Registered Number 16337R
Registered Number L0726

Metropolitan Housing Trust Limited

Report and Financial Statements

For the year ended

31 March 2021

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BOARD MEMBERS, EXECUTIVES AND ADVISORS

Metropolitan Housing Trust Limited

Chair
Grainia Long

Non-Executive Board Members
Lesley-Anne Alexander CBE
Stuart Beevor (retired 31 December 2020)
Paul Bridge (retired 30 September 2020)
Tania Brisby (appointed 1 October 2020)
Kathryn Davis (retired 31 December 2020)
Davinder Dhillon (appointed 1 January 2021)
Michael Dunn
Althea Efunshile CBE
Gurpreet Gujral
Nigel Ingram (appointed 1 January 2021)
Ofei Kwafo-Akoto (appointed 1 January 2021)
Jerry Piper (retired 31 December 2020)
Ingrid Reynolds

Executive Board Members
Chief Executive
Geeta Nanda OBE

Chief Financial 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, Corporate Services
Jane Long

Secretary
Patricia Etter

Deputy Company Secretary
Donald McKenzie

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

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

Bankers
Barclays Bank plc
Lloyds Banking Group

RESULTS AND PERFORMANCE AT A GLANCE

MHT figures

	2021	2020
Turnover	£358m	£380m
Surplus after tax	£47m	£49m
Underlying operating surplus	£116m	£122m
Operating surplus	£116m	£119m
Operating margin	31%	32%
Letting margin	31%	30%
Gearing	38%	42%

Performance at a glance

- New homes delivered 577
- Investment in existing stock £121m
- Homes Development Pipeline 4,824
- New annual business income in care and support: £1.5m
- Invested in acquiring land and building new homes £141m
- Governance / viability rating from the Regulator of Social Housing: G1 / V2
- Number of customers supported into employment and training: 3,000
- Employee Engagement Score: 83.0%
- Proportion of repairs fixed first time: 87.9%
- Credit rating from Standard & Poors: A-

GROUP CHAIR'S FOREWORD

With national lockdown measures introduced little more than a week before the start of the financial year 2020/21, it goes without saying that it has been a year like no other for the people and communities served by Metropolitan Thames Valley Housing (MTVH).

Since the start of the pandemic, many of our residents have been disproportionately affected by its negative impacts, such as financial hardship, poor mental health and social isolation. Throughout the year, I've been impressed time and time again by the dedication of colleagues who have worked tirelessly to support our residents and communities. Whether it has been in keeping crucial care services running, making thousands of welfare phone calls, or providing financial and wellbeing support in liaison with local agencies and charities, our teams have gone the extra mile to help those we serve. In doing so, colleagues have truly demonstrated MTVH's values of 'care, dare and collaborate' and made me proud to chair an organisation with such a clear social purpose.

To ensure we continue to deliver on that purpose, maintaining our financial strength, resilience and good management has been more important than ever this year. We are pleased to report a strong Group performance in 2020/21, with an operating surplus of £138m. We were also happy to see the Regulator of Social Housing reaffirm our existing 'G1 'rating for governance and 'V2 'rating for financial viability, reflecting the robust arrangements we have in place.

We are fortunate to have a talented group of Board members, and we'd like to thank them for their hard work and support. During the year Stuart Beevor, Paul Bridge, Kathryn Davis and Jerry Piper retired from the MTVH Board upon completion of their maximum terms of office. MTVH thanks our retiring colleagues for their invaluable contribution to the success of the organisation over the past many years. Their support prior to, during and following our merger in 2018 and during the difficult months of lockdown in 2020 is greatly appreciated.

We've now welcomed four new Board members, replacing our valued colleagues who had reached the end of their tenures. Collectively, Tania Brisby, Davinder Dhillon, Nigel Ingram and Ofei Kwafo-Akoto bring greater diversity, more representative of the communities served by MTVH, as well as a wealth of experience in finance, treasury, property maintenance and law – all areas in which otherwise, the Board would have faced gaps in its expertise.

As well as maintaining a strong Board, we have established a new resident governance structure to ensure that our customers' voices are heard at the most senior level and that we are delivering the services and support most important to them. This structure includes a new Customer Services Committee (CSC) which reports directly to the Board, a Customer Council which works with teams across the business to challenge and improve services and Regional Panels designed to provide representation for residents across all of our areas of operation. Recruitment has progressed well, with the CSC and Customer Council in place and Regional Panel members being finalised.

As we look towards the future, centering resident voice at the heart of decision-making about place-making, building safety, and the road to zero carbon will be essential to creating places that fit the needs of our communities. As an organisation founded to provide secure and affordable homes for the Windrush generation, a belief in equality is embedded deep within our organisational fabric. Across issues as diverse as domestic abuse, migrant rights and social security, we will continue to tackle structural inequalities and when it's needed, make the case for change.

Together, as colleagues and customers, we want to take MTVH forward ensuring we are meeting people's needs, and targeting our support where it will have the biggest and most positive impact. In the wake of the pandemic, the role we play in providing affordable homes, delivering services to our residents, and acting as a community anchor in the areas we're proud to serve, has never been more essential.

Grainia Long

Althea Efunshile CBE
Metropolitan Thames Valley Group Chair

Grainia Long
Metropolitan Housing Trust Limited Chair

CHIEF EXECUTIVE'S INTRODUCTION

Chief Executive's introduction

From the outset of the global pandemic, which has dominated the 2020/21 financial year, the safety and wellbeing of our residents has been our number one priority. Teams across the organisation responded quickly, effectively and innovatively to continue delivering crucial local services, such as Care and Support schemes helping some of the most vulnerable people in society and NHS key worker accommodation schemes, designed to give front line healthcare workers comfortable and secure homes near to the hospitals where they work.

At the same time, our regional teams worked in collaboration with local authorities and businesses to ensure that those who needed it most could access essential items, such as food and medication. We continued to deliver important compliance measures too, such as gas and electrical checks, to help keep residents safe in their homes.

We established our own Coronavirus Support Hub to provide targeted help and referrals to residents and we made 6,000 welfare calls to those most at risk. Thanks to the interventions of MTVH colleagues, it was possible to help keep residents safe and provide support in a range of areas. This included our income and money advice services which helped secure £792k in financial gains for residents and ensured that arrears levels remained stable during the year.

Our colleagues across the organisation are crucial to our success, and I want to thank them for their hard work and dedication over the last year.

The pandemic has brought into focus like never before the importance of a quality, affordable and well-maintained place to call home. Despite disruption to the construction sector, particularly in the early months of the pandemic, MTVH built 923 new homes and our pipeline is set to deliver a further 6,239 homes over the coming five years. We also maintained our commitment to the quality of existing properties, with £126m invested in people's homes, including improvements such as replacing bathrooms and kitchens and installing new boilers.

Lockdown restrictions saw MTVH Online, our digital platform where customers can quickly and easily carry out day-to-day transactions such as making payments and reporting repairs, come into its own. Active users grew considerably, with residents able to make contact conveniently and securely, any time of the day or night.

Building safety continued to be an area of focus for us, with our dedicated Safer Buildings team carrying out a programme of surveys of 52 of our tallest blocks. This work is ongoing as we identify and address risk across our properties, in line with government guidelines. The challenges faced by leaseholders trying to sell or remortgage their properties or concerned by the prospect of incurring costs for fire safety work on their buildings, has caused great anxiety for many homeowners across the country. We continue to urge government to take action to help resolve these challenges.

The challenges of the last year have highlighted the importance and strength of our relationships with key partners and stakeholders. From sharing regular updates on changes to our services as government guidance changed, to highlighting the difficulties facing our residents, we have kept in close contact with elected representatives across our areas of activity and used these relationships to call for change. In the last year we have used our voice to shine a light on the importance to our residents of maintaining the uplift in Universal Credit and worked with the government to highlight the need to extend the Help to Buy support for first time buyers affected by pandemic-related construction delays.

Another area in which we made significant progress this year was our environmental, social and governance (ESG) performance. Activities have included carrying out research into the value of MTVH's social tenancies to the UK economy, signing an innovative £50m sustainability-linked loan and proactively committing to a voluntary ESG reporting framework. We also established a new sustainability strategy and are committed to becoming a carbon neutral organisation by 2050.

As the end of the year approached – and aptly at a time of renewed national optimism, with the prospect of lockdown measures easing and the encouraging progress of the vaccine roll-out, we launched our new five-year strategy, 'Serving People Better Every Day'. It sets out how we will work towards our vision that everyone should have a home and the chance to live well, with eight clear goals by 2026, all outlined later in this Report.

CHIEF EXECUTIVE'S INTRODUCTION

Three strategic priorities will guide us to achieve these goals: 'Customer Experience', 'People's Homes', and 'Living Well', each of them underpinned by 'The MTVH Way', the strong, customer-focused culture we're building. To reflect this new focus, this year's Annual Report sets out the story of our 2020/21 performance in line with these strands.

This year's performance demonstrates that, two years on from the merger of Metropolitan and Thames Valley, we are delivering real value for the people we serve. But there is still much more to be done, especially in light of the economic and social recovery which lies ahead in response to the pandemic. Ultimately, this will be achieved through the steps we all take to serve people better every day.

Geeta Nanda OBE
Chief Executive

CHIEF EXECUTIVE'S STRATEGIC OPERATIONAL REVIEW

Who we are

Metropolitan Housing Trust (MHT) 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.

We formed in October 2018, when like-minded housing associations Metropolitan and Thames Valley Housing entered into partnership. The primary driver for the partnership was our desire to better serve existing customers; build more homes and stronger communities; and achieve greater organisational resilience.

We had similar visions 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 customers and service users.

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

Where we operate

We own, manage and administer more than 58,000 homes.

The percentages of housing stock by MTVH region:

Midlands 27%; North 38%; South 35%

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

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

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

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

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

Serving People Better every Day

What kind of a future do we want to see? That question was at the heart of our foundation by Molly Huggins over 70 years ago and, as we emerge from the pandemic, it seemed the appropriate starting point for the development of our new five-year strategy.

So many new challenges have emerged over the last year. Many of the social problems that existed before have worsened and the needs and expectations of all our communities are changing. This comes against a backdrop of ever-increasing housing demand, the need to address racial inequalities, rising unemployment, economic uncertainty and a global climate crisis.

But the worst of times often brings out the best in people and we have been inspired by the way our teams have risen to the challenges of coronavirus and worked together with our residents, local people and partners to listen, adapt and deliver the services our residents need. We want to seize that spirit and embed it in everything that we do, so that we continue to serve people better every day.

Our vision is that everyone should have a home and a chance to live well. The last year has shown just how crucial good homes and strong communities are, so as we emerge from the pandemic we will build on our strengths and work together to make places better and contribute to successful communities.

This is our blueprint for the next five years. It sets out eight aims that we are committed to achieving by 2026.

These are:

1. Provide a quality customer experience, raising overall satisfaction levels to over 80% and working with residents, stakeholders and colleagues to design and deliver the services and support that matter most to them.

2. Improve the quality of our built environment through investment in our infrastructure and safety and build 5000 new homes.

3. Have a clear route to becoming sustainable and reducing carbon emissions, becoming net zero by 2050.

4. Expand our role in providing support services, working with the health services to integrate health and housing.

5. Help tackle the barriers to living well, working with our residents and communities to empower futures.

6. Use our influence and size to drive policy changes which positively impact on our communities, environment and the housing sector and become the organisation others come to for solutions.

7. Become more diverse from top to bottom in all respects and lead the charge as an anti-racist organisation.

8. Support colleagues with the right resources, working environments and opportunities to perform at their best and deliver quality services to residents.

To make that happen we have identified three strategic priorities that will shape our approach and guide all our actions:

Customer Experience

This is how we will ensure that residents' voices are heard and how we will work together to develop and deliver the services that matter to them.

People's Homes

This is how we will create great places to live, by investing in our existing properties and building new homes.

Living Well

This is how we will help our residents and communities meet the challenges that they face and support them in their right to live well.

All of this is underpinned by our unique, customer-focused culture, **The MTVH Way**. We will continue to invest in the training and development of our colleagues as we build an inspirational culture in which everyone exemplifies our values and understands the important role they play in delivering our aims.

The MTVH Annual Report 2020/21 and this report and financial statements are aligned with our new strategy and the following sections use the framework to tell the story of the difference we made and the impact we had last year.

CHIEF EXECUTIVE'S STRATEGIC OPERATIONAL REVIEW

Customer Experience

Ensuring residents' voices are heard.

In 2019-2020 we asked our residents how they would like to influence the direction of their engagement with us. From these conversations we developed a new, co-created resident governance structure with a strengthened focus on openness, accountability and diversity.

The new structure includes a more empowered and robust Customer Services Committee that reports directly to the Board. In addition, we have set up a Customer Council that will represent residents' perspectives on our service delivery and will define and develop modern scrutiny practices to measure progress against the targets we have set in our five-year strategy. We have also introduced three new Resident Panels, to represent the interests of residents across each of our regions.

Interest in these new roles reflected the growing desire for people to get involved and have their say and we had over 250 applicants. We ran an inclusive, accessible and open recruitment process and we now have a diverse group of more than 40 residents involved.

The opportunities to take part do not stop there and other customers are encouraged to influence key projects through steering groups, workshops and focus groups. We have a dedicated engagement team that provides support, development and training to help make everyone's involvement with MTVH teams a rewarding and successful experience.

A number of our communities have their own tenants' associations and we are also working in partnership them to improve communication and provide networking opportunities.

The last year has taught us all to be more creative online and there are growing numbers of opportunities for residents to help shape our digital services, which we will continue to expand in the coming year. This is a great way to engage with new residents from different demographics, but we are also aware that many residents are digitally excluded for a variety of reasons and we are exploring ways in which we can connect with them, especially as social restrictions are lifted.

MTVH Online

A growing part of our essential landlord service delivery centres on MTVH Online, our secure online portal for residents where they can manage their interactions with us. Once registered, residents can use it as a one-stop-shop to manage accounts and payments, report repairs and monitor their status or simply get in touch with the MTVH team by creating an enquiry.

We have continued to roll out MTVH Online throughout the year and uptake has nearly doubled. As of 31 March 2021, 29% of our households (15,300) were actively using it (up from 15% of households (8,140) at 31 March 2020). There has been a steady increase in payments being made online, increasing from 66% in March 2020 to 79% in March 2021.

"I prefer to do things like that online. Given the whole pandemic, it's really handy for me to be able to do everything online." – MTVH customer

A particular focus has been improving the repair experience to make it easier to request repairs and monitor progress, giving greater transparency to the whole process. Residents can now track progress in real time, see the orders raised and view upcoming appointments. They can also monitor repairs to communal areas. The figures reflect a growing interest in using MTVH Online for this purpose. In March 2021 14% of repair requests originated online, compared with 7% in March 2020.

"I got an invitation letter and I thought it was very helpful, because before that had to always phone… So when I received it I was really relieved - I realised just how straightforward it was to report a repair, and that's it - I didn't look back." – MTVH customer

Measuring customer satisfaction

Gathering feedback is very important to us and we work with an independent market research company called IFF Voluntas, who have a long track record of working with social housing providers to collect robust and actionable customer insights that can be used to improve customer experience.

We run both monthly and quarterly surveys, reviewing the comments in depth so that we can change and improve where necessary.

Quarterly surveys are carried out over the telephone with a random sample of residents and they are asked for their overall perceptions of our service as well as specific areas such as the quality of their housing, service charge, value for money, home safety and security. Customer satisfaction for renters, by far the biggest group of MTVH customers, was 75% (in Q4 of 2020/21) compared with 70% (in Q4 of 2019/20). Our aim is to get this figure to above 80% by 2026.

Customer Experience Case Study: Business start-up given a helping hand

In November 2019, Sarah Alonge our Programme Delivery Manager, was visiting the Roundshaw Estate, Sutton, when a resident, Shen, approached her.

Shen had been championing the need for provision of healthy food choices with Sutton Council for years. Apart from a local Co-op, cafe, fish and chip shop and corner shop, options for Roundshaw residents were very limited. In the absence of progress, Shen had developed the idea of running her own mobile catering van, but she was unsure where to start.

Sarah has a wealth of previous experience in delivering successful business start-up programmes throughout MTVH in Surrey and Buckinghamshire and she set up a meeting so Shen could tap into her valuable knowledge. Together they drew up a business plan and Sarah helped guide Shen through some of the processes necessary to get the idea off the ground, in co-operation with Sutton Council, especially the Mayor, Mo Sadiq.

Chris Harris, our Information Advice and Guidance Advisor at MTVH Roundshaw also got involved. Shen is a single parent to four children and had struggled with anxiety for a long time, balancing a search for employment with raising her children. Chris had several meetings with Shen and worked with her on addressing some of her soft skills whilst raising her self-esteem and ensuring that additional support was in place to help her cope with managing her budget while pursuing the new venture.

In February 2020, Shen was ready to go, having sought planning permission, obtained a street trading licence and undergone stringent food hygiene inspections. Then the coronavirus pandemic struck, causing an inevitable delay, but she never gave up on her dream.

Finally, in May 2020, Shen got the go-ahead to set up her trailer and she launched her new business, BBQ Stack Street Kitchen. Now, from Monday to Saturday, Roundshaw residents have the option to visit her van and choose breakfast or lunch from a menu of healthy foods such as jacket potatoes, salads, freshly filled baguettes and paninis. Gone are the days of greasy spoons.

Shen says: "MTVH have been so supportive, I could not have done it without them. They've been amazing and I think the community loves that we have such a variety of food choices now."

CHIEF EXECUTIVE’S STRATEGIC OPERATIONAL REVIEW

People’s Homes

Homes for sale and rent

With no letup in the demand for good quality, affordable homes to rent or to buy, we are committed to building 5,000 much-needed homes over the next five years and we are already on the way to exceeding that target. During 2020/21 MTVH completed 923 new homes, including 229 for rent, 475 for shared ownership and 219 for sale (1,023 new homes in 2019/20). We have 6,239 new homes in the pipeline (6,914 in the pipeline in 2019/20) with 2,494 currently being built on site.

In total we sold 531 (2020: 711) properties across all types of tenure, including 380 shared ownership homes (2020: 600) and 151 private sales (2020: 111), which generated £109m in receipts (2020: £131m). There is a pipeline of a further 221 homes currently going through the sales process.

After-sales activity, which includes staircasing (purchase of residual shares in shared ownership) and MTVH Mortgage redemptions, continued unabated with 576 sales generating £60m in receipts and 198 pipeline sales due for completion in the early part of this year.

Our development programme

The total invested in acquiring new land and building new homes was £159m (£272m in 2019/20) and we received an additional £29m of funds from the Greater London Authority and Homes England. The level of activity was impacted by the onset of the Covid-19 pandemic, and a decision to implement an immediate, temporary pause on investment for part of the year. Some of this is being used for the construction of our first London Living Rent Scheme, which is a special type of affordable housing for middle-income Londoners, with rents based on one third of household incomes, so the residents can save towards a deposit for their own homes.

We commenced work on site at our flagship regeneration project in Clapham Park, Lambeth. The first phase of our ambitious 15-year masterplan will provide 50 new homes at social rent for existing residents of Clapham Park, along with new shops, a market square and green spaces for everyone to enjoy. We have started the search for a joint venture partner to help us deliver over 2,400 new homes here over the next 15 years and we anticipate that we will begin construction of the next phase in 2022.

At Westhorpe Gardens in London we started a project to rehouse over 100 existing residents in 251 new, modern, energy efficient homes. We are working in partnership with Hill on this scheme, which will also provide a range of new shared ownership properties and retirement living housing across the development.

Our joint venture partners play a key role in helping us deliver new homes and at West Hendon, in the London Borough of Barnet, we are proud to be in the sixth year of a successful regeneration programme with Barratt London that continues to deliver hundreds of properties. The fourth of six phases is currently underway, with the first 47 of 611 new homes due to be completed this year and another 186 due to start on site soon. Last year also saw the opening of new public open spaces alongside the Welsh Harp reservoir, which is noted for its water birds and wildlife, as well as the completion of the Cool Oak Lane Bridge which provides improved pedestrian and cycle access into West Hendon.

In West Bridgford in Nottinghamshire we completed our fifth successful joint venture with Vistry Partnership. We continue to work with them on several further projects which in total we will have delivered 2,811 new mixed tenure homes and raised £1bn of revenue.

SO Resi shared ownership

Another contribution MTVH makes to providing affordable homes is building accessible homes for people through our So Resi shared ownership scheme. In SO Resi, customers buy a share of their home with a lower deposit and smaller mortgage, then they pay a monthly payment on the rest. SO Resi redefines shared ownership by making everything clear and uncomplicated, so residents understand how it all works at every stage of the process.

With more than 8,500 SO Resi homes, we are one of the leading providers of shared ownership homes, helping thousands of people to achieve their dream of owning their own home.

To better understand its impacts, last year we partnered with Cambridge University to investigate the shared ownership market in England. The first annual report on shared ownership, conducted by Dr Gemma Burgess, Acting Director of the Cambridge Centre for Housing and Planning Research, was very positive about what shared ownership offers to customers. The research found that in many parts of the country, shared ownership is the only realistic route into home ownership for households with relatively low incomes and in some areas demand for shared ownership properties exceeds supply by as much as 10 to 1.

This research, the first in a series that we plan to commission, proves the valuable role that shared ownership plays in delivering new build housing supply and in meeting the need for affordable homes.

Improving people's homes

MTVH is committed to investing £715m over the next five years in maintaining our residents' homes and, despite 2020/21 being a year of lockdowns and restrictions, we managed to proceed with an ambitious programme of improvements. This included 7,713 stock condition surveys, 1,463 kitchens replaced, 1,199 bathrooms replaced and 2,143 boilers replaced.

Our in-house Metworks team is responsible for carrying out routine and emergency repairs and although the last year presented huge challenges, they attended 100% of the emergency call outs during the lockdown.

Covid-19 inevitably took its toll to some extent and routine works were suspended for a period, but in total Metworks completed 71,428 household repairs (80,714 in 2019/20) and 11,203 communal repairs (14,416 in 2019/20). The 'first time fix' rate was 87.9% (86% in 2019/20), despite shortages of materials and everyone working with Covid-secure procedures. A further 23,216 repairs were carried out by external contractors.

In total we invested £126m (£129m 2019/20) in improvements and maintenance, of which £40.2m was spent on compliance including £19.9m (£16m 2019/20) on fire safety.

Safer homes for everyone

Safety is, as always, a priority and our Safer Buildings team carried intrusive surveys of 52 of our tallest buildings (over 18m) and invested £3.6m in improvements. In addition, we carried out 3,212 fire risk assessments, 29,029 gas safety services, 4,332 asbestos inspections, 924 water risk assessments, 449 lift certificates and 5,689 electrical compliance tests.

Following the fire at Richmond House on The Hamptons estate in Worcester Park in 2019 we carried out in-depth investigative surveys on all the buildings that we own on the estate, to establish whether there were any structural defects that could compromise safety. The results of the surveys showed that work is needed to install or improve cavity barriers in the external walls and improve some of the fire stopping elements internally.

A dedicated project team is now on site to carry out the works, and it will take place in tranches over the next few years. Some residents are being moved into temporary accommodation in the local area, or staying with family and friends if convenient, and we are offering a full package of support to everyone affected. Not all residents will be required to move into temporary accommodation, and we appreciate that remedial works will be disruptive. As such, we have a dedicated team of Resident Liaison Officers on hand to support all our residents throughout this very difficult time and we have confirmed that none of the remedial costs will be passed on to leaseholders. In the meantime, we have put in place a 24-hour 'Waking Watch' across the entire estate and installed a communal fire alarm system in all the blocks.

In September 2020 Sutton Council's Planning Committee granted planning permission for a like for like rebuild of Richmond House. MTVH are now working with the dedicated Rebuild Steering Group, which includes residents of Richmond House, during the detailed design phase to ensure that their views are heard and incorporated into the rebuild.

Voids policy

Recently we have developed a letting policy that allows us to allocate more of our homes for internal moves, to improve choice when customers want to move between homes, so that we can better match residents' homes to their circumstances and needs. We let 1,994 homes this way during the year. Generally, turnover of rental stock was lower than normal because of the pandemic, at a figure of 3.2%. On average it took 26.8 days to re-let void properties.

People's Homes Case Study: SO Resi secures one couple's route to home ownership in Ealing, West London

With the average deposit for a home in Ealing setting buyers back by over £60,000, shared ownership is one way for first time buyers to get their foot onto the property ladder for a fraction of the price. One couple, Terry Harvey and his husband Diego Negherbon, were renting a one-bedroom apartment in Ealing. They wanted to buy their own home, but they knew that it would almost be impossible to save up a deposit for the home they wanted in this expensive part of town.

After finding out about shared ownership, the couple spent three years saving a £14,000 deposit which enabled them to buy a 25% share in one of MTVH's brand new SO Resi 2-bedroom apartment just minutes from the famous Ealing Broadway.

Terry, who works for TfL, comments: "I have lived in Ealing for over 18 years and Diego for 5 years. We love living here, but property prices are very expensive. By using shared ownership, we were able to purchase a share in a two-bedroom apartment with a deposit we could afford. Our plan is to staircase and buy an additional 1% share every year for the next 15 years. Shared ownership presented us with an opportunity to invest in something of our own. Without it, we wouldn't have been able to buy in Ealing."

SO Resi shared ownership allows the purchase of between 25 and 75 per cent of a property for a deposit of five to 10 per cent of that share, with rent paid on the remainder to MTVH.

Terry and Diego now live in their own spacious apartment and are delighted that their purchase means they can remain in Ealing permanently. Diego adds: "The area itself is fantastic. There are so many green open spaces and always lots going on, from festivals to comedy nights, as well as regular farmer's markets. Once Crossrail arrives, this will change everything as we will be able to get into central London in about 12 minutes. SO Resi Ealing is perfectly located within walking distance from all the amenities we need. We are so lucky we are able to afford to live here."

Living Well

Coronavirus response

People are at the centre of what we do and one of our key aims is to help our residents and communities overcome challenges that they face. 2020/21 was challenging in some way for us all and many of our residents reached out to us for additional help, support and guidance during the year. We are proud of the way that our teams rose to the challenge.

As soon as the first lockdown came into effect we set up a Coronavirus Support Hub as a central point for all Covid-19 issues or concerns. The hub received 1,051 referrals throughout the year and the team helped with a range of problems from immediate issues, like topping up energy accounts for residents who had run out of meter money, to matching people with the right MTVH team or external partner to get longer-term support.

We provided £70k in cash grants for food, fuel and other emergencies. In Clapham Park we partnered with Vital Meals to provide funding and space to operate a free meal service for vulnerable local residents and in Barnet we worked with local councillors and residents to provide space for a temporary food bank.

Our own teams made 6,000 proactive welfare phone calls to people we knew might be struggling to manage or were alone.

Our Care and Support services exist to support customers who need additional help, such as older people or people with learning disabilities, many of whom were clinically extremely vulnerable to Covid-19, and have had to spend much of the year shielding. Our teams and our colleagues in the social care sector stepped up to respond collectively, working through extreme conditions to maintain critical and life-saving services. We were also touched by some truly inspiring examples of residents reaching out to help each other.

As we move out of the pandemic, we are integrating the approach and work of the Coronavirus Support Hub into our normal everyday activities, putting the valuable lessons learnt into practice and embedding the best examples of compassion, understanding and sense of community into how we operate in the future.

Money advice and arrears

Financial worries can impact negatively on mental health so last year our Income team focused on customer contact and support to help customers suffering financial hardship and minimise the chance of them falling into arrears.

The Money Advice Team received 2,703 referrals, up 43% on the previous year. Some 3,248 residents transitioned onto Universal Credit and we secured additional income of £792k for others (£697k in 2019/20). The total value of the service was £1.77m (£1.41m in 2019/20).

We held 105,800 conversations with residents and introduced a number of special support measures such as deferred payment plans, extended support from the Money Advice Team and additional funds in the Tenant Welfare Fund. This helped to keep social rented arrears at 4.98% (4.82% in 2019/20) and home ownership arrears at 3% (2.52% in 2019/20).

Empowering Futures

Empowering Futures is our community investment department, which exists to help remove the barriers that prevent people from living well. Our focus is on identifying the needs of residents and communities and working with partners to help everyone improve their lives.

Last year we worked with local groups in Sutton, Lambeth and Nottingham, as well as a number of local residents' associations, to listen to their concerns and create local plans. We also offered person-centred one-to-one support to nearly 2,000 residents through our specialist advice team.

Getting people into employment is one way of changing lives. We run two European Social Fund (ESF) employment support programmes, Love London Working and Nottingham Works 4 You. Despite rising unemployment and economic uncertainty, together they were able to help 100 unemployed people into work last year.

Putting money in people's pockets is also a vital part of helping people to live well. Our Debt and Benefits Advice team helped residents generate a total of approximately £865k in additional income. We also formed a partnership with Pocket Power to help residents reduce household expenditure.

During 2020/21 we significantly expanded our work in homelessness and set up two new services: one in Wandsworth, London and the other in Spelthorne, Surrey. Care and Support will run the homelessness transition services and a dedicated Employment Support Worker will work with younger-aged rough sleepers.

A focus on young people

Together with some of our younger residents, we worked with the Young Brent Foundation to form 'One Flow, One Brent', a youth-led programme to tackle serious violence affecting young people. This partnership was successful in bidding for funding from the Greater London Authority (GLA) for a three-year programme of work and we look forward to seeing it move forwards.

Our focus is on creating a sense of belonging and pride, helping young people to be more engaged and connected. Projects like the arts programme in Clapham Park had to go virtual during the lockdowns, but a full programme continued across the estate, connecting Clapham Regeneration with the other estates north of the river.

Despite the pandemic, we continued to support parents with school holiday provision - we adapted how we did that. We encouraged safe wellbeing activities (using government guidelines) and continued to fund several resident-led wellbeing programmes.

We provided over £200k of community grants to local groups and organisations and £200K to some of our strategic partners to tackle serious violence affecting young people. This was broadly split between our three geographical regions. For example, in Derby we provided funding to the Jubilee Project which offers debt advice and support to residents. In Cambridgeshire we funded a local partner to continue to deliver services like money advice, and in Reading - between the lockdowns - we worked with some small associations to offer activities for young people on our estates.

We also support two independent trusts, West Hendon Trust and the Chalkhill Trust with grant administration and advice.

MTVH Migration Foundation

The Migration Foundation exists to make migration work for everyone. It is a corporate foundation set up and administered by MTVH, funded by the proceeds of a responsibly invested endowment.

In March 2020 the board agreed a new five-year strategy for the Foundation with two goals: to increase access to justice for new communities and to improve housing options, support and opportunities to participate in society.

Access to justice

- We increased funding for UKCEN, an advice network for EU and EEA nationals navigating their way through the final months of the post-Brexit settlement period.
- Towards the end of the year, the Foundation awarded its largest ever single grant, £100k to the Justice Together Initiative.
- Throughout the year we provided core funding to the Asylum Support Appeals Project.

Housing, support, and opportunities to participate in society

- We commissioned Praxis to review our own MTVH housing service for migrants. We will use the review to invest in service improvements for our residents and customers who represent over 95 different nationalities.
- Another new initiative was the funding of the first supported hostel for LGBT migrants with Micro Rainbow International.

As the pandemic took hold, we adopted the London Funders Covid-19 funding principles by extending our flexibility and cash reserves. This included making a contribution to the Refugee Action and NACCOM 'Respond and Adapt' programme, partnering with NACCOM to deliver 1,000 pre-paid debit cards to destitute people, stepping up to increase funding to the University of London Law Clinic when co-funders had to withdraw and providing new funding to support the CIH Housing Rights information portal and newsletter, which has almost doubled its readership during the coronavirus crisis.

We made important governance improvements. The advisory committee was strengthened by the appointment of an MTVH resident and people with lived experience, to help deliver these goals.

Through initiatives like these, the Foundation provides tangible help and adds to our understanding of the impacts of migration, so we are pleased to report that we have stable finances and adequate funding to continue this work in the future.

Living Well Case Study: Supporting our residents when they need it most

The coronavirus pandemic has had a huge impact on people across the nation and some of those worst affected have been the self-employed. At MTVH, we are more determined than ever to provide the support our residents and customers need and this has made a huge difference for many people.

When resident Michael Colbert was made redundant, Jose Doval in MTVH's Customer Services was able to support him when it mattered most.

Michael, a self-employed taxi driver of 30 years, lost his only source of income last year due to the pandemic. Unfortunately, because of his self-employed status, Michael wasn't able to access employee benefits, such as sick pay or the furlough scheme, leaving him in distress and struggling to pay his rent.

After reaching out to MTVH's Customer Services team for help, Michael was put in touch with Jose, a specialist debt and benefits caseworker in the Money Advice Team. Jose spoke with Michael to find out more about his financial circumstances and learned that he had never claimed benefits before and wasn't confident using computers. Jose was able to support Michael to submit a successful Universal Credit application over the phone, which meant that Michael's rent was covered and he was also able to obtain financial support with his Council Tax bill.

Later in the year Michael reached his state retirement age, meaning he was no longer eligible for Universal Credit, but Jose was once again on hand to help him apply for and receive pension credit benefit and housing benefit to maintain his tenancy.

Commenting on the support Jose offered, Michael said: "Jose has really helped me through this difficult time. I would not have been able to survive financially without his help. He has been a life saver."

Due to the economic repercussions of the pandemic, many MTVH residents and customers are facing challenges financially, like Michael. With more people potentially accessing the social security system for the first-time, new claimants are likely to be anxious and without continued financial support many people are in the risk of falling into debt or being unable to afford the basics they need.

Michael emphasised why the assistance of our Money Advice Team is so important: "It was extremely hard, not only adjusting to my change in circumstances due to Covid but finding and understanding the financial help that is available. Fortunately, once I got in touch, I had Jose to guide me through the whole journey and it made a huge difference."

The MTVH Way

Since the merger of Metropolitan and Thames Valley two years ago, we have worked hard on the integration of two distinct organisations and are building a strong, unified customer-focused culture in which everyone understands the important role they play in delivering our aims.

Colleague engagement through the pandemic

When the country went into lockdown, we made it our mission to allay both customers' and colleagues' fears about the pandemic, by listening and responding to people's concerns, delivering clear messages and keeping everyone connected. Our number one priority throughout the coronavirus pandemic has been the safety and wellbeing of both our customers and our colleagues, particularly older people and those at most risk.

We developed new ways of engaging with colleagues so they could continue to feel connected to the organisation and deliver high quality services to customers. Our communications team launched a programme of internal virtual events – including briefings from the executive, spotlights on our services and stimulating external speakers.

Following her appointment, MTVH's Chair, Althea Efunshile, spoke to all colleagues to share her future aspirations and colleagues were encouraged to send in short 'Thought of the day' video clips to share their personal experiences of lockdown.

We also launched a colleague mental health support group; a colleague wellbeing resource kit and 'Wisebox', a new online learning programme.

Engagement is a key driver of our approach and last year we took part in an in-depth People Engagement Survey of all our colleagues to benchmark how we are doing. Our overall engagement score was 83%, which was 2% higher than the average score of other housing associations participating in the same survey. Our scores were also 7% higher than the global benchmark (made up of 1.7m workers' responses received over the last two years). We scored particularly high on leadership within the organisation and colleagues' connection with our aims.

Following the survey, we have identified several areas where we feel we can make further improvements to our colleague experience. We will be introducing a new framework for career development with clearly defined career pathways, embracing agile working practices to achieve a hybrid model of office / home / field, increasing our learning and skills development opportunities for managers and facilitating better collaboration through cross-functional working groups.

We continued to develop our Leaders and Managers with a series of tailored Leadership and Management workshops to support their ability to lead in a changing, more virtual world. We ran "Leading through the Lens" for all our Senior leaders and Heads of Department designed to support leaders in how to engage effectively using virtual mediums, a series of four programmes for Managers including Managing Performance remotely and how to spot and support Mental Health in your teams and introduced a range of cross-functional collaborative working groups on business specific projects to foster our collaborative culture.

Inclusion

We want to capture the value that difference brings, and are committed to promoting equality, diversity and inclusion. We work collaboratively to educate, support and develop all of our diverse employees and the communities that we serve.

This year we have continued to invest in development opportunities for ethnic minority colleagues at all levels. A further cohort of MTVH colleagues undertook the Black on Board programme, preparing people for governance positions. MTVH colleagues also participated in the G15 Accelerate for Black, Asian and Minority Ethnic managers, and Leadership 2025, which seeks to make the UK housing sector more ethnically diverse.

Our attitude towards diversity is reinforced by our various employee networks supporting gender, ethnicity, sexual orientation and disability. These are supported across all strands by our allies across the whole organisation.

We want every employee and every customer to feel comfortable enough to be their true self and are working tirelessly in the background to create an environment that encourages our employees to challenge non-inclusive behaviours and to be mindful of their own and other's wellbeing.

Following the murder of George Floyd and subsequent Black Lives Matter protests, we held virtual events online both for Black, Asian and Minority Ethnic and all colleagues to discuss racial justice and equality and share personal perspectives. We held a special celebration on Windrush Day, 22 June 2020, to explore MTVH's roots as a housing association created for people from the West Indies. This included a premiere of our Windrush Story film, as well as a cooking demonstration and a virtual tour of an MTVH's migrants' service in Derby. Later in the year, we celebrated Black History Month by celebrating Black Britons who have and are making an impact on British society.

Working environments

We want our colleagues to enjoy the places where they work and we are continuing to make great progress with improving our offices to create comfortable, healthy, accessible and adaptable work spaces that are inspirational places to work.

A new local office at Clapham Park opened in June 2020 and the new Midlands regional office will open at Waterfront House in Nottingham in the summer of 2021. These new environments are designed to facilitate collaboration across teams and provide a range of alternative work spaces, all connected to our updated technology infrastructure that connects us across the regions.

Technology update

As well as integrating cultures, we have also been successfully integrating our IT systems. We have now migrated onto Microsoft Office 365 and deployed a single domain and unified the user experience so that we now all work on the same, recognisable systems. One of the practical impacts of this programme is that we have built a Hybrid Cloud Data Centre and decommissioned over 1000 end-of-life servers.

When the lockdown was introduced we accelerated our Modern Workplace Programme and distributed over 1,000 laptops and 700 mobile phones. We also enhanced our virtual private network (VPN) to ensure that our colleagues could stay connected and continue to work from home and provide the care and support our residents needed during the crisis.

We have overseen the introduction of these new systems into our new office spaces and led the roll out of our digital channels, including the SO Resi agency site and MTVH Online.

To ensure our IT teams offer a high quality and cost-efficient service we have brought our service delivery and enterprise management in-house, which has led to considerable cost savings and given us direct control over these business-critical operations. To date we have achieved £3m in annual revenue cost saving, representing an 18% reduction in the overall cost to deliver our technology.

In most respects our integration is complete, but that is by no means the end of the story. Our values are to care, dare and collaborate, which means our colleagues are encouraged to continually challenge themselves and create new, improved ways of doing things. We care deeply about our residents, our communities, the partners we engage with and each other, so we listen to everyone's views in anticipation of learning how we might do things better. We work together to serve people better every day. That is the MTVH Way and it is how we will strive to deliver the promises laid out in our new strategy over the next five years.

Highlights

Key highlights for Metropolitan Housing Trust Limited (MHT) in 2020/21 were:

- strong cash performance with £453m (2020: £183m) generated from operating activities
- £782m of available liquidity
- confirmation of the credit rating at A- stable outlook

Overview

Turnover was down 5.8% at £358m (2020: £380m) due to lower revenue from the first tranche sales of shared ownership properties in the year. Letting income (which includes Care and Support) was £287m (2020: £282m), an overall rise of 1.8% year on year. Within this, our underlying social rent income rose by 3.2% in line with the CPI plus 1% settlement, but grant amortisation was £4m lower year on year. Revenues from our other operations, including Care and Support and the market rent portfolio were broadly constant year on year at around £33m.

The revenue from the sale of the first tranche share of SO Resi shared ownership units was £38m in the year (2020: £59m). We sold 369 first tranche units (2020: 479 units) achieving a surplus of £4m at 10.5% (2020: £6m at 10.2%). The first tranche share averaged 35% (2020: 39%) of an average total selling price of £316k (2020: £335k) per unit. 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 monitored by the Board.

Operating surplus for the year was £116m (2020: £119m) and was down by 2.5%. Lower turnover of £22m was offset by reduced operating expenses (which include selling costs) of £23m, down by 8.0% at £264m (2020: £287m). However, the surplus on disposal of fixed assets of £22m (2020: £29m) was 24.1% lower and after taking into account no non-recurring costs in 2021 (2020: £2m), is a key contributor to the decrease in operating surplus.

The Board recognises the safety of customers as its primary concern. Reflecting this priority and following recent changes to legislation, guidance and building regulations, related remediation costs represent an area of increasing cost to the business. During the year we expensed £13.3m (2020: £7.4m) of costs in respect of remediation of fire safety issues, including surveys and assessments, and capitalised further costs of £6.0m (2020: £7.0m). As part of these expenses, we have included the non-recoverable costs expected in respect of the fire at Richmond House in 2019 and the related remediation works across the rest of the Worcester Park estate. At the same time, efficiencies in the delivery of routine and voids maintenance and lower major repairs, has resulted in offsetting savings.

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 MHT completed 366 staircasing transactions which delivered £14.2m of operating surplus at a 33% margin (2020: £15.3m at 34% from 280 completions). In addition, we completed 206 Homebuy loan redemption transactions, achieving £5.8m of operating surplus at a 38% margin (2020: £6.2m at a 37% margin from 234 completions). Surplus derived from Right to Buy disposals fell by £2.5m to £0.9m as a result of the completion of the extended Right to Buy pilot scheme in the East Midlands at the end of last year.

MHT recorded a surplus after tax of £47m (2020: £49m) after net interest costs of £68m (2020: £70m). We made the decision to write down the valuation of certain investment properties in the year where there was a potential remediation liability, resulting in a charge of £5.8m. Other comprehensive income includes a charge of £41m (2020: credit of £34m) in respect of our defined benefit pension obligations, and a £9m credit (2020: £12m charge) in respect of the movement in fair value of the Group's financial hedging derivatives.

During the year, MTVH completed the first valuation of its new defined benefit pension scheme after the disaggregation from Social Housing Pension Scheme (SHPS). This resulted in a funding deficit for MHT that was consistent with the deficit from the final SHPS valuation and a similar deficit repayment profile of around £5m per year. Since last year, the accounting deficit (as shown in note 24a) has increased appreciably year on year, following the marked decrease last year end, as a result of the movements in corporate bond yields following market disruption driven by Covid-19 at the time of the 2020 year end. The accounting deficit is around £56m (2020: £21m deficit), slightly lower than the deficit at 31 March 2019 of £61m, at which point the Group was still a member of SHPS.

Finance costs

Interest receivable amounted to £8m (2020: £9m) and total interest payable was £76m (2020: £79m). Our overall cost of debt was 4.1% per annum (2020: 4.3%)

Taxation

Tax payable during the year was nil (2020: nil). Surpluses from the core rental business are exempt from tax as MHT has charitable status. Generally, where taxable activities are undertaken in other entities, the intention is to gift aid any surplus to MHT, which invests these tax savings to subsidise the development of affordable homes. During the year surpluses of £10.0m (2020: £9.2m) were gift aided from within the MTVH Group.

Cash generation and utilisation

Cash generation was exceptionally strong this year with a net operating cash inflow of £453m in the year (2020: £183m). This reflects the settlement of amounts due from other group companies during the period. In addition to the operating cashflow improvement, cash expended in investing activities was £25m lower than last year as we delayed entering into contracts for new developments for part of the year in response to the uncertainty brought about by the coronavirus crisis. Overall, we spent a net amount of £174m (2020: £199m) on investment activities. Net outflows from drawdowns of new facilities less debt repayments totaled £149m (2020: net inflow of £7m).

Gearing ended the year at 38% on an historic cost of property basis (2020: 43%) and EBITDA interest cover was 2.3 times (2020: 2.2 times).

Balance sheet

The net book value of housing assets was £4.3bn (2020: £4.2bn), with £32m (2020: £32m) of depreciation charged in the year, as we continue to increase the levels of investment in our estate. This figure includes assets under construction at 31 March 2021 of £289m (2020: £286m). Development work in progress (WIP) was £55m (2020: £67m) as we sold down stock held for sale during the year. Short and long term creditors are £2.5bn (2020: £2.5bn), including £1.7bn of borrowings (2020: £1.9bn) and £125m (2020: £114m) of housing grant repayable. Total provisions amounted to £921k (2020: £33k).

Funding and treasury

As at 31 March 2021, MHT had net debt of £1.6bn (2020: £1.8bn). We define net debt as debt less cash available to repay lenders. 83% (2020: 80%) of the loan book was fixed at rates of interest ranging from 0.2% to 12%, with the remainder at floating rates of interest. Our overall cost of debt was 4.1% per annum (2020: 4.3%). The Group's credit rating was confirmed again during the year at A- (stable outlook) by Standard & Poors Global.

As at 31 March 2021 MHT had committed undrawn facilities of £680m (2020: £544m), which are fully secured and available at 48 hours' notice, in addition to cash and short-term investment balances, totaling £145m (2020: £95m). Cash is invested at average returns of 0.1% (2020: 0.7%). MHT remains well funded and has sufficient resources to meet the requirements of its future development plans.

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 as well as independent committee members 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; the Group has no foreign exchange exposures.

The funding sources are split as follows:

% of total	2020/21	2019/20
Banks and building societies	68%	71%
Capital Markets	29%	24%
Local Authorities / Other	3%	5%

The borrowings and related interest rate hedges are structured with staged maturities to target that no more than 10% of the total loan book matures in any one year to mitigate the related refinancing risk. Debt maturing next year, FY 2022, are expected to be higher than the target at c18%. MHT has £412m (2020: £484m) of loans maturing in the next five years which represents 24% (2020: 27%) of our total drawn down-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 2021 83% (2020: 80%) of MHT's total debt cost was hedged either by fixed rate loans, floating-fixed swaps or index-linked arrangements. The Group 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 (2020: £139m) nominal value of ISDA swaps which hedge interest costs at rates between 2% and 6%. The mark to market exposure is monitored regularly 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 on maximising returns. The treasury policy requires that the maximum deposit exposure to any approved bank 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 regular RNS trading updates and results 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.

The MTVH approach to value for money

The Board of MTVH 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 as it enables us to deliver our vision of serving people better every day. 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 optimal manner and enabling them, and the communities in which they reside, to live well.

This has been a year of considerable change dominated by the impact of the Covid-19 pandemic. Despite the impact on activities, MTVH have maintained and strengthened VFM principles in our response and all our work.

A key milestone underpinning the delivery of VFM has been the launch of the new five-year strategy and supporting corporate plan. These provide a framework for VFM implementation, which is ingrained in all strategic and operational aspects going forward. They are outlined in detail on page 10.

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 reaffirmation by the regulator of our fully-compliant G1 / V2 status is testament to this. The oversight of VFM is also supported through the responsibility of various Board sub-committees, including the new Customer Services Committee (CSC), which provides an added layer of scrutiny and accountability for customer-related issues where VFM is a key driver.

Performance management

The continued financial strength and capacity of the organisation is instrumental in 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 2021/22 budget and Corporate Plan and includes both cost optimisation and revenue growth targets, for instance in the Care and Support business. The new five-year operational budgets and plans will allow us a longer term assessment and tracking of strategic priorities and investment in projects.

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 (SAM) 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 continued implementation of the SAM plan, with a number of stock disposals across both voids and tenanted stock. The Asset Appraisal Model continues to evolve as a data-driven model providing insights into asset value, financial performance and strategic value. It means we better understand the short, medium and long term investment forecast and income generation of assets and enables comparison of assets, estates and regions.

Service charge project – The service charge project continues to evolve and gain momentum. The aim is 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 with improvements to our systems, processes and structure, helping to further enhance the customer journey. Underlying this is the desire to realise efficiencies and synergies to shape the long-term VFM agenda. MTVH responded to the pandemic by providing proactive support to both residents and colleagues and then quickly moved back into delivery against the Corporate Plan to progress the strategic priorities of the organisation.

Social value / ESG

Our Empowering Futures strategy, supporting customers in tackling the barriers to living well, is now clearer with a number of auditable outcomes in place alongside the social value of a tenancy metric that is now reasonably well established. The findings of this will be used to target refined and optimised services, investment and operating models. In addition, we have progressed our Sustainability Strategy and have a clearer route to addressing the issues of decarbonisation and the related costs.

Reporting performance

This year MTVH continued the investment required to provide quality and consistent services to our customers, deliver new homes sustainably and foster even greater levels of customer engagement. 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. Whilst operating margin at 31.0% fell slightly short of the target of 33.2%, new homes delivery and customer satisfaction were above the prescribed internal targets.

MTVH	2020/21 Performance	2020/21 Target	2019/20 Performance	2019/20 Target	2018/19 Performance
Operating Margin	31.0%	33.2%	27.2%	29.1%	36.2%
New Homes (including JVs)	923	811	1,023	968	1,037
Customer Satisfaction	75%*	70%	70%	75%	64.3% rolling average *(legacy MHT)* 78.4% *(legacy TVH)*

* This figure relates to Q4 only; no data was collected for Q1 and Q2 (Covid-19) and Q3 data was unreliable

- **Operating margin** comprises three key factors: underlying social letting margin 31.6% (2020: 28%), sales margin (on first tranche and outright sales) which has a dilutive effect (particularly in the current market with lower margins, bulk sales, etc.) and asset sale surplus. The margin of 31% attained reflects a robust performance against the challenging external environment, with an improvement on the 27.2% attained in the prior year. Operating surplus is £9m below budget at £138m (2020: £131m), impacted by rent, service charge adjustments and the reappraisal of pre-merger land acquisitions. Please see Chief Financial Officer's review on page 24.
- **New homes delivery (including JVs) at 923** is 112 above the target, with 704 of those at affordable tenures, supporting those residents and communities that are most in need.
  - **Customer satisfaction** Due to the Covid-19 pandemic and subsequent lockdown periods, customer satisfaction monitoring was only conducted during Quarter 4. The overall satisfaction level of 75% is a positive improvement on the prior year level, showing continued service level improvements across the general needs, keyworker and care and support estate. Repairs satisfaction is a key component which averaged 71.7% 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 as well as continued investment in our stock.

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

MTVH - KPIs and Strategic Indicators	2020/21 Target	2020/21 Performance	2021/22 Target
Development Strategy			
Number of new homes (incl. JVs)	811	923	829
New contractual commitments (units) **2020/21 target revised for Covid-19*	559*	559	1,000
% Sale stock unreserved after 90 days	40%	36%	40%
Customer Experience Strategy			
Overall customer rented satisfaction	70%	75%	75%
% of customer complaints resolved at stage one (new target)	92%	91%	100%
Satisfaction with new home (Shared ownership)	85%	86.4%	85%
Average re-let times for all social rented dwellings (Days)	25	26.8	25
Shared owner (SO) arrears **2020/21 target revised for Covid-19*	3.2%*	3.0%	5.2%
Tenant arrears (social rented) **2020/21 target revised for Covid-19;* ***2021/22 includes SO arrears*	5.0%*	4.98%	5.2%**
Property compliance			
Properties with a valid gas safety certificate	100%	99.6%	100%
Managed Blocks with a fire risk assessment	100%	100%	100%
Managed blocks with a valid asbestos disturbance assessment	100%	99.3%	100%
Managed blocks with a valid electrical safety EICR certificate	100%	96.9%	98%
Lifts serviced within 12 months (new target)	100%	98%	100%
People and Organisational Development Strategy			
Operating Margin	33.2%	31.0%	34.6%
Staff absence rate - excluding long-term > 20 days (rolling 12 months)	2.0%	1.2%	1.75%
Permanent employee voluntary turnover (rolling 12 months)	15%	10.1%	15%
% colleague engagement (new target)	80%	83%	80%

Development

We plan to create 13,400 homes over the next 10 years, delivering social value by delivering the affordable housing the country requires. This is evidenced by the investment of £159m in acquiring land and building new homes this year, which was impacted by the immediate, temporary suspension of development activity at the beginning of the pandemic. Activity has since resumed, although the impact of the delay is self-evident in the reinvestment metric performance. We achieved our target for the year and the 2021/22 target of 829 homes is reflective of 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.

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. MTVH Online has seen significant growth within the year, with 14,000 new customers registering for the service. 29% of our total households are “active”, which is an increase of 14% over the whole of the 2020/21 financial year. The % of online payments made by users (rather than by staff over the phone) increased from 66% to 79%, which affirms the channel as a valued service by customers.

The social rented arrears performance continues to be positive, with a level achieved of 4.98%, (2020: 4.82%) which is below the target of 5% for the financial year. This demonstrates the positive solutions we are able to offer residents during the pandemic. We had 105,800 conversations with customers during the year (an average of 8,800 per month). We offered additional support measures to our customers such as deferred payment plans, new arrears letters, extended support from the Money Advice Team and extra funds in the Tenant Welfare Fund. We have seen another 3,248 customers transition onto Universal Credit during the year. For 2020/21, the target level is 5.2%, which is reflective of the impact that may be experienced once furlough comes to an end. Our shared ownership arrears for the year averaged 3%, which is within the target of 3.2%.

We have developed a Lettings policy allowing us to allocate more of our homes for internal moves and to improve choice when customers want to move between homes. Despite the challenges and restrictions, we let 1,994 properties during the year. Turnover of rental stock was significantly reduced in all regions due to the pandemic at 3.2%. When letting homes, we will continue to support customers in maintaining their tenancies successfully, by ensuring they have the right home to match their circumstances and needs. On average it took 26.8 days to re-let routine general needs void properties

Metworks achieved a first-time repair rate of 87.9% (2020: 86%) which is a positive performance despite the shortage of material and suppliers against a backdrop of Covid-19 restrictions experienced at various stages of the year. Continued efficiencies are being sought and indeed have been embedded in the 2021/22 budget, focusing on core repairs activities and enhancing operating performance.

Property compliance

The level of total spend on the existing estate of £126m (2020: £129m), which includes a planned component replacements programme of £42m (2020: £37m), is a stepped increase on the previous year. This is in line with MTVH’s asset investment programme, which will see a targeted, planned and communicated strategy in place across the portfolio over the next five years. Stock condition surveys have continued throughout the year, achieving a level of 85.4% against a target of 80%. These surveys enable us to focus investment in areas most needed. Consistent progress has been 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 22 ('The MTVH Way'), significant people and organisational development highlights have been achieved in the year to drive future operating efficiencies and create a people powered organisation underpinned by the MTVH Way. This is evidenced by the 1.2% 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 attained an 83% colleague engagement score in 2020/21, better than our target of 80%.

Resident and Community Empowerment Strategy

We invested £3.6m (2020: £3.7m) in building stronger communities through programmes designed to improve social cohesion. The Money Advice Team adapted their service this year to offer support via phone rather than face-to-face. They received 2,703 referrals, 43% more than last year. The value of service achieved was £1.77 million, £361k higher than last year. Additional income secured for customers totaled £792k, £95k higher than last year.

Integration

MTVH has further established its direction and sense of purpose throughout the year through the development of an overarching strategy. This sets out our strategic priorities and how this is underpinned by the way we do things – the MTVH Way. Integration activities have continued to conclude in some operational areas, with scope to also deliver against strategic priorities. Value for money is deeply embedded within our culture and integration savings continue to be realised.

The Supplier Relationship and Contract Management programme sets out how MTVH selects suppliers and manages performance issues, to continually improve performance and drive innovation. A strategic Category Management initiative has also been implemented, to fully leverage supplier negotiations and contribute to 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. Procurement savings / value delivery was circa £5.2m against a target of £4m.

MHT - Regulator of Social Housing (RSH) VFM metrics

Our results in these metrics reflect our strategy to increase spend on stock maintenance and asset investment, whilst reinvestment has been impacted by the immediate, temporary suspension of development activity at the beginning of the pandemic.

Based on RSH definitions published May 2021	2019	2020	2020 G15 median	2021
1. Reinvestment %	3.8%	*4.7%	7.0%	3.8%
2a. New supply delivered % (Social housing units)	1.3%	1.7%	1.4%	1.3%
2b. New supply delivered % (Non-social housing units)	0.0%	0.0%	0.8%	0.0%
3. Gearing	38.1%	*42.6%	48.0%	38.1%
4. EBITDA MRI	109.7%	*105.1%	105.0%	109.7%
5. Headline social housing cost per unit	5,025	*4,802	5,369	5,025
6a. Operating margin (social housing lettings only)	30.7%	*30.3%	28.0%	30.7%
6b. Operating margin (overall)	26.3%	*24.3%	20.0%	26.3%
7. Return on capital employed (ROCE)	2.6%	*2.7%	2.7%	2.6%

**Restated for Covid-19*

Metrics 1 to 3 are investment driven

- Reinvestment: This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held. Whilst our major repairs expenditure has grown over the year from £37m to £42m, new development expenditure was impacted by the pause in activity during the pandemic.
- New supply delivered % (social and non-social): These metrics set out the number of new units (social or non-social) that have been acquired or developed in the year as a proportion of the total units owned at period end. The number of new social housing and non-social housing units developed was 577 and 0 respectively.
- Gearing: This metric measures net loans (including finance lease obligations) as a percentage of the value of housing properties. We remain well below the G15 median, with capacity to absorb our development plan.

Metrics 4 to 7 measure efficiency and economy and are driven by the Statement of Comprehensive Income and Expenditure (including capitalised repairs spend for metrics 4 and 5).

They have broadly the same drivers and reflect the same trends. FY20 was somewhat of a dip as we ramped up our investment in maintenance and the customer experience, and in integration following the merger.

- 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. It also includes profits on first tranche and outright sales, which can be more volatile. Note this is not our covenant test but a group entity, accounting–driven, ratio. We experienced a significant improvement in this metric, driven partly by cost reductions and also by the end of the rent reduction regime.
- Headline social housing cost per unit assesses the costs that MTVH incurs to manage social housing properties divided by the number of units managed. This is currently a year end measure taken from the annual report (because it requires a complex allocation of overheads which we do not perform on a monthly basis). We are developing a way to report and track this on a monthly basis and use it a key metric to measure regional performance, since it largely reflects their controllable costs and efficiency (although since it includes service charges, supported housing fares less well under this metric, notwithstanding the fact that additional service charges are recovered).
- Social Housing operating margin: This measures the profitability of social housing lettings (SHL) activity, based on surplus on SHL income as a percentage of SHL turnover. This metric again shows a recovery from 2019/20, driven by the improved operating surplus, albeit marginally short of the target.
- Operating margin: This measures the profitability of operating assets as a percentage of turnover. Note that the RSH excludes surplus on disposal of fixed assets (i.e. staircasing) from the calculation. Like EBITDA MRI, this is therefore very much affected by the volume and profitability of first tranche sales and outright sales.
- Return on capital employed (ROCE): This metric compares operating surplus to total assets less current liabilities and is used to assess the efficient investment of capital resources.

These metrics were calculated in accordance with the definition of the Regulator of Social Housing's Value for Money metrics, these may differ to the calculation of our internal target.

SECTION 172 STATEMENT

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

Stakeholder Engagement

The interaction, views and objectives of our diverse range of stakeholders are integral to the formation of MTVH's long-term strategic approach to creating value and ensuring that we serve people better every day.

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 underlying issues
- have understood the issues relevant to key decisions, the need to act fairly between all members of the company and balance this with the likely consequences of any decision in the long term
- approach the outcomes and key decisions made in the year

Engagement underpins good governance, which is embedded throughout the organisation. A series of planned engagements are conducted throughout the year, at various levels, in which the Board either directly participates 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 strategy.

As witnessed throughout the response to the Covid-19 pandemic, being able to harness the feedback of stakeholders is vital to dealing with periods of uncertainty and change and to ensure a balanced approach is taken to the section 172 statement.

The adoption this year of our new strategic priorities (see page 10) approved by the Board, sets the agenda to foster deep, collaborative relationships with our key stakeholders as we move forward as an organisation over the next five years. The Corporate Plan is reflective of the co-ordinated approach to stakeholder engagement and the need to optimise customer, employee, community and supplier expectations against the backdrop of our ESG agenda.

Stakeholder Groups

i. **Customers** - the residents for whom we provide housing solutions, across a range of tenures, geographical areas and needs. Our ambition is to create a customer-centric organisation with truly great and consistent customer experiences – we remain on a journey to implement the service improvements and operational models to be able to deliver this in a sustained manner.

Engagement - In 2020, we asked our involved residents for their views on how they would like to influence the direction of customer engagement at MTVH. From these conversations, we developed a new, co-created resident governance structure with a strengthened focus on accountability, openness and diversity.

As the first lockdown came into effect, we set-up a temporary 'Coronavirus Support Hub' in the organisation for colleagues to refer all Covid-19 related issues or concerns. During last financial year the hub received 1,051 referrals.

The team running the hub focussed on two things: taking immediate action to get help to residents who needed urgent support (like topping up energy accounts for customers who had run out of money to put on meters) and getting customers matched up with the right MTVH team or external partner to provide long-term support. At the same time, during those first months of the pandemic last spring, we made close to 6,000 phone calls to speak to customers we knew might be struggling to manage.

Today MTVH Online covers core landlord services. There is a secure onboarding process and 29% of our resident households are now actively using MTVH Online. Once registered, a resident can service their account by viewing their account balance and history, make and schedule payments, or update their contact details. When there's a problem the resident can report a repair with photos and view the status of existing repairs. Residents can also directly contact us by creating an enquiry.

Outcomes – The new structure includes a more empowered and robust Customer Services Committee, reporting directly to the Board, and a Customer Council to represent residents' perspectives on service delivery and to define and develop modern scrutiny practices, directly linked to our corporate plan priorities.

In addition, we have introduced three new resident panels to represent the interests of communities across each of our regions. We received interest from over 250 applicants to these new roles and have now recruited a diverse group of more than 40 residents through an accessible, open recruitment process.

Other customers are encouraged to influence key projects through steering groups, workshops and focus groups. We have a dedicated engagement team to provide the support, development and training to help make their involvement with MTVH teams successful. We also support a range of tenants associations across our regions and will work together to improve communication and networking between all groups.

Over the last year we rolled out MTVH Online to legacy Metropolitan residents and retired the former Self - Serve platform.

We have also been improving the repairs experience, making it easier to raise and giving residents transparency to the repairs process.

As a leading housing association, one of the key ways in which we deliver social value is by building new affordable homes, of which 704 were built in this financial year. Quality of design, construction and service is also critical as these factors are fundamental to delivering a positive experience for our residents.

ii. Employees - As a people-powered organisation, our employees are essential to delivering on all our stakeholder obligations. The 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 and are able to constantly improve our customers' experience. This is reflected in the MTVH Way that underpins the principal strategies.

Engagement - Colleague engagement is a key driver in our People and Organisational development strategy. We conducted a full survey of all colleagues in the summer of 2020. Our overall engagement score was 83% which was 2% higher than the average engagement score of other Housing Associations participating in the same survey.

A commitment to diversity and inclusion is central to the company, which helps to promote a culture that embraces innovation. A number of employee network groups were relaunched in the year, with new levels of involvement to ensure that consistent participation is achieved.

Outcomes – The adoption of the MTVH Way is testament to how the Board is seeking to grow an inclusive and diverse environment where people can innovate, develop and work together to constantly improve our customers' experience.

Our network includes groups for LGBTQ+, Black, Asian and Minority Ethnic 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. A key element to enable employees to achieve their full potential is creating a conducive environment that promotes a collaborative and flexible working culture. We have made great progress in improving our offices to create comfortable, healthy, accessible and adaptable work spaces to inspire colleagues to live, work and exemplify People Powered Living. The new local office at Clapham Park (open June 2020) and our new Midlands regional office at Waterfront House (opening in Summer 2021) are designed so we can collaborate across teams and directorates, using a range of alternative work spaces, together with updated and robust tech infrastructure to connect us across the regions.

iii. Communities - Developing strong community links is vital to supporting our customers in the most effective manner. Aligned to this is the need to build communities through a partnership approach and, as a regeneration specialist, we believe in supporting communities to grow and develop sustainably.

Engagement - Empowering Futures is the MTVH Community Investment department. Empowering Futures exists to play our part in removing barriers that prevent people from living well. In 2020/21, we launched a new strategy focussing on the individual needs of residents and the partnerships that will support many residents to progress.

Engagement with residents and local communities has been conducted formally and informally. Examples include the online senate survey, focus groups, customer satisfaction surveys and informal feedback from residents as part of everyday interactions

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 Vistry Partnerships and Barratt London.

Outcomes – This has shaped the Resident and Community Empowerment Strategy which will focus on how we listen better to the things that matter to residents and communities to enable them to live well, shaping our responses to empower them improve their lives. We provided person-centred support to nearly 2,000 residents through our specialist advice offer. Through our Debt and Benefits Teams and person-centred support we helped residents generate approximately £10m of increased income.

Creating sustainable communities is essential to deliver homes and services people want. Last year, we delivered more than 923 new homes, continuing to work alongside a range of public and private sector partners and we have a plan to build more than 13,400new homes over the next 10 years. During the year, as part of the Clapham Park estate programme, we delivered 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.

We will invest our money wisely and select our partners carefully to create a balanced development programme which reflects our ambition and risk appetite. With our Joint Venture partner Barratt London, we are now six years into a regeneration programme with the London Borough of Barnet at West Hendon, which continues to deliver hundreds of new homes. The fourth of six phases is currently underway, with the first 47 of 611 new homes on this phase completing this year and 186 new starts. This year also saw the opening of new public open spaces set beside the Welsh Harp reservoir and completion of the Cool Oak Lane Bridge improving pedestrian and cycle access into West Hendon. We completed our fifth joint venture scheme with Vestry Partnerships at West Bridgford in Nottinghamshire. This successful partnership is currently on-site and building a further three schemes, bringing our total Vistry / MTVH joint venture portfolio to seven schemes.

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 £397million with over 2,100 suppliers. Those suppliers assist the company to develop and maintain its property portfolio, ensuring 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, including board attendance at meetings with key members of the company'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 continues with its new Supplier Relationship and Category Management (SR / CM) Policy, which describes how the company 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 the criticality of the services to be delivered and the governance and management approach adopted for the different levels of criticality 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 which contain 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 alignment with the corporate objectives. This approach also contributes towards economies of scale and opportunities for delivering value for money, whilst gaining an in depth understanding of how each category contributes to risk management.

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

- an overview of the full range of suppliers available to the company
- confidence around the supply chain that could be associated with the company
- identification of reputational exposure in the supply chain
- identification of where there is 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
- the commercial planning and goal setting for each category to drive improvements
- strategic alignment to company and directorate goals

ENVIRONMENT AND SOCIAL VALUE 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.

As an organisation MTVH is committed to improving our sustainability and, in response to external factors such as the UK's 2050 Net-Zero target, we have developed our new sustainability strategy, MTVH - Our Sustainable Future, which is our inclusive approach to sustainability.

MTVH - Our Sustainable Future is about ensuring that we reduce our impact on the environment, whilst we continue to strive to improve the lives of our customers, support and develop our colleagues and ensure the longevity and viability of our organisation.

The strategy is supported by our 2030 Sustainability Action Plan which is the culmination of discussions and engagement with all areas of our business to understand what actions we need to start taking now to make MTVH a truly sustainable organisation. The key areas of our Action Plan are:

- De-carbonation of our existing properties - taking a fabric-first approach to making out homes warmer and easier to heat; setting goals to meet our EPC targets by 2030 and transitioning to non-carbon heat by 2050

- Building low-carbon new homes - as we continue to deliver more homes, we will strive to lower the carbon output of our new build properties

- Reducing consumption and waste - we have introduced (and will continually monitor) measures to reduce the amount of materials we use across the business and reduce the waste we create

- Creating a sustainable culture - embedding sustainability in the organisation and culture so that it becomes part of 'business as usual'

- Building sustainable communities - using our presence and influence to help develop inclusive, sustainable communities for our residents

Pioneering ESG reporting standards

MTVH is pleased to be an early adopter of the Sustainability Reporting Standards for Social Housing (SRS), launched in November 2020. The new standards were set up in response to concerns that ESG investing was being inhibited by the absence of a common reporting standard.

The ESG Social Housing Working Group, consisting of representatives from housing associations, banks, investors and service providers, considered the issues and developed 48 criteria including zero carbon targets, affordability and safety standards. The process was led and facilitated by The Good Economy.

The SRS brings transparency and consistency to ESG reporting, making it much easier for lenders and investors to assess the performance of housing associations and we are pleased to be at the forefront with these new reporting standards.

Forging innovative funding partnerships

In December 2020 we signed an innovative sustainability-linked loan of £50m with BNP Paribas, believed to be the first Risk Free Rate loan in the sector.

The three-year revolving credit loan ties the interest margins to reducing greenhouse gas emissions from our operations, transport and housing, all of which are measured and reported.

The loan facility allows us to cut the cost of our debt, build our strength and free up funds for further investment.

ENVIRONMENT AND SOCIAL VALUE STATEMENT

Contributing to the economy

We know that MTVH's provision of good homes is vital for individuals. The form a foundation for secure futures, are pivotal in tackling inequalities, and improve life chances for young people. But we understand less about our contribution to society as a whole.

Last year, using a model built by Sonnet Advisory and Impact, we carried out a study to investigate the socio-economic value of an MTVH tenancy. The aim was to help understand and demonstrate the impact of MTVH's social homes on people, places, and the public purse, through comparing the impact of living in social housing to alternatives, such as living in temporary housing, the private rented sector or with friends and family. It is a model that has previously been used by similar types of housing associations and is a proven and transparent way of measuring social value.

The research found that MTVH social tenancies contribute around £713m a year to the UK economy, which is an £11,261 contribution per home, through savings to public spending and boosts from house-building and maintenance. This means that for every £1 invested in MTVH, £1.53 is returned to society.

The findings confirm the vital economic contribution social housing makes to the economy and public sector and demonstrates the impact on social cohesion and the wellbeing of communities that social housing provides.

The Economic Value of MTV Social Tenancies

Contribute £287m to the economy - through boosts from building new homes and maintaining existing stock

Save local economies £174m - through supporting economic participation and helping people get back to work

Save the NHS at least £83m - through fewer GP visits and reduced health inequalities

Save Local Authorities £79m - through well-managed social homes and reduction in the need for public services

Save the Police and Criminal Justice System £65m - through reduced offending and timely social services support

Save the Education Sector £5m - by providing holistic support that enables children to get to school

Save the Department for Work and Pensions £14m - through boosting employment and reducing Universal Credit claims

Save the Fire Service at least £2m - through providing safe, secure homes and well-maintained homes

Save Banks and Creditors £1m - through providing financial support and reducing the likelihood of debt

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 and 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 and 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 32,705 invoices have been processed for this data collation.

4.1% of consumption data used for SECR has been estimated to achieve 100% data coverage, down from 13% of estimated consumption data used last year.

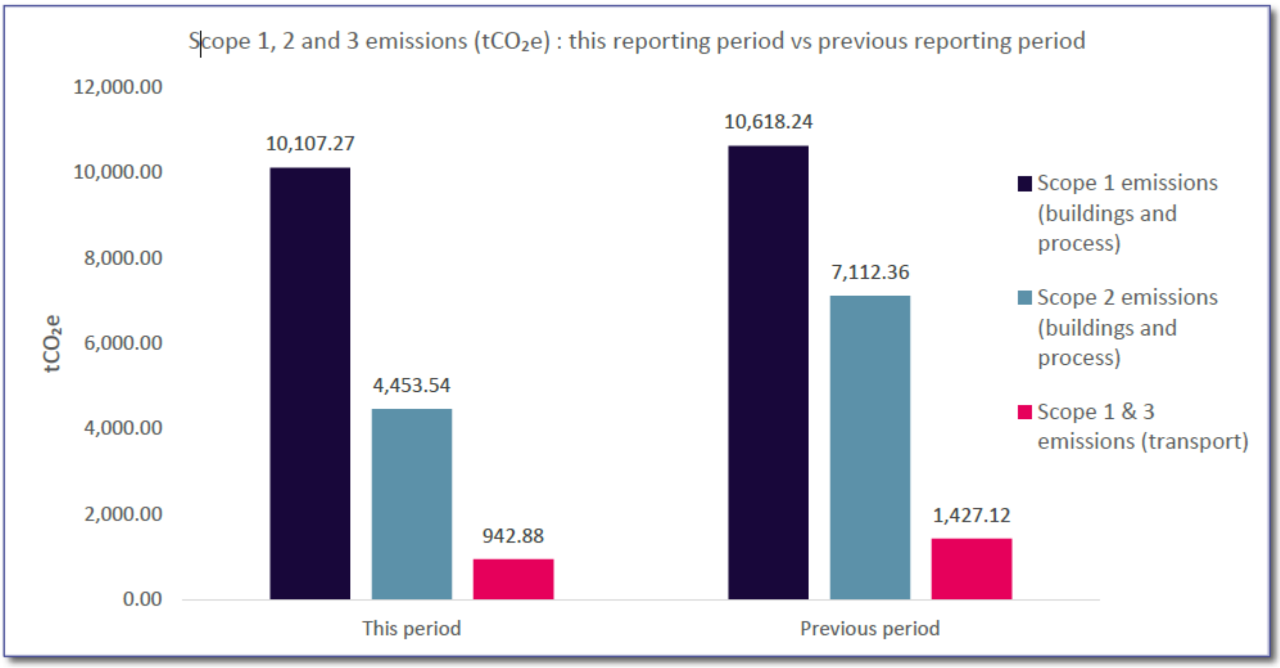
Summary

In the second year of our reporting, our Scope 1 emissions (combustion of natural gas and transportation fuels, are 11,050 tCO_2e (tonnes of carbon dioxide equivalent) resulting from the direct combustion of 58,900,093 kWh of fuel. Of this, 9,968.26 tCO_2e is billed to MTVH by consumed by customers.

These Scope 1 emissions figures represent a 9% decrease in emissions from last year.

Scope 2 indirect emissions (purchased electricity) for the second year of reporting are 4453 tCO_2e resulting from the consumption of 19,102,415 kWh of electricity purchased and consumed in day-to-day business operations. Of this, 4,245.61 is consumed by customers,

These Scope 2 emissions figures represent a 59% reduction in emissions from last year.



Organisational structure and qualification

MTVH is required to comply with SECR, as we exceed the qualification thresholds of two of the three criteria (in 2020/21, MTVH employed 1,882 FTE across the group, and had a turnover of £446m).

Data Completeness

All MTVH's electricity and gas invoices have been entered into a fully managed energy database up to 31 March 2021, 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 31 March 2021.

There were a number of instances, equating to 4.1% of the total reported consumption, where it was necessary to calculate some estimated consumption to achieve 100% data coverage. Methodology of these estimation techniques is detailed in the appendix.

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

Utility and Scope	2020/21 UK Consumption (kWh)	2019/20 UK Consumption (kWh)
Office Grid-Supplied Electricity (Scope 2)	891,858	673,281
Residential Grid-Supplied Electricity (Scope 2)	18,210,557	27,147,756
Office Natural Gas (Scope 1)	756,028	769,662
Residential Natural Gas (Scope 1)	54,213,623	56,984,212
Transportation (Scope 1)	3,930,442	5,872,966
Total	78,002,508	91,447,877

The total Greenhouse Gas (GHG) emission figures (tCO_2e) for energy supplies are as follows. Conversion factors utilised in these calculations are detailed later in this section.

Utility and Scope	2020/21 UK Emissions (tCO_2e)	2019/20 UK Emissions (tCO_2e)
Office Grid-Supplied Electricity (Scope 2)	207,93	172,10
Residential Grid-Supplied Electricity (Scope 2)	4,245,61	6,940,25
Office Natural Gas (Scope 1)	139,01	141,51
Residential Natural Gas (Scope 1)	9,968,26	10,476,73
Transportation (Scope 1)	942,88	1,427,12
Total	15,503,69	19,157,71

The Group's total emissions were 19% lower compared to last year. While the focus of management has been on reducing carbon emissions, most of this improvement is attributable to reduced travel and office occupation as a consequence of COVID-1 national lockdown restrictions.

The figures above show a notable increase in our Office Grid-Supplied Electricity consumption and emissions. Due to lockdown restrictions, meter readings have been estimated at certain sites, which do not accurately reflect the true consumption. We are working with Inspired Energy and our energy suppliers to correct these meter readings.

ENVIRONMENT AND SOCIAL VALUE STATEMENT

Intensity Metric

An intensity metric of tCO_2e per £m turnover has been applied for the annual total emissions of MTVH. MTVH have also decided to report on a variety of intensity metrics, and as such have also included metrics of tCO_2e per £m EBITDA and tCO_2e per FTE. The methodology of the intensity metric calculations are detailed in the appendix, and results of this analysis is as follows:

Intensity Metric	2020/21 Value	2019/20 Value
tCO_2e / £m turnover	34,76	41,20
tCO_2e / £m EBITDA	90,66	122,02
tCO_2e / FTW	8,24	10,48

These measures have all shown year on year improvement, driven primarily by lower emissions but also improved business profitability.

Energy Efficiency Improvements

We are committed to year-on-year improvements in their operational energy efficiency. As such, a register of energy efficiency measures available to MTVH has been compiled, with a view to implementing these measures in the next 5 years.

Measures ongoing and undertaken through 2020/21:

Development of Corporate Sustainability Strategy

We have developed our Corporate Sustainability Strategy – “Our Sustainable Future” which outlines our headline commitments to sustainability, decarbonisation and reaching Net-Zero carbon. Our Sustainability Strategy is supported by our 2030 Action Plan which provides further detail on our approach to decarbonisation and our plan to achieve Net-Zero by 2050.

Decarbonisation of our Existing Properties

As part of our ‘Fabric First’ approach, we have entered into a partnership with the Warmfront Team, successfully securing funding under the Energy Company Obligation (ECO) scheme which is a government energy efficiency scheme to help reduce carbon emissions and tackle fuel poverty. We aim to assess the insulation requirements of our managed residential housing portfolio, installing energy efficiency measures such as wall and loft insulation to eligible properties through the project.

This partnership commenced in 2020 and is expected to continue until all qualifying properties have been made more thermally efficient, eliminating hard to heat homes. To date we have managed to pre-secure just over £4,000,000 worth of carbon funding for the fabric improvement of our properties. This funding to date has focused on the first part of the project with the Warmfront Team, completing over 800 improvement implementations, including cavity wall insulation and remedy of any failed cavity wall insulation.

Approximately 1,643 residents have already benefitted from these measures to improve the thermal efficiency of their homes. The next part of the project will be looking to address solid wall insulation and loft insulation. It is anticipated that approximately 7.5 thousand improvement measures will be installed through this project in partnership with the Warmfront Team.

Creation of the Workspace Services Sustainability Working Group (formally facilities management)

Following the development of our new Workspace Services team, we have created our new Workspace Services Sustainability working group who have been working to make our offices as sustainable and energy efficient as possible over the last 12 months. Due to the COVID-19 Pandemic, use of our offices has been minimal, our Workspace Services Sustainably working group will be looking to have a significant impact over the next 12 months.

ENVIRONMENT AND SOCIAL VALUE STATEMENT

Measures prioritised for implementation in 2021/22:

Decarbonisation of our Existing Properties

MTVH commits to ensuring that all of our managed residential properties meet a minimum efficiency standard of EPC C or equivalent by 2030, improving as many homes as is reasonably practicable to this standard. At present, this is perceived to be the minimum benchmark to ensure we are on track to reach the UK's Net Zero targets. This target will be reviewed in line with the anticipated upcoming changes to legislation due to release at the start of the decade. Our Property Net-Zero strategy will see a greater focus on low carbon heating in combination with improved energy efficiency standards with the aim of ensuring that our homes are fit for the future. In the next couple of years, we aim to have reviewed our existing heating assets to compile a comprehensive planned programme with the goal of delivering low carbon heating to each home in line with the Net Zero 2050 target.

We will ensure to consider the local plans from the likes of energy networks and heat network zoning to ensure the most suitable low carbon heating technology is adopted in our properties. Through the implementation of our 'Fabric First' approach to reduce heat demand, and appropriately phasing out fossil fuel heating systems, we will ensure that we are actively reducing the carbon emissions from our homes in the most efficient manner for our customers and the environment.

MTVH will set a baseline for present carbon emissions of our managed residential housing portfolio. This baseline will allow for the creation of a strategic roadmap, containing the necessary programmes to achieve sufficient carbon reduction goals through energy efficiency improvements of our homes, ensuring these are aligned with the government's Net Zero commitment.

We aim to produce an annual impact assessment report that will provide information on our progress towards decarbonising our homes by measuring the carbon emissions and tracking reductions through energy efficiency measures implemented from the identified baseline. We commit to ensure that our buildings will achieve an operational net zero carbon emissions balance by 2050.

Sustainable Procurement Policy

We will be launching our Sustainable Procurement Policy in 2021/22, allowing us to capture and report on our supply chains carbon footprint and sustainability. This policy will require all suppliers to start reporting on their emissions, waste and water use and where appropriate we will work with our supply chain to reduce these.

Early Adoption of Future Homes Standard

As we develop more homes, we will look to apply the new energy efficiency standards to the homes we build. Although the Future Homes Standards will not fully come into effect until 2025, we will look to embrace them as early as we can and hope to implement them in at least one regeneration site before 2050. Procurement, planning and design for this will begin in 2021/22.

Inspired Energy

Our registered 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 Metropolitan Thames Valley Housing Group's organisation 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 generated on-site (including CHP), or supplied to / from a third party (i.e. not a licenced energy supplier or a landlord / tenant).

ENVIRONMENT AND SOCIAL VALUE STATEMENT

Reporting Methodology

Scope 1 and 2 consumption and CO_2e emission data has 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 have been used, utilising the current published kWh gross calorific value (CV) and $kgCO_2e$ emissions factors relevant for reporting year 01/04/2020 – 31/03/2021: Database 2020, Version 1.0.

Estimations undertaken to cover missing billing periods for properties directly invoiced to Metropolitan Thames Valley Housing Group were calculated on a kWh / day pro-rata basis at meter level. These estimations equated to 4.1% of reported consumption.

Intensity metrics have been calculated utilising the 2020/21 reportable figures for the following metrics, and tCO_2e for both individual sources and total emissions were then divided by this figure to determine the tCO_2e per metric:

- Total turnover (£m) £446m
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) £171m
- Full time equivalents (FTE) 1,882

STATEMENT ON CORPORATE GOVERNANCE

MTVH has now adopted the 2020 National Housing Federation's (NHF) Code of Governance, for compliance certification in March 2022. MTVH currently complies with the requirements of the 2015 NHF Code of Governance 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 Code of Governance 2020.

Governance

Thames Valley Housing Association (TVH) and Metropolitan Housing Trust (MHT) have formed 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 several subsidiaries (listed in note 32 of these accounts), which are governed by MTVH policies. The MTVH Board has nomination rights to each of the subsidiary boards and makes all appointments to MTVH subsidiary Boards. All subsidiary boards include Executive Directors or Senior Leadership Team members and each subsidiary reports to the MTVH Board annually. The Group also includes several joint ventures and associated undertakings which operate through limited liability partnerships. MTVH has member representatives on all joint venture boards, appointed by the MTVH Board.

The MTVH Board has satisfied itself that the organisation complies with the Regulator of Social Housing's Governance and Financial Viability Standard. The G1 / V2 rating confirmed following MTVH's In-Depth Assessment (IDA) in February 2020 was retained following the stability check in December 2020.

During the year MTVH held all Board and Committee meetings virtually due to Covid-19 restrictions imposed by the Government in March 2020. The MTVH Board met on a monthly basis during the initial government lockdown period and some committee meetings were suspended with matters requiring committee approval considered by the MTVH Board.

The MTVH Board held 10 Board Meetings, one strategy day and a strategy and risk session. It led the development of MTVH's new 5-year strategy 'Serving People Better Every Day'. Board effectiveness was reviewed by the Remuneration and Nominations Committee in October and shared with the Board, and the Board agreed to hold an in-person externally facilitated board effectiveness review in 2021.

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. The roles and responsibilities of the Chair, Board Member and Chief Executive as 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 register of Board members' interests, which is updated on a regular basis and will be published on the website in 2021.

In 2020 the MTVH Board reviewed the board and committee terms of reference and governance structure and agreed that a new committee focussing on property and building safety should be constituted. Although most committee members are Non-Executive Board members, the Board concluded that it would be beneficial to appoint a specialist independent member to each of the Customer Services, Development, Property and Treasury Committees. Recruitment to these roles began with an appointment to the Development Committee in January 2021 and to the Treasury Committee in April 2021. Three resident members were appointed to the Customer Services Committee in October 2020. A major review of resident governance was completed in 2020 and Customer Council and Regional Panel members have been appointed from MTVH's customer base.

During the year, in addition to overseeing MTVH's performance against its strategic objectives and its services and financial performance, the MTVH Board has focused on the impact and mitigating the negative affect of Covid-19 on the wellbeing and safety of MTVH's customers and colleagues. The other major focus for the MTVH Board during 2020/21 has been building safety, which continues to feature as a high risk on the strategic risk register.

STATEMENT ON CORPORATE GOVERNANCE

Chair and Board succession

The MTVH Board comprises ten non-executive members and two executive members (the Chief Executive and the Chief Financial Officer). Further details about their skills, knowledge and experience can be found on the MTVH website.

Following Althea Efunshile's appointment as Chair in March 2020 and Gurpreet Gujral's appointment later that month, a full review of our skills and knowledge matrix took place. In line with the succession plan and following a transparent, rigorous and independent recruitment exercise four new members - Tania Brisby, Davinder Dhillon, Nigel Ingram and Ofei Kwafo-Akoto - were appointed in late 2020.

The membership of each sub-committee was reviewed to ensure a mix of longer serving and newer board members with appropriate knowledge, skills and experience.

All new Board and Committee Members had a full induction programme including virtual sessions with executives, committee chairs and other senior colleagues to familiarise them with the operations and governance of MTVH. Board Member development continues with both virtual and actual tours, briefings and topic sessions as well as participation in relevant webinars and seminars provided by professional and advisory bodies.

Audit and Risk Committee

The Audit and Risk Committee is responsible for ensuring that internal controls are adequate and effective and that MTVH's approach to risk management is commensurate with the Board's 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. During the year the Committee recommended the re-appointment of BDO as external auditor to MTVH and PWC was appointed as MTVH's internal auditor to replace KPMG. PWC has worked with the Executive and the Committee to prepare an internal audit plan for the 2021/22 financial year.

Customer Services Committee

The Customer Services Committee provides assurance to the Board on our services to customers. The new customer governance structure links directly into the committee via the Customer Council whose Chair is one of the three new resident committee members. This direct link provides valuable customer insight. Strategic initiatives which impact on our customers are considered by the committee in advance of approval by the MTVH Board.

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. During the year the committee received detailed reports on the impact that Covid-19 was having on sales volume and valuations and on development activity. An Independent Member joined the Committee in January 2021.

Property Committee

The newly constituted Property Committee provides governance oversight and assurance to the MTVH 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. During the year it has established a full programme to maintain oversight of these areas which are crucial to the comfort and safety of MTVH customers.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee considers and recommends to the Board the appointment, remuneration and removal of MTVH Board and Committee members and the Chief Executive. The Committee also provides assurance to the MTVH Board regarding the collective performance and effectiveness of the MTVH Board and its committees.

Treasury Committee

The Treasury Committee provides an expert focus on the management of the Group's loans and investments portfolio. Tania Brisby was appointed Chair of the Committee in January 2021 and an Independent Specialist was appointed to the Committee in April.

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 MTVH Board has considered and approved a Sustainability Strategy and the associated plan will be delivered across the next several years. MTVH reports its sustainability progress via the Sustainability Reporting Standard.

In line with The Modern Slavery and Human Trafficking Act MTVH published its annual Modern Slavery and Human Trafficking Statement which disclosed information relating to the steps MTVH has 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 this 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.

STATEMENT ON CORPORATE GOVERNANCE

Non-executive Board membership

All non-executive Board members are required by the Rules of each association to be shareholders. All members of the MTVH Board - executive and non-executive, have the same legal status and share responsibility equally for decisions taken by the MTVH 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 as well pre-board briefings, tours and topic discussions 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 is also annually appraised by the Senior Independent Director following feedback from all Board members.

There are clear mechanisms in place for members who fall short of the required standards. The effectiveness of the MTVH 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 businesses, and takes into account the need to attract, retain and motivate members who have the required levels of skill and experience. In 2020 the Board agreed to defer the biennial review of remuneration. This will now take place at the end of 2021.

MTVH follows robust, transparent and independent processes to recruit 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 and committee members for the discharge of their duties during 2020/21.

BOARD STATEMENT ON INTERNAL CONTROL AND RISK ASSURANCE

Internal control and risk

Risk management is firmly embedded across the group. The MTVH Board has reserved certain matters to itself, including determining long-term business objectives and any material decisions. The Board also has overall responsibility for the delegation and systems of internal control and risk and for reviewing its effectiveness.

A formal scheme of delegation and financial regulations sets 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.

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

Our risk management policy clearly sets out Board, Committee, Executive and Management responsibility for the identification, evaluation and control of significant risks. This includes the review of strategically important risks at quarterly meetings of the Audit and Risk Committee and the Board. The Strategic Risk Register and registers for each operational area are reviewed by the Executive team prior to submission to the Audit and Risk Committee and the Board.

Key risks and mitigations

The Board's risk appetite and the approach to strategic risk mitigation, assessment and management was reviewed and agreed in March 2020. A Board workshop on risk took place in December 2020, resulting in an updated Strategic Risk Register to address the current risk environment. KPMG reviewed our risk management culture in early 2021 and the medium level recommendations are being implemented.

The Strategic Risk Register represents a combination of risks that may impact on our ability to achieve our goals, as well as those that may have an impact on our operations, financial stability and reputation. A summary of some of the main risks and examples of the measures to mitigate them is set out in the following table.

Strategic risks			
Area of risk	**Possible causes**	**Potential consequences**	**Actions / control measures**
Risk that sales revenue declines	Fluctuating conditions (such as interest rates), the termination of government incentives (such as Help to Buy or Stamp Duty holiday) or the lack of confidence in the property market may lead to a reduction in prices Increasing requirements for EWS1 (External Wall Standard form) may slow down the sales process for new build, resales and Strategic Asset sales, where the quality of historic data is poor	This could have negative impacts on our sales revenue, liquidity and profits An increase in volatility could make MTVH less attractive to investors	- A cap on revenue exposure to 40% to manage market volatility - No land banking - Careful monitoring of sales performance and performance against the development programme - Options Group recommends actions to IP to mitigate sales risk, including tenure switch, reducing first tranche sales % and bulk sales - Long term development plan provides good oversight - Regular review of Golden Rules to meet covenant requirements and liquidity and Business Planning rules to ensure there remains an adequate stress buffer for prevailing conditions - Scheme appraisals include individual risk assessment prior to investment in new schemes / joint ventures

Area of risk	Possible causes	Potential consequences	Actions / control measures
Clapham Park regeneration project delayed	Delayed or cancelled Joint Venture (JV) Procurement may lead to a failure to deliver the scheme Market constraints, failure to get vacant possession, increase in costs or decrease in value could all impact on scheme viability	A failure to meet promises to customers and obligations to London Borough of Lambeth could lead to damage to MTVH's reputation and financial penalties due to failure to meet our contractual obligations as set out in the contract	- Regular liaison with London Borough of Lambeth - Project managed in phases - Cyclical updates provided to Clapham Park Committee, Development Committee and Board - Weekly procurement meetings in respect of the JV exercise with regular engagement with bidders - Masterplan permission has been implemented with Site D01 commencing on site in 2020

Risk that changes in Government policy and legislation impacts on our operations	The Government could introduce changes in policy, legislation or regulation, in particular in relation to building and fire safety (such as the Social Housing White Paper or the Building Safety Act) Increases in interest rates could be introduced or changes made to the annual rent inflationary adjustment mechanism Other policy changes which have an impact include Right to Buy and Housing Grant regimes Changes to either Central or Local Government leadership could happen in elections	Any changes could adversely affect our business plan We need to be aware of regulatory non-compliance, which could lead to unlimited fines	- Good headroom in our business plan - Ensure key financial indicators are within target - Carry out multi-variate scenario testing within our long term financial plan - Risk transfer working with JV partners and through Management Agreements - Social Housing White Paper action plan developed - Committee oversight on building and fire safety requirements and compliance - Board performance reporting and briefings - Annual STEP / SWOT carried out - Regulatory self-assessment and Legal Compliance Certification - Policies updated in line with changes and training provided

Area of risk	Possible causes	Potential consequences	Actions / control measures
Longer term impacts of Covid-19 may impact on our performance and our residents, customers and colleagues	There may be new prolonged or intermittent lockdowns New disease variants may appear A lack of vaccine availability and efficacy could arise Social distancing and / or prolonged working from home could affect how we operate Our property compliance programme could be affected due to lack of access to homes	We could see greater customer poverty and greater levels of customer unemployment which, in turn, could affect customer health and safety, mental health and anti-social behavioural issues Staff wellbeing and productivity could suffer due to prolonged working from home and we could see higher staff absence levels, due to physical and mental illness This would put a strain on service delivery and lead to scheme delays which could adversely affect underlying scheme viabilities Lower sales and lettings income due to a reduction in transactions and values could lead to reduced profitability cashflow and profit uncertainty, delays in our development programme and impacts on our longer term business plan	- Establishment of cross-functional advisory group - Review of Business Continuity Plan - Risk-specific schedule of KPIs monitored weekly and weekly cash flow forecasting - Additional money advice support to customers and greater support to vulnerable customers - Weekly monitoring of staff absence and introduction of staff wellbeing toolkit and full communications programme - introduction of agile working and controlled opening up of some offices to some staff - Daily monitoring of personal protection equipment stocks, additional stockholding and extended supply chain - Curtailment of discretionary spend and recruitment

Area of risk	Possible causes	Potential consequences	Actions / control measures
Risk of failure to keep our residents and customers safe in line with our obligations regarding duty of care within all of our customers' homes	This could be caused by inadequate training and control measures and implementation of poor procedures	Worst case scenario is death or injury arising from our failure to care for customers Even minor cases can damage our reputation and lead to a downgrade due to regulatory non-compliance	- Mandatory training - Care Quality Commission assessments - Safeguarding and Quality Panel Quality Walks - Risk Quality Association audits and action plans - Policies and procedures in place - Implementation of safeguarding training programme, including awareness of mental health issues - More proactive participation in serious case reviews and complex case management situations
Risk of our properties not being compliant	A 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, lifts and site safety Also failure to maintain properties in a safe way, including addressing fire risk assessments and fire stopping	Worst case scenario is death or injury Lesser consequences include possible prosecution, reputational damage and / or regulatory downgrade due to a breach of consumer standards Increased operating costs arising from poor compliance may result in negative impact on key viability ratios (e.g. Social Housing Interest Cover) and loss of attractiveness to investors	- Compliance metrics as reported in Board performance pack - Weekly compliance monitoring reports - Monthly contractor meetings - Third party management arrangements - Specialist Technical Leads nominated to each work stream - Asset Servicing Programme in place - Further oversight via property committee with agreed assurance reporting protocol in place should Key performance indicators fall below agreed targets for two consecutive months - Protocol being established to provide assurance re buildings with third party management

Area of risk	Possible causes	Potential consequences	Actions / control measures
Risk of Fizzy Property not being compliant	A failure to comply with legislative requirements and building regulations relating to the servicing or maintenance of assets associated with fire, electrical safety (no gas supplies), legionella (no asbestos), lifts and site safety or failure to maintain properties in a safe way Also failure to address fire risk assessment actions including fire stopping	Worst case scenario is death or injury Also potential for reputational damage and prosecution Increased operating costs could arise from poor compliance which may result in loss of income / profit and reduced attractiveness to investors	- Annual fire risk assessments performed by third party and actions followed up, with "red" items receiving immediate, urgent attention - Outsourced regular testing / servicing of lifts and plant, as well as periodic electrical and legionella testing also carried out by a third party - Compliance is monitored by the Operations team
Risk of information systems and data security being found wanting	Not having appropriate measures in place to ensure MTVH is protected against the misuse or unauthorised access to data	Possible adverse impacts on our financial and operational performance, as well as risks to our reputation Security breaches and / or GDPR breaches could lead to our systems being infected or stopped, as well as legal action and a regulatory downgrade	- Maintain up to date data protection and information management policies which can be adapted to mitigate new risks and maintain compliance - Mandatory information security training introduced - Implement robust tools to monitor security risks - Payment Card Industry assurance project underway to review options and implement controls - Data Protection Officer (DPO) to be recruited and a team in place to manage the end to end compliance of personal data - DPO (consultant) appointed - Strong relationship with the Information Commissioner - KPMG audit report: remediation works to be completed by close of Q1 2021, plan in place and resourced accordingly

Area of risk	Possible causes	Potential consequences	Actions / control measures
Risk to the home owner / leaseholder relationship	This could come about through increases in Service Charges due to any reforecasting through the Service Charge Pilot, compounded by the risk of Safer Buildings costs being passed on	This could result in dissatisfaction with MTVH's service, increased complaints and reputational damage	- A Service Charge project is underway to deliver more transparency around charges at unit / household level
Risk of being underprepared for situations outside of our control	An Inadequate disaster recovery plan or Ineffective business continuity plan could impede out ability to react to situations beyond our control	The inability to provide adequate services to our customers could result in financial, reputational, regulatory and / or legal implications	- IT Disaster Recovery Plan being developed as part of the 'Data centre and Disaster Recovery Strategy' - Working with a third party to incorporate industry best practices - Datacenter migration now complete - Company-wide Disaster Recovery Plan has been developed and our full business continuity plans and service restoration plans will be completed by April 2021. (This has been dependent on Right Side Up and Waterfront house programmes of work)

Area of risk	Possible causes	Potential consequences	Actions / control measures
Failure to have safe buildings for our residents and customers to live in	This could arise if any of our residential blocks did not meet the standards of Building Regulations or other regulations relating to building safety In particular, the Group is affected by evolving government policy, regulation and funding to meet new commitments in this area The UK built environment as a whole has an exposure to the costs of remediating legacy cladding and construction defects	Primarily this could create health and safety risks to occupants In addition there could be financial implications and investigations, as well as the need to implement mitigating measures and remediation works There is a potential reputational risk associated with resident safety, costs and EWS1 form implications There could be consequences (such as the suspension of our license to operate from regulators like the Health and Safety Executive and the Regulator of Social Housing) Legal implications include possible claims from residents and claims against developers / freeholders There is an additional risk of a loss of government support (such as a delay in meeting the deadline for the Safer Building Fund)	- A budget is in place for our Safer Buildings Department (SBD) which has developed a risk prioritisation based Intrusive survey programme - We own 73 blocks over 18m with no material cladding risks - We manage a further 26 blocks over 18m and we are aware of 12 of these where some ACM / HPL cladding is present and where we are in discussions with freeholders in relation to the remediation works required - With regard to other remediation actions required on our over-18m estate, we have included costs to remediate of £108m in our 10 year plan - Our risk profiling continues to evolve to reflect not only tenure, construction type, warranty date and survey results, but also to reflect government legislation and guidance - Our business plan includes a further £250m over a number of years to support a rolling programme of mitigation and remediation works on the under-18m estate - The SBD has also established a communications team to deal with the high level of leaseholder / customer correspondence

Area of risk	Possible causes	Potential consequences	Actions / control measures
Risks arising from poor quality IT	A failure to invest and keep up to date with IT could lead to unsatisfactory IT systems, a poor digital offer and poor data quality and availability	Operational effectiveness could be impacted and the Implementation of new services could be delayed We could experience prolonged business outages, significant disruption to service and segregated customer experience Poor decision-making resulting from the problems could lead to financial losses, reputational damage and regulatory intervention	- Business / department level Target Operating Model - Technology Strategy - Enterprise Architecture - Business reference model, data reference model and integrations - Plan(s) and budget - Continuous development - One version of good quality and accurate data stored in a system which facilitates easy retrieval and reporting
Risk of not meeting our de-carbonisation and sustainability targets	A failure to implement our stated sustainability strategy	This would result in regulatory and statutory penalties and more importantly, a failure to contribute to the climate challenge and achieve group Sustainability objectives would impact on our reputation Practical implications could include fuel poverty for residents living in heat inefficient properties We would see an increasing backlog of asset investment and increased operational costs which may result in negative impacts on key viability ratios (e.g. Social Housing Interest Cover)	- Energy Performance Certificate (EPC) certification for each property - Sustainability Action Plan monitors 59 targets - Ritterwald accreditation requires us to demonstrate auditable progress towards sustainability goals

Area of risk	Possible causes	Potential consequences	Actions / control measures
Risk of not delivering our Strategic Asset Management (SAM) plan	The failure to realise the strategic outcomes and financial income of the adopted Strategic Asset Management Plan could arise due to: - Asset Disposal Criteria - Safer Buildings - Strategic and Operational misalignment	Should strategic asset sales (void and tenanted) not come to fruition there would be a negative impact on our Business Plan There would be operational and efficiency impacts if distant stock remains within the business and we would see an increased investment in unviable properties	- Detailed SAM Plan which sets out exit locations and asset disposal criteria - 6 monthly review of Asset Disposal Criteria - Asset Review Group meets monthly (Customer Services, Property, Finance, Development) - Business Plan modelled on basis of 100 tenanted stock sales per annum on a neutral surplus position - Business Plan modelled on basis of 50 void sales per annum generating £5.75m surplus on sale
Risk of unsatisfactory customer experiences	Poor customer experiences could arise due to complex access arrangements as well as poorly defined approaches, roles and processes	This could lead to below-target levels of customer satisfaction and impact on our reputation	- Right Side Up Implementation Phase 1 (Empowering Futures and Service Development) - Phase 2 project to streamline and modernise approach, roles and process and create simplified access for customers

Top operational risks			
Area of risk	**Possible causes**	**Potential consequences**	**Actions / control measures**
Risks associated with Implementation of the new Building Safety Bill and adherence to prevailing fire regulations	The new Building Safety Bill is being introduced and there will be a requirement to comply fully with all legislation There is still uncertainty around future fire regulations and the impacts of any changes on existing buildings	We could risk prosecution or regulatory intervention due to non-compliance with new legislation and safer building regulator We could experience the Inability to sell / rent homes that are not built to any future / prevailing guidance Increased costs of operation arising from remediation costs may result in a negative impact on key viability ratios and our reputation	- Procedures aligned with golden thread gateways, with increased emphasis on third party assurance during development and remediation activity - Development quality assurance framework to be implemented 2021/22 - Utilise BIM where feasible to provide assurance - New local document filing systems being developed in advance of business-wide EDMS selection and implementation - Departmental operational structures being adapted to reflect changing needs - Risk-based programme of intrusive surveys to existing portfolio, to determine non-compliance, risk to occupants and development of remediation programmes - Review and structure historic as-built information and undertake Building Safety Case gap analysis

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.

Glossary

ASB – Antisocial Behaviour	GDPR – General Data Protection Regulation	
EWS1 – External Wall Standard form	PCI – Payment Card Industry	RSH – Regulator of Social Housing
HSE – Health and Safety Executive	RQA – Risk Quality Association	SHIC – Social Housing Interest Cover

Information and financial reporting systems

Our Financial Plan is monitored regularly by management, the Executive and the MTVH Board to ensure that the business remains financially healthy and that targets for financial growth and other objectives are met 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 2020/21 Plan was approved by the Board in September 2020 for submission to the Regulator and was reviewed and updated in May 2021. The Audit and 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 the discovery of any instances of fraud are 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 and associated procedure which encourages staff and others to express any serious concerns regarding suspected misconduct or malpractice going on within the organisation. Whistleblowing events are recorded and investigated and are reported to the Audit and Risk Committee. The whistleblowing policy was updated and approved by the Audit and 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, bribery and corruption prevention and detection and the management of conflicts of interests. Policies are periodically reviewed in accordance with a prescribed timetable.

Audit assurance

The internal audit function is outsourced and reports directly to the Chief Financial Officer 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 determined that MTVH has adequate resources to continue in operational existence for the foreseeable future, and therefore that the business is a going concern. 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 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 undertaken 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 MTVH comprises the Chair's foreword and Chief Executive's introduction, Chief Executive's strategic operational review, Chief Financial Officer's review, Value for Money statement, Section 172 statement, Environment and social value 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 Association will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Association 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 Group and the Association 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 Group and the Association'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 Group and the Association'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.

Grainia Long

Signed on behalf of the Board
Grainia Long
Chair
20 July 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METROPOLITAN HOUSING TRUST LIMITED

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 March 2021 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.

We have audited the financial statements of Metropolitan Housing Trust Limited ("the Trust") for the year ended 31 March 2021 which comprise the Trust statement of comprehensive income and expenditure, the Trust statement of cash flows, the Trust statement of changes in reserves 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions relating to going concern

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

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

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

Other information

The board are responsible for the other information. The other information comprises the information included in the [*annual report*], 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. Our responsibility is to read the other information [including the Strategic Report, Statement of Corporate Governance and Internal Controls (specify titles of other information if different and/or further sections)] 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 Report of the Board 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 board members responsibilities statement set out on page 62, 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 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Trust and the industry in which it operates and considered the risk of acts by the Trust that were contrary to applicable laws and regulations, including fraud. We considered the Trust's compliance with laws and regulations that have a direct impact on the financial statements such as the Co-operative and Community Benefit Societies Act 2014 (and related Directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations application to a registered social housing provider in England. We also considered the risks of non-compliance with the other requirements imposed by the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the Trust financial statements.
- We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

- Our understanding is that the most likely areas where management override could take place are the posting of journals and in the judgements and accounting estimates within the financial statements. We reviewed significant accounting estimates and judgements to ensure they were appropriate and we challenged assumptions made by management in their significant accounting estimates and judgements in particular in relation to the following:
  - Whether indicators of impairment exist
  - Recoverable amount of housing properties
  - Capitalisation of development costs
  - Appropriate allocation of costs between tenure types and between first and subsequent shared ownership tranches
  - Useful economic lives of housing property components
  - Assumptions used in pension valuations.
- We also obtained a complete list of journals and, using information gathered during the audit and our understanding of the group we target tested those journals and adjustments that we considered may be inappropriate or unusual using our data analytics tool.
- Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries of the Board and of management and enquiries of third parties, where information from that third party has been used by the Trust in the preparation of the financial statements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

DocuSigned by:
Philip Cliftlands
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Philip Cliftlands (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick

20 July 2021

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

	Note	2021 £'000	2020 £'000
Turnover	2	358,378	379,751
Cost of sales	2	(33,590)	(52,336)
Operating costs	2	(230,408)	(235,062)
Surplus on disposal of fixed assets	2 / 6	21,986	29,374
Adjusted operating surplus		**116,366**	**121,727**
Non-recurring costs	2	-	(2,268)
Operating surplus		**116,366**	**119,459**
Revaluation of investments	36	2,974	(456)
Interest receivable	7	7,556	9,018
Interest and finance costs	8	(75,859)	(79,393)
Movement in fair value of financial instruments	7	1,554	651
Movement in fair value of investment property	12	(5,806)	-
Surplus before tax		**46,785**	**49,279**
Taxation	11	-	-
Surplus for the year		**46,785**	**49,279**
Actuarial (loss) / gain on defined benefit pension scheme	24	(40,894)	33,540
Change in fair value of hedged financial instruments	8	8,717	(11,996)
Total comprehensive income / expenditure for the year		**14,608**	**70,823**

All amounts relate to continuing activities.

The notes on pages 70 to 109 form part of these financial statements.

Statement of financial position at 31 March 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible fixed assets			
Housing properties	12	4,341,113	4,207,669
Investment properties	12	60,905	66,464
Other tangible fixed assets	13	27,314	20,232
Total tangible fixed assets		**4,429,332**	**4,294,365**
Investments			
HomeBuy loans	14	138,538	147,859
Other investments	15	20,212	20,720
Investments in subsidiaries	32	50	50
Total fixed assets and investments		**4,588,132**	**4,462,994**
Current assets			
Stock	16	54,518	67,317
Debtors:	17		
- receivable within one year		48,618	180,786
- receivable after one year		78,210	141,242
Cash at bank and in hand		145,390	94,518
		326,736	**483,863**
Creditors: amounts falling due within one year	18	**(484,191)**	**(363,374)**
Net current (liabilities) / assets		**(157,455)**	**120,489**
Total assets less current liabilities		**4,430,677**	**4,583,483**
Creditors: amounts falling due after more than one year	19	1,969,985	2,185,299
Provision for liabilities	25	921	33
Pension liability	24	62,491	25,479
Capital and reserves			
Income and expenditure reserve		1,376,846	1,377,664
Restricted reserve		18,098	15,094
Revaluation reserve		1,035,450	1,021,745
		2,430,394	**2,414,503**
Cashflow hedge reserve		(33,114)	(41,831)
Total reserves		**2,397,280**	**2,372,672**
Total funding		**4,430,677**	**4,583,483**

The financial statements were approved and authorised for issue by the Board on 20 July 2021 and were signed on its behalf by:

Grainia Long — Ian Johnson — P.M. Etter

Grainia Long
Chair

Ian Johnson
Chief Financial Officer

Tish Etter Company
Secretary

The notes on pages 70 to 109 form part of these financial statements

Statement of cash flows for the year ended 31 March 2021

	31 March 2021 £'000	31 March 2020 £'000
Cash flows from operating activities		
Surplus for the year	46,785	49,279
Adjustment for:		
Surplus on disposal of fixed assets	(21,986)	(29,374)
Interest receivable	(7,556)	(9,018)
Interest and financing costs	75,859	79,393
Movement in fair value of financial instrument	(1,554)	(651)
Movement in fair value of investment property	5,806	-
Revaluation of investments	(2,974)	456
Depreciation	35,205	33,625
Amortised grant	(5,917)	(10,200)
Impairment	3,109	2,064
Decrease / (increase) in stock	12,523	(1,265)
Decrease in debtors	195,201	19,751
Increase / (decrease) in creditors	58,448	(29,040)
Increase / (decrease) in provisions	888	(935)
Decrease in pension liability	(3,882)	(4,954)
Proceeds from sale of properties as operating activities	47,935	66,909
Proceeds from sale of fixed asset investment as operating activities	15,456	16,896
Cash generated from operations	**453,346**	**182,936**
Tax paid	-	-
Net cash from operating activities	**453,346**	**182,936**
Cash flows from investing activities		
Purchase of property, plant and equipment	(195,449)	(212,636)
Capital contribution in the form of gift aid from parent	10,000	5,600
Purchase of other investments	(10,567)	(11,450)
Proceeds from the sale of other investments	-	(2,626)
Interest received	6,997	8,474
Dividend received	558	544
Net capital grants repaid	14,255	12,999
Net cash used in investing activities	**(174,206)**	**(199,095)**
Cash flows from financing activities		
Proceeds from borrowings	139,000	320,000
Repayment of borrowings	(288,325)	(313,386)
Capital element of finance lease payments	(30)	(29)
Interest paid	(82,495)	(87,033)
Debt issue costs incurred	3,582	(748)
Net cash used in financing activities	**(228,268)**	**(81,196)**
Net movement in cash and cash equivalents	**50,872**	**(97,355)**
Cash and cash equivalents bought forward	94,518	191,873
Cash and cash equivalents carried forward	**145,390**	**94,518**

The notes on pages 70 to 109 form part of these financial statements

	Income and expenditure reserve £'000	Cashflow hedge reserve £'000	Restricted reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 1 April 2020	**1,377,664**	**(41,831)**	**15,094**	**1,021,745**	**2,372,672**
Surplus for the year	46,785	-	-	-	**46,785**
Actuarial (loss) on defined benefit pension scheme	(40,894)	-	-	-	**(40,894)**
Change in fair value of hedged financial instruments	-	8,717	-	-	**8,717**
Other comprehensive income / (expense) for the year	(40,894)	8,717	-	-	**(32,177)**
Capital contribution in the form of gift aid from parent	10,000	-	-	-	**10,000**
Reserves transfers:					
Reserves transfer	(13,705)	-	-	13,705	**-**
Transfer of restricted income to restricted reserve	(28)	-	28	-	**-**
Revaluation of (loss) / gain to restricted reserve	(2,976)	-	2,976	-	**-**
Balance at 31 March 2021	**1,376,846**	**(33,114)**	**18,098**	**1,035,450**	**2,397,280**

	Income and expenditure reserve £'000	Cashflow hedge reserve £'000	Restricted reserve £'000	Revaluation reserve £'000	Total reserves £'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 1 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**

1a. Accounting policies

Legal status

Metropolitan Housing Trust Limited (MHT) 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 MHT 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 MHT management to exercise judgement in applying MHT'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 Board has assessed and approved a Group Financial Plan that evidences the immediate viability of MHT and the resilience of its long-term plan to stress.
MHT has available cash and borrowing facilities which are sufficient to meet its ongoing obligations for the next 2 years. With regard to the longer-term plan and the ability to meet loan agreement obligations, all covenants and liquidity requirements are met throughout the 10-year plan period. Consequently, the Board does not see a requirement to deviate from business as usual, however, will continue to monitor performance closely.
The Board therefore has a reasonable expectation that the MHT 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 MHT's financial statements.

Disclosure exemptions

The financial statements of MHT 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

MHT 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 MHT 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 MHT 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 income and expenditure reserve.

Valuation of investment properties

Investment properties are valued on an annual basis. Every 5 years valuations are carried out for commercial properties and market rental properties by a qualified RICS Chartered Surveyor. Otherwise, commercial properties are revalued internally based on the lease 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 about complex transactions or those involving uncertainty about future events. The items in the financial statements where these judgments and estimates and the effect of those judgements might have on the financial statements are discussed below.

i. Significant management judgements

MHT 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 MHT 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.

Allocation of costs for mixed tenure and shared ownership developments

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. For mixed tenure schemes costs to a specific tenure are allocated on a floor area or unit basis depending on the appropriateness to each development scheme.

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

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.

MHT 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.

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

MHT 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 £1,035k to the comprehensive income statement.

Useful economic life of other fixed assets

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

Furniture and equipment	5 years
IT equipment (from 01/01/2018)	5 years
IT equipment (until 31/12/2017)	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.

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

Recoverability of trade debtors

MHT 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 £322k.

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 2021 £'000	Cost of sales 2021 £'000	Operating costs 2021 £'000	Operating surplus / (deficit) 2021 £'000	Operating surplus / (deficit) 2020 £'000
Social housing activities					
Income and expenditure from lettings - note 3	286,571	-	(198,529)	**88,042**	**85,548**
Other social housing activities					
First tranche sales	38,471	(33,590)	(414)	**4,467**	**6,374**
Mortgage rescue	731	-	(272)	**459**	**307**
Qualifying charges donations	-	-	-	-	**3,597**
Supporting people	12,567	-	(10,333)	**2,234**	**304**
Community investment	317	-	(3,187)	**(2,870)**	**(2,757)**
Registered care homes	4,707	-	(4,099)	**608**	**(887)**
Other	1,135	-	(4,997)	**(3,862)**	**584**
Total other social housing activities	**57,928**	**(33,590)**	**(23,302)**	**1,036**	**7,522**
Non-social housing activities					
Market renting	3,029	-	(1,569)	**1,460**	**1,264**
Non-recurring costs	**-**	-	**-**	**-**	**(2,268)**
Other	10,850	**-**	(7,008)	**3,842**	**(1,981)**
Total non-social housing activities	**13,879**	**-**	**(8,577)**	**5,302**	**(2,985)**
Total	**358,378**	**(33,590)**	**(230,408)**	**94,380**	**90,085**
Surplus on RTB / RTA				**851**	**3,362**
Surplus on staircasing				**14,201**	**15,368**
Surplus on redemptions				**5,835**	**6,176**
Surplus on Other Fixed Assets				**1,099**	**4,468**
Surplus on disposal of fixed assets				**21,986**	**29,374**
Operating surplus				**116,366**	**119,459**

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 prior year. These related to pension disaggregation costs and a small amount of post-merger integration cost

	2021	2020
	£'000	£'000
	2021	2020
	£'000	£'000
Pension disaggregation s75 costs	-	2,159
Integration costs	-	109
	-	**2,268**

3. Particulars of income and expenditure from lettings

	General needs housing 2021 £'000	Supported housing 2021 £'000	Other housing provision 2021 £'000	LCHO 2021 £'000	Total 2021 £'000	Total 2020 £'000
Income from letting						
Rent receivable net of identifiable service charges	176,328	26,807	6,432	37,838	**247,405**	**239,256**
Service charges receivable	13,554	10,546	372	8,145	**32,617**	**32,071**
Net rental income	**189,882**	**37,353**	**6,804**	**45,983**	**280,022**	**271,327**
Amortised grant	934	60	-	4,923	**5,917**	**10,200**
Management fees	16	-	6	610	**632**	**621**
Total income from lettings	**190,832**	**37,413**	**6,810**	**51,516**	**286,571**	**282,148**
Expenditure on letting activities						
Service charge costs	26,252	9,593	1,553	9,165	**46,563**	**44,742**
Management	42,128	3,436	2,357	11,656	**59,577**	**56,427**
Routine maintenance	26,446	4,987	645	1,571	**33,649**	**34,356**
Planned maintenance	13,014	2,471	347	1,213	**17,045**	**12,918**
Major repairs	2,003	86	24	191	**2,304**	**5,172**
Bad debts	(1,234)	81	(10)	(126)	**(1,289)**	**4,408**
Lease charges	691	721	-	15	**1,427**	**1,584**
Depreciation	30,799	2,888	1,517	-	**35,204**	**33,625**
Accelerated depreciation	705	221	14	-	**940**	**2,604**
Impairment	-	-	-	3,109	**3,109**	**764**
Total expenditure	**140,804**	**24,484**	**6,447**	**26,794**	**198,529**	**196,600**
Surplus on social housing	**50,028**	**12,929**	**363**	**24,722**	**88,042**	**85,548**
Rent loss through voids	(1,404)	(2,157)	(653)	(20)	**(4,234)**	**(2,909)**

4. Housing units

	1 April 2020	Units developed or newly built units acquired 2021	Units sold / demolished 2021	Transfers and acquisitions from other Registered Providers 2021	Other movements 2021	31 March 2021
General needs rented housing – social	**27,371**	47	(56)	-	(5)	**27,357**
General needs rented housing – affordable	**1,857**	182	-	1	3	**2,043**
Housing for older people rented	**3,237**	-	-	-	(5)	**3,232**
Shared ownership	**8,406**	348	(248)	165	(40)	**8,631**
Supported rented – social	**2,478**	-	(30)	-	(19)	**2,429**
Supported rented – affordable	**22**	-	-	-	6	**28**
Total social housing – units	**43,371**	**577**	**(334)**	**166**	**(60)**	**43,720**
Intermediate rent	**173**	-	-	-	-	**173**
Keyworker accommodation	**925**	-	-	-	(1)	**924**
Total social housing - other	**1,098**	**-**	**-**	**-**	**(1)**	**1,097**
Market rent	**516**	-	(9)	-	(1)	**506**
Student accommodation	**499**	-	-	-	-	**499**
Rent to HomeBuy	**49**	-	-	-	-	**49**
Leaseholders	**6,599**	-	-	(105)	209	**6,703**
HomeBuy / MyChoice - HomeBuy	**3,294**	-	(207)	-	23	**3,110**
Total – other	**10,957**	**-**	**(216)**	**(105)**	**231**	**10,867**
Total	**55,426**	**577**	**(550)**	**61**	**170**	**55,684**

5. Operating surplus is stated after charging:

	2021 £'000	2020 £'000
Depreciation:		
Tangible fixed assets - housing properties (Note 12)	31,966	31,579
Other fixed assets (Note 13)	3,239	2,046
Accelerated depreciation on component - tangible fixed assets	940	2,878
Impairment	3,109	2,064
Operating leases charges:		
Offices	1,296	1,515
Leases non-buildings	164	123

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

6. Surplus on disposal of fixed assets

	2021 £'000	2020 £'000
RTB / RTA		
Disposal proceeds	2,827	11,804
Cost of sales	(1,435)	(6,251)
Recycled capital grant fund	(542)	(2,191)
	850	**3,362**
Staircasing		
Disposal proceeds	42,852	44,570
Cost of sales	(26,537)	(26,452)
Recycled capital grant fund	(2,113)	(2,750)
	14,202	**15,368**
Redemptions		
HomeBuy redemption income	15,456	16,896
HomeBuy redemption expense	(9,621)	(10,720)
	5,835	**6,176**
Surplus on other asset disposals		
Disposal proceeds	10,579	10,535
Cost of sales	(7,545)	(4,289)
Recycled capital grant fund	(1,935)	(1,778)
	1,099	**4,468**
Total surplus on disposal of fixed assets	**21,986**	**29,374**

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

	2021 £'000	2020 £'000
Interest received	43	459
Subsidiary companies	3,282	5,158
Interest receivable from joint ventures	303	358
Interest receivable from parent	3,181	2,201
Regeneration partners*	189	298
Dividend income**	558	544
	7,556	**9,018**

Movement in fair value of financial instruments

	2021 £'000	2020 £'000
Gain on fair value of hedged derivative instruments	1,554	651
	1,554	**651**

*Regeneration partners relates to interest receivable from Canalside Housing Partnership: a partnership between MHT and One Housing Group.

** 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 MHT, finance costs are capitalised during the period of construction (see Note 12). Interest is capitalised to developments costs using the weighted average cost of capital of 4.1% (2020: 4.3%). Capitalisation ceases on practical completion.

	2021 £'000	2020 £'000
Interest on loans repayable	76,397	79,674
Net interest on pension fund (Note 24)	523	1,359
Interest on finance leases	39	41
Interest on recycled capital grant fund (RCGF) (Note 21)	100	725
Less: interest capitalised	(6,536)	(6,915)
	70,523	**74,884**
Amortised loan fees and commitment fees	5,336	4,509
Total interest and finance costs	**75,859**	**79,393**
Change in fair value of hedged financial instruments	**8,717**	**(11,996)**

9. Employees

Short-term employee benefits are recognised as an expense in the period in which they are incurred. MHT 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 £1,217k (2020: £732k) and was accrued for.

Average monthly full-time equivalent number of employees

	2021	2019
	Number	**Number**
Senior Managers and Executives	5	5
Office staff	1,032	917
Scheme staff	420	398
	1,457	**1,320**

Staff costs (for employees above):

	2021	2020
	£'000	**£'000**
Wages and salaries	55,844	44,086
Social security costs	4,927	4,285
Pension costs	2,660	2,291
Staff costs	**63,431**	**50,662**

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

			2021	2020
			Number	**Number**
£60,001	-	£70,000	41	38
£70,001	-	£80,000	21	12
£80,001	-	£90,000	24	22
£90,001	-	£100,000	13	11
£100,001	-	£110,000	6	7
£110,001	-	£120,000	3	2
£120,001	-	£130,000	4	2
£130,001	-	£140,000	3	2
£140,001	-	£150,000	3	4
£160,001	-	£170,000	2	2
£170,001	-	£180,000	-	1
£180,001	-	£190,000	-	2
£210,001	-	£220,000	1	-
£230,001	-	£240,000	1	-
£240,001	-	£250,000	2	-
£250,001	-	£260,000	1	1
£260,001	-	£270,000	-	1
£280,001	-	£290,000	1	-
			126	**107**

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. MHT does not make any further contribution to an individual pension arrangement for the Chief Executive.

	2021 Gross pay £'000	2021 Pension £'000	2021 Total £'000	2020 Total £'000
The aggregate emoluments payable to directors	1,139	49	**1,179**	**1,448**
Chief Executive who was also the highest paid director	303	-	**303**	**329**

The Chief Executive is not a member of any of the Group's pension schemes and there are no special arrangements in place relating to pensions in respect of the Chief Executive.

Board members and other committees

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

	2021 Attendance Group Board	2021 Attendance of other committees and Board	2021 Salary £	2021 Expenses £	2020 Salary £	2020 Expenses £
Jerry Piper [1]	8 (100%)	5 (100%)	9,375	238	12,500	437
Michael Dunn [2]	10 (100%)	12 (100%)	14,000	-	14,000	9,211
Paula Kahn		-	-	-	27,500	-
Stuart Beevor [1]	8 (100%)	7 (100%)	9,625	103	14,000	588
Lesley-Anne Alexander	10 (100%)	10 (100%)	14,000	-	14,000	-
Grainia Long	8 (80%)	9 (100%)	15,000	-	15,000	1,246
Paul Bridge [4]	5 (71%)	2 (100%)	6,250	-	12,500	-
Kathryn Davis [1]	8 (100%)	7 (83%)	10,500	-	14,000	195
Ingrid Reynolds	9 (90%)	13 (100%)	15,375	-	12,500	126
Althea Efunshile [5]	10 (100%)	4 (100%)	32,780	-	2,500	-
Gurpreet Gujral [6]	9 (90%)	6 (67%)	12,500	-	-	-
Tania Brisby [7]	3 (100%)	6 (100%)	6,613	-	-	-
Davinder Dhillon [8]	2 (100%)	2 (100%)	5,918	-	-	-
Nigel Ingram [8]	2 (100%)	2 (100%)	7,700	-	-	-
Ofei Kwafo-Akoto [8]	2 (100%)	2 (100%)	6,821	-	-	-
Brian Hendon [3]	-	-	-	-	7,292	287
			166,457	**341**	**145,792**	**12,090**

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 2020.

[1] Retired 31 December 2020. [2] Expenses for 2020 includes some expenses relating to 2019 paid in 2020.
[3] Retired 31 October 2019. [4] Retired 30 September 2020. [5] Appointed 1 March 2020.
[6] Appointed 29 March 2020. [7] Appointed 1 October 2020. [8] Appointed 1 January 2021

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 MHT 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 MHT anticipates making sufficient taxable surpluses in the future to absorb the reversal of the underlying timing differences.

	2021 £'000	2020 £'000
UK corporation tax	-	-
Tax on surplus on ordinary activities	**-**	**-**

	2021	2020
Reconciliation of current tax	**£'000**	**£'000**
Surplus on ordinary activities before tax	46,785	49,279
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	8,889	9,363
Surplus covered by charitable exemption	(8,889)	(9,363)
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
Roofs (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 MHT'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. MHT 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 statement of comprehensive income 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.

Normally, the Group would carry out an internal desktop valuation using Office of National Statistics data to determine the fair value of its investment properties. The indexation rate is usually based on statistical data from the Office for National Statistics (ONS).

At 31 March 2021 valuations were carried out for commercial properties and market rental properties by a qualified RICS Chartered Surveyor. Valuations have been prepared in accordance with the latest edition of the RICS “Red Book” published by the Royal Institution of Chartered Surveyors.

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 MHT 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 MHT 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.

MHT 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)

MHT 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 for completed housing properties in the year amounted to £7.6m (2020: £6.5m)

Capitalised interest

Additions to housing properties in the course of construction during the year included capitalised interest of £3.8m (2020: £6.9m). The weighted average cost of capital was 4.1% (2020: 4.3%). The aggregate amount capitalised is £119.7m (2019: £113.2m).

Properties held for security

MHT had property with a net book value of £2,665m pledged as security at 31 March 2021 (2020: £2,587m).

Freehold / leasehold

MHT held long leasehold and freehold housing properties at the following net book value (2020: £nil).

	2021 £'000	2020 £'000
Long leasehold	446,784	438,689
Freehold	3,955,234	3,835,444
	4,402,018	**4,274,133**

MHT does not have any short leasehold Property, Plant and Equipment at the statement of financial position date.

Finance leases

The net carrying amount of assets held under finance leases included in plant and machinery is £529k (2020: £558k).

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 MHT. The remaining lease term is 11 years as at 31 March 2021. The future minimum finance lease payments are disclosed in note 29.

12. Fixed assets – housing properties (continued)

MHT housing properties	Housing properties under construction		Completed housing properties					
	Letting £'000	Shared ownership £'000	Letting £'000	Shared ownership £'000	Community £'000	Housing properties £'000	Investment properties £'000	Total £'000
Cost/ value								
At 1 April 2020	**183,072**	**108,655**	**3,280,828**	**798,540**	**1,948**	**4,373,043**	**66,464**	**4,439,507**
Schemes completed in year	(53,408)	(69,617)	53,408	69,617	-	-	-	**-**
Transfer from subsidiary	-	-	196	30,037	-	30,233	-	**30,233**
New developments	76,839	47,947	-	-	-	124,786	-	**124,786**
Replacement of components	1,413	-	40,351	-	-	41,764	189	**41,953**
Other additions	1,262	-	-	1,776	-	3,038	58	**3,096**
Revaluations	-	-	-	-	-	-	(5,806)	**(5,806)**
Disposals	-	-	(10,616)	(26,170)	-	(36,786)	-	**(36,786)**
At 31 March 2021	**209,178**	**86,985**	**3,364,167**	**873,800**	**1,948**	**4,536,078**	**60,905**	**4,596,983**
Depreciation								
At 1 April 2020	**-**	**-**	**158,776**	**-**	**87**	**158,863**	**-**	**158,863**
Charge for year	-	-	31,941	-	25	31,966	-	**31,966**
Eliminated on disposal	-	-	(3,468)	-	-	(3,468)	-	**(3,468)**
At 31 March 2021	**-**	**-**	**187,249**	**-**	**112**	**187,361**	**-**	**187,361**
Impairment								
At 1 April 2020	**2,173**	**3,425**	**787**	126	**-**	**6,511**	**-**	**6,511**
Impairment charged / (reversed) to income and expenditure	2,222	1,399	(787)	-	-	2,834	-	**2,834**
Released on disposals	(1,741)	-	-	-	-	(1,741)	-	**(1,741)**
At 31 March 2021	**2,654**	**4,824**	**-**	**126**	**-**	**7,604**	**-**	**7,604**
Net book value								
At 31 March 2021	**206,524**	**82,161**	**3,176,918**	**873,674**	**1,836**	**4,341,113**	**60,905**	**4,402,018**
At 31 March 2020	180,899	105,230	3,121,265	798,414	1,861	4,207,669	66,464	4,274,133

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 01/01/2018)	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. Impairment of other fixed assets charged during the year is £nil (2020: £1,300k)

	Offices £'000	**Furniture and equipment £'000**	**Computer £'000**	**Total £'000**
Cost				
At 1 April 2020	**16,465**	**5,450**	**16,916**	**38,831**
Additions	3,174	204	6,943	**10,321**
Disposals	-	(166)	-	**(166)**
At 31 March 2021	**19,639**	**5,488**	**23,859**	**48,986**
Accumulated depreciation				
At 1 April 2020	**2,723**	**4,004**	**10,572**	**17,299**
Depreciation charge	656	417	2,166	**3,239**
Disposals	-	(166)	-	**(166)**
At 31 March 2021	**3,379**	**4,255**	**12,738**	**20,372**
Impairment				
At 1 April 2020	1,300	-	-	**1,300**
At 31 March 2021	**1,300**	**-**	**-**	**1,300**
Net book value				
At 31 March 2021	**14,960**	**1,233**	**11,121**	**27,314**
At 31 March 2020	**12,442**	**1,446**	**6,344**	**20,232**

14. HomeBuy loans

HomeBuy
Under the HomeBuy scheme and the Key Worker Living Initiative, MHT 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, MHT has issued interest-bearing loans representing a percentage of the open market purchase price of the properties. Half of these loans are funded from MHT'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 2020	**147,859**
Redemption	(9,568)
Loans previously redeemed	247
Balance at 31 March 2021	**138,538**

HomeBuy loans have been classified as concessionary loans in line with FRS 102 section 34 as MHT is a PBE. HomeBuy loans are receivables to MHT.

15. Other investments

	2021	2020
	£'000	£'000
Bond securities	2,281	2,280
Other investments	2,495	3,004
Bank deposits	15,436	15,436
	20,212	**20,720**

Loan related sinking funds of £6,178k (2020: £6,684k) 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. Assessments are made of recoverability using the same criteria described in the housing properties impairment policy above.

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. An impairment charge of £275k (2020: £757k) for the trust is included in the period under review.

The stock figure below includes capitalised interest of £2.7m (2020: £2.1m).

	2021	2020
	£'000	£'000
Work in progress, Shared ownership	31,175	44,781
Completed properties, Shared ownership	19,843	20,536
Land held for sale	3,500	2,000
	54,518	**67,317**

None of the stock has been pledged as collateral against borrowing by MHT (2020: £Nil). An impairment charge of £Nil (2020: £Nil) for MHT is included in stock in the period under review. Stock recognised in cost of sales as an expense was £33.6m (2020: £52.3m).

17. Debtors

	2021	2020
	£'000	£'000
Due within one year:		
Rental debtors	24,592	25,251
Less: bad debt impairment	(7,520)	(9,577)
Net rental debtors	**17,072**	**15,674**
Amounts due from other group companies	1,486	144,489
SHG receivable	-	643
Prepayments and accrued income	11,860	5,864
Taxation debtor	-	-
Other debtors	18,200	14,116
	48,618	**180,786**
Due after more than one year		
Intercompany loan due from subsidiary undertaking	72,710	129,100
Staff loans	32	77
Other debtors	5,468	12,065
	78,210	**141,242**

18. Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Debt (Note 23)	159,801	111,006
Trade creditors	11,977	12,268
Amounts due to parent	80,071	25,843
Amounts due to subsidiary undertakings	10,303	5,141
Amounts owed in respect of housing properties	18,077	19,463
Other taxation and social security	3,726	1,728
Other creditors	28,400	28,382
Obligations under finance leases (Note 29)	33	30
Accruals and deferred income	58,663	60,148
Recycled Capital Grant Fund (Note 21)	89,462	71,899
Derivative financial instruments	1,527	-
Rent and service charge paid in advance	16,234	17,403
Deferred government grant (Note 20)	5,917	10,063
	484,191	**363,374**

19. Creditors: amounts falling due after one year

	2021 £'000	2020 £'000
Debt (Note 23)	1,290,927	1,488,204
Corporate bond (Note 23)	255,864	256,100
Derivative financial instruments	47,724	59,522
Obligations under finance leases (Note 29)	496	528
Amounts owed in respect of housing properties under development	1,806	2,587
Recycled Capital Grant Fund (Note 21)	35,948	42,146
Other creditors	-	11
Deferred government grant (Note 20)	337,182	336,163
Intercompany payable	38	38
	1,969,985	**2,185,299**

20. Deferred government grant (DGG)

	2021 £'000	2020 £'000
At 1 April	**346,226**	**362,202**
Net SHG	12,585	4,177
Movement in other creditors	943	
Movement in RCGF	(3,699)	(9,953)
HomeBuy utilised	(7,039)	-
Amortised in current year	(5,917)	(10,200)
At 31 March	**343,099**	**346,226**
Due in one year	5,917	10,063
Due after one year	337,182	336,163
	343,099	**346,226**

21. Recycled capital grant fund (RCGF)

	2021 £'000	2020 £'000
At 1 April	**114,045**	**95,062**
Utilised on new build	(4,280)	(1,371)
HomeBuy	7,264	6,350
Recycled from DGG	3,699	6,559
Recycled from reserves	4,582	6,720
Interest accrued	100	725
At 31 March	**125,410**	**114,045**
RCGF creditor falling due in one year	89,462	71,899
RCGF creditor falling due after one year	35,948	42,146
	125,410	**114,045**

We recognise and recycle the use of Recycled Capital Grant in accordance with guidance from Homes and Communities Agency and Greater London Authority.

22. Disposal proceeds fund (DPF)

	2021 £'000	2020 £'000
At 1 April	**-**	**943**
Transfer to other creditors	-	(943)
At 31 March	-	**-**

The use of the disposal proceeds fund has been discontinued and was transferred to other creditors in the prior year.

23. Debt analysis

	2021	2020
Loans	**£'000**	**£'000**
Within one year	159,801	111,006
Between one and two years	26,760	154,066
Between two and five years	225,804	218,910
In more than five years	1,294,227	1,371,328
	1,706,592	**1,855,310**

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 0.2% to 12% (2020: 1.4% to 12%).

MHT had undrawn loan facilities of £680m (2020: £544m).

Obligations under finance leases are disclosed in Note 29.

24. Pensions

MHT participates in two funded schemes, the Metropolitan Thames Valley 2019 Pension Scheme and the Nottinghamshire County Council Local Government Pension Scheme (Notts LGPS).

During the period, MHT also participated in a defined contribution scheme, the Flexible Retirement Plan. Members of the scheme were notified in February 2021 that the assets were being transferred from the Flexible Retirement Plan to the MTVH DC Scheme, which is under the control of a new trustee. The transfer was completed in April 2021.

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 MHT 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

The scheme was established on 26 June 2019 and provides benefits that were originally accrued in the Pensions Trust – Social Housing Pension Scheme (SHPS) which were subsequently transferred to the scheme on 4 October 2019. The scheme is closed to new members and is not open to accrual, although some members retain a salary-link on some of their benefits.

On 28 February 2020 the Scheme completed its 2020 triennial valuation.

The Nottinghamshire County Council Pension Fund (Notts LGPS)

The Notts LGPS is 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.

24a. The MTVH Scheme

The calculations have been performed in a manner compliant with the requirements of FRS 102.

The liabilities in respect of the Scheme at 31 March 2021 have been calculated using the projected unit method and by rolling forward the results of the 28 February 2020 technical provisions using actuarial techniques, allowing for cashflows and interest over the period, and differences between the assumptions used to set the technical provisions and those selected for accounting under FRS 102.

24a. The MTVH Scheme (continued)

It is important to note that the estimated liability will not reflect all differences in demographic experience since the triennial valuation date from that assumed. However, we are satisfied that this approach should not introduce any material distortions provided that the actual experience has been broadly in line with the assumptions, and that the structure of the liabilities is not materially different from the triennial valuation date.

This method will not produce identical results to those which would be obtained by performing a full valuation at 31 March 2021. However, FRS 102 allows 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

	2021	**2020**
Discount rate	2.00%	2.22%
RPI assumption	3.28%	2.56%
CPI assumption	2.68%	1.56%
Salary growth	2.50%	2.56%

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Years
Male (current age 45)	88.2
Male (current age 65)	86.9
Female (current age 45)	90.2
Female (current age 65)	89.1

Net present value of pension liability

	2021	**2020**
	£'000	**£'000**
Fair value of plan assets	156,574	139,825
Present value of defined benefit obligation	(213,041)	(160,458)
Deficit in plan	**(56,467)**	**(20,633)**

24a. The MTVH Scheme (continued)

Reconciliation of opening and closing pension liability

	2021	2020
	£000	£000
At 1 April	**160,458**	**195,023**
Settlement cost upon transfer	-	(4,006)
Interest expense	3,519	4,085
Past service cost	-	10,219
Actuarial loss due to scheme experience	5,693	6,681
Actuarial loss / (gain) due to changes in demographic assumptions	3,002	(5,645)
Actuarial loss / (gain) due to changes in financial assumptions	44,323	(42,302)
Benefits paid	(3,954)	(3,597)
At 31 March	**213,041**	**160,458**

Reconciliation of opening and closing pension assets

	2021	2020
	£000	£000
At 1 April	**139,825**	**134,128**
Settlement cost upon transfer	-	(3,886)
Interest income	3,109	2,799
Contributions by employer (Section 75 debt)	-	3,954
Additional assets acquired in respect of past service cost	-	8,140
Experience on plan assets excluding interest income	13,214	(6,087)
Contributions by the employer	4,646	4,600
Administration expenses	(266)	(226)
Benefits paid	(3,954)	(3,597)
At 31 March	**156,574**	**139,825**

24a. The MTVH Scheme (continued)

Statement of Comprehensive Income impact

	2021 £'000	2020 £'000
Expenses	266	226
Net interest expense	410	1,286
Past service cost	-	2,079
Settlement cost upon transfer	-	(120)
	676	**3,471**

Other Comprehensive Income impact

	2021 £'000	2020 £'000
Return on plan assets in excess of interest income	13,214	(6,087)
Actuarial loss on experience adjustment	(5,693)	(6,681)
Actuarial loss on demographic assumptions	(3,002)	5,645
Actuarial loss on financial assumptions	(44,323)	42,302
	(39,804)	**35,179**

Assets Analysis

	2021 £'000	2020 £'000
Diversified growth	27,355	27,744
Equity linked bonds	35,785	16,660
Absolute Return	40,994	14,643
Alternative Risk	16,941	8,749
Liability Driven Investment	33,246	23,178
Net Current Assets	2,253	48,850
Total assets	**156,574**	**139,824**

24b. 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 Group. 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 2021, 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.

24b. The Nottinghamshire County Council Pension Fund (Notts LGPS) (continued)

Assumptions

	2021	2020	2019
Discount rate	2.00%	2.35%	2.40%
Pension increases	2.85%	1.95%	2.40%
Salary increases	3.85%	2.95%	3.90%

Net pension liability

	31 March 2021 £'000	31 March 2020 £'000
Present value of defined benefit obligation	14,287	11,726
Fair value of fund assets (bid value)	(8,263)	(6,880)
Net liability in balance sheet	**6,024**	**4,846**

Impact on income and expenditure

	2021 £'000	2020 £'000
Service cost	118	149
Net interest on the defined liability	113	73
Administration expenses	3	3
Total	**234**	**225**

Re-measurement in other comprehensive income

	2021 £'000	2020 £'000
Return on fund assets in excess of interest	1,328	(883)
Other actuarial losses on assets	-	(21)
Change in financial assumptions	(2,714)	963
Change in demographic assumptions	124	104
Experience gain / (loss) on DB obligation	172	(1,802)
Re-measurement of net assets / (defined liability)	**(1,090)**	**(1,639)**

Reconciliation of opening and closing assets

	2021 £'000	2020 £'000
Opening fair value of scheme assets	6,880	7,749
Interest on assets	160	184
Return on assets less interest	1,328	(883)
Administration expenses	(2)	(3)
Actuarial loss	-	(21)
Contribution by employer including unfunded benefits	146	95
Contributions by scheme participants	23	22
Estimated total benefits paid (net of transfer in)	(272)	(263)
Fair value of scheme assets at end of period	**8,263**	**6,880**

24b. The Nottinghamshire County Council Pension Fund (Notts LGPS) (continued)

Reconciliation of opening and closing obligations

	2021 £'000	2020 £'000
Opening defined benefit obligation	11,726	10,827
Service cost	119	138
Interest cost	273	257
Change in financial assumptions	2,714	(963)
Change in demographic assumptions	(124)	(104)
Experience loss / (gain) on defined benefit obligation	(172)	1,802
Estimated funded benefits paid (net of transfers in)	(272)	(263)
Past service costs, including curtailments	-	10
Contributions by scheme participants	23	22
Closing defined benefit obligation	**14,287**	**11,726**

Projected pension expenses for year to 31 March 2022

	2022 £'000	2021 £'000
Service cost	157	122
Net interest on the defined liability	119	113
Administration expense	4	3
Total loss	**280**	**238**
Employer contributions	148	79

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.

MHT 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 statement of comprehensive income and expenditure date.

	Re-structure provisions £'000	Allpay provision £'000	Total £'000
Opening balance at 1 April 2020	**32**	**1**	**33**
Additions	921	-	**921**
Amounts used	(32)	(1)	**(33)**
Balance at 31 March 2021	**921**	**-**	**921**

26. Share capital

	2021 Number £	2020 Number £
Opening balance	11	11
Shares issued during year	4	2
Shares cancelled during year	(4)	(2)
Closing balance	**11**	**11**

The nominal value of a share is £1.

27. Capital commitments

	2021 £'000	2020 £'000
Capital expenditure that has been contracted for	314,532	285,177
Capital expenditure that has been authorised by the Board but has not yet been contracted for	242,328	480,409
	556,860	**765,586**
MHT expects to finance the above commitments by:		
Social housing grant receivable	18,964	61,247
Loan facilities	478,617	505,287
Shared ownership first tranche sales and other trading cash flows	59,279	199,052
	556,860	**765,586**

The amount contracted for at 31 March 2021 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.

MHT 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

MHT 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. MHT has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2021, the value of grant received in respect of these properties that had not been disposed of was £1,248m (2020: £1,246m).

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

29. Leasing commitments

Leases

The future minimum lease payments are set out below.

The group's future minimum finance lease payments are as follows:

	2021 £'000	2020 £'000
Within one year	33	30
Between one to five years	157	146
In more than five years	338	382
	528	**558**

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 Group. 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.

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 MHT. All other leases are classified as operating leases.

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 MHT'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:

	2021 Land and buildings £'000	2021 Other £'000	2020 Land and buildings £'000	2020 Other £'000
Less than one year	1,109	665	1,178	747
Between one to five years	3,984	267	4,629	843
More than five years	2,336	-	3,269	-
	7,429	**932**	**9,076**	**1,590**

29. Leasing commitments (continued)

The future minimum operating lease receivables are as follows:

	2021	2021	2020	2020
	LCHO	Commercial	LCHO	Commercial
	£'000	£'000	£'000	£'000
Less than one year	36,037	1,361	19,224	694
Between one to five years	127,784	4,497	68,168	2,208
More than five years	369,472	4,684	178,307	1,839
	533,293	**10,542**	**265,699**	**4,741**

30. Related parties

MHT 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 there are three options for accounting for financial instruments and they are: applying the recognition, de-recognition and measurement requirements of IFRS 9 or FRS 102 sections 11 and 12. MHT elected to apply FRS 102 sections 11 and 12. On intercompany loans and staff loans MHT has applied FRS 102 section 34 as it is a public benefit 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 MHT, 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 MHT 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 statement of comprehensive income 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 MHT'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.

MHT has also identified some investments, which meet the definition of cash and cash equivalents but are restricted in their use; these investments have been classified as restricted cash equivalents.

Derivative instruments and hedge accounting
MHT holds floating rate loans which expose MHT to interest rate risk: to mitigate against this risk MHT uses interest rate swaps.

31. Financial instruments (continued)

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.

MHT 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.

Concessionary loans

Concessionary loans are those loans made or received by MHT that are made:

- To further its public benefit objectives,
- At a rate of interest which is below the prevailing market rate of interest,
- 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)

MHT 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 2021 (2020: £139m) with interest rates ranging between 2.4% and 5.7% (2020: 3.3% and 5.7%) and maturities between 10 and 27 years (2020: 11 and 28 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 2021 was £57.3m (2020: £71.7m). This liability is secured with property charged to the counterparty or with cash deposits. As at 31 March 2021 MHT had £12.5m (2020: £12.5m) in cash lodged to cover this liability with the remaining balance being covered by credit limits or property pledged.

Any future change in the LIBOR and / or RPI forward swap curves will result in a change to the fair value of our derivative financial instruments. An adverse movement in the forward swap curves will result in an increase to the current level of liability. An adverse move would also lead to further cash or property being required to be pledged with the derivative counterparties.

The fair values of all of MTVH’s standalone swaps are shown on the statement of comprehensive income 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 Refinitiv 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
- 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

31. Financial instruments (continued)

Restricted cash and cash equivalents

As at 31 March 2021, £42.7m (2020: £37.1m) 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.

	2021 £'000	2020 £'000
Financial assets measured at historical cost		
Trade receivables	17,072	15,674
Other receivables	35,560	32,765
Investments	20,212	20,720
Investments in subsidiaries	50	50
Cash and cash equivalents	145,390	94,518
	218,284	**163,727**
Financial assets that are equity instruments measured at cost less impairment		
Concessionary loans receivable	138,538	147,859
	356,822	**311,586**
Financial liabilities measured at fair value through profit and loss:		
Derivative financial instruments	49,251	59,522
Financial liabilities measured at amortised cost		
Loans	1,706,592	1,855,310
Trade creditors	11,977	12,268
Other creditors	704,361	621,015
Financial leases	529	558
	2,423,459	**2,489,151**

32. Subsidiaries

The following managed undertakings are subsidiaries by virtue of either ownership of their share capital or the ability of MHT 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

MHT 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 2021 charges applied for these services to private subsidiaries is as follows:

	2021 £'000	2020 £'000
EM Property Service Limited (Metworks)	411	365

MHT 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)

MHT 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:

	2021 £'000	2020 £'000
Canalside	414	414

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

		1 Apr 2020 £'000	Movement £'000	31 Mar 2021 £'000
MF Plc	MHT	257,532	(293)	257,239

At the reporting date MHT had granted a loan to MLL (a 100% owned subsidiary).

		1 Apr 2020 £'000	Movement £'000	31 Mar 2021 £'000
MHT	MLL	129,100	(56,390)	72,710

MHT has also granted a loan to Thames Valley Housing Association Limited (the immediate and ultimate parent undertaking). The loan is repaid during the year. MHT owes £80,071 to the parent company at the year end.

		1 Apr 2020 £'000	Movement £'000	31 Mar 2021 £'000
MHT	TVH	102,668	(182,739)	(80,071)

MHT was charged £10.0m interest by MF Plc for the intercompany loan (2020: £10.0m). As at 31 March 2021, the loan was £257.2m (2020: £257.5m).

TVH paid gift aid of £10m to MHT. MHT was not a subsidiary of TVH in the prior year as this was before the transfer of engagement; therefore, the comparative for 2020 was £5.6m.

MHT has made the following investment in its subsidiary MF Plc

	2021 £'000	2020 £'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 2021.

34. Prior year adjustments

Amendments in the FRS102 triennial review 2017 resulted in a £62.1m reduction in the amortised carrying value of a lender option borrower option (LOBO) loan recognised as a prior year increase in opening reserves at 1 April 2019. While there was no change of accounting treatment as a result of the triennial review, clarification that had always existed in the standard was introduced.

Application of FRS102 paragraphs 2.23 and 6.3 resulted in a change in accounting policy, requiring the credit of charitable donations received from parent company TVH directly to the Statement of changes in reserves and not passing through the Statement of comprehensive income and expenditure. The restatement at 1 April 2019 amounted to £8,396k.

There are no prior year adjustments for the period under review.

35. Subsequent events

There are no subsequent events to note.

36. Capital and reserves

The revaluation reserve has been increased by £13.7m during the year due to revaluation (total reduction of £1.6m in 2020 due to disposals).

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 an upward revaluation of the Migration Foundation and other shares held in this of £2,974k (2020: downward revaluation £456k).

37. Government grants

Government grants included in the Statement of Financial Position:

	2021 £'000	2020 £'000
Other fixed assets		
Creditors due within one year:		
Recycled Capital Grant Fund	(89,462)	(71,899)
Disposal Proceeds Fund	-	(932)
Deferred government grant	(5,917)	(10,063)
Creditors due after one year:		
Recycled Capital Grant Fund	(35,948)	(42,146)
Disposal Proceeds Fund	-	(11)
Deferred government grant	(337,182)	(336,163)
Reserves:		
Income and expenditure reserve	(1,376,846)	(1,377,664)
	(1,845,355)	**(1,838,878)**

38. Reconciliation of net cash flow to movements in debt

	2021 £'000	2020 £'000
Change in cash	**50,872**	**(97,355)**
Cash flow from debt	148,718	(5,866)
Cash flow from finance leases	30	29
Changes in net debt	**148,748**	**(5,837)**
Net debt at 1 April	(1,761,350)	(1,658,158)
Net debt at 31 March	**(1,561,730)**	**(1,761,350)**

Analysis of net debt

	31 March 2020 £'000	Cash flow £'000	31 March 2021 £'000
Cash in hand and bank	**94,518**	**50,872**	**145,390**
Cash flow from debt	(1,855,310)	148,718	(1,706,592)
Cash flow from finance leases	(558)	30	(528)
	(1,855,868)	**148,748**	**(1,707,120)**
	(1,761,350)	**199,620**	**(1,561,730)**