



SAXON WEALD

Great homes, building futures

GROUP ANNUAL REPORT & FINANCIAL STATEMENTS

for the year ended 31 March 2020

Saxon Weald is a Community
Benefit Society registered
with the Financial Conduct
Authority Number 7971

Registered with the
Regulator of Social Housing
number L4299

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Board, Executive Directors and Advisers

The Board

Members of the Board of Saxon Weald who served throughout the year, unless otherwise shown were:

	Board Member	Committee Membership at 31 March 2020
EM	Steven Dennis	
T	Adrian Hall	Asset Management & Development, Remuneration and Emergency Committees
EM	Norman Hill BSc Econ (Hons), FCPFA (resigned 31 March 2020)	
EM	Michael Chinn FCCA, CPFA (appointed 30 March 2020)	Company Secretary
T	Debbie Joseph BSc (Hons), PGCE	Audit & Risk and Remuneration Committees
T	Martin Loates (to 16 September 2019)	
I	Charlotte Moore B.Eng (Hons), C.Eng, MBA(MSc) (Vice Chair)	Asset Management & Development (Chair) and Emergency Committees
I	Richard Perry (to 16 September 2019)	
I	Mark Slater JP, AIEMA	Audit & Risk Committee and Remuneration Committee (Chair), Board Cyber Security Lead
I	Richard Stevens FCA	Audit & Risk (Chair) and Emergency Committees
I	Simon Turpitt (Chair)	Asset Management & Development Committee and Emergency Committee (Chair)
I	Stephanie White MBA (Vice Chair) (to 31 January 2020)	
I	Michael Meanley BSc (appointed 1 January 2020)	Audit & Risk and Asset Management & Development Committees
I	Helen Tumminello (appointed 1 January 2020)	Remuneration and Emergency Committees

T = Tenant Member
 I = Independent Member
 EM = Executive Member of the Board

Registered Office

Saxon Weald House, 38-42 Worthing Road
 Horsham, West Sussex RH12 1DT

The Executive Directors

The Executive Directors of Saxon Weald who served during the year are as follows:

Steven Dennis

Chief Executive

Kath Hicks BSc (Hons)

Executive Director - Customer Experience

Norman Hill BSc Econ (Hons), FCPFA

Executive Director – Resources (to 31 March 2020)

Michael Chinn FCCA, CPFA

Executive Director - Resources (from 30 March 2020)

The Executive Team has three members. These are the Chief Executive, Executive Director – Customer Experience and the Executive Director – Resources. The Executive Team is supported by eight assistant directors who take the lead in their area of responsibility.

External Auditor

RSM UK Audit LLP

Abbotsgate House,
Hollow Road, Bury St Edmunds,
Suffolk IP32 7FA

Internal Auditor

TIAA Ltd

Artillery House, Fort Fareham,
Newgate Lane, Fareham
PO14 1AH

Main Bankers

National Westminster Bank Plc

47 Carfax, Horsham,
West Sussex RH12 1FD

Solicitors

Trowers & Hamlins

3 Bunhill Row,
London EC1Y 8YZ

Capsticks

Staple House,
Staple Gardens
Winchester SO23 8SR

TLT Solicitors

One Redcliffe Street,
Bristol BS1 6TP

Strategic Report Incorporating the Operating and Financial Review

The strategic report incorporates the operating and financial review and a section on value for money.

Saxon Weald's main accounting policies are set out on pages 44 to 51 of the financial statements.

Business Model and Activities

Saxon Weald is Community Benefit Society.

Saxon Weald has eight shareholders (all non-executive Board members) issued with a £1 share. The nature of the share capital of a Community Benefit Society allows the shareholders to have collective control of Saxon Weald without giving individual shareholders a realisable financial interest. When a Board member ceases to be a Board member, his/her shareholding membership automatically ceases.

As an exempt charitable housing association, Saxon Weald is registered with both the Regulator of Social Housing (RSH) and the Financial Conduct Authority (FCA). Saxon Weald is a public benefit entity for the purposes of Financial Reporting Standard 102 (FRS 102).

Saxon Weald is the parent of Saxon Weald Capital Plc and Weald Property Development Limited. Saxon Weald Capital Plc is a wholly owned subsidiary set up to secure funding from the capital markets to on-lend to Saxon Weald. Weald Property Development Limited is a wholly owned non-charitable subsidiary set up to develop a modest number of homes for open market sale. To date, Weald Property Development Limited has not been active and is therefore dormant.

Saxon Weald was formed to take the transfer of the housing stock from Horsham District Council on 11 December 2000. The association provides social housing in East and West Sussex and Hampshire and at 31 March 2020 owned and managed 6,761 homes. Demand for

social housing in these areas is greater than the existing provision and in the coming years the gap between supply and demand is anticipated to grow. Retirement housing for older people (previously referred to as sheltered housing), extra care properties and leasehold flats for older people make up 27% of the housing owned. In addition to the 5,752 social rented homes, we own 223 shared ownership homes, 157 leasehold homes for older people, 108 market rent homes and the freehold of 521 properties mainly sold under the right to buy/right to acquire legislation. The purpose of the investment in market rent flats is to generate a financial return that is used to help achieve Saxon Weald's charitable objectives.

Saxon Weald's primary business is to build and rent homes for those who cannot afford to buy or rent in the private market and/or who, as a result of age or other characteristics, need additional support to maintain an independent home and lifestyle. Saxon Weald collects rent and service charges from tenants (around 50% of tenants receive full or partial housing benefit or receive support for housing through Universal Credit). Saxon Weald manages, maintains and invests in replacing major elements of these properties so that they will continue to be available for those who need them in the future.

The initial stock of properties bought from Horsham District Council was 100% debt financed. Since December 2000, Saxon Weald has built over 1,700 new homes for the same target groups. The majority of funding to build these new homes is through debt. Central government grant, local government grant, cross subsidy from shared ownership/equity sales and cash generated from Saxon Weald's day-to-day operating rental activity have also made a contribution to the capital cost. However, due to the low level of central government grant available, debt is overwhelmingly the largest source of funding to build new homes and will be in the future. In 2019/20, net interest payable on debt was 26% of turnover.

The focus of the new Development and Sales Strategy approved by the Board in March 2019 is to deliver more much needed affordable homes in our area of operation (Sussex and Hampshire). The aim is to build 500 new homes over the next five years. There is a continuing focus on re-development sites within Saxon Weald's control and selected section 106 sites though values and competition remain strong. New development will include a modest amount of market rent to help cross subsidise affordable rented homes and shared ownership homes.

Saxon Weald uses the value of the existing properties it owns to secure the necessary loans to continue to build new homes.

Saxon Weald is in a sustainable financial position, however there is continued significant uncertainty and risk, not least, the impact of Brexit, welfare reform – particularly the roll out of Universal Credit – and sales risk in the housing market in the South East following the Covid-19 outbreak. Saxon Weald's focus will be to improve efficiency and effectiveness to enable investment in building new homes and to ensure Saxon Weald's long-term financial position remains sound.

In response to the Covid-19 outbreak, Saxon Weald took timely action to increase liquidity to ensure continuation of operations, took preventative action for the safety of customers and staff and provided essential services for customers. Governance was adapted so that the Board and Executive Directors of Saxon Weald met through virtual meetings each week to guide the Covid-19 response.

...Strategic Report Incorporating the Operating and Financial Review

Aims and Strategy

Saxon Weald is a Community Benefit Society, an exempt charitable housing association. In preparing this report we have paid due regard to guidance on reporting on public benefit.

Saxon Weald is directed by the Board and Executive Team who are listed on pages 4 and 5. In October 2018, the Board agreed a new Corporate Plan 2019/22. This identifies how Saxon Weald will respond to a changing and challenging external environment as well as continuing to build excellent new homes, modernise and deliver a great customer experience.

Saxon Weald's vision "Great homes, building futures" is designed to be aspirational and ambitious, and refers to both people and our homes. It is a statement of what we want to be and what we are. It supports the work that we do in our communities, the re-investment in our existing homes and the new homes that we will build in the future.

Our values underpin everything that we do and how we do it. They determine and influence the decisions that we take and the culture that exists. They also guide how we work and interact with colleagues, our customers, our partners and other stakeholders. We share these values:

- **Acting with integrity;**
- **Treating people with respect;**
- **Equality and acting fairly; and**
- **Valuing customers.**

At the heart of our corporate plan are four strategic aims that support our vision and set our direction over the coming years. They are:

- 1 Deliver a great customer experience;**
- 2 Provide great homes for more people;**
- 3 Be a great place to work; and**
- 4 Achieve value for money and be financially sound.**

1 Deliver a great customer experience

Saxon Weald has always had a focus on customer service and this has delivered high levels of customer satisfaction. This aim widens the scope from customer service to include the entire customer experience. This means looking at how we interact with people from the day they collect their keys to the day they hand them back. We will:

- ▶ Find out more about the wide variety of people who live in our homes, so that we can better appreciate their differences, preferences and requirements.
- ▶ Use this information to influence service development, helping us to set our priorities and allocate resources effectively.
- ▶ Review the methods by which we gain the 'voice of the customer' and use feedback to challenge how we deliver our services.
- ▶ Look for innovative ways to involve customers in specific consultations or projects, in addition to the information we get from surveys, complaints and compliments.
- ▶ Review our retirement offer to ensure that we are providing a modern service that people value and to ensure that our accommodation meets the latest standards.

- ▶ Continue to invest in technology to improve our systems, providing easy customer-friendly access to our services twenty-four hours a day, while seeking to improve the efficiency of the business.

Key measures

- Customer satisfaction to exceed 88% by focussing on achieving greater consistency of satisfaction among different customer groups
- 70% of our most frequent customer transactions will be digital by 2022.

Both of these targets are taken from the Customer experience strategy and represent more ambitious targets than those in the earlier Corporate strategy.

2 Provide great homes for more people

Saxon Weald has an important role to play in helping ease the regional shortage of affordable homes. Understanding and providing solutions for the local housing need will be a significant part of our revised development and sales strategy. We will:

- ▶ Build as many new affordable homes as possible.
- ▶ Achieve the right balance between investing in new homes and re-investment in our existing properties.
- ▶ Develop, with our customers, a Saxon Weald property standard, that applies to all our homes, to help prioritise the money we spend on improving and updating them.
- ▶ Look for opportunities to maximise the value of our assets.
- ▶ Make better use of the information we hold to improve our investment decisions.

- ▶ Dispose of poor performing properties and use the capital receipts to build new and better quality replacements.
- ▶ Proactively deal with under-occupation in our properties to increase the number of people housed.
- ▶ Maintain the high quality and highly regarded responsive repairs service that HomeFix delivers, including seeking opportunities to grow the service reducing costs and improving efficiency.

Key measures

- We will build around 100 new homes every year.
- We will improve the net present value of our assets every year.

3 Be a great place to work

Saxon Weald employs over 200 people and has developed a good reputation locally as an employer of choice. We will maintain this reputation by ensuring our employment offer is current and attractive to new and existing employees and we are committed to carrying out a salary and benefits review. We will:

- ▶ Provide inspirational leadership and clear messages about direction, strategy and performance.
- ▶ Empower staff to take decisions that are in the interests of our customers and seek ways to improve what we do.
- ▶ Continue to invest in staff training and development and make sure that the money we spend is targeted on our priorities.

...Strategic Report Incorporating the Operating and Financial Review

- ▶ Review the working environment and consider how we can have a positive impact on health and wellbeing.
- ▶ Encourage regular feedback using online pulse surveys.
- ▶ Ensure that the Staff Forum has an important part to play in the company's decision making and feedback framework.
- ▶ Encourage innovation at all levels and will seek to harness the creativity of our staff to improve our business.

Key measures

- We will maintain our Investors in People Gold award.
- Overall staff satisfaction will exceed 90%.

4 Achieve value for money and be financially sound

Four years of rent cuts and changes to the levels of grant available to fund new homes has had a significant impact on both the social housing sector and Saxon Weald. We will:

- ▶ Maintain a financially sound position to ensure that the business is around for the long term, delivering social outcomes and preserving our independence.
- ▶ Plan for our short and medium-term funding requirements to provide the necessary funds for our development aspirations and to manage the uncertain economic future following Brexit.
- ▶ Consider value for money in all that we do.

- ▶ Set challenging value for money targets during our budget-setting process each year and make sure that value for money is an important consideration in the contracts we award and the investment decisions we make.
- ▶ Report progress regularly to the Board, staff and our customers.
- ▶ Carry out a programme of business reviews prioritised on what is important and will deliver demonstrable value for money outcomes.

Key measures

- We will always exceed our financial covenants and rules.
- We will set value for money targets during budget setting. For 2020/21 our savings target is £0.5m.

Underpinning the strategic aims are eight service strategies. These individual service strategies contain the detailed approach, ambitions and objectives for that service and are supported by a detailed action plan. The service strategies, like the Corporate Plan are for three years. As well as approving the service strategies, the Board will each year, review progress and make any appropriate changes to each service strategy. These service strategy reviews will be the major means by which the Board and the Executive Team will give significant focus to the key areas of Saxon Weald's business. As well as receiving progress reports on the achievement of service strategies, senior management and the Board use key performance indicators to monitor performance. A number of these are shown in the table in the section on performance.

Performance

Overview

During 2019/20, Saxon Weald made a surplus of £8.4m (2019: £6.3m) which is £5.7m above the target surplus for the year. In addition, there was an actuarial gain of £6.8m in respect of Saxon Weald's part of the West Sussex County Council pension fund, increasing total comprehensive income for the year to £15.3m (2019: £4.2m). The 2019/20 surplus is £2.1m more than the surplus for 2018/19 of £6.3m.

At the statement of financial position date, 31 March 2020, Saxon Weald held £13.0m cash to help fund future development and had reserves of £70.3m.

The cost of housing properties (after depreciation) on the statement of financial position at 31 March 2020 is £316.5m, which is an increase of £0.4m on the net cost at 31 March 2019. During 2019/20, 133 new homes were completed. With affordability an ever-increasing concern in the South East, demand for our homes continues to grow. In response, our Development Team has been working extremely hard to identify opportunities to build new properties which meet a variety of needs in accordance with our Development and Sales Strategy.

Investment properties are properties not held for social benefit and are comprised market rent homes and garages that are rented to tenants and non-tenants. At 31 March 2020, investment properties had a market value of £31.9m, £7.3m higher than at 31 March 2019. This includes the completion of Willows Court and Garland Court at Winterton Square and capital works to modernise the market rent properties. Market value gains on the investment properties total £2.5m.

Deferred capital grants of £59.2m at 31 March 2020 are held as long term creditors on the statement of financial position. These include grants from Homes England (HE), local authorities and other government bodies. Grants are recognised when there is reasonable assurance that the grant conditions will be met, and the grants received. Grants are amortised (written-off) to the statement of comprehensive income over the life of the property structure they are received in respect of.

At 31 March 2020, Saxon Weald had capital commitments for property developments totalling £13.0m, of which £7.2m has been contracted for and £5.8m which has been authorised by the Board but is not in contract.

Pension Scheme

An actuarial valuation of Saxon Weald's share of the assets and liabilities in the West Sussex County Council Pension Scheme at 31 March 2020 was carried out by a qualified independent actuary. It is a defined benefit pension scheme and the difference between Saxon Weald's share of the assets and liabilities is recognised in the statement of financial position. Saxon Weald's net pension scheme deficit on the statement of financial position at 31 March 2020 is £0.3m, a decrease in the deficit of £5.4m since 31 March 2019. This significant movement in the pension scheme deficit is the result of a change in both the financial and demographic assumptions used by the actuary in their valuation.

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Financial Performance

The Saxon Weald group returned a surplus for the year of £8.4m. This is £5.7m above the target surplus for the year of £2.7m. Turnover is £2.3m higher than budget, cost of sales £0.5m higher than budget, operating expenditure £0.1m lower than budget, the gain on disposal of property is £1.3m higher than budgeted, net interest matches budget and unrealised gain on investment properties is £2.5m better than budget.

Turnover is higher than budget by £2.3m. This reflects:

- ▷ 12 more shared ownership sales than budgeted in 2019/20 (it had been forecast that the 12 additional homes would not be sold until 2020/21) with sales proceeds of £1.7m; and
- ▷ Higher rental income of £0.6m than budgeted arising primarily from an earlier handover than anticipated of the affordable and market rent homes at our new development, Winterton Square.

The cost of sales is £0.5m above budget due to the higher number of shared ownership homes sold.

Operating costs are £0.1m lower than budget.

There was an increased gain on the disposal of properties, when compared to the budget, of £1.3m, as the budget included prudent assumptions and there were three unbudgeted right to acquire sales of £0.4m, unbudgeted surpluses from staircasing sales of £0.1m and other property sales of £0.1m.

Net interest charged to the income and expenditure account matches the amount budgeted for, representing an effective management of our treasury position.

Saxon Weald's garages are held as investment properties, as are the market rent homes at Pelham Court, Waverley Court, Willowes Court, Garland Court, and Winterton Square. Investment properties are properties not held for social benefit and as such must be measured at market value at the date of the statement of financial position. This revaluation has given rise to an unrealised gain of £2.5m.

In addition, there is an unbudgeted actuarial gain of £6.8m in respect of Saxon Weald's share of the West Sussex County Council Pension Fund.

A summary of financial performance for 2019/20, 2018/19 and 2017/18 is shown on the next page:

Financial Performance	2019/20	2018/19	2017/18
	£000	£000	£000
Turnover	47,684	45,970	48,547
Cost of sales	(3,969)	(3,171)	(5,997)
Operating expenditure	(27,294)	(26,143)	(25,381)
Operating surplus	1,980	1,147	247
Gain on disposal of property, plant and equipment	18,401	17,803	17,416
Net interest charges	(12,465)	(12,066)	(11,920)
Unrealised gain/(loss) on investment properties	2,508	605	(268)
Surplus for the year	8,444	6,342	5,228
Actuarial gain/(loss) in respect of pension scheme	6,832	(2,182)	1,608
Total comprehensive income for the year	15,276	4,160	6,836
Operating margin excluding sales – Rule minimum 30%	36%	37%	38%
Cash interest cover – Rule minimum 150%	200%	199%	196%
Adjusted cash interest cover* - Rule minimum 110%	124%	124%	130%
EBITDA MRI** - Rule minimum 120%	150%	140%	140%
Debt ratio*** - Rule - 65% or below	55%	57%	59%

*Adjusted cash interest cover is adjusted operating surplus (defined as operating surplus + housing depreciation – amortised grant – capitalised repairs – surplus on sales) to net interest payable.

**Earnings before interest, tax, depreciation, amortisation on intangible fixed assets, grant amortisation and capitalised major repairs added, divided by total interest payable (including capitalised interest).

***Debt ratio is long term loans plus short term loans less free cash, as a percentage of housing properties at cost plus investment properties at cost.

Whilst operating margin excluding sales in 2019/20 is lower than in 2018/19 and 2017/18, due to the continuation of the rent reductions, all of the internal financial rules set by the Board have been comfortably achieved. It is worthwhile noting that the cash interest cover internal rule of 150% is in excess of the bond covenant of 105% and the adjusted cash interest cover internal rule of 110% is above the Santander covenant requirement of 100%. The debt ratio has improved to 55% for 2019/20. The Santander covenant is a debt ratio of 70% or below compared to the internal rule of 65% or below.

The other internal target is asset cover of 120% for security purposes. Savills carried out a valuation of Saxon Weald's properties at 31 March 2020. The total security value of the stock on an existing use social housing basis (EUV-SH), with the special assumption that affordable rent properties are valued at social rent, is £416m (and without the special assumption are valued at £452m). Asset cover comfortably exceeds the target at 182%.

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Cash

The cash flow statement on page 43 shows that Saxon Weald generated net cash from operations of £26.2m and made net interest payments of £12.5m. There was a net cash outflow of £10.3m from investing activities.

The group held cash of £13.0m (2019: £6.6m) at 31 March 2020. This is invested in line with the approved Treasury Management Policy in a range of banking counterparties with a minimum rating of A-/A2 (on the basis of Standard & Poor's long term credit ratings and short term ratings respectively) or a bank supported by the UK Government and in one money market fund with a Standard and Poor's rating of AAA. The bond covenants are a cash interest cover covenant and an asset cover covenant. The Santander covenants are an adjusted cash interest cover covenant and a debt covenant. All the covenants are shown in the financial performance section above. The covenants were met during the year, at year end and are anticipated to be met going forward.

People

The people that work at Saxon Weald are our most important asset. We were extremely pleased to be awarded, for the third time, Investors in People Gold in June 2019. We changed our staff satisfaction measure to that of an Employee Net Promoter Score (ENPS). This is based on the number of employees who would recommend us an employer. Our most recent staff survey, carried out in December 2019, gave an ENPS of 39, which, based on the following, represents a rating of very good/excellent. Staff turnover in 2019/20 at 13.9%, was below the target of 15% with managed turnover representing 3.9% of the total. During 2019/20, the overall level of staff sickness was 3.4% (short-term sickness was 2.0% and long-term sickness was 1.4%) which is above Saxon Weald's target of 3.0%. However, if absences related to Covid-19

sickness are excluded, sickness absence was much closer to target at 3.1%.

Saxon Weald introduced a defined contribution pension scheme in June 2017 and all new staff are auto-enrolled on to the scheme. The West Sussex County Council Pension Scheme (a defined benefit scheme) remained open through the year, with new staff having the option to transfer to the scheme once they had completed their probationary period. The West Sussex County Council Pension Scheme is closed to new entrants from April 2020.

Operating Performance

The table on the next page shows Saxon Weald's key operating performance indicators over time and compared to the upper and median performance for Saxon Weald's peer group. Additional KPIs are given in the value for money report. Saxon Weald's benchmarking peer group (listed on page 32), including Saxon Weald, comprises 18 housing associations with a stock size of between 2,500 and 10,000 properties, which are located in the South and South East of England and comprises both large scale voluntary transfer and traditional housing associations.

Operating Performance	2019/20	2018/19	2017/18	2018/19 upper quartile/ median*
Rent arrears – 4 weekly average for March (%)	2.4	2.4	2.6	2.3/2.7
Void rent loss (%)	1.5	1.4	1.8	0.7/0.8
Emergency repairs in target (%)	100.0	100.0	100.0	n/a
Average repair completion time (days)	12.8	12.3	9.5	9.8/11.5
Satisfaction with repairs – STAR survey (% very and fairly satisfied)	83	86	87	81.2/80.6
Satisfaction with gas servicing – transaction survey (% very and fairly satisfied)	91	93	88	n/a
Overall tenant satisfaction – STAR survey (% very and fairly satisfied)	86.5	87.8	86.7	87.0/84.6

*HouseMark 2018/19 n/a – not available.

We monitor our arrears performance using the average arrears for the four weeks of the housing benefit cycle.

In the light of the challenges such as the introduction of the benefit cap and Universal Credit, arrears performance during 2019/20 continuing at the level of the previous year is encouraging and meets the internal target of 3.5%. At 31 March 2020, 809 tenants were on Universal Credit, a significant increase on the previous year's number of 433. The impact of Covid-19 will result in even greater levels of new Universal Credit applications and associated arrears. Void rent loss performance at 1.5% does not meet our target of 1.3% but it has been affected by the early stages of Covid-19.

The percentage of emergency repairs completed within 24 hours remained at 100%, a pleasing performance. The average time to complete a repair in 2019/20, at 12.8 days, is disappointing and remains above the target of 10 days. We have plans in place to improve performance in this key area.

Overall customer satisfaction in 2019/20 was 86.5% which is below the customer experience strategy target of 88% and a slight reduction on satisfaction in 2018/19. We have set a target of 88% for overall satisfaction, as we extend the use of customer insight and segmentation data to help identify performance gaps, inform service improvement and drive up overall satisfaction.

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Saxon Weald continues to invest in our homes to ensure that they are in a good condition for those who live in them. This year we have invested £5.8m replacing components (and therefore capitalised this as housing properties in the statement of financial position) in our homes and £4.1m on major repairs and planned and cyclical maintenance charged to the statement of comprehensive income.

During 2019/20, 133 new homes were completed. 86 of these were re-developments of existing sites, 39 were on developer-led section 106 sites and eight were developed on a land led scheme. This relatively high number of completions reflects the delay at Winterton Square (65 new homes) which handed over in early April 2019 rather than completing in March 2019 as initially forecast. The handovers in 2019/20 consist of 65 flats at Winterton Square, Horsham, 21 flats at Alden Court, Horsham, 13 houses at Cresswell Park, Angmering, two houses and ten flats at Hassocks Gate, Hassocks, 12 flats and two houses at Hammonds Ridge, Burgess Hill and six flats and two houses at Steele Close, West Chiltington.

The 65 new homes at Winterton Square (27 market rent homes, 20 affordable rent homes and 18 shared ownership homes) were a re-development of an existing scheme and the 21 new homes at Alden Court (all shared ownership flats) were built on a former garage site.

The new homes at Cresswell Park (five shared ownership homes and eight affordable rent homes) and Hammonds Ridge (two shared ownership homes and 12 affordable rent homes) are both on section 106 sites being developed by CALA Homes. The new homes at Hassocks Gate (six affordable rent homes and six shared ownership homes) are also on a s106 site being developed by Barratt David Wilson Homes. The eight new homes at Steele Close is a land led scheme developed in partnership with the Rural Housing Trust.

Saxon Weald is currently in contract with Homes England for the 2016/21 Shared Ownership and Affordable Housing Programme (SOAHP) and is targeting to deliver 267 new homes within the programme period. Saxon Weald secured £292,000 of Homes England Grant for schemes in 2019/20 (with a further £859,000 confirmed for 2020/21) and a further £829,000 of grant from Horsham District Council for schemes completing in 2021/22.

During the year there have been 53 shared ownership sales. At year end, there were just five shared ownership homes waiting to be sold.

Risks and Trends

System of internal control and its purpose

We maintain a sound system of internal control that supports us in meeting our priorities. In doing so, we safeguard our services and our commitments to our customers, stakeholders and public funds.

Our system of internal control is designed to manage risk to a reasonable level rather than taking a completely risk averse approach to eliminate risk. This is because we do not want to stifle innovation, positive change and growth, but take a risk-based approach to business decision-making. Our system of internal control is based on an ongoing process designed to:

- ▶ Identify and prioritise the risks to the achievement of our strategy and priorities;
- ▶ Evaluate the likelihood of those risks occurring and the impact should they materialise; and
- ▶ Manage risks effectively, efficiently and economically.

Our risk and control framework

The Board is responsible for determining the nature and extent of the significant risks it is willing to take and manage in achieving our strategic objectives, supported by the Audit & Risk Committee, the Executive and the Leadership Team. Executive and Leadership Team members are individually responsible for effective risk management within their areas of responsibility. This includes promoting risk awareness and supporting staff in managing risk.

Identifying and managing risks

Our strategic priorities could be impacted by a variety of challenges and we make sure that we have controls in place to manage these and the ability to adapt our plans as necessary. Covid-19 and Brexit are clearly identified as significant risk triggers and are actively monitored in the risk and control framework.

During February 2020, a risk identification and analysis workshop was held for each department in Saxon Weald. Each workshop was attended by a range of staff at different levels within that department. The context within which the risk identification and analysis took place was established by reviewing the Corporate Plan. A session then took place to review the existing risk map, to focus on the identification of new risks and changes to previously identified risks.

The overall assessment of risk is a judgement that takes account of both the likelihood of the risk occurring and the impact (both financial and non-financial) on Saxon Weald, should it occur. Controls that are put in place to manage the risk either reduce the likelihood of the risk occurring or reduce the impact should the risk occur.

There are three assessments of risk, the gross risk before existing controls, the residual risk which takes account of controls and the target risk once any identified additional controls are in place.

An analysis of all the risks identified was carried out, with risk assessments considering the likelihood, warning period and impact should each risk occur. Strategic risks are identified within the risk map.

The strategic risks, with their overall ratings are as follows:

Risk Reference	Description of Risk	Owner	Gross Risk	Residual Risk	Target Risk
RM2101	Welfare Reforms restrict benefits entitlement and substantially reduces rental income paid direct to Saxon Weald.	Executive Director - Customer Experience	4	3	3
RM2102	Severe property market crash.	Executive Director - Resources	4	3	3
RM2103	Inadequate gas servicing or maintenance service.	Executive Director - Customer Experience	4	3	3
RM2104	Serious breach of the General Data Protection Regulations.	Executive Director - Resources	3	2	1.5 by Jan 22
RM2105	Asset Management poor performance by contractor / partner, or contractor withdraws from contract or fails.	Executive Director - Customer Experience	3	2	2
RM2106	Non-compliance with Health and Safety regulations / legislation in the housing stock.	Executive Director - Customer Experience	3	2	2

Value for Money Statement

Saxon Weald defines VfM as “achieving the best possible outcome for the funds we spend and the resources we commit”. To Saxon Weald, VfM is about continuously improving services for our customers, achieving savings through the more efficient and economical use of resources and achieving the best financial and social return from the assets we have.

Delivering Value for Money (VfM) only makes sense in the context of achieving Saxon Weald’s vision and strategic aims; as there is no value in being efficient but not achieving our goals and reason for being.

Saxon Weald was set up to provide good quality homes and services for existing residents and people who need them in the areas in which we operate; as well to build new affordable homes to meet housing need in areas where there is high demand.

There is an obvious tension in delivering both of these objectives as, if Saxon Weald spends too much on existing homes, there is less to spend on providing new homes. Conversely, if we spend too little on our existing homes and services, we will not meet our strategic aims of delivering a great customer experience and providing great homes for more people.

In addition, it is essential that Saxon Weald remains financially sound, with sufficient resilience to manage risk robustly. Saxon Weald aims to maximise the achievement of these objectives by striving to deliver the best VfM we can in providing homes and services to our existing residents and in building new homes for people who need them most.

The Regulator of Social Housing’s (RSH) Value for Money Standard requires housing associations to publish evidence in their statutory accounts to enable stakeholders to understand:

- Performance against their own VfM targets and the sector wide VfM metrics set out by the regulator; along with how that performance compares to peers; and
- Measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this.

These requirements are responded to in this statement.

Performance against targets – Key VfM achievements 2019/20

The Corporate Plan for 2019/22 sets out Saxon Weald’s vision, which is “Great homes, building futures”. This vision will be realised through four strategic aims, one of which is to “Achieve value for money and be financially sound”.

Saxon Weald’s Value for Money Strategy supports the delivery of its vision and strategic aims by providing a clear, robust and consistent approach to VfM; the key outputs of which are to reduce costs, improve efficiency and maintain best use of our assets and resources.

The following table shows how we performed against the strategic aims we set during 2019/20.

Strategic aims and VfM 2019/20

Objective	Measure	How we did
Deliver a great customer experience	<p>Customer satisfaction to exceed 88%.</p> <p>50% of the most frequent customer transactions will be digital by 2020.</p>	<p>At the end of March 2020, we achieved 87% overall satisfaction through our rolling STAR surveys, which are carried out independently by market research consultants Voluntas.</p> <p>55% of our most frequent customer transactions were completed online by the end of March 2020.</p>
Provide great homes for more people	<p>We will build around 100 new homes every year.</p> <p>We will improve the net present value (NPV) of our assets every year.</p>	<p>We built 133 new homes in 2019/20; 106 of which are for social housing and 27 for non-social housing.</p> <p>NPV in 2018/19 was £45,636. This improved to £47,263 in 2019/20 and represents a 3.6% increase.</p>
Be a great place to work	<p>We will maintain our Investors in People Gold award.</p> <p>Overall staff satisfaction will exceed 90%.</p>	<p>An assessment by Investors in People during 2019 resulted in Saxon Weald achieving Gold standard for the third consecutive time.</p> <p>Saxon Weald changed this measure to that of an Employee Net Promoter Score (ENPS). This is based on the number of employees who would recommend us an employer.</p> <p>Our most recent staff survey, carried out in December 2019, gave an ENPS of 39 which represents a rating of very good/excellent.</p>
Achieve value for money and be financially sound	<p>We will always exceed our financial covenants and rules.</p> <p>We will set value for money targets during budget setting. For 2019/20 our savings target is £400k.</p>	<p>All financial covenants were exceeded in 2019/20.</p> <p>We achieved the £400k target savings, along with an additional £825k (£403k from HomeFix and Asset Management and £422k from across the rest of the organisation).</p>

...Value for Money (VfM)

Saxon Weald's performance against the sector wide VfM metrics

The seven metrics that the RSH requires housing associations to report against are shown below. The table compares Saxon Weald's actual performance against the metrics for 2018/19 and 2019/20, along with its budgets for 2020/21 to 2022/23.

RSH VfM Metrics	Actual 2018/19	Actual 2019/20	Budget 2019/20	Budget 2020/21	B/Plan 2020/21	B/Plan 2021/22	B/Plan 2022/23
VfM 1 – Re-investment	7.1%	4.0%	6.4%	8.8%	6.7%	7.5%	6.9%
VfM 2a – New supply social housing	0.6%	1.7%	1.5%	0.5%	0.5%	1.7%	1.6%
VfM 2b – New supply non-social housing	0.0%	4.3%	4.3%	0.0%	0.0%	0.0%	0.0%
VfM 3 – Gearing	68%	66%	70%	68%	68%	68%	70%
VfM 4 – EBITDA MRI	140%	150%	124%	129%	147%	131%	130%
VfM5 – Headline social housing cost per unit	£4,189	£4,215	£4,261	£4,379	£3,983	£4,573	£4,727
VfM6a – Operating margin (social housing lettings)	35%	33%	32%	32%	32%	33%	33%
VfM6b – Operating margin (overall)	39%	39%	33%	35%	35%	36%	35%
VfM7 – Return on capital employed	5.2%	5.2%	4.3%	4.3%	4.2%	4.4%	4.3%

The following points should be noted in relation to the above table:

Saxon Weald's response to Covid-19 has impacted on the business plan, which has been adjusted to consider the potential impact; including a property market shutdown, increased rent arrears and empty properties (voids) and substantial changes to the timing of planned maintenance, both in 2020/21 and the immediately following two years.

To show the level of resilience in the business, this statement identifies both our original pre-Covid-19 budget and the business plan amendments post-Covid-19. We will then amend the 2020/21 position as the full impact of Covid-19 becomes more certain.

Changes to how properties sold under our property disposal programme are accounted for have resulted in changes to how certain figures included in the 2019/20 VfM metrics are presented, along with how they are budgeted for in future in line with the business plan. We have also re-calculated the 2018/19 figures, which is why EBITDA MRI and operating margin (overall) percentages differ slightly to those reported in the 2018/19 VfM statement. The change reflects the aims of our Asset Management Strategy.

VfM Metrics - Performance against Peer Group and the Sector

This section highlights Saxon Weald's 2018/19 and 2019/20 performance against the VfM metrics and compares it to that of our peer group and the sector for 2018/19, which is the most recent set of benchmark data available. It also shows Saxon Weald's budget and business plan forecasts for 2020/21 through to 2022/23.

Saxon Weald's peer group was selected to ensure that it is benchmarking its performance against similar organisations, using the following criteria:

- Between 2,500 – 10,000 general needs and retirement properties in management;
- Located in the south of England outside of London; and
- Organisation type (stock composition, structure, geography, turnover).

Historically, Saxon Weald benchmarked itself solely against other LSVT organisations; however, the peer group has been widened to include traditional housing associations that meet our criteria (see list at Appendix A).

VfM 1 – Re-investment

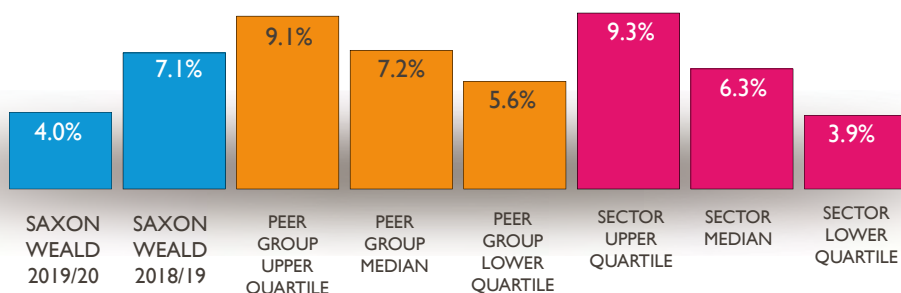
Re-investment is explained as spend on the development of new properties, plus spend on capital works to existing properties as a % of housing properties at cost.

The VfM metrics table shows that re-investment decreased to 4.0% in 2019/20 from 7.1% in 2018/19. This is because, at £6.8m in 2019/20, investment in building new homes was substantially lower than the £13.5m budgeted for and the £16.5m spent in the previous year.

This was due to the payment for a Section 106 site being delayed until 2020/21 and reflects how phases of development and re-investment programmes and how they are paid for, along with any delays to those programmes, can impact on budgets and spend over time. £5.8m was reinvested in improving existing homes during 2019/20, which is in line with the previous year.

When comparing re-investment performance against the sector and peer group, the following chart shows that, at 4.0%, Saxon Weald's spend on re-investment in 2019/20 is below the lower quartile of the peer group and just above the lower quartile for the sector.

RE-INVESTMENT (%)



Plans for improvement – looking forward: Achieving budget for re-investment in existing homes will prove challenging in 2020/21, as Covid-19 has impacted on our re-investment works programme; in particular, modernisation and replacement works, such as kitchens, bathrooms, windows and re-roofing. This is mainly due to the effect these works have on residents' day to day routines and the need to maintain social distancing, as

...Value for Money (VfM)

well as the reduced availability of resources and building materials. Brexit is also a key factor that could impact on the labour market and supply chains, creating an additional knock-on effect on our new build and re-investment works programmes.

To address this, we have modified our re-investment programme to focus on short duration, high impact, replacement projects (e.g. upgrading CCTV and fire alarm systems), thus ensuring that re-investment in existing properties is sustained. Investment in the development of new homes is addressed below.

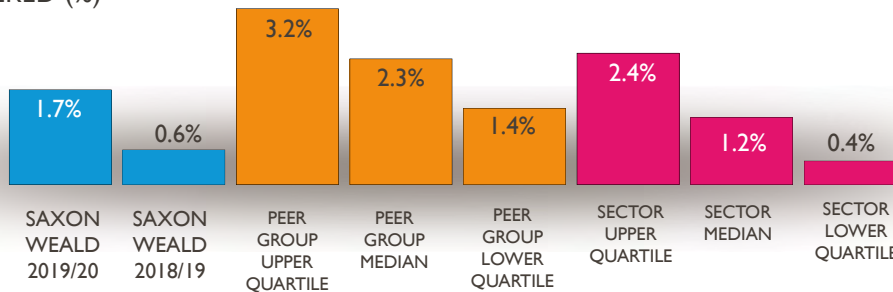
VfM 2a – New supply social housing (SH) and VfM 2b – New supply non-social housing

The new supply metric calculates the number of new properties as a % of existing properties. The new supply for 2019/20 includes 65 properties; 38 of which were built for social housing and 27 for non-social housing.

Spend on the development of new homes does not always result in an increase in new supply % for the year in which the spend was made. This is because, in many instances, the new properties are not completed and handed over until the following or later years, dependent on the programme. This was the case for a number of the properties included in the above metric, whereby the development costs were largely accounted for in 2018/19 but the properties were not completed until early 2019/20.

The following chart identifies that, at 1.7%, the percentage of properties developed for social housing in 2019/20 is above the lower quartile for the peer group and above the median for the sector.

SOCIAL HOUSING NEW SUPPLY DELIVERED (%)



Plans for improvement – looking forward: We have budgeted £20m for the development of new homes in 2020/21. This will help ensure that our aim of building circa 100 new homes each year is achieved and exceeded wherever possible. (Source: Development and Sales Strategy 2019/22 and Budget/Business Plan 2020/21)

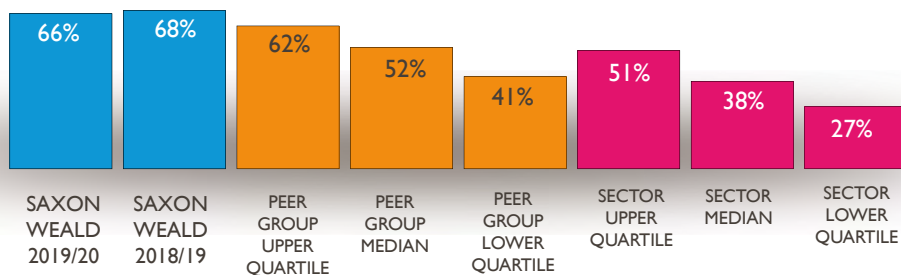
VfM 3 – Gearing

Gearing is the measure of net debt as a % of housing properties at cost. As a large-scale voluntary transfer, Saxon Weald was originally 100% debt funded. Therefore, given that Saxon Weald has built over 1,700 new homes since transfer, it is not surprising that, at 66%, its gearing is high. Clearly, this high level of gearing is a limiting factor in terms of the amount of new debt and therefore development spend, that Saxon Weald is able to take on. Nevertheless, Saxon Weald plans to build an average of 100 new homes each year for the next five years, of which around 60% will be for affordable rent.

The following chart shows that gearing for Saxon Weald remains steady and within the upper quartile for both the peer group and the sector. However, in the context of Saxon Weald's origins and activity since transfer, it

is not realistic to bring this measure back to the median of the peer group/sector whilst continuing to develop new affordable homes.

GEARING (%)



Plans for improvement – looking forward: The metrics for re-investment, new supply and gearing demonstrate Saxon Weald’s commitment to fully utilise cash reserves and stretch borrowing capacity in order to build new properties and reinvest in maintaining existing stock, while remaining financially viable.

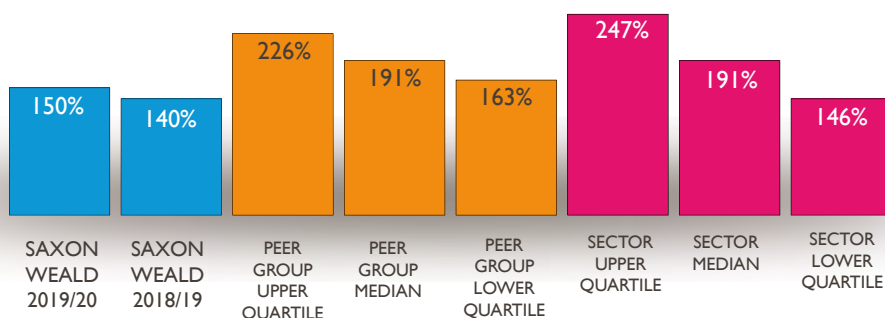
VfM 4 – EBITDA MRI

EBITDA MRI (Earnings Before Interest Tax, Depreciation, Amortisation Major Repairs Included) is a measure of how many times the surplus generated from day to day activities, including the capitalised replacement of components in existing properties, will pay interest payable.

EBITDA MRI increased to 150% in 2019/20, which is significantly better than the 124% budgeted for. This is due to the higher surpluses achieved on first tranche shared ownership sales and property disposals than anticipated.

The following chart shows Saxon Weald’s EBITDA MRI as below the lower quartile of the peer group and just above that of the sector. This reflects the five years of rent reductions and Saxon Weald’s determination to continue to develop through this period.

EBITDA MRI (%)



Plans for improvement – looking forward: In the light of the need to rebuild Saxon Weald’s financial resilience following the end of the five year rent reductions, in May 2019, the Board agreed to strengthen the EBITDA MRI internal financial rule to a minimum of 120% in 2019/20; increasing to 125% from 2020/21, and 135% from 2023/24. Provision for this has been made in the revised business plan.

...Value for Money (VfM)

VfM 5 – Headline social housing cost per unit

The headline social housing cost per unit uses components from the financial statements to create an overall social housing cost. This is then divided by the number of units an association owns or manages and is used to highlight the differences in those costs amongst associations.

Saxon Weald's headline social housing cost per unit increased by 0.6% in 2019/20. This is below the average CPI inflation increase of 2%, giving a net improvement against inflationary pressures.

Budgets for headline social housing cost per unit have been impacted by Covid-19, with reduced spending on maintenance in 2020/21 as we acted to ensure customer safety. The spend will be fully phased into the following years, which explains the budgeted increase in social housing cost per unit in 2021/22 and 2022/23.

The following table gives a breakdown of Saxon Weald's headline social housing costs and shows how they compare with those in the sector and our benchmark peer group for 2018/19 (the latest available information):

COST PER UNIT	SAXON WEALD		SECTOR LEVEL & PEER GROUP COMPARISONS 2018/19					
	2019/20 £	2018/19 £	UPPER QUARTILE £		MEDIAN £		LOWER QUARTILE £	
			SECTOR	PEER GROUP	SECTOR	PEER GROUP	SECTOR	PEER GROUP
Headline social housing costs	4,215	4,189	4,388	4030	3,591	3421	3,152	3144
Management	591	582	1,278	1245	1039	1032	839	893
Service charge	1,085	1,043	572	486	342	376	205	250
Maintenance	1,087	1,049	1209	1150	997	1050	838	821
Major repairs	1,108	1,149	1020	992	744	800	526	608
Other social housing costs	344	366	513	203	206	122	91	81

The headline social housing cost per unit 2019/20 is between the 2018/19 median and the upper quartile for the sector and is in the top quartile for the peer group. This is largely because of the high service charge cost per unit, which reflects the high percentage of homes for older people managed by Saxon Weald. This is further magnified by the fact that housing for older people at Saxon Weald includes 11 extra care schemes (597 homes). Homes for older people make up 27% of Saxon Weald's stock.

The provision of good quality homes for older people that meet a range of needs is a major objective for Saxon Weald. Research, carried out by the Office of National Statistics in August 2019, shows the percentage of people over the age of 65 is increasing and that, by 2038, it is expected to reach 31% in Horsham. We therefore need to ensure that the housing needs of this particular client group are considered and responded to in our growth plans.

The table below shows how Saxon Weald's headline social housing costs per unit differ by tenure type. As can be seen, in 2019/20 the cost per unit for general needs is £3,247, which is below the sector and peer group median and is £6 lower than the previous year. Conversely the 2019/20 cost per unit for extra care housing is £9,100 and £5,973 for retirement (sheltered) housing; both of which are significantly above the 2018/19 sector and peer group upper quartile. This reflects the additional costs associated with providing this type of housing.

Cost per unit	2019/20			2018/19		
	General needs	Retirement	Extra care	General needs	Retirement	Extra care
	£	£	£	£	£	£
Headline social housing costs	3,247	5,973	9,100	3,253	5,990	9,068
Management	525	853	923	516	826	895
Service charge	270	2,559	5,595	208	2,516	5,506
Maintenance	1,044	1,427	1,438	956	1,472	1,481
Major repairs	1,199	1,134	1,143	1,229	1,775	1,186
Other social housing costs	209	0	0	343	0	0

Plans for improvement – looking forward: During 2019/20, Saxon Weald was selected as a strategic partner by Legal and General Affordable Homes (LGAH) to provide management services for up to 250 newly developed homes over a five-year contract term. This, and further opportunities of this kind, will deliver efficiency gains without capital cost. In addition, customer feedback will be used to help inform service improvement activities and influence efficiency gains across the business.

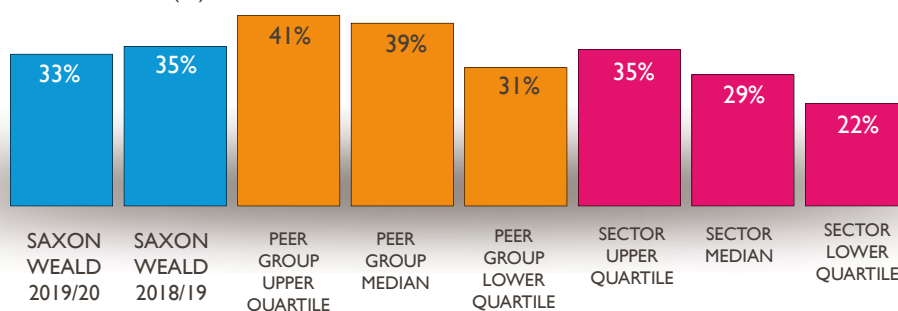
VfM 6a – Operating margin (SH lettings)

The Operating margin demonstrates profitability before exceptional expenses are taken into account and is a measure of our financial efficiency.

Saxon Weald's operating margin (social housing lettings) achieved budget in 2019/20, the final year of rent reductions, and is expected to improve from 2020/21 as the ability to increase rents to CPI +1% returns.

The chart below shows that Saxon Weald's operating margin for social housing lettings is below the median for the peer group but above the median for the sector. Previous research undertaken by HouseMark has reported that organisations like Saxon Weald, with a higher proportion of retirement and/or extra care housing, have lower operating margins due to the higher costs associated with managing these types of properties.

OPERATING MARGIN FOR SOCIAL HOUSING LETTINGS (%)

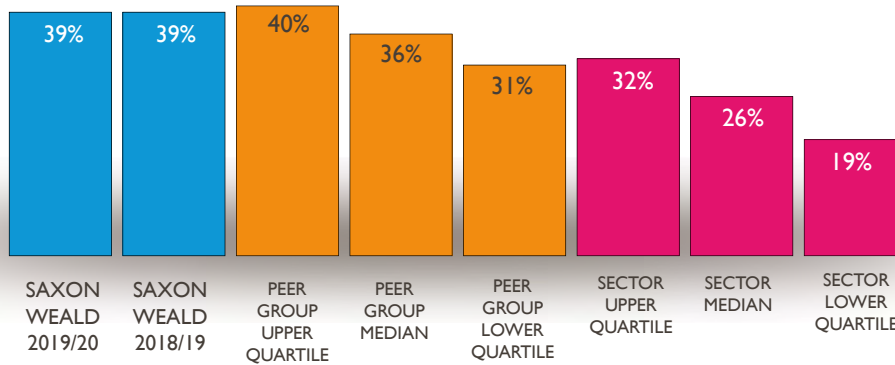


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VfM 6b – Operating margin (overall)

In contrast, the following chart shows that Saxon Weald's overall operating margin is above the median for the peer group and the upper quartile for the sector. First tranche sales are included in the calculation for the operating margin, which equated to £5.2m in 2019/20.

OPERATING MARGIN OVERALL (%)

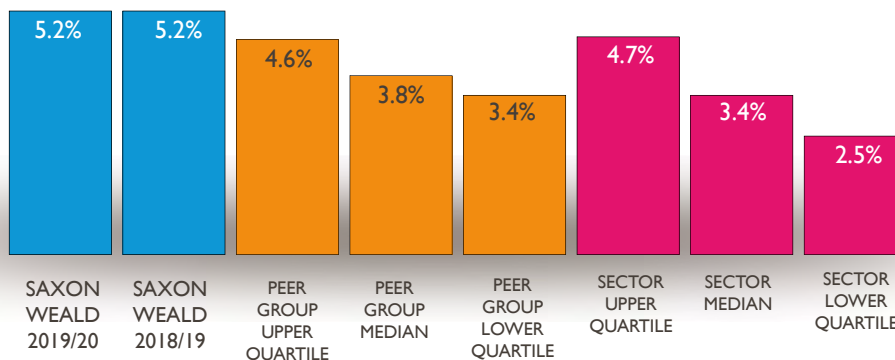


VfM7 – Return on capital employed

Return on capital employed (ROCE) reflects the operating surplus as a % of total assets less current liabilities. This is a measure of the return an organisation makes from the capital used. ROCE achieved 5.2% in 2019/20 and is above the target of 4.3%. This is due, in part, to the success of our Asset Management Strategy, which resulted in the sale of seven properties during the year.

The following chart shows Saxon Weald's ROCE achieved 5.2% in 2019/20, which is above the upper quartile for both the peer group and the sector but is slightly below the average cost of borrowing of 5.33%.

RETURN ON CAPITAL EMPLOYED (%)



Performance against Saxon Weald’s own VfM metrics (comparisons are based on 2018/19 benchmark data provided by HouseMark, which is the most recent data available)

The sector wide VfM metrics are, in the main, financial; however, in addition to these metrics, Saxon Weald considers quality, social return and the achievement of its vision and strategic aims in its approach to and measurement of VfM. Saxon Weald measures the delivery of VfM in achieving its strategic aims through:

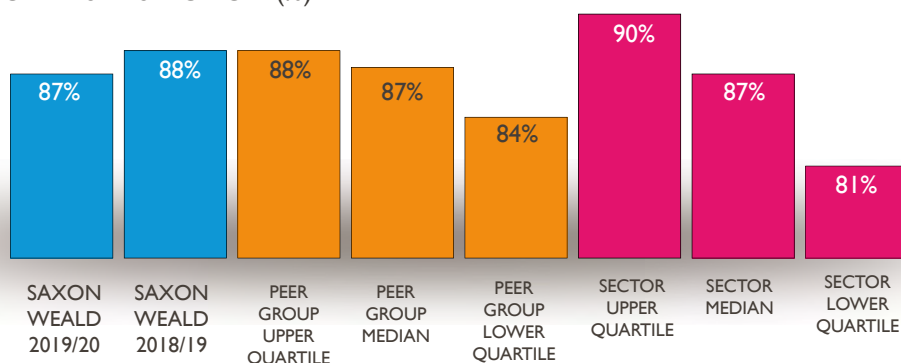
- Overall customer satisfaction (a key measure of customer experience);
- Satisfaction with older people’s services (due to the high percentage of older people’s housing and related services we provide)
- Satisfaction with the repairs service (the service our customers tell us is the most important); and
- Income recovery (this is particularly important as Universal Credit is rolled out).

Overall customer satisfaction

Delivering a great customer experience is a strategic aim of Saxon Weald and measuring overall satisfaction is a key metric used to demonstrate this. This metric uses the results from monthly satisfaction surveys carried out by Voluntas, a specialist market research organisation. 85 surveys are carried out on a monthly basis, by phone and electronically, using the STAR question format. The feedback obtained enables comparisons to be drawn with our peers through submissions made to HouseMark.

The table below shows that overall tenant satisfaction in 2019/20 achieved 87%, which is a slight decrease over the 2018/19 performance and is below the target of 88%. This is just below the 2018/19 peer group upper quartile and at the sector median.

OVERALL CUSTOMER SATISFACTION (%)



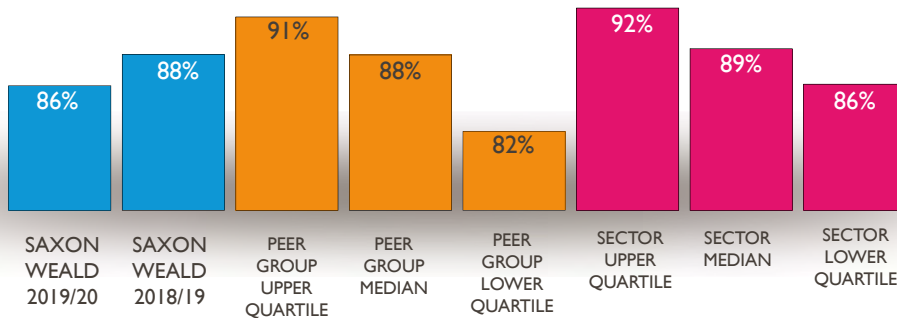
Plans for improvement – looking forward: We will extend the use of customer insight and segmentation data to help identify performance gaps, inform service improvement and thus drive up overall satisfaction to 88%.

...Value for Money (VfM)

Customer satisfaction for older people's services

Tenant satisfaction with older peoples' services is a key measure in determining whether Saxon Weald is a leader in the provision of older people's housing. At 86%, tenant satisfaction for older people's services is below the previous year's result but above target, placing Saxon Weald below the median for both the peer group and the sector.

CUSTOMER SATISFACTION FOR OLDER PEOPLE'S SERVICES (%)

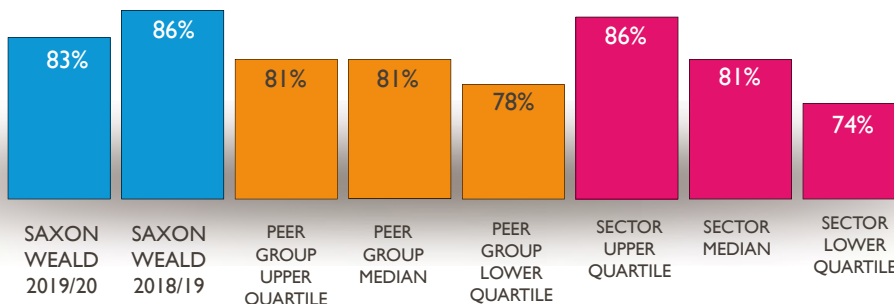


Plans for improvement – looking forward: We will continue to seek and use customer insight to help inform service improvement and drive up overall satisfaction with older people's services.

Customer satisfaction with the repairs service (HomeFix)

The responsiveness, reliability and quality of a landlord's repairs service is a key priority for tenants. At 83% in 2019/20, whilst dipping from the previous year, customer satisfaction with Saxon Weald's in-house repairs service is above the upper quartile for the peer group whilst just above the median of the sector. These figures are based on the STAR question for how satisfied tenants are with repairs.

CUSTOMER SATISFACTION WITH THE REPAIRS SERVICE (%)



Saxon Weald also carries out real-time transactional surveys after a repair has been completed. Satisfaction from these surveys in 2019/20 achieved 93%. In addition, gas repairs are monitored through a separate survey, with satisfaction recorded at 91% for the year.

Plans for improvement – looking forward: We are restructuring our in-house repairs service, HomeFix, during 2020/21 with the focus on improving operating efficiency and value to the customer. Our overall approach is to reduce the average number of repairs required, per property per year, by increasing our planned preventative maintenance programmes to ensure that property components are in good working order.

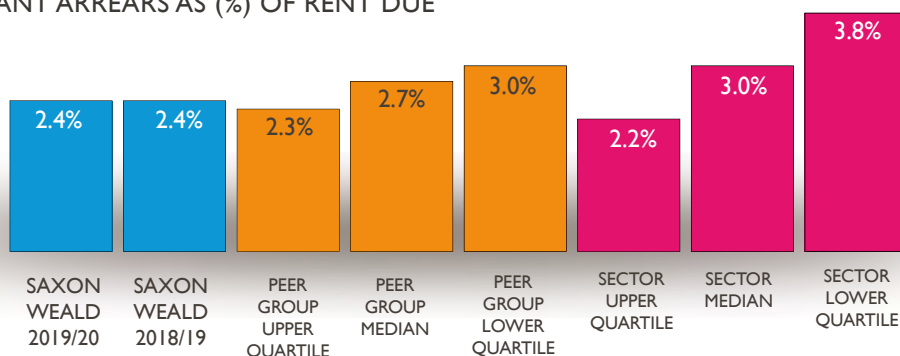
Where responsive repairs are necessary, we will be seeking to improve the quality of products, along with the speed and efficiency of service. We will also invest further in improving the functionality of our customer portal, 'My Saxon Weald', so that customers can report repairs, arrange their own appointments and monitor their progress.

A key challenge to our repairs service is the Covid-19 restrictions and the outcome of the detailed Brexit negotiations. The outcome of both of these will have long term effects on the supply of plant, labour and materials, which could drive up costs and negatively impact on the standard of service we are able to deliver to our customers.

Current tenant arrears as a percentage of rent due

The following chart shows that, at 2.4%, rent arrears performance remained consistent in 2019/20 and is better than the median for both the peer group and the sector. It was also within Saxon Weald's target of 3.5%. This is particularly pleasing given that, by 31 March 2020, Saxon Weald had 809 tenants on Universal Credit.

CURRENT TENANT ARREARS AS (%) OF RENT DUE



Plans for improvement – looking forward: It is too early to predict the impact of Covid-19 on income collection, as the pandemic is affecting the ability for many tenants, particularly in general needs, to pay their rent. This, combined with the current inability to take legal action to re-possess properties, has led to an increase in arrears for the first month of the 2020/21 financial year, which is expected to continue.

Saxon Weald's rent arrears target was increased to 4.2% for 2020/21 to take into account the anticipated rise in Universal Credit applicants and the potential impact this could have on rent arrears. This target was set before the pandemic hit.

The impact of Covid-19 will result in even greater levels of new Universal Credit applications and associated arrears than anticipated, which will undoubtedly make the new arrears target challenging to achieve. However, additional resource has been directed towards arrears prevention and income recovery work; including money and budgeting advice, payment plans to reduce arrears over time and general benefit entitlement advice to help tenants who experience financial difficulty to maximise their incomes.

...Value for Money (VfM)

Rent as VfM

In addition to our own VfM metrics, Saxon Weald's STAR surveys identify tenant satisfaction with rent as value for money. At 89.5%, satisfaction with rent as value for money remains high and is above the upper quartile of the peer group for 2019/20.

VfM as an integral part of Saxon Weald's business

Saxon Weald's VfM Strategy 2019/22 helps the association meet its corporate vision, achieve its strategic aims and sets out how it aims to meet the requirements and expectations of the Regulator for Social Housing in England's VfM Standard.

The VfM Strategy overarches seven individual service strategies. To ensure that VfM is embedded throughout the business, each service strategy has its own VfM objectives and targets, which support the delivery of Saxon Weald's vision and strategic aims. These strategies and their VfM targets are reviewed and updated annually, with progress and any changes reported to the Board each year, around the anniversary of when they were first approved. Progress against the VfM Strategy objectives is reported to the Board twice a year, in March and September.

Compliance with the VfM Standard

Saxon Weald's VfM Compliance Control Framework links its approach to VfM with the RSH's VfM Standard and Code of Practice. It enables Saxon Weald to assess its performance and compliance with the requirements of the VfM Standard.

The Framework identifies the required outcomes and specific expectations of the VfM Standard and uses the relevant excerpts from the Code of Practice to articulate them. It then identifies the "key controls" in place to meet the Standard; along with methods used to provide the Board with assurance that these controls are working and effective. Saxon Weald's compliance with the VfM Standard is reported to the Board annually in March, by way of an assurance report.

Whilst confirming compliance, the 2018/19 VfM assurance report identified four actions to improve Saxon Weald's performance against the VfM Standard, all of which were completed satisfactorily. Seven further actions for improving our approach to managing VfM were identified in the report and will be addressed during 2020/21.

Looking ahead – our VfM priorities and targets for 2020/21

Saxon Weald's Corporate Plan 2019/22 contains a new vision that defines its purpose and aspirations "Great homes, building futures".

At the heart of our Corporate Plan is a set of strategic aims, which support our vision and help guide the organisation to where we want it to be in the future. Each aim has its own challenging measures; the performance against which is monitored and reported on regularly to the Board. Our strategic aims and their associated measures are:

AIM	MEASURE 2020/21
<p>Deliver a great customer experience</p>	<ul style="list-style-type: none"> • Customer satisfaction to exceed 88%. • 70% of our most frequent customer transactions to be digital by 2022.
<p>Provide great homes for more people</p>	<ul style="list-style-type: none"> • We will build around 100 new homes each year • We will improve the net present value of our assets every year.
<p>Be a great place to work</p>	<ul style="list-style-type: none"> • We will maintain our Investors in People gold award. • Staff surveys will achieve a minimum Employee Net Promoter Score of 35, based on recommending Saxon Weald as an employer.
<p>Achieve value for money and be financially sound</p>	<ul style="list-style-type: none"> • We will always exceed our financial covenants and rules. • We will set VfM targets during budget setting. For 2020/21 our savings target is £0.5m which will be achieved from across the business and identified in each service strategy.

Conclusion

In summary, Saxon Weald was set up to provide both good services and homes to existing residents and to build new affordable homes for those who need them in the areas in which we work, where there is high need for these homes. Saxon Weald has built over 1,700 new homes since it was created, the vast majority of which have been in the last ten years.

The plan is to continue to build an average of 100 new homes each year. This is largely why Saxon Weald has a high gearing metric and a low EBITDA MRI metric when compared to our peers and the sector; although there are plans to increase EBITDA MRI to a minimum of 125% by 2020/21 and a minimum of 135% by 2023/24.

Value for money is not just about new development and financial metrics, as the quality of our homes, neighbourhoods and the services provided to our existing residents is equally as important. This includes maintaining an appropriate level of re-investment in our existing stock, continuously improving our services and increasing overall customer satisfaction to 88% or better by 2022.

Looking ahead, in addition to achieving the VfM measures of our strategic aims, further VfM gains for 2020/21 are set out in Saxon Weald's individual service strategies.

Appendix A

HouseMark Benchmark data 2018/19 – Peer Group Housing Associations

Organisation	Total Number Of Properties	% Properties General Needs	% Properties Older People	Organisation Annual Turnover	In-House Repairs	Number Of Properties Developed
Saxon Weald	6761	60.8%	24.2%	£47,684,000	Yes	133
B3 Living	4797	73.3%	6.0%	£34,664,000	Yes	165
Broadland Housing Association	5094	80.3%	11.8%	£27,681,000	Yes	66
CHP	9997	84.2%	0.2%	£62,714,000	Yes	328
Cottsway Housing Association	4954	90.5%	0.0%	£32,819,000	Yes	0
Estuary Housing Association	4352*	75.9%*	1.8%*	£40,317,000	No*	0
Greenfields Community Housing	8754	87.9%	4.7%	£47,618,000	Yes	203
Hightown Housing Association Limited	6396	58.8%	1.3%	£84,693,000	No	407
Housing Solutions	5687	68.5%	4.7%	£45,804,000	Yes	119
PA Housing (formerly Paragon Community Housing)	9189 *	66.7% *	11.5% *	£159,549,000	No*	327
Raven Housing Trust	6773	73.8%	5.0%	£44,478,000	Yes	119
Silva Homes (formerly Bracknell Forest Homes)	7415	76.9%	5.7%	£45,274,000	Yes	177
Soha Housing	6926	76.7%	8.7%	£48,722,000	No	229
Swan Housing Association	9006*	73.9%*	0.9%*	£81,128,000	No*	0
Thrive Homes	4429*	72.7%*	12.9%*	£27,412,000	No*	0
Town and Country Housing Group	9392	79.1%	5.1%	£64,686,000	No	130
Vale of Aylesbury Housing Trust	8314	82.8%	7.0%	£49,886,000	Yes	83
Worthing Homes	3781	79.0%	7.4%	£23,049,000	Yes	85

* 2017/18 data used where 2018/19 data in not yet available

Peer group criteria

- Organisations that have between 2,500-10,000 general needs and retirement properties in management;
- Geographic location in the south of England; and
- Are either an LSVT organisation or a traditional housing association.

Going Concern

The Board has reasonable expectation that the association has adequate resources to continue operations for the foreseeable future. For this reason, the going concern basis has continued to be used in preparing the financial statements. The Board has considered the impact of Covid-19 on the short and long-term health of the association, and is content that the measures taken by the association, together with a robust business plan provides assurance that the going concern basis is appropriate in preparing the financial statements.

By Order of the Board

Simon Turpitt, Chairman
13 July 2020

Saxon Weald House
38-42 Worthing Road
Horsham
West Sussex RH12 1DT

Report of the Board

The directors present their report for the year ended 31 March 2020. The strategic report is on pages 6 to 34.

Governance

Saxon Weald is governed by a Board comprising eight non executives and two executives, the Chief Executive and the Executive Director – Resources. Simon Turpitt was appointed as Chairman of Saxon Weald in September 2014, after several years as a Board member. The members of the Board are listed on page 4.

Richard Perry resigned as a Board member with effect from 16 September 2019. Martin Loates resigned as a Board Member on 16 September 2019. Stephanie White resigned as a Board member on 31 January 2020. Michael Meanley and Helen Tumminello were appointed as Board members on 1 January 2020. Norman Hill retired as Executive Director of Resources and Board member on 31 March 2020. Michael Chinn was appointed on 30 March 2020.

In autumn 2016, following an in-depth assessment, the regulator, confirmed that we maintained the highest rating for governance and financial viability of G1 and V1. This was confirmed again as part of a stability check in November 2019.

The Board has adopted and complies with the National Housing Federation (NHF) code of governance 2015 – excellence in governance. The Board has also adopted and complies with the NHF code of conduct – excellence in standards of conduct: code for members. Saxon Weald and individual members of the Board have a responsibility to both uphold the code and to maintain high standards of conduct at all times.

Our Board is responsible for ensuring the efficient strategic and financial management of Saxon Weald including an effective risk management framework and effective arrangements for securing value for money. Board members determine the policies needed to make Saxon Weald run smoothly and in compliance with legislation and regulatory requirements. They also make decisions on service standards, resourcing and budgets and have a remit to monitor and review our performance. Our Chief Executive

and staff are paid to manage the organisation on a day-to-day basis. Board members are recruited through an open advertisement and interview process, following an assessment of the skills and experience required by the Board.

Saxon Weald assesses the skills and experience it requires from its Board members and to what extent the skills and experience of existing Board members match these. Saxon Weald believes that it currently has Board members with the right skills and experience to lead the organisation. Saxon Weald is not complacent however and will re-assess the skills and experience it needs on a regular basis. In addition, an annual appraisal of individual Board members is carried out, including an assessment of training and development needs.

In 2019-20, the non-executive Board members at Saxon Weald were paid as follows:

Simon Turpitt , Chairman of the Board.....	£11,771
Stephanie White , Vice Chairman of the Board.....	£5,885
Martin Loates	£2,701
Charlotte Moore (Chairman of the Asset Management & Development Committee).....	£6,082
Richard Perry (Chairman of the Remuneration Committee).....	£2,701
Richard Stevens (Chairman of the Audit & Risk Committee).....	£5,886
Debbie Joseph	£4,266
Mark Slater	£5,076
Michael Meanley	£1,067
Helen Tumminello	£1,067
Adrian Hall	£4,266

In addition, Richard Reynolds as Chairman of Weald Property Development Limited was paid £5,814.

The total amount paid to non-executive Board members during 2018/19 was £60,512, which represents 0.1% of turnover. The level of payment to Board members is determined in relation to the individual Board member's responsibilities, the size and complexity of Saxon Weald and a comparison with Board members' pay elsewhere

in the sector. The level of Board members' pay is reviewed regularly. A full independent review of Board members' pay was completed in October 2016.

The Board of Saxon Weald meets six times each year. It has a robust Audit & Risk Committee that meets at least three times per annum and three other committees that meet when required. In the year August 2017 to July 2018, attendance at Board meetings was 86% and attendance at committee meetings 84%. 33% of the non-executive Board members are female and 11% have a disability or limiting long term illness. There is one Board member who identifies as being from a BME background. Saxon Weald offers Board members the opportunity to attend a wide range of training events including risk management and governance training.

The Audit and Risk Committee has responsibility:

- ▶ To ensure that Saxon Weald's management and in particular financial management, is as efficient as practicable and operates in accordance with:
 - Approved financial practice and regulation; and
 - RSH Regulatory Code and other advice and requirements
- ▶ To make the best use of internal financial staff, external and internal audit resources to ensure all relevant systems and procedures are reviewed within a rolling three year period.
- ▶ To promote and encourage a culture of risk awareness and risk management within Saxon Weald by:
 - Regularly reviewing the risk management policy, risk map, and the risk appraisal procedure; and
 - Ensuring that the Committee, Board and staff receive appropriate training and briefing on risk issues.
- ▶ To recommend to the Board the appointment of external auditors, ensuring that they are independent of Saxon Weald and are able to be objective in the performance of their duties. The Audit and Risk Committee will also review the performance of the external auditor on an annual basis.
- ▶ To review the operation of Saxon Weald's internal controls and report to the Board annually on their operation.
- ▶ To consider the annual financial statements and external auditor's Audit Findings Report (AFR) and to make recommendations to the Board.
- ▶ To consider reports of external auditors and, if necessary, make recommendations to the Board of action that needs to be taken.
- ▶ To appoint internal auditors and from time to time review their appointment.
- ▶ To determine a programme of work for internal auditors based on:
 - Financial risk assessment
 - The work of external auditors
 - The need for an effective review of key policies, programmes and procedures; and
 - Guidance from the RSH
- ▶ To receive reports from internal auditors and to act on their findings. Action requiring changes to Rules, Policies or Standing Orders would have to be recommended to the Board.
- ▶ To be able, on an exceptional basis, to make direct contact with external auditors about a matter of concern without reference to the Board as a whole.
- ▶ To meet regularly and make minutes available to all members of the Board. The reasons for the decisions taken must be recorded in the minutes and presented to the Board for endorsement. The Committee must be able to meet with the external auditors without paid staff being present at least once a year.

...Report of the Board

Board Responsibilities

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Saxon Weald and of the surplus or deficit for that period. In preparing these financial statements, the Board is required to:

- ▶ Select suitable accounting policies and then apply them consistently;
- ▶ Make judgments and estimates that are reasonable and prudent;
- ▶ State whether applicable accounting standards 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 Saxon Weald will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Saxon Weald and to enable it 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. It has general responsibility for taking reasonable steps to safeguard the assets of Saxon Weald and to prevent and detect fraud and other irregularities.

Financial statements are published on 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 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.

Provision of information to auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Chief Executive and Executive Team

The Executive Directors, who are listed on page 5, hold no financial interest in the Saxon Weald. They act as executives within the authority delegated by the Board. The detailed scrutiny of performance, the development of policy and procedures and expenditure approvals within budget are carried out by the Chief Executive and the Executive Team.

Internal controls assurance

The Board acknowledges that it is responsible for the association's system of internal control and for reviewing its effectiveness.

Although no system of internal control can provide absolute assurance or eliminate the risk of failure to achieve business objectives, Saxon Weald's system of internal control is designed to manage the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that Saxon Weald has a fraud policy and response plan, the purpose of which is to ensure that timely and effective action can be taken to:

- ▶ Prevent further loss of funds or other assets where fraud has occurred and to maximise recovery of losses;
- ▶ Minimise the occurrence of fraud;
- ▶ Identify the fraudster and maximise the success of any disciplinary/legal action taken;
- ▶ Minimise any adverse publicity for Saxon Weald as a result of the fraud;

- ▶ Identify any lessons which can be acted upon in managing fraud in the future; and
- ▶ Reduce the adverse impact on Saxon Weald.

The fraud policy and response plan also make it clear that:

“All members of staff have an on-going duty to report suspected fraud to their line manager or Director of Saxon Weald. All managers have a continuing duty to deter, detect and respond to fraud in their business area.”

The fraud policy and response plan also require all cases of significant fraud to be reported to the police.

All staff have received training on their responsibilities under the Bribery Act 2010, the fraud policy and response plan and Saxon Weald’s whistleblowing policy. The Audit & Risk Committee considers any entry into the fraud register at every meeting. During 2019/20, there have been ten reported cases of fraud directed against Saxon Weald. Six cases consisted of a fraudulent initial direct debit and all were refunded by the bank. The other cases included materials misuse, attempted changes to bank details, and one case, sadly, was a resident being defrauded by a visitor claiming to be collecting payments for Saxon Weald.

The system of internal control encompasses the Saxon Weald’s financial controls that are based on regular management information, segregation of duties and a system of delegation and accountability. It is based on an on-going process designed to identify the key risks to achieving Saxon Weald’s objectives, to evaluate the nature and extent of those risks and to manage them effectively and efficiently.

In reviewing the effectiveness of Saxon Weald’s systems of internal control, the Board considered:

- ▶ Regular reporting of the financial risk triggers dashboard, management accounts, covenant compliance, key financial rules and key performance indicators;
- ▶ The establishment and monitoring of the corporate strategy;
- ▶ Asset and liability register;
- ▶ Regular reporting of complaints received;
- ▶ Appropriate policies and procedures in place,

including reporting to Board when appropriate (for example, treasury management policy, standing orders and financial regulations);

- ▶ Risk management activity including the effectiveness of the business planning, risk and control framework, stress testing and the annual risk mapping exercise considered by the Audit & Risk Committee and the Board;
- ▶ Audit & Risk Committee overview of the audit needs assessment, audit plan, audit reports produced and an annual internal audit report;
- ▶ Annual report by the Executive Team on the effectiveness of the systems of internal control;
- ▶ Other reports from members of the Executive Team on operational and financial matters;
- ▶ The annual report of the Audit & Risk Committee;
- ▶ External auditors’ audit findings report; and
- ▶ Reports issued by the Regulator of Social Housing (RSH).

Material concerns

The Board has identified no material control issues or problems during 2019/20. No material concerns have been raised by the RSH or HE or any other stakeholder to which the Saxon Weald submits reports or information.

Auditors

RSM UK Audit LLP, continue as the auditor of the Group.

By Order of the Board

Simon Turpitt, Chairman

13 July 2020

Saxon Weald House
38-42 Worthing Road
Horsham RH12 1DT

Independent auditor's report to the members of Saxon Weald

Opinion

We have audited the financial statements of Saxon Weald (the 'Association') and its subsidiary (the 'Group') for the year ended 31 March 2020 which comprise which comprise the group and company statement of comprehensive income, the group and company statement of financial position, the group and company statement of changes in reserves, group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- ▶ Give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2020 and of the income and expenditure of the Group and the income and expenditure of the Association for the year then ended;
- ▶ Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ▶ Have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent association in accordance with the ethical requirements

that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- ▶ a satisfactory system of control over transactions has not been maintained; or
- ▶ the Association has not kept proper accounting records; or
- ▶ the financial statements are not in agreement with the books of account of the Association; 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's responsibilities statement set out on page 35, 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 determines 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 is responsible for assessing the group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Peter Howard.

Use of our report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association'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 Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP
Statutory Auditor
Abbotsgate House, Hollow Road,
Bury St Edmunds, Suffolk. IP32 7FA

DATE July 2020

Group and Saxon Weald Statement of Comprehensive Income

for the year ended 31 March 2020

	Saxon Weald		Group		
	Note	2020 £000	2019 £000	2020 £000	2019 £000
Turnover	3	47,684	45,970	47,684	45,970
Cost of sales	3	(3,969)	(3,171)	(3,969)	(3,171)
Operating expenditure	3	(27,294)	(26,143)	(27,294)	(26,143)
Surplus on sale of fixed assets - Housing properties	3 / 7a	1,980	1,147	1,980	1,147
Operating surplus	3	18,401	17,803	18,401	17,803
Interest receivable	5	49	45	49	45
Interest and financing costs	6	(12,514)	(12,111)	(12,514)	(12,111)
Unrealised gain on investment properties	11c	2,508	605	2,508	605
Surplus before taxation	7	8,444	6,342	8,444	6,342
Taxation	9	-	-	-	-
Surplus for the year		8,444	6,342	8,444	6,342
Actuarial gain / (loss) in respect of pension scheme	29	6,832	(2,182)	6,832	(2,182)
Total comprehensive income for the year		15,276	4,160	15,276	4,160

These financial statements were approved by the Board on 13th July 2020

All amounts relate to continuing activities

The notes on pages 44 to 71 form part of these financial statements

Simon Turpitt
Chairman

Steven Dennis
Chief Executive

Michael Chinn
Executive Director of Resources
and Society Secretary

Saxon Weald
Community Benefit Society Registration No: 7971

Group and Saxon Weald Statement of Financial Position

for the year ended 31 March 2020

	Saxon Weald		Group	
	2020	2019	2020	2019
Note	£000	£000	£000	£000
Fixed assets				
Intangible assets	10	298	245	298
Housing properties	11a	316,457	316,022	316,457
Other fixed assets	11b	1,408	1,570	1,408
Investment properties	11c	31,908	24,650	31,908
Investment in subsidiaries	12	50	50	-
		350,121	342,537	350,071
				342,487
Current assets				
Properties held for sale	14	833	3,361	833
Stock	15	257	240	257
Trade and other debtors	16	2,329	2,247	2,329
Cash and cash equivalents		12,969	6,586	12,981
		16,388	12,434	16,400
				12,446
Creditors: amounts falling due within one year	17	(11,812)	(12,719)	(11,812)
Net current assets / (liabilities)		4,576	(285)	4,588
				(273)
Total assets less current liabilities		354,697	342,252	354,659
				342,214
Creditors: amounts due after more than one year				
Bond issue	18	-	-	220,946
Loans from group companies	18	220,946	220,803	-
Revolving Loan Facility	18	3,771	749	3,771
Long term creditors - due to group companies		38	38	-
Grant creditors	18	59,241	59,817	59,241
		283,996	281,407	283,958
				281,369
Provisions for Liabilities				
Pension provision	29	309	5,741	309
Other provisions	24	55	43	55
		364	5,784	364
				5,784
Reserves				
Income and expenditure reserve		70,337	55,061	70,337
		70,337	55,061	70,337
				55,061
		354,697	342,252	354,659
				342,214

In view of the constitution of the society, all shareholdings relate to non-equity interests, as disclosed in note 25. The notes on pages 48 to 76 form part of these financial statements.

These financial statements were approved by the Board and authorised for issue on 13 July 2020 and signed on its behalf by:

Simon Turpitt
Chairman

Steven Dennis
Chief Executive

Michael Chinn
Executive Director of Resources
and Society Secretary

Saxon Weald
Community Benefit Society Registration No: 7971

Group and Saxon Weald Statement of Changes in Reserves

for the year ended 31 March 2020

	Income & Expenditure Reserve
	2020
	£000
Balance at 1 April 2018	50,901
Total comprehensive income for the year	4,160
Balance as at 31 March 2019	55,061
Total comprehensive income for the year	15,276
Balance as at 31 March 2020	70,337

The notes on pages 44 to 71 form part of these financial statements.



Group Statement of Cash Flows

for the year ended 31 March 2020

	Note	2020 £000	2019 £000
Operating activities			
Net cash generated from operations	26	26,199	25,367
Returns on investments and servicing of finance			
Interest received	5	49	45
Interest paid		(12,525)	(12,629)
Net cash generated from operating activities		13,723	12,783
Cash flow from investing activities			
Acquisition and construction of housing properties		(7,809)	(15,314)
Acquisition and works to investment properties		(59)	(385)
Component replacement		(5,848)	(5,957)
Sale of properties		3,247	2,733
Purchase of other tangible fixed assets		(155)	(105)
Purchase of intangible fixed assets		(183)	(111)
Grants received		467	1,041
Net cash flow used in investing activities		(10,340)	(18,098)
Cash flow from financing activities			
New secured loans		3,000	1,000
Net cash from financing activities		3,000	1,000
Net increase / (decrease) in cash and cash equivalents		6,383	(4,315)
Cash and cash equivalents at beginning of year		6,598	10,913
Cash and cash equivalents at end of year		12,981	6,598

Notes to the Financial Statements

for the year ended 31 March 2020

1 Legal status

Saxon Weald (the "Society") is a public benefit entity registered under the Cooperative and Community Benefit Societies Act 2014 and is an English registered social housing provider. The address of the registered office is Saxon Weald House, 38-42 Worthing Road, Horsham, West Sussex, RH12 1DT.

Saxon Weald's primary business is to build and rent homes for those who cannot afford to buy or rent in the private market and/or who, as a result of age or other characteristics, need additional support to maintain an independent home and lifestyle.

2 Accounting policies

Basis of accounting

These consolidated financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Accounting Direction for Private Registered Providers of Social Housing 2019, under the historical cost convention, modified to include investment properties at fair value.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Basis of consolidation

The consolidated financial statements incorporate those of the Society and all of its active subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method.

Their results are incorporated from the date that control passes. All financial statements are made up to 31 March 2020.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

Reduced disclosures

In accordance with FRS 102, the Society has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedge fair value changes recognized in profit or loss and in other comprehensive income.

Going concern

At the date of these financial statements the Board Members have carried out a detailed and comprehensive review of the business and its future prospects. In particular, they have considered the forecast future performance, anticipated cash flows and the ability of the parent to meet interest payments for 12 months from the date of signing the accounts. The Board has considered the impact of Covid-19 on the short and long term health of the association, and is content that the measures taken by the association, together with a robust business plan provides assurance that the going concern basis is appropriate in preparing the financial statements.

Turnover

Turnover comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sale of properties built for sale, other services provided at the invoice value (excluding VAT) and revenue grants receivable in the period.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and sales of properties built for sale is recognised on completion when risks and rewards transfer.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met and are applied under the accruals method of grant accounting. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Service charges

Service charges on rented properties are recognised in the financial statements when the weekly rent debit is raised. Service charges on shared ownership properties are credited monthly. The amount recognised in the financial statements is adjusted to reflect either additional amounts to be collected or amounts to be repaid based on the costs incurred in the year.

Supporting People income and expenditure

Supporting People income is recognised on the basis of contracted hours worked. Expenditure relating to Supporting People activities is recorded as incurred.

Other Income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Intangible fixed assets - Software

Software is capitalised and written off using the straight line method of amortisation as in the opinion of the directors, this represents the period over which the software is expected to give rise to economic benefits. Currently this would be four years.

Tangible fixed assets - Housing properties

Housing properties are properties for the provision of social housing and are principally properties available for rent and shared ownership. Completed housing and shared ownership properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs;
- A significant extension to the life of the property.

Land or other assets which have been donated by a government source are added to cost of assets at the fair value of the land at the time of the donation. The difference between the fair value of the asset donated and the consideration paid is treated as a non-monetary government grant and included within the Statement of Financial Position as a liability. The terms of the donation are considered to be performance related conditions. Where the donation is not from a public source, the value of the donations less the consideration is included in income.

... Notes to the Financial Statements

for the year ended 31 March 2020

Depreciation of Housing properties

Component		Years from date of acquisition or practical completion
Structure	Flats & houses	100
	Studio flats	50
	Pitched roof	60
	Flat roof	25
	Windows	30
	Kitchens	20
	Bathrooms	30
	Heating systems	40
	Boilers	15
	Lifts	30
	Complete re-wire	40
	Communication systems	20
	Commercial kitchens	20
	Solar panels	20
	Kitchen Equipment	10

Leasehold properties are depreciated over the lesser of the above lives or the remaining length of the lease. Freehold land is not depreciated.

Housing properties in the course of construction are stated at cost and are not depreciated. Housing properties are either transferred to completed properties when they are ready for letting and are stated at cost or transferred at cost to investment properties and then valued at 31 March and stated at fair value.

Investment properties

Investment properties (including properties held under an operating lease) consist of commercial properties and properties not held for social

benefit. These properties are initially measured at cost and subsequently measured at fair value. Changes in fair value are recognised in the Statement of Comprehensive Income.

Government grants

Government grants include grants receivable from Homes England (HE), local authorities and other government bodies.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Grants are received both in advance and in arrears for a grant funded scheme, assurance of receipt of the grant is given prior to commencement.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model.

Government grants relating to revenue are recognised as income over the periods when the related costs are incurred once reasonable assurance has been gained that the Group will comply with the conditions and the funds will be received.

Impairment

Impairment reviews are carried out on our different property groups on a regular basis. We consider the findings of these reviews in detail and consider any fluctuations in valuation resulting from this process. We consider whether any impairment is necessary and update our asset register and carrying costs accordingly. We further undertake an annual impairment review of all assets at the statement of financial position date to ensure our assets are fairly valued within the financial statements. This review is based on three measures - existing use value - social

housing; discounted cash flow; and depreciated replacement cost. Where the recoverable amount of an asset is deemed to be less than the carrying value an impairment is made to reflect the asset at its carrying value.

Capitalisation of interest and development administration costs

Costs including staff costs and loan interest relating to development activity are capitalised only where the costs are incremental and directly related to bringing the properties into working condition for their intended use.

Interest on loans financing development is capitalised from the date the works commence up to the date of practical completion of the scheme. The average cost of borrowing in the year is used to calculate the interest capitalised, which is 5.33%.

Mixed tenure development

A mixed tenure development is evaluated and considered on the basis of how the costs incurred in acquiring and developing the land are attributed to each element of the scheme.

Major repairs and refurbishments

Major repairs and refurbishments to housing properties are capitalised where major components are replaced and derecognised or to the extent of improvements to the property which lead to either enhanced rent potential, reduced costs or an extension in the useful economic life of the property in excess of the previously assessed standard of performance when the assets were first acquired, constructed or last replaced. In other cases, major repairs are charged to the statement of comprehensive income as incurred.

Property sales income

Completed properties and properties under construction for sale, either as first tranche Low Cost Home Ownership (LCHO) sales or outright sale, are valued at the lower of cost and

net realisable value. Cost comprises materials, direct labour, direct development overheads and capitalised interest. Net realisable value is based on estimated sales prices after allowing for all further costs of completion and disposal. Until sold these properties are held as current assets. The sale of housing properties are recorded net of carrying value as a gain or loss on disposal.

Shared ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover. The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Where the first tranche has been sold prior to the acquisition of the properties, these are included in fixed assets only.

Other tangible fixed assets

Depreciation is charged on other fixed assets to write off the cost less estimated residual values on a straight line basis over the useful lives shown below:

Freehold office building 50 years straight line
Freehold office fixtures and fittings 25 years straight line
Office furniture and equipment seven years straight line
IT equipment four years straight line

Freehold land is not depreciated

... Notes to the Financial Statements

for the year ended 31 March 2020

Value added tax

All expenditure is stated including irrecoverable value added tax.

Stock

The stock holding relates to materials held on vans for the in-house repairs team to use for completing repairs jobs. The materials are charged to the cost of the job once the repair is complete and are recorded at original cost.

Taxation

The Society is considered to pass the tests set out in Paragraph 1, Schedule 6, Finance Act 2010 and therefore meets the definition of a charitable society for UK corporation tax purposes. Accordingly, it is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3, Part 11, Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The subsidiary companies are subject to corporation tax in the same way as any commercial organisation.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Society is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pension costs

The Group participates in the West Sussex County Council Local Government Pension Scheme (LGPS). The amount payable by the

society in regards to contributions is set by the scheme's actuaries.

For the LGPS, the cost of providing benefits is determined using the projected unit credit method.

Asset/Liability

The net defined benefit asset/liability represents the present value of the defined benefit obligation less the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains/Losses

Gains or losses recognised in profit or loss:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income:

- Actuarial gains and losses.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

Financial instruments

The Group and Society have elected to apply the provisions of Section 11 'Basic Financial Instruments' in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Such debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for the impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and

subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with such creditors constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Operating leases

Rentals payable under operating leases are charged to the profit or loss on a straight line basis over the lease term.

Investment in subsidiaries

Investments in subsidiaries are recorded at cost less any impairment for permanent diminutions in value.

... Notes to the Financial Statements

for the year ended 31 March 2020

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

In preparing these financial statements the Group and Society makes the following estimates and assumptions concerning the future:

Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives, taking into account residual values where appropriate.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

The freehold of the investment properties is professionally valued annually based on 90% of the market value. Market value being the estimated amount for which a property could be sold at valuation date but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

Allocation of land for mixed tenure developments

Management estimates the proportion of the land cost to allocate to different tenure types for mixed developments based upon actual data, where available, otherwise this is based upon an allocation using EUV-SH, open market and investment values for each unit in the development.

LGPS Pension scheme

The Group and Society accepts the principal assumptions used in the calculation of the

valuation of the pension plan assets as at 31 March 2020, provided by the LGPS (as shown in note 29).

In the directors' opinion, there are no other estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical areas of judgement

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The items in the financial statements where these judgements are estimates have been made include:

Impairment - Fixed Assets and debtors

The Group and Society make judgements regarding the level of impairment on the carrying value assets including debtors and fixed assets. Triggers of impairment of assets are considered annually. For debtors this judgement is on the basis of discounted net present value. For fixed assets the judgement is assessed on a combination of existing use value - social housing, discounted cash flow, and depreciated replacement cost.

Impairment - Investment properties

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Market activity is being impacted in many sectors. As at the valuation date Savills have considered that they can attach less weight to previous market evidence for comparison purposes to fully inform opinions of value. Indeed, the current response to COVID-19 means that Savills are faced with an unprecedented set of circumstances on which to base a judgement.

Valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation of investment properties than would normally be the case. However, the Group and Society makes a judgement that at the time of signing these financial statements there is no impairment required as the letting of these properties continues to be constant and there are no additional arrears.

Schemes under development

The anticipated costs to complete a development scheme are based on the estimated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Where schemes are mixed tenure, costs are allocated based on area split. The allocation of properties under construction costs relating to shared ownership schemes between current and fixed assets is determined by the predicted amount to be sold for each property within a year.

Accruals

Accruals for certain items are based on work completed but where no invoice has been issued at the reporting date and in subsequent weeks. Management are satisfied that estimates made are reliable and in line with expectations.

Disposal of property

The Group and Society makes a judgement that the gain or loss on the disposal of properties including Right to Acquire, Right to Buy and the Staircasing of properties are included within operating surplus, together First Tranche Sales. This is because the Group and Society includes these sales and disposals within its updated operating strategy. These sales and disposals now form part of its core operating activities and therefore the Group and Society considers it appropriate to include these sales and disposals within operating surplus. Consequently we have restated the prior year surplus on disposal to also be above operating profit, previously below, to reflect the clarification of the Housing SORP 2018 and for comparability of results.

3 Group turnover, operating costs and operating surplus

	Turnover	Cost of sales	Operating costs	2020 Operating surplus	2019 Operating surplus
	£000	£000	£000	£000	£000
Social housing lettings					
- General needs, housing for older people, supported and shared ownership housing (See note 3a)	40,523	-	(27,009)	13,514	13,875
Other social housing activities					
- Shared ownership first tranche sales	5,246	(3,969)	-	1,277	604
- Sales to eligible older people	-	-	-	-	904
- Other social housing activities	141	-	-	141	112
Non social housing activities					
- Surplus on lettings (garages)	629	-	(21)	608	581
- Surplus on lettings (market rent)	1,145	-	(264)	881	580
- Surplus on disposal of fixed assets	-	-	-	1,980	1,147
	47,684	(3,969)	(27,294)	18,401	17,803

... Notes to the Financial Statements

for the year ended 31 March 2020

3a Group income and expenditure from social housing lettings

	General needs £000	Housing for older people & supported housing £000	Shared ownership £000	2020 Total £000	2019 Total £000
Income					
Rents receivable net of identifiable service charges	25,108	8,090	960	34,158	33,797
Service charge income	833	4,814	79	5,726	5,347
Amortised Government Grants	193	428	18	639	611
Turnover from social housing lettings	26,134	13,332	1,057	40,523	39,755
Expenditure					
Management	(2,160)	(1,428)	(38)	(3,626)	(3,513)
Service charge costs	(1,112)	(5,506)	(35)	(6,653)	(6,297)
Responsive maintenance (routine maintenance)	(2,341)	(1,149)	(25)	(3,515)	(3,443)
Planned and cyclical maintenance	(1,954)	(1,193)	(1)	(3,148)	(2,888)
Major repairs expenditure	(749)	(196)	(1)	(946)	(975)
Bad debts	(106)	(42)	(5)	(153)	(126)
Depreciation of housing properties*	(4,745)	(1,896)	(219)	(6,860)	(6,432)
Pension (current cost less contributions)	(1,248)	-	-	(1,248)	(811)
Other costs	(860)	-	-	(860)	(1,395)
Operating costs on social housing lettings	(15,275)	(11,410)	(324)	(27,009)	(25,880)
Surplus on social housing lettings	10,859	1,922	733	13,514	13,875
Voids - rent lost through dwellings being vacant	(230)	(246)	(94)	(570)	(523)

* Includes accelerated depreciation of £568,000 (2019: £516,000)

4 Accommodation in Management and Development

Under management at end of year:	Group			
	Social Number	Affordable Number	2020 Total Number	2019 Total Number
Social Housing				
General needs housing				
Owned general needs	3,381	679	4,060	4,012
Owned general needs managed by others	54	-	54	56
Older People's Housing				
Extra Care	328	105	433	433
Retirement - Supported	1,031	64	1,095	1,096
Retirement - Non-Supported	69	41	110	110
	4,863	889	5,752	5,707
Shared ownership			223	171
Leasehold for older people			157	157
Total Social Housing			6,132	6,035
Market rent			108	81
Leasehold flats			521	519
Total owned and managed			6,761	6,635
Under development at end of year:				
Market Rented Homes			-	27
Shared Ownership			12	60
Affordable Rent			23	54
			35	141

... Notes to the Financial Statements

for the year ended 31 March 2020

5 Interest receivable and similar income

	Saxon Weald		Group	
	2020	2019	2020	2019
	£000	£000	£000	£000
Interest on bank deposits	49	45	49	45
	49	45	49	45

6 Interest payable and similar charges

	Saxon Weald		Group	
	2020	2019	2020	2019
	£000	£000	£000	£000
Interest on inter-company loan	12,094	12,094	-	-
Interest on bond	-	-	12,094	12,094
Bank charges and arrangement fees	56	54	56	54
Amortisation of bond discount and fees	143	135	143	135
Interest on loan	88	18	88	18
Amortisation of loan discount and fees	22	355	22	355
Loan non-utilisation fees	196	120	196	120
Pension fund interest cost	1,004	966	1,004	966
Pension fund expected return on assets	(852)	(883)	(852)	(883)
Capitalised interest on development*	(237)	(748)	(237)	(748)
	12,514	12,111	12,514	12,111

* Interest costs directly attributable to the financing of housing property developments were capitalised at the weighted average cost of the related borrowings (see note 11a) which was 5.33% (2019: 5.36%)

7 Group surplus on ordinary activities before taxation

Saxon Weald		Group	
2020	2019	2020	2019
£000	£000	£000	£000

Is stated after charging:

Depreciation of housing properties (including accelerated depreciation of £568k (2019: £516k) (note 11a))

6,860 6,432 6,860 6,432

Depreciation of other tangible fixed assets (note 11b)

219 221 219 221

Amortisation of intangible fixed assets (note 10)

120 125 120 125

Fees payable to RSM UK Audit LLP in respect of both audit and non-audit services are as follows:

Audit services* - statutory audit of the company

- in their capacity as auditors - current year

44 42 44 42

- in their capacity as auditors - prior year

- 1 - 1

Audit services - statutory audit of the Subsidiary

- - 11 11

Total audit services

44 43 55 54

Operating lease expenditure

516 504 516 504

Salaries directly attributable to development projects capitalised

425 442 425 442

7a Surplus on sale of fixed assets - Housing properties

Saxon Weald		Group	
2020	2019	2020	2019
£000	£000	£000	£000

Disposal proceeds

3,332 2,709 3,332 2,709

HE grant

27 41 27 41

Carrying value of fixed assets

(811) (522) (811) (522)

Payable to Horsham District Council

(456) (1,055) (456) (1,055)

Other costs to sell

(112) (26) (112) (26)

1,980 1,147 1,980 1,147

Capital grant recycled (note 19)

71 - 71 -

Disposal proceeds fund (note 20)

- - - -

... Notes to the Financial Statements

for the year ended 31 March 2020

8 Group and Society Employees

The average monthly number of persons (including directors) employed by the Society during the year was:

Actual

	2020 Number	2019 Number
Office and management *	126	123
Housing support and care **	37	37
Maintenance ***	78	71
Board members****	9	10
	250	241

The average annual full time equivalent of persons (including directors) employed by the society during the year was:

Full time equivalents

	2020 Number	2019 Number
Office and management *	115	109
Housing support and care **	30	31
Maintenance ***	75	71
Board members****	9	10
	229	221

* Full time equivalents are calculated based on a standard working week of 37 & 40 hours.

** Full time equivalents are calculated based on a standard working week of 24 & 37 hours.

*** Full time equivalents are calculated based on a standard working week of 40 & 45 hours.

**** Full time equivalents are calculated based on a standard working week of 2 hours.

Staff costs for the above

	2020 £000	2019 £000
Wages and salaries	7,982	7,642
Social security costs	843	794
Other pension costs and current service cost	2,220	1,760
	11,045	10,196

The full time equivalent number of staff with remuneration in the bandings below (inc. Employer Pension Contributions.)

	2020	2019
	Number	Number
£60,000 to £70,000	7	3
£70,001 to £80,000	1	1
£80,001 to £90,000	1	3
£90,001 to £100,000	3	5
£100,001 to £110,000	4	1
£130,001 to £140,000	0	2
£140,001 to £150,000	2	0
£160,001 to £170,000	1	2
£180,001 to £190,000	1	0
	20	17

Executive directors and Board members

	2020	2019
	£000	£000
Executive directors Remuneration and fees	417	508
Society contribution to money purchase pension schemes	78	94
Compensation for loss of office	0	39
Money value of benefits in kind	3	8
	498	649

The Executive directors, Assistant Directors and Board members are considered key management personnel for the purposes of FRS 102 and their remuneration is £1,789,000 (2019*: £893,000)

* Due to a change in management structure, the remuneration for key management personnel in 2020 includes eight Assistant Directors. In 2019, key management personnel were considered to be the Executive Directors and Board members only.

The number of directors to whom retirement benefits are accruing under:

	2020	2019
	Number	Number
Defined benefit schemes was:	3	3
	3	3
Highest paid director		
	2020	2019
	£000	£000
Remuneration (includes benefits in kind and excluding pension)	154	142
Society contributions to pension scheme	29	25
	183	167

Accrued lump sum at year end (defined benefit scheme)

- -

The Chief Executive is an ordinary member of the West Sussex Pension Scheme. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The Society does not make any further contributions to an individual pension arrangement for the Chief Executive.

	2020	2019
	£000	£000
Board members' Emoluments	57	61
	57	61

... Notes to the Financial Statements

for the year ended 31 March 2020

9 Group taxation on surplus on ordinary activities

Factors affecting charge for the period

	Saxon Weald		Group	
	2020	2019	2020	2019
	£000	£000	£000	£000
Surplus on ordinary activities before taxation	8,444	6,342	8,444	6,342
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018/19: 19%)	1,604	1,205	1,604	1,205
Effects of:				
Charitable exemption	(1,604)	(1,205)	(1,604)	(1,205)
Current tax charge for the period	-	-	-	-

Factors that may affect future tax charges

The Society is considered to pass the tests set out in Paragraph 1, Schedule 6, Finance Act 2010 and therefore meets the definition of a charitable society for UK corporation tax purposes. Accordingly, it is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3, Part 11, Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The subsidiary company is subject to corporation tax in the same way as any commercial organisation.

10 Group and Society Intangible Fixed Assets

Cost

	Software	Total
	£000	£000
At 1 April 2019	1,623	1,623
Additions	173	173
At 31 March 2020	1,796	1,796

Accumulated Amortisation

At 1 April 2019	1,378	1,378
Charged to expense	120	120
At 31 March 2020	1,498	1,498

Carrying amount:

At 31 March 2020	298	298
At 31 March 2019	245	245

11a Group and Society tangible fixed assets - housing properties

Cost	Completed properties available for letting		Properties under construction		Total
	Rented	Shared ownership	Rented	Shared ownership	
	£000	£000	£000	£000	£000
At 1 April 2019	323,256	22,510	13,114	6,570	365,450
Schemes completed	8,830	7,357	(8,830)	(7,357)	-
Replacement components	5,848	-	-	-	5,848
Additions	-	-	5,026	1,750	6,776
Disposals*	(679)	(86)	-	-	(765)
Transfer to Investment Properties	-	-	(4,690)	-	(4,690)
Components disposed of	(1,519)	-	-	-	(1,519)
At 31 March 2020	335,736	29,781	4,620	963	371,100

Depreciation and impairment **

At 1 April 2019	48,563	866	-	-	49,429
Charge for the year	6,081	211	-	-	6,292
Disposals	(123)	(4)	-	-	(127)
On components disposed of	(951)	-	-	-	(951)
At 31 March 2020	53,570	1,073	-	-	54,643

Carrying amount:

At 31 March 2020	282,166	28,708	4,620	963	316,457
At 31 March 2019	274,694	21,644	13,114	6,570	316,022

The cumulative amount of capitalised interest included in fixed asset housing properties at 31 March 2020 was £7,302,000 (2019: £7,065,000).

Housing properties book value net of depreciation	2020 £000	2019 £000
Freehold properties	298,246	297,624
Long leasehold properties	18,211	18,398
	316,457	316,022

Works to existing rented properties

Replacement components capitalised as above	5,848	5,957
Major repair works charged to revenue (note 3)	946	975
	6,794	6,932

All housing properties are for social housing use.

* Disposals relate to sales of Right to Buy, Right to Acquire, Shared Ownership staircasing and other property sales.

** Accumulated impairment at year end is £nil (2019: £nil).

... Notes to the Financial Statements

for the year ended 31 March 2020

11b Group and Society Tangible Fixed Assets - Other

	Freehold office £000	Office equipment £000	IT equipment £000	Total £000
Cost				
At 1 April 2019	2,630	139	1,215	3,984
Additions	-	27	133	160
Disposals	(127)	-	-	(127)
At 31 March 2020	2,503	166	1,348	4,017
Depreciation				
At 1 April 2019	1,318	87	1,009	2,414
Charge for the year	81	11	127	219
Disposals	(24)	-	-	(24)
At 31 March 2020	1,375	98	1,136	2,609
Carrying amount:				
At 31 March 2020	1,128	68	212	1,408
At 31 March 2019	1,312	52	206	1,570

11c Group and Society Investment Properties

Group

	Garage stock £000	Market rented properties £000	2020 £000	2019 £000
At 1 April	6,700	17,950	24,650	23,680
Transfer from housing properties	-	4,690	4,690	(20)
Additions and works	16	44	60	385
Increase in value	144	2,364	2,508	605
Value as at 31 March	6,860	25,048	31,908	24,650

All investment properties were valued as at 31 March 2020 by Savills (UK) Limited, Chartered Surveyors. The valuation of the group's investment properties was carried out in accordance with the Royal Institute of Chartered Surveyors ("RICS") Appraisal and Valuation Manual. A discounted cash flow methodology was followed in undertaking the valuation. The historical cost at 31 March 2020 was £23,368,000 and at 31 March 2019 was £18,620,000.

The Coronavirus outbreak has impacted market activity in many sectors. As a result, Savills have reported that these valuations are on the basis of "material valuation uncertainty". Further information is disclosed within Note 2: Critical estimates and judgements.

The key assumptions used for the garage properties valuation were:

	2020 %	2019 %
Inflation rate - medium term (CPI)	2%	2%
Long term rental increases	CPI + 1%	CPI + 1%

The key assumptions used for the market rent properties investment valuation were:

	2020 %	2019 %
Average percentage reduction for investment - units let on Assured shorthold tenancies	10.0%	10.0%
Average percentage reduction for investment - units let on Assured tenancies and Regulated tenancies	36.5%	36.5%
Average age of tenants within Assured Tenancies and Regulated Tenancies	75 years	75 years
Remaining tenant lifespan within Assured Tenancies and Regulated Tenancies	8 years	8 years

The key assumption used for the market rent properties rental valuation was:

- all units are let on Assured Shorthold Tenancies

... Notes to the Financial Statements

for the year ended 31 March 2020

12 Society investment in subsidiaries

	2020	2019
	£000	£000
Cost		
At 1 April	50	50
At 31 March	50	50

Saxon Weald is the parent company of Saxon Weald Capital plc. and owns 100% of the share capital. Its nature of business is group financing and is registered in England and Wales with the Companies Registrar.

Saxon Weald is the parent company of Weald Property Development Ltd and owns 100% of the share capital. The company is dormant and is registered in England and Wales with the Companies Registrar.

13 Subsidiary Undertakings

Saxon Weald's subsidiary undertakings are:

Name of undertaking	Class of shareholding	Proportion of nominal value held directly	Nature of business
Saxon Weald Capital Plc. *	Ordinary	100% (2019 100%)	Group financing
Weald Property Development Ltd	Ordinary	100% (2019: 100%)	Dormant

* Saxon Weald Capital Plc. has issued £50,000 of share capital of which £12,500 is paid up.

14 Group and Society properties held for sale

	2020	2019
	£000	£000
Shared ownership - completed properties	396	471
Work in progress	437	2,890
	833	3,361

15 Group and Society Stock

The stock holding relates to materials held on vans for the in-house repairs team to use for completing repair jobs. The value of stock held as at 31 March 2020 was £257,000 (2019: £240,000).

16 Group and Society debtors: amounts falling due within one year:	2020 £000	2019 £000
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Amounts receivable within one year:

Rents and services receivable	1,159	1,021
Less: provision for bad debts	(301)	(372)
	858	649
Other debtors	330	361
Other taxes and social security costs	14	27
Prepayments and accrued income	1,127	1,210
	2,329	2,247

17 Group and Society creditors: amounts falling due within one year	2020 £000	2019 £000
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Housing loan interest	3,854	3,854
Contractors for certified work	1,515	2,785
Other taxes and social security costs	278	236
Rent charged in advance	599	5
Rent paid in advance	481	455
Trade creditors	555	678
Deferred capital grant	658	637
Recycled capital grant	1,167	455
Disposals proceeds fund	-	245
Other creditors	2,249	2,314
Due to Horsham DC re. RTB sales receipts	456	1,055
	11,812	12,719

18 Group and Society creditors: amounts falling due after more than one year	2020 £000	2019 £000
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Debt (note 23)	220,946	220,803
Loan - revolving credit facility (Note 23)	3,771	749
Recycled capital grant fund (note 19)	71	1,158
Disposal proceeds fund (note 20)	-	-
Deferred capital grant (note 21)	59,170	58,659
Amounts owed by group	283,958	281,369
Due to group companies	38	38
Amounts owed by society	281,369	279,105

... Notes to the Financial Statements

for the year ended 31 March 2020

19 Group and Society Recycled Capital Grant Fund (RCGF)

Funds pertaining to activities within areas covered by:

	HE 2020 £000	HE 2019 £000
Opening balance inputs to RCGF:		
As at 1 April	1,158	180
RCGF short term from prior year	455	1,422
Grants recycled	71	-
Interest accrued	12	11
Recycling of grant:		
New Build	(458)	-
Transfers to RCGF short term	(1,167)	(455)
Closing balance	71	1,158
Short term Recycled Capital Grant Fund	1,167	455
Long term Recycled Capital Grant Fund	71	1,158
Amounts 3 years or older where repayment may be required:	-	-

20 Group and Society Disposal Proceeds Fund (DPF)

Funds pertaining to activities within areas covered by:

	HE 2020 £000	HE 2019 £000
Opening balance inputs to DPF:		
As at 1 April	-	-
DPF short term from prior year	244	233
Interest accrued	2	2
Other	-	10
Use/allocation of funds:		
New Build	(246)	-
Closing balance	-	245
Short term Disposals Proceeds Fund	-	245
Long term Disposals Proceeds Fund	-	-
Amounts 3 years or older where repayment may be required:	-	-

21 Group and Society Deferred Capital Grant

	2020	2019
Grant	£000	£000
As at 1 April	64,358	63,317
Additions	1,171	1,041
Disposals	-	-
As at 31 March	65,529	64,358

Amortisation

As at 1 April	(5,062)	(4,451)
Credit for the year	(639)	(611)
Eliminated on disposal	-	-
As at 31 March	(5,701)	(5,062)
Carrying amount at 31 March	59,828	59,296

Social Housing Grants (SHG) are repayable in the event of the disposal of the related property. When this occurs, the total original grant is repayable and this comprises the unamortised balance together with the amortised amount. At the end of the year, the total amount of SHG potentially repayable was £65,529,000 (2019: £64,358,000).

22 Group and Society Financial Instruments

Measured at amortised cost

	2020	2019
	£000	£000
Financial assets:		
Cash and cash equivalents	12,981	6,598
Other financial assets (included in note 16)	1,202	1,038
Total	14,183	7,636
Financial liabilities		
Debt *	224,717	221,552
Other financial liabilities (included in note 17, 19, 20)	10,146	12,781
Total	234,863	234,333

* Further details are provided within note 23

... Notes to the Financial Statements

for the year ended 31 March 2020

23 Group borrowings

On 6 June 2012, Saxon Weald Capital plc. successfully issued a £225m bond at a coupon of 5.375% for an average of 25 years. The bond was issued at a discount of 1.623%, so that the funds received were £221.3m which equates to a fixed interest rate of 5.496%.

The cost of issuing the bond was £1.3m leaving a net of £220m available to repay existing loans and to fund future development. The underlying assets of the issuance belong to Saxon Weald through a security trust arrangement with the Prudential Trustee Company Limited.

The bond discount and the costs of issue are amortised over the average term of the bond of 25 years. Saxon Weald is liable to Saxon Weald Capital plc. for both the bond coupon and the amortisation cost of the bond discount and issue cost.

The fair value (market value) of the bond at 31 March 2020 was £311,189,625 (£299,237,625 in 2019).

On 14 February 2019 Saxon Weald put in a place a re-stated 7 year revolving credit facility of £35,000,000, of which £3,000,000 was drawn down in the year.

	Saxon Weald		Group	
	2020	2019	2020	2019
	£000	£000	£000	£000
Loans to Group undertakings	220,946	220,803	-	-
Total	220,946	220,803	-	-
Bond issue	-	-	225,000	225,000
Bond discount and fees	-	-	(4,054)	(4,197)
Net bond	220,946	220,803	220,946	220,803
Loan - revolving credit facility	4,000	1,000	4,000	1,000
Loan discount and fees	(229)	(251)	(229)	(251)
Net Loan	3,771	749	3,771	749
Total Creditors: amounts falling due after one year	224,717	221,552	224,717	221,552

Loans repayable by instalments:	Saxon Weald		Group	
	2020	2019	2020	2019
	£000	£000	£000	£000
In five years or more	224,717	221,552	224,717	221,552
	224,717	221,552	224,717	221,552

24 Group and Society Provisions for liabilities

Holiday Pay £000

As at 1 April 2019	43
Additional provision in year	12
As at 31 March 2020	55

Holiday Pay

This represents holiday accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the contractual cost payable for the period of absence.

25 Share capital

Saxon Weald is a Community Benefit Society. Non-executive board members shall be the only shareholders and become shareholders on appointment. The liability of each member is limited to £1.

26 Group reconciliation of surplus after tax to net cash generated from operations

	2020 £000	2019 £000
Surplus after tax for the year	8,444	6,342
Adjustments for:		
Depreciation of tangible fixed assets	7,079	6,653
Amortisation of intangible assets	120	125
Amortisation of government grants	(639)	(611)
Fair value (gains) on investment properties	(2,508)	(605)
Defined benefit pension scheme	1,317	811
Increase in provisions	12	0
(Gain) on disposal of tangible fixed assets	(1,981)	(1,147)
Decrease in properties held for sale	2,530	2,297
Interest receivable	(49)	(45)
Interest and financing costs	12,514	12,111
Operating cash flows before movements in working capital	26,839	25,931
(Increase) in stock	(18)	(17)
(Increase) / Decrease in trade and other debtors	(60)	549
(Decrease) in trade and other creditors	(562)	(1,096)
	(640)	(564)
Cash generated from operations	26,199	25,367
Cash and cash equivalents	2020	2019
	£000	£000
Cash and cash equivalents represent:-		
Cash at bank *	12,981	6,598
	12,981	6,598

* Cash at bank includes £636,000 (2019: £525,000) which is ring fenced for sinking funds and tenancy deposits.

... Notes to the Financial Statements

for the year ended 31 March 2020

26 Group reconciliation of surplus after tax to net cash generated from operations (continued)

	2020	2019
	£000	£000
Reconciliation of net cash flow to movement in net debt		
Increase / (Decrease) in cash in the year	6,383	(4,315)
Increase in debt funding	(3,000)	(741)
Changes in net debt resulting from cashflows	3,383	(5,056)
Non - cash movement	(165)	(143)
Net debt at beginning of year	(214,954)	(209,755)
Net debt at end of year	(211,736)	(214,954)

Net debt reconciliation	At 31 March 2019	Cashflow	Non-cash movement*	At 31 March 2020
Cash at bank and in hand	6,598	6,383	-	12,981
Bond Debt due after one year	(220,803)	-	(143)	(220,946)
Loan Debt due after one year	(749)	(3,000)	(22)	(3,771)
	(214,954)	3,383	(165)	(211,736)

* Non-cash movements are the amortisation costs in relation to the bond premium and loan issue costs.

27 Group and Society capital commitments and other contractual obligations

	2020	2019
	£000	£000
Capital expenditure for new development / acquisition that has been contracted for but has not been provided for in these financial statements		
To be spent within 1 year	4,805	5,847
To be spent after 1 year	2,431	4,098
	7,236	9,945
Capital expenditure for new development / acquisition that has been authorised by the Board but has not been contracted for	-	-
	7,236	9,945
The Group and Society expects to finance the above commitments by:		
Social housing grant receivable	680	293
Property sales	1,275	3,569
Loan	-	4,485
Cash	5,281	1,598
	7,236	9,945
In addition to the above, the Board has authorised capital expenditure on property components which have not been contracted for totalling:	5,807	5,670

28 Group and Society commitments under operating leases

As at 31 March 2020, the total future minimum lease payments under non-cancellable operating leases not relating to land and buildings as set out below:

	2020 £000	2019 £000
Less than one year	484	474
Between one and five years	637	715
	1,121	1,189

29 Group Retirement benefits

The LGPS is a multi-employee/pension administered by West Sussex County Council under regulations governing the Local Government Pension Scheme, a defined benefit pension scheme. The most recent comprehensive actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out at 31 March 2020.

The employer's contribution to the LGPS by Saxon Weald for the year ended 31 March 2020 was £972,000 (2019: £949,000) at a contribution rate of 20.8% of pensionable salaries. The employer's contribution rate for the year ending 31 March 2021 has been set at 28.5%.

The principal assumptions used in the calculation of the valuation of the plan assets and the present value of the defined benefit obligation include:

Changes in the present value of the defined benefit obligation:

	2020 £000	2019 £000
Defined benefit obligation at 1 April 2019	40,880	35,073
Current service cost	2,098	1,760
Interest cost	1,004	966
Contributions by scheme participants	333	322
Plan introductions, changes, curtailments and settlements	122	-
Benefits paid	(694)	(634)
Actuarial losses / (gains)	(8,220)	3,393
Defined benefit obligation at 31 March	35,523	40,880

Changes in the fair value of plan assets:

	2020 £000	2019 £000
Plan assets at 1 April 2019	35,139	32,408
Interest income	852	883
Return on plan assets (excluding amounts included in net interest)	(1,388)	1,211
Contributions by employer	972	949
Contributions by scheme participants	333	322
Benefits paid	(694)	(634)
Plan assets at 31 March 2020	35,214	35,139

The actual return on plan assets was a loss of £536,000 (2019: a gain of £2,094,000).

... Notes to the Financial Statements

for the year ended 31 March 2020

...29 Group Retirement benefits (continued)

	2020	2019
	£000	£000
Reconciliation to balance sheet		
Fair value of employer's assets	35,214	35,139
Present value of funded liabilities	(35,523)	(40,880)
Net (Liability)	(309)	(5,741)

Amounts in the balance sheet

Liabilities	(309)	(5,741)
Net (Liability)	(309)	(5,741)

Amounts recognised in the statement of comprehensive income in respect of the defined benefit schemes are as follows:

	2020	2019
	£000	£000
Current service cost	2,098	1,760
Net interest on the net defined benefit pension liability	152	83
Past service cost and losses on curtailments and settlements	122	-
Actuarial (gain) / loss / in respect of pension scheme	(6,832)	2,182
	(4,460)	4,025

Financial Assumptions

	2020	2019
Discount rate	2.3%	2.4%
Future salary increase rate	2.2%	3.2%
Future pension increase rate	1.8%	2.5%

Breakdown of the expected return on assets by category

	Fair value of assets	
	2020	2019
The analysis of the scheme assets at the reporting date were as follows:		
Equity instruments	47%	51%
Debt instruments	39%	36%
Property	8%	9%
Cash	6%	4%

Mortality The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	Males	Females
Current Pensioners	22.2 years	24.2 years
Future Pensioners	23.3 years	25.9 years

Future pensioners are assumed to be currently 45 years old.

...29 Group Retirement benefits (continued)

Historic Mortality

Life expectancies for the prior period end are based on the Fund's VitaCurves. The allowance for future life expectancies are shown below:

Prospective Pensioners	Pensioners
CMI 2013 Model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.5% p.a.	"CMI 2013 Model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.5% p.a.

Please note that the mortality assumptions used to value the Obligations in the Employer's Closing Position are different to those used to value the Obligations in the Employer's Opening Position.

Analysis of projected amount to be charged to operating surplus for the year 31 March 2021

	31 March 2021	
	£000	% of pay
Projected current service cost	(1,443)	(31.6%)
Interest on obligation	(830)	(18.2%)
Expected interest income on plan assets	821	18.0%
	(1,452)	(31.8%)

The actuary estimates the employer's contributions for the year to 31 March 2021 will be approximately £1,331,000.

30 Post balance sheet events

The World Health Organisation declared the COVID-19 outbreak a health emergency on 30 January 2020 and a global pandemic on 11 March 2020. Many actions taken by the UK government and the public / private sectors followed these announcements.

Saxon Weald has completed a review of the possible impacts due to COVID-19 which can be found in the Strategic report. Based on the review the financial impact on the Society due to the Governments actions in responding the COVID-19 has been assessed as low.

31 Related Parties

Two members of the Board are tenants of the Society. Their tenancies are subject to the same terms and conditions as all other tenants. The annual rent in relation to board members is £11,000 and there were nil arrears on these accounts at 31 March 2020. Details of key management personnel's remuneration are included in note 8. Key management personnel are non-executive directors of the Board, members of the Executive Team and the Assistant Directors. There are no other parties regarded as key management personnel who have a controlling interest or influence over the society.

Saxon Weald has paid interest of £12.1m (2019: £12.1m) to Saxon Weald Capital plc, its subsidiary company, during the year. Details of the outstanding liabilities to Saxon Weald Capital plc are disclosed in note 23.



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Saxon Weald is a Community Benefit Society registered with the Financial Conduct Authority Number 7971

Registered with the Regulator of Social Housing number L4299



INVESTORS
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Local benefit, national impact



The Institute of
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