Registered Number 16337R
Registered Number L0726

Metropolitan Housing Trust Limited

Report and Financial Statements

For the year ended

31 March 2020

CONTENTS

BOARD MEMBERS, EXECUTIVES AND ADVISORS

Metropolitan Housing Trust Limited FY 19/20

Chair
Grainia Long

Non-executive Board members
Paula Kahn (retired 29 February 2020)
Lesley-Anne Alexander
Stuart Beevor
Paul Bridge
Kathryn Davis
Michael Dunn
Brian Hendon (retired 31 October 2019)
Jerry Piper
Ingrid Reynolds
Althea Efunshile (appointed 1 March 2020)
Gurpreet Gujral (appointed 26 March 2020)

Executive Board Members
Chief Executive
Geeta Nanda
Chief Finance Officer
Ian Johnson

Executive Directors
Executive Director, Business Transformation
John Baldwin (resigned 2 June 2020)
Executive Director, Development
Guy Burnett
Executive Director, Property
Mark Everard
Executive Director, Customer Services
Ann Gibbons
Executive Director, People
Claire Posaner (resigned 2 July 2019)
Jane Long (appointed 23 April 2019)
Executive Director, Integration
Daniel Jones (resigned 7 June 2019)

Secretary
Patricia Etter

Deputy Company Secretary
Donald McKenzie

Registered office
The Grange, 100 High Street, Southgate, London N14 6PW

Auditors
BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

Bankers
Lloyds Banking Group
Barclays Bank PLC

RESULTS AND PERFORMANCE AT A GLANCE

Results at a glance

	2019*	2020
Turnover	£317m	£380m
(Deficit) / surplus after tax	(£14m)	£49m
Adjusted operating surplus	£121m	£122m
Operating surplus	£118m	£119m
Adjusted operating margin	38%	32%
Lettings margin	34%	30%
Gearing	42%	42%

* 2019 results included £77m of non-recurring merger financing costs.

Performance at a glance

- **New homes delivered:** 773
- **Investment in existing stock:** £112m
- **Homes development pipeline:** 4,112
- **New annual business income in care and support:** £2.5m
- **Invested in acquiring land and building new homes:** £174m
- **Group governance/viability rating from the Regulator of Social Housing**: G1/V2
- **Number of customers supported into employment and training**: More than 3,000
- **Stonewall Top 200 Employer Rating:** 180
- **Proportion of Repairs fixed first time:** 86%
- **Group credit rating from Standard & Poors:** A-

CHIEF EXECUTIVE'S INTRODUCTION

I am delighted to have been appointed Chair of Metropolitan Thames Valley (MTVH) from March 2020 – and what a remarkable few months it has been so far, marked by an unprecedented global pandemic. During this time, I've been struck by the extraordinary way in which the organisation has adapted and responded to the Covid-19 crisis, placing the safety and well-being of our colleagues and customers front and centre.

I've seen our colleagues go above and beyond, making thousands of welfare and befriending calls, delivering essential food parcels and medicines, as well as providing targeted safeguarding support. For me, this has only emphasised the huge privilege that it is, to chair a people powered, values-based organisation with an essential social mission.

Prior to lockdown, I had the pleasure of visiting our offices in Nottingham, Derby and London, and meeting with teams of dedicated colleagues, committed to the delivery of services to our customers. I saw first-hand the vital work of our Care and Support teams; visited our building projects and marvelled at the scale of our development aspirations; listened to customer concerns as they were reported to our Property Desk; and met with team members of Metworks, our in-house repairs and maintenance team, who look after our properties in London and the East Midlands.

Since my appointment, I have also been pleased to see the Regulator of Social Housing confirming MTVH's 'G1' rating for governance and 'V2' rating for financial viability – recognising our robust governance arrangements and stable financial position. We will continue to govern well and deliver value-for-money, improving the quality of our services to residents, retaining ambitious investment plans to build new homes, maintaining our existing stock to a high standard and ensuring our homes are safe.

The importance of the role of housing associations cannot be over-emphasised at this moment in time. Traditionally we have supported people through difficult times, serving as lifelines for some of the most vulnerable people in society. Now more than ever, though, the support we provide to people through our services is crucial, as the economic impact of Covid-19 sets in and our customers face the challenges which accompany it. It will be a time when we need to continue listening to our customers' voices so that they feel heard and we can deliver what is most important to them.

We're proud of the history which has made us the organisation we are today. The then "Metropolitan Coloured People's Housing Association" was set up to provide quality, affordable accommodation for those who arrived in Britain from the Caribbean on the Empire Windrush in 1948 to help re-build Britain after the Second World War.

The recent shocking death of George Floyd in the USA brought into sharp focus the oppression and racism that still exists in our world. MTVH, focussing firmly on our values – we care, we dare and we collaborate - strives to be absolutely anti-racist, both in terms of the organisational environment we create for our colleagues, and the services we provide to our customers.

Finally, I would like to express my thanks to the previous group chair Paula Kahn. She successfully steered MTVH through a period of enormous transition and change and has generously handed on to me the benefit of that experience. I take up the baton with huge relish!

Althea Efunshile CBE Group Chair	Grainia Long MHT Chair

CHIEF EXECUTIVE'S INTRODUCTION

It's not easy to introduce a review of our first full financial year as Metropolitan Thames Valley Housing (MTVH), one with much to celebrate, when we have been in the grip of a global pandemic since the early part of 2020. We entered 2019 looking forward to a period of transition and integration and although we've made significant progress in the year – serving our customers better every day along the way – inevitably Covid-19 has caused disruption.

While the full impact of the disease will not be fully understood for some time, it has already shaped how we at MTVH think and how we deliver our services. Many of our customers will be the first to suffer the financial consequences of a recession and will require more support as well. This will no doubt be central to the story of our annual report next year. For the moment, however, we want to reflect on our achievements in 2019/20, a year in which we put the strategies and infrastructure in place to move forward together as one organisation.

Our success has relied on our strength and resilience as an organisation and we're proud to report a strong performance in the year, with an operating surplus of £127m, more than 1,000 new homes delivered and more than 3,000 of our customers supported into employment or training. We were also pleased that our existing 'G1' rating for governance and 'V2' rating for financial viability were reaffirmed by the Regulator of Social Housing following an in-depth assessment of the business in early 2020 – recognising our robust governance arrangements and stable financial position.

The backdrop for the housing sector was challenging, with the sales market continuing to be slow in the year. Politically, 2019 was dominated by a divisive general election, with Brexit top of the agenda. The new government pivoted back towards a focus on home ownership, meaning the sector's responsibility to make the case for building a broader and more inclusive range of tenures, including homes for social rent, was (and continues to be) as urgent as ever. We faced a housing crisis before the pandemic but things will worsen in a recession post-coronavirus, and while building new homes is about addressing demand, it is also vital for the stimulus that housebuilding contributes to the economy.

In meeting these challenges we've been able to rely on our established financial strength and our professional approach to responsible long-term planning. At the heart of our work is a focus on ensuring that value for money is embedded across the organisation and that we operate efficiently to ensure our resources are directed at the areas most important to our residents. The work we've carried out in bringing our two legacy organisations together has laid solid foundations which have stood us in good stead and we continue to make excellent progress with our integration.

A key milestone has been the establishment of four key strategies: Customer Experience, Growth and Investment, People and Organisational Development and Resident and Community Empowerment. We've developed these to give clarity to our overarching strategic goals and help us realise our vision that everyone should have a home and a chance to live well.

These four strands will guide us as we work to ensure that: our customers receive quality services and feel safe in their homes; we provide more homes in communities where people want to live; we're an employer of choice because of our engaged and values-driven culture and our customers live well through the investment we make in them and their communities.

We've continued to be innovative, proactively seeking out partnerships both within and outside the sector. This year, building on existing well-established joint ventures, we partnered with Bovis Homes on a project to deliver nearly 800 homes in Cambridgeshire. In one of our key boroughs in south London, we joined Lambeth Together, an initiative to link up local health and social care and signed up to the Lambeth Housing Partnership, a group focused on improving local housing services.

Providing quality customer service is vitally important to us and we're working with customers to ensure we deliver well the services that matter most to them and that their experience of engaging with us is first-rate. An important step here has been the roll-out of MTVH Online, our new digital platform where customers can carry out day-to-day tasks like making payments and reporting repairs quickly and easily. This came into its own during the lockdown period, enabling residents to contact us easily and securely at any time of the day.

CHIEF EXECUTIVE'S INTRODUCTION

The year also saw us face another major challenge. In September 2019, fire broke out in a residential building we manage in Worcester Park, south-west London and 23 households lost their homes. From day one our priority was to do everything possible to support those customers and to ensure the safety of everyone else on the surrounding estate. We've made significant progress and we will continue to do all we can to help those affected residents.

The effectiveness of our response to that emergency depended on the commitment and hard work of colleagues across the business who came together at a time of crisis and worked tirelessly, often in collaboration with other organisations, to support our customers. In response to Covid-19, that same spirit has been called upon on a daily basis throughout our business and we want to take this opportunity to thank our colleagues who have worked so tirelessly through this difficult period. We are confident that we will emerge from this stronger than before to become a more agile, data-driven, customer-centric and collaborative organisation.

On a final note, March 2020 saw our group Chair, Paula Kahn, step down. Paula's achievements, first as Chair of Metropolitan from 2013 and then of MTVH from 2018, are significant and her role in establishing the organisation we are today is pivotal. From overseeing the financial turnaround of Metropolitan, to driving the merger which formed MTVH, her impact in the role has been nothing short of transformative.

Although we were sad to see Paula leave, we were delighted to welcome Althea Efunshile CBE as her successor as group Chair. Althea has had a 40 year public sector career, during which she has gained extensive senior leadership and management experience in education, children's services and culture. She is a passionate advocate for social justice and equality and diversity in the workplace – and we look forward to drawing on her experience and expertise as we continue to build our new organisation from strength to strength.

Geeta Nanda OBE

Geeta Nanda

CHIEF EXECUTIVE’S STRATEGIC OPERATIONAL REVIEW

Who we are

Metropolitan Housing Trust is a registered provider subsidiary of Thames Valley Housing, part of the Metropolitan Thames Valley Housing group (MTVH). As a group we are one of the UK’s leading providers of affordable housing and care and support services.

Metropolitan Housing and Thames Valley Housing entered into partnership in 2018. The primary drivers for the partnership were to enable us to better serve existing residents; build more new homes and stronger communities; and achieve greater organisational resilience.

We had similar vision and values, and complementary strengths, including strong track records of investing in communities. Now as MTVH we are stronger and more resilient with the capacity to do much more: help more people in need of housing and care and support services at a time of chronic need, while transforming the experience for existing residents and service users.

Our vision is that everyone should have a home and the chance to live well.

Where we operate

As a group we own, manage and administer more than 57,000 homes. This map shows percentages of housing stock by region.

Region	Percentage of total
East of England	9.5%
London	49.5%
Midlands	21.1%
South Coast	0.4%
South East	19.5%
Grand Total	100%

People Powered Living - our three values: dare, care, collaborate

We’re a people-focussed business, solving social issues by working together.

Dare
We dare to change by

- Using our voice to challenge ourselves and others
- Thinking differently and commercially to create new and better ways of doing things
- Working with drive and energy to achieve our goals

Care
We care about customers, colleagues and communities by

- Listening to everyone’s view to help us do the right thing
- Keeping people safe and managing risk at the heart of our work
- Treating everyone with dignity and respect

Collaborate
We collaborate with others by

- Working as one team to solve problems together and deliver the best outcomes
- Challenging ourselves to deal with the difficult questions in an open and honest way
- Using our integrity and sound judgement to share information when it is right to do so

CHIEF EXECUTIVE'S STRATEGIC OPERATIONAL REVIEW

Our four strategies

As a People Powered organisation we solve social issues and we're proud to be able to have a positive impact on people's lives every day.

This year, in our first full financial year as an organisation, we finalised our four central strategies. We've developed these carefully to help us focus on the things that really matter and guide us as an organisation to realise our vision.

Together, our four strategies will enable us to ensure that
- our customers receive quality services and feel safe in their homes
- we provide more homes in communities where people want to live
- we're an employer of choice because of our engaged and values-driven culture
- our customers live well through the investment we make in them and their communities

Customer Experience Strategy

We will put our customers' needs – safe homes and a good service – at the forefront of our service. This means raising the standard of our service offer, especially around basic landlord services. We also want to build service improvements around customers' needs, ensuring they remain at the heart of our service development.

Our ambition is to create a customer-centric organisation with truly great and consistent customer experiences. Our approach will include investing in our homes, improving our stock data, putting the right systems in place to enable colleagues to deliver services and establishing strong partnerships and supplier relationships. However, it is ultimately about transforming the business through culture and values to one that puts people – both our people and our customers – at the heart of what we do.

Growth and Investment Strategy

Our Growth and Investment Strategy aims to deliver sustainable growth in partnership with the public and private sector with more than 12,000 new homes delivered over the next 10 years.

To deliver homes and services people want, we will invest our money wisely and select our partners carefully to create a balanced development programme which reflects our ambition and risk appetite.

We will transform places, giving people the chance to live well. By adopting a considered approach to planning, urban design and estate management, we will create public spaces that promote people's health, happiness and well-being.

People and Organisational Development Strategy

This strategy sets out our approach to be a highly effective customer-centric organisation which engages and inspires its people – an organisation where everyone is focussed and has the right skills, behaviours and experience to deliver services that reflect our values.

We're committed to building a culture at MTVH where everyone feels empowered, inspired and well equipped to deliver services which support customers' needs and expectations. We also want to foster a motivated workforce driven by a collaborative approach to create a high performing, customer-focussed organisation.

Resident and Community Empowerment Strategy

The aim of our Resident and Community Empowerment Strategy is to empower our residents and communities by supporting them to tackle the inequalities and remove barriers which limit their ability to live well. For residents and communities to thrive, they need to feel safe and secure, have food, shelter, warmth and rest.

CHIEF EXECUTIVE'S STRATEGIC OPERATIONAL REVIEW

We will work in a more focussed way to empower our residents and their communities to be able to live well by making it our core purpose to help them achieve their basic needs. Our approach will be to invest in our local teams, who will have a broader role in supporting the whole customer journey, and who will have knowledge of local agencies and organisations who can work with us to provide the basic needs of our customers. In doing so, we will provide a service which accommodates the broad diversity and geographical spread of our customers.

Customer Experience

We know that our customers want easy-to-use and consistent services across all parts of our business. This year, we have completed a range of projects to serve our customers better and improve their experience of engaging with us, as well as improve our insight into their needs. Customers should also feel that their homes are safe and well-maintained and we have continued to invest at a high level in this area.

Listening to our residents

We're committed to engaging with residents to ensure we deliver what's important to them. As part of this, during the year we commissioned researchers to survey a broad range of customers for their views on how we do this and what involvement could look like in the future. This took the form of an online survey, as well as face-to-face focus groups for residents of later living and Care and Support services.

The research identified a range of opportunities to improve engagement and broaden representation in our groups for involved residents. One of the main outcomes of this was a new structure for these groups, to provide a direct connection between customers in our different regions, internal governance structures and our own Board. This was agreed at the end of 2019, with recruitment to follow in 2020/21.

We maintain our commitment to delivering the services that matter most to residents. A major milestone in this regard during the year was the launch of MTVH Online: our digital platform which allows residents to report repairs, pay bills and raise enquiries quickly and easily. The legacy MyTVH was the foundation on which MTVH Online was built. By March 2020, we had over 12,000 registered users consisting of new users as well as users of 'MyTVH' service.

Warmer, safer, dryer: investing in our homes

We continued to invest in the maintenance and safety of our residents' homes. We spent £112m in this year, £33m of which was capitalised as improvements. The capital investment included a programme that replaced 1,048 kitchens (2019: 717), 850 bathrooms (2019: 702) and 1,468 boilers (2019: 2,235).

The year also saw us establish a new Safer Buildings team to survey and identify risk across our stock. In line with government guidelines, this team has already carried out surveys across our taller buildings, and we have developed an approach to risk prioritisation across our entire portfolio to ensure that any necessary work is carried out as efficiently as possible.

We achieved high levels of statutory compliance during the year, delivering 26,618 gas safety inspections, 7,933 electrical safety inspections and 960 fire risk assessments. We also invested around £5m in upgrading and renewing fire alarms. In total, across all aspects of compliance activity, we invested £21m.

Over the course of the year, we completed 1,637 void repairs, with standard void repairs taking on average 10 days to complete.

A challenge for our Property Services will be to maintain the momentum that we have created into 2020/21, against the backdrop of Covid-19. However we are confident that the teams, processes and procedures that we have in place will help us to meet this challenge while we continue to aim to deliver an excellent customer experience for the people living in our homes.
Our Property Desk, the dedicated section of our contact centre for customers with property-related enquiries, took more than 225,600 calls and completed more than 137,280 building repairs during the year.

More than 80,000 of these repairs were completed by Metworks, our in-house repairs service delivery team which operates in London and the East Midlands. Metworks continued to deliver a consistent service, with a first-time repair rate of 86% (2019: 83%) across these regions and 93% (2019: 94%) of repairs completed on time.

Worcester Park

In September, a fire broke out at Richmond House, a building which we manage on The Hamptons estate in Sutton, south-west London, which resulted in 23 households losing their homes. We worked quickly to support those residents directly affected and to ensure the safety of our other residents on the surrounding estate. Since that time, we have continued to work closely with the London Borough of Sutton, volunteers from the local community and the original developer of The Hamptons, St James (part of Berkeley Group).

In November 2019 we shared with MTVH residents the results of in-depth investigations by independent experts into the construction of the buildings we own at The Hamptons to establish if there were any structural issues that could compromise fire safety.

The investigations showed that work is needed to remedy certain defects in the passive fire protection of buildings on The Hamptons. Agreement has now been reached with St James for them to progress with the external remedial works that are required to buildings on the estate. We are continuing to work with St James and the London Borough of Sutton to move forward with the rebuild of Richmond House. MTVH will ensure that all work is overseen by appropriate independent experts and customers remain fully informed throughout these works.

Care and Support

Our Care and Support arm supports some of the most vulnerable people in society. Our specialist areas include older people, mental health and transitional services which provide intensive support to marginalised or vulnerable people.

This area of the business continues to perform well, with total income generated through tenders, contract extension and negotiation of new contracts coming to £11m (2019: £15.3m).

We run a number of services registered with the Care Quality Commission (CQC), the independent regulator of health and social care in England. Over the course of the year, our number of CQC-registered services rose from 18 to 20, with one new service opening in north London region and another in the East Midlands. As of the end of the year, all of these were rated 'Good' with the nine services inspected by the regulator over the 12-month period retaining the rating.

We continue to operate our own in-house audit team, not only for CQC-registered services, but for all Care and Support services. Our assurance framework was reviewed in 2019 to ensure it remains up-to-date and focused on the quality and safety of our service delivery.

In the final quarter of the year, a new Care and Support Strategic Plan was approved by the Board, setting out our ambitions for a steadily growing business, with an engaged, supported and well-paid workforce, who are trusted by our partners whilst also seen as flexible and pioneering. We plan to achieve growth both through our existing areas of expertise, and through developing new areas such as homelessness services, over the next three to five years. The strategic plan also outlines our aim to review or remodel some existing services to ensure that they are providing the best possible service to those who need them.

CHIEF EXECUTIVE'S STRATEGIC OPERATIONAL REVIEW

Customer Experience case study

Kavi

Every day we make an impact by reaching more people in need of housing and care and support services and changing lives for the better. Kavi, who lives with wife Lata in one of our supported schemes for older people in London, believes that getting a MTVH home has saved his life. Not once, but twice.

Kavi had worked for John Lewis for 20 years when he received life-changing news in March 2016 – he was diagnosed with cancer. It turned him and wife's lives upside down. "You don't know what to think; you don't know if you're going to live or die. All your priorities change," he says.

Previously the couple had rented privately, but it had always been stressful: not only was damp causing health problems, their flat was becoming more unaffordable as the landlord increased the rent every year.

"I needed a place to live so I could follow my treatment plan. I spent the whole night searching the internet for a place for us, for a bedsit or even a room. Then I saw an advert for MTVH and discovered we fit the criteria. I was amazed to receive an email the very next day," he remembers.

They took their paperwork to the scheme and met with MTVH Housing with Support Manager Rachel. Soon after, they secured a place and were able to move into their new home. Rachel says: "It a very emotional moment when I handed them their tenancy agreement."

After moving in Kavi had an operation which resulted in him being bedridden for three months. "The timing could not have been better, as I was able to recuperate. If we'd not had this home, it would have been so much more traumatic" he says.

He then suffered two minor heart attacks. "We were so lucky to be living here; we were able to call for help and an ambulance came. It was heaven sent - a life saver."

Not having to worry about accommodation meant Kavi could focus on his health. "I'm so much better now; people can't believe I was ever so ill. I've changed everything in my life – I meditate, exercise, drink water, watch what I eat and sleep. And I'm positive – I live in the moment. I know that if you don't have your health, you have nothing."

He believes everyone needs a place where they feel safe and secure, where they can rest, and where they can live their lives. "MTVH gives that to us - and everyone who is a resident here. This goes beyond bricks and mortar – it's something intangible. We're very independent, but we know that there's always someone looking out for us. It's a blessing for which we're so grateful."

CHIEF EXECUTIVE'S STRATEGIC OPERATIONAL REVIEW

Growth and Investment

As a developing housing association, one of the key ways in which we deliver social value is by building new affordable homes. Quality of design, construction and service is also critical as these factors are fundamental to delivering a positive experience for our residents.

This year, we delivered more than 500 new homes, continuing to work alongside a range of public and private sector partners, and we have a plan to build more than 12,000 new homes over the next 10 years. Against the backdrop of the Covid-19 pandemic and its economic fallout, we are committed to playing our part in the rebuilding and recovery effort that will be needed in the months and years to come.

Investing in new homes

This year we delivered a total of 548 new homes (2019: 580), of which 151 were for rent, 397 for shared ownership.

All of the affordable homes we delivered contribute to the Affordable Homes Programme, and this delivery was supported with £96m of grant funding from Greater London Authority (GLA) and Homes England.

In total this year we invested £174m in acquiring land and building new homes (2019: £137m).

Regeneration

As a regeneration specialist, we believe in supporting communities to grow and develop sustainably. At our flagship regeneration project at Clapham Park in south London we took a major step forward by finalising the section 106 legal agreement with Lambeth Council for full planning consent on the next phase of our masterplan for the estate.

During the year, we also made progress on a range of other pre-approved work on the estate, including the delivery of a new community resource centre (known as the Clapham Park Cube) and nursery, as well as nearly 40 homes for social rent and more than 150 for shared ownership.

On completion, the regeneration project will more than double the number of homes at Clapham Park to over 4,000 homes. Of these, 53% will be affordable – comprising a combination of properties for social and affordable rents, shared ownership and other affordable tenures.

As well as Clapham Park, we continued our work across three other major regeneration schemes in London: Brunel Street Works in Newham and West Hendon and Westhorpe Gardens in Barnet. Across all of these projects, we will deliver around 7,500 new homes by 2027, alongside our private and public sector partners.

Working in partnership

We have a strong track record of working in partnership with other organisations to deliver our development ambitions, as evidenced by our well-established joint ventures with Galliford Try and Barratt London. During the year, we established a new joint venture with Bovis Homes to deliver nearly 800 homes at Cambourne West in Cambridgeshire.

The development's 235 affordable homes will comprise a mix of homes for affordable rent and shared ownership. The project will also contribute to the infrastructure of the local community, including the expansion of a local secondary school and the delivery two new primary schools.

Sales performance

Despite an uncertain economic environment, we continue to be resilient and prepared for fluctuations in the market. During the year, we sold 479 properties for shared ownership (2019: 237 units).

CHIEF EXECUTIVE'S STRATEGIC OPERATIONAL REVIEW

Growth and Investment case study

Florence

After renting for 17 years, Florence longed for space and privacy in a home of her own. She works long hours as a nanny for a family in Kew Gardens so she needed to live close to her work, but the high property prices in the area made it impossible for her to buy a home outright.

Florence had been looking for a suitable home for three years when she came across new flats being sold in Twickenham by MTVH's So Resi.

The opportunity to buy a share of a home she could call her own, combined with the modern design of the development and its great location just a few miles from her work, provided the ideal solution. Even though the development was not yet complete, she loved the look of the plans and had no hesitation in putting her name down for a one-bedroom apartment.

"I'd looked in other areas, but I've lived in Kew for over 20 years and love it here, so I didn't want to move far away. I've always had a good feeling about Twickenham, so I knew I'd be very happy here," she says.

Florence bought a 30 per cent share in her apartment, and although she only needed a 10% deposit, she poured the savings she'd built up over the years into her new home and took out a mortgage. "If you don't have a lot of money and can't afford to buy outright where you want to live, I'd definitely recommend shared ownership," she says.

Keen to buy more shares in her apartment, she signed up for So Resi's Shared Ownership PLUS scheme, which enables her to buy an extra one per cent share of her apartment annually for 15 years. "It's a great scheme because it's easy and saves money and hassle and I can buy more shares whenever I want to, so there's a lot of flexibility," she says.

Florence's apartment is filled with light from floor-to-ceiling windows and she enjoys lovely views over the landscaped grounds. There is also a roof terrace where she can relax and get to know her neighbours.

Transport links from her home are excellent with Twickenham station less than five minutes' walk away and Waterloo only 20 minutes by train. Florence cycles to work, but there's a fantastic choice of buses too, for when she wants to travel into other areas of London.

Florence plays tennis up to four times a week in Kew and enjoys walking along the river or in nearby Kew Gardens and Richmond Park.

"My home is amazing, I love it. Before, I was sharing with people and I was used to doors banging and waiting for the bathroom. I spent most of my time in the bedroom, but now I have a great open-plan living space, where I can relax and watch TV. My bedroom is now my sanctuary, only for sleeping. Buying a home has transformed my life."

CHIEF EXECUTIVE’S STRATEGIC OPERATIONAL REVIEW

People and Organisational Development

Our focus this year has been on putting strong foundations in place to enable us to build a solid customer-centric organisation where colleagues feel engaged and valued. Our People and Organisational Development strategy is aimed at growing an inclusive and diverse environment where people can innovate, develop and work together to constantly improve our customers’ experience.

People

We’ve been focused on getting the right business structures in place for the organisation and have recruited strong, experienced and stable Executive and Senior Leadership teams. Senior leaders have been working hard to put teams in place that better meet the needs of customers and better support our ability to deliver services well.

Making sure that our colleagues are fairly rewarded has been at the centre of getting the basics right, and following consultation with both colleagues and unions, we introduced a consistent set of terms and conditions and a new reward framework across the organisation. We also transferred our defined benefit pension scheme out of the industry multi-employer scheme to a new master trust over the course of the year, enabling us to pursue investment strategies that suit the particular needs of our pension members.

We started introductory workshops centred around our values of Dare, Care and Collaborate during the year and will continue this work to develop a meaningful programme of activity to support our culture and reinforce a customer-focused approach to how we deliver our services.

We know that people can perform at their very best when they feel they can be themselves at work – and our commitment to equality, diversity and inclusion is central to our identity and workplace culture. This year, we relaunched our colleague diversity network groups, with new levels of involvement to encourage participation. Our network includes groups for LGBTQ+, BAME and female colleagues, as well those who work flexibly, have disabilities or who wish to be allies. We also have a group dedicated to raising awareness of mental health and wellbeing.

We were proud to see our place as a Stonewall Top 200 employer reaffirmed this year. Our innovative ‘Black on Board’ development programme also went from strength to strength, with a new cohort of graduates coming through this year. The programme is aimed at providing members of the BAME community with the skills and confidence to become members of boards.

Integration

Over the course of the year, we made progress on a range of key integration projects designed to bring both legacy organisations together operationally.

In technology, examples include the launch of our digital customer services platform MTVH Online, the first stage of our roll-out of Office 365 to colleagues, the integration of our core HR and Finance systems, and a major upgrade to housing management system, Northgate. We’ve also worked to give colleagues access to more innovative tools, for example by beginning to provide iPads to colleagues for mobile working.

Although our integration and transformation programme was impacted by Covid-19, we have worked to re-start projects as quickly as possible, with changes in approach to accommodate the new operating environment. Despite this context, we succeeded in delivering integration-related savings of £3.8 million for the year, surpassing our target.

Environment

As part of our integration work, we want to create the right environment to support our collaborative and flexible working culture. During the year, we relocated to a new central London office, bringing together colleagues from our legacy head offices in Twickenham and Southgate, downsizing our presence at those locations. With refurbishment completed at Southgate, work is underway to align office look and feel in Twickenham, as well as at our Clapham Park office – despite some disruption as a result of Covid-19 lockdown measures.

Outside of London, we selected the premises for our new Midlands office. Again, as a result of Covid-19, we anticipate that the move date will be later than originally anticipated – however we have made good progress on design planning and appointing a contractor to carry out the necessary building and fitting work.

People and Organisational Development case study

Lee

As a People Powered organisation, we employ passionate colleagues to help bring our vision to life by making a positive difference to our customers' lives – regardless of which part of the business they're in.

Lee, a Community Investment Administrator, is one of these passionate people. Lee had been referred to our support services when he was looking for work, after being unemployed for three years. It soon became apparent to Phil, our Employment Lead in the East Midlands, that Lee was an excellent administrator, having previously worked for an employment service.

Lee did a voluntary work placement for a year, working within our Care and Support team two days a week, where he helped with administration, data entry, spreadsheets and archiving. "His performance was outstanding and we knew he would be a valuable asset to the business. We helped him to look at his financial situation – including his benefits – and showed him how he could gain from doing paid work" says Phil.

Lee now works 16 hours a week at MTVH. This comprises one full day with our Care and Support team and two half days with Metroployment, our employment service which supports customers who are looking for work, training or apprenticeships.

"I love my job at MTVH, from all the people I work with and those I meet, to the actual job I do. My confidence has been boosted by being part of a team. I feel so much better these days; working at MTVH has given me stability. I'm a different person to be honest" says Lee.

So it has come full circle for Lee – from being a job seeker himself, to becoming a valued part of the team that helps others find employment. Lee is involved in promoting the employment service we provide to our customers and he represents MTVH regularly at community job fairs where our services are showcased.

What is his advice to anyone looking for a job? "Do what I did: start volunteering. It could be a route into paid employment. If you're there working, developing your skills and building your confidence, when a paying job comes up, hopefully you can demonstrate that you'll be a good fit with the organisation, as I have done," he explains.

Phil says: "Lee is fantastic and a valued member of our team and having this job has improved his confidence outside of work too."

CHIEF EXECUTIVE'S STRATEGIC OPERATIONAL REVIEW

Resident and Community Empowerment

Some of our residents experience first-hand the impact of poverty and inequality and how these can lead to a range of negative outcomes, including poor physical and mental health. We're committed to supporting residents who face these kinds of challenges and to helping empower them to tackle the inequalities which limit opportunities to live better lives.

We aim to ensure that our offer delivers change where it will have the biggest impact. Once the basics are in place – a decent home in a safe community – we develop a rigorous understanding of local needs and strengths, by engaging with customers to inform and shape our services. Over the course of the year, we've made steady progress, serving our customers better every day across a range of different projects and initiatives.

Supporting residents

Our Community Investment team delivers services that help residents into training and employment. In 2019/20, 1,779 residents undertook training and development opportunities, including confidence building, IT, project management, and ESOL (English for Speakers of Other Languages). We worked with community support charity Embrace UK to offer free 13-week ESOL courses for residents living in Haringey and Enfield, where we have the highest number of residents who find it difficult to read or write in English.

Our Transform & Achieve programme has helped hundreds of people in London develop new skills and, through this and other similar schemes elsewhere, we have supported 800 residents in to work this year.

We provided £42,000 to communities for local groups and 4,697 residents have participated in activities with MTVH funding. A total of 26 projects were delivered under the Health and Wellbeing umbrella across the country. In Derby we ran a sport and football programme for young people; in north London we offered chair-based exercises for elderly customers; and in Tower Hamlets we introduced yoga for women from the BAME community.

Often our support is in the form of practical advice. For example, our Energy Advice project provided eligible residents in 45 local authorities the opportunity to access a free home visit by a qualified energy advisor, which resulted in a total estimated savings for almost 50 residents of £78,000. In Edmonton, we provided a 'Being Well Together' course for residents, aimed at combatting isolation and encouraging confidence through cooking and healthy eating.

We are alert to the problems of knife crime in London and have looked for innovative ways to engage with young people. Working with a company called the Musik Club, we delivered 16 workshop sessions entitled 'Music Vs Crime'. These were focused on young people with a desire to create music, helping them to explore their creative expressions and discover their talents. The project was aimed at equipping each participant with social skills to network and build relationships with other young people outside of their immediate social circle. We also ran boxing sessions for 25 young people, using exercise to improve physical and mental health and channel energy into a positive outlet.

Migration Foundation

Our Migration Foundation was established ten years ago, in recognition of the particular challenges that the UK's migrant population can face. In 2019/20 we continued our programme of funding charities and organisations that support the community, including, among others:

- Asylum Support Appeals, who provide free legal representation for people seeking asylum
- Praxis Community Projects, a leader in combined housing and advice for destitute migrants
- Project 17 which supports vulnerable children of migrant families

At Re-Start Point, our first-of-its-kind hostel for destitute migrants in Derby, we helped 15 people move on to longer term accommodation – including six who moved into MTVH properties in the city.

We were also pleased to co-sponsor the 2020 Women on the Move Awards, which celebrates the achievements of migrant women. It was inspiring to hear the stories of the individual award winners and acknowledge the contributions they are making to their communities.

The Rushcliffe Project

In Rushcliffe, Nottinghamshire, where we own and manage around 4,000 homes, we are piloting a project to re-shape our service delivery to residents, based on insights gathered from the community and colleagues and successful models adopted by other housing associations. Our aim is to develop new ways of working that will make it easier for customers to engage with us and ensure that we deliver what we promise.

Following a model of collaborative working involving communities and colleagues, we are testing a number of processes and interactions to help us define which aspects of our service should be delivered face-to-face and which can be done by a central team. The initial trial, which will run until March 2021, will enable us to develop more knowledgeable and empowered teams who can proactively and responsively support our customers and communities.

Resident and Community Empowerment case study

Eshan

Eshan is a former customer of Re-Start Point, an 11-bed hostel providing comfortable, rent-free accommodation and other support services to destitute migrants in Derby.

Eshan was referred to Re-Start Point by the Red Cross in February 2018 after he became homeless following an unsuccessful asylum application. Reflecting on his arrival at Re-Start Point, Eshan says: "I felt over the moon and I was pinching myself to make sure it was not a dream".

At Re-Start Point, Eshan was given a weekly allowance for food and essentials, and was supported to access English language classes at Derby College and register with local healthcare services; "My life was beginning to change. My days were busy with English classes, cooking, and socialising with other housemates".

The team at Re-Start Point also supported Eshan to make a fresh asylum claim, which was approved by the Home Office, giving him settled status and the foundation to build a new life; "At Re-Start Point, I had the time to concentrate on finding new evidence to support my asylum claim and the support to go to see my solicitor".

Central to the services provided at Re-Start Point is a focus on the well-being of customers. Residents like Eshan are encouraged to volunteer at local migrant organisations, to socialise and build peer support networks. Recognising that claiming asylum can be an exhausting process, team members are always on hand to provide emotional support: "Every time I had a bad day, the staff were there to listen to my worries and support me all the way."

Once Eshan's asylum application was approved, he was able to start planning for the future. He was given practical guidance on how to apply for Universal Credit, supported to look for employment opportunities and assisted with applying for the local housing register. The staff at Re-Start Point also helped him to apply for travel documents so he could visit family members overseas.

Eshan is now living in a social housing property and working full-time at a grocery shop. While moving into his own home was an exciting step, he was worried about how to manage his bills so colleagues at Re-Start Point provided some advice on money management. Reflecting on his journey, Eshan said; "Re-Start Point saves and changes the lives of many people – I am grateful for the 19 months I spent there".

Eshan's story shows how services at Re-Start Point are able to provide safe routes out of homelessness and create sustainable futures for migrants. Akbar Babukarkail, Service Manager at Re-Start Point, says: "I am proud that our service has been able to help and support some of the most vulnerable members of our society. They come to us as their last hope to find a roof over their heads and the support to focus on a fresh start in their lives".

Funded by MTVH's Migration Foundation, Re-Start Point aims to support migrants out of crisis and provide hope for the future. Eshan's testimony reflects just that; "The project gave me an opportunity to re-build my life".

CHIEF FINANCIAL OFFICER'S REVIEW

Highlights

Key highlights this year were:

- £601m of available liquidity
- Re-confirmation of the credit rating at A- stable outlook
- Exit from the multi-employer defined benefit pension scheme, Social Housing Pension Scheme (SHPS)
- The establishment of a single finance team and single back office system solution, post-merger

Overview

Metropolitan's turnover was £385m (2019: £317m) an increase of 21%. Metropolitan's letting income (which includes Care and Support) was £282m (2019: £241m), a rise of 17% year on year due to the inclusion of a full year of what was previously Thames Valley Charitable Housing Association (TVCHA) lettings income. This was the final year of the -1% rent settlement which was more than offset by the increase in home numbers.

Metropolitan sold 479 First Tranche units (2019: 237 units) achieving a gross profit of £7.1m at 12% margin (2019: £4.5m at 13%). The first tranche share averaged 39% (2019: 41%) of an average total selling price of £124k (2019: £127k). The Board is committed to creating social housing subsidy through the market sale of homes in order to build more affordable housing than it could otherwise afford. This development risk remains a core element of our business plan which is capped and closely governed by the Board.

Adjusted operating surplus (which excludes non-recurring costs associated with the merger and costs associated with the exit of SHPS) £122m (2019: £121m) up 1% due to the inclusion of a full year of what was TVCHA offset by increased operating expenses which were adversely impacted by the Covid-19 emergency and increased property related spend. Year on year movements in bad debt expense was £3m adverse. Operating expenses were up 25% at £235m (2019: £187m) also as a result of the impact of a full year of costs following the transfer of engagements of TVCHA.

Reported operating surplus was £119m (2019: £118m) which reflects the impact of a full year of integration offset by the quieter sales market which resulted in lower volumes from our shared equity operations, including shared ownership equity sales ('staircasing') and mortgage loan buy-backs ('redemptions'). MTVH is one of the largest providers in the sector of Shared Ownership homes and Homebuy loans (administered through our 'So Resi' brand) and this remains core to our affordable home solutions. During the year we completed 280 staircasing transactions which delivered £15.3m of operating surplus at a 34% margin (2019: £10.5m at 35% from 191 completions). In addition, we completed 162 Homebuy loan redemption transactions, achieving £6.1m of operating surplus at a 37% margin (2019: £7.1m at a 38% margin from 222 completions).

The Board took the decision during the year to exit the multi-employer Social Housing Pension Scheme ("SHPS") which was completed on 4 October 2019. Metropolitan's defined pension obligations were then transferred to the Metropolitan Thames Valley 2019 Scheme. This enabled Metropolitan to crystallise and settle its exposure to orphan pension obligations within the scheme. Metropolitan will now look to improve its return on assets (for any given level of risk), more actively manage member liabilities, offer members greater flexibility and to better manage cash resources by leveraging a very strong asset base.

Metropolitan recorded a surplus after tax of £55m (2019: loss of £14m) after interest costs of £79m (2019:£64m). The increased interest cost is also as a result of a full year impact of the inclusion of what was formerly TVCHA.

Cash generation weakened this year with a net operating cash inflow of £189m in the year (2019: £345m). The primary reason for this was the 2019 figures included a transfer of engagements from TVCHA during the year which inflated the cash inflows.

Gearing ended the year at 42% on an historic cost of property basis (2019: 42%) and EBITDA interest cover was 2.2 times (2019: 2.4 times).

CHIEF FINANCIAL OFFICER'S REVIEW

Finance costs

Interest receivable amounted to £9m (2019: £6m) and total interest payable was £79m (2019: £64m).

Taxation

Tax payable during the year was nil (2019: nil) During the year surpluses of £9.2m (2019: £8.4m) were gift aided to Metropolitan from within the Group to subsidise the development of affordable homes.

Other comprehensive income

There was a credit of £33m (2019: charge of £37m) in respect of the impact of changes in pension assumptions and initial recognition of the defined benefit liability offset by a £12m charge (2019: £5m) relating to the adjustment to the current fair value of the effective element of our portfolio of interest rate derivatives, which is driven by the difference between current market interest rates and the fixed rates on our debt.

Cash generation and utilisation

The Group continues to deliver a strong operating cash performance. Net cash flow from operating activities was £49m (2019: net outflow of £23m) – inflated by the transfer of engagements from TVCHA). Overall we spent £213m (2019: £215m) on new developments and £37m (2019: £36m) on improvements to our existing estate. Net outflows from drawdowns of new facilities less debt repayments totalled £81m (2019: £31m).

Balance sheet

The net book value of housing assets was £4.2bn (2019: £4.1bn), with £32m (2019: £25m) of depreciation charged in the year, with the increase driven by our investment in our capitalised repairs programme. This figure includes assets under construction at 31 March 2019 of £286m (2019: £242m). Development work in progress (WIP), was £67m (2019: £67m). Short and long term creditors are £2.6bn (2019: £2.6bn), including £1.9bn of borrowings (2019: £1.8bn) and £114m (2019: £95m) of housing grant repayable.

Funding and treasury

As at 31 March 2020, MHT had net debt of £1.8bn (2019: £1.7bn). We define net debt as debt less cash available to repay lenders. 80% (2019: 77%) of the loan book was fixed at rates of interest ranging from 1.4% to 12%, with the remainder at floating rates of interest. Our overall cost of debt was 4.3% per annum (2019: 4.3%).

The group's credit rating was re-confirmed again during the year as A- (stable outlook) by S&P Global.

As at 31 March 2020 MHT had committed undrawn facilities of £544m (2019: £326m) which are fully secured and available at 48 hours' notice, in addition to cash balances, totalling £95m (2019: £192m). Cash is invested at average returns of 0.7% (2019: 0.7%). MHT remains well funded and has sufficient resources to meet the requirements of its development commitments.

Managing treasury risk

Treasury risk management is a key and complex area of financial control and is included here separately from the report of the Board and the statement on internal controls.

Governance and control

MHT operates a central treasury function under a Director of Corporate Finance who reports to the Chief Financial Officer. Oversight is provided by a Treasury Committee of experienced and qualified non-executives who report, in turn, to the main Board. The activities of the Treasury function are governed by a Treasury Policy and Strategy which are approved each year by the Treasury Committee and Board. The policy is based on the CIPFA (Code of Practice for Housing Associations) as well as Treasury Management

Policy Statements and good practice notes issued by the Regulator of Social Housing (RSH) and its predecessor bodies.

A risk-based approach is adopted with the overriding objective of managing risk in line with the Board's risk appetite. Risks are regularly assessed and recorded in the Finance risk register, which forms part of the MHT's risk register.

Loans and credit structure: maturity risk

MHT's borrowings are funded from a number of sources. This includes long-term loans and bonds. All borrowing is denominated in Sterling: MHT has no foreign exchange exposures.
The funding sources are split as follows:

% of total	2019/20	2018/19
Banks and building societies	71%	76%
Capital Markets	24%	22%
Local Authorities/Other	5%	2%

The borrowings and related interest rate hedges are structured with staged maturities to ensure that no more than 10% of the total loan book matures in any one year to mitigate the related refinancing risk. MHT has £484m (2019: £529m) of loans maturing in the next five years which represents 27% (2019: 29%) of our total drawn loans.

Interest rate risk

MHT has entered into a number of hedging contracts in order to mitigate the risks on interest cost volatility arising from its floating rate debt and RPI-based cash flows. At 31 March 2020 80% (2019: 77%) of the MHT's total debt cost was hedged either by fixed rate loans, floating-fixed swaps or index-linked arrangements. MHT has a target of keeping the fixed proportion of MHT's debt book between 65% and 85%.

As detailed in note 31 to these accounts, MHT has £139m (2019: £139m) nominal value of ISDA swaps which hedge interest costs at rates between 3.3% and 5.7% (209: 3.9% and 5.7%). The mark to market exposure is monitored closely and collateralised with a mixture of cash and property assets.

Counterparty risk

Surplus cash is invested with approved banks and counterparties with the priority on the preservation of capital rather than maximising returns. The treasury policy requires that the maximum deposit exposure to any approved counterparty is £25m, with the exception of MHT's operational bankers, where a higher level is approved.

Covenant compliance

MHT's loan covenants are based primarily on interest cover and gearing ratios. Covenant ratios are monitored monthly and reported to the Board. Quarterly performance information is provided to our lenders and we issue twice yearly RNS announcements to bond investors. We hold regular meetings to update our lenders including annual group meetings and provide covenant certification as part of the annual audit process.

Liquidity risk

We prepare monthly and quarterly cash flow re-forecasts and we also carry out a budget and long-range forecasting exercise at least annually which ensures we can operate well within our safe limits for covenant tests, even under highly adverse changes in performance and market conditions.

Short-term surplus cash balances are placed on deposit for terms of not more than 364 days, with a number of approved counterparties. Cash balances held are sufficient to fund short-term development, capital expenditure and working capital requirements.

VALUE FOR MONEY

The approach to value for money

Value for money (VFM) and the key metrics related to it are monitored across the group as they are not specific to any individual entity within the group. The data that follows and the text within the first part of this section relate to the group. The regulator benchmarking metrics are monitored for MHT alone and so that part of the VFM section are for MHT.

The Board has overall responsibility for ensuring that value for money (VFM) is embedded, and an integral element, of the organisation. Being efficient and effective is critically important, to enable us to deliver our vision that everyone should have a home and a chance to live well. VFM is a culture and mind-set that is a standard consideration for every Board, committee and executive decision to direct resources to residents in the most optimal manner.

This has been a year of continued integration for MTVH, against the backdrop of a challenging sales environment and the end of year impact of Covid-19.

A key milestone underpinning the delivery of VFM has been the adoption of the four key headline strategies. These provide a framework for VFM implementation, which will be entrenched in the business transformation and improvement activities going forward. They are outlined in detail on page 9 of the Annual Report.

Key elements of VFM approach

Governance

VFM implementation is overseen by MTVH's Executive Management Team and Board, who determine strategy and investment priorities and monitor progress against published plans and targets. The Board ensures compliance with regulatory standards. The recent In Depth Assessment (IDA) by the regulator reaffirmed our fully-compliant G1/V2 status. The oversight of VFM is also supported through the responsibility of various Board sub-committees.

Performance management

The financial performance and capacity of the organisation is key to ensuring that we are able to deliver on our strategic objectives, and is framed by the following:

Budget/Corporate planning - VFM is firmly entrenched in the 20/21 budget and Corporate Plan and includes both cost optimisation and revenue growth targets, for instance in the Care and Support business. Realisation of the merger benefits is also embedded in these plans.

Performance tracking – A suite of KPIs/metrics are analysed and reported on at all levels of the organisation, in order to drive performance and identify areas for greater efficiency. This also includes a range of non-financial targets, which provide an enhanced assessment of VFM delivery in future.

Asset returns and efficiency – The Strategic Asset Management Plan was adopted in May 2019 to ensure that MTVH continues to provide homes in a sustainable and efficient manner across our regional operating areas. We are pleased to report positive progress in the year on the development of an asset appraisal model, which will enable us to grade the primarily financial and strategic performance of MTVH stock and facilitate the best asset investment and stock rationalisation decisions to be made.

Service charge project – A service charge project has been established to create a transparent, easy to use service that delivers service transformation to our residents, through higher levels of customer satisfaction, reduced complaints and a compelling digital offer whilst ensuring our income is maximised in line with legal and contractual agreements.

Corporate Plan

The Corporate Plan sets out the plans for key projects which support integration and improvements to our systems, processes and structure. Underlying this is the desire to realise efficiencies and synergies to shape the long-term VFM agenda. Key projects that have been completed in the year include the assimilation of central teams, bringing together HR and Finance systems and the new central London office (The Johnson Building in Farringdon).

Resident engagement/social value

The adoption of the Resident and Community Empowerment Strategy will commence the journey to enhance the delivery of social value as part of our mission, and how it will be measured in future. We have commissioned work which will provide insights on the value and potential impact of a MTVH tenancy. The findings of this will be used to target refined and optimised services, investment and operating models and a fuller report will be provided next year.

Reporting performance

This year we completed our partnership integration activities and the investment required to provide quality and consistent services to our customers, deliver new homes sustainably and foster even greater levels of customer engagement. Towards the end of the year, the Covid-19 pandemic impacted on performance against the internal targets.

Three key targets were given prominence at Board and executive level to gauge performance, crucial to the strategic objectives and maintenance of value of money.

	19/20 Performance	19/20 Target	2018/19 Performance	2018/19 Target	2017/18 Performance
Group Operating margin	27.2%	29.1%	37.4%	36.5%	39.0%
New homes - Group	1,022	968	1,037	1,113	940
Customer satisfaction - Group	70% (General needs only)	75%	64.3% rolling average (legacy MHT) 78.4% (legacy TVH)	67% (legacy MHT) 82% (legacy TVH)	n/a – new mechanism introduced

1) **Operating Margin** at 27.2% is below target and prior year performance, with the dilution driven primarily by higher sales volumes, some impairment charges and year end provision for bad debt (£3m) in response to the Covid-19 emergency. The underlying social letting margin of 28% is below the target of 31% and prior year performance of 34%, impacted primarily by the year end bad debt provision. The operating margin target for 20/21 of 33.2% is reflective of efficiencies factored into the budget for reduced costs of disrepair, more effective void management to reduce the key to key period and a reduction in overheads largely due to staffing merger synergies.

2) **New homes delivery** was 5.6% above target at 1,022 with 781 of those being affordable. First tranche and open market sales proved resilient despite the economic picture; this is critical for the operation of our cross-subsidy model and the delivery of our wider social purpose.

3) **Customer satisfaction –** the general needs satisfaction measure was 70%, compared to the target of 75%. This is reflective of the current stage of the planned investment programme which will translate into increased customer satisfaction in the future. Repairs satisfaction is a key component which averaged 71% over the year, slightly below our internal target of 73%. Our focus on complaints management and service charges is expected to improve our performance in this area.

Internal targets are supplemented by other strategic indicators deemed appropriate to assess the overall effectiveness of VFM.

VALUE FOR MONEY

Group - KPIs and Strategic Indicators	19/20 Target	19/20 Performance	20/21 Target
Development Strategy			
Number of new homes	968	1,022	811
New contractual commitments (units)	1,400	846	1,400
% Sale stock unreserved after 90 days	40%	46%	40%
Customer Experience Strategy			
Overall customer rented satisfaction	75%	70%	70%
% of customer complaints resolved at stage one (new target)			92%
Satisfaction with new home (Shared ownership) (new target)			85%
Average re-let times for all social rented dwellings (Days)	25	25.8	25
Shared owner arrears	2.0%	1.7%	1.6%
Tenant arrears (social rented)	5.0%	4.8%	4.8%
Property compliance			
Properties with a valid gas safety certificate	100%	99.6%	100%
Managed Blocks with a fire risk assessment	100%	99.5%	100%
Managed blocks with a valid asbestos disturbance assessment	100%	99.1%	100%
Managed blocks with a valid electrical safety EICR certificate	100%	94.4%	100%
Managed blocks with a valid legionella safety certificate	100%	99.9%	100%
Lifts serviced within 12 months (new target)			100%
People and Organisational Development Strategy			
Operating Margin	29.1%	27.2%	33.2%
Staff absence rate - excluding long-term > 20 days (rolling 12 months)	2.0%	1.5%	2.0%
Permanent employee voluntary turnover (rolling 12 months)	15%	15%	15%
% colleague engagement (new target)			80%

We only set targets and monitor KPI's at a group level and so all the numbers and text relating to KPI's are for the group as a whole.   MHT contribute a very large portion of the group figures.

Development

We plan to create 15,000 homes over the next 10 years, delivering social value by delivering the affordable housing the country requires. This is evidenced by the investment of £272m in acquiring land and building new homes this year. We achieved our target for the year and the 20/21 target of 811 homes is reflective of the long-term development strategy, while a number of investment decisions at the end of the year were deferred due to the impact of Covid-19. The Board continues to review the commercial assets within the group and opportunities to realise value through asset disposals in conjunction with the Strategic Asset Management Plan, which will provide a clearer basis for the retention or disposal of our property portfolio going forwards. Our annual Treasury strategy is designed to maintain a diverse and balanced loan book that efficiently funds the operational and growth capital of the business.

VALUE FOR MONEY

Customer Experience

As part of the overall Customer Experience Strategy, we plan to make significant investment in a comprehensive digital offer that delivers the necessary levels of service while achieving efficiencies in the long term. A key milestone in the customer journey improvements planned was the launch of our digital platform, MTVH Online. By March 2020, we had over 12,000 registered users signed up. Put differently, 1.6% of all MTVH households were active users of our online service. Our target is to have of 35% active households by the end of 2020/21.

The social rented arrears performance continues to be positive, with a level achieved of 4.8%, (2019: 6.14%) which is below the target of 5% for the financial year. This builds on the positive solutions we are able to offer our residents in need. For 20/21, the target level is 4.8%, which has been temporarily impacted by the Covid-19 pandemic, although we are experiencing levels well within our stress scenarios. Our shared ownership arrears for the year averaged 1.7%, which is within the 2% target – for 20/21 the target is 1.6%.

Over the course of the year, 1,706 void repairs were completed with standard voids taking 10.2 days to complete by the service delivery teams, although the high number of major voids we tackled in the year took our average to 25.8 days. The target for 20/21 assumes a benefit derived from a streamlined assessment process and improved voids processes which in turn reduce the key to key period and drive operating efficiency.

Metworks achieved a first-time repair rate of 86% (2019: 83%) which is in line with the target of 85%. However, the repairs completed on time of 93% fell just short of the target of 95%, partially impacted by the Covid-19 response at the end of March. A full review of the Metworks solution was conducted in the year that has identified a number of efficiencies, which have been reflected in the 20/21 target, focusing on core repairs activities and driving operating performance.

Property compliance

The level of total spend on the existing estate of £129m (2019: £118m), which includes a planned programme of investment of £42m (2019: £35m), is a stepped increase on the prior year. This is in line with MTVH's new asset management plan, which will see a targeted, planned and communicated strategy in place across the portfolio over the next five years. We completed 7,718 (2019: 7,000) stock condition surveys, which is a 10% increase on the prior year. These surveys enable us to focus investment in areas most needed, with the target of achieving 95% coverage by March 2021. Consistent progress has made in property compliance throughout the year, achieving levels just below the targeted 100% by year end.

People and Organisational Development Strategy

As detailed on page 9, significant people and organisational development highlights have been achieved in the year to drive future operating efficiencies and create a people powered organisation. This is evidenced by the 1.5% staff absence rate achieved for the year, within the target of 2%.

Colleague engagement is of paramount importance and we intend to report on this going forward, to align with service delivery for our customers. Using scores from our Colleague Engagement Survey we are aiming for 80% colleague engagement in 2020/21.

Resident and Community Empowerment Strategy

Our Community Investment team delivers services that help residents into training and employment. In 2019/20, 1,779 residents undertook training and development opportunities, including confidence building, IT, project management, and ESOL (English for speakers of other languages). This is ahead of our target of 1,500. In addition, we invested £3.7m (2019: £2.4m) in building stronger communities through programmes designed to improve social cohesion.

In 19/20, our Money Advice team received 1,886 referrals and made 2,896 home visits. The performance of the team is measured in terms of rent arrears reduction and extra income secured for customers, by offering support with benefit applications and appeals, including Universal Credit. They also support customers with budgeting, fuel poverty and accessing financial products and services. The financial gains secured for 19/20 were £1.4m (an increase of £0.4m from 18/19).

Integration

Partnership integration activities were largely completed during the year, and we continue to deliver on the integration savings in respect of headcount and procurement.

The merger case identified that the merger would release £14.3m of cumulative efficiencies over the first five years of the partnership. Savings for 19/20 amounted to £3.8m, which is above the integration savings target of £3.3m. In conjunction with the £0.8m of savings made in 18/19, achieved cumulative savings to date stand at £4.6m.

MTVH has launched a new Supplier Relationship and Contract Management programme, which sets out how the company selects suppliers and manages performance issues to continually improve performance and to drive innovation. A strategic Category Management initiative has also been implemented, to fully leverage supplier negotiations and contribute towards economies of scale whilst better managing supply chain risk. These flexible new frameworks, supported with market-based commercial pricing, will secure the supply chain to meet future investment needs.

Regulator of Social Housing (RSH) VFM metrics – MHT only

Our results in these metrics reflect our strategy to increase spend on stock maintenance and the customer experience and are impacted by additional one-off provisions made to reflect the potential impact of the Covid-19 crisis in 2021 and increased expenditure on asset investment and associated depreciation.

Based on RSH definitions published April 2018	2018	2019	2019 G15 median	2020
1. Reinvestment %	6.4%	5.1%	6.0%	5.2%
2a. New supply delivered % (Social housing units)	1.6%	1.3%	1.9%	1.7%
2b. New supply delivered % (Non-social housing units)	0.3%	0.0%	0.6%	0.0%
3. Gearing	35.9%	41.8%	48.9%	41.8%
4. EBITDA MRI	129.6%	122.4%	127.5%	115.8%
5. Headline social housing cost per unit	4,923	4,261	4,894	4,777
6a. Operating margin (social housing lettings only)	33.2%	33.7%	33.0%	30.5%
6b. Operating margin (overall)	29.3%	31.4%	26.0%	25.4%
7. Return on capital employed (ROCE)	3.3%	2.7%	2.9%	2.8%

Metrics 1 – 3 are investment driven and show that we are investing more in new stock and improving existing stock, whilst maintaining our borrowing at a prudent level demonstrating efficiency and effectiveness. Metrics 4 – 7 measure efficiency and economy and are driven by the income and expenditure account (including capitalised repairs spend for metrics 4 and 5).

Reinvestment: This metric looks at the investment in properties as a percentage of the value of total properties held. During the year, we reinvested £223m into building or acquiring new homes and improving existing properties; this represents 5.2% of the value of total property held. In the context of operating surplus, we have invested 178% of our net operating income into our housing asset base.

New supply delivered % (social and non-social): These metrics set out the number of new units (social or non-social) delivered as a proportion of the total units owned at period end. The number of new social housing and non-social housing units developed in the year was 738 and 0 respectively. As a proportion of the relevant stock this is 1.7% and 0.0% respectively.

Gearing: This measures net loans (including finance lease obligations) as a percentage of the value of housing properties. Our gearing ratio of 41.8% is in line with the 2019 result (41.8%) and remains lower than the 2019 G15 average.

EBITDA MRI: This measures the level of operating surplus (including expenditure on capitalised major repairs and excluding depreciation and amortisation) compared to total interest payable. At 116%, EBITDA has decreased compared to the 2019 and 2018 results, and is now lower than the 2019 G15 average. This metric continues to be adversely affected by the 1% rent reduction required by the government, increased provisions for arrears as a result of Covid-19 and higher levels of asset investment, whilst at the same time, we are experiencing an increase in interest payable arising from development programme.

Headline social housing cost per unit for 2020 was £4,777, an increase compared to our 2019 performance, however the cost per unit remains below the G15 average performance for 2019.

Social housing operating margin: This measures the profitability of social housing lettings (SHL) activity, based on surplus on SHL as a percentage of turnover. Social Housing operating margin of 30% has reduced since 2019 (34%) and has fallen below the G15 average for 2019 (33%). This downward trend is driven by some of the same drivers that affect EBITDA MRI.

Operating margin: This measures the operating profit as a percentage of turnover. Our operating margin has reduced in 2020 to 25% (2019: 31%) for the same reasons as other margin indicators, although this figure is further diluted by new shared ownership sales, which achieve lower margins than our social housing operations.

Return on capital employed (ROCE) compares operating surplus to total assets less current liabilities and is used to assess the efficient investment of capital resources. The 2020 result of 2.8% is impacted by the reduction in operating surplus, but remains broadly in line with the G15 2019 average of 2.9%.

Non-recurring costs related to the merger integration and the exit from the SHPS pension scheme have been excluded from these metrics.

SECTION 172 STATEMENT

The Section 172 Statement is a group statement as an MHT entity statement is not required

Stakeholder engagement

Integral to MTVH's long-term strategic approach to creating value and delivering its vision is the input from our diverse range of stakeholders.

The section 172 statement sets out the Board's approach to fulfilling the section 172 requirement of the Companies Act 2006 and:

- how the directors have engaged with key stakeholders during the year to understand the underlying issues
- how they have understood the issues relevant to key decisions and the need to be fair to everyone in the organisation and balance this with consequences of any decision in the long term
- the outcomes and key decisions made in the year

This engagement underpins good governance, which is embedded throughout the organisation. A series of planned engagements are held throughout the year, at various level, where the Board participates directly, or has visibility through the corporate governance process. Sufficient visibility of relevant stakeholder engagement activities in the boardroom is paramount to inform decision-making and delivery of the strategy.

As seen with the Worcester Park and Covid-19 responses, being able to harness the feedback of stakeholders is vital in dealing with periods of uncertainty and change, moreover to ensure that a balanced approach is taken to the section 172 statement.

This year the Board approved the four headline strategies (pg 9) and these set out the agenda to foster strong, collaborative relationships with key stakeholders as we move forward as an organisation. The integration activity undertaken this year, which centred around the Corporate Plan, reflects our co-ordinated approach to stakeholder engagement.

Stakeholder groups

i. **Customers:** the people we provide housing solutions for, across a range of tenures and geographical areas. We want to create a customer-centric organisation with consistently excellent customer experiences. We are already on the journey to implement the service improvements and operational models to ensure delivery is sustainable.

Engagement: We worked with a range of customer engagement groups throughout 2019/20, with output channeled through the Customer Services Committee. These groups had not been fully integrated, however we recruited from both 'legacy' organisations to share expertise and different ways of working. Surveys focused on customer involvement and empowerment standards. We asked a large sample of our customers for their views on how we engage with them and how involvement could look in the future. This online survey also included focus groups for later living and Care & Support services.

In 2019/20 the Money Advice Team ran weekly advice surgeries across these areas – Trocadero Court (Derby), Sinfin (Derby), St Anns (Nottingham), Roundshaw, Chalkhill, Canalside and Clapham Park. The team work closely with the Community Investment Team to ensure that customers are supported when other needs are identified – e.g. employment support.

Outcomes: Adoption of the Customer Experience strategy is evidence that the Board views achieving enhanced customer satisfaction as strategically important.

We commissioned an in-depth review of customer engagement led by independent facilitators. They worked closely with customer governance groups, and explored broad research inside and out of the sector. We reviewed these detailed findings (broader representation, voice into action, visible assurance, embrace new technology, cultural change) with our Executive. It was clear that these findings were similar to our survey responses and from sector initiatives (like Together with Tenants).

SECTION 172 STATEMENT

The recommendations for increased involvement and new governance/regional structures were agreed with the Board at the end of 2019. Work continued to co-create workshops with groups to design the future approach and also to shape our investment in support tools and infrastructure. Recruitment and wider engagement with TRAs (Tenant and Residents Associations), to improve lines of communication will follow in early 2020-21.

A major achievement during the year was the launch of MTVH Online, our digital platform which allows customers to report repairs, pay bills and raise enquiries quickly and easily. By March 2020, over 12,000 registered users signed up (new users as well as users of the legacy MyTVH service). Investing in customers' long term requirements through this evolving digital offer is already paying dividends.

MTVH, as a leading housing association, delivers social value by building new affordable homes. During this financial year we built 781 affordable homes. Quality of design, construction and service are all critical in delivering a positive experience for our customers.

ii. **Employees:** As a People Powered organisation, our employees are essential in delivering all our stakeholder obligations. This year we created strong foundations to enable us to build a solid customer-centric organisation where colleagues feel engaged, valued and are able to constantly improve our customers' experience.

Engagement: We consulted with colleagues and unions to ensure that optimal pay and reward structures are in place. We launched introductory workshops launched to drive the values around Dare, Care and Collaborate as teams were integrated around the business.

The commitment to diversity and inclusion is central to the organisation and this helps to promote a culture which embraces innovation. A number of employee network groups were relaunched in the year resulting in greater involvement.

We are looking forward to engaging with colleagues in our second year to develop a meaningful programme of activity to support our culture and reinforce a customer-focused approach to service delivery.

Outcomes: Approving the People and Organisational Development strategy is testament to how the Board is seeking to grow a diverse and inclusive environment where people can innovate, develop and work together to constantly improve our customers' experience. Our network includes groups for LGBTQ+, BAME and female colleagues, as well those who work flexibly, have disabilities or who wish to be allies. We also have a group dedicated to raising awareness of mental health and wellbeing.

In September 2019 the Board approved the pay and reward policy for MTVH which reflects its goal of balancing affordability and recruiting the right people with the right skills and behaviours.

Creating an environment which promotes a collaborative and flexible working culture is key to enable employees to achieve their full potential. During the year we relocated to a new central London office in Farringdon, downsizing our presence at our Twickenham and Southgate offices.

iii. **Communities:** Developing strong community links is vital to supporting our customers effectively. We help to build communities using a partnership approach and, as a regeneration specialist, we believe in supporting communities to grow and develop sustainably.

Engagement: Throughout 2019/20 the Community Investment team has worked with customers and the wider community including informal and formal TRAs (Tenants and Resident Associations) to understand and respond to local issues. It developed a range of services and activities including one-to-one support services (employment/well-being, befriending), summer programmes for young people, health and well-being activities and training and learning in local communities.

MTVH has engaged with customers and local communities both formally and informally. Examples include the online senate survey, focus groups, customer satisfaction surveys and informal feedback from customers in everyday interactions.

SECTION 172 STATEMENT

We have a strong track record of working in partnership with other organisations to deliver our development ambitions, as evidenced by our well-established joint ventures with Galliford Try and Barratt London.

Outcomes: This has shaped the Resident and Community Empowerment Strategy which focuses on listening better to what matters to customers and communities and shaping our responses to empower them to improve their lives. Early listening activities show this new approach is working,

Creating sustainable communities is essential to deliver homes and services people want. Over the past year, we delivered more than 1,000 new homes, continuing to work alongside public and private sector partners. We plan to build more than 15,000 new homes over the next 10 years. During the year, as part of the Clapham Park estate regeneration, we delivered a new community resource centre - the Clapham Park Cube - and nursery, as well as nearly 40 homes for social rent and more than 150 for shared ownership.

We will invest our money wisely and select our partners carefully to create a balanced development programme which reflects our ambition and risk appetite. Evidence of this is our new joint venture with Bovis Homes to deliver nearly 800 homes at Cambourne West in Cambridgeshire. This is helping to build communities where affordable housing is needed most.

iv. Suppliers: Sustainable business relationships are at the core of interaction with suppliers, to maintain the company's reputation which is built on high standards of business conduct**.**

Engagement: MTVH spends around £650 million on capital and revenue with over 2,500 suppliers. These suppliers help the organisation develop and maintain our property portfolio, ensuring that customers receive the quality of housing they expect, and the high standards the company aspires to.

The newly adopted Supplier Relationship/Category Management Policy also includes a consideration of:

- appropriate relationship interfaces, for example, Board attendance at meetings with key members of the organisation's supply chain
- Board review of any supplier feedback to determine how well the relationship is operating
- risk management and risk arising from the suppliers to the suppliers (fourth party risk)

Outcomes: MTVH has launched a new Supplier Relationship and Contract Management (SR/CM) Policy, which details how the organisation selects and manages its suppliers; how it deals with performance issues; and how it works with suppliers to continually improve performance and identify new and better ways of delivering services. The policy also sets out clear procedures for assessing how critical the services are which need to be delivered, and the governance and management approach adopted to ensure the required levels of performance are delivered by suppliers across the MTVH housing portfolio.

A strategic Category Management approach to procurement has been implemented at MTVH. This approach segments the spend of the organisation into areas with similar or related products. Category Management techniques are then used to enhance supplier relationships; to fully leverage supplier negotiations; and to correctly manage suppliers in line with the corporate objectives. This approach also results in economies of scale and provides an in depth understanding of how each category contributes to risk management.

The procurement plans which are outputs from the category planning phase highlight key considerations including:

- detailing the full range of suppliers available to the organisation
- confidence around the supply chain that could be associated with the organisation
- identification of reputational exposure in the supply chain
- identification of risk in the supplier eco-system
- supplier values and climate policies of suppliers
- assurances on supplier compliance with all relevant laws and regulations through the selection questionnaire processes
- where the business is exposed to dependency on a few large suppliers and to the health/viability of those suppliers

CARBON EMISSIONS STATEMENT

MHT isn't required to prepare a Carbon Emissions Statement but for transparency purposes it has chosen to publish the group Carbon Emissions Statement as below.

At MTVH, we recognise the importance of the environmental, social and governance (ESG) agenda, and we're taking steps to improve our measurement of key criteria and provide a track record of our achievements. These criteria mirror the expectations of investors and key stakeholders and are also aligned to the latest statutory reporting requirements.

To meet the expectations of stakeholders, we will pull together a senior team, reporting to the Executive and Board, to establish a strong ESG culture and focus – with the aim of ensuring that all business activities are driven to meet ESG criteria.

Environmental considerations relate not only to our development, asset management and refurbishment activities, but also to the provision and utilisation of sustainable energy while reducing emissions and waste.

As part of a wider sustainability strategy, we will benchmark our environmental impact across all areas of business activities, identify improvement targets and work towards these targets with the aim of becoming a carbon neutral company by 2050.

Good governance at MTVH has been recognised by the Regulator of Social Housing's recent 'G1' rating grading, and further work will be carried out to optimise value for money in the organisation.

Social metrics include the value of a social tenancy, ensuring affordability, building safety compliance and staff wellbeing, and more work will be undertaken in the coming financial year to measure our performance in these areas.

Streamlined energy and carbon reporting

This section summarises our energy usage, associated emissions, energy efficiency actions and energy performance, under the government policy Streamlined Energy & Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

It also summarises the methodologies utilised for all calculations related to the elements reported under Energy & Carbon.

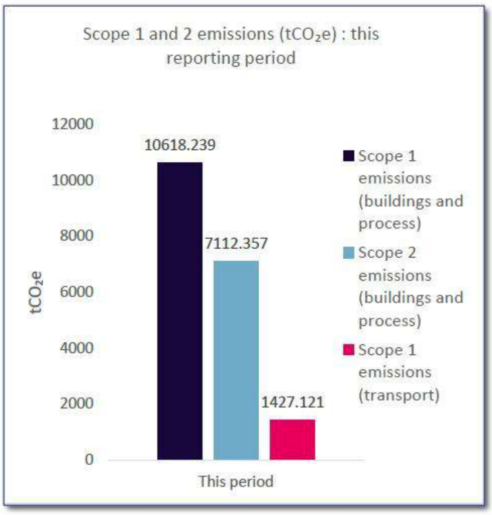
Organisational boundaries for reporting have been set to cover the majority of our operations, including sheltered housing schemes, as the organisation has ultimate responsibility for consumption in these properties. The reported figures exclude consumption for properties that we own, but where residents undertake their own utility contracts, as this consumption is not part of normal business operations.

We have compiled a large amount of consumption data for our operations for the purpose of SECR – approximately 13,500 invoices have been processed for this data collation.

13% of consumption data used for SECR has been estimated to achieve 100% data coverage.

CARBON EMISSIONS STATEMENT

Summary



In the first year of reporting, our Scope 1 direct emissions (combustion of natural gas and transportation fuels) are 12,045 tCO2e (tonnes of carbon dioxide equivalent), resulting from the direct combustion of 63,626,840 kWh of fuel. Of this, 10,476.73 tCO2e is billed to MTVH but consumed by customers.

Scope 2 indirect emissions (purchased electricity) for this first year of reporting are 7,112 tCO2e, resulting from the consumption of 27,821,037 kWh of electricity purchased and consumed in day to day business operations. Of this, 6,940.25 tCO2e is consumed by our customers.

Our operations have an intensity metric of 3.74/41.20 tCO2e per £m turnover (own usage/total billed usage), 11.09/122.02 tCO2e per EBITDA, and 0.95/10.48 tCO2e per FTE for this reporting year.

Organisational structure and qualification

MTVH is required to comply with SECR as we exceed the qualification thresholds of employee numbers (in 2019/20, MTVH employed 1,828 FTE across the group), and of turnover (in 2019/20, MTVH had a turnover of £465m).

Data completeness

All of our electricity and gas invoices have been entered into their fully managed energy database up to 31 March 2020, and data quality checks have been carried out for data completeness and accuracy. All transport information has also been entered into the energy database up to 31t March 2020.

In some instances it was necessary to calculate some estimated consumption to achieve 100% data coverage. The methodology of these estimation techniques is detailed below.

Consumption (kWh) and greenhouse gas emissions (tCO2e) totals

The following figures make up the baseline reporting for MTVH, as 2019/20 is the first year that MTVH is required to report this information.

Scope 1 consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as company vehicle fleets, and grey fleet.

Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day to day business operations.

The total consumption (kWh) figures for energy supplies are as follows:

Utility and Scope	2019/20 UK Consumption (kWh)
Office Grid-Supplied Electricity (Scope 2)	673,281
Residential Grid-Supplied Electricity (Scope 2)	27,147,756
Office Natural Gas (Scope 1)	769,662
Residential Natural Gas (Scope 1)	56,984,212
Transportation (Scope 1)	5,872,966
Total	**91,447,877**

CARBON EMISSIONS STATEMENT

The total Greenhouse Gas (GHG) emission figures (tCO2e) for energy supplies are as follows. Conversion factors utilised in these calculations are detailed later in this section.

Utility and Scope	2019/20 UK Consumption (tCO2e)
Office Grid-Supplied Electricity (Scope 2)	172.10
Residential Grid-Supplied Electricity (Scope 2)	6,940.25
Office Natural Gas (Scope 1)	141.51
Residential Natural Gas (Scope 1)	10,476.73
Transportation (Scope 1)	1,427.12
Total	**19,157.71**

Intensity metric

An intensity metric of tCO2e per £m turnover has been applied for our annual total emissions, for both MTVH group only usage and total energy billed through MTVH. We have also decided to report on a variety of intensity metrics, including metrics of tCO2e per EBITDA and tCO2e per FTE. The methodology of the intensity metric calculations are detailed later in this section, and results of this analysis is as follows:

Intensity Metric	2019/20 Office-Supplied Intensity Metric	2019/20 Total UK Intensity Metric
tCO_2e/£m turnover	3.74	41.20
tCO_2e/EBITDA	11.09	122.02
$ftCO_2e$/FTE	0.95	10.48

CARBON EMISSIONS STATEMENT

Energy efficiency improvements

We are committed to making improvements in our operational energy efficiency year on year. A register of energy efficiency measures available to us has been compiled and we will be implementing them over the next five years.

Measures ongoing and undertaken through 2019/20

Full assessment of existing housing energy efficiency

The Property Directorate Energy & Sustainability Team completed a full evaluation of the energy efficiency of the existing housing stock to understand where improvement opportunities are available to us. All identified opportunities were referred to ECO Funding Initiatives to commence potential retrofit upgrades and improvement works. These works are long term and will continue into 2020/21.

Appointment of an Energy Service Company (ESCo)

This year we secured a 35-year ESCo contract with a large heating supplier that will be responsible for the management of one of our large district heat networks. As part of the contract, there are clear milestones and KPIs set for the heating supplier to work towards decarbonisation, including monitoring its environmental impact and CO_2 emissions. The way in which this contract has been set up will inform how we rollout any future ESCo contracts.

Office space energy efficiency assessments

After Metropolitan and Thames Valley Housing formed, MTVH made the decision to integrate office operations. MTVH is proud to be leasing office space from Derwent London – an organisation which has publicly committed to environmental and climate change initiatives, and which publishes a Responsibility Report every year, capturing its reduction in energy consumption, carbon emissions and increase in recycling.

We're pleased to be working with Derwent London to contribute to building on their strong sustainability measures through the installation of energy efficient and motion sensor lighting in the spaces used by us. We also encourage responsible waste management by eliminating single-use plastics in the offices, and providing clearly marked recycling bins throughout MTVH premises.

Measures prioritised for implementation in 2020/21

Development of a Corporate Sustainability Strategy

As an organisation we are embarking on the journey of developing a Corporate Sustainability Strategy in which decarbonisation and minimising our carbon impact will be a strong feature, and which will include a set of objectives and Key Performance Indicators. A new Facilities Management Team is currently being developed, with key objectives around the implementation and management of a Sustainability Policy which feeds into the Corporate Sustainability Strategy.

Efficiency of new office building stock and operations

We've expanded our operations, and this has meant taking occupation of a new office building in the Midlands. As part of our ongoing commitment to sustainability, we have ensured that the following have been incorporated into the new office space.

Green travel: dedicated EV (electric vehicle) charging points; shuttle services to reduce staff numbers travelling into work in private vehicles; and secure, dedicated cycle racks to promote cycling.

Efficient installations: all lighting in the office will be the most efficient specification available and will include motion sensors to ensure efficient usage; no single-use or disposable receptacles will be available; and dedicated recycling facilities for a variety of waste streams will be available.

CARBON EMISSIONS STATEMENT

Employee facilities: An on-site cafeteria will be available for all employees; this will help reduce the purchase of meals in single-use packaging.

Inspired Energy
This section has been prepared for us by Net Zero Compliance (a division of Inspired Energy PLC) by interpreting the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 as it applies to information supplied by MTVH and our energy suppliers.

Our CEO and CFO are ultimately responsible for complying with the regulations. They must be satisfied that to the best of their knowledge, all relevant information concerning our organisational structure, properties, activities and energy supplies has been provided to Inspired Energy.

This includes details of any complex ownership structures (e.g. private equity funds, franchises for private finance initiatives) and electricity/gas usage that is covered by EU ETS (European Union Trading Systems) or CCA (Climate Change Agreement) schemes, generated on-site (including CHP) (Combined Heat & Power) or supplied to/from a third party (i.e. not a licenced energy supplier or a landlord/tenant).

Reporting methodology
Scope 1 and 2 consumption and CO2e emission data have been calculated in line with the 2019 UK government environmental reporting guidance. The following Emission Factor Databases, consistent with the 2019 UK government environmental reporting guidance has been used: *Database 2019, Version 1.01.*

Estimates of missing billing periods were calculated on a kWh/day pro-rata basis at meter level. Where data was not available for the full reporting period, an average of similar meter classes was taken and applied to properties with no available data.

Intensity metrics have been calculated using 2019/20 group figures. tCO2e for both individual sources and total emissions were then divided by these figures to determine the tCO2e per metric:

- Total turnover (£m) **£465m**
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) **£157m**
- Full time equivalents (FTE) **1,828**

STATEMENT ON CORPORATE GOVERNANCE

Metropolitan Thames Valley (MTVH) has adopted the 2015 National Housing Federation's (NHF) 'Code of governance – promoting board excellence for housing associations'. The organisation complies with the requirements of the Code and in fulfilling its obligations under the Code, makes use of good practice drawn from guidance associated with the Code, the UK Corporate Governance Code and, where relevant, the Charity Commission.

Governance

Metropolitan Housing Trust (MHT) and Thames Valley Housing Association (TVH) have chosen to form a board made up of the same individuals (a Common Board, referred to as the MTVH Board). The MTVH Board has overall responsibility for Group strategy, policies and oversight. MHT and TVH have a number of subsidiaries, each of with is governed by MTVH policies, and each subsidiary has a board. The MTVH Board has nomination rights to each of the subsidiary boards and makes all appointments to MTVH Board sub-committees.

The subsidiaries of MHT are Metropolitan Living Limited, EM Property Services Limited trading as Metworks, Metropolitan Funding plc, Longsdale Limited (dormant), Metropolitan Home Ownership Limited (dormant), Metropolitan Development Services Limited (dormant) and Spiritagen Limited (dormant). The subsidiaries of TVH are MHT, Evolution (Woking) Holdings Limited (with Evolution (Woking) Limited its subsidiary), TVH Fizzy Holdings Limited (with TVH Fizzy 2 Limited, Fizzy Services Management LLP and Fizzy Brand Management LLP as its subsidiaries).

The wider group also includes several joint ventures and associated undertakings which operate through limited liability partnerships.

The MTVH Board has satisfied itself that the organisation complies substantially with the Regulator of Social Housing's Governance and Financial Viability Standard. We have made good progress towards full compliance with the General Data Protection Regulation (GDPR) and work continues in some areas to improve our position. An In Depth Assessment (IDA) was carried out by the Regulator in January 2020 and MTVH retained its G1/V2 rating.

During the year the MTVH Board met on eight occasions, including two strategic away-day sessions when the Board provided further input to the development of MTVH's strategies. The Board reviewed their effectiveness at the November strategic away-day.

The MTVH Board comprises ten non-executive members and two executive members (the Chief Executive and the Chief Finance Officer). The Boards of subsidiaries are appointed by the MTVH Board and include Executive Directors or other Senior Leadership Team members and each subsidiary business reports to the MTVH Board annually.

The roles of Chair of the MTVH Board and the Chief Executive are separate, reflecting the different responsibilities of leading the Board and the Executive. These roles are set out in their role descriptions; and each member of the Board is bound by an agreement for services, the code of conduct and other agreed policies and documents. The Secretary maintains a group register of Board members' interests, which is updated on a regular basis.

In 2020 the Board reviewed the committee structure, and added a new committee to focus on property and building safety. Up until the end of March 2020 each committee met on a quarterly cycle and provided feedback to the following MTVH Board meeting. Committee membership comprises Non-Executive Board members in the main, with specialist and resident input on the Safeguarding and Quality Panel, and Customer Services Committee.

During the year the Board has increased its focus on raising the profile of health and safety and further embedding a health and safety culture within the organisation, including more robust Board reporting and a change of leadership in this area. The Board was very pleased to review and approve the Equality, Diversity and Inclusion Strategic Plan during 2019, and has promoted its objectives and supported the staff forum activities in this area.

STATEMENT ON CORPORATE GOVERNANCE

Due to the Covid-19 pandemic the cycle of Board and committee meetings was adjusted in March 2020. Between April and July 2020 the Board met monthly and most committee meetings in April, May and June have been suspended,. During this period any matter which would normally require a committee decision is being brought to a monthly Board meeting for decision.

Chair and Board succession

Board succession has been a focus throughout the year. The MTVH Chair, Paula Kahn, retired on 29 February 2020 having reached the end of her term of office. Althea Efunshile was appointed Chair of MTVH on 1 March 2020 following a transparent and robust recruitment process and brings a breadth of knowledge and experience both within and outside of regulated sectors to lead MTVH through its next stage of development. Brian Hendon retired from the Board having reached the end of his tenure. Gurpreet Gujral joined the Board on 26th March 2020 strengthening the Board in the area of digital customer services.

Four non-executive board members are due to retire at the end of 2020. A carefully planned recruitment campaign will take place to identify new board members with relevant knowledge and skills to contribute to the success of MTVH throughout the next several years.

Audit and Risk Committee

The Audit and Risk Committee is responsible for ensuring that internal controls are adequate and effective and that the organisation's approach to risk management is commensurate with risk appetite. The committee approves the internal audit plan and reviews internal audit findings. It considers significant issues relating to the financial statements, including the accounting policies. It also recommends the appointment of internal and external auditors to the Board. The committee has considered a revised Covid-19 Risk and Opportunities Tracker which focusses on the new risks that MTVH now faces and how the organisation can incorporate new ways of working into its operating model.

Development Committee

The Development Committee has delegated authority to approve new developments and provides oversight and assurance in relation to them, including any new or innovative proposals, and an understanding of funding mechanisms. Its remit also includes oversight and assurance of regeneration activity, strategic asset management activity and key metrics for development finance and appraisal assumptions. It receives a detailed quarterly report on Investment and Development activity.

Customer Services Committee

The Customer Services Committee (CSC) provides assurance to the Board on our service delivery and customer service. There is a direct link with the customer-led scrutiny committee through service audits and the National Customer Group, providing valuable customer insight. The committee includes up to six resident members as well as three board members. Recommendations proposed through the review of resident engagement in governance are being implemented during 2020/21 and will result in a robust structure.

Treasury Committee

The Treasury Committee provides an expert focus on the management of the Group's loans and investments portfolio.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee keeps under review the composition of the Board, succession and the framework for appointing, developing and appraising Board members. It has oversight of senior executive pay and remuneration matters, including Board member remuneration.

STATEMENT ON CORPORATE GOVERNANCE

Property Committee

This is a newly constituted committee which will provide governance oversight and provide assurance to the Board about MTVH's provision of building and compliance services to its customers and communities, covering all building safety, reactive and proactive maintenance, servicing and asset investment works.

Safeguarding and Quality Panel

The Safeguarding and Quality Panel provides assurance that MTVH is providing a high quality of care and support services and safe housing services for vulnerable children and adults across its housing provision. The committee reviews how MTVH responds to serious incidents of harm to customers and colleagues, reviews outcomes from Care Quality Commission reports and embeds learning from these throughout the business. The committee includes input from independent external experts in the safeguarding field and has an MTVH Board observer.

Corporate and social responsibility

As a social business we believe corporate responsibility and sustainability should be embedded across our organisation. This includes working with suppliers to embed sustainable practices and our commitment to openness and transparency.

The Modern Slavery and Human Trafficking Act requires MTVH to publish an annual Modern Slavery and Human Trafficking Statement and to disclose information relating to the steps we have taken to ensure there is no slavery or human trafficking in our own business or supply chains. The risk of slavery and human trafficking within our organisation is avoided and mitigated by policies and procedures.

As part of our continued commitment to identify and mitigate risk we use the central government procurement documents which address modern slavery. Where applicable our procurement documents request transparency in relation to working conditions including health and safety, fair remuneration, non-discrimination and forced, cheap labour. We continue to expect our incumbent and new suppliers to have up-to-date, suitable anti-slavery and human trafficking policies and processes.

Non-executive Board membership

All non-executive Board members are required by the Rules of each association to be shareholders. All members of the Board, executive and non-executive, have the same legal status and share responsibility equally for decisions taken by the Board.

There is an induction programme which all new Board members undergo and on-going development is achieved through attendance at NHF and other conferences and seminars. In addition pre-board briefings take place throughout the year to update and inform the Board about current and emerging issues.

Individual non-executive Board member appraisals take place annually with the Chair, and each Board member has clear objectives for the year. The Chair's role is also annually appraised, with the process led by the Senior Independent Director.

There are clear mechanisms in place for members who fall short of the required standards. The effectiveness of the board and committees is reviewed annually.

The level of remuneration of non-executive Board members has been arrived at after benchmarking levels of Board member pay in comparable housing associations, and takes into account the need to attract, retain and motivate members who have the required levels of skill and experience. Board members' remuneration was last reviewed in October 2018 following external review, to recognise the increased size and complexity of the MTVH Group.

STATEMENT ON CORPORATE GOVERNANCE

MTVH has robust, transparent and independent systems for the recruitment of Board members. Search and advertising for new members is sufficiently broad to ensure that equal opportunities and diversity standards are met and the recruitment process is governed by principles of transparency, openness and accountability.

Note 10 in the notes to the accounts shows the salaries paid to Board members for the discharge of their duties during 2019/20.

BOARD STATEMENT ON INTERNAL CONTROL AND RISK ASSURANCE

Internal control and risk

The Board has overall responsibility for the system of internal control and risk across the Group and for reviewing its effectiveness.

The review process

The internal control framework is designed to manage and reduce the risk of failing to achieve business objectives. It can only provide reasonable, not absolute, assurance against material misstatement or loss.

The framework also exists to give reasonable assurance about the reliability of financial and operational information and the safeguarding of MTVH’s assets and interests. The Audit and Risk Committee regularly reviews the effectiveness of internal controls through the assurance provided by internal audit, regular updates on risk management and assurance provided by the Executive Team.

The Board is responsible for overseeing the framework of delegation and systems of internal control, including risk appetite and strategic risks. The Board has reserved certain matters to itself, including determining the long-term business objectives of the group and any material decisions. A formal scheme of delegation and financial regulations set a framework for Board committees, the Chief Executive and the Executive Team. Board committees provide assurance to the Board on key areas of activity such as service delivery, safeguarding, finance and treasury.

Key risks and mitigations

The key risks and how they are mitigated are summarised below. The Board’s risk appetite and the approach to strategic risk identification, assessment and management was reviewed and agreed by the Board in March 2020. Risk management is firmly embedded across the Group.

The Policy clearly sets out Board, Committee, Executive and Management responsibility with regard to the identification, evaluation and control of significant risks. This includes the review of those risks considered to be of strategic importance at quarterly meetings of the Audit and Risk Committee and the Board. Prior to submission to the Audit & Risk Committee and Board, the Strategic Risk Register and registers for each operational area are reviewed by the Executive Team.

The strategic risk register represents a combination of risks that may impact on our ability to achieve our strategic goals, as well as those that may have a significant impact on our operations. The key controls that mitigate each risk are shown and have been in place throughout the year. While minor improvements in controls are consistently being developed, there are no control deficiencies which the Board is aware of which would adversely impact on its conclusion regarding the effectiveness of the internal control environment.

BOARD STATEMENT ON INTERNAL CONTROL AND RISK ASSURANCE

Key corporate risks

Risk Type	Risk Causes	Risk Consequences	Summary of Controls
Externally Influenced (Government policy/market)			
Covid-19	Cashflow and profit uncertainty arising from inability to sell homes or collect rents. Risk to customers from unemployment and lockdown, resulting in health and ASB issues. Staff sickness and absence. Maintenance of a sufficient property compliance programme due to lack of access.	Reduction in sales and lettings income, reduced profitability. Health & Safety risk to customers arising from increased ASB and/or property non-compliance. Staff absence puts additional strain on service delivery.	• More frequent Board and Executive meetings. • Establishment of cross-functional advisory group. • Risk-specific schedule of KPIs monitored weekly. • Weekly cashflow forecasting. • Additional Money Advice support. • Weekly monitoring of staff absence. • Daily monitoring of PPE stocks, additional stockholdings, extended supply chain. • Curtailment of discretionary spend and recruitment.
Sales revenue	Negative house price inflation as a result of adverse market conditions and /or a lack of confidence in the property market influenced by continuing uncertainty around Brexit and the Covid-19 pandemic.	Reduction in sales revenue and/or delay in achieving sales (including joint venture investments); adverse impact on liquidity and profit. In particular, bulk sales represent a marked risk to reported performance especially sales around the year end.	• Performance of the development programme is carefully monitored with regular progress/performance reports presented to Executive, Development Committee as well as Board. • Options Group reviews sales performance and makes recommendations to Executive. • Review of multi-variate stress tests. • Regular review of Golden Rules for covenants and liquidity and Business Planning rules to ensure there remains adequate stress buffer for prevailing conditions. • Review of long-term financial plan at least twice a year. • Regular Forecast Reviews. • Adoption of new technologies to avoid physical meetings, surveys and site visits.
Clapham Park Regeneration	Failure to deliver the scheme due to market constraints and/or vacant possession of the site; increase in costs or decrease in value impacting on scheme viability.	Failure to meet MTVH's contractual obligations as set out in the contract with London Borough of Lambeth resulting in legal action; impact could be financial as well as reputational.	Regular progress/performance reports are presented to Executive, Development Committee, Clapham Park Committee as well as Board Review of scheme and options for delivery.
Increase in total scheme costs (including joint venture investments)	Construction costs increase as a result of delay, driven by Covid-19 shutdown and the impact of Brexit on labour and materials.	Adverse impact on viability of scheme. Due to Covid-19 the majority of schemes were shut down and there is a risk these delays in the delivery of contracted schemes will increase development interest cost, which will directly affect scheme viability.	Regular monitoring of scheme costs by Executive and development committee.

Government policy or regulation	Changes in government policy, legislation or regulation.	Changes adversely affect business plan; regulatory non-compliance; unlimited fine.	• Maintenance of adequate headroom in business plans. • Review of Key financial indicators against targets. • Annual STEP/SWOT analysis. • Multi-variate scenario testing of long-term plans. • Regulatory self-assessment. • Policies, training and regular monitoring of controls, compliance calendar.
Internally controlled			
Property compliance (including market rent properties managed by Fizzy Living)	Failure to comply with legislative requirements and building regulations relating to the servicing or maintenance of assets associated with fire, gas and electrical safety, asbestos, legionella, site safety) or failure to maintain properties in a safe way. Failure to address fire risk assessment actions including fire stopping.	Death or injury; reputational damage or prosecution.	• Compliance metrics as reported in Board performance pack. • Weekly compliance monitoring reports. • Monthly quality monitoring meetings. • Experienced Compliance Team and auditors. • CDM site audits. • Water testing. • Asset Servicing Programme.
Staff retention and recruitment	Failure to recruit and retain staff.	Integration benefits not realised; service standards not achieved; costs increase.	• Staff engagement activity, reward review/ benchmarking and staff recruitment procedures. • KPI reporting: % unfilled posts and % staff turnover. • New recruitment process and policy completed end Jan 2020. • New reward scheme and colleague engagement programme.
Information & data security (previously GDPR)	Appropriate measures not in place to ensure MTVH is protected against the misuse or unauthorised access to data.	Financial, operational, reputational risks: security breaches, GDPR breaches, systems infected or stopped, legal action.	• Data protection and information management policies. • Increased training and awareness engagement with users. • PCI assurance project underway to review options and implement controls. • Data Protection Manager and experienced team.
Asset management	Inadequate data on assets; delays in asset investment.	Poor asset management decisions made and reputational damage.	• Property Services and Investment Strategic Plan. • Improving stock condition survey data capture. • Improved systems for extracting and analysing data.
Merger risk	Integration plan fails to deliver the cultural, process and technology changes needed.	MTVH objectives/ business plan are not achieved; failure to deliver an integrated organisation.	• Integration delivery plan. • Monitoring of targets set in corporate plan. • Monitoring efficiency savings against targets in business plan.

Responding to complaints	Internal failure to respond to complaints within service level agreement.	Poor customer feedback and potential reputational damage and regulatory non-compliance. Failure to meet standards laid out by the Regulator, Care Quality Commission, Ombudsman.	• Introduction of complaints panel. • Review of complaint handling processes. • Monitoring number of ombudsman complaints; • Review of any finding of maladministration; • KPI reports on number of open complaints and targets for resolution • All MP complaints separately monitored through complaints team
Customer satisfaction	Poor customer experience due to service or product failures.	Reputational damage, and poor customer satisfaction.	• Customer satisfaction KPIs are reported and reviewed in line with target set in the Customer Experience Strategy and service improvement plans put in place where required. • Review of complaints and RQA findings and lessons learned.
Duty of care	a) Inadequate training and control mechanisms or b) failure in duty of care, caused by inadequate training and internal control mechanisms; and poor operating processes.	Death or injury arising from failure to care for customers. Reputational risk impact and regulatory non-compliance.	• Mandatory training reporting. • Care Quality Commission assessments. • Safeguarding & Quality Panel Quality Walks. • QA audits and action plans.
Business continuity	Major incident: loss of access to systems of offices.	Inadequate disaster recovery or business continuity plan prevents operation of the business.	• IT Disaster Recovery (DR) Plan in place as part of the 'Datacenter and DR Strategy. • Company Wide Business Continuity Plan (BCP) The Group's response to the Covid-19 lockdown was effective, supporting all office-based colleagues to work from home.
Fire remediation	Non-compliant buildings.	Obligation to restore buildings to appropriate standard of fire safety.	• Specialist team established, including external surveyors and advisors. • Commenced full review of buildings over 11m, prioritised on a risk basis.

Glossary

GDPR –General Data Protection Regulation
RQA – Risk Quality Association

Information and financial reporting systems

Our Financial Plan is monitored regularly by management, the Executive and the Board to ensure that the business remains financially healthy and that targets for financial growth and other objectives are met in order to enable the delivery of our social objectives. The Financial Plan is stress tested against a range of challenging regulatory, investment, economic, financial and business performance scenarios, including the Bank of England stress tests. The 2019/20 Plan was approved by the Board in May 2019. The Audit & Risk Committee and Board agree which stress tests would be most appropriate.

Fraud, Anti-bribery and whistleblowing

Fraud is an ever-present threat to resources and may occur from outside or from within the organisation. MTVH has an approved anti-fraud, bribery and corruption policy that covers the prevention, detection, investigation and reporting of fraud, including remedial action to prevent a recurrence. Cases of fraud and attempted fraud are recorded on the fraud register and reported to the Executive Team and to the Audit and Risk Committee. Our anti-fraud, bribery and corruption policy makes clear that we have zero tolerance of any form of bribery. The resulting actions taken following any instances of fraud is shared internally to reinforce learning. The group has appointed a Money Laundering Compliance Principal and a Nominated Officer as part of its compliance with anti-money laundering legislation. A review of our fraud resilience processes was carried out during the year and recommended improvements are being implemented.

MTVH values its reputation and is committed to maintaining the highest possible ethical standards in all its business activities. The organisation has a whistleblowing policy that encourages staff and others to express any serious concerns regarding suspected misconduct or malpractice going on within the organisation. Whistleblowing events are recorded are logged and reported to the Audit & Risk Committee. The whistleblowing policy was updated and approved by the Audit & Risk Committee in 2020.

Monitoring, control environment and control procedures

A process of control, self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and the Board, together with an auditable trail of accountability. The certification is tailored to reflect the potential risks and the control environment of the business. This enables corrective action to be taken where appropriate and provides assurances to management and the Board. The Chief Executive provides an annual assurance report to the Board, which includes assurance that key legislative and regulatory requirements have been met.

The Code of Conduct sets out MTVH's expectation of Board Members, staff and involved residents with regard to quality of service, business disciplines, honesty and integrity. It is supported by a framework of policies and procedures with which Board Members and staff must comply.

These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud, corruption and bribery prevention and detection. Policies are periodically reviewed in accordance with a prescribed timetable.

Audit assurance

The internal audit function is outsourced and reports directly to the Executive Director of Finance and has direct access to the Audit and Risk Committee. The internal audit programme of work is aligned to strategic objectives and risk. The Audit and Risk Committee meets four times a year and considers internal control and risk management at each meeting. The Committee provides an annual report to the Board and feedback following each of its meetings. The work of the external auditors provides further independent assurance on the control environment as described in their audit report. MTVH receives a letter from the external auditors identifying any weaknesses in internal control with recommendations for improvement. This letter is considered by the Audit and Risk Committee together with a detailed action plan to address any issues. A review of the effectiveness of the internal and external auditors takes place annually.

Going Concern

The board and senior management have been given assurance that the business is a going concern and therefore has a reasonable expectation that MTVH has adequate resources to continue in operational existence for the foreseeable future. They have been presented with the possible impacts from numerous multi-variant adverse scenarios including Covid-19 and options for mitigation to ensure the business can continue in the short and longer term.

Mitigations exist for all scenarios and some have been already been partially implemented, as a precaution to ensure compliance with all covenant and regulatory requirements. Periodic updates to the financial business plan, management accounts and internal reporting enable continuous monitoring of the business and pre-determined internal triggers have been set to ensure prompt appropriate mitigating actions are made in a timely manner.

STATEMENT OF RESPONSIBILITIES OF THE BOARD

Statement of responsibilities of the Board

The Board members are responsible for preparing the report of the Board, which for Metropolitan Thames Valley comprises the Chair's Foreword, Chief Executive’s Introduction, Chief Executive's Strategic Operational Review, Chief Finance Officer’s Review, Value for Money Statement, Section 172 Statement, Carbon Emissions Statement, Statement on Corporate Governance, Board Statement on Internal Control and Risk Assurance and this Statement of Responsibilities of the Board; and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the Board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the Board members are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Trust will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust’s transactions and disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2019.

Financial statements are published on the Trust’s website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Trust’s website is the responsibility of the Board members. The Board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Signed on behalf of the Board
Grainia Long
23 July 2020

Independent auditor's report to the members of Metropolitan Housing Trust

Opinion

We have audited the financial statements of Metropolitan Housing Trust Limited ("the Trust") for the year ended 31 March 2020 which comprise the Trust statement of comprehensive income and expenditure, the Trust statement of financial position, the Trust statement of changes in equity, the Trust statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 March 2020 and of the Trust's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the board members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information including the results and performance at a glance, Chair's and Chief Executive's introduction, Chief Executive's strategic operational review, Chief Financial Officer's review, value for money, Section 172 statement, carbon emissions statement, statement of corporate governance and board statement on internal controls and risk assurance and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the annual report for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the Trust; or
- a satisfactory system of control has not been maintained over transactions; or
- the Trust financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the board

As explained more fully in the statement of responsibilities of the board set out on page 47, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the members of the Trust, as a body, in accordance with in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Trust'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 Trust and the members as a body, for our audit work, for this report, or for the opinions we have formed.

EKulczycki

Elizabeth Kulczycki (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick, United Kingdom
29 July 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of comprehensive income and expenditure for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Turnover	2	379,751	308,529
Cost of sales	2	(52,336)	(29,861)
Operating costs	2	(235,062)	(187,477)
Surplus on disposal of fixed assets	2,6	29,374	20,930
Adjusted operating surplus		**121,727**	**112,121**
Non-recurring costs	2	(2,268)	(2,500)
Operating surplus		**119,459**	**109,621**
Revaluation of investments	36	(456)	1,113
Interest receivable	7	9,018	6,423
Interest and finance costs	8	(79,393)	(64,097)
Non-recurring merger financing costs	8	-	(77,488)
Movement in fair value of financial instruments	7	651	826
Movement in fair value of investment property	12	-	1,047
Surplus/(deficit) before tax		**49,279**	**(22,555)**
Taxation	11	-	-
Surplus(deficit) for the year		**49,279**	**(22,555)**
Initial recognition of multi-employer defined benefit scheme liability	24	-	(13,151)
Actuarial gain/(loss) on defined benefit pension scheme	24	33,540	(24,183)
Change in fair value of hedged financial instruments	8	(11,996)	(5,003)
Total comprehensive income/expenditure for the year		**70,823**	**(64,892)**

All amounts relate to continuing activities.

The notes on pages 54 to 95 form part of these financial statements.

Statement of financial position as at 31 March 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Tangible fixed assets			
Housing properties	12	4,207,669	4,060,098
Investment properties	12	66,464	66,316
Other tangible fixed assets	13	20,232	12,303
Total tangible fixed assets		**4,294,365**	**4,138,717**
Investments			
HomeBuy loans	14	147,859	158,617
Other investments	15	20,720	18,674
Investments in subsidiaries	32	50	50
Total fixed assets and investments		**4,462,994**	**4,316,058**
Current assets			
Stock	16	67,317	66,824
Debtors	17		
- receivable within one year		180,786	182,343
- receivable after one year		141,242	159,436
Cash at bank and in hand		94,518	191,873
		483,863	**600,476**
Creditors: amounts falling due within one year	18	**(363,374)**	**(393,739)**
Net current assets		**120,489**	**206,737**
Total assets less current liabilities		**4,583,483**	**4,522,795**
Creditors: amounts falling due after more than one year	19	2,185,299	2,161,605
Provision for liabilities	25	33	968
Pension liability	24	25,479	63,973
Capital and reserves			
Income and expenditure reserve		1,377,664	1,287,356
Restricted reserve		15,094	15,422
Revaluation reserve		1,021,745	1,023,306
		2,414,503	**2,326,084**
Cashflow hedge reserve		(41,831)	(29,835)
Total reserves		**2,372,672**	**2,296,249**
Total funding		**4,583,483**	**4,522,795**

The financial statements were approved and authorised for issue by the Board on 23 July 2020 and were signed on its behalf by:

Grainia Long | Ian Johnson | P.M. Etter

Grainia Long	Ian Johnson	Patricia Etter
Chair	**Chief Financial Officer**	**Company Secretary**

The notes on pages 54 to 95 form part of these financial statements

Statement of cash flows for year ended 31 March 2020

	31 March 2020 £'000	31 March 2019 £'000
Cash flows from operating activities		
Surplus for the year	49,279	(22,555)
Adjustment for:		
Surplus on disposal of fixed assets	(29,374)	(20,930)
Interest receivable	(9,018)	(6,423)
Interest and financing costs	79,393	64,097
Non-recurring merger financing cost	-	77,488
Movement in fair value of financial instrument	(651)	(826)
Movement in fair value of investment property	-	(1,047)
Revaluation of investments	456	(1,113)
Depreciation	33,625	26,269
Amortised grant	(10,200)	(10,262)
Impairment	2,064	(1,742)
(Increase)/decrease in stock	(1,265)	(8,557)
(Increase)/decrease in debtors	19,751	24,403
(Decrease/increase) in creditors	(29,040)	118,309
(Decrease)/increase in provisions	(935)	174
(Increase)/decrease in pension liability	(4,954)	34,145
Adjustment for non-cash items	-	(41,675)
Proceeds from sale of properties as operating activities	66,909	33,127
Transfer of engagement from subsidiaries	-	55,028
Proceeds from sale of fixed asset investment as operating activities	16,896	18,631
Cash generated from operations	**182,936**	**336,541**
Tax paid	-	-
Net cash from operating activities	**182,936**	**336,541**
Cash flows from investing activities		
Purchase of property, plant and equipment	(212,636)	(214,990)
Capital contribution in the form of gift aid from parent	5,600	8,396
Purchase of other investments	(11,450)	(932)
Proceeds from the sale of other investments	(2,626)	16,825
Interest received	8,474	591
Dividend received	544	540
Net capital grants repaid	12,999	(8,922)
Net cash from investing activities	**(199,095)**	**(198,492)**
Cash flows from financing activities		
Proceeds from borrowings	320,000	130,377
Repayment of borrowings	(313,386)	(58,832)
Capital element of finance lease payments	(29)	(26)
Interest paid	(87,033)	(68,722)
Debt Issue costs incurred	(748)	-
Finance costs (Including one off merger cost	-	(33,265)
Interest element of finance lease payments	-	(43)
Net cash used in financing activities	**(81,196)**	**(30,511)**
Net movement in cash and cash equivalents	**(97,355)**	**107,538**
Cash and cash equivalents bought forward	191,873	84,335
Cash and cash equivalents carried forward	**94,518**	**191,873**

The 2019 cashflow has been restated for some improvements in methodology
The notes on pages 54 to 95 form part of these financial statements

Statement of changes in reserves for the year ended 31 March 2020

	Income and expenditure reserve	Financial instruments reserve	Restricted reserve	Revaluation reserve	Total reserves
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2019	**1,225,238**	**(29,835)**	**15,422**	**1,023,306**	**2,234,131**
Prior year adjustment (Note 34)	62,118	-	-	-	**62,118**
Adjusted balance at 1st April 2019	**1,287,356**	**(29,835)**	**15,422**	**1,023,306**	**2,296,249**
Surplus for the year	49,279	-	-	-	**49,279**
Actuarial gain on defined benefit pension scheme	33,540	-	-	-	**33,540**
Change in fair value of hedged financial instruments	-	(11,996)	-	-	**(11,996)**
Other comprehensive income/(expense) for the year	33,540	(11,996)	-	-	**21,544**
Capital contribution in the form of gift aid from parent	5,600	-	-	-	**5,600**
Reserves transfers:					
Revaluation of gains /depreciation on disposal	1,561	-	-	(1,561)	**-**
Transfer of restricted income to restricted reserve	(128)	-	128	-	**-**
Revaluation of gain/(loss) to restricted reserve	456	-	(456)	-	**-**
Balance at 31 March 2020	**1,377,664**	**(41,831)**	**15,094**	**1,021,745**	**2,372,672**

	Income and expenditure reserve	**Financial instruments reserve**	**Restricted reserve**	**Revaluation reserve**	**Total reserves**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 April 2018	**888,882**	**(24,832)**	**14,190**	**847,927**	**1,726,167**
Surplus for the year	(22,555)	-	-	-	**(22,555)**
Initial recognition of multi-employer defined benefit scheme liability	(13,151)	-	-	-	**(13,151)**
Actuarial gain on pension scheme	(24,183)	-	-	-	**(24,183)**
Change in fair value of hedged financial instruments	-	(5,003)	-	-	**(5,003)**
Other comprehensive income for the year	(37,334)	(5,003)	-	-	**(42,337)**
Capital contribution in the form of gift aid from parent	8,396	-	-	-	**8,396**
Reserves transfers:					
Revaluation of gains / depreciation on disposal	2,768	-	-	(2,768)	**-**
Transfer of restricted income to restricted reserve	(119)	-	119	-	**-**
Revaluation of gain/(loss) to restricted reserve	(1113)	-	1113	-	**-**
Transfer of engagement from fellow subsidiary	386,313	-	-	178,147	**564,460**
Balance at 31 March 2019	**1,225,238**	**(29,835)**	**15,422**	**1,023,306**	**2,234,131**

1a. Accounting policies

Legal status

Metropolitan Housing Trust Limited ('the Trust') is an exempt charity registered in England under the Co-operative and Community Benefit Societies Act 2014 (Registered Number 16337R) and is a registered provider of social housing with the Regulator of Social Housing (Registered Number L0726). It trades in GBP and is a public benefit entity and its registered address is The Grange, 100 High Street, Southgate, London N14 6PW.

Basis of preparation

These financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Housing SORP 2018: update (Statement of Recommended Practice for registered social housing providers) (2018) and the Accounting Direction for private registered providers of social housing from April 2019.

The preparation of the financial statements requires the Trust management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. It also requires Trust management to exercise judgement in applying the Trust's accounting policies. The impact that potential variations in these judgements may have on the financial statements are explained in the accounting policies below.

Areas where a degree of significant judgement has been applied are shown in boxes in the accounts.

Going concern

The recent Covid-19 outbreak has created a number of stresses to the parent company, which has carried out significant scenario testing to ensure the organisation is in an appropriate place to meet all of its covenant requirements in the coming years. Higher levels of customer debt default and major reductions in sales revenue would impact on surpluses, but the parent company has embarked on early planning and risk mitigation and the business plan demonstrates that MHT can still comfortably stay within covenant limits.

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

Disclosure exemptions

The financial statements of the Trust have adopted the following disclosure exemptions as these are reported as part of the consolidated accounts of Metropolitan Thames Valley Housing group (MTVH group):

- The exemption under FRS 102 33.1(A) in relation to the disclosure of transactions with other companies in the MTVH group unless those entities are unregulated.
- The exemptions relating to financial instruments disclosures including of items of income, expenses, gains or losses relating to financial instruments and exposure to and management of financial risks.

1a. Accounting policies (continued)

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment.

VAT

The Trust charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT on expenditure to the extent that it is incurred by the Trust and not recoverable from HM Revenue and Customs. Recoverable VAT on overheads arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

Revaluation Reserves

On transition to FRS 102 the Trust elected to adopt deemed costs as a proxy for historical costs. As a result, the group revalued the social housing assets portfolio to EUV-SH (Existing Use Value – Social Housing). As a result, a revaluation reserve was created to account for the difference between the historical costs and deemed costs.

On disposal of properties carried at deemed costs the group releases these reserves from the revaluation reserves to the income and expenditure account. Both the revaluation reserve and the income and expenditure are part of general reserves.

Valuation of investment properties

Investment properties are valued on an annual basis. Commercial properties are revalued internally based on the leases agreements and market rental properties are revalued using the Office of National Statistics market rent index.

1b. Key judgements and estimates in the preparation of these accounts

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made are discussed below.

i. Significant management judgements

The Trust makes certain key judgements about complex transactions or those involving uncertainty about future events while preparing these financial statements.

The following are the significant management judgements made in applying the accounting policies of the Trust that have the most significant effect on the financial statements.

Determining whether an impairment review is required

Tangible fixed assets (mainly housing properties) are assessed for indicators of impairment at each reporting date in accordance with FRS 102 27.7. Indicators include changes in government policy, a reduction in the market value of properties where the occupant has the right to acquire, a reduction in the demand for a property, losses from operating that property, obsolescence of a property or contamination of a site. Impairment is tested at income generating unit level which is at scheme level. Indicators for properties under construction include any unforeseen additional costs that do not add value.

Where no such indicators of impairment are identified to have occurred at the reporting date, it is assumed that there is no impairment.

Capitalisation of property development costs

Distinguishing the point at which a development scheme is more likely than not to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation management monitors the developed asset and considers whether any changes indicate existence of impairment and if an impairment charge is required.

Capitalised overhead on developments

Overheads are capitalised up to a maximum of 3.5% of works and acquisitions costs or 100% of development salaries and related overheads.

The Trust has adopted a policy of capitalising overheads into the development costs of properties. The management is satisfied that this capitalisation is appropriate as these costs are avoidable costs of bringing these assets to existence and habitable use. The management has made the judgement that overheads are capitalised up to a maximum of 3.5% of works and acquisitions costs or 100% of development salaries and related overheads. The management is satisfied that the capitalisation of overheads does not lead to carrying these developments in the statement of financial position at above their net realisable values as impairment reviews are undertaken annually to safeguard against overstatement of carrying costs.

1b. Key judgements and estimates in the preparation of these accounts (continued)

Qualifying charitable donations

Qualifying charitable donations received from a subsidiary are treated as income and recognised at the point that there is legally entitlement to that income. Investments from the parent entity in the form of gift aid are recorded in the statement of changes in reserves as a capital contribution.

Estimation uncertainties

The Trust make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Useful economic life of fixed assets

The useful economic life of housing structure is estimated to be 125 years and therefore depreciated over that period. A 10% decrease in the life would result in an increased charge of £994k to the comprehensive income statement.

The useful economic lives of other fixed assets are estimated to be as follows:

Furniture and equipment	5 years
IT equipment (from 1/1/18)	5 years
IT equipment (until 31/12/17)	3 years

Stock

Net realisable value is based on the estimated selling price less selling costs. Estimated selling prices were provided by external valuers and by reference to actual selling prices for completed developments. For schemes under construction the estimated costs to completion are based on approved budgets and forecasts.

Recoverability of trade debtors

The Trust makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Government grant

Government grant is amortised over the useful economic life (UEL) of the asset apart from grant on shared ownership properties which is amortised over 20 years reflecting our judgement of the average staircasing period. A 10% decrease in the life would result in increased income in the comprehensive income statement of £346k.

Assumptions made when considering impairment

Assumptions made when considering impairment are disclosed in note 12.

Allocation of costs between tenure

Costs are allocated to the appropriate tenure where it is possible to specify to which tenure the expense relates. Where it is not possible to relate costs to a specific tenure, costs are allocated on a floor area or unit basis depending on the appropriateness for each scheme.

Assumptions in respect of MTVH Scheme and Notts LGPS

Assumptions in respect of the MTVH Pension scheme are disclosed in note 24(a). Assumptions in respect of the Nottinghamshire County Council Pension scheme (Notts LGPS) are disclosed in note 24(b).

Pension figures in these accounts are prepared by independent actuaries. In preparing the figures the actuaries use a number of judgements based on information provided to them by the Institute and Faculty of Actuaries.

2. Particulars of turnover, cost of sales, operating costs and operating surplus

Turnover comprises rental and service charges income receivable (net of any voids), income from first tranche sales, sales of properties built for sale and other services at the invoiced value (net of VAT where recoverable), income from HomeBuy activities, amortisation of deferred capital grants, and other grants receivable.

	Turnover 2020 £'000	Cost of sales 2020 £'000	Operating Costs 2020 £'000	Operating Surplus/ (deficit) 2020 £'000	Operating Surplus/ (deficit) 2019 £'000
Social housing activities					
Income and expenditure from lettings - note 3	282,148	-	(196,600)	**85,548**	**81,464**
Other social housing activities					
First tranche sales	59,479	(52,336)	(769)	**6,374**	**4,473**
Mortgage rescue	701	-	(394)	**307**	**249**
Qualifying charges donations	3,597	-	-	**3,597**	**280**
Supporting People	12,320	-	(12,016)	**304**	**1,981**
Community investment	365	-	(3,122)	**(2,757)**	**(1,823)**
Registered care homes	4,316	-	(5,203)	**(887)**	**220**
Other	1,196	-	(612)	**584**	**1,316**
Total other social housing activities	**81,974**	**(52,336)**	**(22,116)**	**7,522**	**6,696**
Non-social housing activities					
Market renting	3,193	-	(1,929)	**1,264**	**2,419**
Non-recurring one-off operating costs	-	-	(2,268)	**(2,268)**	**(2,500)**
Other	12,435	-	(14,416)	**(1,981)**	**612**
Total non-social housing activities	**15,628**	**-**	**(18,613)**	**(2,985)**	**531**
Total	**379,750**	**(52,336)**	**(237,329)**	**90,085**	**88,691**
Surplus on RTB/ RTA				**3,362**	**1,222**
Surplus on staircasing				**15,368**	**10,482**
Surplus on HomeBuy redemptions				**6,176**	**7,144**
Surplus on Other Fixed Assets				**4,468**	**2,082**
Surplus on disposal of fixed assets				**29,374**	**20,930**
Operating surplus				**119,459**	**109,621**

2. Particulars of turnover, cost of sales, operating costs and operating surplus (continued)

The apportioned costs associated with first tranche sales are shown as cost of sales within the operating results.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Care and support income is recognised when the contract condition is fulfilled.

Turnover is measured at the fair value of consideration received or receivable.

Non-recurring one-off operating costs were incurred during the year. This is relating to pension disaggregation costs.

	2020	2019
	£'000	£'000
Pension disaggregation s75 costs	2,159	-
Integration costs	109	2,500
	2,268	**2,500**

3. Particulars of income and expenditure from lettings

	General needs housing	Supported housing	Other housing provision	Shared ownership	Total	Total
	2020	2020	2020	2020	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Income from letting						
Rent receivable net of identifiable service charges	170,678	26,813	6,550	35,215	**239,256**	**204,654**
Service charge income	13,568	9,979	355	8,170	**32,071**	**25,947**
Net rental income	**184,245**	**36,792**	**6,905**	**43,385**	**271,327**	**230,601**
Amortised grant	834	58	-	9,308	**10,200**	**10,262**
Management fees	1	-	5	615	**621**	**545**
Total income from lettings	**185,080**	**36,850**	**6,910**	**53,308**	**282,148**	**241,408**
Expenditure on letting activities						
Service charge costs	25,094	10,588	981	8,079	**44,742**	**38,799**
Management	37,261	6,442	1,619	11,105	**56,427**	**44,209**
Routine maintenance	26,113	6,417	513	1,313	**34,356**	**31,784**
Planned maintenance	9,869	1,970	158	921	**12,918**	**12,495**
Major repairs	3,581	793	84	714	**5,172**	**3,900**
Bad debts	3,436	552	117	303	**4,408**	**1,265**
Lease charges	853	725	-	6	**1,584**	**1,665**
Depreciation	29,134	3,234	1,249	8	**33,625**	**26,686**
Accelerated depreciation	2,440	160	4	-	**2,604**	**883**
Impairment	-	-	-	764	**764**	**(1,742)**
Total expenditure	**137,781**	**30,881**	**4,725**	**23,213**	**196,600**	**159,944**
Surplus on social housing	**47,299**	**5,969**	**2,185**	**30,095**	**85,548**	**81,464**
Rent loss through voids	(1,221)	(1,578)	(21)	(89)	**(2,909)**	**(2,909)**

4. Housing units

	1st April	Units developed or newly built units acquired	Units sold/ demolished	Transfers and acquisitions from other RPs	Other movements	31st March
	2019	2020	2020	2020	2020	2020
General needs rented housing - Social	27,347	91	(99)	-	32	27,371
General needs rented housing - affordable	1,662	183	(2)	-	14	1,857
Housing for older people	3,215	-	-	-	22	3,237
Shared ownership	7,912	464	(280)	159	151	8,406
Supported rented - Social	2,495	-	(20)	-	3	2,478
Supported rented - Affordable	22	-	-	-	-	22
Total Social Housing Units	**42,653**	**738**	**(401)**	**159**	**222**	**43,371**
Intermediate rent	179	-	-	-	(6)	173
Keyworker accommodation	920	-	-	-	5	925
Total social housing - Other	**1,099**	**-**	**-**	**-**	**(1)**	**1,098**
Market rent	523	-	(12)	-	5	516
Student accommodation	499	-	-	-	-	499
Rent to HomeBuy	53	-	-	-	(4)	49
Leaseholders	6,273	-	-	-	326	6,599
HomeBuy/MyChoice-HomeBuy	3,509	-	(225)	-	10	3,294
Total other	**10,857**	**-**	**(237)**	**-**	**337**	**10,957**
Total	**54,609**	**738**	**(638)**	**159**	**558**	**55,426**

5. Operating surplus is stated after charging/ (crediting)

Operating surplus is stated after charging / (crediting):	2020 £'000	2019 £'000
Depreciation:		
Tangible fixed assets - housing properties (Note 12)	31,579	24,633
Other fixed assets (Note 13)	2,046	1,636
Accelerated depreciation on component - tangible fixed assets	2,878	890
Impairment	2,064	(1,742)
Operating leases charges		
Offices	1,515	1,445
Other buildings non-office	-	577
Leases non-buildings	123	70

Auditor's remuneration in respect of these financial statements was borne by the parent undertaking and controlling party Thames Valley Housing Association Limited.

6. Surpluses on disposal of fixed assets and fixed asset investments

	2020 £'000	2019 £'000
RTB/ RTA		
Disposal proceeds	11,804	2,988
Cost of sales	(6,251)	(1,595)
Recycled capital grant fund	(2,191)	(171)
	3,362	**1,222**
Staircasing		
Disposal proceeds	44,570	30,139
Cost of sales	(26,453)	(17,811)
Recycled capital grant fund	(2,750)	(1,821)
Grant abatement	-	(25)
	15,368	**10,482**
Redemptions		
HomeBuy redemption income	16,896	18,631
HomeBuy redemption expense	(10,720)	(11,480)
	6,176	**7,144**
Surplus on other asset disposals		
Disposal proceeds	10,535	10,204
Cost of sales	(4,289)	(6,208)
Recycled capital grant fund	(1,778)	(1,914)
	4,468	**2,082**
Total surplus on disposal of fixed assets	**29,374**	**20,930**

In line with the Housing SORP: 2018 update, all fixed assets sales such as RTB/ RTA, staircasing, redemption sales and other sales of operational assets are reported within operating surplus under surplus on disposal of fixed assets section as they are part of our regular business sales activity.

7. Interest receivable and related income

	2020 £'000	2019 £'000
Interest received	459	591
Subsidiary companies	5,158	5,061
Interest receivable from joint ventures	358	-
Interest receivable from parent	2,201	-
Regeneration partners	298	231
Dividend income*	544	540
	9,018	**6,423**

Movement in fair value of financial instruments

Gain on fair value of hedged derivative instruments	651	826
	651	**826**

*Dividend income is from CCLA COIF Charities Investment Fund.

8. Interest and financing costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are recognised as a reduction in the proceeds of the associated capital instrument.

Where a development project is financed by the borrowings of the Trust, finance costs are capitalised during the period of construction (see Note 12).

	2020 £'000	2019 £'000
Interest on loans repayable	79,674	66,771
Net interest on pension fund	1,359	1,070
Interest on finance leases	41	43
Interest on recycled capital grant fund (Note 21)	725	838
Less: interest capitalised	(6,915)	(6,967)
	74,884	**61,755**
Amortised loan fees and commitment fees	4,509	2,342
	79,393	**64,097**
Non-recurring merger financing costs	**-**	**77,488**
Total interest and financing costs	**79,393**	**141,585**
Change in fair value of hedged financial instruments	**(11,996)**	**(5,003)**

Non-recurring merger financing costs are associated with the lender re-negotiations (transaction and advice fees), break costs (associated with the term reduction on some loans), as well as early repayment of our syndicated private placement debt.

9. Employees

Short-term employee benefits are recognised as an expense in the period in which they are incurred. The Trust allows a maximum of 5 days annual leave/ holiday entitlement to be carried over into the next reporting period and an accrual is only raised if it is material to do so. The charge in the year is £732k (2019: £557k) and was accrued for.

Average monthly full-time equivalent number of employees

	2020 Number	2019 Number
Senior Managers and Executives	5	6
Office staff	917	861
Scheme staff	398	422
	1,320	**1,289**

Staff costs (for employees above):

	2020 £'000	2019 £'000
Wages and salaries	44,086	42,466
Social security costs	4,285	3,963
Pension costs	2,291	1,830
Staff costs	**50,662**	**48,259**

Number of staff paid over £60,000 in the year (including pension contributions)

	2020 Number	2019 Number
£60,000 - £70,000	38	30
£70,001 - £80,000	12	23
£80,001 - £90,000	22	11
£90,001 - £100,000	11	8
£100,001 - £110,000	7	4
£110,001 - £120,000	2	3
£120,001 - £130,000	2	6
£130,001 - £140,000	2	4
£140,001 - £150,000	4	1
£160,001 - £170,000	2	-
£170,001 - £180,000	1	-
£180,001 - £190,000	2	-
£210,001 - £219,000	-	1
£230,001 - £239,000	-	1
£240,001 - £250,000	-	1
£250,001 - £260,000	1	-
£260,001 - £270,000	1	-
£280,000 - £289,999	-	1
	107	**94**

10. Executive directors and board members

Executive directors

The executive directors comprised seven posts as outlined on page 3 of the report and Financial Statements. The Trust does not make any further contribution to an individual pension arrangement for the Chief Executive.

	2020 Gross pay £000	2020 Pension £000	2020 Total £000	2019 Total £000
The aggregate emoluments payable to directors	1,385	63	**1,448**	**1,785**
Chief Executive who was also the highest paid director	329	-	**329**	**270**

Board members and other committees

The table below shows salaries paid to non-executive board members of the Trust, expenses incurred during the discharge of their duties and their attendance during the year:

	2020 Attendance MTVH board	2020 Attendance of other committees	2020 Salary £	2020 Expenses £	2019 Salary £	2019 Expenses £
Jerry Piper	8 (100%)	6 (100%)	12,500	437	11,891	801
Michael Dunn[1]	8 (100%)	13 (93%)	14,000	9,211	12,703	3,124
Paula Kahn	8 (100%)	2 (100%)	27,500	-	26,109	206
Stuart Beevor	8 (100%)	14(100%)	14,000	588	13,870	508
Lesley-Anne Alexander	6 (75%)	7 (88%)	14,000	-	12,184	-
Grainia Long	8 (100%)	2 (50%)	15,000	1,246	18,250	2,597
Paul Bridge	6 (75%)	7 (100%)	12,500	-	11,500	-
Kathryn Davis	8 (100%)	9 (100%)	14,000	195	12,186	286
Brian Hendon[2]	4 (100%)	6 (100%)	7,292	287	11,500	951
Ingrid Reynolds	8 (100%)	11 (93%)	12,500	126	6,250	-
Clive Deadman (resigned Oct 18)	-	-	-	-	5,781	2,303
Janet Dean (resigned Oct 18)	-	-	-	-	5,781	850
Althea Efunshile[3]	1 (100%)	-	2,500	-	-	-
Gurpreet Gujral[4]	1 (100%)	-	-	-	-	-
			145,792	**12,090**	**148,005**	**11,626**

The Board members' remuneration disclosed above is for the full financial year. The Board meetings attendance details for both the main Board and committees are from April 2019.

[1]2020 expenses for Michael Dunn includes expenses relating to 2019
[2]Brian Hendon retired during the year.
[3] Althea Efunshile was appointed in March 2020.
[4] Gurpreet Gujral was appointed in March 2020.

11. Tax on surplus on ordinary activities

The charge for taxation is based on the surplus for the year and takes into account taxation deferred. Deferred tax is provided for on differences between the treatment of certain items for accounting and taxation purposes. It is accounted for to the extent that a liability or asset is expected to be payable or recoverable in the foreseeable future.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax is not recognised on timing differences arising on revalued properties unless the Trust has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and the recognition of deferred tax assets is limited to the extent that the Trust anticipates making sufficient taxable surpluses in the future to absorb the reversal of the underlying timing differences.

	2020	**2019**
	£'000	**£'000**
UK corporation tax	-	-
Tax on surplus on ordinary activities	**-**	**-**

	2020	2019
Reconciliation of current tax	**£'000**	**£'000**
Surplus on ordinary activities before tax	49,279	(22,555)
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	9,363	(4,285)
Surplus covered by charitable exemption	(9,363)	4,285
Current tax payable/(receivable) for the year	**-**	**-**

12. Fixed assets – housing properties

Housing properties

Social housing properties are properties held for social benefits purposes in line with the requirements of FRS 102 section 17. These properties include general needs properties, affordable homes and shared ownership properties. Properties not held for social benefit purposes are accounted for in line with FRS 102 section 16 and these include market rented properties.

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable). Housing properties constructed or acquired (including land) on the open market before the date of transition are stated at either historical cost or deemed cost net of depreciation and impairment.

The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development.

Directly attributable costs of acquisition includes capitalised interest calculated, on a proportional basis, using the interest on borrowing which has been drawn in order to finance the relevant construction or acquisition. Where housing properties are in the course of construction, interest cost is only capitalised where construction is ongoing and has not been interrupted or terminated.

Separate disclosure of a valuation of the housing properties based on Existing Use Value for Social Housing (EUV-SH) and Market Value (MV) is also provided.

Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time. Freehold land is not depreciated as it is considered to have an indefinite useful economic life.

No depreciation is charged in the period of acquisition and depreciation is charged in the period of disposal.

The portion of shared ownership property retained or expected to be retained is not depreciated on account of the high residual value. Neither the depreciable amount nor the expected annual depreciation charge for such assets is considered material, individually or in aggregate.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

12. Fixed assets – housing properties (continued)

Component	Economic useful life in years
Structure	125
Roofs (pitched)	70
Energy efficiency works	50
Electrics	40
External windows	40
Bathroom	30
External doors	30
Kitchen	20
Roof (flat)	20
Mechanical systems	20
Communal	20
Lifts	20
Outside space	20
Boiler	15
Aids and adaptations	5

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease, when the lease and building elements are depreciated separately over their expected useful economic lives.

It is the Trust's policy to maintain shared ownership accommodation, and it is responsible for keeping its part of the shared ownership in a continuous state of sound repair. The Trust considers that the lives of properties are so long, and residual values based on current open market value are so high that any depreciation would be insignificant. Any impairment in the value of such properties is charged to the Statement of Comprehensive Income.

Any difference between the historical annual depreciation charge on revalued assets and the annual depreciation charge on a historical cost basis is transferred from the revaluation reserve for the asset concerned until that reserve is depleted.

Allocation of costs for mixed tenure and shared ownership developments

Costs are allocated to the appropriate tenure where it is possible to specify to which tenure the expense relates. Where it is not possible to relate costs to a specific tenure, costs are allocated on a floor area or unit basis depending on the appropriateness for each scheme.

Infrastructure assets

Infrastructure assets are infrastructure for public services, such as roads and bridges. Such expenditure is capitalised within property, plant and equipment (PPE) and is depreciated over 30 years.

12. Fixed assets – housing properties (continued)

Donated land and other assets

Land and other assets donated by local authorities and other government sources are added to cost at the fair value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the increase in value between fair value and consideration paid is treated as a non-monetary grant and recognised in the Statement of Financial Position as a liability. Where the donation is from a non-public source the value of the donation is included as income.

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value at the balance sheet date, with changes in fair value recognised in income and expenditure. On recognition of a new investment property, a professional valuation is obtained by appropriately qualified external valuers. The valuation is derived from current market rents and investment property yields for comparable properties, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. No depreciation is provided on investment properties. Fair value is determined annually through a desk top valuation.

The Trust would have normally carried out internal desktop valuation using Office of National Statistics data to determine the fair value of its investment properties at 31 March 2020. Indexation is applied to determine the fair value for investment property at market rents and a review of rental income usually takes place, However, In light of Covid-19, the Trust has taken the decision not to apply the uplift this year

Market rented properties

Market rented properties held as investments are revalued annually. Any excess deficit over cost is realised through the statement of comprehensive income to the extent that this represents a permanent diminution in value of the property. No depreciation is provided in respect of market rented properties.

Pre-contract costs

Pre-contract costs are recognised as an asset only if they are directly attributable to specific contracts, can be separately identified, measured reliably and when there is virtual certainty that a contract will be obtained and is expected to result in future net cash inflows.

Land

Where land has been acquired it is accounted for either as a fixed asset under property, land and equipment (where land is acquired for social housing purpose) or as an investment property (where land is acquired for other purposes) and measured initially at the cost of the land and subsequently at fair value with surpluses or deficits recognised in the Statement of Comprehensive Income.

12. Fixed assets – housing properties (continued)

RTB/RTA

Under Right to Buy and Right to Acquire arrangements the Trust sells properties to qualifying tenants. Surpluses and deficits arising are included in the surplus on sale of fixed assets in the Statement of Comprehensive Income.

Government grant

Grants received in relation to assets that were recorded at deemed cost at the date of transition to FRS 102 have been accounted for using the performance model as required by Housing SORP: 2018 update. In applying this model, such grant has been presented as if it were originally recognised as income within the Statement of Comprehensive Income and expenditure in the year it was receivable and is therefore included within brought forward reserves.

Grant received since the transition date in relation to newly acquired or existing housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP: 2018 update. As required by Housing SORP: 2018 update, grant is carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP: 2018 update, the useful economic life of the housing property structure has been selected.

Where social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account.

Grants relating to revenue are recognised in income and expenditure once performance related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Housing properties impairment

The housing property portfolio for the Trust is assessed for indicators of impairment at each reporting date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An option appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return or potential sale proceeds are obtained and used to inform the options.

The Trust looks at the net realisable value, under the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use. No properties have been valued at VIU (Value in Use).

12. Fixed assets – housing properties (continued)

The Trust defines cash generating units as schemes except where its schemes are not sufficiently large or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to the Statement of comprehensive income and expenditure.

Impairment brought forward at 1 April 2019 totalled £6.5m. There has been no further Impairment charged in the year ended 31 March 2020.

Capitalised interest

Additions to housing properties in the course of construction during the year included capitalised interest of £7.6m (2019: £6.1m). The weighted average cost of capital was 4.3% (2019: 4.65%). The aggregate amount capitalised is £113.2m (2019: £105.6m).

Properties held for security

The Trust had property with a net book value of £2,587m pledged as security at 31 March 2020 (2019: £2,514m).

Freehold / leasehold

The Trust held long leasehold and freehold housing properties at the following net book value.

	2020	**2019**
	£'000	**£'000**
Long leasehold	438,689	405,184
Freehold	3,835,444	3,721,230
	4,274,133	**4,126,414**

The Trust does not have any short leasehold Property, Plant and Equipment at the balance sheet date.

Finance leases

The net carrying amount of assets held under finance leases included in plant and machinery is £558k (2019: £587k).

There is one significant finance lease which is related to an agreement with EnviroEnergy to supply and install heating and heating equipment as part of the Nottingham district heating scheme. At the end of the lease term the risk and responsibility of the heating equipment will be transferred to the Trust. The remaining lease term is 12 years as at 31 March 2020. The future minimum finance lease payments are disclosed in note 29.

12. Fixed assets – housing properties (continued)

Trust housing properties	Housing properties under construction		Completed housing properties					
	Letting	Shared ownership	Letting	Shared ownership	Community	**Housing properties**	Investment properties	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost/ Value								
At 1 April 2019	**150,877**	**96,239**	**3,222,781**	**725,181**	**1,804**	**4,196,882**	**66,316**	**4,263,198**
Schemes completed in year	(41,964)	(78,971)	41,964	78,971	-	-	-	-
Transfer from Subsidiary	-	5,030	-	22,149	-	27,179	-	27,179
Additions								
Replacement of component	3,813	-	33,028	-	147	36,988	148	37,136
Other additions	70,446	86,357	-	1,707	-	158,510	-	158,510
Disposals	(100)	-	(16,945)	(29,468)	(3)	(46,516)	-	(46,516)
At 31 March 2020	**183,072**	**108,655**	**3,280,828**	**798,540**	**1,948**	**4,373,043**	**66,464**	**4,439,507**
Depreciation								
At 1 April 2019	**-**	**-**	130,241	-	38	**130,279**	**-**	**130,279**
Charge for year	-	-	31,530	-	49	31,579	-	31,579
Eliminated in respect of disposals	-	-	(2,995)	-	-	(2,995)	-	(2,995)
At 31 March 2020	**-**	**-**	**158,776**	**-**	**87**	**158,863**	**-**	**158,863**
Impairment								
At 1 April 2019	**4,442**	**1,149**	**787**	**127**	**-**	**6,505**	**-**	**6,505**
Impairment charged to income & expenditure	(2,269)	2,276	-	-	-	7	-	7
Released on disposal	-	-	-	(1)	-	(1)	-	(1)
At 31 March 2020	**2,173**	**3,425**	**787**	**126**	**-**	**6,511**	**-**	**6,511**
Net book value								
At 31 March 2020	**180,899**	**105,230**	**3,121,265**	**798,414**	**1,861**	**4,207,669**	**66,464**	**4,274,133**
At 31 March 2019	**146,435**	**95,090**	**3,091,793**	**725,054**	**1,726**	**4,060,098**	**66,316**	**4,126,414**

13. Other fixed assets

Depreciation is charged on a straight-line basis over the expected useful economic lives of the other fixed assets at the following annual rates:

Furniture and equipment	5 years
IT equipment (from 1/1/18)	5 years
IT equipment (until 31/12/17)	3 years

No depreciation is charged in the period of acquisition and depreciation is charged in the period of disposal.

	Offices	Furniture and equipment	Computer	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2019	**8,615**	**3,785**	**14,464**	**26,864**
Transfers	**-**	**-**	**-**	**-**
Asset reclassification	1,979	746	(1,982)	**743**
Additions	5,871	997	4,434	**11,302**
Disposals	-	(78)	-	**(78)**
At 31 March 2020	**16,465**	**5,450**	**16,916**	**38,831**
Accumulated depreciation				
At 1 April 2019	**2,586**	**3,040**	**8,935**	**14,561**
Transfers	**-**	**-**	**-**	**-**
Asset reclassification	(1)	745	(1)	**743**
Depreciation charge	138	270	1,638	**2,046**
Disposals	-	(51)	-	**(51)**
At 31 March 2020	**2,723**	**4,004**	**10,572**	**17,299**
Impairment				
At 1 April 2019	-	-	-	-
Impairment charge for the year	1,300	-	-	1,300
At 31 March 2020	**1,300**	**-**	**-**	**1,300**
Net book value				
At 31 March 2020	**12,442**	**1,447**	**6,344**	**20,232**
At 31 March 2019	**6,029**	**745**	**5,529**	**12,303**

14. HomeBuy loans

HomeBuy
Under the HomeBuy scheme and the Key Worker Living Initiative, the Trust received social housing grant (SHG) representing a percentage of the open market purchase price of a property in order to advance interest-free loans to a homebuyer. When loans are redeemed the carrying value of the loan is charged to cost of sales and the grant is recycled through the recycled capital grant fund.

MyChoice HomeBuy
Under the MyChoice HomeBuy scheme, the Trust has issued interest-bearing loans representing a percentage of the open market purchase price of the properties. Half of these loans are funded from the Trust's own resources and the other half funded by SHG. When loans are redeemed the carrying value of the loan and the carrying value of our investment is charged to cost of sales and the grant is recycled through the recycled capital grant fund.

	£'000
Opening balance at 1 April 2019	**158,617**
Redemption	(10,720)
Loans previously redeemed	(38)
Balance at 31 March 2020	**147,859**

15. Other investments

	2020	2019
	£'000	£'000
Bond securities	2,280	2,302
Other investments	3,004	3,002
Bank deposits	15,436	13,370
	20,720	**18,674**

Loan related sinking funds of £6,684k (2019: £6,638k) are included in this note

16. Stock

Stock represents work in progress and completed properties, including housing properties developed for transfer to other registered providers; properties developed for outright sale; and shared ownership properties. For shared ownership properties the value held as stock is the estimated cost to be sold as a first tranche.

Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

Assessments are made of recoverability using the same criteria described in the housing properties impairment policy above.

Note 16 Stock continued

The stock figure below includes capitalised interest of £14,913k (2019: £12,058k).

	2020 £'000	2019 £'000
Work in progress, Shared ownership	44,781	39,136
Completed properties, Shared ownership	20,536	25,688
Land held for sale	2,000	2,000
	67,317	**66,824**

None of the stock has been pledged as collateral against borrowing by the Trust (2019: £Nil).
An impairment charge of £Nil (2019: £Nil) for the Trust is included in stock in the period under review.
Stock recognised in cost of sales as an expense was £52.3m (2019: £29.9m).

17. Debtors

	2020 £'000	2019 £'000
Due within one year:		
Rental debtors	25,251	23,075
Less: bad debt impairment	(9,577)	(8,741)
Net rental debtors	**15,674**	**14,334**
Amounts due from other group companies	144,489	153,428
SHG receivable	643	74
Prepayments and accrued income	5,864	7,229
VAT debtor	-	554
Other debtors	14,116	6,724
	180,786	**182,343**
Due after more than one year		
Intercompany loan due from subsidiary undertaking	129,100	146,599
Staff loans	77	-
Other debtors	12,065	12,837
	141,242	**159,436**

18. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Debt (Note 23)	111,006	136,977
Trade creditors	12,268	7,874
Amounts due to parent	25,843	6,099
Amounts due to subsidiary undertakings	5,141	2,204
Amounts owed in respect of housing properties	19,463	15,859
Other taxation and social security	1,728	1,287
Other creditors	28,382	26,038
Obligations under finance leases (Note 29)	30	28
Accruals and deferred income	60,148	121,400
Recycled Capital Grant Fund (Note 21)	71,899	50,087
Disposal Proceeds Fund (Note 22)	-	932
Rent and service charge paid in advance	17,403	15,050
Deferred government grant (Note 20)	10,063	9,904

	363,374	**393,739**

19. Creditors: amounts falling due after one year

	2020 £'000	2019 £'000
Debt (Note 23)	1,488,204	1,456,131
Corporate bond (Note 23)	256,100	256,336
Derivative financial instruments	59,522	48,177
Obligations under finance leases	528	559
Amounts owed in respect of housing properties under development	2,587	3,080
Recycled Capital Grant Fund (Note 21)	42,146	44,975
Other Creditors	11	11
Deferred government grant (Note 20)	336,163	352,298
Intercompany payable	38	38
	2,185,299	**2,161,605**

20. Deferred government grant (DGG)

	2020 £'000	2019 £'000
At 1 April	**362,202**	**278,766**
Grants received during the year	4,177	51,101
Grants recycled from the recycled capital grant fund	(9,953)	(8,652)
Grant amortisation	(10,200)	(10,262)
Released to income during the year	-	(64)
Transfer of engagement from subsidiaries	-	51,313
At 31 March	**346,226**	**362,202**
Released to income during the year	10,063	9,904
Transfer of engagement from subsidiaries	336,163	352,298
	346,226	**362,202**

21. Recycled capital grant fund (RCGF)

	2020 £'000	2019 £'000
At 1 April	**95,062**	**104,182**
Utilised on new build	(1,371)	(11,069)
Grants recycled upon relevant events:		
HomeBuy	6,350	8,775
Recycled from DCG	6,559	2,168
Recycled from reserves	6,720	5,267
Repaid to GLA	-	(57,535)
Interest accrued	725	838
Transfer of engagement from subsidiaries	-	42,440
At 31 March	**114,045**	**95,062**
RCGF creditor falling due in one year	71,899	50,087
RCGF creditor falling due after one year	42,146	44,975
	114,045	**95,062**

22. Disposal proceeds fund (DPF)

	2020	2019
	£'000	£'000
At 1 April	**943**	**2,499**
Utilised on new build	-	(1,459)
Repayment	-	(1,207)
Interest accrued	-	4
Transfer to other creditors	(943)	-
Transfer of engagement from fellow subsidiary	-	1,106
At 31 March	-	**943**
DPF creditor falling due in one year	-	932
DPF creditor falling due after one year	-	11
	-	**943**

The use of disposal proceed fund have been discontinued and therefore transferred to other creditors.

23. Debt analysis

	2020	2019
Loans	**£'000**	**£'000**
Within one year	111,006	136,977
Between one and two years	154,066	93,781
Between two and five years	218,910	298,326
In more than five years	1,371,328	1,320,360
	1,855,310	**1,849,444**

Security

Loans are predominantly secured by fixed charges on individual properties.

Terms of repayment and interest rates

The debt is repayable in accordance with lender agreed profiles at fixed rates of interest ranging from 1.4% to 12% (2019: 1.2% to 20%).

The Trust had undrawn loan facilities of £544m (2019: £326m).

Obligations under finance leases are disclosed in Note 29.

24. Pensions

At the prior year-end, the Trust participated in two funded schemes: one in the Social Housing Pension Scheme (SHPS) and one with Nottinghamshire County Council Local Government Pension Scheme (Notts LGPS). During the accounting period, the Trust transferred its defined benefit obligations in SHPS to the MTVH Scheme with effect from 4 October 2019.

At the prior year-end, the Trust also participated in one defined contribution scheme in the SHPS. During the accounting period the assets in these schemes were moved to the Flexible Retirement Plan and remain under the control of the same trustee.

Under Defined Benefits Accounting, the current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

Management's estimates relating to the defined benefit schemes are based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salaries. Variation in these assumptions may significantly impact the defined benefit obligation and annual expense as shown in this note. These assumptions and calculations are prepared by an independent actuary.

With defined contribution pensions schemes the Trust does not have further future obligations other than those disclosed in the statement of financial position within Creditors falling due within one year which are paid a month following deductions on each payroll processing.

The MTVH Scheme

As the MTVH Scheme is a newly established defined benefit scheme, the Trustee will be completing the first actuarial valuation imminently. This will review the demographic assumptions applicable for the membership. Previously within SHPS, this was considered for the whole SHPS membership, however, within the Scheme, these demographic assumptions will be specific to the MTVH Scheme membership.

Whilst the valuation is being completed, it is reasonable to adopt the approach taken at the prior year end in setting the FRS 102 assumptions for 31 March 2020, updating as appropriate for more recent data.

The assets transferred as part of the bulk transfer have been calculated as at 4 October 2019 by Mercer Limited. Due to the delay in completing the valuation of these assets, only a portion of these were transferred from SHPS to the MTVH Scheme on the transfer date. To calculate the value of the assets as at 31 March 2020, an adjustment has been applied to the asset value in line with the calculation set out in the transfer agreement.

The Nottinghamshire County Council Pension Fund (Notts LGPS)

The Notts LGPS is also a multi-employer defined benefit pension scheme and is accounted for using Defined Benefits Accounting. Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high-quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position.

Under Defined Benefits Accounting, the current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income for the year.

24. Pension (continued)

Management's estimates relating to the defined benefit schemes are based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salaries. Variation in these assumptions may significantly impact the defined benefit obligation and annual expense as shown in this note. These assumptions and calculations are prepared by an independent actuary.

The MTVH Scheme

The liabilities in respect of the Scheme at 31 March 2020 are based on rolling forward the results of Trust's participation in SHPS as at 4 October 2019, using actuarial techniques, allowing for cash flows and interest over the period.

The calculations have been performed in a manner compliant with the requirements of FRS 102. It is important to note that the estimated liability will not reflect any differences in demographic experience since the valuation date from that assumed and changes to specific individuals. However, we are satisfied that the approach of rolling forward the previous valuation liabilities in this way should not introduce any material distortions in the results provided that the actual experience has been broadly in line with assumptions, and that the structure of the liabilities is not materially different from that as at the valuation date. This method may not produce identical results to those which would be obtained by performing a full valuation at 31 March 2020. However, FRS 102 allow the use of estimates and actuarial techniques to make a reliable estimate of the liabilities recorded under FRS 102. As a result, we believe this to be an acceptable approach.

Under defined benefit accounting the Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high-quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. The current service cost and costs from settlements and curtailments are charged to operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

The section below outlines the key assumptions underpinning the actuarial valuations, the analysis of the scheme deficit, analysis of the pension obligation and scheme' asset and the subsequent impact to the statement of comprehensive income (SOCI) and the other comprehensive income statement (OCI).

Assumptions:

	2020	**2019**
	MTVH	**SHPS**
Discount Rate	2.22%	2.25%
RPI assumption	2.56%	3.58%
CPI assumption	1.56%	2.58%
Salary Growth	2.56%	4.00%

24. Pension (continued)

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2020	20.8
Female retiring in 2020	22.6
Male retiring in 2040	22.4
Female retiring in 2040	24.1

Net present value of pension liability

	2020 (£000s) MTVH	2019 (£000s) SHPS
Fair value of plan assets	139,825	134,128
Present value of defined benefit obligation	(160,458)	(195,023)
Surplus (deficit) in plan	**(20,633)**	**(60,895)**

Reconciliation of opening and closing pension liability

	2020 (£000s)
At 1 April	**195,023**
Settlement cost upon transfer	(4,006)
Interest expense	4,085
Past service cost	10,219
Actuarial losses due to scheme experience	6,681
Actuarial gains due to changes in demographic assumptions	(5,645)
Actuarial gains due to changes in financial assumptions	(42,302)
Benefits paid	(3,597)
At 31 March	**160,458**

Reconciliation of opening and closing pension assets

	2020 (£000s)
At 1 April	**134,128**
Settlement cost upon transfer	(3,886)
Interest income	2,799
Contributions by employer (Section 75 debt)	3,954
Additional assets acquired in respect of past service cost	8,140
Experience loss on plan assets excluding interest income	(6,087)
Contributions by the employer	4,600
Administration expenses	(226)
Benefits paid	(3,597)
At 31 March	**139,825**

24. Pension (continued)

Statement of Comprehensive Income impact

	2020 (£000s)
Expenses	226
Past service cost	2,079
Settlement cost upon transfer	(120)
Net interest expense	1,286
	3,471

Other Comprehensive Income impact

	2020 (£000s)
Experience loss on plan assets excluding interest income	(6,087)
Experience loss arising on the plan liabilities	(6,681)
Effects of changes in demographic assumptions on obligation	5,645
Effects of changes in financial assumptions on obligation	42,302
	35,179

Assets Analysis

	2020 (£000s)	2019 (£000s)
Global Equity	-	22,569
Diversified growth	27,744	-
Equity-linked bonds	16,660	-
Absolute Return	14,643	11,605
Distressed Opportunities	-	2,438
Credit Relative Value	-	2,455
Alternative Risk	8,749	7,736
Fund of Hedge Funds	-	604
Emerging Markets Debt	-	4,628
Risk Sharing	-	4,051
Insurance-Linked Securities	-	3,847
Property	-	3,019
Infrastructure	-	7,034
Private Debt	-	1,800
Corporate Bond Fund	-	6,258
Long Lease Property	-	1,973
Secured Income	-	4,802
Liability Driven Investment	23,178	49,052
Net Current Assets	48,850	257
Total assets	**139,824**	**134,128**

24. Pension (continued)

The Nottinghamshire County Council Pension Fund (Notts LGPS)

The Nottinghamshire County Council Pension Fund, which is administered by Nottinghamshire County Council, is a defined benefits scheme based on final pensionable salary, contributions being charged to the income and expenditure account over employees' working lives with the Trust. The Contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The most recent valuation of the whole fund was at 31 March 2019. To assess the value of the Employer's liabilities at 31 March 2020, the value of the Employer's liabilities calculated for the funding valuation as at 31 March 2019 have been rolled forward, using financial assumptions that comply with FRS102.

Assumptions

	2020	2019	2018
Discount rate	2.35%	2.40%	2.55%
Pension increases	1.95%	2.40%	2.35%
Salary increases	2.95%	3.90%	2.35%

Net pension liability

	31 March 2020	31 March 2019
	£'000	£'000
	MTVH	SHPS
Present value of defined benefit obligation	11,726	10,827
Fair value of fund assets (bid value)	(6,880)	(7,749)
Net liability in balance sheet	**4,846**	**3,078**

Impact on income and expenditure

	2020	2019
	£'000	£'000
	MTVH	SHPS
Service cost	149	136
Net interest on the defined liability	73	93
Administration expenses	3	3
Total	**225**	**232**

24. Pension (continued)

Re-measurement in other comprehensive income

	2020	2019
	£'000	£'000
Return on fund assets in excess of interest	(883)	534
Other actuarial losses on assets	(21)	-
Change in financial assumptions	963	(359)
Change in demographic assumptions	104	580
Experience loss on DB obligation	(1,802)	-
Re-measurement of net assets / (defined liability)	**(1,639)**	**755**

Reconciliation of opening and closing assets

	2020	2019
	£'000	£'000
Opening fair value of scheme assets	7,749	7,223
Interest on assets	184	182
Return on assets less interest	(883)	534
Administration expenses	(3)	(3)
Actuarial loss	(21)	-
Contribution by employer including unfunded benefits	95	92
Contributions by scheme participants	22	21
Estimated total benefits paid (net of transfer in)	(263)	(299)
Fair value of scheme assets at end of period	**6,880**	**7,750**

Reconciliation of opening and closing obligations

	2020	2019
	£'000	£'000
Opening defined benefit obligation	10,827	10,915
Service cost	139	136
Interest cost	257	275
Change in financial assumptions	(963)	359
Change in demographic assumptions	(104)	(580)
Experience loss on defined benefit obligation	1,802	-
Estimated funded benefits paid (net of transfers in)	(263)	(299)
Past service costs, including curtailments	10	-
Contributions by scheme participants	22	21
Closing defined benefit obligation	**11,727**	**10,827**

24. Pension (continued)

Projected pension expenses for year to 31 March 2020

	2020 £'000	2019 £'000
Service cost	122	139
Net interest on the defined liability (asset)	113	73
Administration expense	3	3
Total loss	**238**	**215**
Employer contributions	79	95

25. Provision for liabilities

Where the effect of the time value of money is material the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as finance cost in income and expenditure in the period it arises.

The Trust has recognised provisions for liabilities of uncertain timing or amounts including those for major repairs on stock transfers and leaseholders, overage for gap funding, and restructuring. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

	Re-structure provisions £'000	Allpay provision £'000	Total £'000
Opening balance at 1 April 2019	**802**	**166**	**968**
Additions			
Amounts used	(770)	(165)	**(935)**
Balance at 31 March 2020	**32**	**1**	**33**

26. Share capital

	2020 Number £	2019 Number £
Opening balance	11	25
Shares issued during year	2	6
Shares cancelled during year	(2)	(20)
Closing balance	**11**	**11**

The nominal value of a share is £1. During the year, 2 shareholders left the Trust and 2 added to the Shareholding register.

27. Capital commitments

	2020 £'000	2019 £'000
Capital expenditure that has been contracted for	285,177	207,675
Capital expenditure that has been authorised by the Board but has not yet been contracted for	480,409	262,032
	765,586	**469,707**
The Trust expects to finance the above commitments by:		
Social housing grant receivable	61,247	43,707
Loan facilities	505,287	188,596
Shared ownership first tranche sales and other trading cash flows	199,052	237,404
	765,586	**469,707**

The amount contracted for at 31 March 2020 will be funded from cash reserves, borrowings, social housing grant and the proceeds of sales. The Board expects the expenditure it has authorised to be fully financed in this way. Under regulations approved by the Board, appropriate officers and employees may authorise expenditure to certain levels, and such authorised expenditure is included above.

The Trust has a number of financing options available including undrawn loan facilities, a future bond issue, private placements and bank loan financing.

28. Contingent assets / liabilities

The Trust receives grant from Homes England and from the Greater London Authority, which is used to fund the acquisition and development of housing properties and their components. The Trust has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2020, the value of grant received in respect of these properties that had not been disposed of was £1,246m (2019: £1,241m).

As the timing of any future disposal is uncertain, no provision has been recognised in the financial statements.

29. Leasing commitments

The future minimum lease payments are set out below.

The future minimum finance lease payments are as follows:

	2020 £'000	2019 £'000
Within one year	30	28
Between one to five years	146	136
In more than five years	382	423
	558	**587**

29. Leasing commitments (continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Trust. All other leases are classified as operating leases.

Rentals paid under operating leases are charged to the Statement of Comprehensive Income and Expenditure on the accruals basis.

Where assets are financed by leasing agreements that give rights approximating to ownership they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments (or if lower the fair value of leased asset) and is depreciated in accordance with the Trust's normal policy for that class of assets. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability.

The future minimum operating lease payments are as follows:

	2020 Land and buildings £'000	2020 Other £'000	2019 Land and buildings £'000	2019 Other £'000
Less than one year	1,178	747	1,151	1,053
Between one to five years	4,629	843	3,740	1,620
More than five years	3,269	-	3,518	64
	9,076	**1,590**	**8,409**	**2,737**

The future minimum operating lease receivables are as follows:

	2020 Shared ownership £'000	2020 Commercial £'000	2019 Shared ownership £'000	2019 Commercial £'000
Less than one year	19,224	694	20,185	690
Between one to five years	68,168	2,208	71,576	2,304
More than five years	178,307	1,839	194,123	3,359
	265,699	**4,741**	**285,884**	**6,353**

30. Related parties

The Trust is entitled to the exemption allowed by FRS 102 Section 33.1A in relation to the disclosure of transactions with other companies in the group as it is a wholly owned subsidiary and its results are consolidated in the financial statements of Thames Valley Housing Association Limited.

31. Financial instruments

Under FRS 102 the Trust has a choice to apply 1 of 3 options to account for recognition and measurement of financial instruments which are the requirements of IFRS 9 or IAS 39 or FRS 102 sections 11 and 12. The Trust elected to apply FRS 102 sections 11 and 12. On intercompany loans and staff loans the Trust applied FRS 102 section 34 as it is a public entity.

Debtors and creditors

Debtors 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 income statement in other operating expenses. Trade debtors are recognised with the revenue, other debtors are recognised when they become receivable. Creditors are recognised when payment becomes probable.

Loans, investments and short-term deposits

Loans, investments and short-term deposits held by the Trust, with the exception of the Cancellable embedded option arrangements detailed below, meet the criteria for basic financial instruments as set out in FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost), FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Trust has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Cash and cash equivalents

Cash and cash equivalents in the Trust's Statement of Financial Position consists of cash at bank, in hand, deposits and short-term investments with an original maturity of three months or less.

Derivative instruments and hedge accounting

The Trust holds floating rate loans which expose the Trust to interest rate risk: to mitigate against this risk the Trust uses interest rate swaps. These instruments are measured at fair value at each reporting date. They are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Trust has designated each of the swaps against either existing drawn floating rate debt or against highly probable future floating rate debt. To the extent the hedge is effective, movements in fair value adjustments, other than adjustments for own or counterparty credit risk, are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any movements in fair value relating to ineffectiveness and adjustments for our own or counterparty credit risk are recognised in income and expenditure. The effectiveness relationships between a loan and a swap are subject to qualitative tests at designation and should not require any further tests thereafter.

31. Financial instruments (continued)

Concessionary loans

Concessionary loans are those loans made or received by the Trust that are made:

- to further its public benefit objectives;
- at a rate of interest which is below the prevailing market rate of interest; and
- not to be repayable on demand.

Loans made under HomeBuy are concessionary loans. These loans are measured at the amount advanced at the inception of the loan less amounts received and any provisions for impairment. Any associated grant is recognised as deferred income until the loan is redeemed.

Cash flow hedge (derivative financial instruments)

The Trust uses interest rate swaps to reduce exposure to interest rate risk on its debt portfolio. These hedges consist of swaps with a notional value of £139m at 31 March 2020 (2019: £139m) with interest rates ranging between 3.3% and 5.7% (2019: 3.9% and 5.7%) and maturities between 11 and 28 years (2019: 12 and 29 years).

The swaps represent a liability owing to the counterparty if they were to be closed out at their fair value. The fair value of this liability as at 31 March 2020 was £71.7m (2019: £48m). This liability is secured with property charged to the counterparty or with cash deposits. As at 31 March 2020 the Trust had £12.5m (2019: £10.5m) in cash lodged to cover this liability with the remaining balance being covered by credit limits or property pledged.

The fair values of all standalone swaps are shown on the balance sheet at their mid-market Mark to Market ("MTM") value (the "mid-market" value is considered to be a close proxy for the "bid" or "offer" value, as appropriate, which are necessarily more subjective). All curves and market data used in the valuations are sourced from Thomson Reuters and applied in determining the fair value for each class of derivative instrument as follows:

- Interest rate swaps have been valued using the 3 Month LIBOR or 6 Month LIBOR swap curve, adjusted for LIBOR basis spreads where appropriate. Discounting is on a 6 month LIBOR swap curve basis
- Basis swaps have been valued using the appropriate basis swap spread curve. Discounting is on a 6 month LIBOR swap curve basis
- LPI Swaps have been valued using the RPI swap curve and LPI option prices, and the 3 Month LIBOR swap curve. Discounting is on a 6 month LIBOR swap curve basis

Restricted cash and cash equivalents

As at 31 March 2020, £37.1m (2019: £28.5m) of cash is classified as restricted cash and cash equivalents due to legal restrictions. Restricted cash is where we hold cash on behalf of a third party or where there are restrictions on how we spend this cash.

31. Financial instruments (continued)

Financial instruments

	2020	2019
	£'000	£'000
Financial assets measured at historical cost		
Trade receivables	15,674	14,334
Other receivables	32,765	27,418
Investments	20,720	18,674
Investments in subsidiaries	50	50
Cash and cash equivalents	94,518	191,873
	163,727	**252,349**
Financial assets that are equity instruments measured at cost less impairment		
Concessionary loans receivable	147,859	158,617
	311,586	**410,966**
Financial liabilities measured at fair value through profit and loss:		
Derivative financial instruments	59,522	48,177
Financial liabilities measured at amortised cost		
Loans	1,855,310	1,849,444
Trade creditors	12,268	7,874
Other creditors	621,015	649,263
Financial leases	558	587
	2,489,151	**2,507,168**

32. Subsidiaries

The following managed undertakings are subsidiaries by virtue of either ownership of their share capital or the ability of the Trust to control the composition of their Board.

Name of undertaking	Share held	Registered in	Principal activity
Metropolitan Living Limited	100%	England	Property development
Metropolitan Funding Plc	100%	England	Financing vehicle
Metropolitan Development Services Limited	100%	England	Dormant
Metropolitan Home Ownership Limited	100%	England	Dormant
EM Property Services Limited	100%	England	Property maintenance
Longsdale Limited	Limited by guarantee	England	Dormant
Spiritagen Limited	100%	England	Dormant

The Trust provides central management services to its subsidiaries. Charges are allocated as follows:

Department	Allocation basis
Facilities	Headcount
Health and safety	Headcount/Turnover
Finance	Turnover
Information technology	Number of computers
Human resources	Headcount
Procurement	Headcount/Turnover
Communications	Headcount/Turnover
Board	Headcount/Turnover
Executive Team	Headcount/Turnover

The quantum of the 2020 charges applied for these services to private subsidiaries is as follows:

	2020 £'000	2019 £'000
EM Property Service Limited Metworks)	365	466

The Trust waived the management charge to EMPS in 2018 on the basis that EMPS only provided services for the Trust. In 2020 the Trust started recharging management fees again to EMPS.

The Trust has joint regeneration partnerships with the following partners, and the relevant share of ownership is included in the statements:

Joint Regeneration Partnership	Partners	MHP share %
Canalside	One Housing Group	50.00%

32. Subsidiaries (continued)

The Trust provides central management service to its regeneration partnerships, on the same allocation basis as it provides to subsidiaries. The amount of charges to each partnership is as follows:

	2020	2019
	£'000	£'000
Canalside	414	256

The Trust has also received a loan from MF Plc (a 100% owned subsidiary).

		01-Apr-19	Movement	31-Mar-20
		£'000	£'000	£'000
MF Plc	The Trust	256,336	(236)	256,100

At the reporting date the Trust had granted a loan to MLL (a 100% owned subsidiary) of £129,100k).

		01-Apr-19	Movement	31-Mar-20
		£'000	£'000	£'000
The Trust	MLL	146,599	(17,500)	129,100

The Trust has also granted a loan to Thames Valley Housing Association Limited (the immediate and ultimate parent undertaking) for the amount of £147,329k:

		01-Apr-19	Movement	31-Mar-20
		£'000	£'000	£'000
The Trust	TVHA	147,329	(44,661)	102,669

The Trust was charged £10.0m interest by MF Plc for the intercompany loan (2019: £6.5m). As at 31 March 2020, the loan was £257.5m (2019: £257.8m).

TVHA paid gift aid of £5.6m to the Trust. The Trust was not a subsidiary of TVHA in the prior year as this was before the transfer of engagement; therefore, the comparative for 2019 was £8.4m.

The Trust has made the following investment in its subsidiary MF Plc

	2020	2019
	£'000	£'000
Investment in MF Plc - Ordinary shares (50,000 @ £1 each)	**50**	**50**

33. Parent undertaking

The immediate and ultimate parent undertaking and controlling party is Thames Valley Housing Association Limited, a registered society within the meaning of the Co-Operative and Community Benefit Societies Act 2014 in England and Wales. Thames Valley Housing Association Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2020.

34. Prior year adjustments

LOBO

Amendments in FRS 102 Triennial review 2017 have resulted in a £62.1m reduction in the carrying value of a loan that has been recognised as a prior year adjustment in reserves.

The Triennial review provided clarification on assessing financial instruments as basic. This results in the majority of financial instruments being classified as basic and therefore held at amortised cost in the Statement of Financial Position.

MTVH holds all financial instruments, except for our derivative portfolio, at amortised cost. This includes the former LOBO contracts. Therefore, there is no change of valuation basis as a result of the triennial review.

A LOBO loan was accounted for as non-basic, at fair value, on transition to FRS 102. Subsequently the accounting treatment was changed to basic, at amortised cost, when the optionality was removed from the instrument in 2015. The amortised cost determined as appropriate to use was the fair value of the instrument at that time.

While there is no change of accounting treatment as a result of the triennial review, we have looked back at the determination of the amortised cost and revised this as if the clarification introduced now had always existed in the standard. As a result, an adjustment has been made that sees the amortised cost of the loan reduce by £62.1m and reserves increase by £62.1m.

Charitable Donations

FRS 102 section 2.23 states that contributions from an equity investor are not income and goes further in para 6.3 to say that these amounts should go straight to the Statement of Changes in Reserves. For MHT this means that charitable donations made by TVH as the parent company into MHT need to go straight into the Statement of Changes of Reserve and should not be shown in the income statement.

This is a change in accounting policy and therefore the 2018/19 comprehensive income statement has been restated as follows

Reported 2018/19 operating surplus	£118,017k
Re-catergorised charitable donation	(£8,396k)
Restated 2018/19 operating surplus	£109,621k

35. Subsequent events

There are no subsequent events to note.

36. Capital and reserves

The revaluation reserve has been reduced by £1.6m during the year due to property disposals (total reduction of £2.6m in 2019).

The movements in Cash Flow Hedge Reserve and Pension Reserve are explained in Note 31 and Note 24.

The restricted reserve is created for the donated fund of the Migration Foundation. The donor specified the use of the fund. The surplus fund is currently invested, and fair value of the investment is accounted for in the restricted reserve.

There has been a downward revaluation of the Migration Foundation and other shares held in this of (£456k) (2019: upward revaluation £1,113k).

37. Government grants

Government grants included in the Statement of Financial Position:

	2020 £'000	2019 £'000
Other fixed assets		
Creditors due within one year:		
Recycled Capital Grant Fund	(71,899)	(50,087)
Disposal Proceeds Fund	(932)	(932)
Deferred government grant	(10,063)	(9,904)
Creditors due after one year:		
Recycled Capital Grant Fund	(42,146)	(44,975)
Disposal Proceeds Fund	(11)	(11)
Deferred government grant	(336,163)	(352,298)
Reserves:		
Income and expenditure Reserve	(1,245,870)	(1,038,287)
	(1,707,084)	**(1,496,494)**

38. Reconciliation of net cash flow to movements in debt

	2020	2019
	£'000	£'000
Change in cash	**(97,355)**	**107,538**
Cash flow from debt	(5,866)	(711,940)
Cash flow from finance leases	29	26
Changes in net debt	**(5,837)**	**(711,914)**
Net debt at 1 April	(1,658,158)	(1,053,782)
Net debt at 31 March	**(1,761,350)**	**(1,658,158)**

Analysis of net debt

	31 March 2019	Cash flow	31 March 2020
	£'000	£'000	£'000
Cash in hand and bank	**191,873**	**(97,355)**	**94,518**
Cash flow from debt	(1,849,444)	(5,866)	(1,855,310)
Cash flow from finance leases	(587)	29	(558)
	(1,850,131)	**(5,837)**	**(1,855,868)**
	(1,658,158)	**(103,192)**	**(1,761,350)**