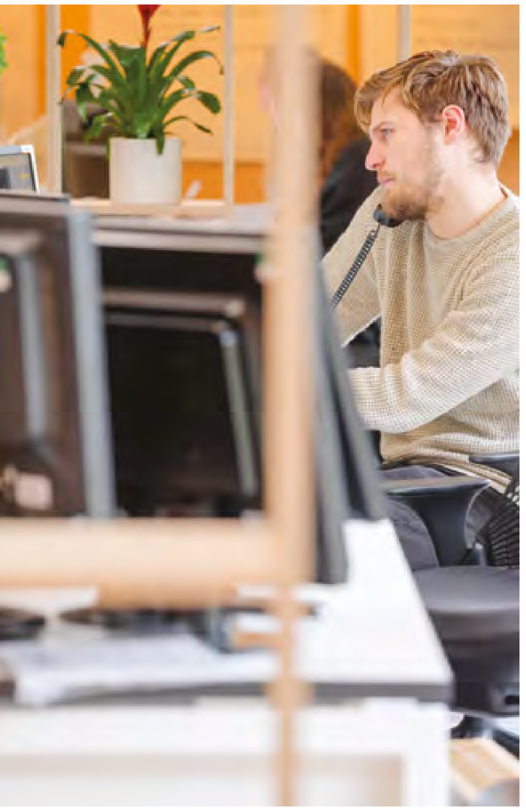
In March 2020, the Government announced an infrastructure funding package of £172m for Harlow and Gilston Garden Town to create a sustainable transport corridor to ensure more sustainable modes of transport. We are hoping to access this fund to accelerate our construction programme for the crossings and onsite development.

We are also working with local councils and parish councils to put in place new governance arrangements to ensure community ownership of open space in the long term.

Lakeshore nears completion

In South Bristol, we continued with the final phase of the transformation of the former Imperial Tobacco offices, another development with Urban Splash. The vast site comprises the original office building, 10 acres of green space and a lake.

The new Copper Building comprises 136 apartments, the majority of which are duplex homes featuring balconies which overlook the communal grounds. Places for People Homes has also introduced options to rent and for shared ownership, as well as market sale.



Strong progress at Park Hill

One of the largest Grade II listed buildings in Europe, the brutalist Park Hill estate in Sheffield is undergoing a sensitive transformation, which has seen much of its concrete fabric retained in celebration of the heritage of the building.

Working with our partner Urban Splash, we've completed 260 homes and more than 30,000 sq ft of workspace in phase 1. This impressive phase was shortlisted for a RIBA Stirling Prize and is heralded as a great success. In 2019, we turned our attention to further phases. Phase 2 comprises 195 homes, the first of which launched for sale in February 2020. Phase 3 is a collection of student apartments and town houses. It is currently under construction through our Alumno joint venture and is on track to welcome the first student residents in Autumn 2020. Planning consent for Phase 4 was granted in 2019 and will include a major cultural centre and contemporary art gallery.

Aiming for excellence at Egham

In partnership with Runnymede Borough Council, Places for People has secured planning consent to regenerate Egham town centre in Surrey. The £76m mixed-use scheme will provide 101 new residential apartments (both private and affordable units), 100 studio apartments for students attending the Royal Holloway University, retail units and a boutique cinema. The scheme has attracted tenants such as Everyman cinemas and the Budgens supermarket chain. Demolition and enabling works have commenced and the development will be completed by the end of 2021.

This is the second major project being taken forward through this long-term partnership with Runnymede Council, following the successful delivery of a new leisure centre in Egham last year.

↑↓ Park Hill, Sheffield.

↑ Queen Elizabeth Olympic Park, London.
← The Copper Building, Lakeshore, Bristol.

Securing the legacy of London's Olympic Park

Work is progressing well at East Wick and Sweetwater, the two new neighbourhoods we are developing at the Queen Elizabeth Olympic Park in East London in partnership with Balfour Beatty Investments. Part of one of the UK's largest regeneration schemes, the project comprises the delivery of over 1,500 homes, new employment, retail and community facilities, located around the western edge of the park. Phase 1 is under construction, delivering 302 homes, estates office, nursery space, retail and workspaces, and we have already let the food retail space.

A key part of the development is the construction of new roads and two bridges serving the Sweetwater neighbourhood, where up to half of the new community may be located. In 2019, we installed a new pedestrian bridge over the Lee Navigation canal, improving, in particular, accessibility to a new primary school.

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Development

Places work when they have great homes.

KEY STATISTICS

1,466

affordable homes built

2,600

homes in the pipeline over the next three years under our Homes England strategic partnership

HIGHLIGHTS

1,500+ home occupations at Brooklands Square

Brooklands Square shortlisted for best mixed- use development at the Planning Awards in June 2019

Drovers Place shortlisted for the National Planning Awards 2020 (affordable housing category)

Places for People is an end-to-end developer with a proven track record of creating high quality properties that people are proud to call home. We are experts in land acquisition, planning and design, construction and sales, across a range of homes and tenures.

Building new homes across the country

Places for People was selected as one of Homes England's first strategic partners in July 2018, receiving £74m in funding to help deliver 2,603 additional affordable homes by 2024.

During the year, the Group completed the development of 1,466 affordable homes, which was an increase of 615 affordable homes from the previous year. This demonstrates the success of the strategic partnership with Homes England and also reinforces the Group strategy to focus development activity on creating new affordable homes.

We have passed 1,500 home occupations at Brooklands Square, Milton Keynes, and substantially completed seven acres of new open space, including play parks, and secured the adoption of 1.3km of main roads. The scheme was shortlisted for best mixed-use development at the Planning Awards in June 2019.

Work began on Melody Gardens, Salford — an affordable housing development of 58 homes — in August 2018, with the benefit of Homes England funding. Salford-based contractor Watson Homes finished construction work on the scheme in late November 2019, two months ahead of schedule.

Melody Gardens comprises nine three- and four-bedroom two-storey houses, one two-bedroom bungalow and 48 apartments. The final 48 apartments were handed over to Places for People in December 2019, ready for new tenants from the local area, the houses and bungalow having been handed over in August. All 58 homes are being allocated by Places for People via the local authority's choice-based lettings system to residents who are in housing need.

Drovers Place in Huntingdon, Cambridgeshire, was one of the first schemes to start on site under our Homes England strategic partnership. It now comprises 30 new houses and 49 apartments. More than half of the new homes are affordable, including 23 available for affordable rent and 19 shared ownership properties. The remaining 37 are offered at market/private rent.

↑→ *Drovers Place, Huntingdon.*

Working in partnership with the local planning authority and Homes England, Chorus Homes has not only breathed new life back into Drovers Place, but developed an affordable housing-led scheme that better meets the needs of the local community.

↑ *Lavender Fields, East Sussex.*
↓ *Brooklands Square, Milton Keynes.*

The scheme was acquired by Chorus Homes when it was already half built after the previous owners had gone into receivership. The site had been dormant for more than 10 months and was originally intended to comprise homes solely available for private sale and rent. Working in partnership with the local planning authority and Homes England, Chorus Homes has not only breathed new life into the site, but also developed an affordable housing-led scheme that better meets the needs of the local community. This work included redesigning certain elements to increase the number of homes available from 77 to 79. The first homes were completed in October 2019 with the remaining 21 completed in March 2020. We are immensely proud that the scheme was shortlisted for the National Planning Awards 2020 (affordable housing category).

Another scheme to benefit from funding under our Homes England partnership is Back Lane, Congleton, Cheshire. This 1.9 acre brownfield development, previously part of an industrial site, provides 25 houses (two-, three- and four-bed semi and detached homes) and four maisonettes for sale on a shared ownership basis. The scheme was completed in June 2019 with the final sales completion taking place two months later.

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↑ *Burchester Court, Grimsby.*

Extra support where it is needed

In Grimsby, funded jointly by Homes England and Places for People, Burchester Court is a 60-unit extra care scheme to provide 54 one-bedroom and six two-bedroom affordable housing apartments for people aged 55+ who have a support need. The development is expected to be completed in September 2020. Commissioned by North East Lincolnshire County Council and North East Lincolnshire Clinical Commissioning Group, its facilities include 24-hour onsite staffing, a restaurant, residents' lounge, hair salon and laundry.

Nightingale Court in Romsey, Hampshire, is also an extra care scheme and part of a county-wide programme to meet rising demand for this type of accommodation. The development will provide 37 affordable rental apartments and 17 units for shared ownership, with completion expected in June 2021. Aside from the facilities within the communal areas, there is also a day centre which will be operated by Hampshire County Council. Funding was made available through Homes England and Places for People, as well as grants from Hampshire County Council and Test Valley Borough Council.

↑ *Nightingale Court, Romsey.*

Chorus has already completed a similar temporary housing scheme at Kings Ripton Road, Huntingdon, which has proved a success both in terms of the refurbishment and the management.

↓ *Crown Gardens in Alconbury will provide temporary accommodation for homeless households.*

Homes for the homeless

In September 2019, Chorus Homes began the conversion of Crown Gardens in Alconbury, near Huntingdon, Cambridgeshire. Previously a sheltered housing scheme, the proposal was to convert it into temporary accommodation for homeless households, for which there is very high demand locally. Chorus has already completed a similar scheme at Kings Ripton Road, Huntingdon, which has proved a success both in terms of the refurbishment and the management.

The previous scheme at Alconbury comprised 28 flats, mainly bedsits. When complete, the conversion and refurbishment will provide 22 new flats capable of housing up to 43 people in 14 one-bed flats, three two-bed flats, one three-bed flat and four bedsits. Onsite facilities will include a communal living space, shared laundry, security system, landscaped gardens, and parking.

The works are well under way and, following a short site closure due to Covid-19 restrictions, the scheme is expected to be completed in September 2020.

The provision of additional temporary accommodation is a strategic priority for Huntingdonshire District Council. Local demand is extremely high, with a waiting list of around 150 households. This project has further strengthened our close working relationship with the Council.

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OPERATING REVIEW

Property management

Places work when they are well looked after.

KEY STATISTICS

12%
growth in RMG portfolio

20,000+
homes managed by Touchstone

£200m
in rent collected for clients by Touchstone

HIGHLIGHTS

New customer engagement and maintenance reporting software introduced by Touchstone

RMG awarded British Safety Council 4-star accreditation for its health and safety management system

Touchstone awarded ISO standard 10002:2018 Customer Satisfaction in Complaints Handling

As well as managing our portfolio of affordable housing across the UK, Places for People provides residents with the peace of mind that their homes, neighbourhoods and communities are well cared for. From expertly planned maintenance through to timely repairs, the effective management of our property portfolio continues to drive our success.

Our property management expertise also leads to exceptional value for institutional landlords, professional investors, property funds, local authorities, housing associations, developers and landlords.

Delivering a seamless service

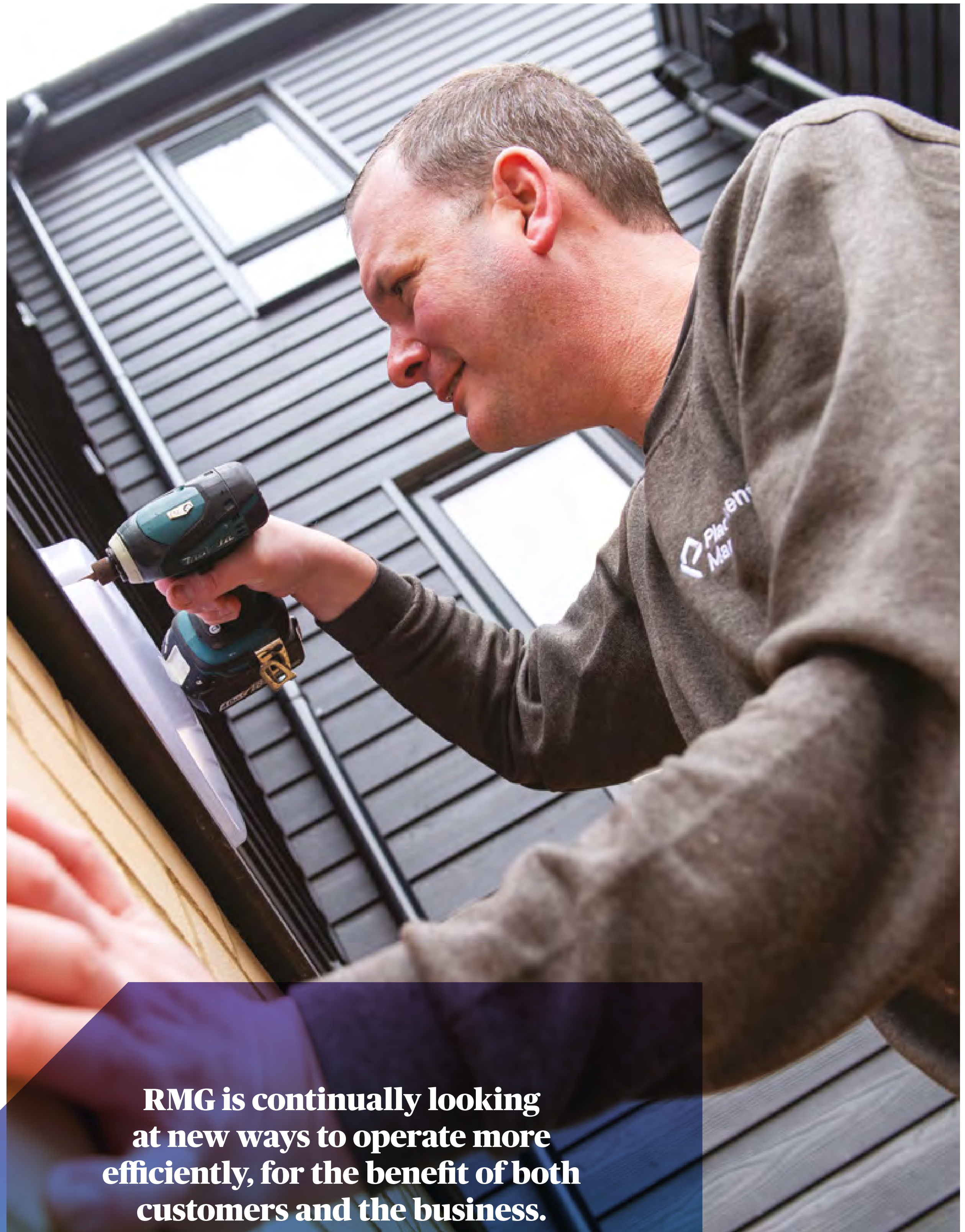
Places for People Group owns and manages more than 209,000 properties across the UK. RMG is one of the UK's leading property and estate management providers, while Touchstone is dedicated to private rental property management. These companies enable Places for People to operate across all elements of the property management sector and offer seamless service to clients with a mix of assets in their portfolios.

RMG

As one of the UK's leading residential property management service providers, Residential Management Group (RMG) plays a central role in both the public and private housing sectors.

In 2019/20, it increased the number of homes under management by 12%, to almost 106,000. Another 118 developments were added to its portfolio, comprising over 16,000 homes.

Significant new business wins included Cole Waterhouse, with a 350-unit scheme in Old Trafford, Manchester, and Admiral's Quay, Southampton, one of our largest developments.



RMG is continually looking at new ways to operate more efficiently, for the benefit of both customers and the business. In 2019/20 it supported Project Synergy, to introduce the Salesforce CRM system within the Group.

↑ *Buckshaw Village, Chorley.*

A major re-engineering of the Housing Solutions service provided for Westminster City Council resulted in a more efficient service and cost savings for the client. The rent collection rate increased to 99%, an improved Housing Register application service was introduced, and enhanced data availability enabled better management of the Homelessness Reduction Act assessment process.

These improvements helped to ensure that homelessness preventions will exceed last year's performance. To date, 513 households have been enabled to either stay in their homes or find alternative accommodation. Over 1,300 households were provided with accommodation, of which 330 were assisted into private rented accommodation, 373 households were provided with a temporary flat, and 613 households were allocated social housing.

RMG is continually looking at new ways to operate more efficiently, for the benefit of both customers and the business. In 2019/20 it introduced the Salesforce Customer Relationship Management system (CRM) within the Group. The project delivered efficiency savings of £160,000, while the further development of BOT technology — software scripts designed to automate traditionally manual tasks, such as logging into applications, entering data and performing calculations — delivered an additional £90,000 of savings.

RMG's online portal, RMG Living, was redeveloped to provide more self-service functionality for customers and reduce back office costs. In addition, the Joblogic platform was rolled out to key contractors to manage instructions, timescales and quality. Blackbell, a virtual concierge service, is also slated for launch in 2020.

In the face of a significant increase in recruitment costs, RMG appointed a dedicated recruitment manager to identify potential new recruits through active work on social media, job boards, links in the local communities and recommendation, rather than through traditional employment agencies. This achieved a 75% reduction in costs.

Recognising potential

RMG has developed, with De Montfort University, Leicester, a leadership and development course for senior and middle managers designed to improve general management skills and assist succession planning.

It published a new wellbeing calendar for 2019/20, which included support for mental health, physical health and for both local and national charities. It has also introduced a network of mental health first aiders around the country, which has been widely promoted and a great success.

Osterna health and safety

RMG's health and safety business, Osterna, had another successful year in 2019/20, providing fire risk assessment services to businesses across the Group, including Places for People Homes, Cotman Housing Association, Touchstone and Castle Rock Edinvar Housing Association, as well as a number of new external clients.

Annual revenue grew by 10% and the range of services offered to clients was widened to include intrusive Type 4 fire risk assessments, which are now required more frequently following the Grenfell tragedy. Osterna also supported RMG in its successful application for British Safety Council accreditation.

← *The Places Management team ensures properties are well maintained.*
↓ *Cadogan Square, Chelsea.*

↑ *In the last year, Touchstone collected over £200m in rent for its clients.*

↓ *Ditton Mews, Esher, Surrey.*

2019/20 was a challenging year due to Brexit-related delays in client investment. Touchstone took the opportunity to focus on developing relationships and projects that will help position it for future growth.

Touchstone

Touchstone, our specialist residential property management company, manages over 20,000 homes across the UK.

In the last year, Touchstone collected over £200m in rent for its clients, working for some of the UK's biggest landlords.

2019/20 was a challenging year due to Brexit-related delays in client investment. Touchstone took the opportunity to focus on developing relationships and projects that will help position it for future growth.

As an example, an existing client that appointed Touchstone in early 2017 with a handful of units has seen its portfolio grow to 150+ units, and Touchstone continues to support its disruptor online investment offer.

These efforts will soon pay dividends as the client is expecting to secure a significant first round of institutional investment, which could see Touchstone's units under management increase by a large number over the next 12 months.

Touchstone also successfully grew its build-to-rent consultancy during the year. It now provides consultancy for four different clients across the UK and Ireland, from pre-planning to advising on more developed schemes.

On the systems side, it has introduced new technology to make customers' lives easier and drive cost savings.

This next-stage software allows greater collection of data, improved visibility for customers on the status of their reported repair, and automated communication and updates for Touchstone, the contractor and the customer.

Customers are invited to provide feedback once their maintenance issue is resolved. To date, overall satisfaction with the service has been overwhelmingly positive. Average take-up for the first quarter was 22% and the average Touchstone rating for the quarter was 4.4/5.

On average, 150 new customers each month are signing up to Touchstone's online customer portal, allowing them to self-service when making payments, reporting maintenance needs or checking documents and FAQs.

Touchstone continues to provide day-to-day support for the retirement property management business, on behalf of the Group. This includes compliance, where the health and safety coordinator now reports directly to Touchstone's director for health and safety, and finance, where support is provided by Touchstone's financial director and financial controller.

In addition, the business was proud to be accredited under ISO standard 10002:2018 Customer Satisfaction in Complaints Handling. Touchstone is actively implementing the Group's People First strategy and led the first pilot for the communication sessions in February 2020.

→↓ *Touchstone continues its Brilliant Place to Work initiative with a flexible hours policy and focus on mental health.*

Putting People First

Touchstone continues to focus on supporting colleagues' mental health, and along with its 26 mental health first aiders, has now rolled out mental health awareness training for all managers in the business.

To recognise colleagues' outstanding performance and SPIRIT values, it has also introduced a new 'High Five rewards scheme' and rolled out long service rewards, offering experiences for colleagues, a day off after two years' service, a paid-for city break at 10 years and a holiday at 15 years.

OPERATING REVIEW

Leisure management, health and wellbeing

Places work when they are active.

KEY STATISTICS

£11.8m
reinvested in facilities

80%
of bookings made online via Leisure Hub

70%
increase in lead generation via Salesforce CRM

HIGHLIGHTS

Fifth consecutive year awarded Top Performing Organisation by Quest

Into:Active programmes have been launched across all centres

83,047 people learn to swim in Places Leisure facilities each week

We design, build and manage leisure facilities and health and wellbeing programmes. Through our commitment to engaging with and meeting the needs of local communities, we help people find the means and motivation to be fitter, healthier and more active.

Investing in wellbeing

During the year, Places Leisure reinvested £11.8m back into its centres. Highlights included the opening of Andover Leisure Centre in April 2019. The new centre features a 25-metre six-lane swimming pool and separate teaching pool with moveable floor, a Clip n' Climb arena, virtual cycling studio, gym, eight-court sports hall, exercise studios and cafe.

Loddon Valley, in Wokingham, saw a £2m investment in May 2019, giving the centre a new two-storey soft play, studio, gym extension and virtual cycling studio. Wolverhampton Swimming and Fitness Centre saw a £300,000 investment to enlarge the gym. Riverside Leisure Centre in Norwich had a £41,000 studio upgrade and The Dolphin Leisure Centre in Mid Sussex had a £36,000 group cycle refresh.

In December, construction started in Camberley on a new leisure centre for Surrey Heath Borough Council. The £22m facility will be the second scheme to include naming rights, as Places Leisure continues to build brand awareness. The new Places Leisure Camberley is due to open in 2021. The Group's leisure centres and facilities were closed through the period from April to August in line with Government guidance to control the spread of Covid-19. These facilities are now beginning to reopen in line with updated Government advice.

The use of technology has shown tangible results. The development of Leisure Hub saw an increase in online bookings to almost 80% (an increase of over 100,000 bookings per month) giving front-of-house teams more time to interact with customers and add value to the customer experience. Meanwhile, the introduction of Salesforce CRM means there is now much greater visibility and focus on member acquisition and retention activity. Lead generation has increased by 70% as a result.

To help understand the needs, expectations and preferences of customers, Places Leisure membership surveys have been expanded to cover all membership types and all lessons across both Places Leisure and Places Gym, with the ability to check in with specific groups (those who attend classes or those enjoying our new centres). With a response rate in excess of 10%, the surveys provide a valuable insight into what customers love and what they would improve.

By demonstrating a consistent ability to deliver improved facilities, enhanced participation and increased revenue, Places Leisure has gained an outstanding reputation among local authorities and the business continued to go from strength to strength in 2019/20.

←↑ *Sparkhill Pool and Fitness Centre, Birmingham.*

Encouraging access for all

Into:Active programmes have been launched across all centres, designed to make new customers feel more comfortable and confident. The ambition is to attract a new group of people into the facilities – those that would like to be active, but have not been, and are not attracted by the traditional 'gym' experience.

By attracting more people, motivating them to come back more often, and supporting them to keep coming for longer, the aim is to drive both commercial value for the business and social value for local communities.

Encouraging children to enjoy activity is a key element of the Places Leisure mission to create active places and healthy people. To this end, it introduced a new rule that all premium memberships could include up to four children under the age of 15 for free. Children aged 10 and under now enjoy free active play and bounce sessions, swimming and racquet sports. Children aged 11 to 15 enjoy free use of the gym during specific times, swimming, junior workout classes and racquet sports.

Working closely with the local council, Sparkhill Pool and Fitness Centre in Birmingham introduced a programme of women's only activities, including ladies only swimming, gym and group exercise classes, due to lower participation levels among local Muslim women. A ladies only gym and sauna were opened in June 2019, including a separate female-only zoned corridor for access to the changing rooms, sauna and gym.

In addition, in October 2019, Places Leisure joined the Valuable 500, a growing cohort of businesses committed to putting disability on the agenda. The aim is to unlock the business, social and economic value of people across the world who are living with disability. Over 1.3 billion people across the world live with some form of disability, with 80% of disabilities being acquired between the ages of 18 and 64.

Supporting good causes

Places Leisure has embraced the Change and Check campaign, which aims to raise awareness and promote early detection of breast cancer. Across the UK more than 5,000 stickers have been placed in bathrooms and changing rooms to encourage women to check for any signs of breast cancer while getting changed. Places Leisure placed 'Change and Check' stickers within all its leisure facilities.

In September 2019, Places Leisure teamed up with the East Anglian Air Ambulance and health and safety experts Right Directions to develop guidance around air ambulance landings within leisure centre grounds.

Many leisure centres are ideal locations for air ambulance helicopters to land safely. Even if an incident is not within a leisure centre, they are usually close to housing estates and town centres. The guidance was shared with all leisure operators to read and contact their local air ambulance service to explore opportunities for nominated landing sites.

The Places for People Group was an official partner of BBC Children in Need in 2019. As part of our partnership, we pledged to donate £25,000 as well as holding a range of activities across the Group to raise as much money as possible. Places Leisure supported 69 of its sites to get involved and help fundraise, raising almost £22,500 in the process.

↓ *Andover Leisure Centre, Hampshire.*

OPERATING REVIEW

Fund management

Places work when there is investment in new homes.

KEY STATISTICS

1,000
affordable homes planned for Scotland

256
properties acquired by PRS Fund

HIGHLIGHTS

Urban Transformation Partnership launched to develop large mixed-use schemes

New partnership with Cubex to focus on opportunities in the South West

PfP Capital provides investors in the property market with socially-conscious real estate fund management that delivers stable rental income and long-term capital growth. Our access to third-party investment means we are uniquely placed to accelerate housing production across the UK. Now in its fourth year of operations, PfP Capital continues to enhance its profile and reputation through a series of partnerships and investments.

High quality placemaking

Even before the pandemic emerged in early 2020, the ongoing impact of uncertainties around Brexit had created an extremely challenging capital-raising environment, with average timeframes elongated by 9 to 12 months. Fortunately, the stability and high quality placemaking of PfP Capital's residential-led real estate funds have remained consistently attractive to long-term investors seeking reliable revenue streams and underlying values.

It has adapted its plans for a build-to-rent (BTR) strategy, partly due to capital-raising challenges, but also due to significant policy activity at both regional and national level around rent controls. This change received positive feedback from both investors and developer partners. PfP Capital is confident that when it holds completed operational BTR assets, it will be able to explore moving them into a dedicated BTR fund.

↑ *Trent Basin, Nottingham.*

PfP Capital takes a holistic approach to social value and is a recognised leader in the UK fund management sector for its responsible investment approach. This encompasses the core principles of ESG – environmental, social and governance impact – and is tracked against the UN Sustainable Development Goals.

Its responsible investment philosophy aims to invest clients' capital conscientiously, to help protect the environment, develop sustainable communities and create social value, while at the same time delivering attractive returns on investment to clients.

This focus on investment and careful fund management generates value for clients and for residents, places and neighbourhoods, which ultimately helps to foster sustainable communities. It is continuously evolving its responsible investment strategy to embed this approach across all funds and activities.

Affordable homes in Scotland

The Scottish Mid-Market Rent Fund (MMR Fund) continues to make good progress both on fundraising and securing appropriate sites for development of its initial target of 1,000 affordable homes close to Scotland's key cities by 2021.

Eight sites have been acquired and development commenced on the 855 new homes that these sites can accommodate. Having secured investment from two high-profile pension funds, PfP Capital is continuing its fundraising activities with a view to growing the overall fund size from the initial target and is starting to build an increased future delivery pipeline through engagement with the development community.

↑ *Trent Basin, Nottingham.*

The initial portfolio of sites is spread evenly between Glasgow and Edinburgh. All are in good locations a short commute from the city centre and should be ideal for key workers, as well as delivering much needed regeneration of urban brownfield sites. The first homes are fully occupied and proving popular.

These homes are provided on a much-needed affordable tenure and are in addition to those provided by housing associations and those required under section 75 agreements.

The initiative has sparked interest, particularly with the various cities who are keen to support this model and encourage further expansion. PfP Capital aims to deliver high quality placemaking in line with the Group's ethos. The current pipeline will deliver high quality, energy efficient homes for people who are unable to access social housing, but for whom open market housing is unaffordable.

Forging a new partnership

The Urban Transformation Partnership (UTP) has been established to take forward large, residential-led mixed-use and mixed-tenure regeneration programmes in UK towns and cities. UTP is seeking to secure investment to progress the current secured pipeline of 1,000 homes, along with a range of new opportunities.

Building on the acquisition of assets and joint ventures from the igloo Regeneration Partnership in 2018, the UTP began construction on four new developments in Nottingham, Newcastle and Leeds, with a value of £49m.

Trent Basin is a multi-phase residential development on the River Trent in the Nottingham Waterside Regeneration Area, just outside the city centre. Phases 1 and 2 are now complete and Phase 3 is in progress. Over the next five years, subsequent phases will be developed to create an additional 200+ new homes. The development includes a new primary school funded by the Department for Education, with construction due to start in 2020.

← *The Malings, Ouseburn Valley, Newcastle upon Tyne*

PfP Capital takes a holistic approach to social value and is a recognised leader in the UK fund management sector for its responsible investment approach.

↑ *The Malings, Ouseburn Valley, Newcastle upon Tyne.*

It is also the site of Europe's largest community battery, which stores and trades energy produced from onsite renewable sources to benefit homes across the development.

At the Ouseburn Mouth development in Newcastle, the first phase, The Malings, is a multi-award winning scheme, but further progress had stalled until PfP Capital acquired the igloo Regeneration Partnership. This year, PfP Capital has been able to start on site with the second phase, Lower Steenberg's Yard, and work to secure planning for the next phases is on target for later in 2020. This scheme is a critical transformation of part of the Byker area of Newcastle, creating a new sustainable neighbourhood with an active and engaged community and delivering strong investor returns, as well as enhanced land value for the local authority.

In addition, a strategic partnership under the UTP was formed in 2019 between PfP Capital and Cubex to bring forward development opportunities initially around the Frome Gateway area of Bristol city centre, with future opportunities expected across the South West and South Wales over the longer term.

↑ *Maryhill Locks, Glasgow.*

A strategic partnership under the UTP was formed in 2019 between PfP Capital and Cubex to bring forward development opportunities initially around the Frome Gateway area of Bristol city centre, with future opportunities expected across the South West and South Wales over the longer term.

↓ *Trent Basin, Nottingham.*

PRS Fund

The PRS Fund has continued to build its portfolio, with an additional 265 properties acquired in 2019/20. These acquisitions have been a mix of houses and flats (but with a focus on houses) and a mix of tenanted portfolios and new-build stock purchased from housebuilders. Locations have covered the North West, West Midlands, South East, South West and Yorkshire and the Humber regions.

In addition to new investments, the PRS Fund has invested significantly in improving the quality of the existing portfolio. It has carried out full external refurbishment or refurbishment of common parts at five blocks, and the full internal refurbishment of a number of houses. In some instances, this work included replacing wooden windows with double-glazed units to improve thermal efficiency and replacing external block doors and door entry systems to improve security. This programme will continue in 2020/21, to provide tenants with better, safer living conditions and help to reduce emissions.

FINANCIAL REVIEW

Fixed assets of

£4.8bn

(2019: £4.5bn)

Loans of

£3.2bn

(2019: £2.9bn)

Cash and undrawn facilities of

£918.3m

(2019: £897.1m)

Reserves of

£662.0m

(2019: £562.4m)

Key highlights

- The Group's profit before taxation was £91.2m (2019: £95.5m)
- The Group has retained a strong balance sheet position at the year end with net assets of £659.9m (2019: £561.3m)
- Proportion of unsecured debt increased to 66% (2019: 59%)
- Unsecured private placements were completed during the year, including:
  - **EUR50m 15-year issuance**
  - **EUR100m 20-year issuance**

Profit and loss for the year

The Group turnover for the year was £866.7m (2019: £827.1) which generated a profit before tax of £91.2m (2019: £95.5m). The increase of 5% in turnover is due to an increase in development for sale activity together with an increase in the social housing lettings income.

The Group operating profit dropped by £12m to £216.3m (2019: £227.9m) due to a reduction in the sale of fixed assets. The operating margin for the year was 25.0% (2019: 27.6%), a reduction of 2.6% due to a higher proportion of development for sale activity in the current year.

Following the Group becoming a strategic partner with Homes England, the Group refocused its development activities to increase the number of affordable homes developed across the Group. During the year, the Group delivered 1,466 new affordable homes, an increase of 615 homes from the previous year. The Group also started a further 1,329 affordable homes during the year.

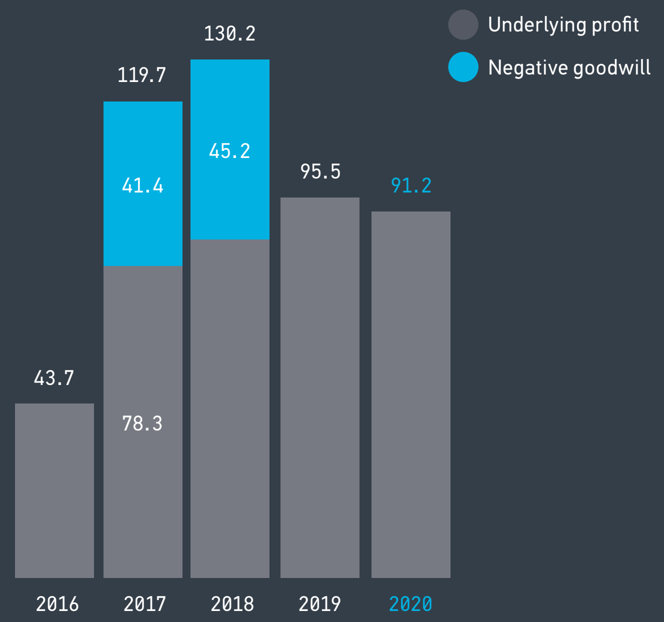
Financial position

The Group's fixed assets grew by £299m as the Group continued its focus on growing its social housing asset base after becoming one of the strategic partners of Homes England, with additions in the year of £200m.

The Group's land and development stock reduced by 2.5% in the year as we continued to focus on development of assets for rent rather than for sale.

The net asset position increased by £98.6m during the year to £659.9m (2019: £561.3m) with the Group's pension schemes moving from a liability of £22.1m in 2019 to a surplus at the current year end of £12.8m.

Profit before tax



Treasury management

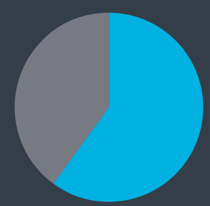
The table below shows the key treasury performance indicators for the year together with the comparative information for the previous four years.

	2020	2019	2018	2017	2016
Total loans (£bn)	3.2	2.9	2.9	2.3	1.8
Interest cover after depreciation	1.8	1.9	2.0	1.8	1.5
Gearing	56.8%	56.7%	57.1%	55.2%	55.1%
Forward cash commitment (months)	30	28	18	18	15

The Group had committed borrowings of £3.9bn of which £2.9bn were drawn, an increase in committed borrowings of £0.3bn from 2019.

The Group's strategy is to borrow on an unsecured basis with a medium-term objective of rebalancing the portfolio to 60% unsecured. New EUR150m unsecured bond issuances combined with the early repayment of some secured debt increased the proportion of unsecured debt to 66%. This is 7% ahead of the position in 2019 and achieves the stated objective.

Debt portfolio



Key	%
Unsecured	66
Secured	34

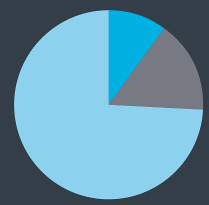
Group gearing remained below the 60% target at 56.8%, broadly unchanged on last year. The Group's policy is to maintain cash and undrawn committed loan facilities that are immediately accessible to finance 12 months' cash flow. At the year end, the Group had total liquidity of £918.3m, comprising £750.5m of undrawn facilities and £167.8m of cash and short-term investments which was more than sufficient to meet the Group's policy. The amount of cash held at the year end was greater than usual in response to the Covid-19 crisis.

Available liquidity

Key	£m
Cash and short-term investments	167.8
Undrawn facilities	750.5

The borrowing strategy is to contain interest rate risk to below 30% of outstanding debt, with the board exercising strict control over derivative transactions and their associated risks. This interest rate target has been met with 74% of debt at fixed rates of interest at the end of the year, with 16% of debt at floating rates and 10% index linked.

Fixed/float mix



Key	%
Index linked	10
Floating	16
Fixed	74

In 2016, the Group set up a treasury vehicle, Places for People Finance plc, which acts as the funding vehicle for the Group's non-regulated businesses. In December 2016, Places for People Finance plc issued a £65m retail bond, with no recourse to the Group's regulated activities or social housing assets.

This complements the arrangements already in place for the regulated businesses where Places for People Treasury plc raises funds for the Group's affordable housing operations. The structure allows for a more efficient use of the Group's balance sheet and drives cheaper and more efficient borrowing costs while protecting the Group's social housing assets. The Group's investment activity is governed by strict counterparty credit criteria and investment limits which are monitored and reported on a regular basis. The Group continues to be compliant with covenants for funding arrangements. Further information on the Group's financial instruments, including a maturity profile, can be found in note 24 to the financial statements.

Pension funds

The board has reviewed its obligations arising from employee pension funds and is satisfied that its liabilities are properly identified, planned and accounted for. The Places for People Retirement Benefit Scheme (the Scheme) was closed on 1 September 2004 to new employees and was closed to future benefit accrual in October 2010. All new employees joining the Group still have the option of joining a pension scheme to which the Group contributes.

Value for money

Value for money is embedded throughout the organisation and remains intrinsic to what we do. We know that being efficient and effective is crucial to our success in delivering services that are needed and valued by our customers. Our board is committed to ensuring that we make the best use of resources and maximise the efficiency and quality of our services. Innovation has always been important in our approach. Assessing the best delivery models, and evaluating alternatives, is a key element of our business planning process which ensures that achieving value for money remains central to how we operate. In the uncertain environment of the Covid-19 pandemic, the Group is focused on ensuring resources are employed effectively to continue to provide essential services to our customers. Providing value for money will be more important than ever.

Our Group-wide Strategic Risk Management and Value for Money Group drives our approach. Chaired by the Group Chief Executive and attended by key senior staff, it embeds Value for Money as a key priority at the highest level. Value for Money is a standing item at every Regulated board meeting so that scrutiny of our performance against metrics is consistent and rigorous. The business planning process requires all areas of the organisation to identify and target efficiencies and there is rigorous review and challenge of plans. In July, the Group reviewed its latest plans to ensure that resources are best employed in the context of the exceptional effects and requirements of the Covid-19 pandemic.

We continuously review the Group's asset base, appraising return on assets in a tailored way that is appropriate for each Group business to ensure that we are making the most effective investments in the right properties at the right time. As part of this approach, we monitor and seek to improve our return on core housing operations. We also focus on how our other assets can consistently deliver value for money through strong financial and social returns. We conduct an annual assessment of the Group's neighbourhoods which calculates the surplus per property for each neighbourhood and reviews a range of customer-centric metrics. This is then assessed against the contribution that each individual property needs to make to cover management costs, interest costs and a contribution to major works as well as indicators of customer satisfaction. This enables us to clearly identify which neighbourhoods are meeting minimum financial requirements and delivering value for our customers. The Group is planning to enhance its asset appraisal processes during the next financial year. It will add more predictive and forward-looking processes to identify underperforming assets at an earlier stage. This will enable mitigating actions to be instigated sooner to optimise asset returns.

In last year's Annual Report, we set out five areas where we believed there was potential to improve efficiencies and which would therefore be given particular focus. These were customer experience, procurement, operating margins in our affordable and supported housing businesses, technology and marketing. Set out opposite are the main outcomes achieved in the year for each area.

2019/20 areas of focus for efficiencies	2019/20 outcomes
Customer experience	In last year's Annual Report, this focus included a specific target metric of achieving customer satisfaction of 85% or more. For the year ended 31 March 2020 we exceeded this target achieving a customer satisfaction measure across our affordable housing businesses of 87.7%. Improving customer experience remained a key focus across the Group during the year and we completed our Group-wide Customer Experience Journey Mapping project in 2019 to develop a consistent understanding and approach throughout the Group. This project is part of our wider Customer Involvement Strategy and also includes how we will deliver customer service training and measure success. During 2019/20, we adopted the Net Promoter Score (NPS) methodology to measure customers' propensity to recommend us or our services to others. NPS is now monitored across affordable housing and is a vital tool to help improve customer satisfaction. At the end of Quarter 4 our NPS score put us in the 'Great' category using the NPS standard measurement key. Our Customer Service Centre (CSC) played an important role in improving customer satisfaction. During 2019/20 the CSC transformed its service delivery by restructuring key staffing positions, leading to an improvement in customer response times and customer service. These improvements helped bolster the CSC's ability to support customers during this year's severe weather incidents such as storms Ciara and Dennis, enabling effective communication with appropriate departments and emergency services as well as essential updates for affected customers. As lockdown restrictions began in March 2020, our CSC mobilised to work virtually, continuing to offer a 24/7 service to customers through remote working. We also created a Customer Taskforce where colleagues have connected with over 58,000 households to check in and ensure they had food and essentials as well as signposting to local authority hubs and support.

2019/20 areas of focus for efficiencies	2019/20 outcomes
Affordable housing	Last year's value for money report identified affordable housing as a key focus, specifically in terms of improving operating margin. For the year ended 31 March 2020, operating margin improved to 49.7% from 47.3% in the previous year. In September 2019, a new Group Executive Director was appointed to lead our affordable housing business and deliver a new strategy focused on six key areas: customers; the regulatory framework; asset management; growth; people and structure; and efficiency and innovation. This strategy is supported by a new People First operating model, which puts customers, colleagues and clients at the heart of everything we do. Working together, our six affordable housing providers will drive a number of efficiencies as part of a two-year transformational programme. The People First target operating model has brought all six social landlords together to work collectively to create a customer-centric approach and an affordable housing business which is fit for the future. To date, the project has generated a saving of £500,000 and is on course to save £5m over the course of the transformation.
Living Plus	Our specialist supported housing provider, Living Plus, was targeted to achieve an operating margin of 23.7% during the year ended 31 March 2020, in the context of a changing business model. This was achieved as the Living Plus operating margin for the year was 24.5%, before additional gains from investment property revaluation are considered. This performance was made possible by undertaking a range of initiatives across the service and a forensic review of the funding and security and staff costs across various schemes to deliver efficiency savings. In addition, there have been savings made in furniture and equipment spending, alongside strong cost control on items such as IT, printing and postage.

2019/20 areas of focus for efficiencies	2019/20 outcomes
Procurement	The Group aimed to achieve cost reductions of £3m through overall procurement savings and exceeded that ambition. During the year ended 31 March 2020, the Group's Strategic Procurement team generated immediate underlying savings of £2.6m against a target of £2.4m across a range of goods and services. These savings have been supplemented by a number of improvements to large strategic contracts, such as the re-tender of the Group's major works and telecommunications contracts, bringing the realised savings to £5.4m for the year. The savings on these large strategic contracts will benefit the Group over a six year period. The spend analysis project has continued to deliver value, including work with Chorus Homes to switch boiler manufacturers and save over £65,000 by joining the Group's supply chain deal. At the same time, the Group has continued efforts to build deeper relationships with suppliers and to create flexibility in procurement to assist small and medium size enterprises (SMEs). The Group has a programme of audit meetings with established suppliers which allows for two-way feedback on the basis that better understanding in a business relationship can improve value. The Group has increased its use of the dynamic purchasing system (DPS) mechanism for long term supply contracts, which allows flexibility in the panel of approved suppliers over a long-term contract period. This can benefit SMEs whose capacity may develop over the lifetime of a long term contract. The Group continues to report on its payment practices performance and sets itself targets that exceed those prescribed by Government.

2019/20 areas of focus for efficiencies	2019/20 outcomes
Technology	In the previous year's report the Group anticipated making further technology and marketing efficiency gains. This year the Group continued the work on a dedicated project to deliver a new software solution across all the affordable housing businesses in the Group. This is not just an IT investment, it's a business transformation programme that covers a complete redesign of the affordable housing operating processes, a change in culture and behaviours and a new single technology solution. It will underpin the new target operating model which is being developed. As part of this work we have also identified opportunities to reduce the costs of certain key products and services, such as integration tools, which has resulted in a saving of £69,000 and will help facilitate the delivery of new technology infrastructure. A customer relationship management system has been implemented within the Group. This has delivered efficiency savings of £165,000, while development of BOT technology delivered an additional £80,000 of savings. The Group has undertaken work to consolidate the IT network infrastructure and further utilise the cloud. This has delivered savings in hardware, licences and support of £140,000. To identify further efficiencies in its operations, the Group is trialling new technology solutions, which are currently in a pilot phase. For example, we are piloting a new smart energy management device which helps customers to manage their heating more efficiently and will help our Property Maintenance team to have better visibility of the condition of the property and manage appointment scheduling. The pilot will continue through the heating season of 2020/21 to capture the full benefit before a final assessment is undertaken. A range of renewable technologies is also being installed in properties to reduce energy bills for customers, reduce carbon emissions and future-proof our assets.

2019/20 areas of focus for efficiencies	2019/20 outcomes
Marketing	Over the course of the year, the Group focused on increasing the reach and impact of our core communication and engagement channels as part of our People First strategy. This resulted in a 33% increase in hits to the Group website. Similarly, we saw a 10% increase in the number of stakeholders engaging with the Group via our social media channels. Internally, we recorded a 14% increase in satisfaction with marketing services and a 13% increase in visits to our intranet: Our Place.
Other efficiencies	In addition to the five areas identified in last year's report, the Group has made additional improvements during the year. These include re-examining the recruitment process and identifying scope for efficiency savings. Our internal recruitment department now carries out recruitment across the Group, reducing reliance on external companies. In 2019/20, 95% of all roles were filled directly by the team, avoiding the costs of agencies, approximated to be circa £3m of savings. By opening up vacancies across the entire Group we have increased the visibility of opportunities and seen the internal hiring increase to 23% (up from 18% in 2018/19).

Targets for 2020/21

Our business planning process delivers transparent targets on value for money. All business areas have been tasked to identify efficiency and value for money targets — including a target to sustain or improve the business operating margin. Performance against these targets will continue be monitored by the Group Board and Group Management Team. The Group is revisiting its business plan in the context of the Covid-19 pandemic and as such, its priorities could be amended, although achieving value for money will be critical in providing a continued strong response to a changed operating environment.

However, the main value for money focus for 2020/21 is anticipated to include:

- Customer experience, including improving the Group customer satisfaction target of 87%.
- Procurement to target further savings of £1.2m.
- Affordable and supported housing, with a target to achieve a combined operating margin of 48.7%.
- Improve the efficiency of the housing repairs process by increasing the number of customers using the self-schedule facility by 10%.
- Improve technology take up with a 10% increase in the number of customers signed up to digital services.

These areas are expected to improve the Group's result by over £2m.

Value for money metrics

Registered providers are required to report their performance against specific metrics annually. Our performance against these metrics is highlighted in the table opposite.

The gearing metric shown in the table is not considered to fully represent the true gearing of the Group. While the metric includes the Group's social housing assets, it does not include the Group's investment properties or investments into joint ventures. The Group's investment properties provide a diversified income stream from property rental which is outside of the Government's rent regime and generate a surplus that is used to maintain the current affordable housing and contribute to the Group's new affordable housing development programme. When these additional assets are taken into account, the Group's gearing at the year end is 56.8%.

Benchmarking

The Group participates in the Sector Scorecard affordable housing benchmarking group. HouseMark oversees the collection and collation of data for this benchmarking group, which includes over 300 registered providers. It measures efficiency within the sector and reviews and compares performance.

This has provided benchmarking data so the Group can be compared to the wider affordable housing sector. The results from this benchmarking exercise are set out in the table opposite, where available. They compare the Group's metrics as at 31 March 2020 and 31 March 2019 to the latest available Sector Scorecard benchmarking data as at 31 March 2019.

As the table shows, the Group continues to perform well against these benchmarks. Our business planning process will continue to drive and strengthen value for money performance in the coming year, which will be important to meet customer needs in the context of the Covid-19 pandemic.

Indicator	2020	Benchmark group median	2019
Reinvestment	7.9%	5.8%	5.0%
New supply delivered (social housing units)	2.1%	1.5%	1.2%
New supply delivered (non-social housing units)	1.5%	0.0%	1.3%
Gearing %**	77.5%	43.4%	77.5%
EBITDA MRI	119.7%	184.0%	134.3%
Headline social housing cost per unit	£2,983	£3,690	£3,021
Operating margin — social housing letting	49.7%	29.2%	47.3%
Operating margin overall	21.9%	25.8%	24.3%
ROCE	3.7%	3.8%	5.0%
Customers satisfied with service provided by their social housing provider*	87.7%	87.5%	88.7%
£ invested for every £ generated from operations in communities*	£0.01	£0.01	£0.01
Occupancy*	99.7%	99.4%	99.6%
Rent collected*	100.8%	99.9%	101.3%

*Affordable housing only
** See page 68

Social impact

Our Group vision is to create places that work for everyone. Delivering social impact is at the centre of all we do.

We use commercial approaches to deliver social outcomes. The profit we make is reinvested to make a difference to people, places and planet. Over the last year, we have made a significant impact on some of the most challenging issues in society and helped people to overcome barriers to reach their potential.

↑ *Through HomeChoice, we subsidise the wages and running costs of Plungington Community Cafe in Preston.*

The Group supports The Places Foundation. This is a registered charity set up to improve the lives of people and communities that have experienced disadvantage and are furthest from the labour market. The Places Foundation runs an annual grants programme, makes repayable social investments and also manages a third-party funded project to improve employability.

How we create social impact.

We create social impact across the Group in three main ways.

1

Creating social impact in the delivery of our work by providing employment or training and including it as a requirement in our supply chain.

2

Generating social impact from the output of our services, such as providing specialist support, running leisure facilities and building more affordable homes.

3

Taking additional steps to deliver social impact through grants, social investment and volunteering to support charities.

Places Impact

Places Impact is our Group-wide function that is responsible for delivering social impact. It has three key roles:

1. Maximise the social value of our existing activities.
2. Multiply our social value by creating new opportunities to deliver impact.
3. Measure and communicate our social impact.

All activities delivered by Places Impact align with our IMPACT principles:

Innovative: New ideas to deliver social change are tested.

Measurable: Effective processes are in place to measure social impact and learn.

Purposeful: All activities are directed at addressing a clear social issue in a timely way that aligns with Group priorities.

Accessible: Services will be accessible and inclusive, and respond to customer needs.

Collaborative: We will work in partnership across the Group and externally.

Transferable: Approaches that we test will have the potential to be replicated across the Group in other neighbourhoods.

↑ Digital inclusion support sessions provided by Group company, Castle Rock Edinvar Housing Association.
→ Inspire Youth Zone, Chorley, gives young local people a chance to play, perform and discover their talents.

↑ Learning to swim at Sparkhill Leisure Centre, Birmingham.
↑ Living Plus offers a wide range of support services for people with complex needs.
→ Young people working across a variety of roles are the 'lifeblood' of the Group.

£87.9m in social value generated by our affordable housing businesses. **£198.2m** in social value from our 127 leisure centres. **10,000** people helped who were homeless or at risk of being homeless. **2,762** people supported into education, employment or training. Over **650** apprentices employed across the Group. **80,263** children learning to swim each week (and a further **2,784** adults). **1,224** people attended digital inclusion support sessions. **4,621** events for customers. **13,500** opportunities provided for young people. **£557,000** charitable funding from our Community Investment Fund (formerly HomeChoice). **2,607** people supported with money advice.

↓ Places Leisure provides leisure, health and wellbeing services for our customers and communities.
→ Living Plus, Stonebridge Park homeless scheme, Bristol.

SOCIAL IMPACT

People

Supporting people to reach their potential.

Reducing homelessness

According to the charity Shelter, there are over 300,000 homeless people living on the streets of the UK, in temporary accommodation or 'sofa surfing' with family and friends. Across the Group, we have supported 10,000 people who were homeless or at risk of being homeless over the past year by providing accommodation and specialist support.

Living Plus offers accommodation and specialist support for homeless people, including refugees, families and people with complex needs. For example, The Ferry Project in Cambridgeshire provides accommodation, a night shelter and a hub for people who are homeless. In the last year, 210 people used the night shelter and 100 people lived in the hostel, and 208 people have visited the new hub to date.

In Westminster, RMG runs the Housing Options service in partnership with Shelter and The Passage charities to support people at risk of homelessness. The contract is focused on prevention and early intervention. More than 8,600 people have received advice and support over the last year and 665 people have been successfully moved into permanent accommodation.

"I am pleased that Places for People, one of the UK's leading housing support providers, has brought together the expertise of leading charities to meet this challenge."

Cabinet Member for Housing, Westminster City Council.

For World Homelessness Day, colleagues from across the Group took part in Homelessness Hackathons in Wisbech, Sheffield and South Tyneside. The events were designed to identify new solutions to specific local challenges. Customers were involved in the events and helped to shape the nature of discussions and proposals for solutions.

Employment and training opportunities

Employment has been at record levels, but advances in technology, increased automation and shifting social expectations mean the nature of work is changing.

There is a need to inspire the workforce of tomorrow and equip them with relevant skills, while also helping people back into meaningful work who have faced challenges in their lives. Over the last year, we have worked with partners to support 2,762 people into employment, training or volunteering opportunities.

CASE STUDY

VIRTUAL PLACES PROJECT

Derwent Living has set up the Virtual Places project with funding from The Places Foundation to help combat isolation for older people. The project uses technology to help residents at Derwent Living centres across the East Midlands to access places they can no longer physically visit, and helps them make new friends in their community. More than 200 people are engaged in activities every month, helping to improve mental wellbeing and tackle social isolation.

The Places Foundation is delivering the Building Better Opportunities project in Lancashire, funded by the European Social Fund and the National Lottery Community Fund. Over 400 positive outcomes have been achieved for economically inactive or unemployed people, including employment, training and volunteering opportunities. The success of the project has also helped to secure an additional £120,000 to extend it until 2021.

As part of its Housing Options service, RMG is running weekly employment training and education sessions at The Passage in Westminster, which have so far supported 200 people. It also runs a mentoring programme which has helped over 100 people to maintain their employment.

The new major works contractors for our affordable housing businesses have committed to delivering social value activities including employment skills and training outcomes. So far, eight people who were previously unemployed have secured jobs, five people have started apprenticeships and 17 people have received mentoring and skills support.

Improving physical activity

The latest data from the national Active Lives survey shows that 25% of the population are inactive, with participation rates differing between socio-economic groups. In response, the Places for People Group is funding community-based sport projects, while our leisure facilities across the UK have over 30 million visitors each year.

Places Leisure has created £198m in social value over the last year through improvements in physical and mental wellbeing, educational attainment and crime reduction.

Places Leisure has also developed a Places Locker app, which aims to increase leisure centre usage. The effectiveness of the app is evident in the usage data: members with the Places Locker app visit a facility 50% more often at 7.5 times per month on average, compared to 4.2 times a month for members who do not have the app. Places Leisure is also delivering its healthy communities strategy across 38 local authorities. Activities are tailored to meet local needs and developed in consultation with local authorities and clinical commissioning groups.

Supporting older people

There are currently 12 million people aged 65 or over in the UK. This will rise to one in five people by 2030. In the longer term, a quarter of all babies born today will live until they are 100 years old. Against this background, we are delivering a wide range of activities across the Group for older people that reduce isolation, improve physical health and support digital inclusion.

For example, Derwent Living is currently delivering virtual reality experiences for older customers which aim to support mental health and reduce social isolation. The Virtual Places project, funded by The Places Foundation, has held 23 sessions at retirement sites with 161 residents. The project is popular with customers and has been shortlisted for a national Tpas tenant engagement award.

> "It takes you away to wherever you want to go to. We all then sit and talk and learn about each other's lives — it's just great."
>
> *Virtual Places customer.*

Places Leisure Sheffield is working with Living Plus to provide a 'gentle fit' weekly activity programme for residents at Guildford Grange over-55s scheme. The four-week programme offers gentle activities such as seated sports and relaxed mindfulness for people living with health conditions, to improve physical and mental wellbeing.

Living Plus staff are also providing digital support to customers to help them with shopping, accessing benefits and connecting with friends. Amazon's Alexa virtual assistant has now been rolled out to Living Plus later life customers and is proving to be a success.

Engaging young people

Youth services across the country have been reduced due to public sector spending cuts, yet there is increasing recognition that delivering positive activities to engage young people can reduce antisocial behaviour and other social issues.

The Group has provided over 13,500 opportunities for young people to fulfil their potential by supporting positive activities in communities.

For example, the Blackburn Rovers Premier Kicks project, supported by our Community Investment Fund, has engaged 900 young people over 80 sessions to date. The project gives young people the opportunity to take part in physical activity and learn new skills through volunteering and training.

> "The coaches explained that Kicks is not about rewarding the best players, but those who show a great attitude and join in as part of a team. This made me realise I had to stop being disruptive."
>
> *Young person attending Blackburn Premier Kicks.*

As part of the Major Works Social Value initiative, property management colleagues recently renovated the Collyhurst and Moston Amateur Boxing Club in Manchester to develop changing facilities specifically for women and girls.

The club has previously received community investment funding and provides a space for people to train, learn new skills, make friends and develop positive behaviours.

Similarly, Living Plus secured a £20,000 community grant from the European Social Fund to support activities that enable young people to improve their chances of securing sustainable training and employment.

Supporting digital inclusion

Digital exclusion can cause social isolation and prevent people from accessing essential information and services. In the UK, 4.3 million people do not have any digital skills and a further 6.4 million people have limited digital skills. The Group is responding to this challenge by providing services and support to help customers get online and develop their digital skills.

Across the Group, colleagues organised activities for customers as part of Get Online Week in October 2019. This included Living Plus working with customers at Mill Bank in Preston to help people sign up for online services, and Places for People Homes developing a Go Digital staff toolkit to help customers get online and build their confidence.

Digital inclusion activities have supported 1,224 customers this year. Places for People Homes, Chorus Homes, Living Plus and Cotman Housing Association are working with digital training provider We Are Digital to deliver a programme of 30 four-day courses for customers requiring intensive support with digital and financial confidence and capability. The national project has been funded by The Places Foundation and is being delivered in schemes and local community venues in priority pilot locations across the country.

Healthy eating

A record 1.6 million food bank parcels were given out in the UK between April 2019 and March 2020, a 19% increase on the previous year.

The Group is delivering activities to promote healthy eating and affordable options for customers on low incomes.

For example, Living Plus has recently delivered the Fruitful Communities project at Salford Foyer, with £3,000 of funding from the local health action team. Over 41% of customers engaged with this six-week programme, which focused on the benefits of growing and eating healthy foods and promoting community engagement. Living Plus is also delivering the Grow to Eat project to help customers grow their own produce across eight services in the North East, with funding from The Places Foundation.

Places Leisure is providing healthy eating options in its cafes in line with the latest NHS healthy eating guidelines. All drinks and confectionery stocked at Places Leisure sites are now lower in sugar than the minimum standards in the guidelines.

Financial inclusion

We have provided financial inclusion support to 2,607 customers. This support led to over £2 million of additional income for our customers generated through income maximisation — for example, welfare benefits and backdated payments secured as well as grant and charitable payments.

> "The real help and care came from my Places for People Money Advisor. As soon as I was put in touch with them, I felt they genuinely cared about understanding the circumstances and also my mental health."
>
> *Affordable housing customer.*

Chorus Homes has recently secured funding from UK Power Network to deliver energy advice to 150 homes in Huntingdon and Eynesbury in Cambridgeshire. Residents will benefit from free energy advice, as well as help on swapping providers and support on accessing warm homes discounts.

SOCIAL IMPACT

Place

Creating places that work for everyone.

Supporting active communities

The Places Foundation funded the Feeling Good project in Norwich, a partnership between Leeway and Cotman Housing Association that delivers physical activity to women and girls aged 16 and over who are domestic abuse survivors.

The project helps women to build their confidence, resilience and wellbeing through social interaction and connecting to their community. It aims to support more than 330 women and girls over three years.

Places Leisure provided free fitness taster sessions and fitness challenges as part of National Fitness Day. Activities included baby massage, a superheroes toddler dance party, introduction to spinning, yoga meditation, low-intensity workouts and free health MOTs.

Places Leisure has also recently launched three new membership options for people who are new to physical activity or require additional behavioural support to get active.

In Padiham, The Places Foundation has funded the Whitegate Close Young Sports Group to provide weekly activities to 40 children and young people. The aim is to inspire young people to get active in their community, while also helping them to develop interpersonal skills.

Community investment

Our affordable housing community investment fund is supporting 24 projects that are delivering employment and training support, tenancy sustainability activities and youth diversionary activities. In Hull, for example, a partnership has been developed with the city council and the Arts Council to provide community arts activities involving customers in the Springbank area. To date, over 250 people have engaged in the project.

The Places Foundation has invested in 17 projects which are all now delivering services to address social issues such as digital exclusion, social isolation, wellbeing, employment and training. For example, Cotman Housing Association is delivering the Skills Swap project in Harwich and Clacton, which aims to encourage community cohesion and help people who are economically inactive to learn new skills, develop their confidence and make new friends.

The Places Foundation also manages the Touchstone Fund, which has funded nine projects to help people who are homeless or at risk of being homeless. The projects are providing furniture grants, delivering alternative therapy, providing a night shelter and offering tenancy support. For example, the Furnish a Home project in Cambridgeshire, delivered by Hope Social Enterprises, helps formerly homeless customers with essential household items for their new homes.

CASE STUDY

CHORLEY YOUTH ZONE

Places for People is a founding partner in the Chorley Youth Zone and has provided £75,000 in funding. Over 5,000 young people, equivalent to one in four young people in Chorley, registered at the centre in its first year of operation and it has now received over 30,000 visits. Over 20 different activities are delivered at the centre, including sport, advice and guidance for young people from the local community, including customers from nearby Clayton Brook and Astley Village.

Developing community spaces

Community buildings where people can meet, socialise and take part in activities are an essential aspect of thriving places. Our 'major works makeover' programme brings together Group companies and supply chain partners to deliver an annual makeover to a local community facility nominated by our front-line staff.

In 2019, the major works makeover renovated the Service 6 centre in Northamptonshire. Over £20,000 of improvements were completed, including installing a new kitchen and toilets and redecorating the centre. Service 6 provides professional therapeutic support and diversionary activities for thousands of hard-to-reach disadvantaged children, young people, adults and families across the region.

"This will completely revolutionise what our volunteers are able to offer in Wellingborough and in the process, change the lives of hundreds of people."

CEO, Service 6.

Our affordable housing community investment fund has also supported the Willingdon Trees Community Centre in Eastbourne with a £10,200 grant, which leveraged £13,800 match funding. The centre has been transformed into a vibrant community hub, with over 1,000 beneficiaries attending the centre over 12 months. Activities include a youth club, an over-55s group, fitness classes and a baby and toddler group.

Supporting customers

We delivered over 4,621 events and activities for customers and communities across the Group in 2019/20. At least 6,000 unique participants attended an average of eight events, resulting in a total of 49,000 attendances across all events.

The annual Good Neighbour Awards took place in October. The event recognises and celebrates our affordable housing customers who make a positive difference in their communities across England and Scotland.

Engaging schools

Brio engaged 200 primary school children near its development at Landale Court, Aberdeenshire, to showcase their artwork on hoardings at the site. Each child painted a picture of a memory with a grandparent or carer. The paintings were judged by Brio staff, with a winner selected from each school year.

At our joint venture at East Wick and Sweetwater in East London, we continue to engage schools by arranging sites visits, providing health and safety awareness training and offering work experience placements to local students.

Partnership working

The successful partnership between Places for People Homes and Shape Lancashire has been extended and now covers eleven over-55s schemes across the North West. One hundred and thirty customers regularly attend the activities, which aim to address isolation, improve fitness, promote learning and develop skills.

"You are like a ray of sunshine and your activities are much needed.... your passion for people shines through."

Shape Lancashire customer.

Cotman's All About You project, which is funded by Sport England, successfully completed its first year. The project initially aimed to support carers of people with dementia to become active by participating or re-engaging in sporting or physical activities. It has since been extended to cover other long-term conditions. Cotman Housing Association is working with Age UK Norwich to share good practice among sports and leisure providers about delivering dementia-friendly services.

"I have tried so many classes that have helped my confidence and pushed me to try new things. My diet is better, too, and I am even sleeping better."

All About You participant.

Chorus Homes has become a partner in a new professional hub in Huntingdonshire, which will provide a drop-in centre for frontline staff to gain support and advice from the police, education and health services. Chorus will be providing housing advice and sharing best practice with key stakeholders.

Investing in social enterprise

The Places Foundation has invested £325,000 in a co-investment facility with Big Issue Invest to provide financial support to 20 charities and social enterprises. Nine deals have completed so far through Big Issue Invest. Recipients include the Hey Girls project, which provides free sanitary products to 20 Group services, including domestic violence refuges and homeless services. Other deals include FC United of Manchester and Leicester Riders, who both run community sport activities that aim to divert people from crime.

The Power Up programme, delivered by Big Issue Invest in Scotland, also received investment from The Places Foundation. It has invested in 13 social businesses that aim to address social issues including homelessness, unemployment and social care. Other partners in the programme include the Scottish Government, Experian, Aberdeen Standard Investments and the University of Edinburgh.

Our joint venture at East Wick and Sweetwater at the London 2012 Olympic Park has established a growth fund to invest £500,000 in start-up businesses and social enterprises over 10 years across the four Olympic boroughs of Tower Hamlets, Hackney, Newham and Waltham Forest.

Fundraising for charities

Staff from across the Group actively fundraise for charities across a wide range of social issues. For example, Places Leisure raised over £153,000 for good causes during 2019/20, including support for Children in Need, MacMillan, the British Heart Foundation and the Poppy Appeal.

Our Procurement Hub became an official partner of BBC Children in Need and pledged to donate £25,000, with Group-wide fundraising activity to match this amount. Children in Need supports over 3,000 charities in local communities across the UK.

RMG also continues to sponsor local charities in Westminster, where it delivers the Housing Options service. It recently provided £4,000 in sponsorship to the Work Support programme and funded the Floating Classroom charity, which runs teaching sessions on a barge on Regents Canal.

Volunteering

Staff delivered 1,176 hours of volunteering during the year. For example, in November 2019, 10 volunteers from Touchstone travelled to Cambodia to build a house as part of their three-year partnership with the charity Habitat for Humanity.

Colleagues from Procurement Hub and Places Management recently supported the BBC's DIY SOS Big Build. Materials and labour were provided to transform a run-down church hall into accommodation and a support centre for vulnerable young people aged 16 to 24.

Our joint venture with Balfour Beatty at East Wick and Sweetwater has supported the Silver Surfers Club in Hackney Wick on a biweekly basis. Staff from the joint venture partnership and the Group have volunteered at the club, which helps older people develop their digital skills, including downloading apps and accessing key information.

SOCIAL IMPACT

Planet

Reducing our impact on the environment.

Climate change and the environment

Climate change is one of the biggest risks of our time. We have one generation to reverse the destructive effects that have already begun to impact the world we live in.

Everyone has a role to play in ensuring we do everything we can to limit further destruction of our natural and built environment. The threats are broad and vast, and affect everything that is critical to sustaining a good quality of life, from extreme heat to extreme cold, drought, flooding, food production and communicable disease. What's more, those at greatest risk are often the most vulnerable people in society.

The Places for People Group takes its responsibility towards the environment very seriously. As such, we have created a new and challenging environmental sustainability strategy. Our vision is a zero-carbon future. Our mission is to take responsibility for our environmental impacts by ceasing to add further carbon into the atmosphere and by continually working towards eliminating carbon emissions from our activities.

By taking action now, we can halt our own environmental impacts, avoid the risk of costly remediation, future-proof our assets and contribute to a culture change in the industry.

We want our customers to know that this is as important to us as it is for them. From the electrification of our fleet to net zero homes — we will work towards a more sustainable future.

Our environmental sustainability strategy has a range of key themes which include:

- **Net zero carbon**
- **Biodiversity**
- **Sustainable transport**
- **Climate resilience**
- **Zero waste to landfill**

These are firmly aligned with the UN's Sustainable Development Goals, emphasising our commitment to our customers and the communities where we work.

CASE STUDY

HOME ENERGY ADVICE

Chorus Homes referred 20 people to the Peterborough Environment City Trust for a free home energy advice consultation.

The project helps customers swap to the best energy provider, offers information on 'warm home' grants and provides advice on making homes energy efficient.

Improving energy efficiency

In 2019/2020, we invested over £13m to improve the energy efficiency of our affordable housing stock, helping to future-proof our properties and making a real difference to the lives of our customers.

We introduced a variety of measures to improve our customers' homes, improving energy efficiency and reducing costs for our customers. These included:

- 1,750 new gas boilers were installed.
- 315 properties had their electric heating systems updated.
- 236 properties had new energy-efficient windows and doors installed.

Our 2019/2020 energy efficiency programme saw us invest over £2.3m in our properties, resulting in a yearly CO_2 saving of 239,074kg — an improvement of 33,756kg on the previous year. This resulted in an average increased SAP rating of 13 points, and an average customer saving on their annual energy bills of £304 — an increased saving of £214 on 2018/2019.

Affordable energy

Places for People and Cotman Housing Association were awarded European SHIFFT Funding which supports the move towards a low-carbon economy by accelerating the market adoption of sustainable heating solutions. The project objective is to reduce CO_2 emissions in the built environment by reducing the use of fossil fuels in heating of existing household and community buildings.

Our Norwich Domestic Violence refuge, which includes 12 self-contained flats, was identified as a suitable site. The overarching project seeks to reduce carbon emissions by 3845 tCO_2e/year.

Avoiding landfill

We have implemented a diverse range of initiatives to reduce the amount of waste going to landfill. In 2018, 72% of our corporate office waste was diverted from landfill. By 2019, through a robust waste procurement strategy, employee waste management awareness initiatives and by working closely with our new waste service provider, we increased this figure to 86% and hope to achieve at least 90% in 2020/2021. Our ultimate aim is to achieve as close to 100% as possible and we have a goal of achieving this within our construction businesses by 2025.

We also increased our efforts in our property maintenance and landscaping businesses. Working in partnership with our waste service providers to offer strategically located tipping points for property management and landscape operatives, we managed to sustain our recycling rates:

- 93.1% of waste diverted from landfill by our property maintenance division, equal to 2,148 tonnes.
- 98% of electrical and electronic waste diverted from landfill by our maintenance arm.
- 95.3% average recycling rate for our landscapes division, equal to 1,084 tonnes diverted from landfill.

Corporate energy efficiency

We are delighted that Touchstone, Derwent FM, Corporate Facilities and Places Developments all retained their ISO 14001 and ISO 50001 certifications in 2019/2020. These standards help us continually improve our environmental performance and achieve further energy savings.

In our corporate offices, we reduced electricity consumption by 1.12% and we are constantly exploring new energy saving technologies and initiatives. An example is our solar panel array at Group Support Centre in Preston, which produced 44,386kWh of energy in 2019, saving 25 tonnes of CO_2.

Group travel

2019 saw an increase in mileage claims of 8% compared to 2018. This is due to an increase in the number of agile workers in our workforce. More staff are able to work on the go and are given more choice in where, when and how they work.

While mileage claims have increased, 2019 also saw a 7.5% increase in virtual meetings, reducing the need to travel for meetings. We hosted 17,513 video conferences, which is equivalent to 5.5 million business miles avoided or 1,696 tonnes of CO_2 saved.

Over 54% of our company car fleet emit under 120g/km of CO_2. Similarly, we are working hard to reduce the emissions from our commercial van fleet and are carrying out a full analysis of our business requirements with a view to electrifying the fleet where possible.

In addition, our Castle Rock Edinvar Housing Association business is trialling three electric light commercial vehicles and one electric pool car to help reduce emissions. We also worked with the Energy Saving Trust to install 10 charging points, including at our offices and new-build development sites.

Reducing waste

While it's important to avoid sending waste to landfill, it's even better if you can avoid creating the waste in the first place.

Through our smart printing system, which encourages staff to print less, we've saved 847,884 sheets of paper in 2019. This is equivalent to 10.5 trees or 3.8 tonnes of CO_2 and is an increase of 246.7% on 2018.

Places Leisure has signed up to the Refill Campaign along with John Lewis, Costa and Morrisons. The campaign aims to encourage customers to top up their water bottles for free, thereby reducing plastic waste. Places Leisure has also pledged to recycle up to six million coffee cups by 2023 by introducing 100% compostable cups and straws.

In addition, we are working alongside our strategic supply chain partners to eliminate single use plastics where possible and to remove excess packaging.

Hope Social Enterprises reduces the amount going to landfill by upcycling and selling pre-owned furniture. In 2019/2020, 1,083 customers used the service to buy good quality, affordable household items to help furnish their homes.

Green spaces

Derwent Living launched a green initiative aimed at planting trees and wildflower meadows in schools and on housing developments across the Midlands. The project aims to help children learn more about the effects of climate change and showcase the positive impact green spaces and trees can have on the local environment.

Colleagues and residents from Kirkdale Court over-55s scheme in North Tyneside recently helped to revitalise the communal gardens with new outdoor furniture and seasonal plants. The event was organised to promote physical and mental wellbeing for the residents and improve their outdoor space.

Key stats

Energy

- ISO 140001 and ISO 50001 retained for Touchstone, Derwent FM, Corporate Facilities and Places Developments.
- 1.18% lower electricity consumption for corporate offices.
- 44,386kWh electricity generation by the solar array at Group Support Centre.

Travel

- 8% increase in mileage claims.
- 7.5% increase in video conferences.
- 1,696 tonnes of CO_2 saved by video conferences.
- 54% of company car fleet stands at under 120g/km of CO_2.
- 3 electric LCVs and 1 electric car being trialled by CRE.

Waste

- 86% of waste at corporate offices diverted from landfill, up from 72.6% in 2018.
- 93.1% of waste at Property Maintenance diverted from landfill, equal to 2,095 tonnes.
- 98% of electrical and electronic equipment (WEEE) recycled by Property Maintenance, and 100% WEEE waste diverted from landfill.
- 95.3% of waste diverted from landfill by Landscapes, equal to 1,084 tonnes.
- 847,884 sheets of paper saved in 2019, equivalent to 10.53 trees or 3.8 tonnes of CO_2.

Section 172 statement

The directors welcome the opportunity to state how they have approached the requirements of section 172 of the Companies Act (the Act) to act in a manner they consider would be most likely to promote the success of the company for the benefit of its members as a whole, having regard to a range of factors.

Purpose

The Group is a significant developer and manager of property with the provision of affordable housing at the heart of its activities. Its purpose is creating and managing places and services that work for everyone.

Strategy

This is a long-term business with immediate service delivery requirements. The board approves and refreshes annually a three-year business plan but also produces a 10-year plan reflecting its strategic ambitions. The Group's strategic objectives (see page 20) reflect the need to address both financial objectives that will ensure the capacity to deliver in the future but also the need to respond to the requirements of today's customers. The deployment of capital reflects this balance, showing a mixture of investment in new properties as well as in existing properties and services to current customers.

Stakeholders

There are no external shareholders — the parent company is limited by guarantee — and so the board considers a range of other stakeholders when assessing what direction to take in pursuit of the purpose, in the immediate term and for the long term.

The key stakeholders are individual customers; the communities in which we operate; our colleagues; corporate clients and joint venture partners; our suppliers; our lenders and ratings agencies; regulators; and Government (both local and national).

We seek to maintain strong relationships with these stakeholders and to understand what matters to each of them.

The board sets the direction of the Group with the benefit of the insight gained through those relationships.

↑ *Good Neighbour Awards.*

Highlights of stakeholder engagement in this year (and where more information on it can be found) include:

Colleagues
More information can be found in the 'affordable housing' section of the strategic report on page 26 and the 'people' section of the governance report on page 98.

Customer/Communities
More information can be found in the following sections of the strategic report: 'affordable housing' on page 26, 'property management' on page 46, 'leisure management, health and wellbeing' on page 52. 'placemaking and regeneration' on page 34, 'value for money' on page 64 and 'social impact' on page 70.

Suppliers
More information can be found in the sections on 'value for money' on page 64 and 'social impact' on page 70.

Joint venture partners
More information can be found in the following sections of the strategic report: 'affordable housing' on page 26 and 'placemaking and regeneration' on page 34.

Lenders/Investors
More information can be found in the mitigation explanation in the 'debt funding, market and treasury risk' part of the 'principal risks and uncertainties' section of the governance report on page 97.

Regulators
More information can be found in the Group Chairman's statement on page 10 and in the 'corporate governance' section of the governance report on page 116.

Government
More information can be found in the following sections of the strategic report: 'affordable housing' on page 26, 'placemaking and regeneration' on page 34, 'development' on page 40, 'property management' on page 46, 'leisure management, health and wellbeing' on page 52, 'fund management' on page 56, 'value for money' on page 64 and 'social impact' on page 70.

Colleagues	Customers/ Communities	Suppliers	Joint venture partners	Lenders/ Investors	Regulators	Government
Big Colleague Survey	Affordable housing National Customer Group	Payment practices policy	Joint ventures have formal engagement structures	Annual Report and half-yearly results publication	In-depth assessment	Strategic partnership with Homes England
Toolbox talks	Customer Scrutiny Group	Supplier audits	National Grid	Corporate website	Regulator attendance at Group board meeting	Joint venture with Runnymede Borough Council
Take the Lead supervisor sessions	Customer satisfaction surveys	Major works makeover	Urban Splash	Annual investors seminar in London	CEO participation in RSH CEO forum	Housing Options service for Westminster City Council
Staff conferences	CRE Stakeholder partnerships	Use of DPS to create supplier flexibility	East Wick and Sweetwater (Balfour Beatty Investments)	Annual UK non-deal roadshow for capital market investors	Regulator meetings with management	Construction of leisure centre for Surrey Heath Council
Leadership conference	Fire Safety Core Group	–	Runnymede Borough Council	Biennial overseas non-deal roadshows to update the Group's international investors	Regulatory returns	DfE-funded school at Trent Basin
Star Awards celebration	Derwent Living's Virtual Places project	–	–	Regular ratings agencies meetings	–	–
CEO Q&A sessions	Good Neighbour Awards	–	–	Press releases	–	–
Digital bulletins	Community Investment Fund	–	–	Stock Exchange announcements	–	–
Group Management Team blog	DIY SOS	–	–	–	–	–
Places Academy training hub	Touchstone in Cambodia	–	–	–	–	–
Trade union/staff consultancy groups	Into:Active Leisure Programme	–	–	–	–	–
People First Operating Model	People First Operating Model		–	–	–	–

Section 172 statement

Culture

The board promotes the Group's SPIRIT values which set the tone for the culture of the Group. This informs how we do what we do. More information on SPIRIT values and how they have been displayed can be found on page 15.

The board expects the Group to operate fairly and properly, building strong relationships and maintaining a good reputation. This can't mean pleasing everyone equally all the time — decisions between often competing priorities have to be made — but it does mean that we establish and follow good processes and that we listen and are open with people about what we're doing and why. The Group has retained its G1/V1 rating with the Regulator of Social Housing, it has strong customer satisfaction scores across a number of different businesses and has a broad and established supplier base for itself and third parties to which it provides a procurement channel. For more details, see customer satisfaction data; the Regulator engagement section in the Governance Report; Affordable housing NPS, Leisure NPS and the RMG Tripadvisor section; and the Procurement Hub supplier forum section.

Social impact

The board supports the emphasis given by the Group to social impact through the places we serve: this is captured in work with individuals, contributions to communities and decisions taken for the longer-term benefit of the environment. For more details, see page 70.

Risk

The board identifies and stress tests strategic risks. Decisions reached during the year in light of identified risks include:

— Strengthening the liquidity position in the face of Brexit-related uncertainty.
— Curtailing development for sale in anticipation of slackening demand.
— Accelerating the deployment of video communication to reduce travelling time and cost.

More detail on strategic risks can be found on page 93.

↑ Plungington Community Cafe.

↑ Star Awards celebration.
← Inspire Youth Zone, Chorley.
↓ Leadership conference.

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Governance report

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Principal activities of the Group

Places for People is one of the largest property and leisure management, development and regeneration groups in the UK. We build, rent, sell and manage homes, manage leisure facilities, provide employment and training opportunities, support new and existing businesses, and offer financial products and specialist care and support services.

Performance for the year

The Group's profit before tax for the year was £91.2m (2019: £95.5m). A full review of the performance for the year can be found in the Financial Review section on pages 62 to 63.

Business review

Information that fulfils the business review requirements applicable to the Group can be found in this report, the Chairman and Chief Executive statements and the Strategic Report.

Measuring success

Key operational measures	2018/19 Performance	2019/20 Performance
Total losses from empty homes (affordable housing)	1.24%	1.32%
Total arrears (affordable housing)	2.93%	2.64%
Repairs right first time (affordable housing)	89.85%	90.12%
Gas servicing (affordable housing properties)	99.99%	99.51%
Occupancy rate (affordable housing)	99.55%	99.72%
Overall customer satisfaction (affordable housing)	88.70%	87.65%
Number of RIDDOR reportable incidents (rolling 12 months)	2	29

Health and safety

The responsibility for and ownership of safety management is firmly embedded within each Group company, working to a centrally-driven framework of compliance. This local ownership allows a business-centred approach to safety which takes into account the individual profile of each company, its priorities and risk profile. Ongoing health and safety performance is monitored and challenged by the Group Health, Safety and Wellbeing Director, both at local safety steering group meetings and at the Group Health and Safety Compliance and Strategy Board.

The number of accidents to employees reportable to the Health and Safety Executive (those of a serious nature or preventing an employee from doing their normal duties for more than seven days) remained below the Health and Safety Executive/Labour Force Survey 'all-industry' benchmark figure of 42 in 2019/20, ending the year at 36. Regrettably, this represents an increase on last year, after five years of sustained reductions in the figures, and will be addressed with targeted accident reduction plans where required.

There has been a focus in 2019/20 on reducing the number of 'Lost Time Incidents' and at the end of the financial year there had been a reduction in the number of non-reportable injuries necessitating time off work of 20%.

Looking at leading indicators — those which seek to proactively prevent future injury — there has been an increase in the number of Safety Improvement Opportunities (near misses) reported by staff — up by 69% — which is used as a measure of employees' willingness to spot and report hazards or safety observations. We have also maintained the number of accident and incident investigations being completed at 100% and the comprehensive data from these investigations will allow us to learn and implement changes to prevent repeat accidents.

The strategic objectives for this three-year business plan cycle have been updated to reflect progress made in the last financial year:

- To maintain the RIDDOR-reportable accident total below the 'all-industry' benchmark compiled by the Health and Safety Executive/Labour Force Survey. The benchmark figure for 2020/21 is 29 accidents and this is achievable with targeted accident reduction plans where required.
- To further increase the number of Safety Improvement Opportunities (near misses) reported throughout the Group, continuing the proactive measures to prevent future injury.
- To continue to improve the safety maturity of all areas of the Group, building on existing strong foundations, using the Group's Safety Maturity matrix to assess areas such as leadership, engagement, and communication. Targeted improvements will be discussed with relevant senior leaders and, where necessary, KPIs and milestones will be agreed to encourage progress.
- To ensure that the highest standards of fire safety management are implemented consistently throughout the Group and that recommendations from Government and others are discussed, evaluated and implemented in an appropriate way in each Group company.
- To continue to increase the focus on health and wellbeing by providing resources, information and opportunities for Group companies to devise and implement strategies to improve employee health.
- To ensure consistent health and safety standards across the Group by carrying out risk-based audits to monitor legal and regulatory compliance and providing intensive support to Group businesses where necessary to improve standards or assist on accident reduction projects.

In November 2019, the Health and Safety Executive (HSE) prosecuted Places for People Homes Limited, under the Control of Vibration Regulations 2005, in respect of a failure to manage exposure to vibration in site services employees between 2014 and 2016. Places for People Homes Limited pleaded guilty to the charge and received a fine of £600,000, the level of which is currently the subject of an application by the company to the Court of Appeal. Since the beginning of the HSE investigation there have been significant improvements in the way vibrating tool use has been managed for site services and landscapes staff with investment in new tools and equipment, daily monitoring of vibration exposure and annual health surveillance appointments for staff who use these tools.

There continues to be a sustained focus on fire safety management throughout the Group, and with the release of the Government's 'Building a Safer Future' Implementation Plan, there is now a blueprint for improvements in this area. In a number of areas we have already made significant progress: we have retrofitted sprinkler systems in ten affordable housing blocks of six storeys and above and we are already advanced in the area of customer involvement in our affordable housing businesses. We have continued to run workshops and maintain communication channels for customers to be involved in decisions and raise any concerns around fire safety, and these have been well received.

Wellbeing

Within the Group we have continued our focus on wellbeing over the last year, and supported wellbeing activities which engage our staff and assist with recruitment and retention of top talent. We already have a comprehensive and mature Employee Assistance Programme in place, and a substantial amount of health and wellbeing information through our Occupational Health provider. We continue to be focused not only on employee workplace wellbeing, but also on continuing our customer physical, mental and social wellbeing initiatives in our existing places and embedding wellbeing into all our placemaking activities.

We have trained over 20 'Wellbeing Champions' across all Group companies who are identifying, coordinating and encouraging health-related initiatives in their own businesses based on their own demographics. They meet twice a year to network with peers, sharing ideas, resources and evaluations to make sure projects and events are both effective and efficient.

We recognise that mental wellbeing is vital to ensuring a healthy and happy workforce; as in many companies, mental health and wellbeing is a target area for improvement, to safeguard our employees' health and to reduce sickness absence. We already train our managers to identify and manage stress in the workplace through our leadership training programmes and these have continued this year. In addition, we have now trained a large cohort of Mental Health First Aiders across the whole Group to provide support to colleagues in crisis and this has been very positively received. There have been many initiatives running in individual areas of the Group and a coordinated approach to Mental Health Awareness Week in May 2020 used new communications channels to encourage engagement across the Group.

Principal risks and uncertainties

The Group faces a number of external risks across its businesses, including housing management, development, property management, leisure management and, most recently, Covid-19. All the Group's risks are monitored closely and managed to an acceptable level through a robust control environment and a high degree of scrutiny and challenge, as outlined in the following table. These risks include the key elements shown in the table.

Risk	Mitigation
Covid-19	
The coronavirus (Covid-19) outbreak — officially declared a global pandemic by the World Health Organisation on 11 March 2020 — has prompted much of the world to impose lockdown measures, which have severely restricted economic activity. There is an unprecedented level of uncertainty in world markets and a lack of a consensus view of the path of Covid-19. The Group has identified three key risks areas. **Liquidity:** A reduction in rents collected from residents unable to work or local authorities failing to pay housing benefits in full and/or on time; a reduction in revenues, primarily in the leisure business; and a reduction in the volume and value of new home sales could put pressure on the Group's ability to meet its obligations. **Health and Safety:** Protecting our workforce, in particular those classed as 'key workers', and customers, in particular our most vulnerable customers, during the outbreak is a key focus. If this is not achieved, there could be considerable social and economic costs resulting from staff becoming ill with Covid-19 or self-isolating, risking staff shortages and the inability of the Group to deliver services as required. **Business continuity:** A lack of an available and suitably protected workforce, contractors, or essential components could lead to an inability to deliver key services across the Group.	A Covid-19 committee meets several times a week to review the ongoing situation and its impacts on the business, our customers and our colleagues. This committee ensures we are reacting quickly to changes as they arise and provides regular clear communications to our customers and colleagues. A Taskforce has been formed to keep in touch with all vulnerable customers to provide them with advice, information and any assistance required to access essential goods and services. The Group continues to attend to all emergency repairs and provides support to our most vulnerable customers. A procurement review has been undertaken to allow us to access alternative suppliers and contractors to ensure continuity in our service provision, including the procurement of PPE for our colleagues and customers. Colleagues have access to information and support using our Employee Assistance Programme, covering not just Covid-19 concerns but also providing mental health and wellbeing support throughout this period of uncertainty. Development expenditure ceased with all development sites and sales offices closing as of 25 March 2020 in order to comply with the social distancing rules issued by the Government. Following confirmation from the Government that development sites could reopen, the Group has recommenced its development activity while complying with the latest Government guidelines. As part of our liquidity risk mitigation, the Group undertakes challenging stress testing to provide confidence in our ability to withstand significant reductions in income. The testing has shown that if the Group were to have no sales or rental income for six months the liquidity position would still be sufficient to meet the Treasury Policy of at least 12 months' forward funding. This testing ensured we were in a strong position going into the Covid-19 pandemic and, while we continue to monitor the situation as it evolves, we are able to meet all obligations as they fall due even in severe scenarios. The risks identified and mitigating actions in place in respect of the current Covid-19 outbreak are considered to apply in the event of subsequent waves of Covid-19 or to any similar pandemics threatening health and economic activity in the future.
Impacts of Brexit	
On 31 January 2020, the UK left the EU and attention has since turned to negotiating the future EU-UK relationship beyond the transition period that ends on 31 December 2020. Despite the ongoing Covid-19 pandemic, the UK Government has reconfirmed its commitment to conclude negotiations by the end of the transition period with no extension. However, there remains considerable political and economic uncertainty over the UK's future economic and political relationship with the EU and the consequential impact on the UK economy. The Group has identified six key risks: borrowing costs; sales and rental values; labour constraints; cost and access to components; failure or underperformance of key suppliers; and customer hardship.	The Group has set a Brexit strategy to identify key risks to understand impacts on Group companies and customers, and to prepare mitigations as appropriate, including assessing likely scenarios. In considering mitigating actions, the Group has assessed the proportion of its suppliers from the EU and continued to develop a dedicated procurement strategy designed to reduce the risk of increased cost or delays from suppliers. In addition, the Group has analysed its exposure to non-UK workers and found it to be generally low, although there are pockets of concentration and a programme of activity is underway to support affected workers to apply for settled status. Further activity has included assessing the vulnerability of the corporate estate and Group IT systems in the event of a disorderly Brexit and the risk is considered to be low. The wider risk of significant economic turbulence resulting from the vote to leave the EU resulting, among other things, in difficulties in accessing finance and increased interest rates is addressed in the liquidity and interest rate risks assessed above. In addition, the stress testing of the Group's 10-year plan provides comfort that the business can continue to operate effectively if significant negative events occur.

Risk	Mitigation
Data management and security	
The Group may potentially be exposed to losses in relation to a cyber security breach. Our cyber security measures may not detect or prevent all attempts to compromise our systems which may undermine the security and integrity of the data we maintain. A cyber security breach could lead to unauthorised access to our systems, misappropriation of our users' data, deletion or modification of stored data or interruptions to business operations. If our data and systems were unable to meet information needs and regulatory requirements this could lead to disruption to business operations, financial loss, compliance failure and/or reputational damage.	The Group recognises that our colleagues are our first line of defence against cyber security attacks and as such staff are encouraged to remain vigilant for phishing emails, calls and other suspicious requests for information and to report any such attempts to our data security team. The Group regularly reviews the adequacy of our data management and security controls, undertakes employee awareness and training and tests our contingency and recovery processes.
Government and legislative	
Changes in Government policy and practice, including welfare reforms, change in housing policy, and changes in tax/economic policy, could impact negatively on the products and services the Group offers and the achievement of performance targets in the Group business plan.	The Group undertakes challenging stress testing of the business plan including impact of economic forecasting and macroeconomic horizon scanning. Key members of the executive team continue to lobby Government both directly and through the National Housing Federation (NHF) to ensure that housing remains a key Government priority.
Health and safety	
The Group could suffer an incident impacting upon the health, safety and wellbeing of its customers, colleagues or contractors where harm is suffered by stakeholders and sanctions faced are severe.	Health and safety disciplines are embedded within the Group and issues reported to management on a regular basis. The Group maintains and regularly reviews clear health and safety frameworks, policies and response plans. Health and safety monitoring incorporates a wide range of activities from fire safety through to gas servicing alongside staff training and regular independent business assurance reviews. During the year, both the Hackitt report and the first Moore-Bick Grenfell enquiry report were published. As a result, the Group implemented a number of mitigating actions including, completing the installation of sprinkler systems at 10 high rise properties of six storeys and above, with further works planned in 2020/21; renewing our efforts to raise awareness of fire safety at home in light of a reported UK national increase of fires in homes; and widening membership of the Fire Safety Core Group, which meets quarterly to discuss fire safety matters and share best practice. The ongoing Covid-19 pandemic has provided unprecedented challenges in protecting our customers and colleagues — in particular, those key workers who remain in work in the community to assist our most vulnerable customers. The Group is providing clear communication and information governing contact with customers, visits to homes and arrangements for essential maintenance. The Group's specialist procurement team continues to focus on securing all necessary personal protective equipment so that the Group can continue its work safely.

Risk	Mitigation
Development and land risk (and joint ventures)	
The Group holds land stock and work in progress on its balance sheet.	The Group's ability to manage the build-out and performance of its major development projects is addressed through project management structures for each major development that allow for flexibility in product mix and build-out timetables. Furthermore, development risk is being shared through the formation of tailored joint ventures with specialist construction partners. Group flexibility and development options have been enhanced with the acquisition of both construction and development companies that broaden the commercial offerings available.
Climate change	
The Group takes a long-term view of its activities and responsibilities and environmental considerations are an important factor. The sustainability landscape is constantly evolving and while we consider the impacts of climate change on our business, we recognise that ongoing analysis is required to help inform longer term decision making. The Group has identified climate change risks under two headings: transitions risks — those relating to the transition to a lower carbon economy, specifically the costs in meeting decarbonisation targets; and physical risks — those relating to the physical impacts of climate change, specifically the incidence and cost of stranded assets as a result of climate change.	We have processes in place for assessing and managing climate related risks, which are integrated into our overall risk management framework. The Group has developed a robust Environmental Sustainability Strategy with challenging targets and appropriate KPIs to measure performance against this strategy. This has supported us in embedding climate related risks and opportunities within business, strategy and financial planning processes.
Interest rate risk	
The Group's strategy is to contain interest rate risk within 30% of the debt book, with the board exercising a strict control over derivative transactions. At the year end, 74% of debt was either held at fixed rates of interest or hedged against rate movements.	The Group manages its exposure to this risk through a mix of debt at fixed rates of interest and interest rate hedging techniques. It is estimated that each 0.25% increase in interest rates would increase interest payable costs by £1.26m per annum.
Liquidity risk	
Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities to be settled by delivering cash or another financial asset.	The Group's approach to managing liquidity is to ensure, as far as is possible, it will always have sufficient liquidity to meet its liabilities, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's policy is to ensure that sufficient cash and committed loan facilities are available and immediately accessible to finance a minimum of 12 months' cash flow. Due to ongoing uncertainties surrounding Brexit and Covid-19 (as discussed above), cash levels have been deliberately increased and challenging modelling has been undertaken to understand the Group's resilience to a variety of potential scenarios, showing that even in severe scenarios, the Group maintains sufficient liquidity to meet its obligations as they fall due.

Risk	Mitigation
Foreign currency risk	
The Group has no overseas subsidiaries and trades only in sterling. The Group has some debt which is denominated in foreign currency.	The Group's strategy is to mitigate currency risk arising from foreign currency denominated debt. This is achieved using cross-currency interest rate swaps. Currency cash flow exposure is fully hedged, so a change in the foreign currency rate would be fully offset by the swaps.
Debt funding, market and treasury risk	
Market volatility could impact adversely on the rating agencies' view of the financial stability of the Group. For example, sovereign debt could be downgraded in the future, therefore making access to sufficient bond funding at acceptable rates more difficult.	The Group utilises increasingly diverse sources and types of funding which reduces reliance on particular financing instruments. This diversification strategy is reflected in more than a quarter of debt being raised in foreign currency. Engagement with investors is crucial to managing this risk to ensure, for example, that investors understand the linkage of the Group's rating to that of the sovereign. In addition, some investors are more focused on ratings, so this diversification, and knowledge of investors' sensitivities, reduces the impact of a potential downgrade. Conversely, times of market volatility often bring funding opportunities, and with the Group's unsecured strategy and global relationships, the Group is in an excellent position to quickly take advantage of these. Away from the bond markets, the Group has strong and long-term relationships with its banking group, with whom regular meetings are held, who are generally less impacted by market volatility. Finally, the Group is in a strong liquidity position with no material debt repayments in the next few years. A prudent treasury strategy is in place which allows the Group to seek finance at appropriate rates when opportunities arise. The Group board regularly monitors and scrutinises the funding position through its Treasury Committee.

People

As at 31 March 2020, the Group employed 12,646 staff (6,652 FTE); 8,354 (2,961 FTE) of them are in the Places Leisure business. After Places Leisure, the next biggest employer is the affordable housing business (which now includes Chorus Homes, Castle Rock Edinvar Housing Association and Derwent Living in addition to Places for People Living Plus, Property Services, Places for People Landscapes, Places for People Homes and Cotman Housing Association) with 2,044 full-time equivalent staff, followed by RMG and Places for People Developments, each with over 300 full-time equivalent staff.

Fifty-seven per cent of our staff are female. The average age of staff varies across the Group. Places Leisure has a younger staff cohort with an average age of 33 and with 45% of employees being under 25 years of age. Around 6.54% of our staff are from black and minority ethnic backgrounds and approximately 2% have a disability.

Our turnover rate is steady compared with industry norms, with our current turnover rate (voluntary) being 16.7%. The national average for large organisations is 16.2% (16.1% median) (XpertHR 2019).

Employee absence is currently at 3.3%, which is in line with national averages, with the XpertHR 2019 absence rates research finding the national average for large organisations to be 3.3% (3.1% median).

During the year, we published our Gender Pay Gap report as at April 2019. We took the decision to publish our report despite the late removal of the requirement to do so because we felt it was important for our colleagues and stakeholders to maintain transparency in this area. Once again, led by our culture and values, we decided to go above and beyond the legislation and report on gender pay across the whole Group, as well as fulfil our statutory requirements to report on our individual companies that had 250 or more employees. Our Group report showed our mean hourly pay gap to be 1.6% (previous year 4.6%) and median hourly pay gap to be -7.1% (previous year 0.9%). We are particularly pleased with the continued year-on-year reduction in our mean hourly pay gap, as it has moved closer to zero in each successive year of Gender Pay Gap reporting. We believe these figures compare favourably with typical results in the sectors the Group operates in. While the results show that our overall pay is neutral by design, our mean and median bonus gaps show there is more work to be done to ensure we embed gender equality.

More generally, the Group values diversity and is committed to equality. Our policies and strategies recognise that all people have the right to their own distinctive and diverse identity. The Group aims to provide an inclusive and barrier-free service which is responsive to all communities and individual needs. This is reflected in the range of services that we provide to our diverse customer base. We know that employing people with different experiences and backgrounds will help us to fine tune our services to meet our different customers' needs and aspirations.

We positively embrace our responsibility to meet these needs by having a diverse workforce which generally reflects local populations and that has the skills and understanding to achieve our objectives.

The Group gives full and fair consideration to employment applications made by disabled persons having regard to their particular aptitudes and abilities. Recognising the benefits of a diverse workforce, the Group makes appropriate efforts to continue employing and providing training as required to employees who become disabled during their employment.

The Group has taken positive steps to develop best practice and play a strategic role in developing national diversity policy. It serves on key advisory boards within the sector, including the Homes England Equality and Diversity Advisory Board, the Housing Diversity Network and the London Diversity Network.

2019/20 continued to be a challenging year for attracting talent for all businesses, with historic low unemployment continuing throughout the financial year and political uncertainty causing further stagnation. We responded to these challenges and introduced a number of measures to mitigate their effects, including changes to our recruitment advertising strategy, as well as greater utilisation of targeted adverts and social media to reach a broader audience. This is a new initiative but early results are promising and it is one measure that is helping to ensure the Group can find the talent it needs.

The internal recruitment department now carries out recruitment for the majority of subsidiary businesses, bringing Places Leisure onto the platform in 2019/20. Ninety-five per cent of all roles were filled directly by the team, avoiding the costs of agencies, approximated to be circa £3m of savings. By opening up vacancies across the entire Group, we have increased the visibility of opportunities and seen internal hiring increase to 23% (up from 18% in 2018/19).

We continue to track and ensure an open and fair recruitment process and across all our key metrics demonstrate that overall our processes are not affected by bias. For instance, 51% of all offers were made to females compared to a 49% application rate and this metric tracks across all levels of roles, from entry level to senior management. As part of the Great Place to Work survey's culture audit, recruitment was reviewed and 'Hiring' was one of the top scoring categories.

During the year, we also launched a new modern employer brand, our 'Deal', which has been a significant project. This enables us to tell our story to talent and position ourselves as a 'workplace like no other'. We have created marketing collateral to use across many platforms including social media and which we will build upon in coming years to remain fresh and relevant. At launch, we received positive engagement both externally and internally. This work has also garnered award nominations and won an award for its execution. The People Deal work has significantly increased our attraction success and was highlighted as an organisational strength by the Great Place to Work culture survey, noting "the values/employer brand form an essential part of the assessment process, ensuring candidates have a cultural fit with the organisation".

Engaging our employees is also essential to our continued success. We inform, consult and involve our employees in a variety of ways, including digital news bulletins, focus groups, engagement surveys, an online Q&A forum with the Group Chief Executive and annual recognition awards. Throughout the spring and early summer of 2019, we continued the first wave of our 'Take the Lead' events where senior directors shared their leadership experience with over 500 front-line managers across the Group. The events provided an opportunity to listen to ideas and suggestions for improvements and these were incorporated into our People First strategy. In early 2020, we started to roll out the second year of 'Take the Lead' events, but these were interrupted by the emerging Covid-19 epidemic.

We have an inclusive, values-led and high-performance culture, and were successful in retaining the Gold Standard for Investors in People in 2019. We took part in the Great Place to Work programme for the first time in 2019, which involved a Group-wide colleague engagement survey. As well as providing rich information from which we have developed actions to make Places for People an even better place to work we gained recognition as one of the Best UK Workplaces, ranking 29th in the Super-Large organisations list. Our engaged approach is underpinned by our SPIRIT values, which are embedded throughout the Group, and across all our subsidiary companies. Our values have been developed with our employees and act as a guide to all of us in Places for People in how we manage and operate our business. Our SPIRIT values gained recognition from both Investors in People and Great Place to Work.

As well as achieving the Gold standard for Investors in People, we also hold their accreditation for Health and Wellbeing. Organisations that meet the internationally-recognised Investors in People standard reflect the very best in people management excellence. We provide access to a suite of services and facilities which are designed to support our employees' wellbeing, whether physical, mental or financial, including an Employee Assistance Programme, which includes a confidential support helpline and access to medical advice or services.

We continue to invest substantially in employee development. This involves a range of management development programmes, to help managers improve their skills and ensure the future success of the business, and a blend of face-to-face learning opportunities along with e-learning. We have developed a comprehensive approach to the new apprenticeship delivery model and are focused on ensuring that we spend our levy effectively on developing both existing and new staff.

In March 2020, we launched the Places Academy, an online learning platform providing colleagues with a broad range of engaging and interactive learning and development material. From induction to wellbeing, and from management and leadership to digital skills, Places Academy contains over 200 resources such as videos, modules, factsheets and more, supporting colleagues in their career development.

Throughout the year we have continued to strengthen our apprenticeship offering. By March 2020, the levy utilisation since its launch in April 2017 was 64% compared to a national average of 22% (FE Week). As of March 2020, we have 657 apprentices across the Group and with a further 81 signing up in April 2020, we expect this to rise to over 750 in the next year.

In 2019, we introduced 18 participants to our first ever early careers programme, the Emerging Talent scheme. One hundred per cent of the group would recommend the programme to others, which combines a mixture of on-the-job learning, a challenging CEO project and regular learning events. We have committed to bringing more talent into the organisation through the Emerging Talent programme in 2020.

Modern Slavery Act

The Group is required to publish an annual slavery and human trafficking statement for the purposes of compliance with the Modern Slavery Act 2015. The Group is completely opposed to human trafficking and modern slavery practices and it is committed to ensuring that those practices are not taking place in any part of its own business nor, as far as the Group can control the position, in its supply chain. The latest iteration of the Group's statement is published via a link on the homepage of its website. The statement has been adopted by the Group and by each of the subsidiaries within the Group that are required to make a statement pursuant to the Modern Slavery Act 2015.

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Streamlined Energy and Carbon Reporting (SECR)

We address our Environmental Sustainability strategy and relevant risk mitigation elsewhere in this report. This section deals with SECR disclosures — the first time that this has been required.

Scope	Fuel	Kwh	tCO_2e
Scope 1	Combustion of gas, F-Gas, purchase of fuel, business travel in company cars and in-house fleet	257,671,915	48,893
Scope 2	Purchased electricity inc. electric vehicles	74,439,986	19,027
Scope 3	Business travel in rental cars or employee-owned vehicles	2,457,248	588
	TOTALS	**334,569,149**	**68,508**

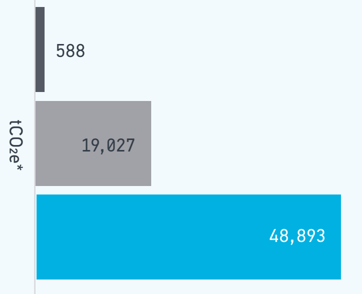
Intensity metrics	
tCO_2e per £m turnover	77.69
tCO_2e per employee	12.18

Generation type	Units	Generation*	Location
SG Electricity	kWh	8,240,238	On Site
SG Heat	kWh	15,181,976	On Site
TOTAL GENERATION	**kWh**	**23,422,214**	

Generation type	Units	Saving	Location
SG Electricity	tCO_2e	2,106	On Site
SG Heat	tCO_2e	2,791	On Site
TOTAL SAVING	**tCO_2e**	**4,897**	

Self generation figures are for the Leisure businesses only

Places for People Group total greenhouse gas emissions

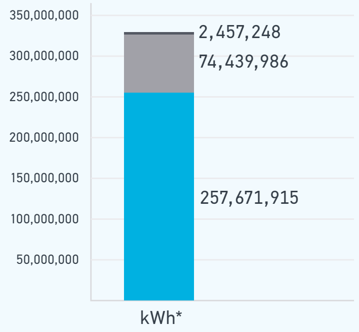


Scope 3: Business travel in rental cars or employee-owned vehicles.

Scope 2: Purchased electricity inc. electric vehicles.

Scope 1: Combustion of gas, F-Gas, purchase of fuel, business travel in company cars and in-house fleet.

Places for People Group total kWh



Scope 3: Business travel in rental cars or employee-owned vehicles.

Scope 2: Purchased electricity inc. electric vehicles.

Scope 1: Combustion of gas, F-Gas, purchase of fuel, business travel in company cars and in-house fleet.

Reporting scope

The reporting period is 1 April 2019 to 31 March 2020, which is directly aligned to the Group's financial reporting year.

The report includes a consolidation of all Group companies captured by the SECR requirements: Places for People Group, Places for People Homes, Places for People Living Plus, Derwent Housing Association, Chorus Homes, Castle Rock Edinvar Housing Association, Allenbuild, Millwood Designer Homes, ZeroC Holdings and Places for People Leisure.

All measured emissions from activities for which the organisation has financial control are included unless otherwise stated in the exclusions statement, as required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

In addition, F-gas emissions (Screening Method) and generation from onsite combined heat and power (CHP) plant have been included voluntarily for our Leisure business.

Intensity ratios

We have opted to utilise two intensity ratios: turnover and FTE.

These measurements have been selected in order to compare emissions with company growth and for consistency with similarly reporting businesses for review of the market position.

Emissions factors and methodology

Fuel type	Emissions conversion factor source
UK Electricity – location based (excluding transmission and distribution), UK Gas, Petrol, Diesel, R410A F-Gas	Department for Business, Energy and Industrial Strategy 2019

This report has been compiled in line with the March 2019 BEIS 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance'.

We have utilised the Energy Savings Opportunity Scheme methodology.

Estimates and exclusions

All mandatory fuels have been included with no exclusions.

F-gas has been included voluntarily for our Leisure business.

The electricity and heat generation from the onsite CHP plants within our Leisure facilities have been accounted for separately to the main scopes, the input fuel is grid natural gas and this is included in Scope 1.

Scope 2 purchased electricity does not include the Transmission and Distribution element as this is owned by the supplier and would be Scope 3.

Some estimates were used to fill gaps in our transport fuel use data and electricity and gas consumption. Allenbuild energy usage has been classified as estimated as we were unable to determine otherwise during the Covid-19 lockdown. These estimates equate to just over 2% of the total kWh consumption.

Pro-rata extrapolation and benchmarking have been utilised as the estimation approach by using figures available for one period of time to get average consumption figures for a shorter period (Total usage for period / days in period * missing days).

Year-on-year emissions changes

No emissions for the previous year have been included as this is the first year of SECR reporting as per the legislation commencement date of 01/04/2019.

Energy efficiency actions taken above and beyond 'Planet' section (Leisure)

- Installation of three onsite CHP plants: Loughton Leisure Centre (LC), Dover LC, Waltham Abbey.
- Replacement of the main Pool AHU to a micro fan system AHU at The Dolphin LC.
- Increased run times and load on CHPs at The Triangle LC, Pavilions LC and Elmbridge LC.
- Training of energy champions.
- Updated four BMS systems at Kings LC, The Triangle LC, The Dolphin LC, Elmbridge LC and Loughton LC.
- Solar panel installed at the new Dover site.
- 13 LED projects in Tolworth Sports Hall, Tolworth external pitch area, Kingfisher LC upgrade, Wolverhampton LC car park areas, Wolverhampton LC all internal areas, Triangle emergency lights, Maltby Sports Hall upgrade, Court Garden Pool LC throughout all areas, Princes Risborough Pool through all new areas, Wath LC car park, Aston LC car park, Graves LC internal walkways, Halls, Studios, Gym, Places Chesterfield changing and walkways.

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The Group board, at the date of signing the annual report, comprises the Group Chairman, Group Chief Executive, 10 non-executive directors and five executive directors. Details of the board members can be found listed on pages 102 to 115.

Board of directors

01 Adam Cleal
02 Lynette Lackey
03 Graham Kitchen
04 Tracey James
05 Graham Waddell
06 Angela Daniel
07 Nigel Hopkins
08 Debi Marriott-Lavery
09 David Cowans
10 Chris Phillips
11 Andy Winstanley
12 Tim Weightman
13 Liz Woolman
14 Amjad Hussain
15 Regina Finn
16 Chris Martin
17 Scott Black (no image available)

The board members have diverse backgrounds in industry and public life, and share a strong commitment to applying their expertise, skills and experience to ensure that Places for People's business is sound. All the non-executive directors are independent of management and have access to the Group Company Secretary for advice.

Non-executive directors are subject to reappointment at intervals of no more than four years and may serve for a maximum of no more than fifteen years. The terms of appointment of all directors are available for inspection at the registered office during normal business hours.

In accordance with the Companies Act 2006, the directors comply with a duty to exercise reasonable care, skill and diligence; a duty to promote the success of the company (please refer to page 86 for the Group's section 172(1) statement which explains how the directors achieve this in practice); a duty to act within their powers; a duty to exercise independent judgement; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties; and a duty to declare any interest in a proposed transaction or arrangement.

The board meets at least five times a year to direct overall strategy and take key financial and business decisions. Given the complex nature of the Group's business, members of the board also meet in standing committees or working parties to examine specific areas of operation. The standing committees are: the Nominations & Governance Committee, the Remuneration Committee, the Audit & Risk Committee, the Development, Investment & Regeneration Committee and the Treasury Committee. Details of committee membership and attendance at board and committee meetings during the year are reported on page 119.

Decisions to approve proposed financial transactions can also be delegated to the boards of Places for People Finance plc and Places for People Treasury plc as reported below.

*Details of the board members can be found listed on pages 102 to 115. These details are also available to view on the Group's website: **www.placesforpeople.co.uk***

Non-executive directors

The board has adopted guidelines for the appointment of non-executive directors, which have been in place throughout the year. Those guidelines include a requirement for there to be a formal role profile in relation to each non-executive board appointment. The board selects the best candidate for any vacancy. It has no targets for board composition by reference to gender, ethnicity, sexual orientation or any other diversity measurement. It will be proactive in seeking to include in interviews for Group board appointments one or more candidates whose presence on the board would add to its diversity. The board would only use diversity as a decisive criterion in connection with any appointment if two or more candidates were considered to be evenly matched in other respects.

During the year, Jon Lloyd and Michael Brodtman stepped down from the board having served for seven and three years, respectively. Lynette Lackey also stepped down from the Group board on 1 April 2019 to focus on her role as Chair of the Regulated board. None of those directors expressed concerns about the operation of the board for circulation on their departure to fellow board members.

Having regard to succession planning generally as well as to the immediate vacancies, a recruitment process involving open advertising and external search consultants was undertaken to identify appointable candidates on the basis of their broad commercial experience and commitment to the Group's range of services. The Group engaged the services of Warren Partners and Fortitude Recruitment, who specialise in board level appointments. There are no connections between the Group or any members of the board or the committee and any external search consultant appointed during the year.

As a result, Angela Daniel, Regina Finn, Tracey James and Liz Woolman were each appointed to the board on 1 October 2019. On 1 April 2020, the Group board reappointed Lynette Lackey to its number, both to cement the relationship with the Regulated board (which she continues to chair) and to also bring the benefit of her corporate knowledge of the Group in what had become difficult and challenging times amid the Covid-19 pandemic. Taking the independence criteria into account and notwithstanding her presence on the board of Centaurea Investments Limited with the Group Chairman, Mrs Lackey is still considered to be independent.

The Chairman has considered arranging an externally facilitated evaluation but did not pursue that path in respect of the year under review. As an alternative mechanism, the performance of each non-executive director during the year is formally appraised. The current process involves self-assessment as to contribution and a meeting with the Group Chairman at which the director's contribution, attendance, training needs and possible areas for additional involvement are reviewed. The Senior Independent Director conducts the appraisal meeting for the Group Chairman and canvases the views of the other non-executive directors on the Group Chairman's performance. That exercise usually takes place in a meeting but this year it was conducted through a series of calls and emails.

The Chairman meets individual non-executive directors during the year and also arranged a session on 18 March 2020 to which all non-executives (but no executives) were invited. The onset of Covid-19 resulted in that meeting being cancelled and there was not time to arrange a replacement within the financial year. The Chairman meets regularly with the Group's Chief Executive and non-executive directors have the opportunity to scrutinise management through the reports presented to and their attendance at board meetings.

On an administrative level, the board requires each director to inform the company secretary if he or she has an interest that ought to be declared. Such interests include offices held in other organisations but also extend to other matters that could affect the individual director's conduct. Through the register of interests, the board monitors the independence of individual directors and is satisfied that during the year under review all directors have been properly regarded as independent.

The Group Chairman was appointed to the board in 2006 and became Group Chairman in 2010. Under earlier versions of the UK Corporate Governance Code (the Code), there was no explicit requirement to disregard the time served on a board prior to assuming the position of Chair when assessing length of service. On that basis, the Group Chairman's service was treated as commencing in 2010. The Code has now changed meaning that the Group Chairman's service extends for more than the Code's target maximum of nine years. The Group board has considered the issue of Code compliance and has concluded that it is in the interests of the Group that the Chairman continues in office. The impact of Covid-19 and the fact that the board appointed several new board members in October 2019 cause the board to place particularly high value in the short term on continuity of leadership and corporate memory. The value of the Group Chairman's historic experience, particularly in leading the Group through earlier difficult economic conditions, is considered by the board to outweigh any disadvantage arising from the fact that his length of service on the board exceeds nine years. The board remains satisfied that the Group Chairman has retained his independence of management. The Chairman will step down from the Group board on 30 September 2021. A search process, supported by the firm Warren Partners, with which the Group has recently worked, to identify a suitable candidate to succeed the Chairman will take place during the summer of 2020 with a view to a successful candidate being appointed by the end of 2020 to allow for a suitable period of time to effect a smooth transition.

Delegation of responsibilities by the board of directors

Ultimate authority for all aspects of the Group's activities rests with the board, the respective responsibilities of the Group Chairman and Group Chief Executive arising as a consequence of delegation by the board. The board has determined a clear division of responsibilities between the Group Chairman and the Group Chief Executive. The board is responsible for setting strategies and policies for the whole Group and coordinating the Group's activities. The board is satisfied that its policies, practices and behaviour throughout the business are aligned with the Group's purpose (see page 14), values (see page 15) and strategy (see page 20).

The board achieves that through a combination of an established set of matters that are reserved to the Group board, intra-Group agreements, schedules of delegated authority, appointment of board members to subsidiary boards and the application of Group-wide policy standards on key issues. Where matters are not reserved to the Group board, the scheme of delegation operates so that management has all necessary authority to run the Group's businesses.

Non-executive board members

Key to boards and committees

- G Group Board
- A Audit & Risk Committee
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- R Regulated Board

G T D

Chris Phillips
Group Chairman

Chris was Managing Director of PB Securities, the UK subsidiary of Prudential Bache, for three years, before joining Lombard Odier as the Managing Director of its London broking business. He then joined Colliers International and after heading its residential consultancy business, became the first Managing Director of Colliers Capital (UK).

Chris has chaired a number of companies listed in the UK and Germany, and is currently Chairman of London & Newcastle, Apex Airspace Development, NCL Technology Ventures Limited, Bayham Investments Limited, Deskfair, Estates & Infrastructure Exchange, Anthony Green & Spencer and Tuffbau, and chairs the advisory boards for Market Asset Management and Shetland Space Centre. Chris is also Chairman of SOHO, a £400m REIT on the main list of the London Stock Exchange.

Chris joined the Places for People Group board in 2006 and was a Senior Independent Director from 2008. He became Chairman in 2010.

G T A R

Graham Waddell

Graham worked for Nationwide Building Society over a period of 32 years during which he held a number of senior executive positions in a range of disciplines including Retail Banking, Marketing, Customer Experience, Risk and Strategy development. He was Chair of the Council of Mortgage Lenders in Scotland and is a fellow of the Chartered Institute of Bankers. He was also the Managing Director of a Nationwide subsidiary company, which was a large private landlord and property owning vehicle. Graham joined the Board of Castle Rock Edinvar Housing Association in September 2013 and became its Chairman on 1 March 2018.

Graham joined the board of Places for People Group Limited on 1 September 2018 and was appointed Senior Independent Director in 2019.

G A D R

Nigel Hopkins

Nigel is a non-executive director of MHS Homes Limited and Chairman of Instructus, a skills charity. He is also an associate with Concerto Consulting providing advisory services to registered providers of social housing. Previously, he had a wide ranging international career, living and working in the UK, Europe and the USA.

He is a qualified accountant and has held senior management positions with the Confederation of British Industry, Fiat, Abbeyfield, Laporte (Chemical), Burmah Castrol, United Technologies, Coopers & Lybrand, Ernst & Young and Remploy. At Abbeyfield he led the strategic review of its living and care businesses. At Remploy he was Finance and Strategy Director at a time when the company was being transformed from one that was exclusively an employer of disabled people in a wide range of industries, to one that placed 15,000 disabled and disadvantaged people into work each year.

Nigel joined the Places for People Group board in October 2013 and the board of Cotman Housing Association in August 2016.

Non-executive board members

G RC NG

Adam Cleal

Adam has over 30 years' experience as a real estate solicitor including over 25 years working on housing deals including many housing debt facilities and bonds, sale-leaseback deals and Large Scale Voluntary Transfers. In addition, he had a wide-ranging legal practice in property investments and disposals, office and housing developments, M&A, infrastructure projects, sports facilities, funds and structures as well as long and short term debt, securitisations and structured finance. He also dealt with many regulatory bodies over that period on a continuing and frequent basis. For over 25 years he was a partner at Allen & Overy, one of the largest law firms in the world, and in that time was head of the London real estate group for 15 years and head of the international real estate group for 11 years; he also spent time on the firm's Audit Committee. He chairs the Clay Hill Charitable Trust which helps address homelessness, youth unemployment and special educational needs. He has personal experience of investing in and managing residential property.

He was a non-executive director of PfP Capital Limited immediately before joining the Places for People Group board in October 2017.

G RC T NG R

Graham Kitchen

Most recently, Graham was Global Head of Equities at Janus Henderson Investors. Prior to joining Janus Henderson in 2005 as Head of UK Equities, Graham was with Threadneedle Investments, and he spent 13 years at INVESCO Asset Management as a UK Fund Manager and Co-Head of Investment. Graham is Chair of Invesco Perpetual Select Trust plc, and is a non-executive director at The Mercantile Investment Trust plc and AVI Global Trust. Graham is also a member of the Investment Committee of the charity Independent Age and acts as mentor for The Prince's Trust and The Social Mobility Foundation. He is an ambassador for the Diversity Project which is an industry initiative to promote gender equality in the investment management industry.

Graham joined the Places for People Group board in October 2017.

G T R

Lynette Lackey

Lynette is a Chartered Accountant with over 25 years' experience in real estate finance, corporate reporting and financial management. Lynette is also a director of Warehouse REIT plc and a member of the Council of London Chamber of Commerce. She was, until recently, a non-executive director and Chair of the Audit & Risk Committee of the London Chamber of Commerce and Industry and a Trustee of Landaid Charitable Trust. She is also a past UK Chair of the National Women in Property Association. She spent 10 years as a Partner with BDO Stoy Hayward, where she specialised in international real estate transactions.

Lynette joined the Places for People Group board in 2011 and briefly left the board in 2019. She chairs the Regulated board which oversees all social and affordable businesses within the Group and returned to the Group board in April 2020.

G D R

Angela Daniel

Angela Daniel currently works for a global insurance company and heads up the firm's Finance team within the Europe Asset Management division. Prior to joining, she worked as the EMEA Controller for Custody & Securities Lending (WSS) in JP Morgan Chase and before that worked as a Client Financial Management Specialist (Oil & Gas sector) in Accenture. Angela trained as an Accountant within a small-to-medium-sized practice and is a Fellow Member of the Association of Chartered Certified Accountants (FCCA). She received a B.A. (Hons) degree in Accounting and Management from Cardiff Business School and holds a master's degree from the University of Oxford. She also currently holds non-executive roles as a Trustee of an Educational Trust in Hertfordshire and as Treasurer at The Urology Foundation.

Angela joined the board of Places for People Group Limited in October 2019.

G NG R

Regina Finn

Regina is Chair of the Low Carbon Contracts Company and the Electricity Settlement Company, which play a critical role in the delivery of the UK's clean, sustainable, affordable energy goals. She is also a director of Lucerna Partners, a consultancy specialising in public policy, economic regulation, and competition and consumer policy. Regina has held a number of other non-executive roles including Chair of Mutual Energy Limited, and non-executive director of Irish Water and the Channel Islands Competition and Regulatory Authority.

She was the first chief executive of Ofwat, the water regulator for England and Wales, held the position of Commissioner for Energy Regulation in Ireland, and set up and ran a regulator for the energy, post and telecommunications sectors in Guernsey in the British Channel Islands. She also led the establishment of Ireland's first economic regulator for the telecommunications sector.

Regina joined the Places for People Group board in October 2019.

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Non-executive board members

G A D

Amjad Hussain

Amjad joined the Royal Navy while at university. An unusually broad career has seen operational jobs at sea balanced ashore with a variety of functions that have similarities with the Places for People business. It has also included two periods on the Royal Navy's main board, lastly as Controller of the Navy, a role which included responsibility for the complete aircraft carrier programme. He then led a technical consultancy business for a multinational corporation before developing a non-executive portfolio encompassing technology start-ups, trustee positions and personal charity projects overseas.

He is a Trustee of the Imperial War Museum and the HMS Victory Preservation Company, a Fellow and council member of the City & Guilds Institute and an ambassador for Mosaic, a Prince's Trust charity. He holds bachelor's and master's degrees in engineering, a master's degree from the London Business School and an honorary doctorate from Durham University. He was made a Companion of the Most Honourable Order of the Bath in 2011.

Amjad joined the Places for People Group board in November 2018.

G A D

Tracey James

Tracey is a qualified Chartered Accountant and was an Audit Partner at Grant Thornton UK LLP where she spent most of her career until June 2018. She was a member of Grant Thornton's Partner Oversight Board, Audit & Risk Committee and Audit Faculty Board. She specialises in advising fast growth, international businesses across various sectors with a focus on quoted companies. She is currently Vice Chair and Chair of Audit at Activate Learning Group, an innovative group of FE colleges and schools. She was previously a member of the ICAEW Audit Regulation Committee and the Audit Committee of South Oxford Housing Association. Tracey spent two years in industry as Director of Finance for a Medical Supplies company in Canada, having previously spent five years in Paris.

She was appointed to the board of Places for People Group in October 2019.

G RC

Liz Woolman

Liz worked for Prudential Financial Services and then BT Group over a period of 23 years, during which time she worked in Amsterdam for five years and held a number of senior executive positions in a wide range of functions including Human Resources, Sales, Marketing, Strategy and Commercial Product Management. Liz has a degree in Management Studies and an MBA; she is also a member of the Chartered Institute of Marketing.

Liz is an Executive Coach owning her own business, Reconnect Business Coaching, and volunteers as Chair of Governors for a Kent Primary School and is also a Trustee for a local Christian charity.

Liz joined the board of Places for People Group Limited in October 2019.

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Executive board members

Key to boards and committees

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- R Regulated Board

G R

David Cowans
Group Chief Executive

David has extensive experience of housing, urban regeneration, mixed-tenure and mixed use development, property management, marketing and financial management, and leading strategic change in large and small organisations.

David is a Fellow of the Chartered Institute of Housing, a Fellow of the Royal Society of Arts, a Fellow of the Royal Institution of Chartered Surveyors, a Fellow of the Institute of Directors and a member of the Institute of Residential Property Management. He has an MBA from Birmingham University and is also an Academician of The Academy of Urbanism and a Visiting Fellow of Cambridge University.

G R

Andy Winstanley
Group Finance Director

Andy was appointed Group Finance Director in August 2017, having previously operated as the Group's Financial Controller since joining Places for People in 2010. Andy qualified as an accountant at Ernst & Young where he spent nine years in its North West assurance practice.

G R

Scott Black
Group Director, Development

Scott is a chartered architect with 25 years' experience in the development industry and with a passion for design and the creation of sustainable new communities. He has performed several roles in his career leading up to a group position as Director of New Business at Crest Nicholson PLC. He was most recently the Managing Director of Crest Nicholson Regeneration which was responsible for the group's major mixed-use regeneration projects, partnership schemes, and both the PRS and commercial portfolios. He held this position for five years and during this time was responsible for the delivery of some of the most iconic major projects and regeneration schemes in the UK, managing circa 200 staff with an annual turnover of between £250m and £300m a year. Scott joined the board of Places for People Group in May 2020.

Executive board members

G R

Tim Weightman
Group Director, Assets and Investments

Tim joined Places for People in 1997 and has over 20 years' experience of development and investment in relation to the residential asset classes, including PRS, retirement rentals and student housing, and is responsible for the Group's investment properties, and its approach to asset performance and strategic asset management. Tim has a degree in Building Surveying and an MBA from Durham University. Tim joined the board of Places for People Group in September 2019.

G R

Debi Marriott-Lavery
Group Director, Affordable Housing

Debi is a Qualified Healthcare Professional who has over 20 years' experience working at a senior level in the health, social care and housing markets, strategically leading teams and businesses to provide innovative high quality services in diverse and challenging markets for public, independent and not-for-profit sectors. Debi has an excellent track record and a strong reputation. She most recently was Chief Executive of Living Plus, part of the Places for People Group, which provides accommodation, support and care services to help vulnerable people with complex needs live independent, fulfilling lives. Prior to this, Debi was Managing Director of Community Services at Care UK and previously Chief Operating Officer at Anchor Trust.

G A RC NG T D R

Chris Martin
Group Company Secretary and Legal Services Director

Chris is a solicitor with over 30 years' experience of legal practice and joined Places for People in 2008. Previously, he worked in private practice for 10 years, in a City law firm and as a partner in a US legal practice, and then in general counsel roles in UK and international businesses in a number of different industry sectors.

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Corporate governance

Audit & Risk Committee

The executive directors are responsible for maintaining and reviewing the Group's systems of internal control. The Audit & Risk Committee is responsible for discharging governance responsibilities in respect of audit, risk and internal control and reports to the board, as appropriate. It oversees, reviews and monitors the Group's application of accounting policies and standards, the appointment and remuneration of the external auditors, the resources and work programme of Business Assurance (the internal auditors), the risk management framework and the adequacy of internal control.

The members of the committee during the year were N Hopkins (Chair), J Lloyd (stepped down on 30 September 2019), A Hussain, G Kitchen, G Waddell (from 1 October 2019) and T James (from 1 October 2019).

The Committee receives and reviews reports from Business Assurance on a regular basis. The programme of reports reviewed in the year is informed by and aligned with business planning and ensures that the committee covers all material areas of risk on a regular basis. The external auditors submit reports to the committee when appropriate.

The committee also reviews regular presentations from management on the operation of controls throughout the business. It takes initiatives to satisfy itself that risk avoidance measures are fully embedded within the Group structure and to determine the effectiveness of management actions. The initiatives for this year included:

- A report on the present risk position in regard to cyber security and a summary of the roadmap of initiatives and technologies being put in place to continuously improve the Group's cyber security posture as part of the Digital Business.
- A presentation on processes to address business interruption events and incident response across the Group.
- An examination of risks inherent in its subsidiary business, Places Leisure.

The Group has a Whistleblowing Policy. Its terms, the manner of its publication and any circumstances of its use are reviewed annually by the Audit & Risk Committee on behalf of the Group board. The policy provides for the mechanisms for a proportionate and independent investigation and for the protection of any whistleblower against subsequent unfair treatment. Any failings in values, policies or conduct identified by such an investigation are addressed by the line management and/or the board.

The committee meets separately with representatives of Business Assurance and external auditors on at least one occasion in each year without any members of management being present.

External audit

The appointment of the Group's auditors is a matter reserved to the Group board. The decision is reached with the benefit of a recommendation from the Audit & Risk Committee working alongside the Group Finance Director. The audit contract with KPMG came to an end in November 2019 and a tender process was conducted by the committee, as described below.

An Official Journal of the European Union (OJEU) procurement process was undertaken and an invitation to tender was posted on the OJEU website and prospective bidders were asked to submit a proposal document to include the following:

- Profile of their organisation, the proposed audit team (size, geographical location, key personnel, experience of staff) and their proposed approach to the audit.
- Detail on the firm's sector knowledge, how they contribute to debate on housing/social issues and experience of and interaction with the relevant regulators, in particular the Regulator of Social Housing and the Financial Conduct Authority.
- Detail on the firm's approach to quality, their internal quality control approach and how this would be applied to the audit.
- Examples of how they had or intended to incorporate the requirements of the Social Value Act 2012 into their service provision and how this would benefit the communities in which the Group operates.
- Pricing proposal, detailing the proposed staff levels, hours required at each level and the cost of this.

All bidders were then invited to interview where they were asked to prepare a presentation and answer a number of questions around audit methodology, current economic and sector issues and their impact on the Group and current technical accounting developments.

The final bid submissions were scored on a weighted basis with 50% being on the initial submission, 30% being on the pricing proposal and 20% being on the interview. Having reviewed the bid submissions, the committee made a recommendation for the reappointment of the incumbent, KPMG, for a period of three years with an option to extend by a further two years. The recommendation was accepted by the Group board.

During 2019/20, the audit partner presented KPMG's external audit strategy and fee proposal. KPMG's fee has increased by 20% but this was expected as the current audit environment is leading to an increase in substantive testing requiring more audit time and resource. The committee considered and agreed the Group's materiality limits, the significant risks, areas of audit focus and the audit strategy. The audit fee was subsequently agreed.

At the close of each financial year, the committee receives a report on the external audit process and reports to the Group board its findings regarding the independence and effectiveness of the external audit process.

Non-audit work

The Group has instructed KPMG to carry out £89,000 (2019: £55,000) of non-audit work in the year where advantages of efficiency, cost or expertise were identified. The Audit & Risk Committee monitors the nature and scale of such instructions during the year and its approval is required for substantive non-audit fees in excess of a threshold agreed by the board. As a result of these control mechanisms, the board is satisfied as to the independence of the external auditor.

Issues considered by the Audit & Risk Committee

The committee supports the board in fulfilling its corporate governance responsibilities, including the Group's risk management and internal control framework; internal audit process; financial reporting practices; the preparation and compliance of the company's Annual Report and Accounts; and the external audit process. The committee continues to hold meetings with the external auditor and the Director of Assurance, and these assist in ensuring that reporting, forecasting and risk management processes are subject to rigorous review throughout the year.

The significant risk areas below are those that the Audit Committee has considered in discharging its duties and in considering the financial reporting of the Group.

Carrying value of the Group's social housing properties

The committee has reviewed the judgements made in respect of the Group's social housing properties and has considered the sensitivities surrounding the assumptions used in assessing the net realisable value of its properties. The committee agreed with the judgements made by management and concluded that the valuations of the Group's properties are appropriate. The committee was satisfied that, where necessary, appropriate provision had been made for any impairment in the carrying value of the Group's social housing properties.

Investment property valuation

The valuation of the Group's investment properties is inherently subjective as it is undertaken on the basis of assumptions made by valuers which may not prove to be accurate. The Group appointed an independent valuer to undertake the valuation of the properties for the current financial year. The valuer attended meetings with management and the auditors subsequent to the year end to discuss the assumptions used in the valuation and the results of their review. The Audit Committee analysed the reports, reviewed the outcomes and challenged the assumptions where it believed appropriate to do so. The committee was satisfied with the valuation process, the independence and effectiveness of the Group's external valuer and the results of their work.

Stock recoverability

The committee has reviewed the judgements in relation to the recoverability of the stock held by the Group at 31 March 2020. The committee received a paper prepared by management outlining the approach and assumptions taken by management to assess the net realisable value of the Group's stock and work in progress. The paper reviewed the details of sites with significant areas of judgement and the sensitivity to a change in sales prices for all of the Group's development sites. The committee was satisfied by the review undertaken by management.

Pension scheme valuations

The Committee receives details of the pension scheme valuations carried out at each reporting date from the actuaries who advise the Group. The Committee has reviewed the underlying assumptions together with the external auditors' report benchmarking pension actuarial assumptions.

After reviewing the presentations and reports from management and consulting where necessary with the auditors, the committee is satisfied that the financial statements appropriately address the significant judgements and key estimates (both in respect of the amounts reported and disclosures). The committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

Misstatements

Management confirmed to the committee that they were not aware of any material or immaterial misstatements made intentionally to achieve a particular presentation. The auditors reported to the committee the misstatements that they found in the course of their work and no material amounts remain unjustified.

Remuneration Committee

The Remuneration committee determines and agrees the reward policy for the remuneration of non-executive directors. Fee levels for non-executives reflect time spent on Group activity and do not include performance-related elements.

The committee is responsible to the board for ensuring that the Group's total reward strategy for all employees (including executive directors) is appropriate, having regard to the nature and scale of the Group and the markets in which it operates. The purpose of that strategy is to attract and retain the right talent to each part of the Group. The committee carries out a review of employment terms (i.e. pay and benefits and essential contractual terms) for executive directors and for all other staff in alternate years.

The Group engaged the services of PricewaterhouseCoopers as the Group's reward consultant for the 2019/20 year. There are no connections between the Group or any members of the board or the committee and any remuneration consultant appointed during the year.

The committee determines and agrees the reward policy for the remuneration of executive directors and in that work it has regard to the desirability of a reward structure that demonstrates clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture. The reward structure for executive directors is based on salary and a performance-related bonus where performance is measured against a combination of hard measures linked to business plan targets and softer measures linked to demonstration of SPIRIT values and peer and team feedback. No contract with an executive director requires a period of notice in excess of 12 months.

Long-term incentive arrangements are in place for only two of the executive directors and are a legacy of growth share arrangements created in 2017/18 based on the performance of selected non-regulated subsidiaries. No benefits have been earned from those growth shares to date. The Group parent is limited by guarantee and so reward schemes at Group level are not designed in a way that promotes long-term shareholdings by executive directors.

Only basic salary is pensionable and pension contribution rates for executive directors, or payments in lieu, are aligned with those available to the workforce. The pension consequences and associated costs of basic salary increases and any other changes in pensionable remuneration, or contribution rates, particularly for directors close to retirement, are carefully considered by the committee.

The committee considers the question of salary review on an annual basis for all staff. In the absence of material market factors for any role or location or performance factors that are confined to an individual business, annual salary increases have been through the application of the same percentage uplift for all staff. In businesses where prior year performance has been strong and where operations have been sustained throughout the Covid-19 crisis with no significant reliance on the furlough mechanism, the committee approved a 2.7% pay increase for 2020. The executive directors and company secretary have declined to accept that increase by way of a contribution to the challenges that the Group is facing through Covid-19. The committee reviewed pay levels for certain senior management roles and approved increases where current levels were considered to be behind market norms.

Decisions in relation to performance-related bonus are usually taken in May, annually, but have been deferred until November in respect of the 2019/20 year so that the impact of Covid-19 can be better understood when reaching decisions.

The committee considered the question of CEO pay ratio reporting, noting that the Group is under no obligation to report. The committee concluded that the decision to defer consideration of bonus awards for 2019-20 would produce exceptional data for pay ratio purposes and would not be comparable to any year in which bonus awards were determined at the usual time.

The committee decided that the Group would not address the CEO pay ratio in the 2020 annual report but that the pay ratio for 2019/20 and that for 2020/21 would be included in the 2021 annual report.

The members of the committee during the year were M Brodtman (Chair until 30 September 2019), A Cleal (Chair from 1 October 2019), G Kitchen and L Woolman (from 1 October 2019). Adam Cleal had served on the Remuneration Committee for more than 12 months before assuming the position of committee Chair.

Nominations & Governance Committee

The Nominations & Governance Committee reviews the Group's governance arrangements and makes recommendations to the board on changes required.

The committee also reviews the Group's succession planning and makes recommendations to the board on the recruitment and selection of board members and, on behalf of the board, approves recommendations made for appointments to the boards of Group subsidiaries. See page 104 (non-executive directors) for further information on the selection criteria for making board appointments.

The members of the committee during the year were G Waddell (Chair), A Cleal and R Finn (from 1 October 2019).

Treasury Committee

The Treasury Committee scrutinises on behalf of the Group board the strategic management of the Group's financial assets and liabilities and its liquidity position. The Group board has delegated to the committee authority to approve treasury transactions on behalf of the Group parent including but not limited to the terms of new or extended borrowing facilities. It has also charged the committee with ensuring coordination of the approach to treasury matters in all parts of the Group.

The members of the committee during the year were C Phillips (Chair), L Lackey (co-opted), G Kitchen and G Waddell supported by members of management.

The Group maintains a clear distinction between its Regulated housing businesses (being its registered providers of social housing in England and registered social landlord in Scotland) and its Non-regulated businesses (being its commercially-driven entities). Places for People Treasury plc raises finance only for the Regulated businesses and those businesses have delegated their authority to its board to approve treasury transactions on their behalf. Places for People Finance plc raises finance only for the Non-regulated businesses and those businesses have delegated their authority to its board to approve treasury transactions on their behalf.

Overall treasury strategy and coordination rests with the committee and decision-making in relation to specific treasury transactions rests with the committee for the Group parent and with either Places for People Treasury plc or Places for People Finance plc for the Group subsidiaries.

Development, Investment & Regeneration Committee

During the year, the Group established the Development, Investment & Regeneration Committee to assist in assessing development, placemaking and/or investment/dis-investment prospects and in monitoring performance in relation to approved projects in those areas of activity. It is not a decision-making body – responsibility for committing to development, placemaking or investment transactions remains a matter for the relevant board subject to (a) the need to engage with the Group board where the transaction involves a matter that is reserved to the Group board, and (b) the ability of management to act in accordance with any delegated authority including authority derived from the prior approval of a business plan in which the proposed activity and relevant budget for it has been included. The committee considers proposed development and/or placemaking opportunities, scrutinising management proposals to add value. Following committee scrutiny, formal proposals to the relevant board may then be made as management recommendations supported by the committee.

Where commitment is made to development or placemaking activity (on a sole or joint venture basis), the committee will monitor progress in project management as well as operational and financial performance.

The committee reviews the Group's investment strategy and the tactics to deliver it. It will scrutinise management proposals, adding value where it can. Proposals on strategy to the Group board may then be made as management recommendations with support from the committee.

The members of the committee during the year were C Phillips (Chair), A Hussain, A Daniel and T James supported by members of management.

Regulated board

The Group board has charged the Regulated board with considering the operational performance and compliance with applicable standards of the Group's regulated housing providers. Each provider retains its own board but the Group-wide role of the Regulated board promotes sharing of good practice and expertise across relevant parts of the Group.

Non-regulated subsidiaries

Boards of key operating businesses in the Non-regulated part of the Group comprise relevant executives and Group board non-executives who are allocated to the relevant boards to reflect their experience and skills and the needs of the respective businesses. This enables non-executives to take a closer interest in individual Non-regulated subsidiaries whose boards they join. The full spectrum of Non-regulated business activity is reported to and considered by the Group board. This arrangement replaces the forum known as the Ventures board. Attendance at Ventures board meetings during 2019/20 is displayed for completeness.

Attendance at board and committee meetings

Directors' attendance at board and committee meetings, in relation to the number of meetings held, during the year ended 31 March 2020, is set out in the following table.

BOARD MEMBER	GROUP BOARD	AUDIT & RISK COMMITTEE	REMUNERATION COMMITTEE	NOMINATIONS & GOVERNANCE COMMITTEE	TREASURY COMMITTEE	DIRCO	VENTURES BOARD	REGULATED BOARD
Chris Phillips	5/5	N/A	N/A	N/A	4/4	2/2	N/A	N/A
Michael Brodtman[1]	2/3	N/A	1/1	N/A	N/A	N/A	N/A	0/2
Adam Cleal	5/5	N/A	3/3	3/3	N/A	N/A	4/4	N/A
Angela Daniel[2]	2/2	N/A	N/A	N/A	N/A	2/2	N/A	2/2
Regina Finn[2]	2/2	N/A	N/A	1/1	N/A	N/A	N/A	2/2
Nigel Hopkins	4/5	5/5	N/A	N/A	N/A	N/A	1/2	2/2
Amjad Hussain	5/5	5/5	N/A	N/A	N/A	2/2	4/4	N/A
Tracey James[2]	2/2	2/2	N/A	N/A	N/A	1/2	2/2	N/A
Graham Kitchen	5/5	5/5	3/3	N/A	3/4	N/A	N/A	4/4
Jon Lloyd[1]	1/3	2/3	N/A	N/A	N/A	N/A	2/2	N/A
Graham Waddell	5/5	2/2	N/A	3/3	3/4	N/A	N/A	4/4
Liz Woolman[2]	2/2	N/A	2/2	N/A	N/A	N/A	2/2	N/A
John Carleton[3]	1/2	N/A	N/A	N/A	N/A	N/A	1/2	1/2
David Cowans	5/5	N/A	N/A	N/A	N/A	N/A	4/4	4/4
Pat Egan[4]	3/3	N/A	N/A	N/A	N/A	N/A	N/A	2/2
Debi Marriott-Lavery[5]	3/3	N/A	N/A	N/A	N/A	N/A	N/A	2/2
Mary Parsons[6]	5/5	N/A	N/A	N/A	N/A	N/A	3/4	3/4
Tim Weightman[5]	3/3	N/A	N/A	N/A	N/A	N/A	2/2	2/2
Andy Winstanley	5/5	N/A	N/A	N/A	N/A	N/A	4/4	4/4

N/A = not a board/committee member

1 Michael Brodtman and Jon Lloyd both resigned from the Group board at the close of business on 30 September 2019

2 Angela Daniel, Regina Finn, Tracey James & Liz Woolman all joined the Group board on 1 October 2019

3 John Carleton joined the Group board on 28 October 2019 and resigned on 29 February 2020

4 Pat Egan resigned from the Group board on 4 September 2019

5 Debi Marriott-Lavery and Tim Weightman both joined the Group board on 4 September 2019

6 Mary Parsons resigned from the Group board on 27 May 2020

Evaluation of board performance

The board conducts an annual evaluation of its own performance. This involves consideration of the following: whether a strategy and business plan were agreed prior to the start of the financial year; whether the Group's vision and objectives informed the choice of strategy; whether the plan was delivered and if it was not, whether the board satisfied itself as to the reasons for change; whether the committees carried out the plans of work approved for them by the board; whether the board fulfilled its own plan of work for the year; whether requirements for new/additional/replacement skills on the board (at executive and non-executive level) were considered during the year; whether any steps taken as a result were successful; whether the Group board assessed its level of compliance with its adopted code of governance and provided explanations for any non-compliance; whether the boards of the regulated housing subsidiaries adopted, adhered to and reported against a suitable governance code and, whether time was made available for and the way in which meetings were conducted allowed open discussion of key issues between board members.

The Chairman has acted on the results of the annual evaluation of board effectiveness and of individual board member contributions. During the course of the year, adjustments were made to governance structures and to board membership that reflected the Chairman's views on where strengthening was possible. The board's evaluation of its own performance in respect of the year under consideration produced the conclusion that the board has been effective.

The Group has complied with the UK Corporate Governance Code (the Code) (2018 version) except for Code provisions 3, 4, 18, 19 and aspects of provision 5.

Provisions 3, 4, and 18 contemplate dialogue with external shareholders or decisions being referred to shareholders on matters of director appointments, auditor appointments, director remuneration and the use of the AGM to communicate with investors. The Group parent is a company limited by guarantee and does not have external shareholders in the sense contemplated by the Code and therefore it addresses the need for scrutiny and evaluation through the board or an appropriate committee of the board and it engages with investors directly and through an annual investor's forum.

Provision 19 deals with the length of service of the Group Chairman. The explanation for the Group's non-compliance with that provision is set out in the section on non-executive directors (page 104).

Part of provision 5 prescribes the options for workforce engagement. The board has concluded that its methods for engagement (described in the 'People' section on page 98) are effective and more suited to the Group's needs.

Subsidiary boards

Places for People subsidiaries have governance arrangements appropriate to their size and field of activity. All of those governance arrangements feed into the Group's overall governance structure.

The registered provider subsidiaries are required to adopt a governance code. Places for People Homes, Places for People Living Plus, Castle Rock Edinvar Housing Association, Derwent Housing Association and Chorus Homes Group have each adopted the UK Corporate Governance (UKCG) code. Cotman Housing Association has adopted the National Housing Federation (NHF) code of governance, which contains principles that the Group considers to be broadly consistent with those of the UKCG code.

Each of the main operating subsidiaries — Places for People Homes, Places for People Living Plus, Castle Rock Edinvar Housing Association, Cotman Housing Association, Derwent Housing Association, Chorus Homes Group, Touchstone Corporate Property Services, Residential Management Group, Girlings Retirement Rentals, Brio Retirement Living, Places Leisure, Places for People Developments, Allenbuild, ZeroC, Millwood Designer Homes and ModularWise — has its own board consisting of non-executive and/or executive directors, but always including one or more members of the Group board.

Regulator engagement

There is engagement throughout the year with the relevant regulators of the affordable housing providers: the Regulator of Social Housing (RSH) in England and the Scottish Housing Regulator (SHR). Mechanisms for engagement include quarterly and annual data submissions, management meetings with regulator representatives and engagement with non-executives. The Group Chief Executive participates in the RSH's CEO Forum, the RSH's own chief executive attended a Group board meeting and representatives of the SHR attended a Castle Rock Edinvar board meeting. The RSH conducted its latest in-depth assessment of the Group, during which executive and non-executive directors met with RSH representatives. The exercise resulted in the Group maintaining its G1/V1 rating.

Compliance with the Governance and Financial Viability Standard issued by the Regulator of Social Housing

The Group board has confirmed that an assessment of the Group's compliance with the Governance and Financial Viability Standard has been completed and certifies that the Group is compliant with the Standard.

Going concern and viability statements

Introduction

The Group produces a strategic business plan each year. This process includes review and challenge by the board, alongside consideration of principal risks and uncertainties. When the business plan is approved it is then used as the basis for monitoring business performance and providing guidance for our external stakeholders, including regulators and investors.

The Group robustly assesses both its risks and mitigating actions through the use of a comprehensive risk mapping process. Principal risks and uncertainties are set out on pages 93 to 97.

Going concern

The going concern assessment considers whether it is appropriate to prepare the financial statements on a going concern basis. The global Covid-19 pandemic has introduced significant levels of uncertainty into most businesses. The board is paying close attention to the evolving situation and to mitigating the risks for the Group and has assessed the going concern in light of the risks raised by the pandemic.

At 31 March 2020, the Group had cash and undrawn facilities of £918.3m. The Group continues to actively manage its cash flows in order to mitigate any reductions in income.

The Group has reviewed all of its business forecasts and projections and has produced a revised business plan for the year ending 31 March 2021. Although the full impact of Covid-19 is still unknown, the Group has produced its forecasts on the latest information and experience in the markets in which it operates. In addition to the reviewed forecasts, the directors have undertaken stress testing on these forecasts to understand the impact should the pandemic worsen.

The directors have reviewed the projected cash flows and the compliance with debt covenants of the Group and have overlaid a number of scenarios reflecting the potential impact of the Covid-19 pandemic. These scenarios include a 10% reduction in rent received for 12 months and a 5% reduction in rent for the following 12 months, no property sales for the remainder of the year with a 20% price reduction for the following 12 months and leisure centres to remain closed until 31 March 2021 with a phased reopening over the following 12 months. As a result of these assumptions, and before any cost reductions are applied, management believe the liquidity of the Group at 31 March 2021 would be £566m and £346m at 31 March 2022 if the Group did not raise any additional finance to that which is currently available.

The Group continues to monitor the supply chains for the products it requires to provide its services. The most significant area of the Group's supply chain to be impacted is in relation to the procurement of personal protective equipment (PPE). The Group has been successful in utilising its diverse supply chain to ensure that it has been able to maintain a stock of its essential PPE of at least three months.

On the basis described above, the directors consider it appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Viability

The UK Corporate Governance Code requires the directors to make a statement with regard to the viability of the Group. This requires consideration of solvency and liquidity over a longer period than the going concern assessment. The Group's strategic plan covers a 10-year period, over which the directors have made assumptions regarding the Group's revenues, operating costs and cash requirements.

The projections for the first three years of the plan are based on current opportunities and include an expectation of the rental incomes for the Group. There is inherently less certainty in the projections from year four to 10. Consistent with prior years, the directors have therefore determined that three years is an appropriate period for this viability statement.

In assessing the Group's prospects and resilience, the management produced projections which considered the Group's current business position and risk appetite. Despite the rent reductions imposed by the Government on social housing rents which came to an end in 2020, the Group has continued to undertake rigorous single and multi-variate stress testing exercises on its projections, which have included considering the impact of challenging economic conditions including a downturn in the housing market. The results confirmed that the Group would continue to be able to settle projected liabilities as they fall due over a three-year period.

This year, the directors have also considered specifically the impact of the Covid-19 pandemic. This is considered a principal risk as set out on page 94 and, given the more immediate nature of the situation, has been considered in more detail within the shorter term going concern considerations above. While the impacts of Covid-19 may well be felt in the longer as well as the shorter term, the prospects are considerably strong of economic recovery taking place after the severe economic shock modelled in the going concern assessment period is complete. The directors have considered several different severe yet plausible scenarios including potentially challenging outcomes such as considerable reductions in turnover. The directors also considered additional impacts, such as restrictions in supply chains, and were satisfied that measures were in place to mitigate significant risks to the Group's operations. The stress testing again demonstrated the ability of the Group to continue to operate effectively.

Having assessed the prospects of the Group, including the Group's current funding, forecast requirements, existing committed borrowing facilities and the principal risks as outlined on pages 93 and 97 of the Directors' Report, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to March 2023.

In making this statement, the directors understand that there is inherent uncertainty in all business planning and therefore as a result, it is not possible to take into account every risk and eventuality that the Group may face. The board is satisfied that the stress testing that is performed on the Group's business plan includes all of the major risks that the Group may face and therefore provides strong assurance of the Group's financial viability.

Risk management and risk appetite

Internal control

The board is responsible for the Group's system of internal control. This has been designed to manage, and mitigate as far as possible, the risk of any failure to meet business objectives. It can only provide reasonable assurance — not absolute assurance — against material misstatement or loss. The board's approach to risk management is supported by a structured assurance framework which includes the Audit & Risk Committee.

The board has an ongoing process to identify, evaluate and manage the significant risks faced by the Group. This was in place throughout the year and up to the date of the approval of the financial statements. The key elements of this process are as follows:

- A Risk Management Framework is in place which is supported by a 'three lines of defence' assurance model, risk based internal audit and assurance mapping. This integrated approach provides the Group board with the necessary assurance that risks are being managed effectively.
- Risk maps are maintained by each Group business which set out the key internal and external risks faced by that business. Controls in place to mitigate each risk are documented, as are any further actions considered necessary to reduce risk further. Risks are reviewed by subsidiary boards at their meetings and risk maps updated to reflect any necessary changes.
- The Group business plan sets out for each Group business its objectives for the coming year, along with the risks that might prevent achievement of those objectives and the controls and actions in place to mitigate those risks.
- The Group's risk appetite is reviewed and agreed by Group board as part of the business planning process.
- The Group's Strategic Risk and Value for Money Group meets quarterly to consider emerging strategic risks and to review and update the Group Strategic Risk Map.
- Group Risk Maps are subject to further scrutiny and challenge by the Regulated board and by the Audit & Risk Committee.
- The Group Business Assurance internal audit plan is driven by the Group Strategic Risk Register, which ensures audits are focused upon the key risks identified by management. Audit testing seeks to ensure that appropriate controls are in place to mitigate and manage risk to an acceptable level.
- The Group Business Assurance team has received an External Quality Assessment in year from the Chartered Institute of Internal Auditors (IIA) which resulted in confirmation that working practices in use conform to the IIA's Professional Standards framework.

As the year concluded, events relating to the Covid-19 crisis resulted in the risk and control structure in place being reviewed to assess the Group's ability to deal with changes in risk profiles and working practices resulting from the crisis. Risk profiles were reassessed and, where appropriate, control mechanisms were challenged and revised to address operational changes. At the point of writing, no significant control failings have occurred to threaten the stability of the control structure in place.

The Group board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2020 and up to the date of signing these financial statements. It has not identified any weaknesses which resulted in material losses or contingencies or other uncertainties which require disclosure in the financial statements.

Donations

During the year, the Group made charitable donations of £363,601 (2019: £193,000). The Group made no political donations (2019: £nil).

Annual General Meeting

The Annual General Meeting will be held during September 2020.

Statement of disclosure to the Auditor

At the time of approval of this report:

- So far as the directors are aware, there is no relevant audit information of which the Group's auditor is unaware.
- The directors have taken all steps that they are required to take as directors to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Statement of board's responsibilities

In respect of the board's report, strategic report and the financial statements

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 — the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- Use the going concern basis of accounting unless they intend either to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose, with reasonable accuracy at any time, the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

By order of the board

Chris Martin
Group Company Secretary
5 August 2020

Strategic Report
Governance Report
Financial Statements

3

Financial statements

Independent auditor's report

For the year ending 31 March 2020

to the members of Places for People Group Limited

1 Our opinion is unmodified

We have audited the financial statements of Places for People Group Limited ("the Group" or "the Group and Company") for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, the Company Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Reserves, Consolidated Statement of Cash Flows and the related notes, including the accounting policies in note 1.

In our opinion:

— the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2020 and of the Group's profit and the Company's result for the year then ended;

— the Group and parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and

— the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is asufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit and risk committee.

We were first appointed as auditor by the directors for the year ended 31 March 2001. The period of total uninterrupted engagement is for the 20 financial years ended 31 March 2020. 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	£16m (2019: £15m) 1.8% (2019: 1.8%) of Group Turnover	
Coverage	97.8% (2019: 97.9%) of Group Turnover	
Key audit matters		vs 2019
Recurring risks	Recoverable amount of development programme schemes and associated land	◀▶
	New: Valuation of defined benefit pension scheme liability	▲
	New: Valuation of investment properties	▲
	Parent Company revenue recognition	◀▶

KPMG

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, 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
Recoverable amount of development programme schemes and associated land. Stock: £434.2 million (2019: £448.0 million) Refer to page 117 (Audit and Risk Committee Report), page 140 and 141 (accounting policy) and page 157 (financial disclosures).	**Forecast-based valuation** The Group has a significant development programme including a significant portfolio of properties developed for commercial sale and rent, the recoverable amount of which could potentially be affected by changing market conditions during the year. The Group has an appraisal process in place to determine the recoverable amount of each development scheme (and help identify any potential impairment risks). The accounting of these schemes contains a number of assumptions and judgements relating to the recoverability of assets for sale and work in progress. The Directors review the assumptions and update the appraisal of the development regularly, and at the year end, to determine the recoverable amount of the assets. This also includes the consideration of impairment on significant developments due to time delays, increases in construction costs, falling land values, and/or budget overruns. There is a risk that the appropriate valuation and accounting treatment is not applied to development transactions leading to material misstatements in the valuation of stock held by the Group.	Our procedures included: — **Methodology choice:** Assessment of the appraisal processes that are used to determine the scheme current asset stock and work in progress carrying values to check that these are consistent with our sector and entity knowledge; — **Benchmarking assumptions:** Assessment of the assumptions that have been used to underpin the appraisal processes to assess their appropriateness, including consideration of the planned tenure mix for the development scheme being considered, and comparison of key assumptions (e.g. market value of properties, cost inflation, rental assumptions) to current third party online data , including appropriate online indexes (e.g. the Building Cost Information Service index); — **Our sector experience:** Consideration of the Directors ' assessment of whether there has been an impairment indicator and assessment of this based on other evidence obtained during the audit including the sales performance of schemes and market indicators; and — **Tests of details:** Agreeing the underlying data used in the appraisal processes, including consideration of the sales history and costs incurred during the 2019/20 financial year, back to sales certification documentation and other third party documentation, such as invoices. **Our results:** We found the resulting estimate of the recoverable amount of development programme schemes and associated land to be acceptable (2019: acceptable).

Independent auditor's report

For the year ending 31 March 2020

2 Key audit matters: our assessment of risks of material misstatement (continued)

	The risk	Our response
Valuation of defined benefit pension scheme liability Pension liability: £325.8 million Refer to page 117 (Audit and Risk Committee Report), page 140 (accounting policy) and page 170 (financial disclosures).	**Subjective valuation** The Group is a member of various defined benefit pension schemes including: the Social Housing Pension Scheme, the Scottish Housing Associations' Pension Scheme, Places for People Group Retirement Benefit Scheme and various Local Government Pension Schemes. The valuation of such schemes relies on a number of assumptions, most notably around the actuarial assumptions. It is important that the assumptions used reflect the profile of the Group's employees. It is also important that assumptions are derived on a consistent basis year to year, or updated to reflect the Group's current position. There are also generic financial assumptions and demographic assumptions used in the calculation of the Group's liability. There is a risk that, if the assumptions used are not appropriate, the amounts shown in the financial statements for the pension scheme liability could be materially misstated.	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; and — **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 valuation of the pension scheme liability to be acceptable.
Valuation of Investment Properties Investment properties: £574.9 million Refer to page 117 (Audit and Risk Committee Report), page 140 and 141 (accounting policy) and page 156 (financial disclosures).	**Subjective Valuation** The Group's property portfolio includes a number of market rent and commercial units. Under FRS102 these are considered 'Investment Properties' due to the intention of maximising rental values or capital appreciation. The standard requires this class of assets to be valued at fair value at each year end (without undue cost or effort). The valuation is subject to movements based on current market conditions which could impact the overall operating surplus for the Group. Also, dependent on the type of valuation undertaken, there are a number of assumptions used in the valuation of the assets which are subjective, and could impact the overall valuation at the year end and movement during the year. Management undertook a full valuation of investment properties during 2019/20 as at 31 December 2019. Management then reviewed the values of the investment properties as at 31 March 2020 to identify any material changes in value. There is a risk that inappropriate assumptions are used leading to a material misstatement in the valuation of investment properties	Our procedures included: **Review of costs incurred** — **Assessing valuer's credentials:** We assessed the competence, capability, objectivity and independence of the Group's external valuer. — **Methodology choice:** We critically assessed the assumptions used in preparing the full valuation of the Group's investment properties to ensure they were appropriate. — **Test of detail:** We tested the accuracy of the investment property base data provided to the valuer to complete the full valuation to ensure it accurately reflected the Group's investment property portfolio. — **Methodology implementation and re- performance:** We compared the investment property value movements from the valuer's report to the entries in the financial statements to confirm that any material movements in the value of investment properties had been accounted for correctly. — **Assessing transparency:** We considered the adequacy of the disclosures about the key judgements and degree of estimation involved in concluding whether there has been any material movement in the value of investment properties since 31 March 2019. — **Test of detail:** We critically assessed management's review of the investment properties as at 31 March 2020 to identify any material changes in value. **Our results:** We found the valuation of the Group's investment property portfolio to be acceptable.

2 Key audit matters: our assessment of risks of material misstatement (continued)

	The risk	Our response
Parent Company revenue recognition Turnover: £34.8 million (2019: £29.9 million) Refer to page 140 (accounting policies) and page 134 (financial disclosures).	**Provision of support services** Places for People Group Ltd is the holding entity for the group and provides central support services to each of its subsidiary entities As such, the entity will incur charges for these centralised costs and recharge these to other group companies. This results in the majority of the Company Statement of Comprehensive Income being driven by costs incurred on behalf of the group and related income. Therefore the revenue generated from the services provided to subsidiaries is seen as the key area of audit focus	Our procedures included: **Review of costs incurred** — reviewing the costs incurred and comparing the movement year on year to determine the cost base; **Review of parent Company income** — testing the parent Company income to determine the recharges that have been applied to relevant costs **Our results:** We found that the revenue recognised in the Group related to central services to be acceptable (2019: acceptable).

We continue to perform procedures over the impact of uncertainties due to Britain leaving the European Union. However, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

Independent auditor's report

For the year ending 31 March 2020

3 Our application of materiality and an overview of the scope of our audit

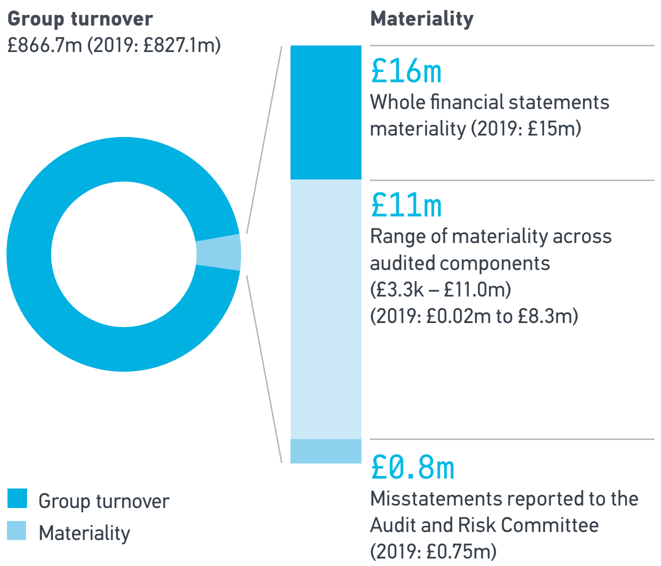
The materiality for the Group financial statements as a whole was set at £16 million (2019: £15 million), determined with reference to a benchmark of Group turnover of £866.7 million (2019: £827.1 million), of which it represents 1.8% (2019: 1.8%). We consider total turnover to be the most appropriate benchmark as the Group is a not-for-profit organisation, therefore the focus is on turnover and any surplus generated is variable and reinvested.

We reported to the Audit & Risk Committee any corrected or uncorrected identified misstatements exceeding £800,000 (2019: £750,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 202 (2019: 190) reporting components, we subjected 91 (2019: 66) to audits for Group reporting purposes. These audits accounted for 97.8% (2019: 97.9%) of Group turnover, 102.4% (2019: 106.7%) of Group profit before tax and 99.2% (2019: 98.4%) of Group total assets. For the remaining 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 Group audit team instructed the component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved all subsidiary materialities, which ranged from £3,300 (2019: £16,000) to £11.0 million (2019: £8.3 million), having regard to the mix of size and risk profile of the Group across the components. The work on 41 (2019: 45) of the 91 (2019: 66) components was performed by component auditors (all of whom are component teams from the same audit firm as the Group audit team) and the rest by the Group audit team.

Telephone conference meetings were held with the component auditors to discuss the findings reported to the Group audit team in more detail, and any further work required by the Group audit team was then performed by the component auditor.



4 We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group'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").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. 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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company'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 Company's available financial resources over this period were:

- The impact of further rent reductions;
- A downturn in the development market;
- The impact of the covid-19 pandemic on the Group and Company's operations.

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as [the impact of Brexit and the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5 We have nothing to report on the other information in the Annual Report

The directors are 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, except as explicitly stated below, 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.

Strategic report and directors' report
Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006

Disclosures of principal risks and longer-term viability
Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirm within the Going concern and viability statements on page 121 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the Going concern and viability statements of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures
We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee.

We have nothing to report in these respects.

6 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page 169, the Directors are 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 Company'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 parent Company 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

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

Independent auditor's report

For the year ending 31 March 2020

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 legislation for registered providers of social housing) 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 or the loss of the Group's licence to operate. We identified the following areas as those most likely to have such an effect: laws related to the construction and provision of private and social housing, including health and safety, recognising the regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter.

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 (irregularities) 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 irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Harry Mears (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, Canary Wharf, London, E14 5GL

18 August 2020

Consolidated statement of comprehensive income

For the year ending 31 March 2020

	Notes	**2020 £m**	2019 £m
Group and share of joint ventures turnover		**894.1**	839.4
Less: share of joint ventures turnover		**(27.4)**	(12.3)
Group turnover	2	**866.7**	827.1
Cost of sales	2	**(203.7)**	(178.5)
Operating costs	2	**(473.5)**	(447.8)
Profit on sale of fixed assets	4	**9.1**	26.3
Gain on revaluation of investment properties	15	**17.7**	0.8
Operating profit before interest		**216.3**	227.9
Share of operating profit/(loss) on joint ventures		**1.4**	(2.0)
Interest receivable and similar income	7	**17.1**	11.0
Interest payable and similar charges	8	**(143.6)**	(141.4)
Profit on ordinary activities before taxation	9	**91.2**	95.5
Taxation	10	**(1.8)**	(9.8)
Profit on ordinary activities after taxation		**89.4**	85.7
Loss/(profit) attributable to non-controlling interests		**0.9**	(0.3)
Profit attributable to members of the parent company		**90.3**	85.4
Group profit for the financial year excluding joint ventures		**90.7**	88.7
Share of joint ventures loss for the financial year		**(0.4)**	(3.3)
Total profit for the financial year		**90.3**	85.4
Fair value (loss)/gain on interest rate and currency swaps		**(8.8)**	6.0
Deferred tax on interest rate and currency swaps	10	**2.0**	(0.5)
Initial recognition of multi-employer defined benefit scheme	25	**—**	(4.0)
Actuarial gain recognised in the pension scheme	25	**28.2**	1.4
Actuarial loss recognised in the pension scheme	25	**(0.4)**	(14.8)
Deferred tax arising on movement in the pension scheme	10	**(12.0)**	(1.2)
Comprehensive income adjustment on business combinations		**—**	1.1
Deferred tax arising on gift aid transfer	10	**0.3**	—
Total comprehensive income for the year		**99.6**	73.4

The notes on pages 139 to 181 form an integral part of these financial statements.

Company statement of comprehensive income

For the year ending 31 March 2020

	Notes	2020 £m	2019 £m
Turnover		**34.8**	29.9
Operating costs		**(34.6)**	(29.8)
Operating profit		**0.2**	0.1
Interest payable and similar charges	8	**(0.2)**	(0.1)
Profit on ordinary activities before and after taxation		**—**	—

The notes on pages 139 to 181 form an integral part of these financial statements.

There is no other comprehensive income other than that reported above.

Consolidated statement of financial position

As at 31 March 2020

	Notes	2020 £m	£m	2019 £m	£m
Fixed assets					
Goodwill	12	**8.7**		10.4	
Housing properties	13	**3,868.4**		3,655.7	
Fixed asset investments	15	**777.7**		694.4	
Equity loans	16	**70.6**		76.5	
Other fixed assets	14	**104.4**		93.7	
			4,829.8		4,530.7
Non-current assets					
Debtors: amounts falling due after one year	18	**53.8**		17.8	
Pension surplus	25	**25.9**		—	
			79.7		17.8
Current assets					
Stock	17	**434.2**		448.0	
Debtors: amounts falling due within one year	19	**142.4**		156.6	
Investments	20	**24.3**		58.5	
Cash and cash equivalents		**183.6**		66.2	
		784.5		729.3	
Current liabilities					
Creditors: amounts falling due within one year	21	**(345.9)**		(465.9)	
Net current assets			**438.6**		263.4
Non-current liabilities					
Creditors: amounts falling due after more than one year	22	**(4,675.1)**		(4,228.5)	
Pension liability	25	**(13.1)**		(22.1)	
			(4,688.2)		(4,250.6)
Net Assets			**659.9**		561.3
Capital and reserves					
Revenue reserve		**661.8**		562.2	
Restricted reserve		**0.2**		0.2	
Total capital and reserves			**662.0**		562.4
Non-controlling interests			**(2.1)**		(1.1)
			659.9		561.3

The notes on pages 139 to 181 form an integral part of these financial statements.
The financial statements of Places for People Group Limited, company number 03777037, were approved by the board of directors on 5 August 2020.
They were signed on its behalf by:

C Phillips
Group Chairman

D Cowans
Group Chief Executive

Company statement of financial position

As at 31 March 2020

	Notes	2020 £m	2019 £m
Fixed assets			
Investments	15	**0.5**	0.5
Current assets			
Debtors: amounts falling due within one year	19	**7.7**	5.5
Cash and cash equivalents		**1.2**	1.7
		8.9	7.2
Current liabilities			
Creditors: amounts falling due within one year	21	**(9.4)**	(7.7)
Net current liabilities		**(0.5)**	(0.5)
Net assets		**—**	—
Capital and reserves			
Revenue reserves		**—**	—
		—	—

The notes on pages 139 to 181 form an integral part of these financial statements.
The financial statements of Places for People Group Limited, company number 03777037, were approved by the board of directors on 5 August 2020.

They were signed on its behalf by:

C Phillips
Group Chairman

D Cowans
Group Chief Executive

Consolidated statement of changes in reserves

For the year ending 31 March 2020

	Revenue Reserve £m	Restricted Reserve £m	Total Reserves £m
Balance at 1 April 2019	**562.2**	**0.2**	**562.4**
Total comprehensive income for the year			
Profit for the year	**90.3**	**—**	**90.3**
Fair value loss on interest rate and currency swaps	**(8.8)**	**—**	**(8.8)**
Deferred tax on interest rate and currency swaps	**2.0**	**—**	**2.0**
Actuarial gain recognised in the pension scheme	**28.2**	**—**	**28.2**
Actuarial loss recognised in the pension scheme	**(0.4)**	**—**	**(0.4)**
Deferred tax arising on movement in the pension scheme	**(12.0)**	**—**	**(12.0)**
Deferred tax arising on gift aid transfer	**0.3**	**—**	**0.3**
Balance at 31 March 2020	**661.8**	**0.2**	**662.0**

The revenue reserve includes the cumulative fair value gain on interest rate and currency swaps designated in cash flow hedges of £8.9m (2019: £3.4m loss). The movement in year being £12.3m.

Consolidated statement of cash flows

For the year ending 31 March 2020

	Notes	2020 £m	2019 £m
Net cash generated from operating activities	11	**217.8**	156.9
Additional pension contributions		**(5.0)**	(16.3)
Cash flow from investing activities			
Purchase of housing and investment properties		**(308.8)**	(266.5)
Proceeds from the disposal of housing and investment properties		**28.9**	264.6
Purchase of other fixed assets		**(28.6)**	(22.2)
Proceeds from the disposal of other fixed assets		**0.4**	—
Purchase of fixed and current asset investments		**(31.2)**	(86.2)
Proceeds from the disposal of fixed and current asset investments		**63.6**	108.9
Cash received from acquisitions		**—**	2.4
Receipt of Government and other grants		**83.3**	34.1
Interest received		**3.7**	1.1
Dividends received from investments		**1.8**	1.4
Net cash flow from investing activities		**(186.9)**	37.6
Cash flow from financing activities			
Interest element of finance lease rental payment		**(14.3)**	(14.0)
Capital element of finance rental lease payments		**(1.0)**	(0.9)
Interest paid		**(123.8)**	(126.5)
Tax paid		**(14.8)**	(11.8)
Settlement of financial instruments		**11.8**	(3.5)
Drawdown of loans in the year		**382.6**	229.6
Repayment of loans and debentures in the year		**(149.0)**	(257.3)
Net cash flow from financing activities		**91.5**	(184.4)
Net change in cash and cash equivalents		**117.4**	(6.2)
Cash and cash equivalents at beginning of year	11	**66.2**	72.4
Cash and cash equivalents at end of the year	11	**183.6**	66.2

Notes to the financial statements

For the year ending 31 March 2020

1 Principal accounting policies

A summary of the principal accounting policies, which have been applied consistently, is set out below.

Basis of accounting
These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP), the Accounting Direction 2019 for Private Registered Providers of Social Housing 2015, and with the Companies Act 2006.

The financial statements are presented in Sterling (£m's).

Going concern
The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Places for People Group (Group) has reviewed all of its business forecasts and projections and has produced a revised 10 year business plan for the year ending 31 March 2021 this was approved in August 2020 by the Board. Although the full impact of Covid-19 is still unknown, the Group has produced its forecasts on the latest information and experience in the markets in which it operates. In addition to the reviewed forecasts, the directors have also undertaken stress testing on these forecasts to understand the impact of an increasing severity of the implications from the pandemic.

The directors have reviewed the projected cash flows and the compliance with debt covenants of the Group and have overlaid a number of scenarios reflecting the potential impact of the Covid-19 pandemic. These scenarios include a 10% reduction in rent received for 12 months and a 5% reduction in rent for the following 12 months, no property sales for the remainder of the year with a 20% price reduction for the following 12 months and leisure centres to remain closed until 31 March 2021 with a phased reopening over the following 12 months. As a result of these assumptions, and before any cost reductions are applied, management believe the liquidity of the Group at 31 March 2021 would be £566m and £346m at 31 March 2022 if the Group did not raise any additional finance beyond that which is currently available.

The board believe the Group and association have sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

The board, after reviewing the group and association budgets for 2020/21 and the Group's medium-term financial position as detailed in the 30-year business plan, including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Basis of consolidation
The financial statements are group statements and have been prepared by consolidating the results of the entities within the Places for People Group using the acquisition method for subsidiary entities and the equity method for joint venture entities as appropriate.

The consolidated accounts comprise the financial statements of Places for People Group Limited and its subsidiary undertakings, control of which are achieved where Places for People Group Limited has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. A listing of subsidiaries and related undertakings is provided in note 29.

Independence and Responsibility Agreements exist between the Group parent and the subsidiaries, which are the basis of the Group structure, and enable the board of directors to control the Group. All subsidiaries have coterminous year ends. Places for People Living+ Limited, The Places Foundation, Castle Rock Edinvar Housing Association Limited, Cotman Housing Association Limited, Derwent Community Housing Association Limited, Chorus Homes Limited and Places for People Leisure Partnerships each have a charitable status.

Public benefit entity combinations that are in substance a gift to the Group are accounted for by calculating the excess of the fair value of the assets assumed over the fair value of liabilities acquired. This gain is recognised in the statement of comprehensive income.

Significant judgements
The following are the significant judgements, apart from those involving estimations (which are set out separately below), that have been made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Going concern
In order to assess whether it is appropriate for the Group to be reported as a going concern, the management apply judgement, having undertaken appropriate enquiries and having considered the business activities and the Group's principal risks and uncertainties as set out on pages 93 – 97. In arriving at this judgement there are a large number of assumptions and estimates involved in calculating future cash flow projections. This includes management's expectations of both property sales and rental turnover, operating costs, timing and quantum of future capital expenditure and estimates and cost of future funding. Sensitivity testing, involving challenging scenarios including reasonable worst case scenarios in respect of Covid-19, has been undertaken in respect of the assumptions used within the going concern assessment. As a result of these considerations the financial statements have been prepared on a going concern basis.

Investment properties
The Group owns a range of different property types. This requires the Group to assess which properties should be classified as investment properties as these properties are held at a market valuation, not at depreciated cost.

The Group considered the FRS 102 definition of investment property which refers to property held to earn rentals for capital appreciation, rather than for administrative purposes or for sale in the ordinary course of business. The Group has also reviewed Section 16 of FRS 102 that precludes the classification of property held primarily for the provision of social benefits being classified as investment property. The Group has applied this by judging that rental properties without public subsidy attached to them are investment properties.

Lease classification
During the year ending 31 March 2019, the Group purchased the freeholds of a number of properties and assessed that the arrangement should be classified as a finance lease.

The Group considered the requirements of FRS 102 Section 20 which requires that, if a lease substantially transfers all the risks and rewards of ownership, it should be treated as a finance lease. It was determined that because the Group will retain ownership of the properties at the end of the 45 year lease period, alongside holding the risks and rewards of owning and managing the properties during this period, the Group substantially holds the risks and rewards of ownership.

Notes to the financial statements

For the year ending 31 March 2020

1 Principal accounting policies (continued)

Accounting estimates
The nature of estimation means that actual outcomes may differ from the estimates made.

Residual value of social housing properties
It is considered that the estimate of residual value of social housing properties has a significant impact on the carrying amount of social housing assets. The Group considers the residual value of social housing property structure to be cost. The net book value of completed social housing properties is £3.8bn. The residual value of social housing property structure is £305m above the carrying value as at 31 March 2020. A 10% reduction in residual value would result in no impact to the depreciation charge.

Defined benefit pension schemes
The Group has defined benefit obligations relating to six pension schemes. Note 25 sets out the details for these schemes and the assumptions made to assess the net scheme benefit as at the reporting date. The Group engaged qualified actuaries to advise on an appropriate discount rate. A decrease in the discount rate used of 0.1% is estimated to increase scheme deficits by £10.4m.

Investment properties
In addition to judging whether or not properties are categorised as investment properties, the Group is also required to estimate the fair value of investment properties on an annual basis. To facilitate this estimation, the Group engaged Savills, a leading professional adviser, to use RICS guidance and the requirements of the Red Book to complete a full valuation of the Group's investment properties. The results of the valuation exercise have been subjected to management scrutiny and challenge.

Recoverability of stock
The Group has £434.2m of stock at 31 March 2020 (2019: £448.0m), comprising land of £98.1m, properties in construction of £260.3m and completed properties of £74.6m. FRS 102 section 13 requires stock to be measured at the lower of cost and estimated selling price less costs to complete and sell.

The Group also undertakes sensitivity analysis and has assessed that a short-term drop in expected selling prices of our completed properties of 10% would not result in a material impairment charge.

The Group monitors development projects and properties held for sale on an ongoing basis and uses rigorous appraisal techniques to estimate the recoverable amount of stock. Realistic financial projections are used on an individual site basis to allow management to estimate that land and property are held at the appropriate amount. The Group makes judgements to assess the achievable selling price for properties including assessing the views of specialist advisers on the UK housing market and future house price inflation.

Management also consider detailed information relating to geographical area and property type. As such, the Group judges that stock is held at the lower of cost and estimated selling price less costs to complete and sell.

Turnover
Turnover represents rental and service charge income receivable (net of void losses), income from the sale of properties, income from the sale of the first tranche of shared ownership properties, fees and grants from local authorities and Homes England, leisure facilities management fees, equity loan fee income and other income. The turnover of the parent entity consists of recharges to other Group entities.

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with administering authorities.

Rental income is recognised from the point the property becomes available for letting, net of any voids. Income from land and property sales is recognised when the risks and rewards of ownership have passed to the purchaser. Long-term contract revenue is recognised based on the total contract value and the stage of completion of the contract. Mortgage fee income is recognised over the term of the contract. Other income is recognised upon the delivery of services.

Government grant is recognised in turnover over the expected lives of the assets to which it relates.

All turnover arises from activities within the United Kingdom.

Segmental reporting
Operating segments FRS 102 requires entities with publicly traded debt to apply the reporting requirements IFRS 8 Operating Segments. The Group consider the Group Board to be the chief operating decision maker (CODM) as defined by IFRS 8. The information in these financial statements and accompanying notes, that have been produced in line with the requirements of the Accounting Direction for Private Registered Providers 2019, aligns with internal reporting presented to the CODM for management and review purposes.

Corporation tax
The Group is liable to United Kingdom Corporation Tax.

The charge for taxation for the year is based on the profit for the year end and includes current tax on the taxable profit for the year and deferred taxation. Deferred taxation is recognised in respect of all timing differences between the treatment of certain items for taxation and for accounting purposes which have arisen but not been reversed by the statement of financial position date.

VAT
The majority of the Group's turnover is exempt from VAT. However, certain activities are subject to VAT and give rise to VAT recovery. Where appropriate, costs are stated including irrecoverable VAT.

Pensions
There are thirteen pension schemes, six of which are defined benefit pension schemes based on final pensionable salary. There is a Group-wide contribution based scheme. Details of the schemes are set out in note 25. Employees joining the Places for People Group have the option of joining the Places for People Group Stakeholder Scheme (Stakeholder Scheme), a defined contribution scheme. The costs of contributing to the Stakeholder Scheme are accounted for as an expense in the year in which they occur. Contributions from the Group and participating employees are paid into independently administered funds. These payments are made in accordance with triennial calculations by professionally qualified independent actuaries.

Pension scheme assets are measured by independent experts using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Pension scheme surpluses are recognised where there is an unconditional right to a refund of that surplus. Pension scheme deficits are recognised in full. The movement in scheme surplus or deficit is split between operating charges, finance costs and, in other comprehensive income, actuarial gains and losses.

Notes to the financial statements

For the year ending 31 March 2020

1 Principal accounting policies (continued)

Places for People Homes Limited, Cotman Housing Association Limited and Derwent Housing Association Limited (the English Associations) participate in the Social Housing Pension Scheme (SHPS), a multi-employer defined benefit scheme. Castle Rock Edinvar Limited and Places for People Scotland Limited (the Scottish Housing Associations) participate in the Scottish Housing Association Pension Scheme (SHAPS). During the year ended 31 March 2019, the English and Scottish Associations recognised their individual share of the SHPS and SHAPS scheme deficits following an exercise carried out by independent actuaries to identify each member's share of the deficit. Prior to this, the Group recognised a liability based on the present value of the agreed deficit reduction contributions. The change in the liability as a result of the change in estimate was recognised in other comprehensive income. In-year movements in scheme surpluses or deficits is split between operating charges, finance costs and, in other comprehensive income, actuarial gains and losses.

Housing properties
Housing properties are those held primarily for the provision of social benefit. Housing properties are stated at the lower of depreciated cost or its recoverable amount. Cost is taken as the purchase price together with costs of acquisition and improvements, attributable administrative costs and interest costs incurred, including related development and administrative costs and interest payable.

The Group capitalises expenditure on housing properties which results in an increase in either the existing use value of the property or the disposal value of the property.

Investment properties
Properties held for rental income or capital appreciation that are not held primarily for the provision of social benefit are held as investment properties at fair value, with changes to fair value recognised in the statement of comprehensive income.

Land
Land is stated at lower of cost or its recoverable amount. Land purchased for the development of properties which are planned to be subsequently owned and managed by the Group is recorded in housing properties. Land purchased for the development of properties to be sold is held within stock in current assets.

Other fixed assets
Other fixed assets are recognised initially at cost and subsequently held at the lower of depreciated cost or its recoverable amount.

Depreciation
Fixed assets, other than freehold land and investment properties, are depreciated at rates calculated to reduce the net book value of each component element to its estimated residual value, on a straight line basis over the expected remaining useful economic life of the component. Freehold land is not depreciated. The estimated lives of assets and components is as shown in the following table.

Assets	**Depreciation period (years)**
Rented housing and commercial properties:	
Kitchens	20
Bathrooms	20
Boilers	15
External windows and doors	30
Roofs	45
Fire safety systems	20
Fencing	30
Digital TV aerials	10
Lifts	20
Social alarms	From 20 – 40
Surveys	15
Initial and replacement scheme assets	From 1 – 5
Other elements (new build)	100 – 125
Other elements (rehab)	80
Other elements (leasehold)	Lesser of term of lease or 100 years
Shared ownership housing:	
All elements (new build)	100
All elements (rehab)	80
All elements (leasehold)	Lesser of term of lease or 100 years
Other fixed assets:	
Offices (new build)	100
Offices (rehab)	80
Office refurbishment	From 10 – 20
Offices (long leasehold)	Lesser of term of lease or 100 years
Offices (short leasehold)	Terms of lease
Plant and equipment	5
Cars and commercial vehicles	5
Computer hardware, software and infrastructure	From 3 – 15

Fixed asset investments
Fixed asset investments are measured at cost. An annual review is carried out by management to assess if there are any triggers that would lead to an impairment review. In the event of any impairment, the investment is measured at the lower of its recoverable amount or its value in use. Investments in joint ventures are recognised initially at cost and subsequently measured using the equity method.

Stock
Properties purchased for improvement for sale are treated as current assets and all other housing properties are treated as tangible fixed assets. Properties held as current assets are stated at the lower of cost and estimated selling price less costs to complete and sell.

Stock includes land and property held with the intention to sell, including assets under construction and those purchased for improvement prior to sale. Stock is stated at the lower of cost and estimated selling price less costs to complete and sell with any provisions being charged to cost of sales. The cost of stock is the purchase price together with costs of acquisition and attributable overhead costs.

Notes to the financial statements

For the year ending 31 March 2020

1 Principal accounting policies (continued)

All land and property held within stock is subject to regular appraisal to confirm the assets are recoverable at least at the carrying value.

Included within stock are amounts in respect of the expected percentage of sales under first tranche disposal for shared ownership properties. Proceeds from first tranche disposals are recognised in turnover. The unsold equity of shared ownership properties is recognised within housing properties.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets and liabilities of the acquired business or company at the date of acquisition. Goodwill has no residual value and the finite useful life of goodwill is assessed on an individual basis for each acquisition, with a maximum useful economic life of 10 years. The Group reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date. Goodwill and other intangible assets are tested for impairment in accordance with FRS 102 Section 27 (impairment of assets) when there is an indication that goodwill may be impaired.

Impairment

An impairment review is undertaken when there is an indication the asset may be impaired. If assets are found to be impaired, the amount of impairment is disclosed in note 3.

When undertaking impairment reviews to assess whether assets or cash generating units are held at the lower of cost or recoverable amount, recoverable amount is defined as its value in use. Recoverable amount is normally assessed using discounted cash flow techniques for all anticipated cash flows to generate a net present value.

Costs are assigned to all schemes on a detailed basis, including mixed-tenure schemes.

The Group defines cash generating units as housing developments except where its developments are not sufficiently large enough in size and it is more appropriate to consider individual assets. This approach supports effective appraisal of housing schemes as it aligns with the management and operation of the business.

Long-term contracts

Long-term contracts are stated at cost plus attributable profit after providing for anticipated future losses and contingencies. Progress payments received are deducted from these amounts. Cost includes appropriate attributable overheads. Long-term contract work in progress is included in debtors as amounts recoverable on contracts.

Cash retentions relating to customers and contractors are recognised, within debtors and creditors respectively, in line with the terms and stage of the relevant contract. Cost accruals for works completed but not yet invoiced by suppliers and costs estimated for defect remediation are recognised in line with profit recognition on the project and held until actual costs are incurred.

Social housing grant and other capital grant

Government grants are included within creditors in the statement of financial position and credited to the statement of comprehensive income over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

Where SHG or other grants are retained following the disposal of property, it is shown under the Disposal Proceeds and Recycled Capital Grant Funds within creditors. These funds will be used for the provision of new social housing for rent and sale and become repayable if unutilised.

Concessionary loans

The Group has a HomeBuy arrangement which is considered to be a concessionary loan.

Under the HomeBuy scheme, the Group receives HomeBuy grant representing a percentage of the open market purchase price of a property in order to advance interest free loans to a homebuyer. The loans advanced by the Group meet the definition of concessionary loans and are shown as fixed assets investments on the statement of financial position. The HomeBuy grant provided by the Government to fund all or part of a HomeBuy loan is classified as a creditor due in more than one year.

Financial instruments

The Group has elected to apply the recognition and measurement provisions of International Accounting Standard 39, as allowed by FRS 102 sections 11 and 12. Financial instruments are initially recorded at fair value. Subsequent measurement depends on the designation of the instrument as follows:

- Debt service reserves held in trust as security against debt holdings are categorised as held-to-maturity and measured at amortised cost using the effective interest method.
- Loans and mortgages receivable are categorised as loans and receivables and measured at amortised cost using the effective interest method.
- Amounts recoverable on long-term contracts are included with debtors.
- Other assets, including trade investments and joint venture investments and assets that are short-term in nature, such as cash and receivables, are predominantly categorised as loans and receivables and measured at amortised cost using the effective interest method.
- Discounted bonds are shown at their redemption value less deferred interest. Deferred interest represents the discount on the issue of the discounted bonds. Discounts are recognised in the statement of comprehensive income on an effective yield basis. Derivatives, comprising interest rate and currency swaps, are held at fair value. Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in reserves. Any ineffective portion of the hedge is recognised immediately in the statement of comprehensive income account. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. The associated cumulative gain or loss is removed from equity and recognised in the statement of comprehensive income account in the same period or periods during which the hedged forecast transaction affects profit or loss.
- The cost of raising finance is amortised over the period of the associated financial instrument. The deferred cost is offset against the liability recognised in the statement of financial position.
- Financial liabilities are predominantly measured at amortised cost using the effective interest method.

The effective interest rate includes interest and all directly attributable incremental fees and costs.

Derivatives require fair value measurement each year and consequently they are subject to categorisation under the hierarchy approach.

Notes to the financial statements

For the year ending 31 March 2020

1 Principal accounting policies (continued)

Cash and cash equivalents in the statement of financial position are items that mature or are convertible within three months or less. The Group is required to set aside sums in respect of future maintenance of certain properties subject to leasehold arrangements. These sums are held in a separate bank account to which interest is added and tax deducted. Amounts accumulated in the fund are included within current asset investments and within creditors in the statement of financial position.

Other debtors, including tenant arrears, and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income.

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transactions or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the statement of financial position date and gains or losses on translation are included in the statement of comprehensive income.

Leases

The Group classifies finance leases as those where the risk and reward of ownership of the leased asset has transferred to the Group. Other leases are classified as operating leases.

Assets obtained under finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their economic useful lives. Obligations under finance leases are included in creditors net of the finance charge allocated to future periods. The finance element of the rental is charged to the statement of comprehensive income using the effective interest rate method.

Costs in respect of operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term. Income in respect of operating leases where the Group is the lessor is recognised in the statement of comprehensive income on a straight line basis over the lease term, reduced by the cost of any lease incentives.

Restricted reserves

The Group has a reserve which is only expendable in accordance with the wishes of the funder. The transfers to/from restricted reserves are shown in other comprehensive income.

Notes to the financial statements

For the year ending 31 March 2020

2 Turnover, cost of sales, operating costs and operating profit

	Turnover £m	Cost of sales £m	Operating costs £m	Other operating items £m	2020 Operating profit £m
Social housing lettings (note 3)	**361.1**	**—**	**(181.5)**	**—**	**179.6**
Other social housing activities					
Social housing property sales	**8.0**	**(7.3)**	**(0.5)**	**—**	**0.2**
Shared ownership property sales	**13.2**	**(8.7)**	**(0.7)**	**—**	**3.8**
Charges for support services	**4.3**	**—**	**(3.9)**	**—**	**0.4**
Other	**0.7**	**—**	**(0.6)**	**—**	**0.1**
	387.3	**(16.0)**	**(187.2)**	**—**	**184.1**
Non-social housing activities	**479.4**	**(187.7)**	**(286.3)**	**—**	**5.4**
	866.7	**(203.7)**	**(473.5)**	**—**	**189.5**
Surplus on sale of fixed assets (note 4)	**—**	**—**	**—**	**9.1**	**9.1**
Gain on revaluation of investment properties (note 15)	**—**	**—**	**—**	**17.7**	**17.7**
Total	**866.7**	**(203.7)**	**(473.5)**	**26.8**	**216.3**

Analysis of turnover	2020 £m	2019 £m
Social housing turnover	**387.3**	367.4
Non-social housing activities		
Non-social housing development	**192.5**	127.1
Leisure facilities management	**153.5**	158.2
Property management services	**59.7**	62.1
Non-social housing lettings	**43.2**	43.2
Non-social construction services	**18.0**	59.8
Other	**12.5**	9.3
Total	**866.7**	827.1

Notes to the financial statements

For the year ending 31 March 2020

	Turnover £m	Cost of sales £m	Operating costs £m	Other operating items £m	2019 Operating profit/(loss) £m
Social housing lettings (note 3)	354.3	—	(186.7)	—	167.6
Other social housing activities					
Social housing property sales	2.5	(2.2)	(0.8)	—	(0.5)
Shared ownership property sales	5.2	(3.7)	(0.5)	—	1.0
Charges for support services	4.8	—	(4.1)	—	0.7
Other	0.6	—	(0.7)	—	(0.1)
	367.4	(5.9)	(192.8)	—	168.7
Non-social housing activities	459.7	(172.6)	(255.0)	—	32.1
	827.1	(178.5)	(447.8)	—	200.8
Surplus on sale of fixed assets (note 4)	—	—	—	26.3	26.3
Gain on revaluation of investment properties (note 15)	—	—	—	0.8	0.8
Total	827.1	(178.5)	(447.8)	27.1	227.9

Notes to the financial statements

For the year ending 31 March 2020

3 Income and expenditure from social housing lettings

	General needs housing 2020 £m	Supported housing & housing for older people 2020 £m	Other 2020 £m	Total 2020 £m	Total 2019 £m
Income					
Rent receivable net of identifiable service charges	**258.7**	**18.9**	**19.5**	**297.1**	291.4
Service charge income	**22.8**	**13.1**	**0.8**	**36.7**	36.7
Revenue grant	**5.5**	**—**	**—**	**5.5**	5.4
Amortised Government grants	**14.1**	**1.5**	**1.9**	**17.5**	16.2
Other income	**2.8**	**1.2**	**0.3**	**4.3**	4.6
Turnover from social housing lettings	**303.9**	**34.7**	**22.5**	**361.1**	354.3
Expenditure on social housing lettings activities					
Management	**(44.2)**	**(6.7)**	**(3.8)**	**(54.7)**	(53.7)
Service charge costs	**(20.2)**	**(11.7)**	**(0.7)**	**(32.6)**	(32.5)
Routine maintenance	**(39.4)**	**(3.2)**	**(1.8)**	**(44.4)**	(44.7)
Planned maintenance	**(12.2)**	**(1.2)**	**(0.6)**	**(14.0)**	(14.7)
Major repairs expenditure	**(4.5)**	**(0.5)**	**(0.1)**	**(5.1)**	(4.8)
Bad debts	**(2.2)**	**(0.2)**	**(0.1)**	**(2.5)**	(2.4)
Depreciation on housing assets	**(21.0)**	**(2.5)**	**(1.9)**	**(25.4)**	(31.0)
Other costs	**(2.7)**	**—**	**(0.1)**	**(2.8)**	(2.9)
Operating costs on social housing lettings	**(146.4)**	**(26.0)**	**(9.1)**	**(181.5)**	(186.7)
Operating profit on social housing lettings	**157.5**	**8.7**	**13.4**	**179.6**	167.6
Void losses	**(2.8)**	**(0.7)**	**(0.3)**	**(3.8)**	(3.8)

Notes to the financial statements

For the year ending 31 March 2020

4 Group profit on sale of fixed assets

	Sale proceeds	Cost of sales	Other sales expenses	2020 Surplus
	£m	**£m**	**£m**	**£m**
Sale of housing assets	**22.0**	**(13.2)**	**(0.5)**	**8.3**
Sale of fixed asset investments	**7.0**	**(5.9)**	**(0.3)**	**0.8**
Sale of other fixed assets	**0.4**	**(0.3)**	**(0.1)**	**—**
Total	**29.4**	**(19.4)**	**(0.9)**	**9.1**

	Sale proceeds	Cost of sales	Other sales expenses	2019 Surplus/(loss)
	£m	£m	£m	£m
Sale of housing assets	265.0	(234.2)	(4.4)	26.4
Sale of other fixed assets	—	(0.1)	—	(0.1)
Total	265.0	(234.3)	(4.4)	26.3

5 Directors' emoluments

The Group is administered by a board of directors. The directors received remuneration as set out below.

		Group
	2020	2019
	£m	£m
Aggregate emoluments (excluding pension contributions):		
Non-executive directors	**0.3**	0.5
Executive directors	**2.2**	1.6
Pension contributions:		
Executive directors	**0.1**	0.1
Total remuneration	**2.6**	2.2

The number of executive directors who received emoluments in the following ranges was:

	2020	2019
	No.	No.
£120,000 - £129,999	**1**	—
£130,000 - £139,999	**1**	—
£170,000 - £179,999	**1**	—
£180,000 - £189,999	**—**	1
£190,000 - £199,999	**1**	—
£210,000 - £219,999	**1**	—
£220,000 - £229,999	**2**	—
£260,000 - £269,999	**—**	1
£290,000 - £299,999	**—**	1
£300,000 - £309,999	**—**	1
£440,000 - £449,999	**1**	—
£600,000 - £609,999	**—**	1

	2020	2019
	£'000	£'000
Highest paid director	**447**	605

The Group Chief Executive is not a member of the Group's pension scheme, and does not receive any enhanced or special terms or contributions to any individual pension arrangement.

As a result of the Covid-19 global pandemic, the Group Chief Executive's bonus, for the year ending 31 March 2020, has not yet been determined and is therefore not included within the remuneration payable to the highest paid director. However, the Group's bonus pool has been estimated and accrued for in the consolidated financial statements. In accordance with the Group Chief Executive's employment contract, the bonus is discretionary but can be up to 50% of basic salary.

Notes to the financial statements

For the year ending 31 March 2020

6 Employee information

The average number of employees expressed as full time equivalents (including the executive directors) employed during the year was:

		Group		Company
	2020	2019	**2020**	2019
	No.	No.	**No.**	No.
Managing housing services	**2,361**	2,507	**20**	19
Developing and selling houses	**423**	457	**10**	7
Central administration services	**760**	643	**263**	250
Care services	**238**	244	**—**	—
Leisure service activities	**2,396**	2,405	**—**	—
	6,178	6,256	**293**	276

Average number of employees is calculated by ascertaining for each calendar month in the financial year, the number of persons, by category, employed by the Group. The monthly numbers are then added together and divided by the number of months in the financial year.

	2020	2019	**2020**	2019
Staff costs (for the above persons):	**£m**	£m	**£m**	£m
Wages and salaries	**197.4**	200.1	**13.9**	12.0
Severance pay	**2.4**	1.9	**0.3**	0.4
Social security costs	**16.6**	16.7	**1.5**	1.3
Pension payments	**10.7**	11.3	**1.4**	1.1
	227.1	230.0	**17.1**	14.8
Staff costs (for the non-executive members of the board):				
Wages and salaries	**0.6**	0.5	**—**	—
	0.6	0.5	**—**	—

Remuneration banding for key management personnel is disclosed below, which is considered by the Places for People Group to be members of the Group management team responsible for the management of the Group's registered providers. Analysis of the executive directors is disclosed in note 5.

	2020	2019
	No.	No.
£60,000 - £69,999	**—**	2
£90,000 - £99,999	**3**	—
£100,000 - £109,999	**4**	1
£110,000 - £119,999	**5**	1
£130,000 - £139,999	**—**	3
£140,000 - £149,999	**3**	1
£150,000 - £159,999	**2**	1
£160,000 - £169,999	**—**	1
£170,000 - £179,999	**1**	1
£180,000 - £189,999	**—**	1
£190,000 - £199,999	**—**	1
£200,000 - £209,999	**—**	1
£230,000 - £239,999	**—**	1

Notes to the financial statements

For the year ending 31 March 2020

7 Interest receivable and similar income

	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
On financial assets not at fair value through the statement of comprehensive income:				
Interest on fixed asset investments	**14.8**	9.3	**—**	—
Dividend received	**1.8**	1.4	**—**	—
Other interest receivable from deposits	**0.5**	0.3	**—**	—
	17.1	11.0	**—**	—

8 Interest payable and similar charges

	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
On financial liabilities not at fair value through the statement of comprehensive income:				
Bank loans and overdrafts	**128.2**	125.6	**0.2**	0.1
Finance charges on hire purchase or lease agreements	**14.3**	14.0	**—**	—
In respect of Recycled Capital Grant Fund	**0.3**	0.3	**—**	—
	142.8	139.9	**0.2**	0.1
On defined benefit pension scheme:				
Expected return on pension assets	**(8.1)**	(8.0)	**—**	—
Interest on scheme liabilities	**8.6**	8.7	**—**	—
	0.5	0.7	**—**	—
Share of joint ventures interest payable and similar charges	**1.7**	1.4	**—**	—
Less: capitalised interest	**(1.4)**	(0.6)	**—**	—
	143.6	141.4	**0.2**	0.1

9 Profit on ordinary activities before taxation

	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
Profit on ordinary activities before taxation is stated after charging:				
Depreciation and impairment:				
Tangible fixed assets	**39.3**	43.2	**—**	—
Amortisation of goodwill	**1.3**	0.7	**—**	—
Profit/(loss) on disposal of tangible fixed assets other than housing assets	**0.8**	(0.1)	**—**	—
Payments under operating leases:				
Housing properties	**9.1**	8.4	**—**	—
Motor vehicles	**5.1**	6.8	**0.1**	0.1
Other operating leases	**2.2**	2.4	**—**	—
Hire of equipment	**0.7**	0.5	**0.2**	—
Auditor's remuneration:				
In their capacity as auditor	**0.7**	0.6	**—**	—

Auditor's remuneration in respect of non-audit services was £89,000 (2019: £55,000).

Notes to the financial statements

For the year ending 31 March 2020

10 Tax on profit on ordinary activities

	Group 2020 £m	Group 2019 £m
(a) Analysis of charge in period		
Tax on profit on ordinary activities		
United Kingdom corporation tax	**3.8**	9.0
Adjustments to tax charge in respect of prior periods	**(5.4)**	0.3
Gift Aid	**0.3**	—
Share of joint venture current tax	**0.1**	(0.1)
	(1.2)	9.2
Deferred tax (note 10e)		
Origination and reversal of timing differences	**1.4**	1.5
Adjustments to deferred tax in respect of prior periods	**2.1**	(0.9)
Effect of tax rate change on opening balance	**(0.5)**	—
	3.0	0.6
Total tax charge	**1.8**	9.8
(b) Tax expense included in other comprehensive income		
Deferred Tax		
Origination and reversal of timing differences	**9.6**	1.2
Origination and reversal of timing differences — prior year	**—**	0.5
	9.6	1.7

(c) Factors affecting tax charge for period

The tax assessed is different than the standard rate of corporation tax in the UK of 19% (2019: 19%)

The differences are explained below:

	Group 2020 £m	Group 2019 £m
Taxable Group profit	**91.2**	95.5
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	**17.3**	18.1
Fixed asset differences	**0.5**	—
Income not taxable	**(4.1)**	—
Chargeable gains	**0.1**	—
Exempt charitable income	**(7.4)**	(7.0)
Movement in unrecognised deferred tax	**(1.6)**	(0.4)
Rate difference	**(0.1)**	(0.3)
Adjustments to tax charge in respect of prior periods	**(2.9)**	(0.6)
Tax on profit on ordinary activities (note 10a)	**1.8**	9.8

(d) Factors that may affect future tax charges

The Finance (No 2) Act 2015, which was substantively enacted on 26 October 2015, included legislation that reduced the main corporation tax rate to 19% from 1 April 2017. The main rate of corporation tax will be reduced to 17% (effective 1 April 2020) as substantively enacted in The Finance Act 2016 on 6 September 2016. These changes will reduce the company's future current tax charge accordingly.

	Group 2020 £m	Group 2019 £m
(e) Provision for deferred tax		
Accelerated capital allowances	**4.9**	4.1
Other short-term timing differences	**(1.3)**	(5.7)
Other timing differences	**2.0**	1.8
Tax losses	**—**	(1.6)
Interest rate and currency swaps through other comprehensive income	**(5.1)**	—
Pension through other comprehensive income	**6.6**	(4.4)
Gift Aid	**(0.3)**	—
	6.8	(5.8)
Provision/(debtor) at 1 April	**(5.8)**	(7.8)
Transfers in through business combinations	**—**	(0.4)
Effect of tax rate change on opening balance	**(0.4)**	—
Expense in the year in statement of comprehensive income	**1.4**	0.6
Expense in the year in statement of comprehensive income in other comprehensive income	**9.6**	1.7
Adjustments in respect of prior periods other comprehensive income	**2.0**	0.1
Provision/(debtor) at 1 April at 19% (2019: 19%) (notes 19 and 21)	**6.8**	(5.8)

Notes to the financial statements

For the year ending 31 March 2020

11 Statement of cash flows

	2020 £m	2019 £m
Note 11a — Cash flow from operating activities		
Profit for the year	**90.3**	85.4
Adjustments for non-cash items to reconcile profit for the year to net cash generated from operating activities		
Depreciation and impairment of fixed assets	**39.3**	42.3
Amortisation of grants	**(17.5)**	(16.2)
Loss from investment in joint ventures	**0.4**	3.3
(Loss)/profit attributable to non-controlling interests	**(0.9)**	0.3
Amortisation of intangible fixed assets	**1.3**	0.7
Appreciation of fixed asset investments	**(1.5)**	(1.7)
Gain on revaluation of investment properties	**(17.7)**	(0.8)
Decrease/(increase) in stock	**15.7**	(89.9)
Decrease in debtors	**34.1**	6.3
(Decrease)/increase in trade and other creditors	**(42.4)**	19.0
Profit on tangible fixed asset disposals	**(9.1)**	(26.3)
Pension adjustment	**(2.5)**	(5.7)
Interest payable	**143.6**	141.4
Interest receivable	**(17.1)**	(11.0)
Taxation	**1.8**	9.8
	217.8	156.9

Note 11b - Analysis of changes in net debt	At 1 April 2019 £m	Cash Flows £m	Other non-cash changes £m	At 31 March 2020 £m
Cash and cash equivalents	**66.2**	**117.4**	**—**	**183.6**
Borrowings				
Debt due within one year	**138.9**	**(106.8)**	**1.3**	**33.4**
Debt due after one year	**2,788.3**	**328.8**	**65.5**	**3,182.6**
	2,927.2	**222.0**	**66.8**	**3,216.0**
Total	**2,993.4**	**339.4**	**66.8**	**3,399.6**

12 Goodwill

	Group £m
Net book value	
At 1 April 2019	10.4
Reduction in cost of acquisition	(0.4)
Amortisation charged in year	(1.3)
At 31 March 2020	**8.7**

Notes to the financial statements

For the year ending 31 March 2020

13 Housing properties

	Housing properties and land £m	LSE & shared ownership housing properties £m	Housing properties in the course of construction £m	LSE & shared ownership properties in the course of construction £m	Total housing properties £m
Cost					
At 1 April 2019	3,788.0	229.8	82.7	6.0	**4,106.5**
Reallocation of cost	18.5	—	—	—	**18.5**
Additions	—	—	209.9	41.8	**251.7**
Transfer to completed schemes	199.7	40.7	(199.7)	(40.7)	**—**
Change of tenure	2.4	0.3	(4.3)	0.5	**(1.1)**
Transfer to sales account on disposal	(7.8)	(6.4)	—	—	**(14.2)**
At 31 March 2020	**4,000.8**	**264.4**	**88.6**	**7.6**	**4,361.4**
Depreciation					
At 1 April 2019	(434.5)	(16.3)	—	—	**(450.8)**
Reallocation of depreciation	(18.5)	—	—	—	**(18.5)**
Charge for year					
Depreciation	(25.4)	—	—	—	**(25.4)**
Eliminated on disposal					
Depreciation	1.3	0.4	—	—	**1.7**
At 31 March 2020	**(477.1)**	**(15.9)**	**—**	**—**	**(493.0)**
Net book value at 31 March 2020	**3,523.7**	**248.5**	**88.6**	**7.6**	**3,868.4**
Net book value at 1 April 2019	3,353.5	213.5	82.7	6.0	3,655.7

LSE denotes Leasehold Schemes for the Elderly.

	2020 £m	2019 £m
Housing properties comprise, at cost:		
Freehold	**3,894.9**	3,649.1
Long leasehold	**457.7**	448.9
Short leasehold	**8.8**	8.5
	4,361.4	4,106.5

Additions to housing properties in the course of construction during the year include an apportionment of staff time directly spent on the administration of development activities amounting to £4.2m (2019: £2.5m).

Expenditure on major works to existing properties during the year was £53.5m (2019: £48.0m).

Additions to housing properties in the course of construction during the year include capitalised interest of £1.4m (2019: £0.6m).

During the year, a review was undertaken which resulted in a reallocation between cost and depreciation of a subsidiary's assets. There is no impact on the net book value at 31 March 2020.

Notes to the financial statements

For the year ending 31 March 2020

14 Group other fixed assets

	Motor vehicles	Plant and specialist equipment	Computer equipment	Commercial and office properties: Freehold offices	Long leasehold	Short leasehold	Fixtures and fittings	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Cost								
At 1 April 2019	0.6	3.9	37.5	32.0	11.3	27.4	44.2	**156.9**
Reallocation of cost	0.9	0.2	2.7	0.1	0.2	1.4	4.6	**10.1**
Additions	0.4	0.4	12.5	4.0	0.9	6.1	4.3	**28.6**
Change of tenure	—	—	—	(3.9)	—	—	—	**(3.9)**
Disposals	—	—	—	—	—	—	(0.8)	**(0.8)**
At 31 March 2020	**1.9**	**4.5**	**52.7**	**32.2**	**12.4**	**34.9**	**52.3**	**190.9**
Depreciation								
At 1 April 2019	(0.3)	(2.2)	(16.4)	(1.3)	(2.2)	(9.7)	(29.7)	**(61.8)**
Reallocation of depreciation	(1.4)	(0.1)	(2.9)	(0.2)	(0.1)	(1.4)	(4.0)	**(10.1)**
Charge for year	(0.1)	(0.6)	(3.4)	(0.3)	(0.3)	(3.0)	(4.8)	**(12.5)**
Change of tenure	—	—	0.5	—	—	—	(0.5)	**—**
Eliminated on disposal	—	—	—	—	—	—	0.7	**0.7**
At 31 March 2020	**(1.8)**	**(2.9)**	**(22.2)**	**(1.8)**	**(2.6)**	**(14.1)**	**(38.3)**	**(83.7)**
Impairment								
At 1 April 2019	—	—	—	(0.3)	(0.5)	(0.6)	—	**(1.4)**
Charge for year	—	—	—	—	—	(1.1)	(0.3)	**(1.4)**
At 31 March 2020	**—**	**—**	**—**	**(0.3)**	**(0.5)**	**(1.7)**	**(0.3)**	**(2.8)**
Net Book Value at 31 March 2020	**0.1**	**1.6**	**30.5**	**30.1**	**9.3**	**19.1**	**13.7**	**104.4**
Net book value at 1 April 2019	0.3	1.7	21.1	30.4	8.6	17.1	14.5	93.7

During the year, a review was undertaken which resulted in a reallocation between cost and depreciation of a subsidiary's assets. There is no impact on the total net book value at 31 March 2020.

Notes to the financial statements

For the year ending 31 March 2020

15 Fixed assets — investments

	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
External investments and investment in related undertakings (a)	**202.8**	193.6	**0.5**	0.5
Investment property (b)	**574.9**	500.8	**—**	—
Total fixed asset investments	**777.7**	694.4	**0.5**	0.5

(a) External investments and investment in related undertakings

	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
Cost at 1 April	**193.8**	173.7	**0.5**	0.5
Cost at 31 March	**203.2**	193.8	**0.5**	0.5
Accumulated impairment at 1 April	**(0.2)**	(1.1)	**—**	—
Provision raised in the year	**(0.2)**	0.9	**—**	—
At 31 March	**(0.4)**	(0.2)	**—**	—
Net book value at 31 March	**202.8**	193.6	**0.5**	0.5
Debt service reserves	**27.9**	43.2	**—**	—
Grace Gillett Trust	**0.2**	0.2	**—**	—
Other external investments	**57.5**	38.8	**0.3**	0.3
Investment in associates	**9.9**	0.1	**—**	—
Investment in related undertakings	**—**	—	**0.2**	0.2
Investment in joint venture undertakings	**107.3**	111.3	**—**	—
	202.8	193.6	**0.5**	0.5

Investments in Debt servicing reserves are held in trust for the Association by the Prudential Trustee Company as security against the 6.625% Eurobond 2038, and the 5.09% secured Bond 2024, and by Abbey National Treasury Services as security against a fixed rate loan of £47 million. The reserves equate to one year's payment of interest and principal.

The Grace Gillett Trust resulted from a legacy left to support the residents of a scheme in Bristol.

(b) Investment properties

	£m
At 1 April 2019	**500.8**
Additions	**59.3**
Change of tenure	**3.0**
Revaluation in year	**17.7**
Disposals	**(5.9)**
At 31 March 2020	**574.9**

For the year ended 31 March 2020, the Group has obtained an independent valuation of the investment property portfolio. This was performed in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors (a 'red book' valuation). The valuation was undertaken by Savills, who are independent, RICS qualified, have a strong professional reputation with and considerable experience in producing red book valuations.

A discounted cash flow method was used to estimate the fair value of the portfolio. This used up-to-date information on net operating cash flows and applied an appropriate yield to this data based on an understanding of the market and the individual circumstances of each part of the portfolio. Comparisons have also been made with similar properties in recent transactions to give additional comfort around the valuations. Where applicable, an assessment is made on a similar basis for any related commercial income in respect of these properties. Management interrogation and challenge has been applied to both the valuation method and the assumptions used, including in respect of cash flows, CPI and HPI as appropriate. The valuation was performed as at 31 December 2019. Management has considered the roll forward of the valuation to year end and have carried out an impairment review.

Notes to the financial statements

For the year ending 31 March 2020

16 Equity loans

	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
Gross valuation				
At 1 April	**94.7**	105.2	**—**	—
Additions in year	**2.4**	0.6	**—**	—
Net appreciation in year	**1.8**	2.0	**—**	—
Disposals in year	**(12.5)**	(13.1)	**—**	—
At 31 March	**86.4**	94.7	**—**	—
Other associated liabilities				
At 1 April	**(18.2)**	(20.4)	**—**	—
Net appreciation in year	**(0.3)**	(0.4)	**—**	—
Disposals in year	**2.7**	2.6	**—**	—
At 31 March	**(15.8)**	(18.2)	**—**	—
Net book value at 31 March	**70.6**	76.5	**—**	—

17 Stock

	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
Land	**98.1**	86.6	**—**	—
Properties in construction	**260.3**	306.9	**—**	—
Completed properties	**74.6**	53.2	**—**	—
Other	**1.2**	1.3	**—**	—
	434.2	448.0	**—**	—

18 Debtors: amounts falling due after more than one year

	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
Derivative financial instruments held to manage the interest rate profile and currency risk	**48.9**	9.7	**—**	—
Trade and other debtors	**2.9**	4.5	**—**	—
Agency leases	**0.2**	0.3	**—**	—
Loans and advances to customers	**0.2**	1.2	**—**	—
Mortgages	**1.6**	2.1	**—**	—
	53.8	17.8	**—**	—

Notes to the financial statements

For the year ending 31 March 2020

19 Debtors: amounts falling due within one year

	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
Rental debtors	**13.6**	13.6	**—**	—
Less: Provision for bad and doubtful debts	**(6.3)**	(5.4)	**—**	—
	7.3	8.2	**—**	—
Other trade debtors	**25.2**	21.8	**1.1**	0.6
Mortgages	**0.1**	0.2	**—**	—
Deferred tax	**—**	5.8	**—**	—
Corporation tax	**8.5**	—	**—**	—
Capital debtors	**41.9**	70.8	**—**	—
Derivative financial instruments held to manage the interest rate profile and currency risk	**8.1**	12.0	**—**	—
Amounts due from related undertakings	**—**	—	**1.9**	0.2
Amounts due from joint ventures undertakings	**1.1**	—	**—**	—
Sundry debtors, prepayments and accrued income	**49.2**	37.7	**4.7**	4.7
Loans and advances to customers	**0.8**	—	**—**	—
Loans to employees	**0.2**	0.1	**—**	—
	142.4	156.6	**7.7**	5.5

20 Current asset investments

	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
Cash held as security	**24.3**	58.5	**—**	—

21 Creditors: amounts falling due within one year

	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
Debt				
Housing and bank loans principal payable within one year	**31.5**	128.5	**—**	—
Debentures/stocks principal payable within one year	**2.2**	13.7	**—**	—
Discount on bond issue	**(5.3)**	(5.2)	**—**	—
Derivative financial instruments held to manage the interest rate profile and currency risk	**3.2**	0.3	**—**	—
Finance leases	**1.8**	1.6	**—**	—
	33.4	138.9	**—**	—
Other financial liabilities				
Interest on housing loans	**45.5**	42.3	**—**	—
Payments received on account	**11.9**	14.0	**—**	—
Prepaid rent	**6.5**	5.7	**—**	—
Corporation tax	**—**	1.6	**0.3**	—
Deferred tax	**6.8**	—	**—**	—
Other taxes	**2.5**	0.6	**0.9**	1.1
Capital development creditor	**84.0**	122.8	**—**	—
Trade creditors	**18.2**	17.2	**0.6**	2.1
Other creditors and accruals	**105.9**	91.8	**7.6**	4.5
Amounts in respect of joint venture undertaking	**—**	1.8	**—**	—
Deferred Government grant	**17.3**	17.4	**—**	—
Recycled Capital Grant Fund (note 23)	**13.8**	11.8	**—**	—
Disposal Proceeds Fund (note 23)	**0.1**	—	**—**	—
	345.9	465.9	**9.4**	7.7

Notes to the financial statements

For the year ending 31 March 2020

22 Creditors: amounts falling due after more than one year

	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
Debt				
Housing and bank loans	**1,669.7**	1,318.3	**—**	—
Debenture stock/bonds	**1,239.5**	1,241.0	**—**	—
Discount on bond issue	**(33.7)**	(38.0)	**—**	—
Obligations under finance leases	**224.1**	225.3	**—**	—
Derivative financial instruments held to manage the interest rate profile and currency risk	**48.0**	39.1	**—**	—
Revaluation of foreign currency denominated debt	**35.0**	2.6	**—**	—
	3,182.6	2,788.3	**—**	—
Other financial liabilities				
Recycled Capital Grant Fund (note 23)	**37.7**	39.3	**—**	—
Disposal Proceeds Fund (note 23)	**—**	0.1	**—**	—
Deferred Government grant	**1,315.1**	1,243.9		
Fair value of breakage costs	**99.3**	111.6		
HomeBuy grant	**40.4**	45.3	**—**	—
Total creditors falling due after more than one year	**4,675.1**	4,228.5	**—**	—

The total value of the loans subject to a guarantee is £75.0m (2019: £75.0m).

All secured loans are supported by specific charges on the Group's housing properties and are repayable at varying rates of interest, from 0.98% to 11.95%, in instalments.

Included within housing and bank loans is £14.3m (2019: £13.4m) which relates to the cost of debt issue.

23 Recycled capital grant and disposal proceeds fund

Recycled capital grant fund		Homes England 2020 £m	Homes England 2019 £m	Greater London Authority 2020 £m	Greater London Authority 2019 £m
At 1 April		**31.6**	32.7	**15.0**	15.7
Inputs to RCGF:	Grant recycled	**8.4**	7.1	**1.2**	5.5
	Interest accrued	**0.2**	0.2	**0.1**	0.1
Recycling of grant:	New build	**(5.2)**	(8.4)	**—**	(3.4)
Repayment of grant to the HE/GLA		**—**	—	**(4.3)**	(2.9)
At 31 March		**35.0**	31.6	**12.0**	15.0
Amounts three years old or older where repayment may be required		**10.9**	4.2	**2.9**	6.5

Disposals proceeds fund		Homes England 2020 £m	Homes England 2019 £m	Greater London Authority 2020 £m	Greater London Authority 2019 £m
At 1 April		**—**	0.5	**0.1**	—
Inputs to RCGF:	Grant recycled	**—**	—	**—**	0.1
Recycling of grant:	New build	—	(0.5)	**—**	—
At 31 March		**—**	—	**0.1**	0.1
Amounts three years old or older where repayment may be required		**—**	—	**0.1**	—

	2020 £m	2019 £m
Recycled capital grant fund in respect of Scottish subsidiaries	**4.5**	4.4
Total recycled capital grant fund	**51.6**	51.1

24 Financial instruments

Financial risk management objectives and policies

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Audit & Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit & Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the Group. The Group Audit & Risk Committee is assisted in its oversight role by Business Assurance. That team undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit & Risk Committee.

The Group's treasury function is responsible for the management of funds and control of the associated risks. Its activities are governed in accordance with board approved policy and are subject to regular audit. The function does not operate as a profit centre.

The net cash generated from operating activities was £217.9m (2019: £156.9m). Bank balances and short-term investments were £207.9m at the year end (2019: £124.7m). In addition to this, the Group had further available facilities of £750m (2019: £807m) and has established a European Medium Term Note Programme of £554m (2019: £683m) for future fundraising.

Market risk

Market risk comprises interest rate risk, currency risk and other price risk.

Interest rate risk

The Group's strategy is to contain interest rate risk within 30% of the loan book, with the board exercising a strict control over derivative transactions; currently, 74% of debt is either held at fixed rates of interest or hedged against adverse rate movements.

The Group manages its exposure to this risk through a mix of debt at fixed rates of interest and interest rate hedging techniques.

It is estimated that each quarter percent increase in interest rates would increase interest payable costs by £1.3m per annum.

Currency risk

The Group has no overseas subsidiaries and trades only in sterling. The Group has some debt which is denominated in foreign currency. The Group's strategy is to mitigate currency risk arising from foreign currency denominated debt. This is achieved using cross currency interest rate swaps. Currency cash flow exposure is fully hedged, therefore a change in the foreign currency rate would be fully offset by the swaps.

Other price risk

The Group is impacted by general changes in price levels and specifically the Retail Price Index (RPI). This is because some payments to retail bond holders are directly linked to the RPI.

It is estimated that each quarter percent increase in RPI would increase interest payable costs by £0.3m per annum.

Credit risk

Credit risk arises from exposure to the risk of a loss if a counterparty fails to perform its obligations to the Group. This relates to exposures to financial institutions for investments and cash deposits placed, with corporates for credit granted in the course of operations and with individuals for rent receivable and loans granted.

The Group's credit exposure is virtually all within the United Kingdom.

While the Group's maximum exposure to credit risk is best represented by the carrying value of the individual assets, in most cases the likely exposure is far less due to the nature of the debt held, credit status of counterparties, security held and other actions taken to mitigate the risk to the Group as described below:

- In respect of investments and deposits placed, the Group has established strict counterparty credit limits based on the overall level of its investment activity and the credit quality of the institutions with which investments are placed. External fund managers are employed to manage investment in Government securities which are held as debt reserves to credit enhance certain loan stocks; these reserves are held at levels in excess of covenanted requirements in order to manage against the risk of short-term movements in financial markets.
- In respect of financial derivative instruments, the Group treasury team currently performs a weekly review of the credit ratings of all its financial institution counterparties. The credit risk on liquid funds and derivative financial instruments is managed through the Group's policies of monitoring counterparty exposure, concentration of credit risk through the use of multiple counterparties and the use of counterparties of investor grade quality.
- In respect of individuals, tenant arrears are reported each working day and dedicated teams are assigned to maximise debt recovery. In addition, more than half of arrears are collected directly from local authorities, reducing the Group's exposure to individual tenants' credit risk.
- Loans made to customers to purchase Group developed houses are secured by a charge against the relevant property.

Liquidity risk and refinancing exposure

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Interest rate risk is considered to be a key component of both market and liquidity risk.

The Group is in compliance with all of its financial covenants contained within its loan documents and loan stocks trust deeds. The Group defines its refinancing risk as loans which do not include some form of amortisation or sinking fund.

The Group utilises short-term revolving bank debt as a consequence of its sales programme. Currently 34.5% of debt matures within the next five years, including 1.2% that matures during the next financial year.

Hedging

The Group hedges its currency risk by taking out fixed/fixed cross currency interest swaps and fixed/floating cross currency interest swaps to fix the GBP value of both interest and principal repayable under foreign currency denominated debt. As at 31 March 2020 the Group held favourable cross-currency interest rate swaps with a mark to market value of £5.8m.

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24 Financial instruments (continued)

Liquidity risk
The interest rate risk analysis below is considered to be a key component of the Group's liquidity risk.

Ageing profile and interest rate risk of financial instruments
For each class of interest-bearing financial asset and financial liability, the following tables indicate the range of interest rates effective at the statement of financial position date, the carrying amount on the statement of financial position and the periods in which they reprice, if earlier than the maturity date. The tables take into account interest-bearing assets and liabilities only.

The ageing profiles below include the impact of hedging transactions, all of which have cash flow movements in line with the impact in the statement of comprehensive income.

Ageing profile and interest rate risk of financial assets as at 31 March 2020

Group

	Effective interest rate %	Total amount £m	Within 1 year £m	1 – 2 years £m	2 – 3 years £m	3 – 4 years £m	4 – 5 years £m	Over 5 years £m
Fixed asset investments:								
Fixed rate	2.15%	19.5	—	—	—	—	11.6	7.9
Floating rate	0.90%	8.3	—	—	—	—	—	8.3
Amounts due from related undertakings	9.93%	73.9	28.2	2.5	0.8	25.5	0.4	16.5
		101.7	28.2	2.5	0.8	25.5	12.0	32.7
Mortgages and loans		1.7	0.1	0.1	0.1	0.1	0.1	1.2
Derivative financial instruments held to manage interest rate risk		57.0	8.1	6.2	11.1	7.3	10.7	13.6
		106.4	36.4	8.8	12.0	32.9	22.8	47.6

All financial assets carry a fixed interest rate unless otherwise shown.

Comparative figures as at 31 March 2019 were as follows:

	Effective interest rate %	Total amount £m	Within 1 year £m	1 – 2 years £m	2 – 3 years £m	3 – 4 years £m	4 – 5 years £m	Over 5 years £m
Fixed asset investments:								
Fixed rate	1.87%	26.3	—	—	—	—	—	26.3
Floating rate	0.95%	16.9	8.6	—	—	—	—	8.3
Amounts due from related undertakings	9.03%	64.2	10.0	6.0	0.1	3.5	28.6	16.0
		107.4	18.6	6.0	0.1	3.5	28.6	50.6
Mortgages and loans		2.4	0.2	0.2	0.2	0.2	0.2	1.4
Derivative financial instruments held to manage interest rate risk		21.7	12.0	1.3	1.2	2.6	1.0	3.6
		131.5	30.8	7.5	1.5	6.3	29.8	55.6

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24 Financial instruments (continued)

Ageing profile and interest rate risk of financial liabilities as at 31 March 2020

Group

	Effective interest rate %	**Total amount £m**	**Within 1 year £m**	**1 – 2 years £m**	**2 – 3 years £m**	**3 – 4 years £m**	**4 – 5 years £m**	**Over 5 years £m**
Stocks and bonds:								
Fixed rate	**4.77%**	**1,598.8**	**52.4**	**52.4**	**52.4**	**113.7**	**272.1**	**1,055.8**
Indexed	**3.65%**	**50.0**	**0.4**	**49.6**	**—**	**—**	**—**	**—**
Discount on bond issue		**(39.0)**	**—**	**—**	**—**	**—**	**—**	**(39.0)**
		1,609.8	**52.8**	**102.0**	**52.4**	**113.7**	**272.1**	**1,016.8**
Housing and other loans:								
Fixed rate	**4.57%**	**1,800.6**	**76.0**	**106.9**	**141.6**	**68.8**	**98.7**	**1,308.6**
Index linked	**3.47%**	**47.2**	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**	**45.7**
Floating	**2.51%**	**529.1**	**17.3**	**110.6**	**100.4**	**50.6**	**199.5**	**50.7**
		2,376.9	**93.6**	**217.8**	**242.3**	**119.7**	**298.5**	**1,405.0**
Finance leases	**5.79%**	**458.7**	**11.5**	**11.5**	**11.5**	**11.5**	**11.5**	**401.2**
Derivative financial instruments held to manage interest rate risk		**51.2**	**3.2**	**2.6**	**22.0**	**3.9**	**3.9**	**15.6**
		4,496.6	**161.1**	**333.9**	**328.2**	**248.8**	**586.0**	**2,838.6**

All financial liabilities carry a fixed interest rate unless otherwise shown.

Comparative figures as at 31 March 2019 were as follows:

	Effective interest rate %	Total amount £m	Within 1 year £m	1 – 2 years £m	2 – 3 years £m	3 – 4 years £m	4 – 5 years £m	Over 5 years £m
Stocks and bonds:								
Fixed rate	4.77%	1,655.0	56.1	52.4	52.4	52.4	113.7	1,328.0
Indexed	3.69%	49.6	0.4	0.4	48.8	—	—	—
Discount on bond issue		(43.2)	—	—	—	—	—	(43.2)
		1,661.4	56.5	52.8	101.2	52.4	113.7	1,284.8
Housing and other loans:								
Fixed rate	4.99%	1,716.0	162.2	63.8	60.0	124.4	55.4	1,250.2
Index linked	4.45%	49.3	3.0	0.3	0.3	0.3	0.3	45.1
Floating rate	2.62%	452.0	26.2	24.1	17.9	107.6	48.7	227.5
		2,217.3	191.4	88.2	78.2	232.3	104.4	1,522.8
Finance leases	5.79%	538.5	11.5	11.5	11.5	11.5	11.5	481.0
Derivative financial instruments held to manage interest rate risk		39.5	0.3	—	0.3	13.4	3.1	22.4
		4,456.7	259.7	152.5	191.2	309.6	232.7	3,311.0

Trade and other payables are not included in the above tables as they are non-interest bearing and are not subject to interest rate risk.

Borrowing facilities

As at 31 March 2020, the Group had undrawn committed borrowing facilities expiring as follows:

	2020 £m	2019 £m
In one year or less, or on demand	**210.8**	166.5
In more than one year but not more than two years	**311.7**	265.0
In more than two years	**228.8**	375.0
	751.3	806.5

£62.5m of the undrawn committed borrowing facilities require fixed charge security to be placed with lenders (2019: £111.2m).

Notes to the financial statements

For the year ending 31 March 2020

24 Financial instruments (continued)

Fair values of financial assets and financial liabilities

Set out below is a comparison by category of carrying values and fair values of all of the Group's financial instruments. None of the financial assets or liabilities have been reclassified during the year.

	Note	**Book value 2020 £m**	**Fair value 2020 £m**	Book value 2019 £m	Fair value 2019 £m
					Group
Financial assets					
Fixed asset investments	15 and 16	**273.4**	**276.4**	270.1	273.5
Current asset investments	20	**24.3**	**24.3**	58.5	58.5
Cash and cash equivalents		**183.6**	**183.6**	66.2	66.2
Long-term debtors	18	**3.1**	**3.1**	4.8	4.8
Mortgages and loans	18 and 19	**2.7**	**2.7**	3.5	3.5
Derivative financial instruments held to manage interest rate risk	18 and 19	**57.0**	**57.0**	21.6	21.6
Amounts owed from joint venture undertakings	19	**1.1**	**1.1**	—	—
Financial assets falling due within one year	19	**74.6**	**74.6**	101.0	101.0
		619.8	**622.8**	525.7	529.1
Financial liabilities					
Debenture stocks and bonds	21 and 22	**1,241.7**	**1,397.7**	1,254.7	1,369.2
Discount on bond issue	21 and 22	**(39.0)**	**(39.0)**	(43.2)	(43.2)
Housing loans	21 and 22	**1,701.2**	**1,701.2**	1,446.8	1,446.8
Amounts owed to joint venture undertakings	21 and 22	**—**	**—**	1.8	1.8
Revaluation of foreign currency denominated debt	22	**35.0**	**35.0**	2.6	2.6
Derivative financial instruments held to manage interest rate risk	21 and 22	**51.2**	**51.2**	39.4	39.4
Other financial liabilities	21 and 22	**277.5**	**277.5**	278.1	278.1
Financial liabilities falling due within one year	21	**183.4**	**183.4**	219.5	219.5
		3,451.0	**3,607.0**	3,199.7	3,314.2

Of the financial assets above £57.0m (2019: £21.6m) are derivative financial instruments with the remaining amounts being measured and amortised cost.

Of the financial liabilities above £51.2m (2019: £39.4m) are derivative financial instruments with the remaining amounts being measured at amortised cost.

Notes to the financial statements

For the year ending 31 March 2020

24 Financial instruments (continued)

Investments in debt and equity securities
The fair value of held-to-maturity investments is determined by reference to their quoted bid price at the statement of financial position date. The fair value of held-to-maturity investments after initial recognition is determined for disclosure purposes only.

Financial assets falling due within one year, long-term debtors and mortgages
The fair value of these assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the statement of financial position date if the effect is material.

Financial liabilities
The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the statement of financial position date if the effect is material.

Cash and cash equivalents
The fair value of cash is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the statement of financial position date.

Interest-bearing borrowings
Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the statement of financial position date.

Derivative financial instruments
The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Fair value hierarchy
The measurement of fair value for financial instruments has been done using a level 2 valuation technique. The definition of this technique per the standard is a valuation using inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Notes to the financial statements

For the year ending 31 March 2020

25 Pension obligations

The pension costs for Places for People Group relate to 13 schemes of which employees and former employees are members. Details of each scheme are set out below.

	2020 £m	2019 £m
Group defined benefit scheme surplus		
Places for People Group Retirement Benefit Scheme (PFP Group)	**25.5**	—
Residential Management Group section of the Citrus Pension Plan (RMG)	**0.4**	—
	25.9	—
Group defined benefit scheme liabilities		
The Social Housing Pension Scheme (SHPS)	**(4.4)**	(7.7)
The Scottish Housing Associations' Pension Schemes (SHAPS)	**(1.2)**	(2.9)
Places for People Group Retirement Benefit Scheme (PFP Group)	**—**	(0.1)
PFPL (Holdings) Limited "PFPL (Holdings)"	**(0.6)**	(0.3)
Residential Management Group section of the Citrus Pension Plan (RMG)	**—**	(0.6)
Cambridgeshire County Council Pension Fund (CCCPF)	**(6.9)**	(10.5)
	(13.1)	(22.1)

The Places for People Group Retirement Benefit Scheme

The Group operates a defined benefit pension arrangement called the Places for People Group Retirement Benefit Scheme.

This scheme is operated by the Group and is an independently administered defined benefit scheme based on final pensionable salary. The scheme was closed to new members as at 1 September 2004 and was closed to future accrual in October 2010. The most recent formal actuarial valuation was completed as at 31 March 2018 and has been updated by the independent actuary to take account of the requirements of FRS 102. As part of the actuarial valuations as at 31 March 2018, the Group agreed a schedule of contributions which included the Group paying £16.3m in March 2019 and further annual contributions of £5m between 1 April 2019 and 31 March 2025. The Group expects to contribute £5m to the scheme during the year to 31 March 2020.

The Trust Deed provides the Group with an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of a plan wind-up. Furthermore, in the ordinary course of business the Trustee has no rights to unilaterally wind up, or otherwise augment the benefits due to members of the scheme. Based on these rights, any net surplus in the UK scheme is recognised in full.

The funding plan is for the scheme to hold assets equal to the value of the benefits earned by employees, based on a set of assumptions used for funding the scheme. The funding assumptions differ from the assumptions used to calculate the figures for these accounts, and therefore produce different results. If there is a shortfall against this funding plan, then the Group and Trustee agree on deficit contributions to meet this deficit over a period.

During the year ended 31 March 2019, the Association considered the implications of the High Court ruling in the Lloyds Bank Group Pension Trustees case on the requirement to equalise pensions in respect of Guaranteed Minimum Pensions (GMP). This has resulted in a £0.2m increase in pension obligation which has been recognised as a past service cost. Any future clarifications to GMP leading to a change in financial assumptions are expected to be recognised in equity. No changes in assumptions were made or recognised for the year ended 31 March 2020.

The mortality assumption used at 31 March 2020 is 105% S2PA CMI_2019 core projections with a long-term rate of improvement of 1.0%. The mortality assumption used at 31 March 2019 was 105% S2PA CMI_2018 core projections with a long-term rate of improvement of 1.0%. Based on these assumptions, a male currently aged 60 years old has a life expectancy of 25.6 years (2019: 25.4 years), a female currently aged 60 years old has a life expectancy of 27.7 years (2019: 27.5 years), a male currently age 40 years old will expect to have a life expectancy of 26.7 years (2019: 26.6 years) when he reaches age 60 and a female currently aged 40 years old will expect to have a life expectancy of 29.0 years (2019: 28.8 years) when she reaches age 60.

The Places for People Leisure Group Retirement Benefit Scheme

PFPL (Holdings) Limited operates a defined benefit scheme. The assets of the scheme are held in a separately administered fund and the plan is administered by an independent trustee body which is responsible for ensuring that the scheme is sufficiently funded to meet current and future obligations.

The liabilities have been calculated based on the results of the full Scheme Funding Assessment as of 30 April 2016, updated to 31 March 2019, allowing for additional benefit accrual and benefits paid. The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

PfPL (Holdings) Limited has agreed a funding plan with the Trustees of the scheme, whereby ordinary contributions are made into the scheme based on a percentage of active employees' salary. Additional contributions are agreed with the Trustees to reduce the funding deficit where necessary.

The mortality assumption used at 31 March 2020 and 31 March 2019 is 90% of S3PxA CMI_2018 core improvements [1.5% p. a long-term rate]. Based on these assumptions, a male currently aged 65 years old has a life expectancy of 22.6 years (2019: 22.8 years), a female currently aged 65 years old has a life expectancy of 24.9 years (2019: 24.7 years), a male currently aged 45 years old has a life expectancy of 43.9 years (2019: 44.2 years) and a female currently aged 45 years old has a life expectancy of 46.3 years (2019: 46.2 years).

Residential Management Group Limited Retirement Benefit Scheme

Residential Management Group Limited operates a defined benefit pension scheme, the Residential Management Group section of the Citrus Pension Plan ("Citrus"), with assets held in separately administered funds. The scheme provides retirement benefits on the basis of members' final salary.

The Trust Deed provides Residential Management Group Limited with an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of a plan wind-up. Furthermore, in the ordinary course of business the Trustee has no rights to unilaterally wind up, or otherwise augment the benefits due to members of the scheme. Based on these rights, any net surplus in the UK scheme is recognised in full.

An actuarial valuation of the RMG scheme was carried out as at 31 March 2020.

Increases in longevity improvements seen in recent years will begin to tail off over the next 10-20 years and are assumed to be in line with the Continuous Mortality Investigation model used at the latest formal valuation. Over the long-term, longevity improvements will stabilise at 1.5% p.a. for males and females. The mortality assumption used at 31 March 2019 is 90% of S2PxA CMI_2017 core improvements [1.5% p. a

Notes to the financial statements

For the year ending 31 March 2020

25 Pension obligations (continued)

long-term rate]. The mortality assumption used at 31 March 2018 is 90% of S2PxA CMI_2017 core improvements [1.5% p. a long-term rate]. Based on these assumptions, a male currently aged 65 years old has a life expectancy of 22.4 years (2019: 22.7 years), a female currently aged 65 years old has a life expectancy of 23.6 years (2019: 24.8 years), a male currently aged 45 years old has a life expectancy of 45.0 years (2019: 45.3 years) and a female currently aged 45 years old has a life expectancy of 47.3 years (2019: 47.0 years).

Cambridgeshire County Council Pension Fund

The CCCPF is a multi-employer scheme administered by Cambridgeshire County Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The latest triennial actuarial valuation was at 31 March 2016. The CCCPF is open to the employees of Chorus Group Limited.

The mortality assumption used at 31 March 2020 is that a male currently aged 65 years old has a life expectancy of 22.0 years (2019: 22.4 years), a female currently aged 65 years old has a life expectancy of 24.0 years (2019: 24.4 years), a male currently aged 45 years old has a life expectancy of 42.7 years (2019: 44.0 years) and a female currently aged 45 years old has a life expectancy of 45.5 years (2019: 46.3 years).

Social Housing Pension Scheme

Places for People Homes Limited, Cotman Housing Association Limited and Derwent Housing Association Limited participate in the Social Housing Pension Scheme (SHPS), a multi-employer scheme which provides benefits to non-associated employers.

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

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

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

For financial years ending on or before 28 February 2019, it had not been possible for the Group participating employers to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme, therefore the Group has previously accounted for SHPS as a defined contribution scheme. For financial years ending on or after 31 March 2019, it was possible to obtain sufficient information to enable the company to account for the scheme as a defined benefit scheme.

The mortality assumption used at 31 March 2020 is that a male currently aged 65 years old has a life expectancy of 21.5 years (2019: 21.8 years), a female currently aged 65 years old has a life expectancy of 23.3 years (2019: 23.5 years), a male currently aged 45 years old has a life expectancy of 42.9 years (2019: 45.0 years) and a female currently aged 45 years old has a life expectancy of 44.5 years (2019: 48.2 years).

Scottish Housing Associations' Pension Scheme

Places for People Scotland Limited and Castle Rock Edinvar Housing Association Limited participate in the Scottish Housing Associations' Pension Scheme (SHAPS), a multi-employer scheme which provides benefits to non-associated employers.

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018. This valuation revealed a deficit of £198m. A recovery plan has been put in place to eliminate the deficit which runs to 28 February 2022 for the majority of employers, although certain employers have different arrangements. SHAPS is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme. For financial years ending on or before 28 February 2019, it had not been possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme, therefore the Group has previously accounted for SHAPS as a defined contribution scheme. For financial years ending on or after 31 March 2019, it was possible to obtain sufficient information to enable the company to account for the scheme as a defined benefit scheme.

The mortality assumption used at 31 March 2020 is that a male currently aged 65 years old has a life expectancy of 21.5 years, a female currently aged 65 years old has a life expectancy of 23.2 years, a male currently aged 45 years old has a life expectancy of 42.8 years and a female currently aged 45 years old has a life expectancy of 44.5 years.

The major assumptions used by the actuaries of each scheme were:	**SHPS**	**SHAPS**	**PFP Group**	**PFPL**	**RMG**	**CCCPF**
2020	**%**	**%**	**%**	**%**	**%**	**%**
Discount rate	**2.60**	**2.60**	**2.50**	**2.25**	**2.30**	**2.30**
Rate of RPI inflation	**2.90**	**2.90**	**2.60**	**2.70**	**2.80**	**n/a**
Rate of increase in salaries	**2.65**	**2.60**	**2.60/1.90[1]**	**2.60**	**1.90**	**2.40**
Rate of increase in pension payments	**n/a**	**n/a**	**n/a**	**2.10**	**n/a**	**1.90**
Rate of CPI inflation	**n/a**	**n/a**	**n/a**	**2.10**	**1.90**	**n/a**
2019	%	%	%	%	%	%
Discount rate	2.53	2.50	2.50	2.45	2.40	2.40
Rate of RPI inflation	3.24	3.28	3.20	3.35	3.45	n/a
Rate of increase in salaries	3.24	3.28	3.10/2.10[1]	3.35	2.45	2.80
Rate of increase in pension payments	n/a	n/a	n/a	2.35	n/a	2.50
Rate of CPI inflation	n/a	n/a	n/a	2.35	2.45%	n/a

[1] RPI max 5% pa/ RPI max 2.5% pa

Notes to the financial statements

For the year ending 31 March 2020

25 Pension obligations (continued)

The major categories of assets as a percentage of total assets are as follows:

	SHPS	SHAPS	PFP Group	PFPL	RMG	CCCPF
2020	**%**	**%**	**%**	**%**	**%**	**%**
Diversified growth funds, hedge funds and structure funds	**14.5**	**16.5**	**15.0**	**18.0**	**17.0**	**—**
Equities	**18.0**	**16.9**	**11.0**	**65.2**	**12.6**	**68.0**
Gilts	**—**	**1.3**	**—**	**4.4**	**—**	**12.0**
Liability driven investments	**36.6**	**30.6**	**31.0**	**—**	**16.4**	**—**
Absolute return bonds	**9.9**	**10.4**	**—**	**—**	**—**	**—**
Corporate bonds	**5.7**	**7.3**	**26.0**	**5.9**	**—**	**—**
Cash and cash equivalents	**—**	**—**	**17.0**	**2.3**	**16.3**	**3.0**
Other fixed interest	**3.8**	**5.6**	**—**	**—**	**29.6**	**—**
Insurance linked securities	**3.1**	**2.7**	**—**	**—**	**8.1**	**—**
Direct lending	**4.4**	**4.4**	**—**	**—**	**—**	**—**
Property	**4.0**	**4.3**	**—**	**4.2**	**—**	**17.0**

	SHPS	SHAPS	PFP Group	PFPL	RMG	CCCPF
2019	%	%	%	%	%	%
Diversified growth funds, hedge funds and structure funds	11.6	11.6	36.0	18.4	21.7	—
Equities	16.8	16.8	13.0	68.2	19.6	76.0
Gilts	—	—	—	3.7	9.1	12.0
Liability driven investments	36.6	36.6	34.0	—	—	—
Absolute return bonds	8.7	8.7	6.0	—	—	—
Corporate bonds	6.5	6.5	—	3.9	39.3	—
Cash and cash equivalents	—	—	11.0	1.6	1.3	1.0
Other fixed interest	3.6	3.6	—	—	—	—
Insurance linked securities	5.9	5.9	—	—	7.5	—
Direct lending	1.3	1.3	—	—	1.5	—
Property	9.0	9.0	—	4.2	—	11.0

Amounts recognised in the Statement of Financial Position

Value at 31 March 2020	SHPS £m	SHAPS £m	PFP Group £m	PFPL £m	RMG £m	CCCPF £m	Total £m
Fair value of assets	**33.9**	**26.8**	**242.7**	**5.2**	**5.8**	**24.2**	**338.6**
Present value of the scheme's liabilities	**(38.2)**	**(28.1)**	**(217.1)**	**(5.9)**	**(5.4)**	**(31.1)**	**(325.8)**
Surplus/(deficit) in the scheme	**(4.3)**	**(1.3)**	**25.6**	**(0.7)**	**0.4**	**(6.9)**	**12.8**

Value at 31 March 2019	SHPS £m	SHAPS £m	PFP Group £m	PFPL £m	RMG £m	CCCPF £m	Total £m
Fair value of assets	33.5	27.1	229.3	5.6	5.6	24.8	325.9
Present value of the scheme's liabilities	(41.2)	(30.0)	(229.4)	(5.9)	(6.2)	(35.3)	(348.0)
Deficit in the scheme	(7.7)	(2.9)	(0.1)	(0.3)	(0.6)	(10.5)	(22.1)

Notes to the financial statements

For the year ending 31 March 2020

25 Pension obligations (continued)

Amounts recognised in the Statement of Comprehensive Income

Year ending 31 March 2020	SHPS £m	SHAPS £m	PFP Group £m	PFPL £m	RMG £m	CCCPF £m	Total £m
Current service cost	**—**	**—**	**—**	**(0.1)**	**(0.1)**	**(0.4)**	**(0.6)**
Amount charged in arriving at operating profit	**—**	**—**	**—**	**(0.1)**	**(0.1)**	**(0.4)**	**(0.6)**
Expected return on plan assets	**0.8**	**0.7**	**5.7**	**0.1**	**0.2**	**0.6**	**8.1**
Interest on scheme liabilities	**(1.1)**	**(0.8)**	**(5.6)**	**(0.1)**	**(0.2)**	**(0.8)**	**(8.6)**
Amount charged/(credited) to other finance costs	**(0.3)**	**(0.1)**	**0.1**	**—**	**—**	**(0.2)**	**(0.5)**
Total charged to the statement of comprehensive income	**(0.3)**	**(0.1)**	**0.1**	**(0.1)**	**(0.1)**	**(0.6)**	**(1.1)**

Year ending 31 March 2019	SHPS £m	SHAPS £m	PFP Group £m	PFPL £m	RMG £m	CCCPF £m	Total £m
Current service cost	—	—	—	(0.1)	(0.1)	(0.4)	(0.6)
Loss on curtailments and settlements	—	—	(0.2)	—	—	—	(0.2)
Amount charged in arriving at operating profit	—	—	(0.2)	(0.1)	(0.1)	(0.4)	(0.8)
Expected return on plan assets	0.9	0.7	5.6	0.1	0.1	0.6	8.0
Interest on scheme liabilities	(1.1)	(0.8)	(5.7)	(0.1)	(0.1)	(0.9)	(8.7)
Amount charged/(credited) to other finance costs	(0.2)	(0.1)	(0.1)	—	—	(0.3)	(0.7)
Total charged to the statement of comprehensive income	(0.2)	(0.1)	(0.3)	(0.1)	(0.1)	(0.7)	(1.5)

Amounts recognised in Other Comprehensive Income

Year ending 31 March 2020	SHPS £m	SHAPS £m	PFP Group £m	PFPL £m	RMG £m	CCCPF £m	Total £m
Actuarial gain/(loss) in pension scheme	**2.5**	**0.7**	**20.7**	**(0.4)**	**1.0**	**3.3**	**27.8**

Year ending 31 March 2019	SHPS £m	SHAPS £m	PFP Group £m	PFPL £m	RMG £m	CCCPF £m	Total £m
Initial recognition of multi-employer defined benefit scheme	(3.3)	(0.7)	—	—	—	—	(4.0)
Actuarial gain/(loss) in pension scheme	0.7	0.7	(12.8)	(0.1)	(0.3)	(1.6)	(13.4)

25 Pension obligations (continued)

The change in the fair value of the plan assets is analysed as follows:

	Year ending 31 March 2020						
	SHPS £m	**SHAPS £m**	**PFP Group £m**	**PFPL £m**	**RMG £m**	**CCCPF £m**	**Total £m**
As at 1 April 2019	**33.5**	**27.1**	**229.3**	**5.6**	**5.6**	**24.8**	**325.9**
Interest on plan assets	**0.8**	**0.7**	**5.7**	**0.1**	**0.1**	**0.6**	**8.0**
Company contributions	**1.1**	**0.9**	**5.0**	**0.2**	**0.2**	**1.0**	**8.4**
Contribution by scheme participants	**—**	**—**	**—**	**—**	**—**	**0.1**	**0.1**
Benefits paid	**(1.1)**	**(1.1)**	**(7.3)**	**(0.1)**	**(0.1)**	**(0.9)**	**(10.6)**
Return on assets less interest	**(0.4)**	**(0.8)**	**10.0**	**(0.6)**	**—**	**(1.4)**	**6.8**
As at 31 March 2020	**33.9**	**26.8**	**242.7**	**5.2**	**5.8**	**24.2**	**338.6**

Actual return on scheme assets	**SHPS £m**	**SHAPS £m**	**PFP Group £m**	**PFPL £m**	**RMG £m**	**CCCPF £m**	**Total £m**
For year ending 31 March 2020	**0.4**	**(0.1)**	**15.7**	**(0.5)**	**0.1**	**(0.8)**	**14.8**
For year ending 31 March 2019	1.4	1.4	9.0	0.4	0.2	1.5	13.9

The change in the present value of the defined benefit obligations is analysed as follows:

	SHPS £m	**SHAPS £m**	**PFP Group £m**	**PFPL £m**	**RMG £m**	**CCCPF £m**	**Total £m**
As at 1 April 2019	**41.2**	**30.0**	**229.4**	**5.9**	**6.2**	**35.3**	**348.0**
Current service costs	**—**	**—**	**—**	**0.1**	**0.1**	**0.4**	**0.6**
Contribution by scheme participants	**—**	**—**	**—**	**—**	**—**	**0.1**	**0.1**
Interest costs	**1.0**	**0.7**	**5.6**	**0.2**	**0.2**	**0.9**	**8.6**
Benefits paid	**(1.1)**	**(1.1)**	**(7.3)**	**(0.1)**	**(0.1)**	**(0.9)**	**(10.6)**
Actuarial losses/(gains) from changes to demographic assumptions	**0.5**	**0.4**	**0.9**	**—**	**—**	**(0.8)**	**1.0**
Actuarial losses from changes to financial assumptions	**(2.3)**	**(1.5)**	**(10.6)**	**—**	**—**	**(2.7)**	**(17.1)**
Actuarial (gain)/loss on obligation	**(1.1)**	**(0.4)**	**(0.9)**	**(0.2)**	**(1.0)**	**(1.2)**	**(4.8)**
As at 31 March 2020	**38.2**	**28.1**	**217.1**	**5.9**	**5.4**	**31.1**	**325.8**

26 Capital commitments

	Group		Company	
	2020 £m	2019 £m	**2020 £m**	2019 £m
Capital expenditure that has been authorised and contracted for but has not been provided for in the financial statements	**242.4**	115.7	**—**	—
Capital expenditure that has been authorised by the board of directors	**1,258.6**	1,406.5	**—**	—

The above commitments will be financed in accordance with the treasury management policy which is detailed in the operating review and note 24 of these financial statements.

The commitments under non-cancellable operating leases for the following year, analysed according to the period in which each lease expires, are set out below.

	Group				Company	
	Land and buildings	**Motor vehicles & equipment**	Land and buildings	Motor vehicles & equipment	**Motor vehicles & equipment**	Motor vehicles & equipment
	2020 £m	**2020 £m**	2019 £m	2019 £m	**2020 £m**	2019 £m
In one year or less	**2.6**	**3.8**	3.9	3.4	**0.3**	0.2
In one year or more but less than five years	**10.0**	**2.4**	10.1	4.3	**0.2**	0.2
In more than five years	**13.5**	**3.1**	15.7	—	**0.2**	—
	26.1	**9.3**	29.7	7.7	**0.7**	0.4

27 Contingent liabilities

The Group is party to certain legal actions arising in the ordinary course of business. While the outcome of these cases is uncertain, the directors believe, on the basis of advice received, that no material loss to the Group will occur. Having made due enquiries the directors are not aware of any further contingent liabilities.

28 Related party transactions

Defined benefit schemes

Under section 33 of FRS 102, defined benefit pension schemes are considered to be related parties. Employees of the Group and its subsidiaries are members of the following defined benefit schemes: The Social Housing Pension Scheme, The Scottish Housing Associations Pension Scheme, The Places for People Group Retirement Benefit Scheme, The PFPL (Holdings) Limited scheme, the Residential Management Group section of the Citrus Pension Plan and the Cambridgeshire County Council Local Government Pension Scheme. Details of transactions with the schemes are disclosed in note 25.

Key management personnel of the entity or its parent

During the year, Living+ had a £5,000,000 (2019: £5,000,000) investment in a listed social housing REIT. On 17 June 2020, the shares in this entity were sold for £4,700,000. In the year to 31 March 2020, dividends of £127,000 were received from this investment.

Places for People Ventures Operations has a loan to a development company with £6,039,086 outstanding as at 31 March 2020 (2019: £6,039,086); the loan is unsecured and at a variable rate of return.

Places for People Ventures Operations has a £100,000 (2019: £100,000) investment in an asset management company during the year to 31st March 2020; no dividends were received from this investment. During the year to 31 March 2020 Places for People Ventures Operations issued a loan of £100,000 to the same asset management company; the loan is unsecured and at a 0% interest rate with £100,000 outstanding as at 31 March 2020.

Notes to the financial statements

For the year ending 31 March 2020

28 Related party transactions (continued)

The Group had the following transactions during the year with joint ventures, associates and other external investments.

	Services provided £	Services received £	Amounts outstanding at 31 March 2020 £	Interest received £	Dividends received £
Alumno Student (Alscot) Limited	—	—	938,629	191,040	—
Alumno Student (Barn) Limited	—	—	84,868	138,148	—
Alumno Student (Bermondsey) Limited	—	—	18,659	334	—
Alumno Student (Essex) Limited	—	—	1,478,673	230,084	—
Alumno Student (Lewes Road) Limited	—	—	500,389	36,599	—
Alumno Student (Manchester) Limited	—	—	49,512	1,943	—
Alumno Student (Sheffield) Limited	—	—	7,109,466	1,150,551	—
Alumno Student (Whitelock) Limited	—	—	316,677	24,242	—
Alumno Student Management Limited	—	—	862,249	152,462	—
Big Issue	—	—	425,000	—	—
Bigg Regeneration LP	—	—	—	—	2,750,000
Blueprint LP	155,069	—	50,000	—	243,047
Boxed Energy Limited	274,750	194,480	467,227	7,019	—
Brio Retirement Living (Chapelton) Limited	—	—	10,326,647	1,002,645	—
Brooklands Milton Keynes LLP	22,307,805	—	—	5,625,291	—
Icknield Port Loop LLP	—	—	178,000	2,425	—
Impact Social Value Reporting Limited	—	84,000	—	—	—
PFP Urban Splash JV LLP	—	—	16,343,892	1,458,742	—
PFPC MMR LP	1,147,276	—	1,147,276	—	—
Picture Living LP	417,313	—	24,700	—	625,000
Romsey Extra Care Ltd	—	—	3,737,170	—	—
Ruskin Square Phase One LLP	25,000	—	—	—	—
Smith's Dock LLP	—	—	23,414,776	1,219,346	—
South Ridge Development LLP	—	—	1,960,000	—	—
Sunamp Limited	—	28,111	—	—	—
Triple Point Social Housing REIT plc	—	—	—	—	127,000
Uliving@Essex2 Limited	938,957	—	87,598	—	89,018
Uliving@Gloucestershire Limited	1,409,970	—	242,602	—	108,760
Uliving@Hertfordshire plc	4,840,858	10,536	290,866	—	924,753

Notes to the financial statements

For the year ending 31 March 2020

29 Disclosure of Group undertakings

Places for People Group Limited is the parent company of the Group and is required by statute to prepare consolidated accounts. All the Group related undertakings are incorporated in England and Wales, or in Scotland, and the registered office address for each entity is 80 Cheapside, London, EC2V 6EE, unless otherwise stated and are set out below:

Subsidiaries

Name	Class of share held	Proportion of shares held
Allenbuild Limited	Ordinary A* & B*	100%
Allenbuild (South East) Limited	Ordinary*	100%
Blueroom Properties Limited	Ordinary/Preference*	100%
Braintree District Leisure Community Association Ltd**	N/A	N/A
Brio Care Landale Limited[1]	Ordinary*	100%
Brio Care Limited	Ordinary*	100%
Brio Retirement Living (Applegreen) Limited	Ordinary A* & B*	95%
Brio Retirement Living (Barton Marina) Limited	Ordinary*	100%
Brio Retirement Living (Chapelton) Limited[1]	Ordinary*	100%
Brio Retirement Living (Chapelton Midco) Limited	Ordinary*	100%
Brio Retirement Living (Chester) Limited	Ordinary*	100%
Brio Retirement Living (Holdings) Limited	Ordinary A*, B* & C*	93%
Brio Retirement Living (JV) Limited	Ordinary*	100%
Brio Retirement Living (Midco) Limited	Ordinary*	100%
Brio Retirement Living (Poundbury) Limited	Ordinary*	100%
Brio Retirement Living (Sole Risk) Limited	Ordinary A* & B*	100%
Brio Retirement Living (Stow on the Wold) Limited	Ordinary*	100%
Castle Rock Edinvar Housing Association Limited***[1]	National/Community	100% of National s/holding
Centro Place Investments Limited[2]	Ordinary*	100%
Centro Place Management Limited[2]	Ordinary*	100%
Chorus Homes Developments Limited	Ordinary*/Preference*	100%
Chorus Homes Finance Limited**	N/A	N/A
Chorus Homes Group Limited**	N/A	N/A
Chorus Homes Limited***	Ordinary*	100%
Christchurch Estates Limited[3]	Ordinary*	100%
Cotman Housing Association Limited***	National/Community	100% of National s/holding
Curzon Street Management Limited[3]	Ordinary*	100%
Derwent Community Housing Association Limited***[2]	Ordinary*	100%
Derwent Facilities Management Limited[2]	Ordinary*	100%
Derwent Housing Association Limited***	Ordinary	100%
East Wick and Sweetwater Management Company Limited	Ordinary	100%
Emblem Homes Limited	Ordinary*/Preference*	100%
F & S Property Management Limited[3]	Ordinary*	100%
Girlings Retirement Rentals Limited	Ordinary*	100%
Gross Fine[3]	Ordinary A* & B*	100%
Gross Fine (Holdings) Limited[3]	Ordinary*	100%
Gross Fine Management Limited[3]	Ordinary*	100%
Gross Fine Services Limited[3]	Ordinary*	100%
Hertford Company Secretaries Limited[3]	Ordinary*	100%
HNJV Limited	Ordinary*/Preference*	100%
Hope Social Enterprises Limited	Ordinary*	100%
JVCO Limited	Ordinary/Preference*	100%
Leisure & Community Partnership Limited**	N/A	N/A
Lothian Housing Association Limited[1]	Ordinary*	100%
Matilda's Academy Limited	Ordinary*	100%
Matilda's Blanket Limited	Ordinary*	100%
Matilda's Planet Group Limited	Ordinary*, Ordinary A* & B*	75%
Matilda's Planet Manufacturing Limited	Ordinary*	100%
Matilda's Radiant Heating Limited	Ordinary A* & B*	94%
Matilda's Warm Homes Limited	Ordinary*	75%
Matildasplanet Houses Limited	Ordinary*	100%

Notes to the financial statements

For the year ending 31 March 2020

29 Disclosure of Group undertakings (continued)

Name	Class of share held	Proportion of shares held
Matildasplanet Housing Solutions Limited	Ordinary*	100%
Matildasplanet Thermal Systems Limited	Ordinary*	100%
MDH (Group) Limited[4]	Ordinary A*, B*, C*, D*, E* & F*	100%
Millwood Contracts Limited[4]	Ordinary*	100%
Millwood Designer Homes Limited[4]	Ordinary A* & B*	100%
Millwood Designer Homes Kent Ltd[4]	Ordinary*	100%
Millwood Designer Homes (Southern) Limited[4]	Ordinary*	100%
Minton Healthcare (Buckingham) Limited	Ordinary*	100%
ModularWise Limited	Ordinary*	100%
Oak Foundation**	N/A	N/A
Officers Field Development Limited	Ordinary*/Ordinary A*	100%
Osterna Limited[5]	Ordinary*	100%
PfP Capital Limited	Ordinary/Preference*	100%
PfP Capital Services Limited	Ordinary*	100%
PFP Cosec 4 Limited	Ordinary*	100%
PFPC 1 GP Limited	Ordinary*	100%
PFPC 1 LP*****	N/A	N/A
PFPC Retirement 1 Limited	Ordinary*	100%
PFPC MMR GP Limited[1]	Ordinary*	100%
PFPC MMR 1 LP[6]	N/A	N/A
PFPESCO 1 Limited	Ordinary	100%
PFP Cubex GP Limited	Ordinary*	100%
PFP Cubex LP	N/A	N/A
PFPL Developments Limited	Ordinary*	100%
PFPL (Holdings) Limited	Ordinary*	100%
PFPL Projects (Epping) Ltd	Ordinary*	100%
PFPL Projects (Hinckley) Ltd	Ordinary*	100%
PFPL Projects (Gosport) Ltd	Ordinary*	100%
PFPL Projects (Sandwell) Ltd	Ordinary*	100%
PFPL Projects (Sparkhill) Ltd	Ordinary*	100%
PFPL Projects (Surrey Heath) Ltd	Ordinary*	100%
PFPL Projects (Wyre Forest) Ltd	Ordinary*	100%
PFP–Igloo (General Partner) Limited	Ordinary*	100%
PFP–Igloo Limited Partnership*****	N/A	N/A
PFP–Igloo Nominees Limited	Ordinary*	100%
PFP MMR Developments Limited[1]	Ordinary*	100%
PFP PRS Investment LP*****	N/A	N/A
PFP SW Avon Limited	Ordinary*	100%
Places Developments (Holdings) Limited	Ordinary*, Ordinary B* & Preference*	100%
Place Builders Limited	Ordinary*	100%
Place Investments Limited	Ordinary	100%
Placeford Properties LLP	N/A	N/A
Places Academy Limited	Ordinary*	100%
Places Development Services Limited	Ordinary *	100%
Places Finance Limited	Ordinary*	100%
Places for People Arrangements 1 Limited	Ordinary	100%
Places for People Capital Markets Plc	Ordinary	100%
Places for People Developments Limited	Ordinary*/Preference*	100%
Places for People Developments (PRS) Limited	Ordinary	100%
Places for People Finance plc	Ordinary	100%
Places for People Financial Services Limited	Ordinary/Preference*	100%
Places for People Green Services Limited	Ordinary*	100%
Places for People Homes Limited***	Ordinary	100%
Places for People International Limited	Ordinary*	100%
Places for People Investments Limited	Ordinary	100%

Notes to the financial statements

For the year ending 31 March 2020

29 Disclosure of Group undertakings (continued)

Name	Class of share held	Proportion of shares held
Places for People Landscapes Limited	Ordinary*	100%
Places for People Leisure Community Association Limited**	N/A	N/A
Places for People Leisure Limited**	N/A	N/A
Places for People Leisure Management Limited	Ordinary*	100%
Places for People Leisure Partnerships**	N/A	N/A
Places for People Living+ Limited***	Ordinary	100%
Places for People Pension Car Limited	Ordinary/Preference*	100%
Places for People Pension Trustee Limited	Ordinary*	100%
Places for People Placemaking Limited	Ordinary	100%
Places for People Placemaking & Regeneration Limited	Ordinary*	100%
Places for People Retirement Limited	Ordinary*/Preference*	100%
Places for People Scotland Limited[1]	Ordinary A*/Preference*	100%
Places for People Scotland — Care and Support Limited	Ordinary*	100%
Places for People Scotland (GP) Limited[1]	Ordinary*	100%
Places for People Scottish Limited Partnership****[1]	N/A	N/A
Places for People SPV 1 Limited**[7]	N/A	N/A
Places for People SPV 2 Limited**[7]	N/A	N/A
Places for People Treasury plc	Ordinary	100%
Places for People Treasury Services Limited	Ordinary	100%
Places for People Ventures Limited	Ordinary/Preference*	100%
Places for People Ventures Operations Limited	Ordinary*/Preference*	100%
Places Homes Limited	Ordinary	100%
Places Leisure Limited	Ordinary*	100%
Places Living+ Limited	Ordinary	100%
Places Management Limited	Ordinary*	100%
Places Plus Limited	Ordinary*	100%
Places Residential Limited	Ordinary*	100%
Places Retirement Limited	Ordinary*	100%
Places Services Limited	Ordinary*	100%
Places Student Living Limited	Ordinary*	100%
Places Students Limited	Ordinary*	100%
Residential Management Group Limited[3]	Ordinary* & Ordinary B	100%
Residential Management Group Scotland Limited[8]	Ordinary*	100%
Residential Management Property Limited[3]	Ordinary*	100%
Retirement Rentals Limited	Ordinary*	100%
Retirement Rentals Nominee Company 1 Limited	Ordinary*	100%
RMG Asset Management Limited[3]	Ordinary*	100%
RMG Client Services Limited[3]	Ordinary*	100%
Sam Jones (Clubs) Limited	Ordinary*	100%
Shrubhill Investments Limited[1]	Ordinary*	100%
Stow Care Village LLP	N/A	N/A
The Engine Yard Edinburgh Ltd	Ordinary & Ordinary C*	99%
The Ferry Project**	N/A	N/A
The Places Foundation**	N/A	N/A
Tila Commercial Limited	Ordinary*	100%
Touchstone Corporate Property Services Limited	Ordinary* & Ordinary B	95%
Upper Strand Developments Limited[1]	Ordinary*/Preference*	100%
Urban Matrix (Ditton) LLP	N/A	N/A
Wood Carewell Managements Limited[3]	Ordinary*	100%
Wood Group Trustees Limited[3]	Ordinary*	100%
Wood Management Trustees Limited[3]	Ordinary*	100%
Wood Managements Limited[3]	Ordinary*	100%
Wood Trustees Limited[3]	Ordinary* & Ordinary Deferred*	100%
ZeroC Acheson Consortium Limited	Ordinary*	100%

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For the year ending 31 March 2020

29 Disclosure of Group undertakings (continued)

Name	Class of share held	Proportion of shares held
ZeroC Holdings Limited	Ordinary* & Ordinary A*	100%
ZeroC Ventures Limited	Ordinary*	100%
ZeroC Group (2008) Limited	Ordinary*, Ordinary A* & B*	100%

1 1 Hay Avenue, Edinburgh, EH16 4RW
2 1 Centro Place, Pride Park, Derby, England, DE24 8RF
3 RMG House, Essex Road, Hoddesdon, Hertfordshire, EN11 0DR
4 6 Alexander Grove, Kings Hill, West Malling, England, ME19 4XR
5 Chelford House, Gadbrook Park, Northwich, Cheshire, England, CW9 7LN
6 c/o Places for People, 1 St Andrew Square, 2 nd Floor, Edinburgh, EH2 2BD
7 4 The Pavilions, Portway, Preston, Lancashire, United Kingdom, PR2 2YB
8 Unit 6, 95 Morrison Street, Glasgow, G5 8BE

* Shares held by other Group entities but ultimately held by the Group
** A company limited by guarantee without any share capital
*** A registered society registered under the Co-operative & Community Benefit Societies Act 2014. Through separate written agreements, the Group ultimately exercises control over the functions and operations of these entities
**** A Scottish limited partnership
***** A limited partnership

Joint Ventures/partnerships

Name	Class of shares held	Proportion of nominal value of share class held	Proportion of all share classes
Abode Modular Living LLP	N/A	N/A	N/A
Alumno Group Limited****	Ordinary A*	100%	50%
Applegreen JV Midco LLP	N/A	N/A	N/A
Applegreen Retirement Living LLP	N/A	N/A	N/A
Applegreen Retirement Living (Nominee) Limited	Ordinary*	50%	50%
Applegreen Retirement Living (Stafford Road) LLP	N/A	N/A	N/A
Bigg Regeneration Limited Partnership**[1]	N/A	N/A	N/A
Bigg Regeneration (General Partner) Limited[1]	Ordinary A*	100%	50%
Blueprint Limited Partnership***[2]	N/A	N/A	N/A
Blueprint (General Partner) Limited[2]	Ordinary*	50%	50%
Blueprint (Nominees) Limited[2]	Ordinary*	50%	50%
Boxed Energy Limited[3]	A Ordinary*	100%	50%
Brooklands Milton Keynes LLP[4]	N/A	N/A	N/A
Campbell Park Limited[5]	Ordinary*	50%	50%
Cityscape Edinburgh LLP[6]	N/A	N/A	N/A
East Wick & Sweetwater Projects (Holdings) Ltd*****[7]	A Ordinary*/A Preference*	100%	50%
East Wick & Sweetwater Finance (Holdings) Ltd[7]	Ordinary*	50%	50%
East Wick & Sweetwater Projects (Finance) Ltd[7]	Ordinary*	50%	50%
Global Habitat Housing SL[8]	Ordinary	50%	50%
Icknield Port Loop LLP[5]	N/A	N/A	N/A
Lakeshore Timber LLP[5]	N/A	N/A	N/A
Lighthouse Court LLP[6]	N/A	N/A	N/A
Namegrace Limited[9]	Ordinary B*	100%	50%
NG PFP JV LLP	N/A	N/A	N/A
PFP US (IPL) LLP[5]	N/A	N/A	N/A
PFP US JV LLP[5]	N/A	N/A	N/A
PFP US JV (Nominee 1) Limited[5]	Ordinary*	50%	50%
PFP US Residential (Park Hill) Limited[5]	Ordinary*	50%	50%
Picture Living LP******	N/A	N/A	N/A

Notes to the financial statements

For the year ending 31 March 2020

29 Disclosure of Group undertakings (continued)

Joint Venture arrangements (continued)

Name	Class of shares held	Proportion of nominal value of share class held	Proportion of all share classes
Port Loop Phase 2 Limited[5]	Ordinary (one share is held by PfP US JV LLP)	N/A	N/A
PPSL (Keynsham) Limited	Ordinary*	50%	50%
Reside Student Living LLP	N/A	N/A	N/A
Ruskin Square Phase One LLP[10]	N/A	N/A	N/A
Shaping Aberdeen Housing LLP[11]	N/A	N/A	N/A
Shrubhill NHT LLP[6]	N/A	N/A	N/A
Smith's Dock LLP[5]	N/A	N/A	N/A
South Ridge Development LLP	N/A	N/A	N/A
Swedish By Design LLP	N/A	N/A	N/A
Urban Splash (Park Hill) Limited[5]	Ordinary*	50%	50%
Other Group interests/investments			
Market Asset Management Limited[12]	Ordinary*	30%	30%
Viridian Concepts Limited[15]	Ordinary*	5%	5%
Symlconnect Limited[16]	A Ordinary*	100%	30%
The Vital Spark Incubation Ltd[17]	Ordinary*	13%	13%
Ansaar Management Company (Private) Limited[16]	Ordinary	25%	25%
Sunamp Limited	Ordinary	1%	1%
Impact Social Value Reporting Limited[18]	Ordinary*	8%	8%
Ilke Homes Holdings Limited[20]	Ordinary*	10%	10%
Romsey Extra Care Limited[20]	Ordinary*	1%	1%

* Shares held by other Group entities but ultimately held by the Group
** A Scottish limited partnership
*** A limited partnership
**** Alumno Group Limited has incorporated a further ten companies to develop various student sites:
Alumno Student Management Limited
Alumno Student (Barn) Limited
Alumno Student (Manchester) Limited
Alumno Student (Lewes Road) Limited
Alumno Student (Park Hill) Holdings Limited
Alumno Student (Alscot) Limited
Alumno Student (Essex) Limited
Alumno Student (Pershore) Limited
Alumno Student (Whitelock) Limited
Alumno Student (Park Hill) Limited
***** East Wick & Sweetwater Projects (Holdings) Limited has incorporated a further seven companies to complete the various phases of the Queen Elizabeth Olympic Park development:
East Wick & Sweetwater Projects (Phase 1) Limited
East Wick & Sweetwater Projects (Phase 3) Limited
East Wick & Sweetwater Projects (Phase 5) Limited
East Wick & Sweetwater Projects (Phase 7) Limited
East Wick & Sweetwater Projects (Phase 2) Limited
East Wick & Sweetwater Projects (Phase 4) Limited
East Wick & Sweetwater Projects (Phase 6) Limited
******Picture Living LP is a 10:90 limited partnership (10% being Group's interest) and the other entities that sit within the overall structure include:
Picture Living GP LLP
Picture Living Investments GP LLP
Picture Living Investments LP
Picture Living Property Limited
Picture Living Trustee 1 Ltd (incorporated in Jersey, 3rd Floor, Liberation House, Castle Street, St Helier, Jersey, JE1 1BL)
Picture Living Unitholder Ltd (incorporated in Jersey, 3rd Floor, Liberation House, Castle Street, St Helier, Jersey, JE1 1BL)

1 Canal House, 1 Applecross Street, Glasgow, G4 9SP
2 First Floor, 48–50 St Mary's Gate, Nottingham, NG1 1QA
3 Office 208, 69 Old Street, London, EC1V 9HX
4 Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF
5 Timber Wharf, 16–22 Worsley Street, Manchester, M15 4LD
6 1 Hay Avenue, Edinburgh, EH16 4RW
7 6th Floor, 350 Euston Road, Regent's Place, London, NW1 3AX
8 Incorporated in Spain with registered address calle Sant Miquel 161, 08330 Premia de Mar, Spain
9 RMG House, Essex Road, Hoddesdon, Herts, EN11 0DR
10 1 London Wall Place, London, EC2Y 5AU
11 1st Floor, South Marischal College, Broad Street, Aberdeen, AB10 1AB
12 Marlborough House, Victoria Road South, Chelmsford, Essex, CM1 1LN
13 68 Stirling Way, Papworth Everard, Cambridge, Cambridgeshire, CB23 3GY
14 Institute of Life Sciences 2, Room 504, University of Swansea, Singleton Park, Swansea, SA2 8PP
15 4 Hay Avenue, Edinburgh, EH16 4AQ
16 Incorporated in Pakistan with registered address 31/10-A, Abu Bakr Block, New Garden Town, Lahore
17 1 Satellite Park, Macmerry, Tranent, East Lothian, EH33 1RY
18 2nd Floor, 24-26 Lever Street, Manchester, M1 1DW
19 Flaxby Industrial Estate, Knaresborough, Harrogate, HG5 0XJ
20 Unit 1, Barnes Wallis Court, Wellington Road, Cressex Business Park, High Wycombe, HP12 3PS

Notes to the financial statements

For the year ending 31 March 2020

29 Disclosure of Group undertakings (continued)

Regulated and non-regulated entities

Places for People Group, a regulated entity, allocates overheads to seven non-regulated entities within the Group. This is mainly in respect of an administration charge for finance, information technology, facilities management and human resources services.

The table below shows the Group overhead allocation to each of the seven entities.

	2020 £m	2019 £m
Places for People Financial Services Limited	**0.1**	0.1
Places for People Landscapes Limited	**0.3**	0.3
Places for People Scotland Limited	**0.1**	0.1
Touchstone Corporate Property Services Limited	**0.5**	0.5
PFPL (Holdings) Limited	**0.1**	0.1
Residential Management Group Limited	**—**	—
Zero C Holdings Limited	**0.2**	0.2
	1.3	1.3

30 Events after the reporting date

Material transactions
On 17 June 2020, Places for People Living+ Limited sold its investment in a listed social housing REIT .These shares were sold for £4,700,000 and the carrying value of the investment was £5,000,000.

Covid-19
On 11 March 2020, Covid-19 was declared a global pandemic by the World Health Organisation. The United Kingdom Government announced lockdown measures on 23 March 2020 which have continued past the end of the reporting period.

As a result of the Government imposed lockdown and in order to comply with the social distancing rules, the Group's development expenditure was suspended with all development sites and sales offices closing on the 25 March 2020. Following confirmation from the Government that development sites could reopen, the Group has recommenced its development activity while complying with the latest Government guidelines. The Group's leisure centres and facilities were closed for the period from April to August and we are now reopening these facilities in line with Government guidance.

The impact of Covid-19 on the Group has been discussed at length in the principal risks and uncertainties on pages 93 – 97 and in the Going Concern and Viability Statement on page 121.

Notes to the financial statements

For the year ending 31 March 2020

31 Housing stock

The Group owns or manages 209,312 housing properties. A breakdown of these housing properties is shown below:

	2019 No.	Units developed or newly built units acquired No.	Units sold/ demolished No.	Transfers (to)/from other RPs No.	Other movements No.	**2020 No.**
Social housing owned						
— General needs housing	54,142	812	(98)	(1)	(278)	**54,577**
— Affordable housing	2,175	603	(4)	2	11	**2,787**
— Supported housing	3,372	16	(17)	8	(25)	**3,354**
— Housing for older people	2,154	—	(1)	—	—	**2,153**
— Low cost home ownership accommodation	5,271	213	(74)	—	177	**5,587**
Total social housing owned	67,114	**1,644**	**(194)**	**9**	**(115)**	**68,458**
Social housing managed						
— General needs housing (including intermediate rent)	54,373	1,215	(98)	(1)	(324)	**55,165**
— Affordable housing	2,124	1,619	(4)	2	70	**3,811**
— Supported housing	1,665	35	(18)	8	58	**1,748**
— Housing for older people	2,154	—	—	—	—	**2,154**
— Low cost home ownership accommodation	5,703	213	(74)	—	106	**5,948**
Total social housing managed	66,019	**3,082**	**(194)**	**9**	**(90)**	**68,826**

	2020 No.	2019 No.
Total social housing units managed but not owned	**2,337**	1,151
Total social housing units owned but not managed	**2,285**	2,246
Non-social housing managed		
— Market rent (incl. keyworker accommodation)	**23,811**	25,264
— Managed services	**89,443**	83,069
— Leased housing — freehold only	**9,924**	6,984
— Student accommodation	**14,832**	13,424
— Staff	**105**	120
Total non-social housing managed	**138,115**	128,861
Total social housing managed	**68,826**	66,019
Total housing managed	**206,941**	194,880
Total housing owned but managed by another body	**2,371**	2,832
Total housing owned or managed	**209,312**	197,712
Garages, commercial premises and other non-residential units managed or serviced	**11,813**	11,315
Total residential and non-residential units managed or serviced	**221,125**	209,027

Board of directors, executives and advisors

For the year ending 31 March 2020

Board of Directors	**Non-executives**	
	C Phillips	Group Chairman
	A Cleal	
	A Daniel	(appointed 1 October 2019)
	R Finn	(appointed 1 October 2019)
	N Hopkins	
	A Hussain	
	T James	(appointed 1 October 2019)
	G Kitchen	
	G Waddell	Senior Independent Director
	E Woolman	(appointed 1 October 2019)
	L Lackey	(resigned 1 April 2019, appointed 1 April 2020)
	M Brodtman	(resigned 1 October 2019)
	J Lloyd	(resigned 1 October 2019)
	Executives	
	D Cowans	Group Chief Executive
	P Egan	Group Director Affordable Housing (resigned 4 September 2019)
	D Marriott-Lavery	Group Director Affordable Housing (appointed 26 July 2019)
	M Parsons	Group Director Placemaking and Regeneration (resigned 27 May 2020)
	C Rae	Group Director Development (resigned 24 May 2019)
	J Carleton	Group Director Development (appointed 28 October 2019, resigned 29 February 2020)
	S Black	Group Director Development (appointed 1 May 2020)
	T Weightman	Group Director Assets and Investments (appointed 4 September 2019)
	A Winstanley	Group Finance Director
Company Secretary	C Martin	
Registered Office	80 Cheapside London EC2V 6EE	
Bankers	Barclays Bank Plc 38 Fishergate Preston PR1 2AD	
Registered Auditors	KPMG LLP 15 Canada Square London E14 5GL	
Registration of the Company	The Company is registered under the Housing and Regeneration Act 2008 (Number L4236) and incorporated under the Companies Act 2006 (Number 03777037). It is also affiliated to the National Housing Federation.	

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Positive About Disabled People
Investors in Communities
The Institute of Customer Service MEMBER
Investors in People | Gold
Investors in People Good Practice | Health & Wellbeing Award