

Annual Report

Places work when they
work for everyone.



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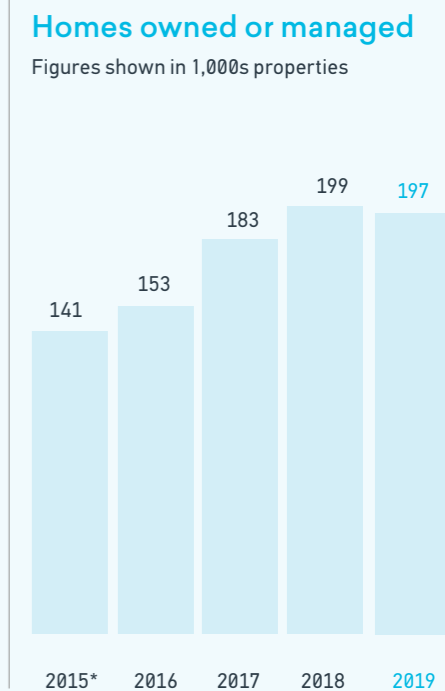
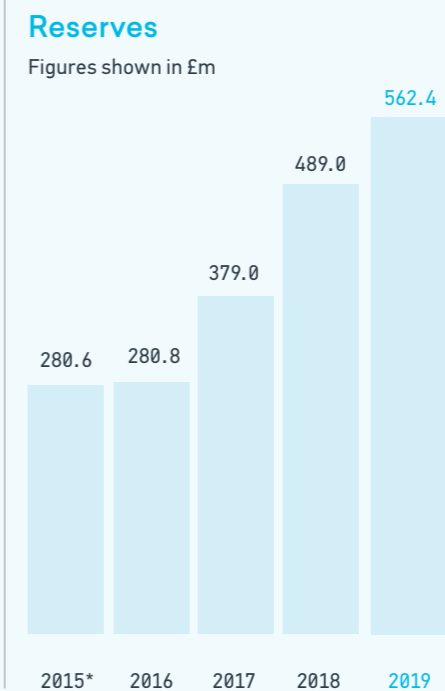
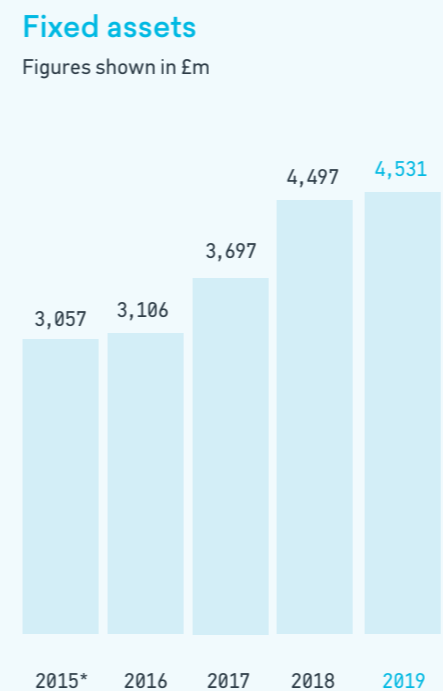
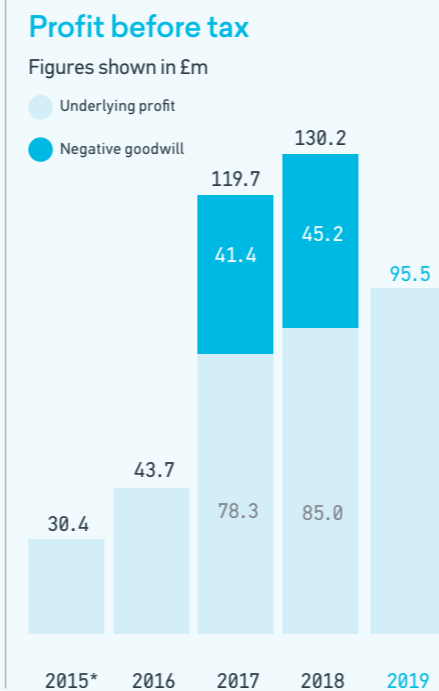
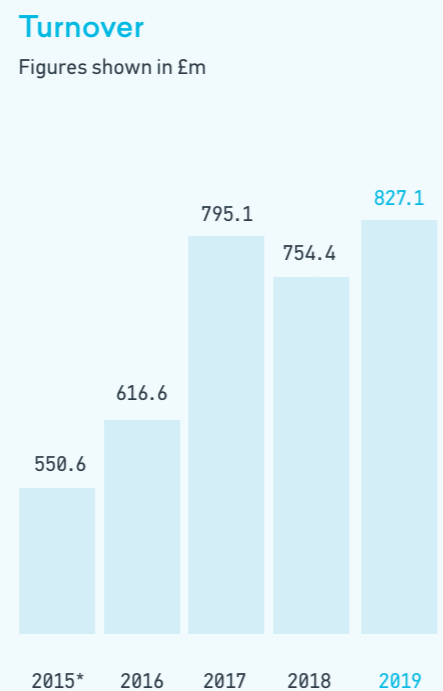
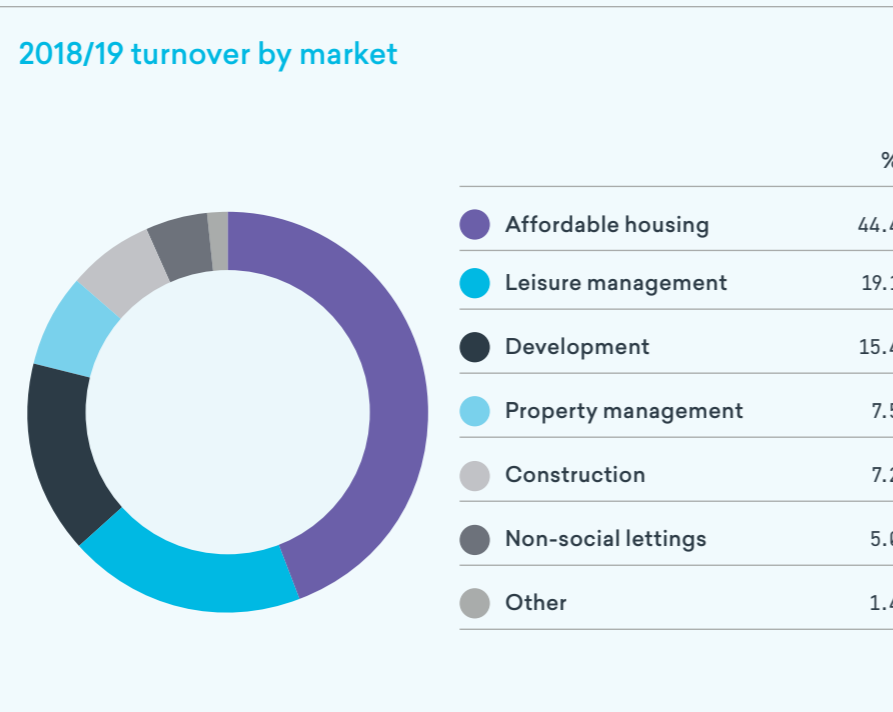


Places for People is an award-winning placemaking and regeneration company, with over 50 years of experience creating places that work for everyone. With a long-term commitment to the sustainability of places, we have the capability and expertise to create and manage entire places.

1 STRATEGIC REPORT



Performance highlights



*These figures are from the previous years' financial statements as reported under old UK GAAP. The 2016 – 2019 figures are reported under the new Accounting Standard FRS102.

Chairman's statement

New homes started

2,647

Total homes owned or managed

197,712



“Our approach is based on the quality of places we create and manage, not just the quantity. Our aim is to build neighbourhoods where people want to live and where communities can thrive.”

Chris Phillips
Group Chairman

During 2018/19, we have continued to build upon our position as a large-scale placemaker with the expertise and experience to plan, build and manage entire communities, from development and construction to the management of all tenures of property.

The Places for People Group now comprises more than 20 complementary businesses across a number of property sectors, in all areas of the UK. We manage more than 197,000 homes of all tenures, we operate 127 leisure facilities and we work in 390 local authority areas delivering a wide range of services.

Over the past year, strong performance in our core markets of affordable housing and property management, along with continued progress in newer markets, such as student housing, has enabled the Group to deliver positive returns for our investors, positive outcomes for our stakeholders, and positive experiences for our customers.

We are proud to be involved in a number of landmark placemaking and regeneration projects across the UK, such as East Wick and Sweetwater at London's Olympic Park and Smith's Dock in North Tyneside. In Sheffield, our joint venture with Urban Splash at the iconic Park Hill development recently secured the green light for phase three, while our pioneering partnership with Surrey County Council is set to bring jobs, growth and sustainable investment to under-used sites across the county.

The UK needs more housing, and we continue to play a key role in reducing the nation's housing shortage. In 2018/19, the Group built and acquired 1,876 new homes and started a further 2,647 new homes.

Our development pipeline exceeds 25,000 new homes across all tenures.

Our approach is based on the quality of places we create and manage, not just the quantity. Our aim is to build neighbourhoods where people want to live and where communities can thrive. It is immensely satisfying, therefore, when our efforts to achieve this are recognised and applauded by our peers. In the last year, we have won 14 awards for our work and been shortlisted, commended or a runner-up in over 50 other awards. Highlights include two awards from the Institution of Civil Engineers for Places Leisure in Eastleigh, the London Evening Standard 'best development' award for Lavender Fields, British Construction Industry Award 'housing project of the year' for Roussillon Park, and WhatHouse? Award 'best sustainable development' for Roborough.

As a Group, our strategy is always to balance opportunity and growth with exposure to risk. Despite challenging times and ongoing political uncertainty, both in the sectors we operate in and in the economy as a whole, we have been able to consistently deliver on this strategy and achieve significant success. The Group regularly assesses its future viability. Rigorous stress testing of various potentially difficult scenarios has been undertaken and the Group has concluded it could continue to operate in a variety of challenging situations.

This year we have seen some changes to the Places for People Group board at non-executive and executive director level. During the year and owing to ill-health, Jo Dixon stepped down from the board in June 2018. Graham Waddell, who already held

other board positions within the Group, was appointed to the Group board in September 2018 and, following Lynette Lackey's resignation from the board in April 2019 after nine years' service, Graham was appointed Senior Independent Director. Amjad Hussain was appointed to the board in November 2018. In addition Colin Rae, Group Development Director, stepped down from the Group board in May 2019.

I would like to thank our partners, our funders, and above all, our staff, for the crucial role they have played in delivering an excellent set of results. Their commitment, determination and collaboration, both internally and externally, has enabled us to continue to improve the neighbourhoods we manage, support the communities we work with, and deliver outstanding services to our customers.

I am immensely proud to be Chairman of the Places for People Group, and I look forward to another year of putting our vision into action.

Chris Phillips
Group Chairman

Group Chief Executive's statement

“Delivering social value for our customers and communities is at the heart of our approach, across all our Group businesses and functions.”

David Cowans
Group Chief Executive



Group turnover

£827.1m

Social value delivered – regulated businesses

£79.0m

2018/19 was another successful year for the Places for People Group, with a turnover of £827.1m (2018: £754.4m) and a profit before tax of £95.5m (2018: £85.0m excluding negative goodwill). We delivered our plan to grow the business and strengthen the social impact we create, while mitigating our exposure to risk. Our innovative financing strategy continues to bring new investment into the Group, which in turn, enables us to enhance the scale and the quality of our business. In April 2019, the Group retained the highest regulatory ratings for governance and viability of G1 and V1 respectively, following an in-depth Assessment from the Regulator of Social Housing.

The Group is committed to placemaking – developing and managing mixed-income neighbourhoods and creating communities that people want. Our approach is summed up in our brand statement: Places work when they work for everyone.

We have continued to develop our ability to deploy our expertise flexibly to create and manage places and assets in a way few organisations can; to provide an end-to-end placemaking offer that encompasses everything from homes for both buyers and renters, through to retirement villages, student accommodation and leisure facilities.

During 2018/19, we have successfully integrated affordable housing provider Chorus Homes Group (formerly Luminus), into the Places for People Group, which has subsequently helped to deliver business efficiencies and improve performance in Chorus Homes. We have continued to develop using traditional construction techniques, but we have also invested resource in modern

methods of construction (MMC) which, from our experience of using this approach on seven sites over the last three years, we are confident can help to accelerate housing production in our business. In 2018/19, orders were placed for modular housing in Blackburn, West Lothian and Edinburgh from ModularWise, our MMC subsidiary.

Collaboration and partnership have been key themes in our strategy over the past year, so we were delighted to be named as one of the first of eight strategic partners working with Homes England to deliver more affordable homes across the country. We also partnered with the Universities Superannuation Scheme (USS) to invest £333m into private rental sector homes.

Reflecting our strategy to grow our presence in selected new markets, the Group acquired 50% of the share capital in student accommodation developer, Alumno Group. This not only complements Derwent FM, our existing student business, but will also enable us to expand our reach in this growing market and provide a long-term income stream.

Delivering social value for our customers and communities is at the heart of our approach, across all our Group businesses and functions. In our regulated businesses, we delivered a social value of £79m in 2018/19, while our leisure business delivered £195m in social value for local authorities through improvements in physical and mental wellbeing, educational attainment and reductions in crime.

We supported over 2,700 people into employment, training or volunteering and helped over 82,200 children learn to swim

in Places Leisure facilities. In addition, we helped 5,300 people who were homeless or at risk of being homeless.

By delivering products and services that are relevant to our customers and positioning the Group to respond to a range of challenges and opportunities, Places for People has reinforced its position as a leading placemaker.

Scrutiny of safety in a housing context has been a high-profile issue, not least through the Hackitt Review. We continued to develop our strong health and safety culture and we continue to set and exceed demanding standards. We focus on working to improve our customer experience in everything we do, and we do not shy away from innovation to help us achieve our vision, including our use of new and existing technologies.

We are grateful for the contribution from all 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, including for the Group Development Director role.

As we look ahead to the next phase in our journey, our clear strategy will put our customers first, provide a solid base from which to grow our profits, and continue to create places that work for everyone.

David Cowans
Group Chief Executive

What we do

Places for People is a large-scale placemaking and regeneration business with the expertise and capability to create and manage entire places – from development and construction, through to the management and operation of multi-tenure properties and leisure facilities. We deliver social outcomes by taking a commercial approach – this is what makes us different.

Our vision

Creating places that work for everyone

encapsulates the Group's long-term ambition. We will do this by building more homes, developing sustainable places and delivering valued services.

Our values

The Group's approach is underpinned by its long-standing values. Our SPIRIT values demonstrate what is important to us and how we believe things should be done.

At the core of our broad placemaking offer is a long-term commitment to the quality and sustainability of places. We provide homes and services at every stage of people's lives, from students to first-time buyers, right through to retirement.



Creating places that work for everyone

The Places for People Group has seen a period of transformative growth in recent years. We have evolved from solely providing affordable housing, into a large-scale placemaking, regeneration, property investment and management company.

We aim to ensure that our Group companies are leaders in their markets. What makes us special is our ability to bring these businesses together to tackle issues and create places and assets in a way that few other organisations can.

Together with our values, this approach underpins the way we do business – and it defines the 'Places for People way'.

In July 2018, the Group was announced as one of the first strategic partners for Homes England. This saw the Group allocated £74m of social housing grant over the next three years to deliver 2,600 additional affordable homes.

Over the past year, we have continued developing our large-scale placemaking projects, focusing on the Olympic Park London; Port Loop in Birmingham; Smith's Dock in North Tyneside; Park Hill in Sheffield; Lakeshore and Dove Lane in Bristol; and Gilston Park Estate in Hertfordshire.

Our fund management arm, PFP Capital, launched a new fund in partnership with the Scottish Government to invest in mid-market rent (MMR) properties throughout Scotland.

The fund will source sites for, and develop and operate, around 1,000 much-needed new MMR homes, providing affordable housing to people on low and modest incomes.

↓ Park Hill, Sheffield.



1,876
New homes built or acquired

2,647
New homes started

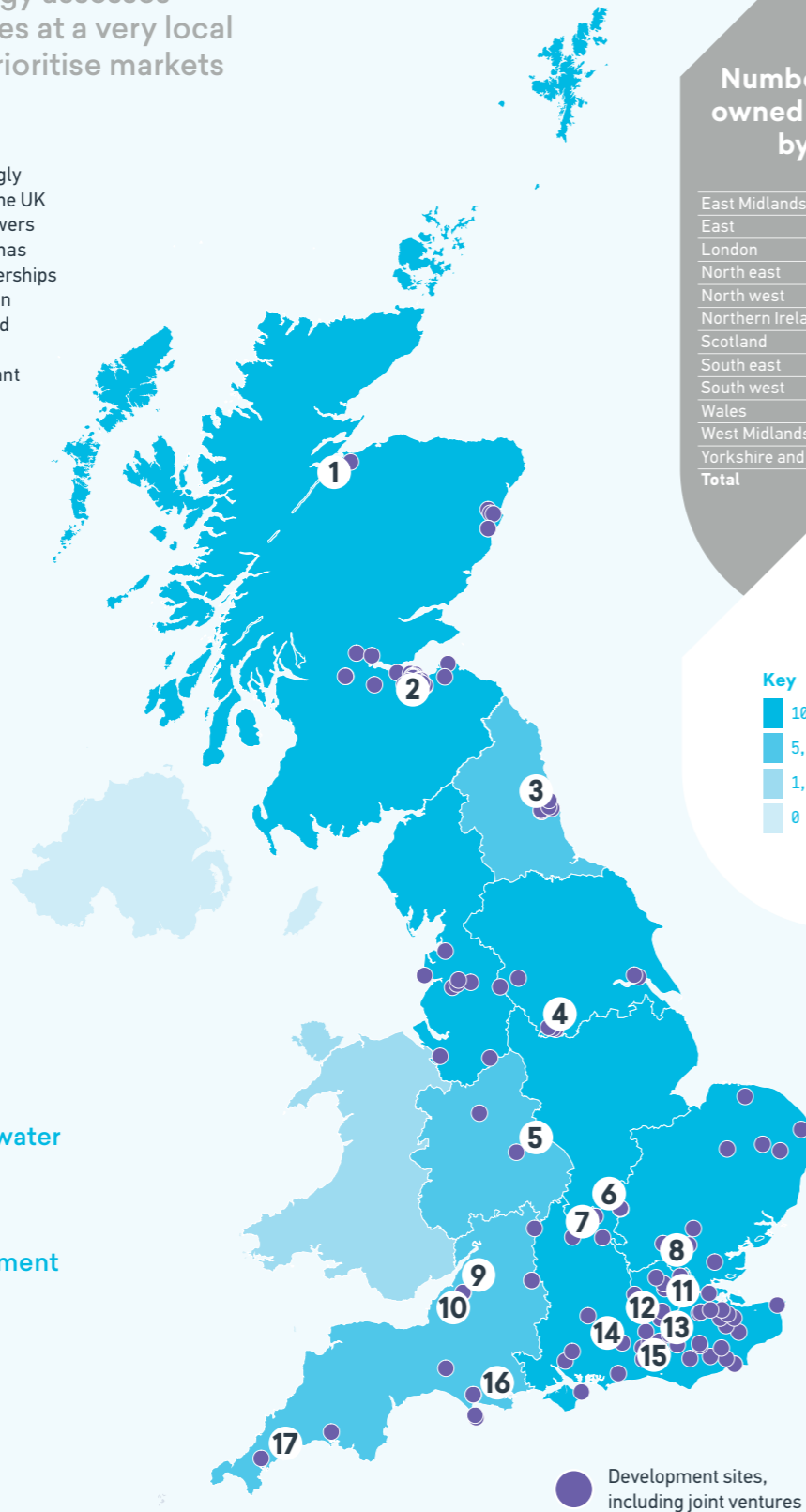
Where we operate

Our geographic strategy assesses demand for our services at a very local level, enabling us to prioritise markets in particular areas.

This approach has become increasingly important to our growth strategy as the UK Government has devolved greater powers to the nations and cities of the UK. It has helped us to forge new strategic partnerships with local commissioners based on an understanding of local challenges and priorities. This enables us to create products and services that are relevant to each place.

Our major sites and projects include:

- 1 **Tornagrain**
Inverness
- 2 **Urban Eden**
Edinburgh
- 3 **Smith's Dock**
North Tyneside
- 4 **Park Hill**
Sheffield
- 5 **Port Loop**
Birmingham
- 6 **Brooklands**
Milton Keynes
- 7 **Duchy Field**
Bletchington
- 8 **Gilston Park Estate**
Harlow
- 9 **Dove Lane**
Bristol
- 10 **Lakeshore**
Bristol
- 11 **East Wick and Sweetwater**
London
- 12 **Egham**
Runnymede
- 13 **South Ridge Development**
Surrey
- 14 **Squirrel Wood**
Basingstoke
- 15 **Lavender Fields**
East Sussex
- 16 **Poundbury**
Dorset
- 17 **Trevethow Riel**
Truro



Number of homes owned or managed by region

East Midlands	19,396
East	30,484
London	19,081
North east	9,805
North west	39,343
Northern Ireland	58
Scotland	14,868
South east	26,855
South west	9,012
Wales	1,348
West Midlands	5,049
Yorkshire and Humber	22,413
Total	197,712

Key

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

Development sites, including joint ventures



1 Tornagrain Inverness

We are helping to create a new community on land owned by Moray Estates in the Scottish Highlands.



2 Urban Eden Edinburgh

As part of the overall development of 61 homes, phase 2 was launched in 2018. Sales have been strong throughout the last 12 months, helped by a favourable location and high-quality specification.



3 Smith's Dock North Tyneside

Work continued in 2018 on Smith's Dock, North Shields, which is being delivered in partnership with Urban Splash, and will include more than 800 new homes. All our three-storey town houses were completed and sold in 2018, while the Smokehouses buildings, containing 80 apartments, were also unveiled.



4 Park Hill Sheffield

Our joint venture with Urban Splash commenced on phase two, which will see us create a further 200 new homes and more commercial space. Our joint venture with student developer, Alumno Group, completed the purchase of the third phase, paving the way for the creation of 356 student beds at the scheme.



5 Port Loop Birmingham

One of Birmingham's most exciting new developments, the

transformation of Port Loop will see the area remade into a new family-focused waterside neighbourhood. 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.



6 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 shop units, a gym and a public square, will complete in summer 2019.



7 Duchy Field Bletchington

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



8 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.



9 Dove Lane Bristol

In May 2018, our reserved matters planning applications for 230 homes, retail and office accommodation at Dove Lane in Bristol were approved by Bristol City Council. The approval unlocked a £55m investment in the site, with the first homes expected to be ready in the next 12 months.



10 Lakeshore Bristol

The £20m Copper Building at Lakeshore, south Bristol, reached its 'topping out' construction milestone in August 2018, offering 136 new apartments and brand new, duplex penthouses.



11 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.



12 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.



13 South Ridge Development Surrey

This new 15-year joint venture with Surrey County Council aims to develop the Council's sites, creating new homes for sale and rent (including affordable homes), economic growth, jobs and sustainable investment. The joint venture will work on 15 sites in its first year, with the potential to generate 475 homes.



14 Squirrel Wood Basingstoke

At Squirrel Wood, we launched the sales and construction phase on the first 'Design Your Home' project. Developed in partnership with Homes England, it will include 122 new homes. Six plots will be for self-build, with 116 custom-built to the buyer's specifications.



15 Lavender Fields East Sussex

Lavender Fields is a development of 39 homes and in February 2019, the last home was sold for £1.295m, which marked the final completion of the development.



16 Poundbury Dorset

Work also continued at our Poundbury development in Dorset, the Duchy of Cornwall's urban extension to Dorchester. 66 houses are set to be completed, with the construction of a further 85 homes on the development's northern quadrant in the pipeline.



17 Trevethow Riel Truro

This prestigious development is underway and 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.

Our strategy

We invest for the long term to create and manage places that work for everyone, using the Group's integrated solutions to grow our business and impact. In doing so, we aim to increase our asset base, profitability, and return on investment. Value for money is at the heart of our strategy. We drive efficiencies and synergies across our Group of companies to provide good customer experiences, deliver social impact for communities, and build our reputation for delivery.

Our three year strategic objectives are to:

Focus on long-term outcomes

We will invest in the long term, using the Group's integrated solutions to achieve long-term commercial and social outcomes. Our work focuses on creating places, products and services that improve people's lives, now and in the future.

Grow our impact

We will continue to grow our impact so we can serve more customers in diverse circumstances. This includes delivering more homes, better customer experiences and greater social impact for communities, through working more effectively and efficiently and maximising business synergies.

Grow our capacity and capability

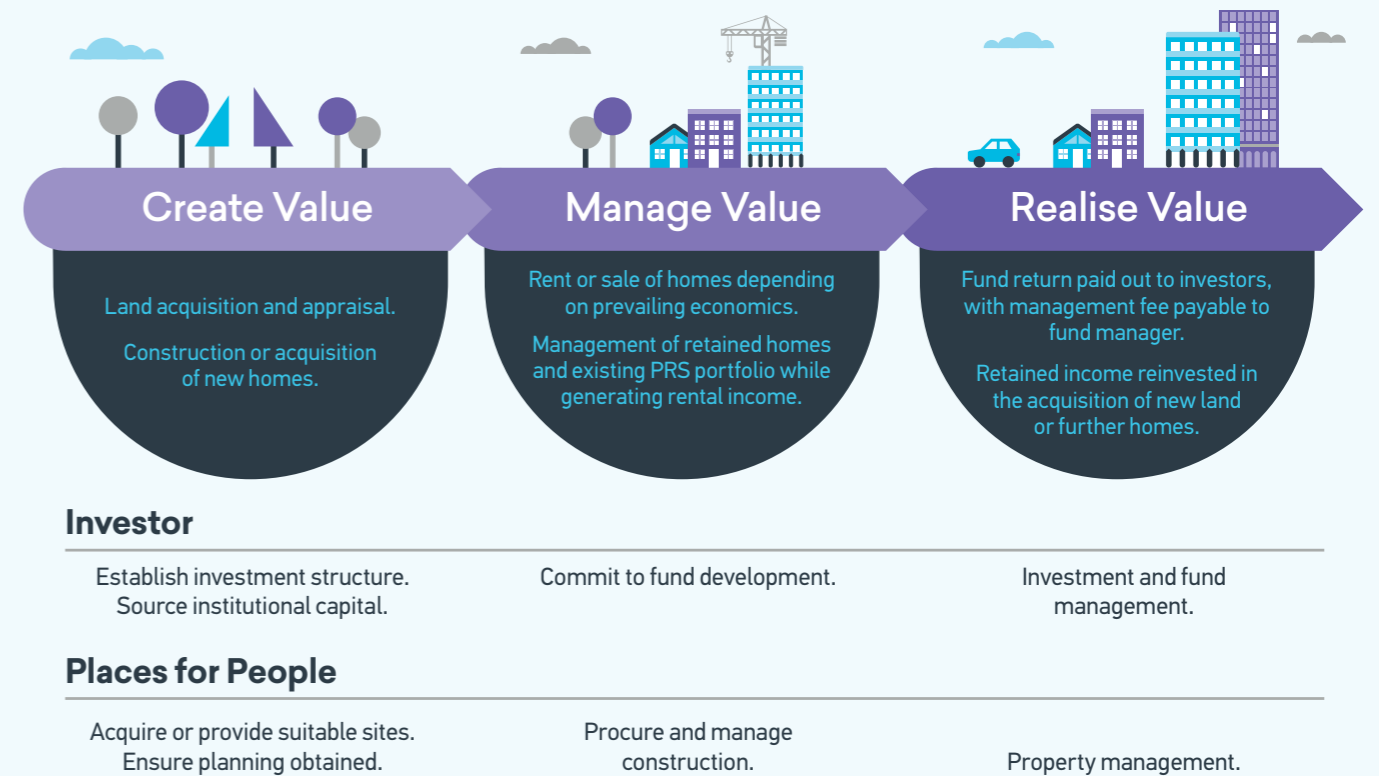
We will ensure the Group is constantly strengthening and improving its capability and capacity. This will include increasing our asset base and improving margin and profitability. This will enable us to continue to secure competitive and diverse financing and respond to changes in our operating environment.

Our strategy will enable us to accelerate the production of good quality homes. Over the next three years, we will build 2,600 additional new affordable homes in England as part of our strategic partnership with Homes England; continue to progress our major placemaking developments in Birmingham, London Olympic Park, Sheffield and North Shields; and increasingly draw in third-party funding to support our growing pipeline of new homes, including for our student, specialist supported and retirement housing businesses. We will commence the first phase of development of our major strategic landholding at Gilston Park in East Hertfordshire.

As a Group, we own, manage and develop assets across several key markets. Our approach has three long-term strands:

1. the long-term ownership and management of assets, including social housing properties;
2. the management of assets on behalf of other owners, for example, through our property management companies; and
3. acquiring assets, developing their value and the return they generate, and maintaining optimal asset churn to boost value for the Group.

Delivering value



Our approach

We make a long-term commitment to places and work to provide the infrastructure, services and products they need to thrive – whether it is new schools, shops, leisure facilities, job opportunities, access to learning and training or specialist support services.

Our placemaking ethos is reflected in our business model. By delivering infrastructure at the outset of a development, both new residents and existing communities see and share the benefits.

Building partnerships

We are committed to building effective relationships with a range of strategic partners, including local authorities, public sector bodies and other partner organisations to achieve a range of regeneration and development goals.

We have created new mechanisms to unlock the value of public land and release housing supply and regeneration solutions by bringing our expertise and funding capability to these relationships.

Many of the homes in our development pipeline are being delivered through collaborative partnership arrangements and, due to our strong track record, we were selected as Surrey County Council's joint venture partner to develop a portfolio of sites over the next 15 years.

Strong partnerships are established on a foundation of trust, good communication, effective governance, shared objectives and a sound understanding of local requirements.

We listen closely to our partners and design bespoke, placemaking solutions, individually tailored to the specific needs of an area, to ensure the creation of strong, sustainable places.

In light of the current funding constraints being faced by local authorities, we anticipate that the appetite for strategic partnerships and joint venture delivery vehicles will continue to grow.



↓ Brooklands, Milton Keynes.

Our approach to placemaking

We offer a range of products and services to deliver our end-to-end placemaking capability. We don't just build homes, we create and manage places, and the places we create stand out. We create places that work for everyone, from affordable housing right through to homes for sale, all designed to meet people's needs and aspirations.

Our Group is a family of specialist businesses, each dedicated to offering the very best products and services. Together, we are able to combine the capabilities of our specialist businesses to offer comprehensive, integrated placemaking solutions tailored to our clients' needs through a single point of contact.

Placemaking and regeneration

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

At the same time, public sector bodies continue to face unprecedented financial constraints and need to ensure they achieve the best returns on the investment of their assets, while supporting sustainable communities.

We aim to deliver a set of long-term, multi-phase, mixed-use and mixed-tenure developments that involve a number of the Group's organisations, or joint ventures with public sector partners. This will generate strong income streams for the Group over time, a strong return on capital employed and a secure pipeline of new homes.

Affordable housing

There are five affordable housing providers in the Places for People Group — Places for People Homes, Cotman Housing Association, Derwent Housing Association, Castle Rock Edinvar, and Chorus Homes.

Chorus Homes joined the Group in March 2018 and increased the number of homes owned and managed by the Group by over 7,000, as well as providing a new base in Cambridgeshire. We also have a specialist supported housing business, Places for People Living Plus. Collectively, these companies manage over 66,000 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, and achieve this by delivering services in the most efficient and effective way, and identifying and implementing opportunities for synergies across our businesses.



Operating environment

Property management

The private rental sector continues to grow, driven by demographic and economic changes and there is increasing appetite for the type of professional management service we offer. This provides opportunities for our property management businesses to grow their impact and work collaboratively with other Group companies to strengthen our national coverage and grow our market share.

Building on the Group's successful track record in this market, we will continue to grow our property management business to strengthen our counter-cyclical business. New business growth is supported by an efficient and cost-effective back office, the delivery of excellent customer service and maintaining a compliant environment where risks are controlled.

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, offering something for all customers according to the type of physical activity they wish to undertake.

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.

Development and construction

We are committed to playing our part in tackling the continuing UK housing crisis by building more homes and helping to make home ownership and rental more accessible. Our development and construction businesses aim to deliver profitable, sustainable, design-led residential developments.

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 help mixed income neighbourhoods work, we deliver traditional general market sales, together with retirement properties.

Following the Group's successful bid to become a strategic partner of Homes England, we have secured new housing grant to deliver 2,600 affordable homes over the next three years in England. This has resulted in the Group significantly increasing its development programme of affordable and social housing.

Through our investment in Alumno Group, which designs and develops accommodation for students, we will grow our student business. The first project to be delivered with Alumno is Park Hill in Sheffield, with completion due in autumn 2020.

We have continued to grow our retirement businesses to meet the needs of older people across the income spectrum, from social and shared ownership homes, through to mid-market rental and sales.

Our retirement business, Brio Retirement Living, will soon open its first three retirement communities, offering purpose-built homes and a wide range of support, social and leisure facilities.

In 2018/19, our supported living specialist, Living Plus, was awarded a number of tenders to build and operate affordable extra care schemes for older people, the first of which commenced building in 2018/19.

Fund management

Our fund management business, PFP Capital, builds on the Group's wealth of experience in capital raising, property management, development and regeneration, offering opportunities for investment with exposure to a range of residential real estate and infrastructure projects. PFP Capital is the first time an organisation of our kind has established a distinct fund management capability to assist investors to access the housing market.

Our strategy is to continue to grow PFP Capital, in terms of both the value of assets under management and by driving increased returns from its funds.

At Places for People, success is built on our keen understanding and analysis of the Group's operating environment. It provides a robust foundation on which to base strategy and planning assumptions, and gives us a clear perspective on the markets and sectors in which we operate, how they are changing, and how our business can adapt to capitalise on any opportunities this creates.

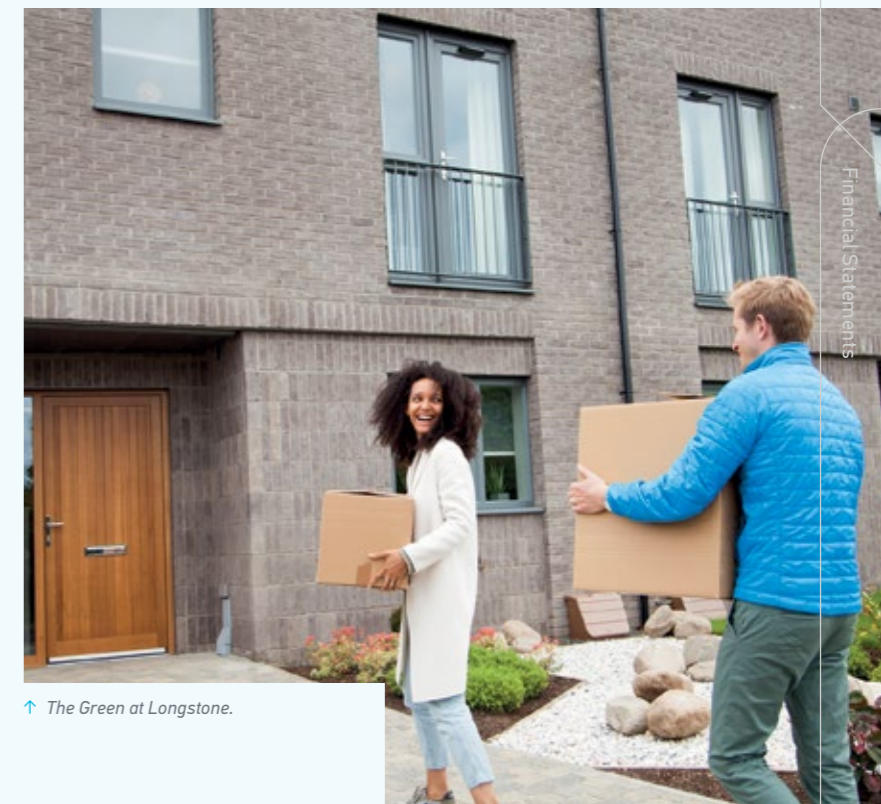
In the wider economy, growth has been sluggish over the last two years and ongoing political uncertainties continue to cast a shadow over the economy's short- to medium-term prospects.

Demand for housing, for both sale and rent, continues to grow. At the same time, demographic changes, in particular the rising proportion of older people in society, are fuelling new patterns of demand, such as the need for specialist retirement homes and ancillary support services.

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

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.

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



↑ The Green at Longstone.

OPERATING REVIEW

Affordable housing

Places work when everyone has somewhere to call home

The Group manages over 66,000 affordable homes across the UK. We are one of the country's leading providers of affordable housing and associated services.

As a leading provider of affordable homes we deliver a range of accessible and diverse services to our customers.

We are committed to improving our levels of efficiency and delivering value for money in our core services to allow us to do more, allowing us to continue to help create and maintain thriving, sustainable communities across the UK.

Key statistics

851

New affordable homes delivered

Headline social housing cost per unit of

£3,022

Affordable housing occupancy rate

99.6%

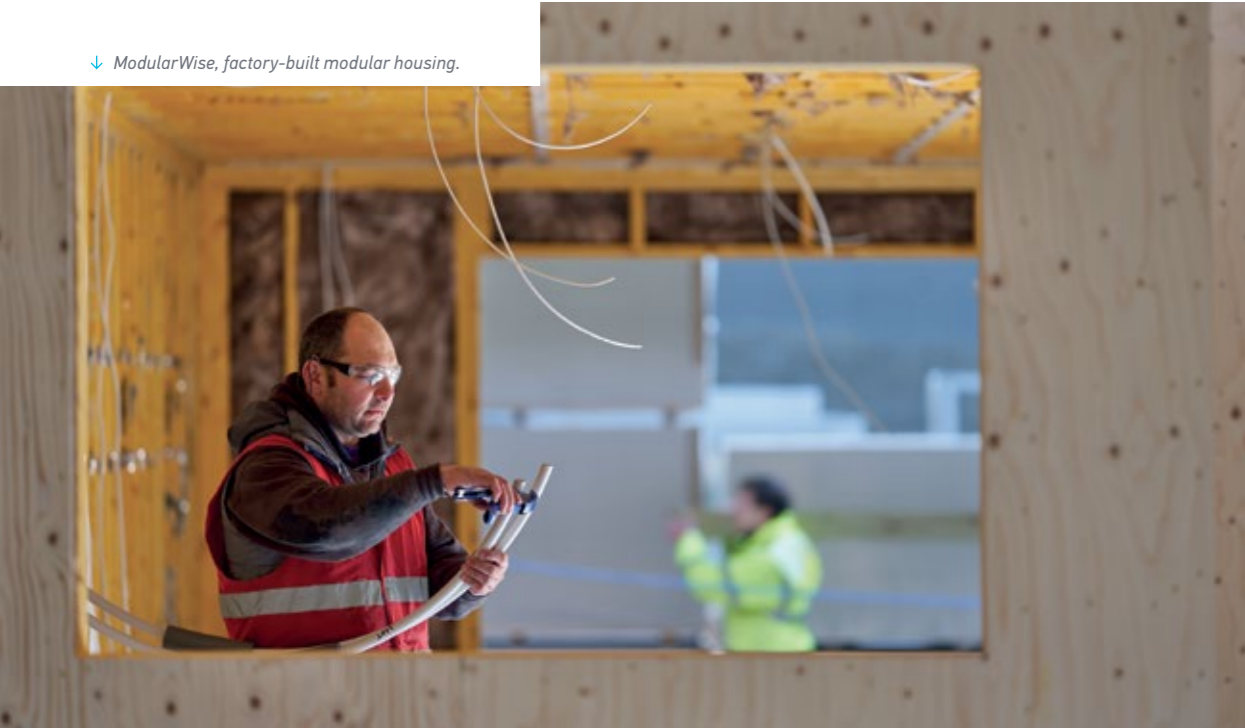
Highlights

Sprinkler installations initiated at all blocks of six storeys and above

Preservation of our tenancies has improved, with stock turnover reducing to just 7.71%

Achieved our 2018/19 year-end arrears targets, despite the challenging ongoing roll-out of Universal Credit

↓ ModularWise, factory-built modular housing.



The Group owns or manages 197,712 homes, and has over 25,000 new homes in pipeline.

Building new homes

During the past year, we built 851 new homes for social rent, affordable rent and shared ownership. In July 2018 we signed a strategic partnership with Homes England to boost our delivery further. The partnership will provide £74m of social housing grant over the next three years to deliver 2,600 additional affordable homes.

In November 2018, Cotman Housing Association saw the handover of 35 new homes for affordable rent at Saxon Way, Fakenham in North Norfolk. The £4.3m development project was managed by Places for People as part of the Homes England programme. As a Group subsidiary, Cotman Housing Association was able to access £2.3m of recycled grant funding from Places for People Homes.

All 35 properties have been let to local people in housing need.

Derby-based Derwent Living built more than 300 new homes for social rent, affordable rent and shared ownership. Over the next three years an additional 375 homes are already committed, with a further 300 in the pipeline.

In 2018/19, Castle Rock Edinvar completed 113 homes for social rent, 109 homes for mid-market rent, 29 homes for shared equity and 39 homes for open market sale. The first social rent homes were handed over in Aberdeen and Aberdeenshire as part of ongoing collaboration with ZeroC and Brio Retirement Living.

In partnership with Group company ModularWise, 18 modular homes for social rent are to be delivered to a site we have acquired at Quentin Court, in Scotland.

Elsewhere in Scotland, several mid-market rental homes are being developed through a relationship with PFP Capital. To date, 63 homes in Paisley, 85 homes in Edinburgh and 150 in Glasgow are expected to be delivered through the PFP Capital MMR Fund, with plans to expand this area of the business and deliver 1,000 mid-market rental homes through the Fund.

Operational performance

We continue to focus on delivering efficiency and improved operational performance. During the year the Group headline social housing cost per unit reduced from £3,139 to £3,022. The affordable housing occupancy rate increased to 99.6% and, despite pressures generated as more customers transfer to Universal Credit, total arrears remained below 3%.

Places for People Homes has refined its processes and moved to a digital platform for all our sign-ups, which helped contribute towards achieving our 2018/19 year-end arrears targets.

Derwent Living and Chorus Homes both continue to improve performance since joining the Group in recent years. Joining the Group enabled Derwent Living to reduce interest costs, which has significantly added to the surplus before tax.



← Places Management: the new name for our Property Services and Landscapes teams.

Furthermore, a £5m capital reinvestment programme has made considerable improvements to its homes. It has funded renovation work to kitchens, bathrooms and roofs, as well as the replacement of boilers and heating systems. This has reduced energy bills for customers. Despite operating in a challenging environment, Derwent Living achieved rent arrears in 2018/19 of 2.78% — significantly below its target of 3.25%.

Chorus Homes (formerly Luminus) joined Places for People in March 2018, and additional income generation together with Group-wide efficiencies have improved its financial performance in the last 12 months.

In addition to providing an income recovery service on behalf of Places for People Homes, Cotman Housing Association, Places for People Living Plus, and a debt recovery service on behalf of RMG, we also began providing a range of property and housing management services for Sage Housing.

Our Money Advice Team continued to offer support and advice to our customers. It also delivered Universal Credit training to colleagues from other parts of the Group. This improved staff knowledge, highlighted issues impacting our customers, and enabled all front-line staff to offer support to our customers.

Putting our customers first

Customer satisfaction for both servicing and repairs was above the 90% target (96.3% for gas servicing and 92.9% for responsive repairs). First-time fix rates were also above target (88%) at 89.3%.

Our excellent performance has also been noted elsewhere. National Inspection Council for Electrical Installation Contracting (NICEIC) has been our external auditor for seven years. During that period, the quality of work carried out by our gas teams has significantly improved, achieving results of 95.9% for the quality of work delivered to customers and 91.6% for the quality of documentation completed. These results are against national benchmark figures of 91.4% and 70.1% respectively.

We continued our work to identify high-risk tenancies during 2018/19. This enables us to ensure targeted interventions are put in place to support at-risk customers, with a view to sustaining their tenancies.

In October 2018, we introduced a series of customer feedback scrutiny meetings. These enabled us to analyse our effectiveness and quality of response through the review of case studies, identifying profiles and trends, and to be more proactive in understanding how we can drive improvements and reduce the number of complaints. The Deputy Housing Ombudsman also attended these sessions, providing positive feedback about our handling of complaints and the significant decrease in the number of complaints received by the Housing Ombudsman as a result.

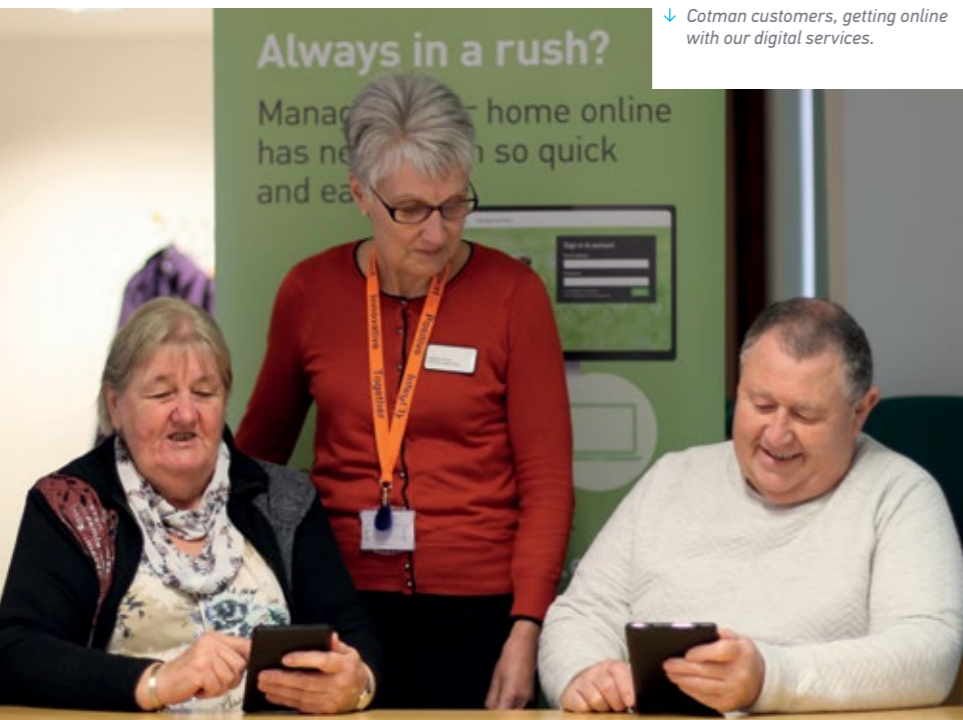
Safety first

Following the tragic fire at Grenfell Tower in London, we reviewed our ongoing programme of fire risk assessment (FRA) activities. So far, this has included:

- Reviewing all blocks of six storeys and above to determine any with external cladding, and if any had similar cladding to either that at Grenfell or that failed government testing.
- Appointing a fire safety manager and team to implement the two-year FRA programme and commissioning new FRAs for blocks of six storeys and above within our affordable housing businesses.
- Implementing a new software system to help manage the FRA programme, providing a fully auditable trail against each completed action, including evidence that demonstrates how the action was completed. This is now being rolled out to all areas of the affordable housing business.
- Creating 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.
- Starting a programme of sprinkler installations to all blocks of six storeys and above.

Reflecting our commitment to ensure the safety of our customers, Places for People Homes introduced a Fire Safety Customer Action Group — giving our customers a direct influence over how we manage this important area of work.

**In 2018/19,
our Places for
People Homes
Homechoice
programme
invested
£227,000
in more than
25 projects.**



↓ Cotman customers, getting online with our digital services.

Delivering efficiencies

Over the last eight years, our Neighbourhood Strategy has enabled us to increase the surplus generated from the 36,000 properties covered in our annual neighbourhood assessment by more than £40m.

Our work to keep our homes and neighbourhoods as clean, safe and attractive as possible has seen the preservation of our tenancies improve with stock turnover falling to 7.7%.

Through our Synergy Business Transformation programme, we have delivered a major review of our systems and business processes. We have drawn on best practice from across the Group to identify common ways of working across all Group companies, as well as opportunities for automation and the potential for new digital and online services.

A range of other technologies have been used to drive efficiencies, including a pilot allowing customers to book their own repairs online, confirming appointments via email rather than letters, dynamic scheduling of the mobile workforce, and TP Go, an electronic app for van stock replenishment.

Cotman Housing Association achieved its objective of getting 45% of customers to sign up for online services. By helping the widespread use of digital services, it hopes to free up resources to support its more vulnerable customers and deliver a more positive customer experience.

Cotman Housing Association restructured its management team. Reducing headcount and centralising the HR function enabled it to take advantage of the economies of scale and expertise available as part of the Places for People Group, saving Cotman more than £100,000 per year.

Chorus Homes, meanwhile, leveraged the support of the Group's operations to improve performance against cyclical maintenance obligations. An improved approach to electrical safety, and tighter service level agreements with external contractors, ensured a more rigorous approach to providing certificates on time.



↑ Homechoice community café, Preston.

Maintaining and improving homes

Our Homechoice initiative was shortlisted at the Northern Housing Awards 2018. The approach continues to deliver effective results for our customers and communities. Homechoice is an innovative stock rationalisation programme that provides targeted investment for our neighbourhood. Through the programme, we sell unsustainable properties and reinvest the surplus in our communities to deliver projects which contribute to neighbourhood sustainability. So far it has generated more than £1.2m in surplus, all of which has been reinvested into our neighbourhoods.

In 2018/19, Homechoice invested £227,000 in more than 25 projects to support 163 people into work, 551 into training, and engage 12,220 young people in project activity.

In October 2018, our Places Management team began delivery of responsive repairs and voids services to Chorus Homes customers. Key performance indicators have since improved and significant savings been secured.

Since 1 April 2019, the team has been responsible for all aspects of heating system repair and servicing, as well as electrical and other installations.

Cotman Housing Association has invested £410,000 in refurbishing bathrooms at Cotman Fields, Norwich and Harwich, Essex, while customers living at Stalham in North Norfolk received a programme of energy saving measures, including upgraded heating, hot water and shower facilities.

↓ Places Management delivering responsive repairs.





↑ Chorley Youth Zone, Lancashire.

Making a difference

Over the past year, we have initiated a number of new projects designed to make a real difference to people's lives.

In Chorley, we were a founder patron of the Chorley Youth Zone, which provides 20 activities for young people. It has already attracted 5,400 members, with 5,000 attending at least once a month.

Our Financial Services team continues to offer a broad range of finance products ideal for those often excluded by conventional providers. Last year, the team won a Feefo Gold Service award, an independent seal of excellence which recognises exceptional customer service.

In the same year, we issued more than 1,000 affordable loans to customers, saving them an average of £235 per loan. Our Open Banking service provides customers with a safe, speedy and easy way to share banking history and speed up the loan assessment process.

Cotman Housing Association launched three separate projects supported by Sport England funding: 'Still on the Go', which helps physically inactive older people to keep moving; 'All About You', which provides dementia patient carers with an Age UK volunteer to allow for breaks; and 'Make Your Move', which supports people who have moved house to find low cost or free physical activities in their local area.

In addition, Cotman received a distinction in ServiceMark by the Institute of Customer Service, while two successful open days, in Norwich in October 2018 and Harwich in March 2019, gave customers the chance to suggest potential improvements to its ongoing service delivery.

Derwent Living joined Severn Trent and Cenergist in a water-saving project, visiting 3,500 properties to provide advice and fit water-saving devices. The project expects to save 32 million litres of water each year. It was also the first Midlands housing association to sign the Make a Stand pledge, committing it to support those experiencing domestic abuse. Finally, Derwent Living expects to see the first sales under the Midlands pilot of the government's Voluntary Right to Buy scheme to materialise in early summer 2019.

We have been proud to play a strategic role in developing national housing policy. We continue to serve on the sector's key advisory boards, including Homes England's equality and diversity board, at board level in the Housing Diversity Network, and through membership of the London Diversity Forum.

We value diversity and are committed to equality. We provide barrier-free and responsive services that are tailored to meet individual needs and all communities. Equality and diversity are at the heart of what we do. To support our effectiveness, we have developed a diversity calendar and a range of resources to help staff plan customer visits and organise community events.

Furthermore, we have strengthened our employee Equality Champions networks and taken steps to balance our customers' safety with their cultural and personal needs. Translations of key documents have also been completed across the Group, enabling increased access to services and greater community cohesion.

Supported living

Places for People Living Plus is the Group's expert in providing accommodation, care and support to over 6,500 vulnerable people with complex needs.

Continuing its ambitious growth plans during 2018/19, it invested £10m in purchasing high-quality properties from the open market. These will be leased to care and support partners, providing homes for vulnerable client groups or those with complex needs.

It also completed the development of a £3.5m, 22-unit specialist supported housing scheme designed to address the shortage of community-based services for adults with very complex needs in the Calderdale area.

In Grimsby, it has started a £10.2m development to provide 60 high-quality extra care apartments for elderly people, and it will soon start a £23m investment in a 120-unit extra care development in Hampshire.

In Northumberland, the Living Plus domestic abuse support service celebrated its first anniversary. It has been rated as overwhelmingly positive by customers, with 884 referrals received in the first 12 months alone.

Further development of the 'Delayed Transfer of Care' service, which prevents bed blocking, is now providing four units of accommodation for customers whose recovery is being supported in the Langdale Court (Northamptonshire) and Campbell Court (Tyne and Wear) schemes. Backed by an on-site care team, all customers supported to date have been successfully returned home.

Living Plus was awarded a place on the framework for dispersed accommodation for young people and care leavers in Newcastle, Bradford, Calderdale and Wakefield. In addition, it retained its Bristol (Young) Parents contract and its Northumberland Young Persons framework.

During the year, Living Plus trained 20 colleagues to become mental health first-aiders to support our employees with their mental health, to improve wellbeing and to create a culture where we encourage employees to talk freely about mental health issues.

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 Associations Charitable Trust (HACT) social values. In 2018/19, Living Plus was able to demonstrate that its activities had delivered £5.8m in social value.

Places for People Living Plus was able to demonstrate that its activities had delivered £5.8m in social value.

↓ Living Plus provides care and support to vulnerable people with complex needs.



OPERATING REVIEW

Placemaking & regeneration

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

Placemaking is at the heart of everything we do. We engage communities and build the physical and social infrastructure needed to make places successful.

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.

Key statistics

8,500

homes planned in Hertfordshire

1,500

homes in two new London neighbourhoods on the Olympic Park

Highlights

Continued progress on developments in North Tyneside, Bristol and Sheffield

Planning permission obtained for phase one of Birmingham's Port Loop

New joint venture with Surrey County Council





↑ Queen Elizabeth Olympic Park, London.
One of the UK's largest regeneration schemes.
→ Smokehouses, Smith's Dock, North Tyneside.



← Park Hill, Sheffield.
← Egham Orbit Leisure Centre, Surrey.
↓ Showhouse, Port Loop, Birmingham.



Building on London's legacy

Work is underway on two new neighbourhoods — East Wick and Sweetwater — at London's Queen Elizabeth Olympic Park. The project, a joint venture with Balfour Beatty Investments, is located within one of the UK's largest regeneration schemes. It is supported by a £78m loan from Homes England and will deliver 1,500 homes (including 450 affordable homes), community infrastructure, green spaces, business and creative space, leisure and community facilities.

East Wick and Sweetwater are great examples of the benefit of partnership working, a key focus of our placemaking approach. As well as providing much-needed mixed-tenure homes in the capital, they also offer vital infrastructure improvements and long-term opportunities for communities in East London.

The first homes and facilities are due to be completed in summer 2020. These will include 130 affordable homes, 105 private rental homes, more than 35,000 sq.ft of business and creative space, community gardens, and a nursery. The development demonstrates Places for People's focus on the community, and the people and their families who will benefit from the long-term urban regeneration facilitated by the legacy of the London 2012 Olympic Games.

East Wick and Sweetwater are two of five new neighbourhoods to be built on Queen Elizabeth Olympic Park over the next 15 years.

Making a splash in North Tyneside

Work continues on Smith's Dock, North Shields, a 30-acre former ship repair yard on the banks of the River Tyne. The site, which is being delivered in partnership with Urban Splash, will include more than 800 new homes as well as workspaces, retail areas and a riverside cycle and pedestrian promenade.

In September 2018, a two-bedroom 'Fab' showhouse was completed. It is one of 10 completed 'Fab' houses on site, designed by North East architect and Channel 4 presenter, George Clarke.

All the site's three-storey town houses, overlooking the River Tyne, were completed and sold in 2018, while the Smokehouses buildings, which contain 80 apartments with views of the River Tyne, were also unveiled. The Smokehouses buildings brought a prominent new addition to the local landscape and proved a natural architectural extension of the neighbouring apartments at Brewery Bond.

Planning for growth in Hertfordshire

Places for People secured site allocation in the East Hertfordshire District Plan, allowing us to proceed with an outline planning application for Gilston Park Estate. Our site is the largest within the Harlow and Gilston Garden Town, a key development in the government's Garden Towns and Villages programme.

We have submitted outline planning with the aim to deliver 8,500 homes, helping to drive more than £650m of infrastructure investment into the area and support sustainable economic growth around Harlow.

Continued success in Sheffield

The total investment in Park Hill in Sheffield surpassed £100m this year. Our joint venture with Urban Splash commenced its next phase of development and student accommodation developer, Alumno Group (in which the Group is a joint venture partner), completed the purchase of the third phase. This paves the way for the creation of 356 student beds at the scheme. The first students are due to arrive in September 2020.

Phase two will see Places for People and Urban Splash create a further 200 homes and more commercial space. The first homes will be ready to begin marketing by the end of 2019, with anticipated first move-in dates of December 2020.

Partnering for progress at Port Loop

Another joint venture between Places for People and Urban Splash has started work on one of Birmingham's most exciting new developments, the transformation of Port Loop. The area is being remade into a new family-focused waterside neighbourhood. We are working in partnership with the landowners, Birmingham City Council and the Canal and River Trust.

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. The first homes to be delivered will include 77 urban family houses.

Planning permission has been obtained for the entire first phase, including a mix of 207 family homes and apartments alongside a new park. Work started on the park in November 2018 and will be completed in 2019.

Topping out in Bristol

The £20m Copper Building at Lakeshore, south Bristol, reached its 'topping out' construction milestone in August 2018. It will offer 136 new apartments, many of which are already on sale — including a range of brand new duplex penthouses.

Working with our joint venture partners Urban Splash, we have created a striking addition to the local landscape through the building's copper façade. The building is situated on the site of the former offices of Imperial Tobacco. All homes will be complete in the summer of 2019.

New homes for Surrey

A new 15-year joint venture with Surrey County Council called South Ridge Development LLP is now set up and fully resourced.

South Ridge Development aims to develop the Council's sites which are no longer required for service delivery, creating new homes for sale and rent (including affordable homes), economic growth, jobs and sustainable investment — the benefits of which will be felt throughout Surrey.

The joint venture will work on 15 sites in its first year, with the potential to generate 475 homes. The first new homes will be delivered in the coming year.

Regenerating Runnymede

In 2016, Runnymede Borough Council chose Places for People as its partner on a £200m long-term programme to regenerate several council-owned sites. The first development delivered under the contract was Egham Leisure Centre, which opened in January 2019. The new £19m venue was completed and passed to Runnymede Borough Council on time and within budget.

Several sites will be redeveloped across the Borough over the next 13 years. The next stage of the Council's planned regeneration programme includes the redevelopment of part of Egham town centre to provide a new gateway to the town.

Approval for Dove Lane development

In May 2018, our reserved matters planning applications for 230 homes, retail and office accommodation at Dove Lane in Bristol were approved by Bristol City Council.

The approval unlocked a £55m investment in the site, with the first homes expected to be ready during 2019.

OPERATING REVIEW

Development & construction

Places work when they have great homes

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.

Key statistics

2,603

new affordable homes to be commenced by 2022 with Homes England support

122

new homes under construction at Squirrel Wood, Basingstoke

600

new homes are planning to be developed by Chorus Homes over the next three years

£3.7m

operating profit generated by Millwood Designer Homes in the first year of complete Places for People ownership

Highlights

Appointed a strategic partner of Homes England

Roussillon Park named 'Housing Project of the Year' at the 2018 British Construction Industry Awards

The first new owners moved into our £20m, 101-homes Granton development in Edinburgh

→ Marlborough Park, Swindon.
↓ Coningsby Place, Poundbury, Dorset.



Development focus

Places for People continues to develop high-quality new homes on a significant scale. Our focus remains on making home ownership more accessible to all, with improved properties, delivered efficiently and at pace, providing better customer choice and ensuring our ongoing success for many years to come.

During 2018/19, we completed 1,384 new homes, adding to our stock in key sites across the UK. There were 2,647 new starts in the year, with a further 25,000 being planned beyond that.

In July 2018, Places for People was announced as one of the first eight strategic partners working with Homes England — the Government's housing delivery agency — to build more affordable homes across the country. Our target is to have begun all 2,603 homes by March 2022.

The announcement marked the first step towards a new way of working between Homes England and its partners. Places for People's collaboration with Homes England will drive both the scale and pace of housing delivery, giving us the certainty and confidence to accelerate our house-building programme.

Building new homes throughout the country

Our commitment to building sustainable, high-quality homes helps to create and support strong communities. By focusing on high quality assets, alongside sales revenue, we are able to support UK Government strategy to expand the national housing stock and increase mobility between tenures.

Our projects include a range of concept designs, such as custom build (Design Your Home), timber-frame construction (Swedish by Design), and energy efficiency.

At Squirrel Wood, Basingstoke, we launched the sales and construction phase on the first 'Design Your Home' project. Developed in partnership with Homes England, Squirrel Wood will include 122 new homes. Six of the plots will be for self-build projects. The remaining 116 will be custom-built according to each buyer's specifications.

Elsewhere, our Roborough eco homes development in Bickleigh, Plymouth, will deliver 101 contemporary, energy-efficient homes. This project has already been recognised as the Sustainable Development of the Year at the WhatHouse? Awards in 2018.

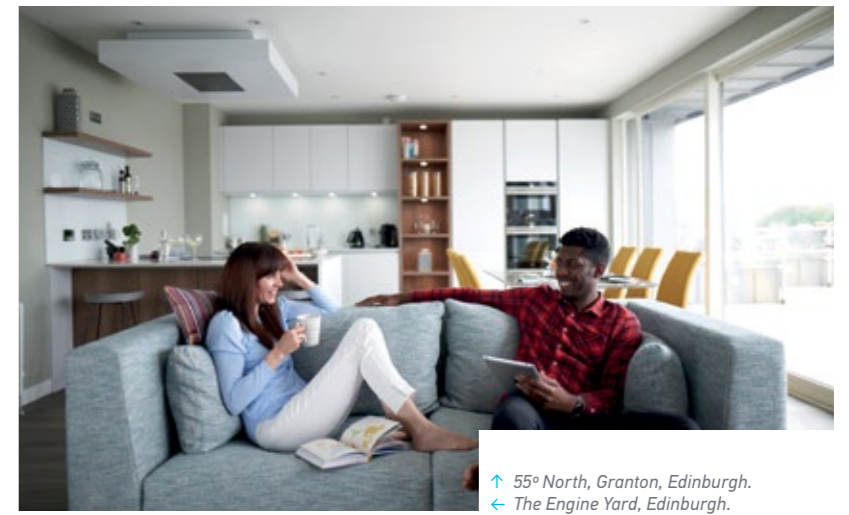
The latest phases of our development at Trevethow Riel, Truro, is now underway, continuing our integrated and collaborative approach to deliver mixed-tenure homes. The development is benefitting from the expertise of Places for People Homes in acquiring and managing 34 affordable homes.

At Marlborough Park in Swindon, the latest phase of development was initiated in 2018. We will deliver 90 homes under our ModularWise brand. This modern, off-site method is fast and cost-efficient, and has resulted in the speedy delivery of high-specification homes.

Work also continued via our ZeroC brand at our Poundbury development in Dorset. 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.

The development programme also includes the refurbished naval canteen building at Castle Court in Portland, Dorset. Delivery of the nearby Memorial Garden provided a place for our residents and the wider community to reflect upon the historical significance of the area. The quality of this initiative was recognised by Weymouth Civic Society when a special commendation was awarded to the ZeroC team.

Places for People delivered 2,647 new starts in the year, with a further 25,000 being planned beyond that.



↑ 55° North, Granton, Edinburgh.
← The Engine Yard, Edinburgh.

Construction began in April 2018 on our Woolmer Copse development in Whitehill and Bordon, Hampshire, with completion scheduled for 2020. Part of the Prince Philip Park, this is one of the most exciting, innovative and largest regeneration projects in the UK. Work continues with the Bordon Future Skills Centre, a vocational skills training centre in Whitehill and Bordon that has a core curriculum focussing on construction and skills for the built environment.

In the South East, the Ditton Mews development in Esher, Surrey, will deliver an exclusive collection of luxury homes with views over Sandown Park, while our Golden Mede development on the Waddesdon Estate, in partnership with the Rothschild Foundation, will deliver 75 homes in two phases.

In Chichester, our Roussillon Park development was named 'Housing Project of the Year' at the 2018 British Construction Industry Awards.

In Edinburgh, during 2018, the first new owners moved into our £20m Granton development on the waterfront. Three more construction phases will follow, bringing the total number of homes to more than 500 when fully complete, including modular homes as part of our Mid Market Rent commitment.

At our Engine Yard project in Edinburgh, we are creating stunning new apartment buildings among a pedestrian streetscape of pathways, gardens and public spaces. The development includes more than 300 stylish new homes and a brand new Places Gym — the first in Scotland, operated by Places Leisure, part of Places for People Group, which opened in November 2018. This regeneration project is being constructed by our in-house team and is located on the site of Edinburgh's historic tram depot, and is due for final completion in December 2020.

We were selected by the Wemyss and March Estate to jointly develop the Longniddry South site in East Lothian. Planning in principle was achieved in June 2018, confirming the delivery of 240 mixed-tenure homes over the next seven years.

An application for detail planning for a first phase of 98 homes, including 39 affordable homes for older people, was submitted in October 2018.

The final phase of new build was started at the Thistle Foundation in Edinburgh. When complete, it will bring to an end this long-term regeneration project, which started in 2005 and will have refurbished 88 homes and built 256 mixed-tenure properties.



↑ Millwood Designer Homes.

Design Your Home, a Places for People business, markets a range of custom and self-build products that are designed to appeal to all market sectors.

Millwood Designer Homes, acquired by the Group in 2017/18, continues to focus on delivering high-specification homes of local vernacular in the South East of England.

In 2018, Millwood Designer Homes completed the award-winning Lavender Fields development, and acquired several new sites, including Heathfield (23 homes), Storrington (nine homes), Ramsgate (31 homes) and Yalding (30 homes). These will form the basis of developments starting in 2020.

Student housing development

Places for People acquired 50% of the share capital in Alumno Group, a well-regarded and established developer of purpose-built student accommodation.

This will allow the Group to participate in the development and sale of student housing projects.

Alumno Group has a near-term development pipeline in excess of 2,000 beds, with two projects on site and a further three in the planning process.

↓ Derwent Students, University of Gloucester.



Retirement living

Our lifestyle retirement living brand, Brio Retirement Living, has continued to grow.

It will soon operate three communities: Chapelton (opening August 2019), Hackbridge (opening August 2019) and Stow-on-the-Wold (opening September 2019). Almost 260 homes are under construction, with further work due to start at Poundbury in summer 2019.

Working with Places for People Homes and Barratt London, Brio will develop its first rental proposition of 80 one- and two-bedroom apartments in Hackbridge, part of New Mill Quarter, a significant new community set within the heart of Hackbridge.

Chorus Homes

After joining Places for People in March 2018, Chorus Homes accelerated its activities to increase development starts and completion targets. The first element of this was the purchase of a part-completed site in Huntingdon, which will deliver 77 homes for market rent, affordable rent and low-cost home ownership. A further 44 homes are also progressing through the final stages of internal approval, ensuring an ongoing pipeline of over 600 new homes before 2022.

The first new homes for shared ownership are to be completed in 2019. The development is well positioned to benefit from the local transport links, including access to London. It will provide much-needed affordable housing for local residents and local response has been positive.

→ Modern methods of construction.

↓ Brio retirement living, Chapelton.



↑ Squirrel Wood, Basingstoke.

Modern methods of construction

We have made extensive use of traditional methods of construction in our businesses but we believe that where improvements can be made we should be open to them. Modern methods of construction (MMC) offer the prospect of homes being built more quickly and with more consistent quality. This is obviously better for customers and it is also better for our colleagues, as much of the work can take place indoors during the winter months, and for us as we can get a site to the point of making sales or lettings faster.

To assist us to achieve our housing commitment, given the wider much discussed construction industry challenges, we spent much of 2018/19 developing our delivery strategy including MMC. Many of our projects feature, or will feature in the future, modular homes, including collaborations with volumetric manufacturers* Ilke Homes, Urban Splash, ModularWise and Trivselhus.

Places for People has a very broad UK portfolio, which enables us to market test a range of house typologies, including size, design, and layout of home. All of these homes are available for market sale or retained by the Group and rented out to customers.

*Three-dimensional volumetric construction is a modern method of building by which large, often room-sized modules are manufactured in a factory, then transported to site and craned into place. The method is suited to buildings with lots of repetitive design such as houses, hotels, schools and prisons (RICS February 2019).

ModularWise is our subsidiary that produces volumetric modular houses in its factory in Wales. We have installed them on site in Swindon and will shortly deliver 27 homes for mid-market rent to Granton, Edinburgh and 18 one- and two-bedroom apartments for social rent to Quentin Court, West Lothian.

Swedish by Design is our partnership with Trivselhus, an established MMC business. It offers factory-built energy-efficient homes with strong Swedish design features. There are 39 homes using this system at Sommar Place in Milton Keynes.

We are a partner of Ilke Homes, which produces precision engineered houses manufactured in a specialist factory to the highest quality standards. The groundworks and foundations are installed on-site but the homes are made simultaneously elsewhere — significantly reducing overall construction time. At Hawthorne Avenue in West Hull, a development of 16 two-bedroom affordable family homes is the final phase of a mixed-tenure regeneration project. It is the first scheme of wholly modular construction manufactured by Ilke Homes. They were handed over at the end of March 2019 and were all pre-let, securing more than 1,000 expressions of interest in the first few hours of their launch.

Custom Build

In addition to accelerating housing production through MMC, we have considered the design of new homes and taken steps to offer greater customer choice. Design Your Home, a Places for People business, markets a range of custom and self-build products that are designed to appeal to all market sectors. Its competitively-priced homes can be accessed by first-time buyers, homeowners trading up, the retiree sector, and affordable home tenants. There is an option for purchasers who want to get their hands dirty and build their home themselves, as well as more mainstream options where the purchaser simply chooses the layout and internal specification and Design Your Home then builds the property.

Design Your Home has developed a product that is compatible with Help to Buy, while still allowing buyers to select their own internal layouts and their choice of internal specification. This will help Design Your Home to achieve its goal of making both custom and self-build mainstream products that are accessible to any home buyer.

Design Your Home is in the process of building the UK's first Customer Choice Centre for custom and self-build properties at Squirrel Wood, Basingstoke. The centre, which opens in mid-2019, is based around a four-bedroom house and will display all the internal specification options available to customers. The centre has interactive displays to help the customer better understand the custom build product.

OPERATING REVIEW

Property management

Places work when they're well looked after

Across the UK, and in addition to our management of affordable housing, Places for People is proud to provide 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.

Online annual report and accounts www.placesforpeople.co.uk/annualreport

Key statistics

1,078

new student beds mobilised by Derwent FM at Aspire Point in Stratford and Essex Phase II

22

new clients secured by RMG

Highlights

£80,000 savings achieved by RMG's use of new technology

98% client retention rate maintained by Touchstone

Property Management Companies

Places for People Group manages 125,745 homes across the UK under our four companies, who are expert in different areas. RMG is one of the UK's leading property and estate management providers, Touchstone is dedicated to private rental property management, Derwent FM specialises in student accommodation, and Girlings Retirement Rentals focuses on the management of purpose-built retirement homes. 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 2018/19, it increased the number of homes it manages by 7%, while also securing 22 new clients.

As a demonstration of Group collaboration, 2018 saw the successful transfer of the management of 3,000 homes in the Castle Rock Edinvar home ownership portfolio to RMG.

During 2018/19, RMG successfully embedded the new Housing Solutions Service delivery model to ensure service targets and contract outputs were achieved, while maximising contract income which delivered an increase of 10%. RMG also provided homelessness review services to eight councils (up from six in 2017).

RMG agreed a three-year service transformation plan with its existing client, the City of Westminster, which is being delivered in partnership with Shelter and The Passage, who became RMG's third-sector delivery partners in 2018. The partnership restructured its service to reflect the changes needed after the introduction of the Homelessness Reduction Act.

Touchstone

Touchstone, our dedicated private rental sector property management company, manages 20,000 properties for a range of clients. As well as maintaining its client retention levels at 98%, it also achieved its target of £1m in new business.



↑ RMG, now managing Castle Rock Edinvar's home ownership portfolio.

In the last year, Touchstone created an operations board to improve the examination of its key business metrics and operational performance. This will help to ensure all areas are performing to a consistently high standard and achieving their targets.

Derwent FM

Derwent FM is the Group's UK-wide facilities management company, specialising in student accommodation. Key to its success during 2018/19 was the successful management of an intake of more than 12,500 students in September 2018 across its portfolio of accommodation schemes.

In 2018, Derwent FM successfully mobilised 1,078 new student bed spaces at Aspire Point in Stratford and at the University of Essex. Both projects were delivered in tight timeframes and secured positive feedback from both client teams and students.

A further 643 student beds, as part of phase two of the successful ULiving scheme, brought the total number of University of Essex beds under Derwent FM management to more than 2,000. This scheme involved a very tight handover from the construction team, with only days to complete a final deep clean before all students checked into their accommodation.

Girlings Retirement Rentals

Girlings Retirement Rentals offers purpose-built accommodation on long-term tenancies. The properties are owned by third parties, but let and managed by Girlings. In 2018, it switched reporting platforms for property inspections, resulting in quicker reporting and a reduction in software costs of 50%.

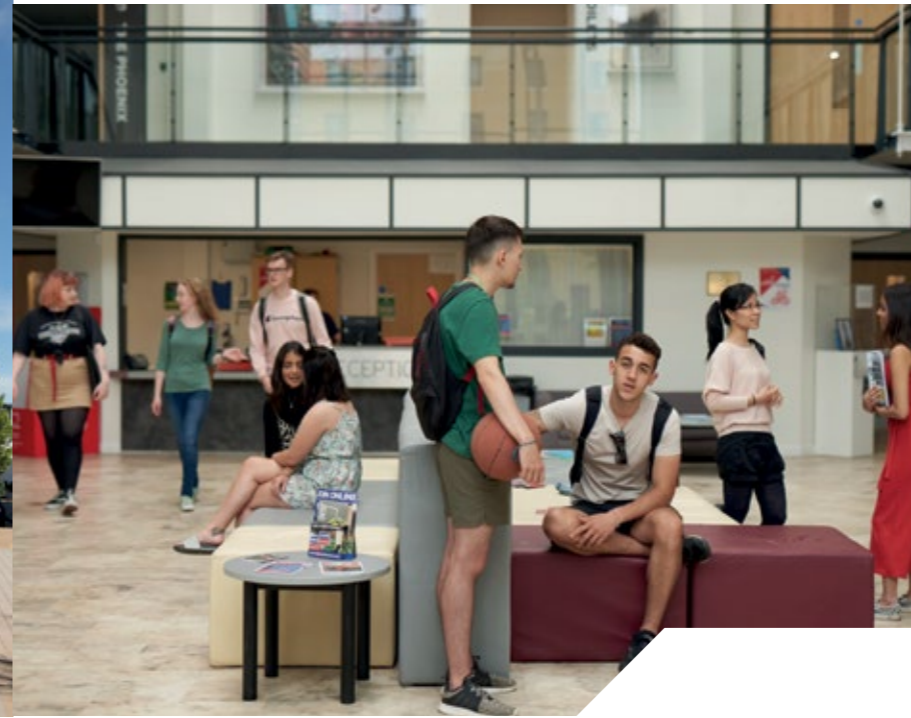
In the last year, Girlings has worked with the Places Management team to conduct electrical installation condition reports, resulting in significant savings for landlords and reduced lead times.

In January 2019, Girlings recorded its highest number of reservations in a single month. Two months later, it also launched a new website, which has improved the customer experience.

Osterna health and safety

RMG's health and safety business, Osterna, had another successful year in 2018/19, providing Fire Risk Assessment services to businesses across the Group, including Places for People Homes, Touchstone, and Castle Rock Edinvar.

RMG and Osterna continue to support several external clients with the investigation of cladding systems, ongoing interim management arrangements, and establishing long-term solutions. The expertise demonstrated in this area is attracting new business interest from outside the Group.



↑ Touchstone, providing new homes in Malawi.
← Derwent FM, University of Gloucester.

Achieving efficiencies in property management

Touchstone developed a new customer portal in 2018 to improve its customer experience, encourage the use of online tools and reduce the amount of email and telephone traffic.

Embedded in the portal was FixFlo, a web-based software for property professionals that helped Touchstone further improve its customer service. It provides customers with advice on maintenance that they are capable of carrying out themselves.

Touchstone also launched an automated booking system which integrates with Rightmove. It enables customers to book an appointment 24/7, and as the system interacts directly with the letting manager's diary, no time is lost waiting for colleagues to contact prospective customers.

RMG has capitalised on innovative technology to deliver significant savings in 2018/19. The use of back-office 'bot' technology, which builds automatic routines into system procedures and removes the need for human involvement, has saved £80,000. The RMG Living customer portal and the RMG mobile application have also met the growing demand from customers for improved online access to services and self-service, reducing both transaction times and delivery costs.

Supporting our people

Touchstone has continued its Brilliant Place to Work initiative over the past year, introducing a flexible hours policy and a focus on mental health and wellbeing, training several employees across all areas of its business so it now has an equal number of mental health first-aiders and physical health first-aiders.

Further afield, 11 Touchstone colleagues visited Malawi in May 2018 as part of a three-year project. A total of 36 employees have now visited the Salima region during the project, providing new homes and communal toilets to some of the world's poorest families. In partnership with Habitat for Humanity, we have now committed to a similar three-year project in Cambodia.

In the UK, Touchstone engaged with Developing Health and Independence (DHI), a Bath-based charity that helps homeless and vulnerable adults find a way back into society.

Touchstone also received a double awards success, winning 'Employer of the Year' at the Property Week All Stars Awards 2018 and topping the 'Professional Services' category at the Bath Property Awards 2018.

In January 2019, Derwent FM developed a partnership with Student Minds, the UK's student mental health charity, to deliver mental health awareness training for colleagues across the UK, and initiated a fundraising programme.

Finally, Derwent FM also saw its University of Gloucester scheme nominated for the 'Residence of the Year' award at the annual Student Property Awards in December 2018. Its University of Hertfordshire scheme was nominated for 'Collaboration of the Year' at the same event.

RMG increased the number of homes it manages by 7%, while also securing 22 new clients.

OPERATING REVIEW

Leisure management, health & wellbeing

Places work when they are active

We design, build and manage both leisure facilities and health and wellbeing programmes. 'Whatever place they're into', we help people find the means and motivation to be fitter, healthier and more active.

Online annual report and accounts www.placesforpeople.co.uk/annualreport

Key statistics

£195m

in social value generated through improvements in physical and mental wellbeing, educational attainment, and crime reductions

More than

82,200

children learn to swim with us every week

Highlights

A contract has been agreed between Surrey Heath Borough Council and Places Leisure for a £22m leisure centre in Camberley, Surrey

Places Leisure was rated as the top performing organisation in its category by Quest National Benchmarking Service (NBS) — for the fourth year in a row



↑ Places Leisure, Eastleigh.

Places Gym Edinburgh was the first to be embedded into one of the Group's major brownfield housing regeneration projects.

In a busy year, six new leisure centres opened across Places for People communities, helping us to create healthier communities and encourage more active lifestyles: Waltham Abbey Leisure Centre, Places Gym Edinburgh, Dover District Leisure Centre, Ryeish Leisure Centre, Arborfield Sports Centre, and The Bridge Leisure Centre.

Waltham Abbey Leisure Centre opened in November 2018 after Places Leisure, Pellikaan Construction and Pozzoni were jointly awarded the design, build, operate and maintain contract by Epping Forest District Council. The new centre has been sympathetically designed with a green roof to complement its surrounding area. It boasts an 80-station state-of-the-art gym, six-lane swimming pool with separate teaching pool, community room and café.

Sir Hugh Robertson, chairman of the British Olympic Association, opened Dover District Leisure Centre in February 2019. Its facilities include an eight-lane county-standard swimming pool (the first in Kent), learner pool, sports hall, outdoor 3G pitches, squash courts, a 120-station fitness suite and an impressive Clip'n Climb course.

In Broadbridge Heath, West Sussex, The Bridge Leisure Centre opened in October 2018. It also houses a Clip'n Climb facility, as well as a 70-station gym, a six-court sports hall, athletics track, indoor cycling studio, café and meeting room. A new sensory room, which can

transform from a calm and soothing place to an exciting interactive space, has also been installed.

A £4m cash injection from Wokingham Borough Council was brought to life when Ryeish Green Sports Hub opened in August 2018. The centre includes a 45-station gym, four-court sports hall and a full-size 3G football pitch. The improvements were funded by developer contributions, ensuring the facilities were provided at no direct cost to the tax payer.

Places Gym Edinburgh, part of a Group development, became the first Places Gym to be embedded into one of the Group's major brownfield housing regeneration projects. It is located in The Engine Yard development on Leith Walk and opened in November 2018. The gym is one of six Places Gyms across the UK managed by Places Leisure.

New services and contracts

A state-of-the-art gymnastics facility at Elmbridge Xcel Leisure Centre opened in September 2018. Commonwealth Games gold medallist Courtney Tulloch and Elmbridge mayor Shweta Kapadia attended the ribbon-cutting ceremony, alongside representatives from Elmbridge Borough Council, Places Leisure, British Gymnastics and the local community.

A 25-year design, build, operate and maintain contract has also been agreed between Surrey Heath Borough Council and Places Leisure for the provision of a £22m leisure centre in Camberley, Surrey. Due to open in 2021, it will feature a 25-metre, six-lane pool, learner pool with adjustable floor, eight-court sports hall, fitness suite, exercise studios, Clip'n Climb and café.

Taking the lead in sector qualifications

Places Leisure enrolled 30 managers onto a new leisure-specific apprenticeship management qualification. This substantial training programme for management-level employees is a 'trailblazer apprenticeship' coordinated by the Chartered Institute for the Management of Sport and Physical Activity (CIMSPA).

The 15-month course is supported with online learning, webinars, and organised workshops. It covers eight different topics, including leisure facility management, personal development, people management, legal and compliance, business support and finance.



Strategic Report

← Places Gym, Edinburgh.
↓ Triple award-winning Graves leisure centre.



Healthy lifestyle initiatives

Places Leisure partnered with Sport England on the relaunch of the This Girl Can (TGC) campaign, with a specific focus on TGC Swim. We received grant funding of £50,000 to cover creative and social media advertising costs in the drive to encourage inactive women to attend the TGC sessions at sites across the UK.

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.

Improving our customer experience

In 2018/19, we made significant advances in measuring our customer experience. Every month, 200 mystery customer visits happen under our Places Pulse initiative. The results let us know what our customers really think, enabling us and our suppliers to prioritise the projects that really make a difference.

Our relaunched Net Promoter Score (NPS) programme, which gathers further insight to shape our services and business decisions, saw response rates increase from 4% to 11%.

Elsewhere, a six-month study by GGFit, an independent consultancy specialising in data analysis and member retention, showed a marked increase in member engagement on Places Leisure's 'Places Locker' app.

The GGFit study aimed to help improve customer engagement at the 96 Places for People developments with gyms. It focused on 14 Places Leisure sites and recorded 2.34 million site visits from April 2018 to September 2018. The study found that members who do not have the Places Locker app visit an average of four to five times per month, while those with the app visit seven to eight times per month. Members using the app also stay on site an average of 20% longer than those without the app.

Outstanding performance

For the fourth consecutive year, Places Leisure was named by Quest NBS as the top performing organisation in the 31+ Registered Sites category.

Riverside Leisure Centre, which is managed by Places Leisure on behalf of Norwich City Council, retained its 'Excellent' status from Quest — the leisure industry's only recognised quality assurance tool for leisure facilities. It was also named the second highest-performing facility in its category.

Gosport Leisure Centre was named the third highest-performing facility, and Godalming Leisure Centre the fifth highest-performing facility. Maltby secured the fourth highest-scoring mystery visit.

Wisewood Sports Centre in Sheffield received the prestigious Customer Satisfaction Award from Sport England's National Benchmarking Service (NBS), a scheme which allows local authorities to compare the performance of their sports and leisure centres with that of equivalent facilities elsewhere in the country. The award-winning centre, which Places Leisure manages on behalf of Sheffield City Council, was one of just three top-scoring facilities to receive an award in the Customer Satisfaction category at this year's NBS Awards, presented at the Quest and NBS Conference in Kenilworth in February.

Graves Health and Sports Centre, which is also managed by Places Leisure on behalf of Sheffield City Council, won three awards at the 2018 Yorkshire Tennis LTA Awards in December 2018. The centre took home the Yorkshire Community Award and Yorkshire Disability Award, while its head coach, Sam Salt, was named Yorkshire's Coach of the Year.

OPERATING REVIEW

Fund management

Places work when there is investment in new homes

PfP Capital aims to provide investors in the property market with socially-conscious real estate fund management that delivers stable rental income and long-term capital growth.

Now in its third year of operations, PfP Capital continues to enhance its profile and reputation through a series of partnerships and investments.

Online annual report and accounts www.placesforpeople.co.uk/annualreport

Key statistics

£300m

investment from the Universities Superannuation Scheme

£48m

investment from the Scottish Government

Highlights

Developments in Glasgow, Nottingham, Newcastle and Leeds totalling £47m now being planned



Responsible investment

With Brexit and other factors creating continuing uncertainty, raising private capital in the market has been challenging for some time. However, PfP Capital's residential real estate funds offer investors attractive and stable returns over the long term, derived from an underlying asset base that is in high demand, supporting strong, consistent revenue streams and underlying values.

PfP Capital's 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.

Our focus on investment and careful management of each fund leads to the generation of value for our clients' funds and for residents, places and neighbourhoods — which ultimately helps us to foster sustainable communities.

This complements the Group approach to creating social value in three ways:

1. All PfP Capital funds aim to enhance the physical, mental and social wellbeing of individuals and communities.
2. All our funds involved in placemaking aim to build social capital by focussing on people to deliver strong communities.
3. All our funds aim to reduce the use of finite resources, and preserve and enhance the natural environment.

Over the last year, PfP Capital has achieved several successes on its journey to being recognised as an attractive and credible fund manager.

Growing our impact

PfP Capital has always been a pioneer. When it started business in March 2017, it was the first time an organisation like Places for People had developed its own fund management capability.

Yet PfP Capital has quickly established itself in the fund management sector and attracted high-profile investors. Part of this success can be attributed to a committed management team with experience across finance, property management and investment.

Over the last year, PfP Capital has achieved several successes on its journey to being recognised as an attractive and credible fund manager. It secured a £300m investment from the Universities Superannuation Scheme (USS), and established a partnership with USS and Places for People Homes to invest £333m into private rental sector (PRS) homes.

On behalf of the funds, PfP Capital then acquired a £150m portfolio of PRS homes from Places for People Homes, as well as investing capital into new homes to grow its assets under management. The Group has also agreed to supply PRS properties from its development pipeline and Touchstone has been appointed by the partnership to manage the properties.

In Scotland, on behalf of investors, PfP Capital is investing in and building 1,000 new mid-market rental homes after establishing a residential real estate fund in partnership with the Scottish Government. The Scottish Government invested £47.5m into the fund, which has already acquired its first homes at Abbotsway, Paisley. Following an investment

from Castle Rock Edinvar, the Scottish fund is now raising further capital to support its ambitions to be the leading provider of mid-market rental homes across Scotland.

On behalf of the Group, PfP Capital secured the purchase of investments from Aviva's Igloo Regeneration Partnership. This will help it to establish a fund to deliver enhanced returns by investing in and developing high quality, environmentally sustainable urban transformation. Developments in Glasgow, Nottingham, Newcastle and Leeds with a gross development value of £47m are now being planned, while a project is already underway that seeks to invest in a residential-led scheme at Frome Gateway, Bristol.

Finally, PfP Capital is developing a new 'build-to-rent' investment strategy, with the aim of attracting capital to a £550m fund aiming to hold 3,000 multi-generational homes.

Capital raising

Over the last 12 months, PfP Capital has worked with investors to raise new capital for its mid-market rental and regeneration funds. Emphasis is being placed on PfP Capital's skills in creating social value through responsible investment. This approach is resonating with investors looking to achieve greater social impact with attractive returns.



Financial review

Financial performance

Fixed assets of:

£4.5bn

← (2018: £4.5bn)

Loans of

£2.7bn

← (2018: £2.7bn)

Reserves of

£562.4m

↑ (2018: £489.0m)

Key highlights

- The Group's profit before taxation was £95.5m (2018: £85.0m before negative goodwill).
- The Group has retained a strong balance sheet position at the year end with net assets of £561.3m (2018: £487.6m)
- Early redemption of 25-year £105m 8.625% wrapped secured bond.
- Unsecured private placements were completed during the year including:
 - HKD980m 7-year issuance
 - JPY10bn 10-year issuance
 - £75m 20-year bond

Profit and loss for the year

The Group profit before tax and negative goodwill for the year has increased by 12.7% from £85.0m to £95.5m in 2019. In 2018 the Group profit before tax was £130.2m, which included a £45.2m gain from Chorus Homes joining the Group. As such the profit for the year ending 31 March 2018 on a comparable basis was £85.0m.

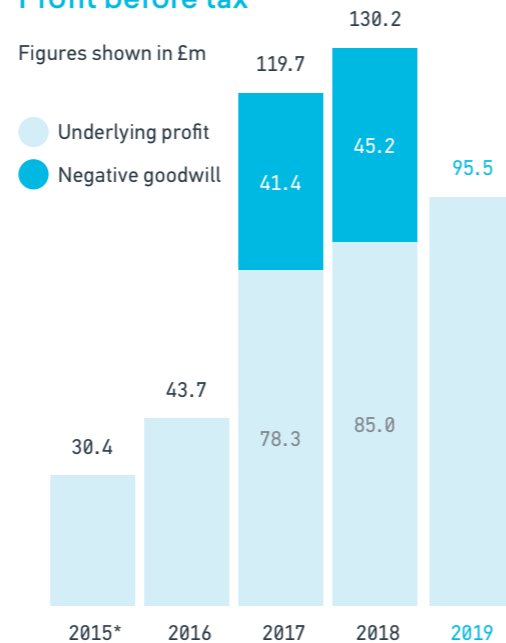
The Group turnover for the year was £827.1m (2018: £754.4m). The increase of 9.6% is predominantly due to a full year of trading of both Chorus and Millwood, who both joined the Group in 2017/18.

The Group operating profit increased by £37.9m to £227.1m, with the main driver for the increase being the disposal of some of the Group's market rented units. The underlying operating profit, excluding sales of fixed assets, increased by 8.8% from £184.5m in 2018 to £200.8m in 2019 in line with the growth in the Group's turnover.

The Group operating margin increased from 25.1% in 2018 to 27.5% in 2019. This increase is due to the increased sales of fixed assets from the prior year. The Group underlying operating margin, excluding sales of fixed assets, remained stable and above 24%.

Profit before tax

Figures shown in £m



*These figures are from the previous years' financial statements as reported under old UK GAAP. The 2016, 2017 and 2018 figures are reported under the new Accounting Standard FRS102.

Treasury management

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

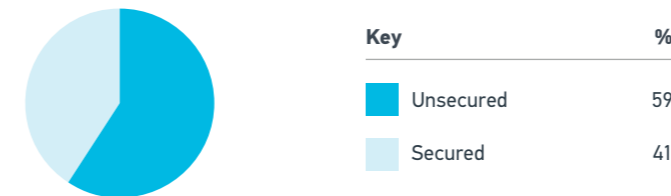
	2019	2018	2017	2016	2015*
Total loans (£bn)	2.7	2.7	2.3	1.8	1.7
Interest cover after depreciation	1.9	2.0	1.8	1.5	1.3
Gearing	56.7%	57.1%	55.2%	55.1%	54.6%
Forward cash commitment (months)	28	18	18	15	18

*The 2015 figures are reported under old UK GAAP. Subsequent years' figures are reported under Accounting Standard FRS 102.

The Group had committed borrowings of £3.7bn of which £2.9bn were drawn, an increase in committed borrowings of £0.2bn from 2018.

The Group's strategy is to borrow on an unsecured basis with a medium-term objective of rebalancing the portfolio to 60% unsecured. New issuances, combined with the early redemption of its £105m 8.625% bond, increased the proportion of unsecured debt to 59%, just 1% off the Group's medium-term objective.

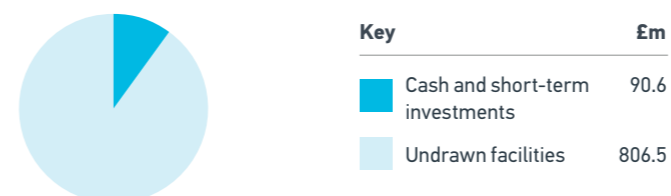
Debt portfolio — Figure 1



Group gearing remained below the 60% target at 56.7%, a reduction of 0.4% from the prior year.

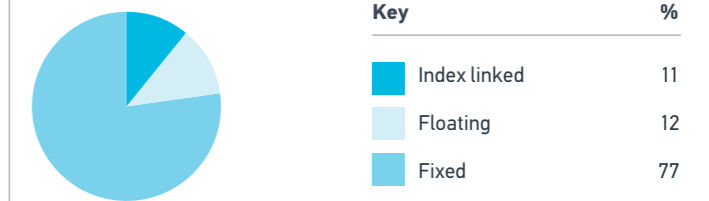
The Group's policy is to maintain cash and undrawn committed loan facilities that are immediately accessible to finance 12 months' cash flow. At the year end, the Group had total liquidity of £897.1m, comprising £806.5m of undrawn facilities and £90.6m of cash and short-term investments which was more than sufficient to meet the Group's policy.

Available liquidity — Figure 2



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 77% of debt at fixed rates of interest at the end of the year with 12% of debt at floating rates and 11% index linked.

Fixed/float mix — Figure 3



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 23 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 is intrinsic to what we do. We know that being efficient and effective is crucial to our success in delivering services that are valued by our customers. Our board is committed to ensuring that we are making the best use of resources and maximising the efficiency and quality of our services. Innovation has a key role to play in our approach and assessing the best delivery models and evaluating alternatives is a key element of our annual business planning process which ensures that achieving value for money remains central to how we operate.

Our Group-wide Strategic Risk Management and Value for Money Group, chaired by the Group Chief Executive and attended by key senior staff, drives our approach, embedding 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. Our Efficiency and Productivity Group supports the annual business planning process by identifying ways to maximise efficiencies across the spread of our activities, drilling down into different parts of the business to identify potential synergies across market areas so we can use our strength, size and data to drive efficiencies across the Group.

We continually 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 continuously 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. 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. This enables us to clearly identify which neighbourhoods are meeting the minimum financial requirements.

In last year's Annual Report we set out five areas where we believed there was potential to improve efficiencies which were customer experience, staff efficiencies, marketing efficiencies, procurement and technology. Set out opposite are the main outcomes in the year for each area.

2018/19 areas of focus for efficiencies	2018/19 outcomes
Customer experience	<p>The Group-wide Customer Experience Journey Mapping project commenced in February 2019, with the purpose of developing a consistent understanding and approach throughout the Group. This project is part of the wider Customer Involvement Strategy to establish best practice consistently across the Group, and also includes how we will deliver customer service training and how we will measure success, including rolling out Net Promoter Score (NPS) as a measurement tool during 2019/20.</p> <p>Cotman Housing has achieved its business plan objective of signing up 45% of customers to online services. 47% of customers were signed up at 31 March, thus improving customer experience by allowing digitally enabled customers to self-service queries wherever possible. This has created business efficiencies by reducing volumes of calls to the Customer Service Centre and allowing resources to be focused on those who prefer a non-digital service. Cotman has been supported in this by its Digital Inclusion Group for older people (Too Old to Learn-Never!).</p>
Staff efficiencies	<p>Derwent Living has restructured its sales team, development teams and customer service teams and achieved savings of £100,000 per year.</p> <p>Cotman reduced headcount and further savings were achieved by recharging 20% of a manager's post to Sport England, achieving total savings for Cotman of £133,200.</p> <p>Chorus Homes reduced headcount and its salary bill by £607,000.</p> <p>The Group's property maintenance business, which operates within the affordable housing business, increased its productivity by 1%. This represents added value of £250,000 by saving subcontractor charges and in turn represents a saving in cost to the Group.</p> <p>The Neighbourhoods team staff costs reduced by £122,000, and the Financial Services team staff costs reduced by £43,000.</p> <p>Within the Affordable Housing business, the Place team has saved £15,000 on fire safety training by engaging Tyne and Wear Fire and Rescue Service.</p> <p>Living Plus has achieved an overall 1.38% saving in its management costs, equivalent to £400,000.</p>

2018/19 areas of focus for efficiencies	2018/19 outcomes
Marketing efficiencies	<p>Initiatives implemented in the last quarter of 2018/19 have started to show positive results and a saving to the marketing budget of £30,000 has been achieved. Social media management has been brought in-house, a review of resource and a restructure to develop a business partnership approach to work more efficiently across the Group, and a review of media relations, strategic communications, channels (media and CRM), has been scoped and is being implemented.</p>
Procurement	<p>During 2018/19 the Group's Strategic Procurement team generated £2.4m savings against a target of £2.2m.</p> <p>The spend analysis project has also started well, with an average of 38% savings seen in projects delivered so far.</p> <p>Over 50% of the regulated companies' spend was with SME businesses (small- and medium-sized enterprises).</p> <p>Our Lettings and Marketing team has re-negotiated its e-signature contract, changing from pay per user to pay per envelope. This has resulted in a saving of £10,000.</p> <p>Chorus Homes saved £342,000 through working with the Group insurance team to procure new insurance cover.</p>
Technology	<p>We launched a two-and-a-half year programme of works to be a Digital Business this year. Our strategic goal as a Digital Business is to seek new technology and exploit it as an enabler: to identify new opportunities, develop new operating models, simplify and/or improve existing operating models and to continuously improve on our previous best.</p> <p>The Digital Business programme of work will see a heavy investment in our technology estate and will enable us to innovate at pace. As part of the programme, we will be replacing much of our current legacy estate, which is costly to run, with cost-effective advanced new digital technology. This will deliver value-for-money and will improve the efficiency, effectiveness and productivity of our workforce, letting the technology take the strain.</p> <p>Chorus Homes saved £337,000 on Information Technology-related contracts, equipment, and procurement.</p>

2018/19 areas of focus for efficiencies	2018/19 outcomes
Technology	<p>The Landscapes team with the Affordable Housing business has saved £24,000 a year reviewing its iAuditor software licences for operatives.</p> <p>The Lettings and Marketing team has moved over to a digital application and sign-up process for each new letting, saving £66,000 in printing, mailing and scanning costs.</p> <p>Within the Affordable Housing business, the Place team has saved £22,000 in travel costs by increasing the use of video conferencing.</p>

Targets for 2019/20

As part of our continuous improvement approach we have now adapted our business planning process to deliver transparent targets on value for money. With effect from the 2019/20 business planning cycle all business areas have been asked to identify efficiency and value-for-money targets — including a target to sustain or improve the business operating margin. Performance against these targets will be monitored by the Group Board and Group Management Team. The main value for money focuses for 2019/20 will be:

- customer experience, including achieving the Group customer satisfaction target of 85%
- procurement, with a target to generate in excess of £3m savings
- affordable housing, with a target to achieve an increase in operating margin
- Living Plus, with a target to achieve an operating margin of 23.7%
- delivering efficiency gains in respect of technology and marketing

These areas are expected to improve the Group's result by over £4m.

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. When these additional assets are taken into account, the Group's gearing at the year-end is 56.7%.

The reinvestment metric shows a reduction from 21.7% for the year ended 31 March 2018 to 5.0% for the year ended 31 March 2019 as a result of the approximately 4,000 Arpeggio leased houses being recognised under finance lease arrangements during the year ended 31 March 2018.

Benchmarking

The Group participates in the Sector Scorecard affordable housing benchmarking group. Housemark is overseeing 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 2019 and 31 March 2018 to the latest available Sector Scorecard benchmarking data as at 31 March 2018. As the table shows, the Group performs well against these benchmarks. Our Efficiency and Productivity Group will continue to drive and strengthen value for money performance in the coming year. We continue to invest in new homes. In July 2018 the Group was selected by Homes England as one of eight strategic partners to deliver more affordable homes across England. As part of this agreement we will boost our investment in new supply and deliver 2,600 additional affordable homes over the coming years.

Indicator	2019	Benchmark Group Median	2018
Reinvestment	5.0%	5.8%	21.7%
New supply delivered (social housing units)	1.2%	1.0%	1.4%
New supply delivered (non-social housing units)	1.3%	0%	1.3%
Gearing %	77.5%	35.1%	80.0%
EBITDAMRI	134.3%	213.6%	128.0%
Headline social housing cost per unit	£3,022	£3,450	£3,139
Operating margin - social housing letting	47.3%	30.4%	48.0%
Operating margin overall	24.3%	27.9%	24.5%
ROCE	4.7%	3.7%	4.0%
Customer satisfied with service provided by their social housing provider *	88.7%	87.5%	87.9%
£ invested for every £ generated from operations in communities*	£0.01	£0.01	£0.01
Occupancy*	99.6%	99.4%	99.3%
Rent collected*	101.3%	99.9%	100.4%

*Affordable housing only

Social impact

Our Group vision is ‘creating places that work for everyone’. Creating social impact is at the centre of everything we do.

We use commercial approaches to deliver social outcomes and 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 problems in society and helped people to overcome barriers to reach their potential.



How we create social impact

Across the Group, we create social impact in three ways:



Places Impact

Places Impact is our Group-wide function responsible for delivering social impact. Its three key roles are to:

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

All activities delivered by Places Impact align with the 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.
- **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.

Our social impact:

£79m

social value generated by our regulated activities.

£195m

in social value generated by our leisure business for local authorities through improvements in physical and mental wellbeing, educational attainment and reductions in crime.

Over

2,700

people helped into work, training, skills development or volunteering opportunities.

Over

82,200

children learning to swim each week at Places Leisure facilities.

5,300

people helped who were homeless or at risk of being homeless.

14,000

opportunities provided for young people to fulfil their potential.

SOCIAL IMPACT

People

Supporting people to reach their potential

A Group-wide team is being led by Living Plus to develop further innovative solutions to address homelessness in the UK.

Tackling domestic violence

Official statistics show that in the last year, 1.3 million women and nearly 700,000 men were victims of domestic abuse. The Group provides services directly and with specialist partners to support people who have suffered from domestic violence.

For example, in Northumberland, Living Plus provides an integrated domestic abuse support service, which includes a refuge and independent domestic violence advisors for high-risk cases. The advisors have supported 678 people in the first year and the refuge provided safe accommodation for 102 people.

Our affordable housing businesses have signed up to the 'Make a Stand' campaign to support people who are experiencing domestic abuse. The campaign pledged to implement policies and procedures to help customers and staff, so they know where to go for help.

Offering affordable credit

In the UK, many families are under financial pressure and over six million people turn to alternative finance, such as high-cost payday lenders, to make ends meet. To help address this issue, Places for People Financial Services provides financial products, such as affordable loans, to customers.

So far, over 13,000 affordable loans have been provided to a value of £10m, with customers saving an average of £235 on a £500 loan, compared to a doorstep lender. A recent survey of customers found that 80% said borrowing from us had helped to reduce their levels of stress and 73% reported improvements in their wellbeing.

Reducing homelessness

Homelessness is a growing challenge across the UK. Shelter states that there are over 300,000 homeless people living on the streets, in temporary accommodation or 'sofa surfing' with family and friends. Across the Group, we have supported 5,300 people who were homeless or at risk of being homeless over the past year by providing accommodation and specialist support.

In Westminster, for example, 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. Nearly 2,000 people have received advice and support over the last year and 608 people have been successfully moved into permanent accommodation.

Living Plus offers accommodation and specialist support for homeless people including refugees, families, and people with complex needs. In Bristol, for example, Living Plus runs three hostels, which support 44 clients with issues including homelessness, mental health and substance misuse.

Places for People Financial Services has won the Feefo Gold Service award, an independent seal of excellence. The award recognises businesses for delivering an exceptional customer experience, as rated by customers.

Supporting older people

The population in the UK is ageing. In mid-2014, the average age exceeded 40 for the first time, and by 2040 nearly one in seven people is projected to be aged over 75. Across the Group, we are delivering a wide range of activities for older people, including support for people with dementia, reducing loneliness and promoting physical activity.

Shape Lancashire, which is funded by our Homechoice programme, delivers activities for older people living in our housing in Preston and Bury. We provided over 500 opportunities for customers to take part in the project, which aims to address issues such as loneliness and isolation, as well as improving general wellbeing.

Similarly, the Touchstone Fund has supported two projects that use reminiscence-based activities to engage older people with dementia. This involves encouraging people to write about their life through prose, poetry, photographs and drawing memories. Through this process, people gain companionship and mental stimulation. It also helps to improve their wellbeing and reduce isolation.

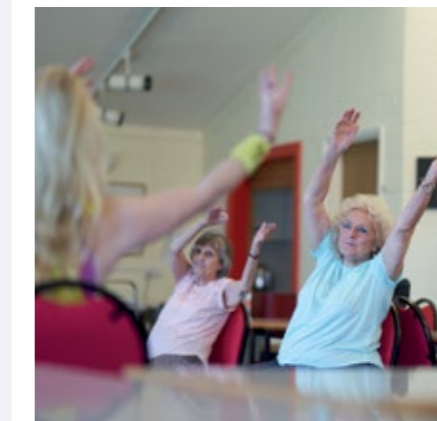
Employment and training opportunities

Employment is at record levels, but there is still a need to inspire the workforce of tomorrow and help people back into work who have faced challenges in their lives. Over the last year, we have worked with partners to support over 2,700 people into employment, training or development opportunities.

In Lancashire, Places Foundation is delivering the Building Better Opportunities project, which is led by Selnet UK and funded by the National Lottery Community Fund and the European Social Fund. Over 50 of the most economically and socially excluded people have been helped to improve their life chances and find work or training through the programme.

The project works closely with the Millbank Wellbeing Centre run by Living Plus, which supports young homeless families, and with external agencies such as Job Centre Plus and Homechoice-funded Chorley Youth Zone.

CASE STUDY



Improving wellbeing for older people

Living Plus has been working with Oomph, an award-winning social enterprise, to provide exercise classes for older people across 14 sites. Sport England has subsidised the programme, which has trained 21 instructors to run sessions for 1,512 participants. The sessions include activities to develop strength, flexibility and coordination, with games such as Slipper Soccer, Armchair Volleyball and Clock Cricket. Games are accessible to people with a variety of needs and have helped to improve wellbeing for participants.

Allenbuild has worked with the Rothschild Foundation to involve young people in the construction process at our Golden Meade site, in partnership with an organisation called Volunteer it Yourself. Over 20 young people have learned essential trade skills through the project, such as bricklaying, painting, decorating, plumbing and tiling, and five young people have already progressed into other employment. A Channel Four documentary called 'Building Britain' featured the work at Golden Meade and explored how teenagers are being equipped to deal with the UK's housing issues.

Improving health and wellbeing

The health and social care system in the UK is under immense pressure due to rising demand and budget challenges. The Group is helping to respond to these challenges by offering supported housing and providing leisure facilities which improve health and wellbeing and have over 30 million visits a year.

Last year, Living Plus set up new step-down services for customers leaving hospital. This helps to relieve 'bed-blocking', which in turn saves the NHS money and provides a better transition for patients back into their community. Across Living Plus, 93% of customers said the service has had a positive impact on their life.

In Rotherham, Places Leisure works in partnership with a social prescribing mental health scheme to provide physical activities, buddy sessions in the gym, nutrition workshops, mind and wellbeing workshops and support to access other community services that promote independence.

Places Leisure runs an 'exercise on referral' programme at 60 sites for people to access opportunities for physical activity. This enables GPs and health professionals to directly refer patients who are sedentary and have one or more medical conditions. The 12-week supervised exercise programme is delivered on site by qualified fitness instructors, with the aim of developing positive, long-term behavioural change.

Engaging young people

Youth services across the country have reduced as a result of public sector spending cuts and there is widespread concern about knife crime. The Group has provided over 14,000 opportunities for young people to fulfil their potential by supporting positive activities in communities.

Our affordable housing business is working with the Blackburn Rovers Community Land Trust to deliver weekly sports sessions in our neighbourhoods, using investment from Homechoice and the Premier League. So far, 900 opportunities have been provided for young people to attend sessions, engaging them in activities that promote positive behaviour, improve their physical abilities and help them to realise their potential. Anti-social behaviour in the area has fallen by 18% since the project started.

In Chorley, our affordable housing business is a founder patron and funder of the Youth Zone, a cutting-edge facility that has over 5,400 members. The centre offers fully equipped exercise and boxing gyms, a music studio, a climbing wall and a craft room, as well as training in employment and life skills. Reduced bus fares have even been negotiated with the local bus company to enable young people from surrounding areas to travel to the Youth Zone and access the services on offer.

Supporting digital inclusion

Digital exclusion can cause social isolation and prevent people from accessing essential information and services. According to charity Good Things Foundation, just over 14% of people in the UK are digitally excluded, in that they are unable to access information online.

Across the Group, our businesses are helping customers to overcome these barriers.

For example, Cotman Housing is delivering the 'Too Old to Learn — Never' project, with support from the Touchstone Fund. More than 200 older customers from Essex and Norfolk, aged from 60 to over 80, took part in the project with the aim of getting online and reducing digital exclusion.

Volunteer customer champions are also providing one-to-one home visits to support other customers, enabling them to keep in touch with family members and friends, shop online and play games to keep their minds active.

The success of the project has gained national recognition, with two of the customer champions showcasing the project at a Housing Quality Network event in London.

In addition, we set up a Digital Champion project that involves front-line staff referring customers for support to our Digital Inclusion Officer, who signposts them to free courses in their local area at community centres and libraries. We have also been consulting customers about making improvements to our online services to make them more accessible and we have developed an action plan of priorities to address their needs.

SOCIAL IMPACT

Place

Creating places that work for everyone

Managing successful neighbourhoods

Over 77,000 opportunities were taken up by customers involved in events in their neighbourhoods. Our award-winning neighbourhood planning and neighbourhood assessment processes have been mainstreamed in our affordable housing businesses. The neighbourhood planning approach identifies and addresses specific challenges facing each area and reflects the priorities of local residents.

This involves assessing indicators such as customer profile, satisfaction and engagement, allocations and lettings, void management, repairs, asset investment, income recovery, community safety, site services, kerb appeal and environmental improvements, to understand the key drivers of neighbourhood performance and develop local action plans to address them.

Supporting active communities

The benefits of physical activity are well-known, but data from Sport England shows that 25% of the population is currently inactive. Across the Group, we are providing opportunities for people to take part in physical activity to improve their health and wellbeing.

Places Leisure is delivering a 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. At our leisure centre in Wandsworth, for example, there were over 9,000 referrals last year and 76% of participants were from the most deprived parts of the borough. Activity levels have increased by 72% across participants over the 12 weeks of the programme.

In Hull, our affordable housing business is working with partners including UK Active, the Royal College of Paediatrics and Child Health, and Liverpool John Moores University, to increase physical activity for 4,000 families. This cross-sector initiative is funded by Sport England to encourage families to enjoy a range of fun activities, connect to their local facilities and open spaces, and increase physical activity levels.

Investing in communities

Our Homechoice programme funds projects that improve customer experience in affordable housing neighbourhoods across the country. Over the last year, the programme has invested £220,000 and obtained over £82,000 in additional match-funding to deliver projects in communities. For example, the programme supported the 'Sustaining Tenancies at Risk' project in North East England, which is a partnership project between Living Plus and a range of specialist organisations to support customers who are struggling with their tenancy. Customers are identified by local teams and referred to Living Plus staff to assess and support their needs.

The annual Touchstone Fund delivered by the Places Foundation provides grants to improve and enhance neighbourhoods where the Group has a presence. The fund was launched in late 2013 and is now in its fifth successful year of operation. The latest cohort of projects focuses on routes to employability and tenancy sustainability. For example, the fund supported the 'Healthy Standard of Living for All' project, which helps 16-25-year olds to set up and sustain their first home after leaving temporary accommodation. Sessions focus on finances, home conditions, health and safety, safer estates and planning for the future.

Supporting new businesses

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 over 10 years. We are also working with Makeshift to develop workspace, community facilities and retail space for new business in this thriving part of East London.

The Places Foundation invested £100,000 in the Big Issue's 'Invest Corporate Social Venturing' programme in 2014. The programme provided mentoring and finance for 30 early stage social businesses, in partnership with Barclays Bank, Fusion21, First Ark, Experian and the University of Northampton.

These businesses are now repaying the loans and delivering a positive social impact. Parent Hub, for example, is one of the businesses supported by the programme. It has developed a smartphone app that facilitates two-way communication between parents and teachers, to help engage parents in their child's learning, particularly in areas where parental involvement is weak.

CASE STUDY



Cotman 'Still on the go' – Sport England project

'Still on the go' is a Cotman Housing Association project funded by Sport England and delivered in partnership with Places for People Leisure. The project aims to support physically inactive older people to achieve a minimum of 30 minutes' exercise a week, in line with Sport England's strategic ambitions of encouraging an active nation.

It explores ways to overcome barriers to exercise, such as fear, lack of confidence and financial deprivation,

through one-to-one work and peer support from a pool of customer ambassadors.

Fifteen project-specific sessions are delivered each week through Places for People Leisure's Riverside Centre in Norwich. These range from off-site activities in sheltered housing to zumba classes, gym and aqua-fit sessions at the centre. By February 2019, 10 months after going live, the project celebrated its 200th customer.

Improving 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 2018, we renovated the Ivy Street Community Centre in Blackburn, located in an area where we have 130 general needs properties and a supported living scheme. The centre provides a wide range of services and social activities for local people, including youth groups, services for disabled adults, sport clubs, parent and toddler sessions and a drop-in family health clinic. The improvements to the centre were co-ordinated by Places Impact and delivered by our property services division, along with supply chain contractors, including Novus Property Solutions and ENGIE.

In Bradford, our Homechoice programme has funded the Lower Grange Community Centre to deliver activities to improve customers' wellbeing, support them to get online and develop new skills. The centre is a focal point for the local community. Our funding has enabled it to obtain further external support to expand its growing range of activities to meet local community needs.

Activities include a youth club, keep-fit classes and digital inclusion training, and health and beauty courses. To date, over 650 opportunities for people to participate in activities have been provided, with over 90 sessions delivered and 63 people receiving training.

Fundraising for charities

Our staff actively fundraise for charities that focus on a wide range of social issues. Staff can apply for match funding from the Group for donations of up to £250.

For example, colleagues from RMG run a 'wellbeing calendar' that includes staff support for social responsibility initiatives and a portfolio of major charities. In 2018, staff from RMG's Northwich office raised over £30,000 for the Booth Centre homelessness charity in Manchester, as well as support-in-kind through volunteering.

Staff from Brio organised a 5k charity walk in Chapelton and raised £1,750 for the North East Sensory Services charity. A further charity walk is planned for 2019.

The managing director of Millwood Designer Homes, meanwhile, completed a charity trek that raised £100,000 for the Atlas Foundation. The trek was undertaken in a personal capacity, but was well-supported by Millwood colleagues, suppliers and subcontractors.

Planet

Reducing our impact on the environment

Improving energy efficiency

Our affordable housing business has invested over £13.2m on home improvements in our properties throughout 2018/19, future-proofing our homes and making a real difference to the lives of our customers.

In addition we invested £4.2m in various energy efficiency projects — an increase of £500,000 on 2017/18. These improvements have reduced the emissions of our affordable housing stock by over 205,000 CO₂ kg per year. This equates to an average reduction of 554kg of CO₂ and £90 of running costs per property, per year.

We replaced the windows and external doors on 1,187 properties to make them more energy efficient. We also replaced 2,042 boilers and improved the loft insulation on over 110 properties, enabling our customers to heat their homes more effectively and efficiently.

Reducing corporate energy consumption

We are always looking to find ways to reduce our energy consumption, such as introducing more efficient IT equipment or promoting energy-saving behaviour among our teams.

Our corporate offices achieved notable progress in this regard, decreasing electricity consumption by 3.86% and gas by 16.71% during 2018/19.

The solar PV panels at our Group Support Office have generated 257,242kWh of electricity since they were installed in June 2013. This green energy helps to reduce our overall carbon footprint. The PV consumption is monitored monthly and all electricity generated is used to power the office.

Touchstone achieved further energy saving success, retaining its ISO 14001 and 50001 certification and reducing energy use across two offices by 25.6%.

Reducing travel

Business travel during 2018/9 decreased by 130,573 miles, a fall of 6% from the previous year, helped in particular by an increased use of video conferencing. During the same period, over 5.3 million business miles were saved through video conferencing, which is the equivalent of 1,549 tonnes of CO₂.

We recognise that travel is an essential part of our business, so where we are unable to reduce the mileage or use alternative technologies like video conferencing, we are taking other measures reduce our impact on the environment.

The average CO₂ emissions of our company car fleet is 117.9 g/km CO₂ per vehicle, which we are working to reduce. Our company car options now include nine types of electric/hybrid vehicle, and half the fleet for Millwood Designer Homes are hybrid and electric vehicles.

Touchstone has introduced a car sharing initiative, offers discounts for public transport and promotes a cycle-to-work scheme to encourage staff to think differently about how they travel to the office.

New technology is helping us to reduce our impact on the environment yet further. For example, Castle Rock Edinvar is piloting an e-bike scheme for travelling between its Edinburgh offices.

Reducing waste

Waste is a growing problem and has been the focus of much media coverage in recent months. The Group has introduced a number of initiatives to reduce waste and 72% of waste produced at our corporate offices was recycled this year. Recycling initiatives include awareness days and office recycling campaigns.

Although recycling is crucial, however, preventing the production of waste in the first place is even better. We saved 244,499 sheets of paper by encouraging staff to take more responsibility for printing documents and avoiding unnecessary printing.

At our Brio sites, we consider the 'five Rs' of refuse, reduce, reuse, rot, recycle when commissioning developments. Customers are encouraged to drive less and use our shuttle bus service. Locally-sourced food is also available at the on-site Slate and Grain restaurants to reduce food miles.

CASE STUDY



Zero C - Roborough eco-village

Roborough Eco Homes in Bickleigh, Devon, won the highly-coveted gold award for Best Sustainable Development in the WhatHouse? Awards. Judges said it was a *"triumph in delivering truly eco-build housing which successfully combines stylish design with carbon conscious living."*

Celebrating the country's very best new homes, the WhatHouse? Awards are judged by an extensive panel of property experts, including architects, surveyors, property writers and industry specialists. The panel remarked that Bickleigh was an "eco-benchmark that others would do well to follow."

Offering a range of two- to five-bedroom homes, and one- and two-bed apartments, the Bickleigh development boasts fantastic sustainable qualities, capable of achieving a 100% reduction in target emissions compared to building regulations guidelines.

Using the latest energy-saving technology, combined with highly efficient, durable materials and construction methods designed to minimise waste, the homes are striking in appearance and built to last.

Avoiding landfill

Our Property Maintenance department diverted 93% of its waste from landfill during 2018/19. Similarly, Allenbuild's effective waste management practices at its new build developments ensure that 96% of non-hazardous waste is diverted from landfill. Outstanding site results include Brooklands Square, which diverted 98% of waste from landfill.

Other successes include Hope Social Enterprises in Cambridgeshire, part of the Chorus Homes Group, which runs a furniture shop that recycles second-hand furniture. During the last year, 543 customers purchased items resulting in a £11,000 turnover, and preventing more unnecessary landfill.

Measuring impact: Social Value Dashboard

Technology can play a vital role in measuring and understanding how we deliver social value. Working with award-winning social enterprise Reason Digital, we have invested in the development of a social impact measurement and analytics app: the Social Value Dashboard.

The Social Value Dashboard provides a Group-wide approach to capture, analyse and report on a diverse range of social impact outcomes. As a digital application, it can be used by front-line staff to record social value and customer engagement activities.

The dashboard is now live across our affordable housing businesses and is currently being rolled out to all Group companies. In 2018/19, we reported 42,000 social value opportunities, from financial and digital inclusion work with older customers, through to sports projects for younger people.

The dashboard also recorded 35,000 opportunities for customers to engage with us to help shape the way we deliver our services.

Social value monetary figures are calculated by using the established HACT methodology for the affordable housing total and the Sheffield Hallam method for our leisure total.

The strategic report was approved by the board of directors on 18 July 2019 and signed on its behalf by:

David Cowans, Group Chief Executive.



2 GOVERNANCE REPORT

Directors' report

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 to over 500,000 customers.

Performance for the year

The Group's profit before tax for the year was £95.5m (2018: £130.2m). The 2018 profit before tax included a gain of £45.2m in respect of Chorus Homes joining the Group. As such the profit before tax for the year ended 2018 on a comparable basis is £85.0m. A full review of the performance for the year can be found in the Financial Review section on pages 52 to 53.

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	2017/18 Performance	2018/19 Performance
Total losses from empty homes (affordable housing)	0.90%	1.24%
Total arrears (affordable housing)	2.42%	2.93%
Repairs right first time (affordable housing)	88.00%	89.85%
Gas servicing (affordable housing properties)	99.90%	99.99%
Occupancy rate (affordable housing)	99.26%	99.55%
Overall customer satisfaction (affordable housing)	87.90%	88.70%
Number of RIDDOR reportable incidents (rolling 12 months)	25	2

Health and safety

The recognition of responsibility for and ownership of safety management is firmly embedded within each Group company. This local ownership allows a business-centred approach to safety which takes into account the individual safety and employee profile of each company, its priorities and risk profile. This has also allowed for greater accountability, with health and safety performance being 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) has been reduced significantly during the 2018/19 financial year, from 25 in 2017/18 to 19 in 2018/19 — a reduction of 24%. In addition we have reduced the number of non-reportable accidents by 9% and increased our number of completed accident and incident investigations to 100%. 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 further reduce the rate of RIDDOR reportable accidents to staff across the Group by at least 10% year on year.
- To decrease the number of Lost Time Incidents (accidents and injuries which result in an employee being absent from work for between 1 and 7 days) across the whole Group by at least 10%.
- To continue to adapt the annual health and safety assurance process to reflect the safety maturity of each part of the Group by setting bespoke continuous improvement milestones at the beginning of each financial year that are challenging but achievable and designed to incrementally improve safety maturity and promote positive safety culture change.
- 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 continue to provide value for money through the Group Health and Safety Team, performing all agreed activities and providing ad hoc services, to companies or collectively to the Group, in line with agreed resources, capacity and budget. The Group Health, Safety and Wellbeing Director will continue to meet with each Group company senior leadership team to ensure that commitments are being met and that value for money is being achieved.

The primary function of the Group Health and Safety Team will continue to be compliance auditing, for which there is now an annual programme, and leading on incident investigations which carry a significant corporate risk or which have necessitated the involvement of the enforcement agencies. Health and Safety auditing not only looks at compliance with legislation and internal guidance, but also covers reporting on safety maturity and evaluates safety culture, suggesting improvements where necessary.

In January 2019, the Health and Safety Executive (HSE) prosecuted Group company Allenbuild Limited, under the Construction (Design and Management) Regulations 2015 in respect of a fatal accident to an agency worker at a construction site in Edinburgh. Allenbuild Limited pleaded guilty to the charge and received a fine of £600,000.

There continues to be a sustained focus on fire safety management throughout the Group, and with the release of the recent Hackitt report and the Government's subsequent '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 are currently in the process of retrofitting sprinkler systems in our 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 set up workshops and communication channels for customers to be involved in decisions and raise any concerns around fire safety and these have been well received. We are also learning lessons from the Government's 'Early Adopters' of the Hackitt recommendations — companies that cover a broad spectrum of the construction and property management industry — and there are initiatives and innovations that we can replicate within Places for People to ensure we are not waiting for legislation to make improvements.

Where appropriate, the Group Health and Safety Team will continue to work closely with other parts of the business to ensure that its work is carried out as efficiently and transparently as possible, and that the central health and safety function is providing best value for money.

Wellbeing

Within the Group we have increased our focus on wellbeing over the last year, which will culminate in the publication of the Group's wellbeing strategy designed to draw together all the many initiatives which run in the Group companies and introduce a consistent approach to 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, but we saw the need to bring our proactive and reactive wellbeing activities under one banner. The strategy covers not only employee workplace wellbeing, but also commits us to continuing our customer physical, mental and social wellbeing initiatives in our existing places and embedding wellbeing into all our placemaking activities.

In particular we are identifying and training 'Wellbeing Champions' across all Group companies who will take responsibility for identifying and encouraging health-related initiatives in their own businesses based on their own demographics, and who will network with peers to share ideas, resources and evaluations to make sure projects and events are both effective and efficient. The action plan which accompanies the wellbeing strategy has identified the key areas of musculo-skeletal disorders and mental health as priorities for action as they account for a significant proportion of our sickness absence, and therefore activities which focus on improvements in these areas will be at the top of the agenda.

In relation to musculo-skeletal issues, we will be looking at ways in which we can incorporate more physical activity into our working lives — we have already run a successful 'Fitbit Challenge' which was warmly received and included teams from many of our companies competing in step-based challenges over a six-month period. We intend to capitalise on this success by introducing a Group-wide 'Daily Mile' initiative — similar to that which has been successfully introduced in primary schools across the country — using existing app-based technology which is used in Places Leisure. We will also be encouraging greater physical activity generally: identifying walking/running routes from each office, encouraging walking and cycling to work and working with our Leisure colleagues to participate in campaigns such as National Fitness Day.

We have always recognised that mental wellbeing is vital to ensuring a healthy and happy workforce and we already train our managers to identify and manage stress in the workplace through our leadership training programme. In addition, however, we are training a large cohort of Mental Health First-Aiders across the whole Group to provide support to colleagues in crisis; we are investing in refurbishing our office portfolio to provide modern environments which cater for all different styles of working; and we have also set up yoga classes across a number of our sites to assist our colleagues in mindful relaxation. We will continue to look at other ways we can raise the awareness and reduce the stigma associated with mental ill-health by participating in key national campaigns, such as Mental Health Awareness Week, and running local initiatives in each Group company.

Principal risks and uncertainties

The Group faces a number of significant risks across its businesses including housing management, development, property management and leisure management. 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
Economic downturn	
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, 77% 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 £0.9m per annum. Due to the low levels of cash and cash deposits held, the impact of a change in the interest rate on interest receivable is insignificant.
Liquidity risk	
Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities 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 one year's cash flow. Due to ongoing Brexit uncertainties, facilities have been maintained to create additional liquidity than required by this policy.
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.
Impacts of Brexit	
On 23 June 2016, the UK public voted to leave the EU. There remains considerable political and economic uncertainty on the UK's future economic and political relationship with the EU, the timing and extent of any changes and the consequent impact on the UK economy. The Group has identified five key risks: borrowing costs and sales and rental values; labour constraints; cost and access to components; failure or underperformance of key suppliers; and customer hardship.	<p>The Group has set a Brexit strategy to identify key risks, understand impacts on the Group companies and customers, and to prepare mitigations as appropriate, including assessing likely scenarios.</p> <p>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.</p> <p>In addition the Group has analysed its exposure to non-UK workers and found it to be low, although there are pockets of concentration where a programme of activity is underway to support affected workers to apply for settled status.</p> <p>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.</p> <p>The wider risk of significant economic turbulence resulting from the vote to leave the EU that could lead, among other things, to difficulties in accessing finance and increased interest rates is considered 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.</p>

Risk	Mitigation
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. A prudent treasury strategy is in place which allows the Group to seek finance at appropriate rates when opportunities arise. The board regularly monitors and scrutinises the funding position through the Treasury Committee.
Government and legislative (including Welfare Reform)	
In 2015 the Government introduced a rent settlement for social housing in England which delivers a cumulative 1% rent cut over four years commencing in April 2016. This change was accompanied by plans to change the nature and method of payment of state benefits, notably the introduction of Universal Credit, although the full roll out of Universal Credit has been delayed until 2023.	To inform our strategy and business plan each year, the Group develops a comprehensive analysis of the operating environment. This provides facts, figures and commentary on government and legislative developments and key changes in the markets in which we are active. Following the rent reduction, the Group has delivered the savings required while maintaining profit margins and service standards. Although the implementation of Universal Credit had been delayed, the Group continues to maintain a project to monitor the impact and mitigate the adverse impact of the introduction of Universal Credit.
Development and land risk (and joint ventures)	
The Group holds a considerable amount of 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 strong 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.
Data management and governance	
If data management and governance processes and systems were unable to meet information needs and regulatory requirements this could lead to poor decision making, financial loss, compliance failure and/or reputational damage.	A Group data management and governance structure has been established, including an Insights and Information Committee. The Group has significant in-house expertise led by the Group Chief Data and Information Officer.
Health and safety	
The Group could suffer an incident impacting upon the health, safety and wellbeing of its customers, staff or contractors where harm is suffered by stakeholders and sanctions severe.	Health and safety disciplines are embedded within the Group and issues reported to management on a regular basis. Health and safety monitoring incorporates a wide range of activities from fire safety, through to gas servicing alongside staff training.

People

As at 31 March 2019, the Group employed 12,340 staff (6,677 FTE). 8,481 (3,076 FTE) of them are in the Places Leisure business. After Places Leisure, the next biggest employer is the Affordable Housing business with 1,214 full-time equivalent staff followed by RMG, Places for People Group and Places for People Living Plus, each with over 260 full-time equivalent staff.

Fifty eight 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. Around 6.4% of our staff are from black and minority ethnic backgrounds and approximately 2% have a disability. Our turnover and absence rates are low compared with industry norms, with our current turnover rate (voluntary) being 16.7%, with the XpertHR 2018 labour turnover rates research finding the national average for large organisations is 25% (22% median). Employee absence has outperformed our target for 2018/19 of 3% at 2.9%, with the XpertHR 2018 absence rates research finding the national median for large organisations is 3.4%. Through a continued focus on best practice absence management, we have continued to reduce short-term absence, which stands at 1.2% (2.9% overall including long-term absence).

We have an inclusive, values-led and high-performance culture, and were successful in achieving reaccreditation of the Gold Standard for Investors in People in 2018. We have reviewed our approach to measuring employee engagement in 2018 and will trial the use of an engagement index called Great Place to Work in 2019/20, as well as Investors in People, in order to gain more richness of information with which to improve our organisation. 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.

During this year we published our second Gender Pay Gap report. 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 gender pay gap to be 4.6% (previous year 6.3%) and median gender pay gap to be 0.9% (previous year -5.5%) — as both numbers have moved closer to zero, we believe this is an improvement on previous years' results. We believe these figures compare favourably with other companies results as reported by XpertHR and the ONS. While the results show that our overall pay is neutral by design, our mean and median bonus gaps shows there is more work to be done to ensure we embed gender equality. We have a Group Gender Action Plan to guide our efforts in this area.

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.

We have expanded our shared services across our subsidiary companies. Our internal recruitment offer has been taken up by more areas of the Group and we continue to perform well with over 98% of roles filled directly, saving the Group over £2.5m in possible agency fees. We continue to foster an environment where internal talent can thrive and last year close to 18% of roles were filled by internal staff, progressing their careers or re-training in new areas. Our hiring has continued to show neutrality across the recruitment process. We have supported the business in improving under-representation of talent in key areas. During 2018/19, 48% of all our Senior Manager and Director posts were filled by women, despite the prevalence of males in this level of the recruitment market.

The recruitment market during 2018/19 has continued to be demanding, with historic low unemployment and political uncertainty tightening the market for talent. In order to ensure the growth of Places for People and our subsidiaries is not hampered by the lack of talent we have undertaken two key projects that will come to fruition during 2019. The first project is to create and implement a new engaging employer brand. We have worked with an award-winning employer brand specialist and engaged the whole company to create something that celebrates our view that we are "a workplace like no other". This was launched in May 2019 and will be used across platforms, including social media, to help attract talent that matches our values. We have also worked cross functionally in order to minimise any impact of Brexit. We will become a sponsorship organisation in 2019/20 to ensure we can attract talent from across the EU and worldwide to support the growth of the business.

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. In early 2019 we engaged our first line supervisors and managers in a programme of twenty 'Take the Lead' events where Senior Directors shared their leadership experience, and we supported our newest leaders to acquire the skills they need to be effective in their roles.

In 2017, Places for People achieved both the Gold standard and the Health and Wellbeing accreditation against the 6th generation Investors in People standard, having achieved accreditation for the previous four years. In 2018 we retained those accreditations through an IIP assessment. Organisations that meet the internationally-recognised Investors in People standard reflect the very best in people management excellence.

This year we have extended our range of employee benefits, launching a new voluntary benefits platform to all colleagues across the Group.

We also 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 2019, our levy utilisation since its launch in April 2017 was 47%, compared to a national average of 15% (FE Week). We continue to employ in excess of 600 apprentices and expect this to reach over 700 by the end of the year.

During 2018/19 we successfully delivered the first year of the three-year People Strategy and plan, which has successfully supported the organisation to achieve its business objectives through its people. This has included introducing and embedding talent-focused strategies to ensure effective long-term planning such as Talent Mapping and Succession Planning and an annual Workforce Planning process. The Strategy has been reiterated and refreshed to define our priorities for 2019/20 by consultation and discussion with the business.

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 each of the subsidiaries within the Group required to make a statement pursuant to the Modern Slavery Act 2015, as set out in the statement.

Board of directors

- 01 Graham Kitchen
- 02 Amjad Hussain
- 03 Graham Waddell
- 04 Adam Cleal
- 05 Nigel Hopkins
- 06 Pat Egan
- 07 David Cowans
- 08 Chris Phillips
- 09 Andy Winstanley
- 10 Michael Brodtman
- 11 Mary Parsons
- 12 Jon Lloyd
- 13 Chris Martin

The Group board, at the date of signing the annual report, comprises the Group Chairman, seven non-executive directors and four executive directors. Details of the board members can be found listed on pages 76 to 81. These details are also available to view on the Group's website at www.placesforpeople.co.uk. They have diverse backgrounds in industry and public life, and share a strong commitment to applying their expertise, skills and experience to ensuring 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 re-appointment 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; 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 and the Treasury Committee. Details of committee membership and attendance at board and committee meetings during the year are reported on page 84.

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.

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. During the year and owing to ill-health, Jo Dixon stepped down from the board on 5 June 2018.

A recruitment process involving open advertising of the vacancy was undertaken to identify an appointable candidate on the basis of their broad commercial experience and commitment to the Group's range of services.

As a result, Amjad Hussain was appointed to the board on 1 November 2018. Graham Waddell, who already held other board positions within the Group, was appointed to the Group board on 1 September 2018 and, following Lynette Lackey's resignation from the Group board on 1 April 2019, he was appointed Senior Independent Director.

The performance of each non-executive director during the year is formally appraised. The 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 is assisted in that exercise by a meeting held with the other non-executive directors (in the absence of the Group Chairman) to review the Group Chairman's performance.

Each non-executive director is required to declare interests held in organisations outside the Group. The independence of each non-executive director is assessed annually as part of the governance review. Each non-executive director who held office during the year was independent.

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 co-ordinating the Group's activities.

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 Board and Committees

- G Group Board
- A Audit & Risk Committee
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- T Treasury Committee
- R Ventures Board
- V Regulated Board



G T

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 £400 million 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 RC R

Michael Brodtman

Michael is a Chartered Surveyor with 35 years' experience of both commercial and residential property markets. Michael is responsible for UK valuation services at CBRE, the largest global real estate services firm, where he is a member of the UK Operating Committee and Executive Board.

Michael is a member of the Global Valuation Professional Board of the RICS, and for 10 years was a non-executive director at leading property data provider, IPD.

Michael joined the Places for People Group board in 2016.



G A V

Jon Lloyd

Jon is a Fellow of the Royal Institution of Chartered Surveyors and has 40 years' experience in property development, investment and asset management.

His executive career included roles as Chief Executive of UK Coal, Head of Group Property for HBOS, Managing Director of the Northern Region of DTZ International Property Advisers and Managing Director of Yorkshire Water Estates.

His current non-executive director and advisory roles include Chairman of Mulgrave Property Group Limited, a Yorkshire-based residential developer and special adviser to a large AIM-listed development land owning business with assets throughout England and Scotland. He also operates his own property, energy and minerals consulting business, Winksley Consulting.

Formerly, Jon was a non-executive director of Tilfen Land, a London property investment and development company. Outside his business interests, Jon is an active supporter of several charities.

Jon joined the Places for People Group board in 2012.



G A V

Nigel Hopkins

Nigel is Finance Director of Abbeyfield and Chairman of Instructus, the UK's largest provider, registration and certification authority for apprenticeships, having previously 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, Laporte (Chemical), Burmah Castrol, United Technologies, Coopers & Lybrand, Ernst & Young and Remploy. 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 in August 2016.



G RC NG V

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. He chairs the board of Places for People Ventures Limited, which oversees the Group's non-affordable housing businesses.



G RC T A 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 non-executive director of Invesco Perpetual Select Trust plc, 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 NG 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 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 V

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 multi-national 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 and master's degrees in engineering, a master's degree from 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.

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Executive board members

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G V 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

Pat Egan Group Director, Affordable Housing

Pat has over 30 years' experience in affordable and mixed-tenure housing management, managing one of the largest registered providers in the UK. He has over 20 years' experience at a senior level in a variety of roles focussing on business transformation, including the transfer of Bristol Churches Housing Association into the Group.



G V 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 and Young, where he spent nine years in its North West assurance practice.



G A RC NG V R T

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 U.S. legal practice, and then in general counsel roles in UK and international businesses in a number of different industry sectors.



G V R

Mary Parsons Group Director, Placemaking and Regeneration

Mary has over 25 years' experience in the development, construction and regeneration industry, working across the private, registered provider and consultancy sectors. She has been involved in some of the largest housing-led regeneration programmes in the UK and is responsible for the Group's large-scale new places, including joint ventures.

Previously, she worked in the private sector on large-scale, mixed-tenure developments and in the consultancy sector, specialising in public/private sector partnerships and housing market renewal. Mary is Trustee and Chair of the Town and Country Planning Association and Trustee of MOBIE, an educational charity encouraging innovation in housing design and delivery.

She is presently a Commissioner for the Government's 'Building Better Building Beautiful Commission'. She joined Places for People in 2004, becoming Group Director in 2010.

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 to the board. 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 L Lackey (Chair), N Hopkins, J Lloyd and A Hussain (from 28 November 2018).

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:

- the approach taken to reviewing operational risk and the reporting of it — the report provided to the Audit & Risk Committee contained details of the process and policy followed when operational incidents occurred within the Affordable Housing business; and
- a discussion between committee members of macro-economic risk in order to test thinking that had informed the business planning process.

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

During 2018/19, the audit associate partner presented KPMG's external audit strategy and fee proposal. 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 effectiveness of the external audit process.

Non-audit work

The Group has instructed KPMG LLP to carry out £35,000 (2018 : 45,000) 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 total 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

Following a review and debate about the issues that have impacted the Group in the year ended 31 March 2019, including debt re-financing, pensions and financial instruments and derivatives, the committee identified that the only significant issue was in relation to the Group's property valuations.

The committee has reviewed the judgements made in respect of the Group's 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 properties.

The committee has considered the potential impacts to the Group of the UK public voting to leave the European Union. It has noted the Group's Brexit Strategy to understand key risks and prepare mitigating actions where appropriate. The committee is satisfied that while the situation is inherently uncertain and outcomes unclear, the Group is in a strong position to navigate the difficulties that may occur. The committee has considered revenue recognition in the parent company in relation to the provision of Group support services.

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 critical 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 the executive and non-executive directors and determines the total level of bonus for the executive team as a whole.

The members of the committee during the year were M Brodman (Chair), A Cleal and G Kitchen.

The Group engaged the services of a remuneration consultant, MM&K, for the 2018/19 year. PricewaterhouseCoopers has been engaged as the Group's reward consultant from the start of the 2019/20 financial year.

There are no connections between the Group or any members of the board or the committee and any remuneration consultants appointed during the year.

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. The board selects the best candidate for any vacancy. It has no targets for board composition by reference to gender, ethnicity or any other diversity measurement. The board gathers information (provided on a voluntary basis by board members) on the diversity of the board but would only use it in connection with any appointment if two or more candidates were considered to be entirely evenly matched in other respects.

The members of the committee during the year were N Hopkins (Chair), A Cleal, J Dixon (until 5 June 2018), L Lackey (from 5 June 2018 until 31 August 2018) and G Waddell (from 5 September 2018).

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 co-ordination 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, J Dixon (until 5 June 2018), G Kitchen (from 22 June 2018) and G Waddell (from 1 September 2018) supported by members of management.

The Group maintains a clear distinction between its Regulated businesses (being its registered providers of social housing in England and Wales or registered social landlord in Scotland) and its Ventures 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 Ventures businesses and those businesses have delegated their authority to its board to approve treasury transactions on their behalf.

Overall treasury strategy and co-ordination 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.

Places for People Ventures Limited

The Group board has charged the Ventures board with oversight of activity within the Group that is not subject to scrutiny by a housing regulator. Through the provision of challenge and direction, the Ventures board assists in refining information on those parts of the Group's activities.

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.

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 2019, is set out in the following table.

BOARD MEMBER	GROUP BOARD	AUDIT & RISK COMMITTEE	REMUNERATION COMMITTEE	NOMINATIONS & GOVERNANCE COMMITTEE	TREASURY COMMITTEE	REGULATED	PFP VENTURES
Chris Phillips	7/7	N/A	N/A	N/A	4/4	4/4	5/5
Michael Brodtman	7/7	N/A	3/3	N/A	N/A	3/4	N/A
Adam Cleal	7/7	N/A	3/3	4/4	N/A	4/4	N/A
Jo Dixon ¹	0/1	N/A	N/A	0/1	0/1	N/A	0/1
Nigel Hopkins	6/7	5/5	N/A	4/4	N/A	3/4	N/A
Amjad Hussain ²	3/3	1/1	N/A	N/A	N/A	N/A	2/2
Graham Kitchen	7/7	N/A	3/3	N/A	3/3	4/4	N/A
Lynette Lackey ³	7/7	5/5	N/A	N/A	4/4	4/4	5/5
Jon Lloyd	6/7	3/5	N/A	N/A	N/A	N/A	5/5
Graham Waddell ⁴	5/5	N/A	N/A	3/3	2/2	3/4	N/A
David Cowans	7/7	N/A	N/A	N/A	N/A	3/4	4/5
Pat Egan	7/7	N/A	N/A	N/A	N/A	4/4	N/A
Colin Rae ⁵	7/7	N/A	N/A	N/A	N/A	4/4	5/5
Mary Parsons	7/7	N/A	N/A	N/A	N/A	2/4	3/5
Andrew Winstanley	7/7	N/A	N/A	N/A	N/A	4/4	5/5

N/A = not a board/committee member

¹ Jo Dixon resigned from the Group Board on 5 June 2018

² Amjad Hussain joined the Group Board on 1 November 2018

³ Lynette Lackey resigned from the Group Board on 1 April 2019

⁴ Graham Waddell joined the Group Board on 1 September 2018

⁵ Colin Rae resigned from the Group Board on 24 May 2019

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 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 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 (UKCG) (2016 version) except for code provisions B.7, E.1 and aspects of C.3 and D.2. Those provisions 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 reason for this is that the Group 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 investors forum.

The directors consider the report and accounts, taken as a whole, to be fair, balanced and understandable.

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 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 Developments, Allenbuild, ZeroC, Millwood 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.

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 external guidance for our 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 70 to 71.

Going concern

The going concern assessment considers whether it is appropriate to prepare the financial statements on a going concern basis.

The directors have considered the balance sheet position of the Group at 31 March 2019 which has net assets of £561.3m (31 March 2018: £488m) alongside a liquidity position of £806.5m of undrawn facilities in addition to the Group holding £90.6m of cash and short-term investments.

The Group's forecasts, taking into account reasonably possible changes in its operating performance, show that the Group has sufficient financial resources available. The directors have reasonable expectations that both the Company and the Group are in a strong position to manage business risks and therefore continue in operational existence for the foreseeable future, which accounting standards define as one year or more from the date of this report. The directors have not identified any material uncertainties that threaten the Company's or the Group's ability to mitigate business risks and continue operations for this period.

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 ten. 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. While the rent reductions imposed by the Government on social housing rents are coming to an end in 2020, the Group has continued to undertake rigorous single- and multi-variant stress testing exercises on its projections, which has 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 UK voting to leave the European Union. This is considered a principal risk as set out on page 70. The directors have considered several different severe, yet plausible, scenarios including potentially challenging outcomes such as increased difficulty in accessing finance and increased interest rates. 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 70 and 71 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 2022.

In making this statement the directors have made the following key assumptions:

- If one or more risks occur with particularly adverse effects on the Group, all potential actions, such as constraining development spending, would be taken on a timely basis. The Group considers it has the early warning mechanisms needed to instigate such timely action if this proves necessary.
- Implausible scenarios involving several severe risks occurring simultaneously or an individual risk occurring that cannot be appropriately mitigated do not occur.

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 on-going 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 twice yearly 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, the Ventures 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 board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2019 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.

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 Governance and Financial Viability Standard.

Donations

During the year the Group made charitable donations of £193,000 (2018: £519,000). The Group made no political donations (2018: £nil).

Annual General Meeting

The Annual General Meeting was held on 18 July 2019.

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; and
- The directors have taken all steps that they ought to have taken as directors in order 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; and
- use the going concern basis of accounting unless they either intend 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
18 July 2019



3 FINANCIAL STATEMENTS

Independent auditor's report

For the year ending 31 March 2019

Independent auditor's report to the members of Places for People Group Limited only



Opinions and conclusions arising from our audit

1 Our opinion on the financial statements 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 2019 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, the 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 2019 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 2015.

Basis for opinion

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

Overview

Materiality:	£15m (2017/18: £15.5m)	
Group financial statements as a whole	1.81% (2017/18: 2.0%) of group turnover	
Coverage	97.9% (2017/18: 91.4%) of group turnover	
Key audit matters		vs 2017/18
Recurring risk	Recoverable amount of development programme schemes and associated land	◀ ▶
New risk	The impact of uncertainties of uncertainties due to Britain leaving the European Union on our audit	NEW

Independent auditor's report

For the year ending 31 March 2019

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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

The risk	Our response
<p>Recoverable amount of development programme schemes and associated land.</p> <p>(Carrying value of stock = £448.0 million (2017: £387.3 million))</p> <p>Refer to page 82 (Issues considered by the Audit & Risk Committee section of the Governance Report), pages 105 to 111 (accounting policies) and page 122 (financial disclosures).</p>	<p>Forecast-based valuation</p> <p>The Group's development programme continues to increase in line with the Group strategy, and includes a significant portfolio of properties developed for commercial sale and rent, the recoverable amount of which has been potentially affected by changing market conditions during the year.</p> <p>The Group has appraisal models in place to determine the recoverable amount of each development scheme (and help identify any potential impairment risks), which include a number of subjective assumptions, such as rental income, tenure mix, cost inflation and the market value of properties.</p> <p>The Directors review the assumptions and update the models of the development appraisals regularly, and at the year end, to determine the recoverable amount of the assets. The Directors also consider whether there are any additional impairment triggers (e.g. change in market conditions, defects to schemes etc) and calculate any impairments that may be necessary across the development portfolio (including land elements).</p> <p>If the assumptions or underlying data used are incorrect there is a risk that development land and assets will be valued incorrectly and any corresponding impairment charge misstated.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of development programme schemes and associated land recognised has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements disclose the sensitivity estimated by the Directors.</p> <p>Our results:</p> <p>We found the resulting estimate of the recoverable amount of development programme schemes and associated land to be acceptable (2017/18: acceptable).</p>
	<p>Our procedures included:</p> <p>Methodology choice</p> <ul style="list-style-type: none"> Assessment of the land appraisal models that are used to determine the scheme carrying values to check that these are consistent with our sector knowledge and, where appropriate, consistent with the methodology choice used in the previous year; <p>Benchmarking assumptions</p> <ul style="list-style-type: none"> Assessment of the assumptions that have been used to underpin the land appraisal models 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); <p>Our sector experience</p> <ul style="list-style-type: none"> 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 <p>Tests of details</p> <ul style="list-style-type: none"> Agreeing the underlying data used in the appraisal models, including consideration of the sales history and costs incurred during the 2018/19 financial year, back to sales certification documentation and other third party documentation, such as invoices.

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

The risk	Our response
<p>The impact of uncertainties due to Britain exiting the European Union on our audit.</p>	<p>Unprecedented levels of uncertainty</p> <p>All audits assess and challenge the reasonableness of estimates, in particular as described in the key audit matter on development and land valuation, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's future prospects and performance.</p> <p>In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the Directors' statement 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.</p> <p>Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.</p>
	<p>We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:</p> <p>Our Brexit knowledge</p> <ul style="list-style-type: none"> we have considered the Directors' assessment of Brexit-related sources of risk for the Group's business and financial resources compared with our own understanding of the risks. <p>Sensitivity analysis</p> <ul style="list-style-type: none"> When addressing the key audit matters affected and other areas that depend on forecasts, we have compared the Directors' sensitivity analysis to our assessment of the worst reasonably possible, known adverse scenario resulting from Brexit uncertainty. <p>Assessing transparency</p> <ul style="list-style-type: none"> As well as assessing individual disclosures as part of our procedures on the key audit matters affected we have considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks. <p>Our results:</p> <p>As reported under the key audit matters affected, we found the estimates around recoverable amounts of development schemes and associated land to be acceptable. However, no audit should be expected to predict the unknowable factors or all possible future implications for an entity and this is particularly the case in relation to Brexit.</p>
<p>Parent Company revenue recognition</p> <p>(Turnover= £29.9 million (2017/18: £31.4 million))</p> <p>Refer to page 82 (Issues considered by the Audit & Risk Committee section of the Governance Report), pages 105 to 111 (accounting policies) and page 100 (financial disclosures)</p>	<p>Provision of support services</p> <p>Places for People Group Ltd is the holding entity for the group and provides central support services to each of its subsidiary entities.</p> <p>As such, the entity will incur charges for these centralised costs and recharge these to other group companies.</p> <p>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.</p> <p>Therefore the revenue generated from the services provided to subsidiaries is seen as the key area of audit focus.</p>
	<p>Our procedures included:</p> <p>Review of costs incurred</p> <ul style="list-style-type: none"> reviewing the costs incurred and comparing the movement year on year to determine the cost base; <p>Review of parent Company income</p> <ul style="list-style-type: none"> testing the parent Company income to determine the recharges that have been applied to relevant costs. <p>Our results:</p> <p>We found that the revenue recognised in the group related to central services to be acceptable.</p>

We continue to perform procedures over goodwill in relation to the Chorus Homes Group Acquisition, formally Luminus Group. However, due to the acquisition taking place in the prior year, 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 2019

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 £15 million (2018: £15.5 million), determined with reference to a benchmark of Group turnover of £827.1 million (2017/18: £754.4 million), of which it represents 1.81% (2017/18: 2.0%). 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 £750,000 (2018: £750,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 190 (2018: 179) reporting components, we subjected 66 (2018: 51) to audits for Group reporting purposes. These audits accounted for 97.9% (2018: 91.4%) of Group turnover, 106.7% (2018: 97.9%) of Group profit before tax and 98.4% (2018: 97.5%) 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 £16,000 (2018: £16,000) to £8.3 million (2018: £8.6 million), having regard to the mix of size and risk profile of the Group across the components. The work on 45 (2018: 33) of the 66 (2018: 51) 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.

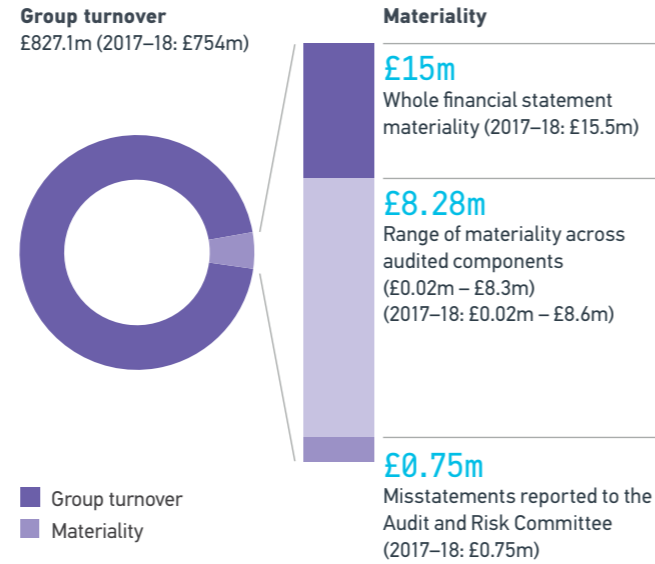
4 We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company'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 its 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 Company will continue in operation.

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

- The impact of further reductions; and
- A downturn in the development market.



As these were risks that could potentially cast significant doubt on the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Company'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 a disorderly 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 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.

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 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.

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' confirmation within the viability statement on page 86 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 viability statement 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.

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 Group and Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group and 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 88, 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.

In addition we considered the impact of laws and regulations in the specific areas of health and safety, liquidity and certain aspects of legislation recognising the nature of the Group's or Company's activities. With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the Directors and other management. We considered the effect of any known or possible non-compliance in these areas as part of our procedures on the related financial statements items.

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

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.

Independent auditor's report

For the year ending 31 March 2019

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



Consolidated statement of comprehensive income

For the year ending 31 March 2019

	Notes	2019 £m	2018 £m
Group and share of joint ventures turnover		839.4	784.7
Less: share of joint ventures turnover		(12.3)	(30.3)
Group turnover	2	827.1	754.4
Cost of sales	2	(178.5)	(149.8)
Operating costs	2	(447.8)	(420.1)
Profit on sale of fixed assets	4	26.3	4.7
Operating profit before interest		227.1	189.2
Combinations that are in substance a gift	29	—	45.2
Share of operating profit on joint ventures		(2.0)	2.0
Gain on revaluation of investment properties	14	0.8	3.8
Interest receivable and similar income	7	11.0	13.0
Interest payable and similar charges	8	(141.4)	(123.0)
Profit on ordinary activities before taxation	9	95.5	130.2
Taxation	10	(9.8)	(13.9)
Profit on ordinary activities after taxation		85.7	116.3
Loss attributable to non-controlling interests		(0.3)	(0.3)
Profit attributable to members of the parent company		85.4	116.0
Group profit for the financial year excluding joint ventures		88.7	114.8
Share of joint ventures (loss)/profit for the financial year		(3.3)	1.2
Total profit for the financial year		85.4	116.0
Fair value gain on interest rate and currency swaps		6.0	5.6
Deferred tax on interest rate and currency swaps	10	(0.5)	(2.0)
Initial recognition of multi-employer defined benefit scheme	24	(4.0)	—
Actuarial loss recognised in the pension scheme	24	(13.4)	(3.1)
Deferred tax arising on movement in the pension scheme	10	(1.2)	(2.7)
Comprehensive income adjustment on business combinations	11	1.1	(3.8)
Total comprehensive income for the year		73.4	110.0

The notes on pages 105 to 146 form an integral part of these financial statements.

Company statement of comprehensive income

For the year ending 31 March 2019

	Notes	2019 £m	2018 £m
Turnover		29.9	31.4
Operating costs		(29.8)	(31.2)
Operating profit		0.1	0.2
Interest payable and similar charges	8	(0.1)	(0.2)
Profit on ordinary activities before and after taxation		—	—

The notes on pages 105 to 146 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 2019

	Notes	2019 £m	2018 £m
Fixed assets			
Goodwill	11	10.4	7.2
Housing properties	12	3,655.7	3,516.7
Fixed asset investments	14	694.4	804.8
Equity Loans	15	76.5	84.8
Other fixed assets	13	93.7	83.2
		4,530.7	4,496.7
Non current assets			
Debtors: amounts falling due after one year	17	17.8	20.8
Current assets			
Stock	16	448.0	387.3
Debtors: amounts falling due within one year	18	156.6	120.3
Investments	19	58.5	98.2
Cash at bank and in hand		66.2	72.4
		729.3	678.2
Creditors: amounts falling due within one year	20	(465.9)	(421.2)
Net current assets		263.4	257.0
Non-current liabilities			
Creditors: amounts falling due after more than one year	21	(4,228.5)	(4,270.4)
Pension liability	24	(22.1)	(16.5)
		(4,250.6)	(4,286.9)
Net Assets		561.3	487.6
Capital and reserves			
Revenue reserves		562.2	488.8
Restricted reserve		0.2	0.2
Total capital and reserves		562.4	489.0
Non controlling interests		(1.1)	(1.4)
		561.3	487.6

The notes on pages 105 to 146 form an integral part of these financial statements.

The financial statements on pages 99 to 146 were approved by the Board of Directors on 18 July 2019, and signed on its behalf by:

C Phillips
Group Chairman

D Cowans
Group Chief Executive

Company statement of financial position

As at 31 March 2019

	Notes	2019 £m	2018 £m
Fixed assets			
Investments	14	0.5	0.5
Current assets			
Debtors: amounts falling due within one year	18	5.5	7.4
Cash and cash equivalents		1.7	0.3
		<u>7.2</u>	<u>7.7</u>
Creditors: amounts falling due within one year	20	<u>(7.7)</u>	<u>(8.2)</u>
Net current liabilities		<u>(0.5)</u>	<u>(0.5)</u>
Net assets		<u>—</u>	<u>—</u>
Capital and reserves			
Revenue reserves		<u>—</u>	<u>—</u>
		<u>—</u>	<u>—</u>

The notes on pages 105 to 146 form an integral part of these financial statements.

The financial statements on pages 99 to 146 were approved by the Board of Directors on 18 July 2019 and 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 2019

	Revenue Reserve £m	Restricted Reserve £m	Total Reserves £m
Balance at 1 April 2018	488.8	0.2	489.0
Total Comprehensive income for the year			
Profit for the year	85.4	—	85.4
Fair value gain on interest rate and currency swaps	6.0	—	6.0
Deferred tax on interest rate and currency swaps	(0.5)	—	(0.5)
Initial recognition of multi-employer defined benefit scheme	(4.0)	—	(4.0)
Actuarial loss recognised in the pension scheme	(13.4)	—	(13.4)
Deferred tax arising on loss in the pension scheme	(1.2)	—	(1.2)
Comprehensive income adjustment on business combinations	1.1	—	1.1
Balance at 31 March 2019	562.2	0.2	562.4

Consolidated statement of cash flows

For the year ending 31 March 2019

	2019 £m	2018 £m
Net cash generated from operating activities (see note a)	156.9	153.8
Additional pension contributions	(16.3)	—
Cash flow from investing activities		
Purchase of housing and investment properties	(266.5)	(270.2)
Proceeds from the disposal of housing and investment properties	264.6	39.4
Purchase of other fixed assets	(22.2)	(18.8)
Proceeds from the disposal of other fixed assets	—	2.1
Purchase of fixed and current asset investments	(86.2)	(12.8)
Proceeds from the disposal of fixed and current asset investments	108.9	65.1
Cash received from combinations that are in substance a gift	—	20.4
Cash received from acquisitions	2.4	2.2
Receipt of government and other grants	34.1	12.5
Interest received	1.1	0.7
Dividends received from investments	1.4	0.4
Net cash flow from investing activities	37.6	(159.0)
Cash flow from financing activities		
Interest element of finance lease rental payment	(14.0)	(6.5)
Capital element of finance rental lease payments	(0.9)	(1.5)
Interest paid	(126.5)	(113.1)
Tax paid	(11.8)	0.3
Settlement of financial instruments	(3.5)	(24.4)
Drawdown of loans in the year	229.6	497.1
Repayment of loans in the year	(257.3)	(370.1)
Net cash flow from financing activities	(184.4)	(18.2)
Net change in cash and cash equivalents	(6.2)	(23.4)
Cash and cash equivalents at beginning of year	72.4	95.8
Cash and cash equivalents at end of the year	66.2	72.4
Note a		
Profit for the year	85.4	116.0
<i>Adjustments for non-cash items to reconcile profit for the year to net cash generated from operating activities</i>		
Depreciation and impairment of fixed assets	42.3	47.6
Amortisation of grants	(16.2)	(15.6)
Profit from investment in joint ventures	3.3	(1.2)
Profit/(loss) attributable to non-controlling interests	0.3	0.3
Amortisation of intangible fixed assets	0.7	4.5
Appreciation of fixed asset investments	(1.7)	(2.8)
Gain on revaluation of investment properties	(0.8)	(3.8)
Combinations that are in substance a gift	—	(45.2)
Increase in stock	(89.9)	(74.1)
Decrease in debtors	6.3	5.0
Increase in trade and other creditors	19.0	10.7
Profit on tangible fixed asset disposals	(26.3)	(4.7)
Pension adjustment	(5.7)	(6.8)
Interest payable	141.4	123.0
Interest receivable	(11.0)	(13.0)
Taxation	9.8	13.9
Cash flow from operating activities	156.9	153.8

The notes on pages 105 to 146 form an integral part of these financial statements.

Notes to the financial statements

For the year ending 31 March 2019

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 (SORP), the Accounting Direction 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

After making enquiries, the board has reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Group financial statements.

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 28.

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, Places Impact, Castle Rock Edinvar Housing Association, Cotman Housing Association, Derwent Community Housing Association Limited, Chorus Homes Limited (formerly Luminus 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.

Lease classification

An agreement to manage a portfolio of 4,096 properties was classified as an operating lease arrangement when the freeholds of these properties were owned by another Registered Provider.

During the year ending 31 March 2018, the Group purchased the freeholds of these 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.

Recoverability of stock

The Group has £448m of stock at 31 March 2019 (2018: £387.3m), comprising land of £86.6m, properties in construction of £306.9m and completed properties of £53.2m. 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 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.

Business combinations that are in substance a gift

Chorus Homes Group Limited (formerly Luminus Group Limited), a registered housing provider, joined the Group on 26 March 2018. This required the Group to decide the appropriate accounting for this business combination. The Group concluded that the requirements of FRS 102 Section 34 Public Benefit Entity Combinations were relevant to this judgement, as it was concluded that both the Group and Chorus Homes Group Limited (formerly Luminus Group Limited) both have a primary objective to provide services to the general public, community or social benefit and they are not funded by private equity.

The Group considered that the combination was in substance a gift as zero consideration was made or is due as a result of Chorus joining the Group. The entity and its net assets were gifted to the Group. As such, the net assets, at fair value, have been recognised as a gain in the statement of comprehensive income in the year ending 31 March 2018.

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.

Accounting estimates

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

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 consider the residual value of social housing property structure to be cost. The net book value of social housing properties is £3.5bn. The residual value of social housing property structure is £280m above the carrying value as at 31 March 2019. A 10% reduction in residual value would result in no impact to the depreciation charge.

The Group has defined benefit obligations relating to six pension schemes. Note 24 sets out the details for these schemes and the assumptions made to assess the net scheme benefit as at the reporting date. The Group engage 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 £13.6m.

The Group has £448m of stock at 31 March 2019 (2018: £387.3m), comprising land of £86.6m, properties in construction of £306.9m and completed properties of £53.2m. FRS 102 section 13 requires stock to be measured at the lower of cost and estimated selling price less costs to complete and sell.

Notes to the financial statements

For the year ending 31 March 2019

Principal Accounting Policies (continued)

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.

It is estimated that a 5% reduction in selling price of houses would not require an alteration to the value of stock recorded in the Group Statement of Financial Position.

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, mortgage broker fees, equity loan fee income, personal loans interest and loan service delivery fees 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.

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 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 24. 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 deficits are recognised in full. The movement in scheme deficit is split between operating charges, finance costs and, in other comprehensive income, actuarial gains and losses.

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 Associations) participate in the Scottish Housing Association Pension Scheme (SHAPS). During the year, 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. In previous year's, 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 has been recognised in other comprehensive income. The in-year movement in the scheme deficit 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 benefits. 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 the fair value recognised in the statement of comprehensive income.

Private rental sector properties were valued at the date of transition to FRS 102 by a qualified RICS chartered surveyor and are reassessed on an annual basis. Commercial properties are valued on an annual basis by an experienced in-house team using detailed rental income cash flow and yield data.

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.

Notes to the financial statements

For the year ending 31 March 2019

Principal Accounting Policies (continued)

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 table below.

Assets	Depreciation period (years)
Rented housing & commercial properties:	
Kitchens	20
Bathrooms	20
Boilers	15
External windows & 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 to 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 & 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 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.

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.

Notes to the financial statements

For the year ending 31 March 2019

Principal Accounting Policies (continued)

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.

Cash at bank and in hand in the statement of financial position comprises all cash and cash equivalents 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.

Notes to the financial statements

For the year ending 31 March 2019

Principal Accounting Policies (continued)

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 2019

2 Turnover, cost of sales, operating costs and operating profit

	Turnover	Cost of sales	Operating costs	Other operating items	2019 Operating profit/(loss)
	£m	£m	£m	£m	£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
Total	827.1	(178.5)	(447.8)	26.3	227.1

Analysis of turnover	2019	2018
	£m	£m
Social housing turnover	367.4	335.8
Non social housing activities		
Leisure facilities management	158.2	147.3
Non social housing development	127.1	83.9
Property management services	62.1	58.0
Non social construction services	59.8	73.6
Non social housing lettings	41.2	44.6
Retirement management services	2.0	4.2
Other	9.3	7.0
Total	827.1	754.4

Notes to the financial statements

For the year ending 31 March 2019

	Turnover	Cost of sales	Operating costs	Other operating items	2018 Operating profit/(loss)
	£m	£m	£m	£m	£m
	315.6	—	(164.2)	—	151.4
	2.3	(1.5)	(0.9)	—	(0.1)
	5.8	(2.5)	(2.1)	—	1.2
	11.6	—	(11.1)	—	0.5
	0.5	—	(0.7)	—	(0.2)
	335.8	(4.0)	(179.0)	—	152.8
	418.6	(145.8)	(241.1)	—	31.7
	754.4	(149.8)	(420.1)	—	184.5
	—	—	—	4.7	4.7
	754.4	(149.8)	(420.1)	4.7	189.2

Notes to the financial statements

For the year ending 31 March 2019

3 Income and expenditure from social housing lettings

				2019	
	General needs housing	Supported housing & housing for older people	Other	Total	2018
	£m	£m	£m	£m	Total £m
Income					
Rent receivable net of identifiable service charges	252.8	18.8	19.8	291.4	261.6
Service charge income	22.3	12.5	1.9	36.7	30.6
Revenue grant	5.4	—	—	5.4	5.4
Amortised government grants	13.7	1.5	1.0	16.2	15.6
Other income	3.2	1.1	0.3	4.6	2.4
Turnover from social housing lettings	297.4	33.9	23.0	354.3	315.6
Expenditure on social housing lettings activities					
Management	(41.8)	(6.7)	(5.2)	(53.7)	(44.6)
Service charge costs	(20.2)	(11.5)	(0.8)	(32.5)	(28.5)
Routine maintenance	(40.0)	(3.3)	(1.4)	(44.7)	(36.8)
Planned maintenance	(12.9)	(1.0)	(0.8)	(14.7)	(12.4)
Major repairs expenditure	(4.2)	(0.5)	(0.1)	(4.8)	(4.7)
Bad debts	(2.1)	(0.2)	(0.1)	(2.4)	(2.1)
Depreciation on housing assets	(27.1)	(2.4)	(1.5)	(31.0)	(29.5)
Leases relating to housing properties	—	—	—	—	(4.1)
Other costs	(1.5)	(1.4)	—	(2.9)	(1.5)
Operating costs on social housing lettings	(149.8)	(27.0)	(9.9)	(186.7)	(164.2)
Operating profit on social housing lettings	147.6	6.9	13.1	167.6	151.4
Void losses	(2.6)	(0.7)	(0.5)	(3.8)	(2.8)

Notes to the financial statements

For the year ending 31 March 2019

Notes to the financial statements

For the year ending 31 March 2019

4 Group profit on sale of fixed assets

	2019			2018
	Sale proceeds	Cost of sales	Other sales expenses	
	£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
	2018			2018
	Sale proceeds	Cost of sales	Other sales expenses	
	£m	£m	£m	£m
Sale of housing assets	27.9	(17.5)	(1.4)	9.0
Sale of fixed asset investments	—	—	(4.6)	(4.6)
Sale of other fixed assets	2.1	(1.6)	(0.2)	0.3
Total	30.0	(19.1)	(6.2)	4.7

5 Directors' emoluments

The Group is administered by a Board of Directors. The directors received remuneration as set out below.

	Group	
	2019	2018
	£m	£m
Aggregate emoluments (excluding pension contributions):		
Non-executive directors	0.5	0.4
Executive directors	1.6	1.6
Pension contributions:		
Executive directors	0.1	0.1
Total remuneration	2.2	2.1

The number of executive directors who received emoluments in the following ranges was:

	2019		2018	
	No.	No.	No.	No.
£80,000 – £89,999	—	1	—	1
£180,000 – £189,999	1	—	—	—
£200,000 – £209,999	—	1	—	1
£230,000 – £239,999	—	1	—	1
£240,000 – £249,999	—	1	—	1
£260,000 – £269,999	1	—	—	—
£290,000 – £299,999	1	1	—	—
£300,000 – £309,999	1	—	—	—
£590,000 – £599,999	—	1	—	1
£600,000 – £609,999	1	—	—	—
	1	—	—	—
	2019		2018	
	£'000		£'000	
	605	592		

Highest paid director

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.

Notes to the financial statements

For the year ending 31 March 2019

6 Employee information

The average number of employees expressed as full time equivalents (including the executive directors) employed during the year was:

	Group		Company	
	2019	2018	2019	2018
	No.	No.	No.	No.
Managing housing services	2,507	2,144	19	16
Developing and selling houses	457	410	7	8
Central administration services	643	590	250	282
Care services	244	586	—	—
Leisure service activities	2,405	2,311	—	—
	6,256	6,041	276	306

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.

	2019		2018	
	£m	£m	£m	£m
Staff costs (for the above persons):				
Wages and salaries	200.1	183.4	12.0	14.7
Severance pay	1.9	2.9	0.4	0.5
Social security costs	16.7	14.7	1.3	1.5
Pension payments	11.3	6.6	1.1	0.6
	230.0	207.6	14.8	17.3

Staff costs (for the non-executive members of the board):

	2019	2018	2019	2018
	£m	£m	£m	£m
Wages and salaries	0.5	0.4	—	—
	0.5	0.4	—	—

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.

	2019		2018	
	No.	No.	No.	No.
£60,000 – £69,999	2	—	—	—
£70,000 – £79,999	—	—	—	2
£80,000 – £89,999	—	—	—	—
£90,000 – £99,999	—	—	—	1
£100,000 – £109,999	1	—	—	2
£110,000 – £119,999	1	—	—	—
£120,000 – £129,999	—	—	—	2
£130,000 – £139,999	3	—	—	1
£140,000 – £149,999	1	—	—	—
£150,000 – £159,999	1	—	—	2
£160,000 – £169,999	1	—	—	—
£170,000 – £179,999	1	—	—	1
£180,000 – £189,999	1	—	—	1
£190,000 – £199,999	1	—	—	1
£200,000 – £209,999	1	—	—	1
£210,000 – £219,999	—	—	—	—
£220,000 – £229,999	—	—	—	—
£230,000 – £239,999	1	—	—	—

Notes to the financial statements

For the year ending 31 March 2019

7 Interest receivable and similar income

	Group		Company	
	2019	2018	2019	2018
	£m	£m	£m	£m
On financial assets not at fair value through the statement of comprehensive income:				
Interest on fixed asset investments	9.3	12.4	—	—
Dividend received	1.4	0.4	—	—
Other interest receivable from deposits	0.3	0.2	—	—
	11.0	13.0	—	—

8 Interest payable and similar charges

	Group		Company	
	2019	2018	2019	2018
	£m	£m	£m	£m
On financial liabilities not at fair value through the statement of comprehensive income:				
Bank loans and overdrafts	125.6	117.5	0.1	0.2
Finance charges on hire purchase or lease agreements	14.0	6.5	—	—
In respect of Recycled Capital Grant Fund	0.3	0.1	—	—
	139.9	124.1	0.1	0.2
Share of joint ventures interest payable and similar charges	1.4	0.3	—	—
Unwinding of SHPS and SHAPS pension liability discount	—	0.1	—	—
On defined benefit pension scheme:				
Expected return on pension assets	(8.0)	(6.0)	—	—
Interest on scheme liabilities	8.7	6.2	—	—
	0.7	0.2	—	—
On financial liabilities at fair value through the statement of comprehensive income:				
Fair value (gain)/loss on interest rate and currency swaps	—	(1.0)	—	—
	142.0	123.7	0.1	0.2
Less: capitalised interest	(0.6)	(0.7)	—	—
	141.4	123.0	0.1	0.2

9 Profit on ordinary activities before taxation

	Group		Company	
	2019	2018	2019	2018
	£m	£m	£m	£m
Profit on ordinary activities before taxation is stated after charging:				
Depreciation and impairment:				
Tangible fixed assets	43.2	46.7	—	—
Amortisation of goodwill	0.7	4.5	—	—
(Loss)/profit on disposal of tangible fixed assets other than housing assets	(0.1)	0.3	—	—
Payments under operating leases:				
Housing properties	8.4	12.5	—	—
Motor vehicles	6.8	6.3	0.1	0.1
Other operating leases	2.4	1.1	—	—
Hire of equipment	0.5	0.5	—	—
Auditor's remuneration:				
In their capacity as auditor	0.6	0.6	—	—

Auditor's remuneration in respect of non-audit services was £35k (2018: £45k).

Notes to the financial statements

For the year ending 31 March 2019

10 Tax on profit on ordinary activities

	Group	
	2019	2018
	£m	£m
(a) Analysis of charge in period		
Tax on profit on ordinary activities		
United Kingdom corporation tax	9.0	12.6
Adjustments to tax charge in respect of prior periods	0.3	(0.2)
Share of joint venture current tax	(0.1)	0.5
	9.2	12.9
Deferred tax (note 10e)		
Origination and reversal of timing differences	1.5	2.0
Adjustments to deferred tax in respect of prior periods	(0.9)	(1.0)
	0.6	1.0
Total tax charge	9.8	13.9
(b) Tax expense included in other comprehensive income		
Deferred Tax		
Origination and reversal of timing differences	1.2	3.7
Origination and reversal of timing differences — prior year	0.5	1.0
	1.7	4.7
(c) Factors affecting tax charge for period		
The tax assessed is different than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:		
Taxable Group profit	95.5	130.2
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%).	18.1	24.7
Income not taxable	—	(7.4)
Exempt charitable income	(7.0)	(5.0)
Movement in unrecognised deferred tax	(0.4)	2.9
Rate difference	(0.3)	(0.1)
Adjustments to tax charge in respect of prior periods	(0.6)	(1.2)
Tax on profit on ordinary activities (note 10a)	9.8	13.9
(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.		
(e) Provision for deferred tax		
Accelerated capital allowances	4.1	4.2
Other short-term timing differences	(5.7)	(8.0)
Tax Losses	(1.6)	—
Pension through other comprehensive income	(4.4)	(5.8)
Other timing differences	1.8	1.8
	(5.8)	(7.8)
Provision at 1 April	(7.8)	(13.5)
Transfers in through business combinations	(0.4)	—
Expense in the year in statement of comprehensive income	0.6	1.0
Expense/(income) in the year in statement of comprehensive income in other comprehensive income	1.7	4.7
Adjustments in respect of prior periods other comprehensive income	0.1	—
Provision at 31 March at 19% (2018: 19%) (note 18)	(5.8)	(7.8)

Notes to the financial statements

For the year ending 31 March 2019

11 Goodwill

	Group £m
Net book value	
At 1 April 2018	7.2
Additions in year	3.9
Amortisation charged in year	(0.7)
At 31 March 2019	10.4

In February 2019, the Group acquired 50% of ModularWise Limited for £0.8m to bring the Group's shareholding in the entity to 100%. The total cost of the combination was £1.5m of which £0.7m is deferred. The goodwill of £3.5m recognised on the business combination is to be amortised over a period of 10 years. The acquisition of Modularwise; a modular housebuilder, was made to support the groups strategy of delivering a significant pipeline of new homes. The amounts recognised for each class of assets at the acquisition date are shown below.

In May 2018, the group acquired 100% of PFP Igloo LP. The total cost of the combination was £2.4m, the goodwill of £0.4m recognised on the business combination is to be amortised over a period of 6 years. The purchase of PFP Igloo enabled the group to purchase investments to allow the establishment of an urban transformation fund for developments on several UK sites. The amounts recognised for each class of assets at the acquisition date are shown below.

Other comprehensive income has been credited by £1.1m to reflect losses incurred while ModularWise Limited was a 50% joint venture. In the year ended 31 March 2018 other comprehensive income was debited by £3.8m to reflect profits recognised while MDH (Group) Limited was a 50% joint venture.

Assets and liabilities acquired in year

	£m	£m
	PFP Igloo	ModularWise
Fixed Assets		
Fixed assets	—	0.4
Current Assets		
Stock	0.4	1.1
Debtors	—	0.7
Cash at bank	2.3	0.1
	<u>2.7</u>	<u>2.3</u>

Creditors: Amounts falling due within one year

(0.7) (2.6)

Creditors: Amounts falling due after more than one year

— (1.7)

Net assets acquired

2.0 (2.0)

Amounts recognised in the Statement of Comprehensive Income since the acquisition date

Turnover	—	0.2
Profit on ordinary activities after taxation	<u>(0.5)</u>	<u>(0.2)</u>

Notes to the financial statements

For the year ending 31 March 2019

12 Group 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 2018	3,630.0	266.1	40.4	4.5	3,941.0
Additions	2.8	—	170.4	12.1	185.3
Change of tenure	42.5	(40.7)	1.1	0.9	3.8
Transfer to completed schemes	129.2	11.5	(129.2)	(11.5)	—
Transfer to sales account on disposal	(16.5)	(7.1)	—	—	(23.6)
At 31 March 2019	3,788.0	229.8	82.7	6.0	4,106.5
Depreciation					
At 1 April 2018	(407.3)	(17.0)	—	—	(424.3)
Charge for year					
Depreciation	(30.9)	(0.2)	—	—	(31.1)
Eliminated on disposal					
Depreciation	4.1	0.5	—	—	4.6
Change of tenure					
Depreciation	(0.4)	0.4	—	—	—
At 31 March 2019	(434.5)	(16.3)	—	—	(450.8)
Net book value at 31 March 2019	3,353.5	213.5	82.7	6.0	3,655.7
Net book value at 1 April 2018	3,222.7	249.1	40.4	4.5	3,516.7

LSE denotes Leasehold Schemes for the Elderly.

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 £2.5m (2018: £2.3m).

Housing properties comprise, at cost:

	2019 £m	2018 £m
Freehold	3,649.1	3,500.6
Long leasehold	448.9	432.2
Short leasehold	8.5	8.2
	<u>4,106.5</u>	<u>3,941.0</u>

Expenditure on major works to existing properties during the year was £48.0m (2018: £69.1m).

Notes to the financial statements

For the year ending 31 March 2019

13 Group other fixed assets

	Commercial and office properties			
	Motor vehicles	Plant & specialist equipment	Computer equipment	Freehold offices
	£m	£m	£m	£m
Cost				
Net book value at 1 April 2018	0.6	3.2	31.2	27.3
Additions	—	0.7	6.4	5.0
Disposals	—	—	(0.1)	(0.3)
At 31 March 2019	0.6	3.9	37.5	32.0
Depreciation				
Net book value at 1 April 2018	(0.4)	(1.9)	(14.5)	(1.0)
Charge for year	(0.1)	(0.3)	(3.3)	(0.3)
Eliminated on disposal	0.2	—	1.4	—
At 31 March 2019	(0.3)	(2.2)	(16.4)	(1.3)
Impairment				
Net book value at 1 April 2018	—	—	—	(0.3)
Charge for year	—	—	—	—
Eliminated on disposal	—	—	—	—
At 31 March 2019	—	—	—	(0.3)
Net Book Value at 31 March 2019	0.3	1.7	21.1	30.4
Net book value at 1 April 2018	0.2	1.4	16.7	25.9

Notes to the financial statements

For the year ending 31 March 2019

	Long leasehold	Short leasehold	Fixtures and fittings	Total
	£m	£m	£m	£m
	11.0	22.5	41.5	137.3
	0.3	5.6	3.0	21.0
	—	(0.7)	(0.3)	(1.4)
	11.3	27.4	44.2	156.9
	(2.0)	(6.8)	(25.4)	(52.0)
	(0.2)	(2.9)	(5.0)	(12.1)
	—	—	0.7	2.3
	(2.2)	(9.7)	(29.7)	(61.8)
	(0.5)	(1.2)	(0.1)	(2.1)
	—	—	—	—
	—	0.6	0.1	0.7
	(0.5)	(0.6)	—	(1.4)
	8.6	17.1	14.5	93.7
	8.5	14.5	16.0	83.2

Notes to the financial statements

For the year ending 31 March 2019

14 Fixed assets – investments

	Group		Company	
	2019	2018	2019	2018
	£m	£m	£m	£m
External investments and investment in related undertakings (a)	193.6	172.6	0.5	0.5
Investment property (b)	500.8	632.2	—	—
Total fixed asset investments	694.4	804.8	0.5	0.5

(a) External investments and investment in related undertakings

	Group		Company	
	2019	2018	2019	2018
	£m	£m	£m	£m
Cost at 1 April	173.7	234.6	0.5	4.6
Cost at 31 March	193.8	173.7	0.5	0.5
Accumulated impairment at 1 April	(1.1)	(0.2)	—	—
Provision raised in the year	0.9	(0.9)	—	—
At 31 March	(0.2)	(1.1)	—	—
Net book value at 31 March	193.6	172.6	0.5	0.5

Debt Service Reserves	43.2	54.1	—	—
Grace Gillett Trust	0.2	0.2	—	—
Other external investments	38.8	18.9	0.3	0.3
Investment in related undertakings	0.1	—	0.2	0.2
Investment in joint venture undertakings	111.3	99.4	—	—
	193.6	172.6	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 £50 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 2018	632.4
Additions	78.9
Change of Tenure	2.8
Revaluation in year	0.8
Disposals	(214.1)
At 31 March 2019	500.8

Notes to the financial statements

For the year ending 31 March 2019

15 Equity loans

	Group		Company	
	2019	2018	2019	2018
	£m	£m	£m	£m
Gross valuation				
At 1 April	105.2	116.9	—	—
Additions in year	0.6	0.3	—	—
Net appreciation in year	2.0	3.1	—	—
Disposals in year	(13.1)	(15.1)	—	—
At 31 March	94.7	105.2	—	—
Other associated liabilities				
At 1 April	(20.4)	(23.1)	—	—
Net appreciation in year	(0.4)	(0.3)	—	—
Disposals in year	2.6	3.0	—	—
At 31 March	(18.2)	(20.4)	—	—
Net book value at 31 March	76.5	84.8	—	—

16 Stock

	Group		Company	
	2019	2018	2019	2018
	£m	£m	£m	£m
Land	86.6	109.5	—	—
Properties in construction	306.9	215.5	—	—
Completed properties	53.2	61.1	—	—
Other	1.3	1.2	—	—
	448.0	387.3	—	—

17 Debtors: amounts falling due after more than one year

	Group		Company	
	2019	2018	2019	2018
	£m	£m	£m	£m
Derivative financial instruments held to manage the interest rate profile and currency risk	9.7	8.2	—	—
Trade and other debtors	4.5	8.8	—	—
Agency leases	0.3	0.1	—	—
Loans and advances to customers	1.2	1.3	—	—
Mortgages	2.1	2.4	—	—
	17.8	20.8	—	—

Notes to the financial statements

For the year ending 31 March 2019

18 Debtors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£m	£m	£m	£m
Rental debtors	13.6	16.0	—	—
Less: Provision for bad and doubtful debts	(5.4)	(6.0)	—	—
	8.2	10.0	—	—
Other trade debtors	21.8	19.8	0.6	0.2
Agency Leases	—	0.1	—	—
Mortgages	0.2	0.2	—	—
Deferred tax	5.8	7.8	—	—
Capital debtors	70.8	50.7	—	—
Derivative financial instruments held to manage the interest rate profile and currency risk	12.0	0.5	—	—
Amounts due from related undertakings	—	—	0.2	5.6
Sundry debtors, prepayments and accrued income	37.7	31.1	4.7	1.6
Loans to employees	0.1	0.1	—	—
	156.6	120.3	5.5	7.4

19 Current asset investments

	Group		Company	
	2019	2018	2019	2018
	£m	£m	£m	£m
Bank deposits repayable within one month	58.5	98.2	—	—

20 Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£m	£m	£m	£m
Debt				
Housing and bank loans principal payable within one year	128.5	102.0	—	—
Debentures/stocks principal payable within one year	13.7	22.4	—	—
Discount on bond issue	(5.2)	(4.6)	—	—
Derivative financial instruments held to manage the interest rate profile and currency risk	0.3	2.6	—	—
Finance leases	1.6	1.7	—	—
	138.9	124.1	—	—
Other financial liabilities				
Interest on housing loans	42.3	29.9	—	—
Deferred government grant	17.4	17.2	—	—
Trade creditors	17.2	6.6	2.1	0.8
Corporation tax	1.6	5.4	—	—
Other taxes	0.6	0.5	1.1	0.5
Capital development creditor	122.8	94.1	—	—
Other creditors and accruals	91.8	108.0	4.5	6.9
Payments received on account	14.0	13.9	—	—
Prepaid rent	5.7	5.4	—	—
Social housing pension liability	—	0.8	—	—
Amounts in respect of joint venture undertaking	1.8	4.5	—	—
Recycled Capital Grant Fund (note 22)	11.8	10.8	—	—
	465.9	421.2	7.7	8.2

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For the year ending 31 March 2019

21 Creditors: amounts falling due after more than one year

	Group		Company	
	2019	2018	2019	2018
	£m	£m	£m	£m
Debt				
Debenture stock/bonds	1,241.0	1,208.2	—	—
Discount on bond issue	(38.0)	(37.0)	—	—
Housing and bank loans	1,318.3	1,371.9	—	—
Amounts due in respect of joint venture undertakings	—	0.7	—	—
Derivative financial instruments held to manage the interest rate profile and currency risk	39.1	61.9	—	—
Revaluation of foreign currency denominated debt	2.6	(2.9)	—	—
	2,563.0	2,602.8	—	—
Other financial liabilities				
Obligations under finance leases	225.3	226.1	—	—
Recycled Capital Grant Fund (note 22)	39.3	42.2	—	—
Disposal Proceeds Fund (note 22)	0.1	0.5	—	—
	264.7	268.8	—	—
Deferred government grant	1,243.9	1,221.2	—	—
Fair value of breakage costs	111.6	118.6	—	—
HomeBuy grant	45.3	50.3	—	—
Social housing pension liability	—	8.7	—	—
	1,665.5	1,667.6	—	—
Debt and other financial liabilities				
	4,228.5	4,270.4	—	—

The total value of the loans subject to a guarantee is £75.0m (2018: £63.0m).

All secured loans are supported by specific charges on the Group's housing properties and are repayable at varying rates of interest from, 1.09% – 18.65%, in instalments.

Included within housing and bank loans is the amount of £13.4m (2018: £15.1m) which relates to the cost of debt issue.

Notes to the financial statements

For the year ending 31 March 2019

22 Recycled capital grant and disposal proceeds fund

	Homes England		Greater London Authority	
	2019	2018	2019	2018
	£m	£m	£m	£m
Recycled capital grant fund				
At 1 April	32.7	25.2	15.7	16.8
Inputs to RCGF:				
Grant recycled	7.1	10.1	5.5	2.2
Interest Accrued	0.2	0.1	0.1	0.1
Business Combinations	—	3.5	—	—
Recycling of grant: New Build	(8.4)	(6.2)	(3.4)	—
Repayment of grant to the HE/GLA	—	—	(2.9)	(3.4)
At 31 March	31.6	32.7	15.0	15.7
Amounts 3 years old or older where repayment may be required	4.2	4.2	6.5	6.5

	Homes England		Greater London Authority	
	2019	2018	2019	2018
	£m	£m	£m	£m
Disposals proceeds fund				
At 1 April	0.5	0.1	—	—
Inputs to RCGF:				
Grant recycled	—	0.1	0.1	—
Business Combinations	—	0.3	—	—
Recycling of grant: New Build	(0.5)	—	—	—
At 31 March	—	0.5	0.1	—
Amounts 3 years old or older where repayment may be required	—	—	—	—
Recycled capital grant fund in respect of Scottish subsidiaries	4.4	4.6	—	—
Total recycled capital grant fund	51.1	53.5	—	—

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For the year ending 31 March 2019

23 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 £157m (2018: £154m). Bank balances and short-term investments were £125m at the year end (2018: £171m). In addition to this, the Group had further available facilities of £807m (2018: £509m) and has established a European Medium Term Note Programme of £683m (2018: £346m) 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 78% 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 £0.9m per annum. Due to the low levels of cash and cash deposits held, the impact of a change in the interest rate on interest receivable is insignificant.

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 £0.8m 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.

Whilst 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 tenant's 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 24.5% of debt matures within the next 5 years, including 4.3% 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 2019 the Group held cross currency interest rate swaps with a mark to market value of £17.8m.

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For the year ending 31 March 2019

23 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 2019

	Effective interest rate	Total amount	Within 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	Over 5 years	Group
	%	£m	£m	£m	£m	£m	£m	£m	£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 joint venture 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	

All financial assets carry a fixed interest rate unless otherwise shown.

Comparative figures as at 31 March 2018 were as follows:	Effective interest rate	Total amount	Within 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	Over 5 years
	%	£m	£m	£m	£m	£m	£m	£m
Fixed asset investments:								
Fixed rate	2.62%	25.7	—	—	—	—	—	25.7
Floating rate	0.13%	28.4	—	—	20.2	—	—	8.2
Amounts due from related undertakings	5.99%	43.7	—	—	—	—	—	43.7
		97.8	—	—	20.2	—	—	77.6
Mortgages and loans		2.6	0.2	0.2	0.2	0.2	0.2	1.6
Derivative financial instruments held to manage interest rate risk		14.0	0.5	0.5	0.5	0.5	2.2	9.8
		114.4	0.7	0.7	20.9	0.7	2.4	89.0

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For the year ending 31 March 2019

23 Financial instruments (continued)

Ageing Profile and Interest Rate Risk of Financial Liabilities as at 31 March 2019

	Effective interest rate %	Total amount £m	Within 1 year £m	1 – 2 years £m
Stocks and bonds:				
Fixed rate	4.77%	1,655.0	56.1	52.4
Indexed	3.69%	49.6	0.4	0.4
Discount on bond issue		(43.2)	—	—
		<u>1,661.4</u>	<u>56.5</u>	<u>52.8</u>
Housing and other loans:				
Fixed rate	4.99%	1,716.0	162.2	63.8
Index linked	4.45%	49.3	3.0	0.3
Floating	2.62%	452.0	26.2	24.1
		<u>2,217.3</u>	<u>191.4</u>	<u>88.2</u>
Finance leases	5.79%	538.5	11.5	11.5
Derivative financial instruments held to manage interest rate risk		39.5	0.3	—
		<u>4,456.7</u>	<u>259.7</u>	<u>152.5</u>

All financial liabilities carry a fixed interest rate unless otherwise shown.

Comparative figures as at 31 March 2018 were as follows:

	Effective interest rate %	Total amount £m	Within 1 year £m	1 – 2 years £m
Stocks and bonds:				
Fixed rate	4.44%	1,765.5	81.7	76.2
Indexed	3.77%	48.6	0.5	0.5
Discount on bond issue		(41.6)	—	—
		<u>1,772.5</u>	<u>82.2</u>	<u>76.7</u>
Housing and other loans:				
Fixed rate	5.19%	1,456.4	120.2	143.0
Index linked	4.09%	50.2	1.6	1.7
Floating rate	2.21%	577.0	39.7	22.1
		<u>2,083.6</u>	<u>161.5</u>	<u>166.8</u>
Finance leases	5.79%	514.1	10.4	10.4
Derivative financial instruments held to manage interest rate risk		66.9	1.9	3.9
		<u>4,437.1</u>	<u>256.0</u>	<u>257.8</u>

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 2019 the Group had undrawn committed borrowing facilities expiring as follows:

	2019 £m	2018 £m
In one year or less, or on demand	166.5	160.0
In more than one year but not more than two years	265.0	51.7
In more than two years	<u>375.0</u>	<u>297.1</u>
	<u>806.5</u>	<u>508.8</u>

£111.2m of the undrawn committed borrowing facilities require fixed charge security to be placed with lenders (2018: £50.6m).

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For the year ending 31 March 2019

	2 – 3 years £m	3 – 4 years £m	4 – 5 years £m	Over 5 years £m
Stocks and bonds:				
Fixed rate	52.4	52.4	113.7	1,328.0
Indexed	48.8	—	—	—
Discount on bond issue	—	—	—	(43.2)
	<u>101.2</u>	<u>52.4</u>	<u>113.7</u>	<u>1,284.8</u>
Housing and other loans:				
Fixed rate	60.0	124.4	55.4	1,250.2
Index linked	0.3	0.3	0.3	45.1
Floating	17.9	107.6	48.7	227.5
	<u>78.2</u>	<u>232.3</u>	<u>104.4</u>	<u>1,522.8</u>
Finance leases	11.5	11.5	11.5	481.0
Derivative financial instruments held to manage interest rate risk	0.3	13.4	3.1	22.4
	<u>191.2</u>	<u>309.6</u>	<u>232.7</u>	<u>3,311.0</u>

Notes to the financial statements

For the year ending 31 March 2019

23 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	2019		Group	
		Book value £m	Fair value £m	Book value £m	Fair value £m
Financial assets					
Fixed asset investments	14 and 15	270.1	273.5	257.4	260.8
Current asset investments	19	58.5	58.5	98.2	98.2
Cash at bank and in hand		66.2	66.2	72.4	72.4
Long-term debtors	17	4.8	4.8	8.8	8.8
Mortgages and loans	17 and 18	3.5	3.5	4.0	4.0
Derivative financial instruments held to manage interest rate risk	17 and 18	21.6	21.6	8.7	8.7
Financial assets falling due within one year	18	101.0	101.0	80.6	80.6
		525.7	529.1	530.1	533.5
Financial liabilities					
Debenture stocks and bonds	20 and 21	1,254.7	1,369.2	1,230.6	1,345.1
Discount on bond issue	20 and 21	(43.2)	(43.2)	(41.6)	(41.6)
Housing loans	20 and 21	1,446.8	1,446.8	1,473.9	1,473.9
Amounts owed to joint venture undertakings	20 and 21	1.8	1.8	5.2	5.2
Revaluation of foreign currency denominated debt	21	2.6	2.6	(2.9)	(2.9)
Derivative financial instruments held to manage interest rate risk	20 and 21	39.4	39.4	64.5	64.5
Other financial liabilities	20 and 21	278.1	278.1	281.3	281.3
Financial liabilities falling due within one year	20	219.5	219.5	167.9	167.9
		3,199.7	3,314.2	3,178.9	3,293.4

Of the financial assets above £21.6m (2018: £8.7m) are derivative financial instruments with the remaining amounts being measured at amortised cost.

Of the financial liabilities above £39.4m (2018: £64.5m) are derivative financial instruments with the remaining amounts being measured at amortised cost.

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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 at bank and in hand

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.

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For the year ending 31 March 2019

24 Pension obligations

The pension costs for Places for People Group relate to thirteen schemes of which employees and former employees are members. Details of each scheme are set out below.

	2019	2018
	£m	£m
Group defined benefit scheme liabilities		
The Social Housing Pension Scheme "SHPS"	7.7	-
The Scottish Housing Associations' Pension Schemes "SHAPS"	2.9	-
Places for People Group Retirement Benefit Scheme "PFP Group"	0.1	6.7
PFPL (Holdings) Limited "PFPL (Holdings)"	0.3	0.3
Residential Management Group section of the Citrus Pension Plan "RMG"	0.6	0.4
Cambridgeshire County Council Pension Fund "CCCPF"	10.5	9.1
	22.1	16.5

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 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 Company and Trustee agree on deficit contributions to meet this deficit over a period.

The Association has 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.

The mortality assumption used at 31 March 2019 is 105% S2PA CMI_2018 core projections with a long-term rate of improvement of 1.0%. The mortality assumption used at 31 March 2018 was 115% S2PA CMI_2017 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 25.4 years (2018: 25.2 years), a female currently aged 60 years old has a life expectancy of 27.5 years (2018: 27.2 years), a male currently age 40 years old will expect to have a life expectancy of 26.6 years (2018: 26.4 years) when they reach age 60 and a female currently aged 40 years old will expect to have a life expectancy of 28.8 years (2018: 28.6 years) when they reach 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 who are 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 2019 and 31 March 2018 is 90% of S2PxA CMI_2017 core improvements [1.25% p. a long-term rate]. Based on these assumptions, a male currently aged 65 years old has a life expectancy of 22.8 years (2018: 22.7 years), a female currently aged 65 years old has a life expectancy of 24.7 years (2018: 24.6 years), a male currently aged 45 years old has a life expectancy of 44.2 years (2018: 44.1 years) and a female currently aged 45 years old has a life expectancy of 46.2 years (2018: 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.

An actuarial valuation of the RMG scheme was carried out as at 31 March 2017. 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 2018 is 90% of S2PxA CMI_2016 core improvements [1.25% p. a long-term rate]. The mortality assumption used at 31 March 2017 is 90% of S2PxA CMI_2014 core improvements [1.25% p. a long-term rate]. Based on these assumptions, a male currently aged 65 years old has a life expectancy of 22.7 years (2018: 22.6 years), a female currently aged 65 years old has a life expectancy of 24.8 years (2018: 24.7 years), a male currently aged 45 years old has a life expectancy of 45.3 years (2018: 45.2 years) and a female currently aged 45 years old has a life expectancy of 47.0 years (2018: 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 Homes Group Limited (formerly Luminus Group Limited).

The mortality assumption used at 31 March 2019 is that a male currently aged 65 years old has a life expectancy of 22.4 years (2018: 22.4 years), a female currently aged 65 years old has a life expectancy of 24.4 years (2018: 24.4 years), a male currently aged 45 years old has a life expectancy of 44.0 years (2018: 44.0 years) and a female currently aged 45 years old has a life expectancy of 46.3 years (2018: 46.3 years).

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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 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 has 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 SHPS as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is now possible to obtain sufficient information to enable the company to account for the scheme as a defined benefit scheme. For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

The mortality assumption used at 31 March 2019 is that a male currently aged 65 years old has a life expectancy of 21.8 years, a female currently aged 65 years old has a life expectancy of 23.5 years, a male currently aged 45 years old has a life expectancy of 45.0 years and a female currently aged 45 years old has a life expectancy of 48.2 years.

The major assumptions used by the actuaries of each scheme were:

	SHPS	SHAPS	PFP Group	PFPL (Holdings)	RMG	CCCPF
	%	%	%	%	%	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
	%	%	%	%	%	2018
Discount rate	n/a	n/a	2.70	2.60	2.65	2.70
Rate of RPI inflation	n/a	n/a	3.10	3.20	3.35	n/a
Rate of increase in salaries	n/a	n/a	3.00/2.10 ¹	3.20	2.35	2.70
Rate of increase in pension payments	n/a	n/a	n/a	2.20	n/a	2.40
Rate of CPI inflation	n/a	n/a	n/a	2.20	2.35	n/a

¹ RPI max 5% pa/ RPI max 2.5%pa

Notes to the financial statements

For the year ending 31 March 2019

24 Pension obligations (continued)

The major categories of assets as a percentage of total assets are as follows:

	2019					
	SHPS	SHAPS	PFP Group	PFPL (Holdings)	RMG	CCCPF
	%	%	%	%	%	%
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%

	2018					
	SHPS	SHAPS	PFP Group	PFPL (Holdings)	RMG	CCCPF
	%	%	%	%	%	%
Diversified growth funds, hedge funds and structure funds	—	—	41.0	17.2	31.7	—
Equities	—	—	14.0	72.7	24.5	77.0
Gilts	—	—	—	1.6	8.7	13.0
Liability driven investments	—	—	36.0	—	—	—
Absolute return bonds	—	—	7.0	—	—	—
Corporate bonds	—	—	—	1.3	30.1	—
Cash and cash equivalents	—	—	2.0	1.0	5.0	3.0
Other fixed interest	—	—	—	3.9	—	—
Insurance linked securities	—	—	—	—	—	—
Direct lending	—	—	—	—	—	—
Property	—	—	—	2.3	—	7.0

Amounts recognised in the Statement of Financial Position

	Value at 31 March 2019						
	SHPS	SHAPS	PFP Group	PFPL (Holdings)	RMG	CCCPF	Total
	£m	£m	£m	£m	£m	£m	£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)

	Value at 31 March 2018						
	SHPS	SHAPS	PFP Group	PFPL (Holdings)	RMG	CCCPF	Total
	£m	£m	£m	£m	£m	£m	£m
Fair value of assets	—	—	209.6	5.1	5.3	23.1	243.1
Present value of the scheme's liabilities	—	—	(216.3)	(5.4)	(5.7)	(32.2)	(259.6)
Deficit in the scheme	—	—	(6.7)	(0.3)	(0.4)	(9.1)	(16.5)

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For the year ending 31 March 2019

Amounts recognised in the Statement of Comprehensive Income

	Year ending 31 March 2019						
	SHPS	SHAPS	PFP Group	PFPL (Holdings)	RMG	CCCPF	Total
	£m	£m	£m	£m	£m	£m	£m
Current service cost	—	—	—	(0.1)	(0.1)	(0.4)	(0.6)
Past service costs	—	—	(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)

	Year ending 31 March 2018						
	SHPS	SHAPS	PFP Group	PFPL (Holdings)	RMG	CCCPF	Total
	£m	£m	£m	£m	£m	£m	£m
Current service cost	—	—	—	(0.1)	(0.2)	—	(0.3)
Loss on curtailments and settlements	—	—	—	—	(0.1)	—	(0.1)
Amount charged in arriving at operating profit	—	—	—	(0.1)	(0.3)	—	(0.4)
Expected return on plan assets	—	—	5.8	0.1	0.1	—	6.0
Interest on scheme liabilities	—	—	(6.0)	(0.1)	(0.1)	—	(6.2)
Amount charged/(credited) to other finance costs	—	—	(0.2)	—	—	—	(0.2)
Total charged to the statement of comprehensive income	—	—	(0.2)	(0.1)	(0.3)	—	(0.6)

Amounts recognised in Other Comprehensive Income

	Year ending 31 March 2019						
	SHPS	SHAPS	PFP Group	PFPL (Holdings)	RMG	CCCPF	Total
	£m	£m	£m	£m	£m	£m	£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)

	Year ending 31 March 2018						
	SHPS	SHAPS	PFP Group	PFPL (Holdings)	RMG	CCCPF	Total
	£m	£m	£m	£m	£m	£m	£m
Actuarial gain/(loss) in pension scheme	—	—	(3.3)	0.1	(0.2)	—	(3.4)

Notes to the financial statements

For the year ending 31 March 2019

24 Pension obligations (continued)

The change in the fair value of the plan assets is analysed as follows:

	Year ending 31 March 2019						
	SHPS £m	SHAPS £m	PFP Group £m	PFPL (Holdings) £m	RMG £m	CCCPF £m	Total £m
As at 1 April 2018	—	—	209.6	5.1	5.3	23.1	243.1
Initial recognition of multi-employer defined benefit scheme	32.1	25.5	—	—	—	—	57.6
Interest on plan assets	0.9	0.7	5.6	0.1	0.1	0.6	8.0
Company contributions	1.0	0.9	19.6	0.2	0.2	0.9	22.8
Contribution by scheme participants	—	—	—	—	—	0.1	0.1
Benefits paid	(1.1)	(0.7)	(8.9)	(0.1)	(0.1)	(0.8)	(11.7)
Return on assets less interest	0.6	0.7	3.4	0.3	0.1	0.9	6.0
As at 31 March 2019	33.5	27.1	229.3	5.6	5.6	24.8	325.9

	Year ending 31 March 2019						
	SHPS £m	SHAPS £m	PFP Group £m	PFPL (Holdings) £m	RMG £m	CCCPF £m	Total £m
Actual return on scheme assets for year ending 31 March 2019	1.4	1.4	9.0	0.4	0.2	1.5	13.9
Actual return on scheme assets for year ending 31 March 2018	—	—	4.9	0.2	(0.1)	—	5.0

The change in the present value of the defined benefit obligations is analysed as follows:

	Year ending 31 March 2019						
	SHPS £m	SHAPS £m	PFP Group £m	PFPL (Holdings) £m	RMG £m	CCCPF £m	Total £m
As at 1 April 2018	—	—	216.3	5.4	5.7	32.2	259.6
Initial recognition of multi-employer defined benefit scheme	41.4	29.8	—	—	—	—	71.2
Current service costs	—	—	—	0.1	0.1	0.4	0.6
Past service costs	—	—	0.2	—	—	—	0.2
Contribution by scheme participants	—	—	—	—	—	0.1	0.1
Interest costs	1.1	0.8	5.7	0.1	0.1	0.9	8.7
Benefits paid	(1.1)	(0.7)	(8.9)	(0.1)	(0.1)	(0.8)	(11.7)
Actuarial (gains)/losses from changes to demographic assumptions	(0.6)	(0.4)	8.9	—	—	—	7.9
Actuarial losses from changes to financial assumptions	1.8	1.3	9.8	—	—	2.5	15.4
Actuarial (gain)/loss on obligation	(1.4)	(0.8)	(2.6)	0.4	0.4	—	(4.0)
As at 31 March 2019	41.2	30.0	229.4	5.9	6.2	35.3	348.0

Notes to the financial statements

For the year ending 31 March 2019

25 Capital commitments

	2019 £m	Group 2018 £m	2019 £m	Company 2018 £m
Capital expenditure that has been authorised and contracted for but has not been provided for in the financial statements	115.7	149.8	—	—
Capital expenditure that has been authorised by the board of directors	1,406.5	1,582.3	—	—

The above commitments will be financed in accordance with the treasury management policy which is detailed in the operating review and note 23 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.

	Land and buildings 2019 £m	Motor vehicles & equipment 2019 £m	Land and buildings 2018 £m	Group Motor vehicles & equipment 2018 £m	Motor vehicles & equipment 2019 £m	Company Motor vehicles & equipment 2018 £m
In one year or less	3.9	3.4	3.9	3.8	0.2	0.1
In one year or more but less than five years	10.1	4.3	10.0	5.0	0.2	0.2
In more than five years	15.7	—	16.3	—	—	—
	29.7	7.7	30.2	8.8	0.4	0.3

26 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.

27 Related party transactions

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 Association 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 24.

Notes to the financial statements

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28 Disclosure of Group undertakings

The following entities are related undertakings of the Places for People Group and unless stated otherwise, are incorporated in the UK. The registered office address for each entity is 80 Cheapside, London, EC2V 6EE, unless stated otherwise.

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 Limited	Ordinary*	100%
Brio Care Landale Limited ¹	Ordinary*	100%
Brio Retirement Living (Applegreen) Limited	Ordinary A* & B*	78%
Brio Retirement Living (Barton Marina) Limited	Ordinary*	100%
Brio Retirement Living (Chapelton) Limited ¹	Ordinary*	100%
Brio Retirement Living (Chester) Limited	Ordinary*	100%
Brio Retirement Living (Chapelton Midco) Limited	Ordinary*	100%
Brio Retirement Living (Holdings) Limited	Ordinary A*, B & C	68%
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%
CPM Asset Management (Northern) Limited ³	Ordinary*	100%
Cotman Housing Association Limited***	National/Community	100% of National s/holding
Cornerstone Plymouth Limited	Ordinary A* & B*	100%
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%

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28 Disclosure of Group undertakings (continued)

Name	Class of share held	Proportion of shares held
Matildasplanet Houses Limited	Ordinary*	100%
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 Cossec 2 Limited	Ordinary	100%
PfP Cossec 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 ¹	N/A	N/A
PFPESCO 1 Limited	Ordinary	100%
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%
PFPL123 Limited	Ordinary*	100%
PfP-Igloo (General Partner) Limited	Ordinary*	100%
PfP-Igloo Limited Partnership*****	N/A	N/A
PfP-Igloo Nominees Limited	Ordinary*	100%
PfP Polish Real Estate Investment LP*****	N/A	N/A
PfP Retirement Investment LP*****	N/A	N/A
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%

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28 Disclosure of Group undertakings (continued)

Subsidiaries

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 Plus 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 Retirement (Stow) Limited	Ordinary*	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** ⁶	N/A	N/A
Places for People SPV 2 Limited** ⁶	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 Plus 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 ⁷	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*, Ordinary A*, B* & C*	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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28 Disclosure of Group undertakings (continued)

Subsidiaries

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 4 The Pavilions, Portway, Preston, Lancashire, United Kingdom, PR2 2YB
- ⁷ 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

The following joint venture arrangements are related undertakings of the Places for People Group and unless stated otherwise, are incorporated in the UK. The registered office address for each entity is 80 Cheapside, London, EC2V 6EE, unless stated otherwise.

Joint Venture arrangements

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 B*	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 ⁴	N/A	N/A	N/A
Market Asset Management Limited ¹⁰	Ordinary*	50%	50%
Namegrace Limited ⁹	Ordinary B*	100%	50%
Places for People Strategic Land LLP	N/A	N/A	N/A
PFP US (IPL) LLP ⁵	N/A	N/A	N/A

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For the year ending 31 March 2019

28 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
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
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

Viridian Concepts Limited ¹⁵	Ordinary*	5%	5%
Symconnect Limited ¹⁶	A Ordinary*	100%	30%
The Vital Spark Incubation Ltd ¹⁷	Ordinary*	13%	13%
Ansaar Management Company (Private) Limited ¹⁶	Ordinary	25%	25%
Triple Point Social Housing REIT plc ¹⁹	Ordinary*	3%	3%
Market Asset Management Limited ¹²	Ordinary*	30%	30%
Sunamp Limited ¹⁸	Ordinary	1.4%	1.4%
Impact Social Value Reporting Limited ¹⁹	Ordinary*	7.5%	7.5%
Ilke Homes Holdings Limited ²⁰	Ordinary*	10%	10%

* 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 (Alscot) Limited
Alumno Student (Barn) Limited	Alumno Student (Essex) Limited
Alumno Student (Manchester) Limited	Alumno Student (Manchester 2) Limited
Alumno Student (Lewes Road) Limited	Alumno Student (Whitelock) Limited
Alumno Student (Park Hill) Holdings 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 2) Limited
East Wick & Sweetwater Projects (Phase 3) Limited	East Wick & Sweetwater Projects (Phase 4) Limited
East Wick & Sweetwater Projects (Phase 5) Limited	East Wick & Sweetwater Projects (Phase 6) Limited
East Wick & Sweetwater Projects (Phase 7) 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 LP
Picture Living Investments GP LLP	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 0DR¹²

¹⁰ 31 Gresham Street, London EC2V 7QA

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 503, 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 18 St. Swithin's Lane, London EC4N 8AD

¹⁸ 1 Satellite Park, Macmerry, Tranent, East Lothian, EH33 1RY

¹⁹ 2nd Floor, 24-26 Lever Street, Manchester, M1 1DW

²⁰ Flaxby Industrial Estate, Knaresborough, Harrogate, HG5 0XJ

Notes to the financial statements

For the year ending 31 March 2019

28 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 three entities.

	2019 £m	2018 £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
Zero C Holdings Limited	0.2	0.2
	1.3	1.3

29 Combinations that are in substance a gift

On 26 March 2018 Chorus Homes Group Limited (formerly Luminus Group Limited) joined the Group, becoming a 100% subsidiary, for nil consideration. As such the excess of the fair value of assets received over the fair value of liabilities assumed has been recognised in the Statement of Comprehensive Income.

	2019 £m	2018 £m
Fixed Assets	Fair value	Fair value
Housing properties	—	390.4
Investment property	—	19.7
Other tangible assets	—	7.1
Investments	—	16.0
	—	433.2
Current Assets		
Stock	—	10.6
Debtors	—	7.2
Cash at bank	—	20.4
	—	38.2
Creditors: Amounts falling due within one year	—	(84.4)
Creditors: Amounts falling due after more than one year	—	(331.2)
Provisions	—	(9.1)
Net Assets	—	46.7
Additional liability in respect of Derwent Housing Association	—	(1.5)
Amount taken in substance as a gift	—	45.2

Notes to the financial statements

For the year ending 31 March 2019

30 Housing stock

The Group owns or manages 197,712 housing properties, a breakdown of these housing properties is shown below:

	2019 No.	Group 2018 No.
Social housing managed		
— General needs housing (incl. intermediate rent)	54,373	54,184
— Affordable housing	2,124	1,386
— Supported housing	1,665	3,273
— Housing for older people	2,154	2,065
— Low cost home ownership accommodation	5,703	5,936
Total Social housing managed	66,019	66,844
— Market rent (incl. keyworker accommodation)	25,264	24,180
— Managed services	83,069	75,983
— Leased housing — freehold only	6,984	6,851
— Student accommodation	13,424	22,921
— Staff	120	125
Total housing managed	194,880	196,904
Total housing owned but managed by another body	2,832	1,736
Total housing owned or managed	197,712	198,640
Garages, commercial premises and other non-residential units managed or serviced	11,315	11,432
Total residential and non-residential units managed or serviced	209,027	210,072

As disclosed in the table above, The Group manages 66,019 social housing units (2018: 66,844).

A breakdown of the owned social housing properties is shown below:

Social housing		
— General needs housing	54,142	54,638
— Affordable housing	2,175	1,381
— Supported housing	3,372	3,122
— Housing for older people	2,154	2,065
— Low cost home ownership accommodation	5,271	5,382
Social housing stock owned	67,114	66,588

The Group manages 1,151 social housing residential units (2018: 1,478) which are owned by other Registered Providers.

The Group owns 2,246 social housing units (2018: 1,222) that are managed by another body.

33 Events after the reporting date

In May 2019, Places for People Homes acquired a 10% holding in Ilke Homes Holdings Limited for a consideration of £10m.

Board of directors, executives and advisors

For the year ending 31 March 2019

Board of Directors	Non-executives	
	C Phillips	Group Chairman
	M Brodtman	
	A Cleal	
	N Hopkins	
	G Kitchen	
	L Lackey	Senior Independent Director (resigned 1 April 2019)
	J Lloyd	
	J Dixon	(resigned 5 June 2018)
	A Hussain	(appointed 1 November 2018)
	G Waddell	Senior Independent Director (appointment 1 September 2018)
	Executives	
	D Cowans	Group Chief Executive
	P Egan	Group Director Affordable Housing
	M Parsons	Group Director Placemaking and Regeneration
	C Rae	Group Director Development (resigned 24 May 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.	

