



**SAXON WEALD**

*Great homes, building futures*

**GROUP ANNUAL REPORT  
& FINANCIAL STATEMENTS**

for the year ended 31 March 2021

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 2021
<b>Michael Chinn</b> FCCA, CPFA (Executive Member)	
<b>Steven Dennis</b> (Executive Member)	
<b>Hannah Eaton</b> BSc (from 16 November 2020)	Asset Management & Development and Remuneration Committees
<b>Adrian Hall</b> (to 13 August 2020)	
<b>Simon Hardwick (Chair)</b> (from 1 March 2021)	Remuneration Committee and Emergency Committee (Chair)
<b>Debbie Joseph</b> BSc (Hons), PGCE	Audit & Risk and Remuneration Committees
<b>Michael Meanley</b> BSc	Audit & Risk and Asset Management & Development Committees
<b>Charlotte Moore</b> B. Eng (Hons), C. Eng, MBA(MSc) (Vice Chair)	Asset Management & Development (Chair) and Emergency Committees
<b>Mark Slater</b> JP, AIEMA	Audit & Risk Committee and Remuneration Committee (Chair), Board Cyber Security Lead
<b>Richard Stevens</b> FCA	Audit & Risk (Chair) and Emergency Committees
<b>Helen Tumminello</b>	Asset Management & Development, Remuneration and Emergency Committees
<b>Simon Turpitt (Chair)</b> (to 28 February 2021)	

### 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:

**Michael Chinn** FCCA, CPFA

Executive Director – Resources and Company Secretary

**Steven Dennis**

Chief Executive

**Kath Hicks** BSc (Hons)

Executive Director – Customer Experience

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

### Beever and Struthers

15 Bunhill Row  
London  
EC1Y 8LP

## 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 53 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 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 2021 owned and managed 6,722 homes. Retirement housing

for older people, extra care properties and leasehold flats for older people make up 26% of the housing owned. In addition to 5,697 social rented homes, we own 235 shared ownership homes, 157 leasehold homes for older people, 108 market rent homes and the freehold of 525 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. 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 focus of the Development and Sales Strategy is to deliver 500 new, much needed affordable homes in Sussex and Hampshire over the next five years.

Saxon Weald is in a strong, sustainable financial position, having taken timely action to manage the effects of the Covid-19 pandemic, including increasing liquidity to ensure continuation of operations, taking preventative action for the safety of customers and staff and providing essential services for customers in accordance with Government guidance.

## 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.

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:

- **Be customer led;**
- **Be one team;**
- **Be forward thinking;**
- **Be inclusive; and**
- **Do the right thing.**

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:

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

## 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. 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.
- ▶ We have adopted the NHF's Together with Tenants charter and will be aligning our approach to customer engagement with the charter in early 2021/22.

## 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.

# ...Strategic Report Incorporating the Operating and Financial Review

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

## Be a great place to work

Saxon Weald directly employs almost 250 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. We are renovating our offices in 2021 to provide a workplace which fits an agile working offer to our people and are committed to carrying out a full review of our rewards and people offer in 2021. 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.
- ▶ 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 organisation'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 on a Net Promoter Score (ENPS) will be at least Good, with an aim to achieve an Excellent score.



## 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 value for money (VfM); the key outputs of which are to reduce costs, improve efficiency and maintain best use of our assets and resources.

The VfM Strategy has evolved since inception to ensure that its primary aim was achieved. We are now in the position where we can confidently state and evidence that VfM is embedded across our business activities and is a key consideration in decision making. This being so, from April 2021 we are replacing the VfM Strategy with a VfM Statement, which sets out our commitment to VfM and demonstrates how VfM will remain integral to our business; along with how we will continue to meet the requirements of the Regulator for Social Housing's (RSH) Value for Money Standard.

We will continue to:

- ▶ Maintain a financially sound position to ensure that the business is around for the long term, delivering social outcomes and preserving our independence.
- ▶ Consider VfM in all that we do.
- ▶ Set challenging VfM targets during our budget-setting process each year and make sure that VfM 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 VfM outcomes.

### Key measures

- We will always exceed our financial covenants and rules.
- We will set VfM savings targets during budget setting.

Underpinning the strategic aims are eight service strategies. These individual service strategies contain the approach, ambitions and objectives for that service and are supported by a detailed action plan. As well as approving the service strategies, the Board will each year review progress and make any appropriate changes to each service strategy. 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

The year was defined partly by the challenges of the Covid-19 pandemic. Saxon Weald responded to the restrictions placed on the business with customers at the centre of all decisions, ensuring that key services were maintained while ensuring the safety of our customers, staff and contractors.

Inevitably, the pandemic response affected the financial performance of the business. Of greatest impact to our customers was the pause to planned works and certain repairs which has delayed aspects of our property programme. All works have been re-scheduled and included in the business plan.

During 2020/21, Saxon Weald made a surplus of £4.5m (2020: £8.4m) which is £1.2m above the target surplus for the year. In addition, there was an actuarial loss of £3.6m in respect of Saxon Weald's part of the West Sussex County Council pension fund, reducing total comprehensive income for the year to £0.9m (2020: £15.3m including an actuarial gain of £6.8m). The higher surplus in 2019/20 was the result of high volume of property sales.

At the statement of financial position date, 31 March 2021, Saxon Weald held £91.1m in cash and available, secured facilities to fund future development and services. The secured facilities include a new £50m loan with NatWest which is split into a £25m 10-year revolving credit facility and a £25m, 25-year term loan.

# ...Strategic Report Incorporating the Operating and Financial Review

During 2020/21, 23 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.

Investment properties comprise market rent homes and garages which are held as charitable investments and are rented to tenants and non-tenants. At 31 March 2021, investment properties had a market value of £31.8m, £0.1m less than at 31 March 2020, due to the transfer of a garage site into development as a regeneration opportunity which will provide nine new homes.

Deferred capital grants of £61.7m at 31 March 2021 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 2021, Saxon Weald had capital commitments for property developments totalling £44.5m, of which £38.3m has been contracted for and £6.2m 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 2021 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 2021 is £4.0m, an increase in the deficit of £3.7m since 31 March

2020. 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.

## Financial Performance

During 2020/21, Saxon Weald made a surplus of £4.5m (2020: £8.4m) which is £1.2m above the target surplus for the year.

After the pension scheme actuarial deficit of £3.6m, the total comprehensive income for the year decreases to £0.9m.

The positive variance of £1.2m before the pension deficit is due to a number of reasons, most significantly higher than anticipated surpluses generated on sales.

Provision has been made for the disposal of fixture, fittings and furniture at Saxon Weald House as we commence works to renovate the office for our new agile working offer.

Overall, surpluses on sales and costs savings made in the year have more than compensated for the costs associated with the pause to planned works and certain repairs during the Covid pandemic.

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 a small unrealised gain in the year.

A summary of financial performance for 2020/21, 2019/20 and 2018/19 is shown on the next page:

Financial Performance	2020/21	2019/20	2018/19
	£000	£000	£000
Turnover	45,179	47,684	45,970
Cost of sales	(1,349)	(3,969)	(3,171)
Operating expenditure	(28,766)	(27,294)	(26,143)
Gain on disposal of property, plant and equipment	1,800	1,980	1,147
Operating surplus	16,684	18,401	17,803
Net interest charges	(12,374)	(12,465)	(12,066)
Unrealised gain/(loss) on investment properties	22	2,508	605
<b>Surplus for the year</b>	<b>4,512</b>	<b>8,444</b>	<b>6,342</b>
Actuarial gain/(loss) in respect of pension scheme	(3,602)	6,832	(2,182)
<b>Total comprehensive income for the year</b>	<b>910</b>	<b>15,276</b>	<b>4,160</b>
Operating margin excluding sales – Rule minimum 30%	34%	36%	37%
Cash interest cover – Rule minimum 150%	187%	200%	199%
Adjusted cash interest cover* – Rule minimum 110%	118%	124%	124%
EBITDA MRI** – Rule minimum 120%	137%	150%	140%
Debt ratio*** – Rule – 65% or below	53%	55%	57%

\*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.

Operating margin excluding sales is lower than in previous years, as a consequence of increased costs from managing the impacts of the pandemic. All of the lender covenants and internal financial rules set by the Board have been comfortably achieved.

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 2021. 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 £420m (and without the special assumption are valued at £457m). Asset cover comfortably exceeds the target at 182%.

## Cash

The group held cash of £12.1m at 31 March 2021 (2020: £13.0m). 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) 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 and NatWest 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.

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## 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. The next assessment will take place during 2022. During 2019/20, we adopted the Employee Net Promoter Score (ENPS) as our measure of staff satisfaction. This is based on the number of employees who would recommend us an employer. Our most recent staff survey, carried out in March 2021, gave an ENPS of 51 which represents an excellent rating.

Staff turnover in 2020/21 at 11.8% was below the target of 15% with managed turnover

representing 1.3% of the total. During 2020/21, the overall level of staff sickness was 2.1% (short-term sickness was 0.9% and long-term sickness was 1.2%) which is below Saxon Weald's target of 3.0%. However, if absences related to Covid-19 sickness are excluded, sickness absence was 1.6%.

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) was closed to new entrants from April 2020.

## Operating Performance

The table below 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 Statement. Saxon Weald's benchmarking peer group (listed on page 29), including Saxon Weald, comprises 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	2020/21	2019/20	2018/19	2019/20 upper quartile/median*
Rent arrears – 4 weekly average for March (%)	2.6	2.4	2.4	2.0/2.8
Void rent loss (%)	1.6	1.5	1.4	0.6/0.8
Emergency repairs in target (%)	97	100	100	n/a
Average repair completion time (days)	24.2	12.8	12.3	10.0/12.0
Satisfaction with repairs – STAR survey (% very and fairly satisfied)	77	83	86	83/80.6
Overall tenant satisfaction – STAR survey (% very and fairly satisfied)	82.0	86.5	87.8	89.3/87.5

\*HouseMark 2020/21 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 from Covid-19 during the year, the benefit cap and continued rollout of Universal Credit, arrears performance during 2020/21 is very positive and more than meets the internal target of 3.5%. At 31 March 2021, 1,201 tenants were on Universal Credit, a significant increase on the previous year's number of 809.

Void rent loss performance at 1.6% does not meet our target of 1.3%, the primary cause of which is our difficulty in conducting new lettings during the height of Covid-19 restrictions.

The percentage of emergency repairs completed within 24 hours reduced to 97%, which is a significant decline on previous years, as is the number of days to complete a repair. Our performance has been adversely affected by Covid-19, as access to homes has been restricted and both customers and staff have at times needed to shield for health reasons. Since restrictions have been eased, we have experienced a considerable increase in the number of repairs reported and this may affect our performance in the early part of 2021/22.

Overall customer satisfaction in 2020/21 was 82% which is below the Customer Experience Strategy target of 88% and a reduction on satisfaction in 2019/20. While this reduction is of course disappointing, it is perhaps not surprising given the negative impact the pandemic had on some of our services during this period. It is useful to note that although our satisfaction is lower than 2019/20 by this measure, we actually saw an increase in customer satisfaction by 4 percentage points in the survey carried out by the Institute of Customer Service. This was against a downward trend of 4% for the sector. We have, however, made great progress during the year on collecting, analysing and utilising customer feedback, with a new online survey system generating great response rates, while providing detailed management information and value for money savings. We look forward to developing our customer engagement work in the coming year to ensure the voice of the customer is firmly embedded at the heart of our service provision.

During 2020/21, 23 new homes were completed, all of which were on developer-led section 106 sites.

Saxon Weald is currently in contract with Homes England for the 2016/21 Shared Ownership and Affordable Housing Programme (SOAHP) and is targeting delivery of 268 new homes within the programme period as part of our commitment to develop 500 homes in a five-year timeframe.

Saxon Weald secured £423,750 of Homes England Grant for schemes in 2020/21 (with a further £131,250 confirmed for 2021/22) and a further £829,000 of grant from Horsham District Council for schemes completing in 2021/22.

During the year, there have been 18 shared ownership sales. At year end, there were just two shared ownership homes waiting to be sold, both of which sold on 1 April.

In addition, we are planning to complete 94 homes in 2021/22.

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## 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 and 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.

- ▶ Each year, a risk identification and analysis workshop is held for each department in Saxon Weald. Each workshop is attended by a range of staff at different levels within that department. The context within which the risk identification and analysis takes place is established by reviewing the Corporate Plan. A session then reviews 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 is 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
RM2201	Serious breach of the General Data Protection Regulations.	Executive Director – Resources	3	2	2
RM2202	Non-compliance with Health and Safety regulations / legislation in the housing stock.	Executive Director – Customer Experience	3	2	2
RM2204	Severe property market crash.	Executive Director – Resources	4	3	3
RM2206	Poor performance by a contractor, partner or failure of a contract.	Chief Executive	3	2	2
RM2207	Inadequate gas maintenance and servicing.	Executive Director – Customer Experience	4	3	3
RM2208	Welfare Reforms restrict benefits entitlement and substantially reduce rental income paid direct to Saxon Weald.	Executive Director – Customer Experience	4	3	3

Emerging risks are considered by both the Audit and Risk Committee and Board. These are both sector risks and risks which are specific to the strategic aims of Saxon Weald.

The principal emerging risk identified at the most recent Audit and Risk Committee was materials cost pressure. Communications with our suppliers and disclosures from within the wider construction are advising of current and projected materials cost increases and certain supply pressures. The business plan and budget have both been stress tested and are sufficiently robust to manage this risk.



## Value for Money Statement 2020/21

Saxon Weald defines Value for Money (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 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 as 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 risks 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.

### Performance against targets – Key VfM achievements 2020/21

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 new Value for Money Statement, approved by the Board in March 2021, supports the delivery of our vision and strategic aims by providing a clear, robust and consistent approach to VfM.

The following table shows how we performed against the strategic aims we set during 2020/21.



## Strategic aims and VfM 2020/21

Aim	Measure	How we did
<p><b>Deliver a great customer experience</b></p>	<p>Customer satisfaction to exceed 88%.</p> <p>50% of the most frequent customer transactions will be digital by 2020.</p>	<p>The Covid-19 pandemic impacted on the achievement of this target. Our average satisfaction rating dropped to 82%, which was particularly affected by changes to our repairs service during lockdown periods.</p> <p>68% of our most frequent customer transactions were completed online by the end of March 2021, demonstrating an upward trend in the number of customers using our customer portal.</p>
<p><b>Provide great homes for more people</b></p>	<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 completed 23 new homes in 2020/21, all of which are for affordable housing. The average number of homes completed over the Development and Sales Strategy period is achieving the 100 per year target.</p> <p>NPV per unit in 2019/20 was £47,263, which was a 3.6% increase on the previous year. The methodology has changed following a review of expected repairs costs and expected costs increases. As a result, NPV has reduced to £44,810. This equates to a 1.8% reduction in NPV over the period of the former VfM Strategy.</p>
<p><b>Be a great place to work</b></p>	<p>We will maintain our Investors in People Gold award.</p> <p>Overall Employee Net Promoter Score (ENPS) will exceed 40.</p>	<p>An assessment by Investors in People during 2019 resulted in Saxon Weald achieving Gold standard for the third consecutive time. The next assessment will take place during 2022.</p> <p>Our most recent staff survey, carried out in March 2021, gave an ENPS of 51 which represents a rating of excellent.</p>
<p><b>Achieve value for money and be financially sound</b></p>	<p>We will always exceed our financial covenants and rules.</p> <p>We will set VfM targets during budget setting. For 2020/21, our savings target is £250k.</p>	<p>All financial covenants were exceeded in 2020/21.</p> <p>£400k savings were identified as part of the budgeting process. These savings have been found against costs assumed in the business plan and were delivered despite the impact of Covid-19 on the business operations.</p>

# Value for Money Statement

## Saxon Weald's commitment to VfM

The primary aim of Saxon Weald's VfM Strategy was to embed VfM across our business activities and ensure it is a key consideration in decision making. The VfM strategy evolved over time, to the extent that we are now in the position where we can confidently state and evidence that it achieved its purpose and, as a result, from April 2021, it was replaced by a VfM Statement.

Saxon Weald's new VfM Statement sets out how VfM will remain integral to our business; along with how we will continue to meet the requirements of the Regulator for Social Housing's Value for Money Standard. The key outputs of the Statement are to reduce costs, improve efficiency and maintain best use of our assets and resources.

## 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 previous years, along with its budgets and business plan expectations for 2021/22 to 2023/24.

RSH VfM Metrics	Actual 2019/20	Actual 2020/21	Budget 2020/21	Budget 2021/22	B/Plan 2021/22	B/Plan 2022/23	B/Plan 2023/24
VfM 1 – Re-investment	4.0%	5.4%	8.2%	9.9%	6.9%	7.4%	7.5%
VfM 2a – New supply social housing	1.7%	0.4%	0.5%	1.5%	1.5%	1.7%	1.5%
VfM 2b – New supply non-social housing	4.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
VfM 3 – Gearing	66%	64%	68%	69%	69%	70%	70%
VfM 4 – EBITDA MRI	150%	163%	129%	128%	128%	130%	136%
VfM5 – Headline social housing cost per unit	£4,214	£3,974	£4,379	£4,490	£4,490	£4,593	£4,600
VfM6a – Operating margin (social housing lettings)	33%	31%	32%	31%	31%	32%	31%
VfM6b – Operating margin (overall)	39%	37%	35%	35%	36%	35%	33%
VfM7 – Return on capital employed	5.2%	4.6%	4.3%	4.1%	4.3%	4.2%	4.1%

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 was adjusted in early 2020 for the impacts of lockdown restrictions and the countrywide economic shock. The most significant financial change is substantial changes to the timing of planned maintenance as delayed work is re-planned into 2021/22 and 2022/23.

## VfM Metrics – Performance against Peer Group and the Sector

This section highlights Saxon Weald's 2019/20 and 2020/21 performance against the VfM metrics and compares it to that of our peer group and the sector for 2019/20, which is the most recent set of benchmark data available. It also shows Saxon Weald's budget and business plan forecasts for 2021/22 through to 2023/24.

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).

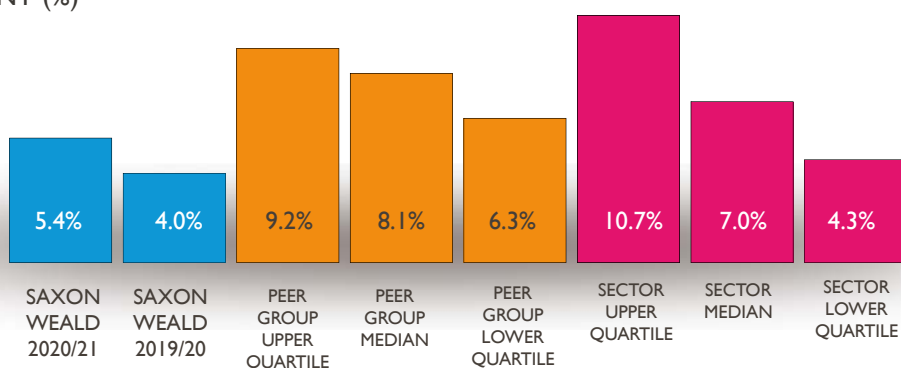
### VfM 1 – Re-investment

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 increased to 5.4% in 2020/21 from 4.0% in 2019/20. This is a quite modest level which is below the budget aim of 8.2%, and we knew that achieving budget for re-investment in existing homes would prove challenging in 2020/21, as Covid-19 restrictions impacted on our re-investment works programme.

When comparing re-investment performance against the sector and peer group, the following chart shows that, at 5.4%, Saxon Weald's spend on re-investment in 2020/21 is below the lower quartile of the peer group and modestly above the lower quartile for the sector.

#### RE-INVESTMENT (%)



**Plans for improvement – looking forward:** We continued to invest in our homes during 2020/21, with a focus on short duration, high impact replacement projects to ensure that re-investment in existing properties was sustained. In the next four years, we are targeting higher levels as we invest in our homes following the pandemic, which includes the rescheduling of some of our budgeted 2020/21 programme into 2021/22 and 2022/23.

## ...Value for Money (VfM)

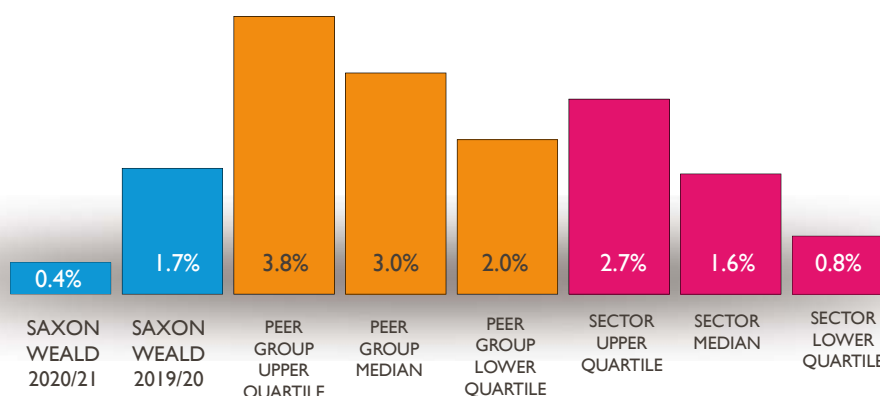
### VfM 2a – New supply social housing (SH) and VfM 2b – New supply non-social housing

The new supply metric calculates the number of new properties as a % of existing properties. The new supply for 2020/21 comprised 23 properties built for 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.

The following chart identifies that, at 0.4%, the percentage of properties developed for social housing in 2020/21 is below the lower quartile for the peer group and for the sector.

#### SOCIAL HOUSING NEW SUPPLY DELIVERED (%)



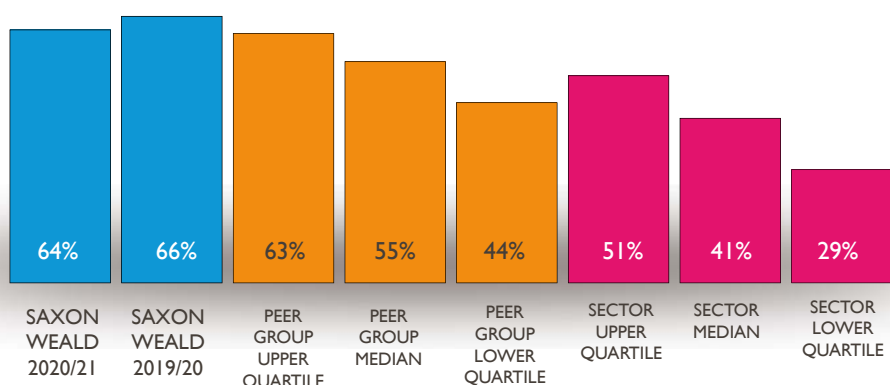
**Plans for improvement – looking forward:** We are maintaining our target for developing 500 homes over a five-year period, averaging 100 per year. Our new supply metric in the next four years reflects this and is close to the sector median of 1.6%.

### 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. Combined with continuous development and investment strategies, a gearing level at 64% remains higher than the sector median and represents our commitment to utilise our balance sheet capacity to provide more affordable homes. Saxon Weald plans to build an average of 100 new homes each year for the next five years, and re-invest in existing homes, which will maintain a relatively high gearing level for our peer group.

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 in the short term to bring this measure 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 utilise reserves and borrowing capacity in order to build new properties and reinvest in maintaining existing stock, while remaining financially viable.

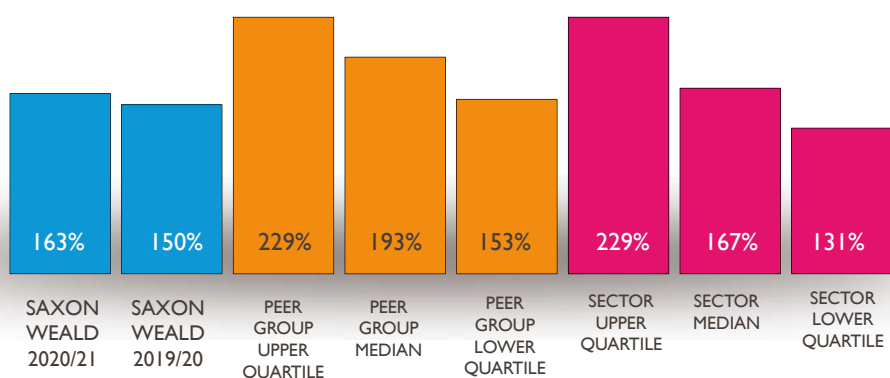
## VfM 4 – EBITDA MRI

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 163% in 2020/21, which is significantly better than the 129% budgeted for. In a challenging year, this is a welcome reflection of Saxon Weald's underlying operational strength and sales performance ahead of budget.

The following chart shows Saxon Weald's EBITDA MRI as moving above the lower quartile of the peer group and moving close to the median group of the sector.

## EBITDA MRI (%)



**Plans for improvement – looking forward:** To build on Saxon Weald's financial resilience, we target a strengthening EBITDA MRI internal financial rule to a minimum of 125% from 2020/21, and 135% from 2023/24. Provision for this has been made in the 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 decreased in 2020/21 as operations were restricted in the year.

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 2019/20 (the latest available information):

COST PER UNIT	SAXON WEALD		SECTOR LEVEL & PEER GROUP COMPARISONS 2019/20					
	2020/21 £	2019/20 £	UPPER QUARTILE £		MEDIAN £		LOWER QUARTILE £	
			SECTOR	PEER GROUP	SECTOR	PEER GROUP	SECTOR	PEER GROUP
Headline social housing costs	3,975	4,215	4,434	3,824	3,691	3,662	3,278	3,395
Management	644	591	1,322	1,345	1,074	1,119	868	816
Service charge	1,072	1,085	636	395	345	332	205	277
Maintenance	1,436	1,087	1,297	1,341	1,087	1,233	903	980
Major repairs	561	1,108	1,069	871	819	775	561	515
Other social housing costs	261	344	366	170	159	120	74	88

The headline social housing cost per unit 2020/21 is between the 2019/20 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. Care should be taken in considering this metric for the Covid-19 affected year.

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 October 2019 shows an increasing population of the UK, with the people at pensionable age predicted to increase from 12.3m in 2018 to 12.8m in 2028 and 15.9m in 2043. The West Sussex joint strategic needs assessment of Horsham and Mid Sussex areas predicts a population growth from 2016 to 2036 of 14.6%, with the 65 to 84 age group growing by 43.4% and the 85 and over age group growing by 122.5%. 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 2020/21 the cost per unit for general needs is £3,269, which is within the sector and peer group lower quartile and is only marginally higher than the previous year. Conversely, the 2020/21 cost per unit for extra care housing is £8,633 and £5,813 for retirement (sheltered) housing; both of which are significantly above the 2019/20 sector and peer group upper quartile. This reflects the additional costs associated with providing this type of housing.

Cost per unit	2020/21			2019/20		
	General needs £	Retirement £	Extra care £	General needs £	Retirement £	Extra care £
Headline social housing costs	3,269	5,816	8,633	3,247	5,973	9,100
Management	554	982	1,024	525	853	923
Service charge	278	2,569	5,413	270	2,559	5,595
Maintenance	1,458	1,714	1,640	1,044	1,427	1,438
Major repairs	618	551	556	1,199	1,134	1,143
Other social housing costs	360	0	0	209	0	0

**Plans for improvement – looking forward:** Saxon Weald is a strategic partner of Legal and General Affordable Homes (LGAH) to provide management services for up to 250 newly developed homes over a five-year contract term. This 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.

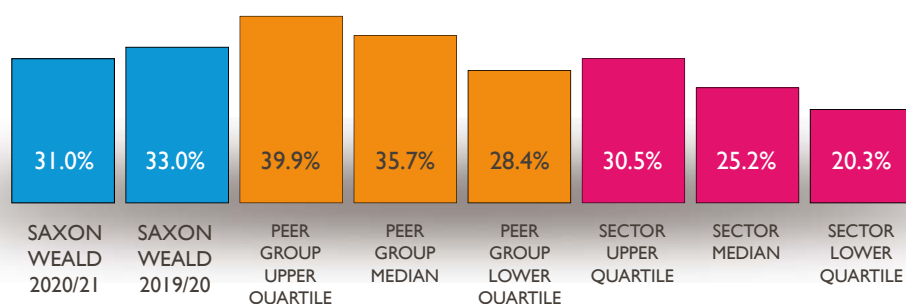
## VfM 6a – Operating margin (SH lettings)

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) is slightly below budget in 2020/21 as our maintenance costs were higher than anticipated. This is due to our full maintenance team being retained in the year without being able to undertake a full planned works programme, resulting in higher non-capitalised costs.

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 upper quartile for the sector. 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 (%)

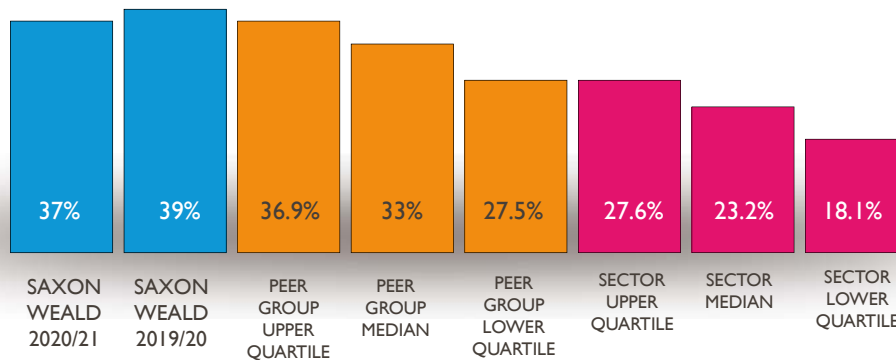


## ...Value for Money (VfM)

### 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.

#### OPERATING MARGIN OVERALL (%)

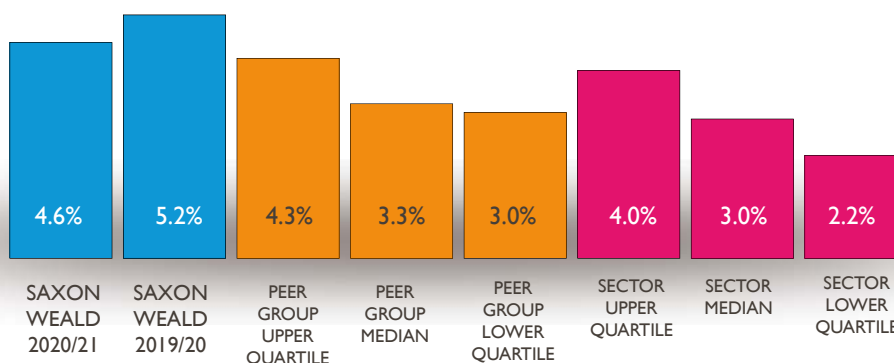


### VfM7 – Return on capital employed

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 4.6% in 2020/21 and is above the target of 4.3%. This is due, in part, to the continued achievements of our Asset Management Strategy, which resulted in the sale of five properties during the year.

The following chart shows Saxon Weald's ROCE 2020/21 is above the median quartile for the peer group and the upper quartile for both the sector.

#### RETURN ON CAPITAL EMPLOYED (%)





**Performance against Saxon Weald’s own VfM metrics** (comparisons are based on 2019/20 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:

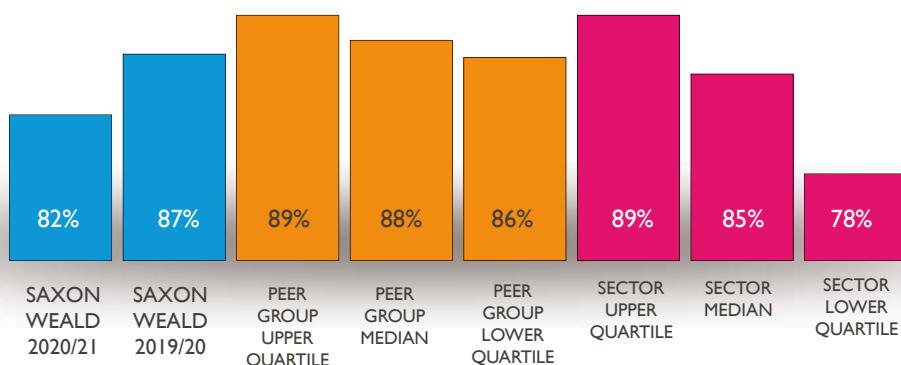
- Overall customer satisfaction (a key measure of customer experience);
- Satisfaction with older people’s services (due to the high percentage of older people’s housing and related services we provide);
- Satisfaction with the repairs service (the service our customers tell us is the most important); 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. We use both online and telephone-based satisfaction surveys to collect the information, 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 2020/21 achieved 82%, which is a decrease over the 2019/20 performance and is below the target of 88%. This is below the 2019/20 peer group lower quartile and the sector median. While this reduction is disappointing, it is perhaps not surprising given the negative impact the pandemic had on our services.

#### OVERALL CUSTOMER SATISFACTION (%)



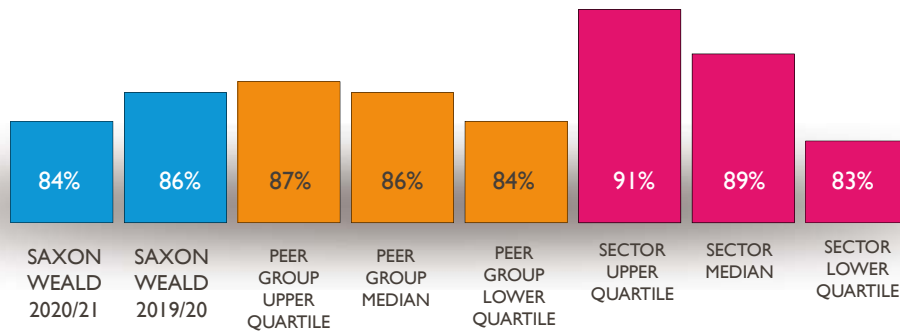
**Plans for improvement – looking forward:** We have made progress during the year on collecting, analysing and utilising customer feedback, with a new online survey system generating great response rates, while providing detailed management information and value for money savings. We look forward to developing our customer engagement work in the coming year to ensure the voice of the customer is firmly embedded at the heart of our service provision.

## ...Value for Money (VfM)

### Customer satisfaction for older people's services

Customer satisfaction with older people's services is a key measure in determining whether Saxon Weald is a leader in the provision of older people's housing. At 84%, customer satisfaction for older people's services is below the previous year's result, placing Saxon Weald below the median for both the peer group and the sector. It is however difficult to benchmark ourselves accurately for this indicator as we have a much higher proportion of older people's housing compared to our benchmark group and the majority of the sector.

#### CUSTOMER SATISFACTION FOR OLDER PEOPLE'S SERVICES (%)

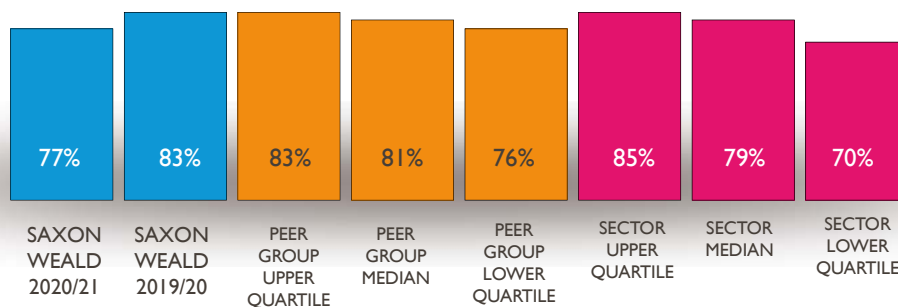


**Plans for improvement – looking forward:** We look forward to developing our customer engagement work in the coming year to ensure the voice of the customer is firmly embedded at the heart of our service provision.

### Customer satisfaction with the repairs service (HomeFix)

The responsiveness, reliability and quality of a landlord's repairs service is a key priority for customers. At 77% in 2020/21, customer satisfaction with Saxon Weald's in-house repairs service has moved downwards to just above the lower quartile for the peer group and above the lower quartile of the sector. We recognise the impact on our customer satisfaction during Covid-19 restrictions.

#### CUSTOMER SATISFACTION WITH THE REPAIRS SERVICE (%)

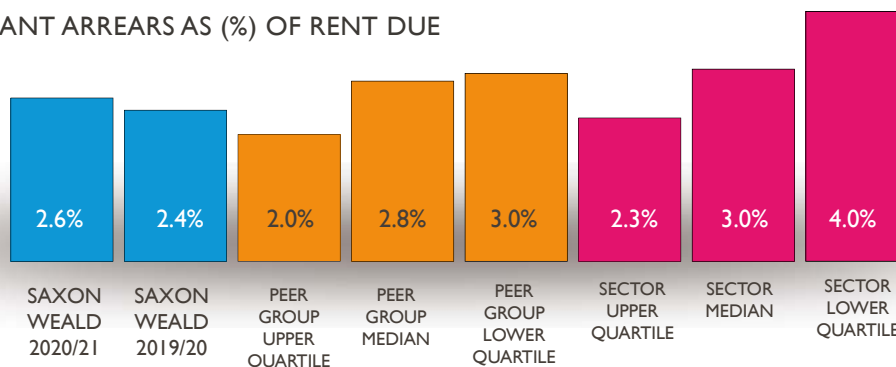


**Plans for improvement – looking forward:** We restructured our in-house repairs service, HomeFix, during 2020/21 with the focus on improving operating efficiency and value to the customer. Our overall approach is to reduce the average number of repairs required, per property per year, by increasing our planned preventative maintenance programmes which ensure that property components are in good working order. We anticipate this restructure contributing to the delivery of improved customer satisfaction in 2021/22, as well as a positive reaction from the lifting of Covid-19 restrictions.

## Current tenant arrears as a percentage of rent due

The following chart shows that, at 2.6%, rent arrears performance remained consistent in 2020/21 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 2021, Saxon Weald had 1201 tenants on Universal Credit, which is a 50% rise on the previous year.

### CURRENT TENANT ARREARS AS (%) OF RENT DUE



**Plans for improvement – looking forward:** The expected end of the furlough scheme and other Government support during the pandemic is expected to have an impact on some of our customers and, therefore, on income collection. This, combined with restrictions on taking legal action to re-possess properties, could lead to an increase in arrears.

However, additional resource continues to be 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.

## 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 89.3%, 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 was instrumental in helping the association meet its corporate vision, strategic aims and the requirements and expectations of the Regulator for Social Housing in England's VfM Standard.

The VfM Strategy overarched seven individual service strategies. To ensure that VfM remains 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.

Following a VfM progress review in March 2021, the Board considered that VfM is now embedded within all operations of Saxon Weald and decided that, from April 2021, the VfM Strategy be replaced by a VfM Statement. Our VfM commitment remains as "achieving the best possible outcome for the funds we spend and the resources we commit".

The Board will continue to monitor performance through VfM progress reports twice a year.

## ...Value for Money (VfM)

### 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 2019/20 VfM assurance report identified seven actions to improve Saxon Weald's performance against the VfM Standard, five of which were completed satisfactorily and two carried forward to be actioned during 2021/22. The two carried forward actions are part of our continuous improvement approach to VfM and do not affect our overall compliance.

### Conclusion

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.

We are now in the position where we can confidently state and evidence that VfM is embedded across our business activities and is a key consideration in decision making. The new VfM Statement will help ensure that our commitment is sustained.

## HouseMark Benchmark data 2019/20 – 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	General Needs Properties	Older People Properties
Saxon Weald	6761	61.9%	21.5%	£47,684,000	Yes	133	4188	1455
B3Living	4795	72.7%	5.9%	£34,561,000	Yes	67	3488	285
Broadland Housing Association	5003	81.8%	12.0%	£0	Yes	0	4093	599
CHP	10276	84.7%	0.2%	£65,606,000	Yes	405	8701	23
Cottsway Housing Association	4993	92.2%	0.0%	£34,258,000	Yes	186	4605	0
Golding Homes	7498	77.6%	13.0%	£54,263,000	Yes	0	5816	975
Greenfields Community Housing	8742	88.0%	4.7%	£0	Yes	0	7691	408
Hightown Housing Association	6729	60.1%	1.2%	£85,536,000	Yes	477	4046	81
Housing Solutions	5639	69.1%	4.7%	£45,768,000	Yes	203	3895	266
MHS Homes	9026	79.2%	5.9%	£67,871,000	Yes	223	7148	532
Raven Housing Trust	6700	75.9%	5.1%	£48,484,000	Yes	246	5083	339
Silva Homes	7415	76.9%	5.7%	£45,274,000	Yes	177	5700	426
Soha Housing	6988	77.2%	7.9%	£49,616,000	No	162	5393	552
Town and Country Housing Group	9424	78.7%	5.0%	£64,884,000	No	0	7415	475
Vale of Aylesbury Housing Trust	8310	83.1%	7.0%	£46,088,000	Yes	71	6906	581
Worthing Homes	3840	78.9%	7.2%	£25,066,000	Yes	71	3031	278

### Peer group 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).

## ...Value for Money (VfM)

### 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, provide assurance that the going concern basis is appropriate in preparing the financial statements.

### On behalf of the Board

**Simon Hardwick, Chair**  
**19 July 2021**

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 2021. The strategic report is on pages 6 to 30.

### 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 resigned as Chair on 28 February 2021 having served a maximum term, and Simon Hardwick was appointed as Chair on 1 March 2021. The members of the Board are listed on page 4.

Adrian Hall resigned as a Board member with effect from 13 August 2020. Hannah Eaton was appointed as a Board member on 16 November 2020.

In autumn 2020, following an in-depth assessment, the regulator confirmed that we maintained the highest rating for governance and financial viability of G1 and V1.

The Board has adopted the National Housing Federation (NHF) Code of Governance 2020 with effect from 1 April 2021. Full compliance with the Code is expected by 31 March 2022. Key areas being addressed to meet compliance are Board tenure limits, which are being transitioned for current Board members, and the introduction of a sustainability strategy within our Corporate Plan. Previously, the Board adopted and complied with the NHF Code of Governance 2015.

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 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 2020/21, the non-executive Board members at Saxon Weald were paid as follows:

<b>Simon Turpitt</b> , Chair (to 28 February 2021)	£11,005
<b>Simon Hardwick</b> , Chair (from 1 March 2021)	£1,000
<b>Charlotte Moore</b> , Vice Chair and Chair of the Asset Management & Development Committee	£7,203
<b>Richard Stevens</b> , Chair of the Audit and Risk Committee	£6,004
<b>Debbie Joseph</b>	£4,351
<b>Mark Slater</b> , Chair of the Remuneration Committee	£6,004
<b>Michael Meanley</b>	£4,351
<b>Helen Tumminello</b>	£4,351
<b>Adrian Hall</b>	£1,600
<b>Hannah Eaton</b>	£1,634

## ...Report of the Board

The total amount paid to non-executive Board members during 2020/21 was £47,990 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 September 2019.

The Board of Saxon Weald meets six times each year. It has a robust Audit and Risk Committee that met five times during 2020/21 and will now meet at least four times per annum, an Asset Management and Development Committee which meets at least four times a year and a Remuneration Committee which meets twice a year. Attendance at Board meetings was 87% and attendance at committee meetings was 100%. 37.5% of the non-executive Board members are female and 13% 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's specific duties and responsibilities are:

### **Audit and Internal Controls**

- ▶ Approving the objectives, scope and timing of arrangements for external audit of the annual accounts and financial statements.
- ▶ Recommending the approval of the appointment of external auditors and reviewing their performance annually.
- ▶ Scrutinising the annual statutory audit of the accounts, including subsidiary accounts, and recommending approval of the financial statements and accounts to the Board.
- ▶ Reviewing and approving significant changes to accounting policies.
- ▶ Ensuring appropriate arrangements for internal audit are in place and approving the appointment of internal auditors.

- ▶ Scrutinising the annual Statement of Internal Controls Assurance.

### **Risk Management**

- ▶ Ensuring an effective and comprehensive Risk Management Policy is in place.
- ▶ Scrutinising the risk register on at least a quarterly basis and undertake a thorough review annually.
- ▶ Scrutinising the Asset and Liability Register at least annually, providing assurance to the Board that it is accurate and up to date.
- ▶ Reviewing and approving insurance arrangements at least annually to ensure policies are in place to minimise exposure to potential losses and claims.
- ▶ Approving the Business Continuity Policy and ensuring that appropriate arrangements are in place for business continuity and disaster recovery and that they are tested regularly.
- ▶ The directors present their report for the year ended 31 March 2021. The strategic report is on pages 6 to 30.

### **Regulation and Compliance**

- ▶ Approving the Fraud Policy and Response Plan, the Bribery Prevention Policy and the Whistleblowing Policy.
- ▶ Receiving reports on fraud and attempted fraud, bribery and whistleblowing ensuring appropriate investigation, reporting to the regulator and that any identified weaknesses in internal controls are addressed.
- ▶ Scrutinising the annual self-assessments against all Regulatory Standards providing a summary to Board, highlighting any areas of non-compliance.
- ▶ Approving the Data Protection Policy, ensuring it complies with good practice and scrutinise regular reports on information governance compliance including GDPR and cyber security.
- ▶ Scrutinising reports on safeguarding activities and performance on an annual basis to identify any areas of risk and agree follow up actions.



## 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;

## ...Report of the Board

- ▶ 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 and Risk Committee considers any entry into the fraud register at every meeting. During 2020/21, there has been one reported case of fraud and four reported cases of attempted fraud. The fraud case resulted in financial loss for a resident but all monies were subsequently recovered from the resident's bank.

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 Plan;

- ▶ 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 and Risk Committee and the Board;
- ▶ Audit and 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 and 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 2020/21. 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

Beever and Struthers continue as the auditor of the Group.

On behalf of the Board

**Simon Hardwick**, Chair

19 July 2021

Saxon Weald House  
38-42 Worthing Road  
Horsham  
West Sussex  
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 2021 which comprise the Group and Saxon Weald Statement of Comprehensive Income, Group and Saxon Weald Statement of Financial Position, Group and Saxon Weald Statement of Changes in Reserves, Group Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 2. 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 of the Association's affairs as at 31 March 2021 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

## 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 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

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

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

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

## Other information

The other information comprises the information included in the Strategic 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, except to the extent otherwise explicitly stated in our report, 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 in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- ▶ the Association has not maintained a satisfactory system of control over transactions; or
- ▶ the Association has not kept adequate accounting records; or
- ▶ the Association's financial statements are not in agreement with books of account; or
- ▶ we have not received all the information and explanations we require for our audit.

### Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 33, 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 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

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 web-site at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- ▶ We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for

## ...Independent auditor's report to the members of Saxon Weald

registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.

- ▶ We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- ▶ We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- ▶ The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's activities and the regulated nature of the Group's activities.
- ▶ We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- ▶ We enquired of the Board about actual and potential litigation and claims.
- ▶ We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- ▶ In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not

have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

### Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association 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 for our audit work, for this report, or for the opinions we have formed.

Statutory Auditor:

.....

Date:

.....

Address:

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# Group and Saxon Weald Statement of Comprehensive Income

for the year ended 31 March 2021

	Saxon Weald		Group		
	Note	2021 £000	2020 £000	2021 £000	2020 £000
Turnover	3	45,179	47,684	45,179	47,684
Cost of sales	3	(1,349)	(3,969)	(1,349)	(3,969)
Operating expenditure	3	(28,766)	(27,294)	(28,766)	(27,294)
Surplus on sale of fixed assets - Housing properties	3 / 7a	1,800	1,980	1,800	1,980
<b>Operating surplus</b>	<b>3</b>	<b>16,864</b>	<b>18,401</b>	<b>16,864</b>	<b>18,401</b>
Interest receivable	5	22	49	22	49
Interest and financing costs	6	(12,396)	(12,514)	(12,396)	(12,514)
Unrealised gain on investment properties	11c	22	2,508	22	2,508
<b>Surplus before taxation</b>	<b>7</b>	<b>4,512</b>	<b>8,444</b>	<b>4,512</b>	<b>8,444</b>
Taxation	9	-	-	-	-
<b>Surplus for the year</b>		<b>4,512</b>	<b>8,444</b>	<b>4,512</b>	<b>8,444</b>
Actuarial (loss) / gain in respect of pension scheme	29	(3,602)	6,832	(3,602)	6,832
<b>Total comprehensive income for the year</b>		<b>910</b>	<b>15,276</b>	<b>910</b>	<b>15,276</b>

The notes on pages 44 to 74 form part of these financial statements.

All amounts relate to continuing activities.

These financial statements were approved by the Board and authorised for issue on 19 July 2021 and signed on its behalf by:

**Simon Hardwick** .....  
Chair

**Steven Dennis** .....  
Chief Executive

**Michael Chinn** .....  
Executive Director - Resources  
and Company Secretary

**Saxon Weald**  
Community Benefit Society Registration No: 7971



# Group and Saxon Weald Statement of Financial Position

for the year ended 31 March 2021

	Saxon Weald		Group	
	2021	2020	2021	2020
Note	£000	£000	£000	£000
<b>Fixed assets</b>				
Intangible assets	10	282	282	298
Housing properties	11a	326,151	316,457	316,457
Other fixed assets	11b	1,320	1,408	1,408
Investment properties	11c	31,847	31,908	31,908
Investment in subsidiaries	12	50	-	-
		<b>359,650</b>	<b>350,121</b>	<b>359,600</b>
				<b>350,071</b>
<b>Current assets</b>				
Properties held for sale	14	1,339	833	1,339
Stock	15	187	257	187
Trade and other debtors	16	2,244	2,329	2,244
Cash and cash equivalents		12,088	12,969	12,100
		<b>15,858</b>	<b>16,388</b>	<b>15,870</b>
				<b>16,400</b>
Creditors: amounts falling due within one year	17	(12,636)	(11,812)	(12,636)
<b>Net current assets / (liabilities)</b>		<b>3,222</b>	<b>4,576</b>	<b>3,234</b>
				<b>4,588</b>
<b>Total assets less current liabilities</b>		<b>362,872</b>	<b>354,697</b>	<b>362,834</b>
				<b>354,659</b>
<b>Creditors: amounts due after more than one year</b>				
Bond issue	18	-	-	221,097
Loans from group companies	18	221,097	220,946	-
Revolving Loan Facility	18	5,245	3,771	5,245
Long term creditors - due to group companies		38	38	-
Grant creditors	18	61,101	59,241	61,101
		<b>287,481</b>	<b>283,996</b>	<b>287,443</b>
				<b>283,958</b>
<b>Provisions for Liabilities</b>				
Pension provision	29	4,030	309	4,030
Other provisions	24	114	55	114
		<b>4,144</b>	<b>364</b>	<b>4,144</b>
				<b>364</b>
<b>Reserves</b>				
Income and Expenditure reserve		71,247	70,337	71,247
		<b>71,247</b>	<b>70,337</b>	<b>71,247</b>
				<b>70,337</b>
		<b>362,872</b>	<b>354,697</b>	<b>362,834</b>
				<b>354,659</b>

In view of the constitution of the society, all shareholdings relate to non-equity interests, as disclosed in note 25. The notes on pages 44 to 74 form part of these financial statements.

These financial statements were approved by the Board and authorised for issue on 19 July 2021 and signed on its behalf by:

**Saxon Weald**  
Community Benefit Society Registration No: 7971

**Simon Hardwick** .....  
Chair

**Steven Dennis** .....  
Chief Executive

**Michael Chinn** .....  
Executive Director - Resources  
and Company Secretary

# Group and Saxon Weald Statement of Changes in Reserves

for the year ended 31 March 2021

	Income & Expenditure Reserve
	2021
	£000
Balance at 1 April 2019	55,061
<b>Total comprehensive income for the year</b>	<b>15,276</b>
Balance as at 31 March 2020	70,337
<b>Total comprehensive income for the year</b>	<b>910</b>
<b>Balance as at 31 March 2021</b>	<b>71,247</b>

The notes on pages 44 to 74 form part of these financial statements.

# Group Statement of Cash Flows

for the year ended 31 March 2021

	Note	2021 £000	2020 £000
<b>Operating activities</b>			
Net cash generated from operations	26	21,255	26,199
<b>Cash flow from investing activities</b>			
Acquisition and construction of housing properties		(12,431)	(7,809)
Acquisition and works to investment properties		(16)	(59)
Component replacement		(2,503)	(5,848)
Sale of properties		2,452	3,247
Purchase of other tangible fixed assets		(477)	(155)
Purchase of intangible fixed assets		(108)	(183)
Grants received		1,343	467
Interest received	5	22	49
<b>Net cash flow used in investing activities</b>		<b>(11,718)</b>	<b>(10,291)</b>
<b>Cash flow from financing activities</b>			
Repayment of loans		(4,000)	(1,000)
New secured loans		6,000	4,000
Interest paid		(12,418)	(12,525)
<b>Net cash from financing activities</b>		<b>(10,418)</b>	<b>(9,525)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(881)</b>	<b>6,383</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>12,981</b>	<b>6,598</b>
<b>Cash and cash equivalents at end of year</b>		<b>12,100</b>	<b>12,981</b>

# Notes to the Financial Statements

for the year ended 31 March 2021

## 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 2021.

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 recognised 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 as part of the 2019-20 accounts and continues to monitor the short and long term health of the association. It is content that the measures taken by the association, together with a robust business plan, provide 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 at the point of legal completion of sale.

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 on an accrual basis. 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 Society operates variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used, the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the statement of financial position.

## 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. Supporting People contract income received from administering authorities is accounted for as income in turnover as per note 2 and recognised on the basis of contracted hours worked. The related support costs are matched against this income in the same note. Expenditure relating to Supporting People activities is recorded as incurred. Support charges included in the rent are included in the statement of comprehensive income from social housing lettings note 3 and matched against the relevant costs.

## Other Income

Other income is included at the invoiced value of goods and services provided. Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

## Intangible fixed assets - Software

Intangible assets comprise of software and is stated at cost, less accumulated amortisation. 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 is four years.

## ... Notes to the Financial Statements

for the year ended 31 March 2021

### 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, directly attributable development costs, interest at the average cost of borrowing for the development period and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. 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.

In other cases, major repairs are charged to the statement of comprehensive income as incurred.

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.

### Depreciation of Housing properties

Component	Years from date of acquisition or practical completion
<b>Structure</b> Flats & houses	100
Studio flats	50
Pre-cast reinforced concrete structure	30
Pitched Roof	60
Heating Systems	40
Complete re-wire	40
Bathrooms	30
Lifts	30
Windows	30
Flat roof	25
Kitchens	20
Communication systems	20
Commercial kitchens	20
Solar panels	20
Boilers	15
Sewage pumps	15
Stairlifts	15
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.

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. For mixed tenure housing properties, costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure, costs are allocated on a floor area for each scheme.

### Investment properties

In Investment properties (including properties held under an operating lease) consist of commercial properties and properties not held for social benefit. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and is derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. No depreciation is provided. 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, under the accruals model.

### Impairment

#### **Financial assets (including trade and other debtors)**

A financial asset not carried at fair value through the statement of comprehensive income is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Society would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the statement of comprehensive income. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

#### **Non-Financial assets**

The carrying amounts of the Society's non-financial assets, other than investment property, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less

## ... Notes to the Financial Statements

for the year ended 31 March 2021

costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

### 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 interest capitalised is either on borrowings specifically taken to finance a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised. The average cost of borrowing in the year is used to calculate the interest capitalised, which is 5.24%.

### 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. Shared ownership structure is depreciated in line with other social housing properties.

### 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:

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

Freehold land is not depreciated.

### Value added tax

All expenditure is stated including irrecoverable value added tax.



### Low cost home ownership properties

The costs of low cost home ownership properties are split between current and fixed assets based on the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

Properties developed for outright sale are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

### 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.

### Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Society's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

### Loan interest costs

Loan interest costs are calculated using the effective interest rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined based on the carrying amount of the financial liability at initial recognition.

### Loan finance issuance costs

Arrangement fees, agency fees and related legal fees payable when entering new loans are capitalised then charged to the statement of comprehensive income over the life of the loan via the effective interest method.

### Taxation

By virtue of s.478 Corporation Tax Act 2010, the Society has charitable status and is not subject to corporation tax on surpluses as a result of, or earned in furtherance of, charitable objectives. The Society's subsidiary, Saxon Weald Capital plc, does not have charitable objectives and are subject to taxation. Tax is recognised in profit and loss, except that a change attributable to an item of income or expense recognised directly in equity is also recognised in directly in equity. Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 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.

### Holiday Pay

Short term employee benefits, including holiday pay, are charged to the statement of comprehensive income in the period in which they accrue. Holiday entitlement due but not yet taken, is included in the statement of financial position as an accrual.

## ... Notes to the Financial Statements

for the year ended 31 March 2021

### Defined Contribution Pension

The Society provides a defined contribution stakeholder pension scheme for employees not included in the LGPS scheme. The employer contribution to the scheme is charged to the statement of comprehensive income as it becomes payable. The assets of the scheme are kept separately from those of the Society.

### Pension costs

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services. The disclosures in the accounts follow the requirements of Section 28 of FRS 102 in relation to multi-employer funded schemes in which the Group has a participating interest.

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 statement of comprehensive income:

- 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 the statement of comprehensive income 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 the statement of comprehensive income.

## 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.

The provision for bad debts is based upon the age of arrears. Arrears in respect of former tenants and in respect of current tenants where the debt is over 52 weeks old are fully provided for. Arrears which are over seven weeks old are provided for at 10% and increase in % terms depending on age up to 36 weeks where they are provided at 75%.

### 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 2021

### **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 2021, 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 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.

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.

### 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 make 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 include these sales and disposals within its updated operating strategy. These sales and disposals form part of its core operating activities and therefore the Group and Society consider it appropriate to include these sales and disposals within operating surplus.

## 3 Group turnover, operating costs and operating surplus

### Social housing lettings

- General needs, housing for older people, supported and shared ownership housing (See note 3a)

### Other social housing activities

- Shared ownership first tranche sales

- Sales to eligible older people

- Other social housing activities

- Grants taken to income

### Non social housing activities

- Surplus on lettings (garages)

- Surplus on lettings (market rent)

- Surplus on disposal of fixed assets

	Turnover	Cost of sales	Operating costs	2021 Operating surplus	2020 Operating surplus
	£000	£000	£000	£000	£000
	41,139	-	(28,518)	12,621	13,514
	1,887	(1,349)	-	538	1,277
	-	-	-	-	-
	95	-	-	95	141
	288	-	-	288	-
	596	-	(25)	571	608
	1,174	-	(223)	951	881
	-	-	-	1,800	1,980
	<b>45,179</b>	<b>(1,349)</b>	<b>(28,766)</b>	<b>16,864</b>	<b>18,401</b>

## ... Notes to the Financial Statements

for the year ended 31 March 2021

### 3a Group income and expenditure from social housing lettings

	General needs	Housing for older people & supported housing	Shared ownership	2021 Total	2020 Total
	£000	£000	£000	£000	£000
<b>Income</b>					
Rents receivable net of identifiable service charges	25,747	8,126	1,153	35,026	34,158
Service charge income	638	4,744	84	5,466	5,726
Amortised Government Grants	198	429	22	649	639
<b>Turnover from social housing lettings</b>	<b>26,583</b>	<b>13,299</b>	<b>1,259</b>	<b>41,141</b>	<b>40,523</b>
<b>Expenditure</b>					
Management	(2,272)	(1,583)	(64)	(3,919)	(3,626)
Service charge costs	(1,142)	(5,327)	(59)	(6,528)	(6,653)
Responsive maintenance (routine maintenance)	(3,768)	(1,587)	(56)	(5,411)	(3,515)
Planned and cyclical maintenance	(2,213)	(1,113)	(7)	(3,333)	(3,148)
Major repairs expenditure	(731)	(180)	(2)	(913)	(946)
Bad debts	(150)	(58)	(7)	(215)	(153)
Depreciation of housing properties*	(4,600)	(1,793)	(220)	(6,613)	(6,860)
Pension (current cost less contributions)	(110)	-	-	(110)	(1,248)
Other costs	(1,478)	-	-	(1,478)	(860)
<b>Operating costs on social housing lettings</b>	<b>(16,464)</b>	<b>(11,641)</b>	<b>(415)</b>	<b>(28,520)</b>	<b>(27,009)</b>
<b>Surplus on social housing lettings</b>	<b>10,119</b>	<b>1,658</b>	<b>844</b>	<b>12,621</b>	<b>13,514</b>
<b>Voids - rent lost through dwellings being vacant</b>	<b>(249)</b>	<b>(350)</b>	<b>(32)</b>	<b>(631)</b>	<b>(570)</b>

\* Includes accelerated depreciation of £215,000 (2020: £568,000).

## 4 Accommodation in Management and Development

Under management at end of year:	Group			
	Social Number	Affordable Number	2021 Total Number	2020 Total Number
<b>Social Housing</b>				
General needs housing				
Owned general needs	3,365	685	4,050	4,060
Owned general needs managed by others	52	-	52	54
Older People's Housing				
Extra Care	328	105	433	433
Retirement - Supported	987	64	1,051	1,095
Retirement - Non-Supported	69	41	110	110
	<b>4,801</b>	<b>895</b>	<b>5,696</b>	<b>5,752</b>
Shared ownership			235	223
Leasehold for older people			157	157
<b>Total Social Housing</b>			<b>6,088</b>	<b>6,132</b>
Market rent			108	108
Leasehold flats			525	521
<b>Total owned and managed</b>			<b>6,721</b>	<b>6,761</b>
Under development at end of year:				
Shared Ownership			6	12
Affordable Rent			133	23
			<b>139</b>	<b>35</b>

## ... Notes to the Financial Statements

for the year ended 31 March 2021

### 5 Interest receivable and similar income

	Saxon Weald		Group	
	2021	2020	2021	2020
	£000	£000	£000	£000
Interest on bank deposits	22	49	22	49
	<b>22</b>	<b>49</b>	<b>22</b>	<b>49</b>

### 6 Interest payable and similar charges

	Saxon Weald		Group	
	2021	2020	2021	2020
	£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	57	56	57	56
Amortisation of bond discount and fees	151	143	151	143
Interest on loan	136	88	136	88
Amortisation of loan discount and fees	15	22	15	22
Loan non-utilisation fees	191	196	191	196
Pension fund interest cost	829	1,004	829	1,004
Pension fund expected return on assets	(820)	(852)	(820)	(852)
Capitalised interest on development*	(257)	(237)	(257)	(237)
	<b>12,396</b>	<b>12,514</b>	<b>12,396</b>	<b>12,514</b>

\* 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 5.24% (2020: 5.33%).



## 7 Group surplus on ordinary activities before taxation

Saxon Weald		Group	
2021	2020	2021	2020
£000	£000	£000	£000

### Is stated after charging:

Depreciation of housing properties (including accelerated depreciation of £215k (2020: £568k) (note 11a))

6,613	6,860	6,613	6,860
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Depreciation of other tangible fixed assets (note 11b)

208	219	208	219
-----	-----	-----	-----

Amortisation of intangible fixed assets (note 10)

123	120	123	120
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Employer contributions to Scottish Widows defined contribution pension scheme

199	154	199	154
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Fees payable to Beever and Struthers in respect of both audit and non-audit services are as follows:

Audit services\* - statutory audit of the Society (excluding VAT)

- in their capacity as auditors - current year

40	44	40	44
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- in their capacity as auditors - prior year\*\*

4	-	4	-
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Audit services - statutory audit of the Subsidiary

-	-	13	11
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**Total audit services**

<b>52</b>	<b>44</b>	<b>68</b>	<b>55</b>
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Operating lease expenditure

585	516	585	516
-----	-----	-----	-----

Salaries directly attributable to development projects capitalised

516	425	516	425
-----	-----	-----	-----

\* In the year, Saxon Weald met the statutory audit costs on behalf of its subsidiary.

\*\* Audit fees in 2019-20 payable to RSM UK Audit LLP.

## 7a Surplus on sale of fixed assets - Housing properties

Saxon Weald		Group	
2021	2020	2021	2020
£000	£000	£000	£000

Disposal proceeds

2,520	3,332	2,520	3,332
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Homes England grant

27	27	27	27
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Carrying value of fixed assets

(450)	(811)	(450)	(811)
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Payable to Horsham District Council

(202)	(456)	(202)	(456)
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Other costs to sell

(95)	(112)	(95)	(112)
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<b>1,800</b>	<b>1,980</b>	<b>1,800</b>	<b>1,980</b>
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Capital grant recycled (note 19)

29	71	29	71
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## ... Notes to the Financial Statements

for the year ended 31 March 2021

### 8 Group and Society Employees

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

#### Actual

	2021 Number	2020 Number
Office and management	129	126
Housing support and care	33	37
Maintenance	77	78
Board members	8	9
	<b>247</b>	<b>250</b>

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

#### Full time equivalents

	2021 Number	2020 Number
Office and management *	121	115
Housing support and care **	31	30
Maintenance ***	77	75
Board members****	8	9
	<b>237</b>	<b>229</b>

\* 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, 42.5 & 45 hours.

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

#### Staff costs for the above

	2021 £000	2020 £000
Wages and salaries	8,144	7,982
Social security costs	868	843
Other pension costs and current service cost	1,399	2,220
	<b>10,411</b>	<b>11,045</b>

## 8 Group and Society Employees continued

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

	2021	2020
	Number	Number
£60,000 to £70,000	10	7
£70,001 to £80,000	3	1
£80,001 to £90,000	1	1
£90,001 to £100,000	1	3
£100,001 to £110,000	4	4
£110,001 to £120,000	2	0
£120,001 to £130,000	1	0
£140,001 to £150,000	0	2
£150,001 to £160,000	2	0
£160,001 to £170,000	0	1
£180,001 to £190,000	0	1
£190,001 to £200,000	1	0
	<b>25</b>	<b>20</b>

### Executive directors and Board members

	2021	2020
	£000	£000
Executive directors Remuneration and fees	413	417
Society contribution to money purchase pension schemes	95	78
Compensation for loss of office	0	0
Money value of benefits in kind	0	3
	<b>508</b>	<b>498</b>

The Executive directors, Assistant Directors and Board members are considered key management personnel for the purposes of FRS 102 and their remuneration is £1,370,000 (2020: £1,789,000).

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

	2021	2020
	Number	Number
Defined benefit schemes was:	3	3
	<b>3</b>	<b>3</b>

	2021	2020
	£000	£000
Highest paid director		
Remuneration (includes benefits in kind and excluding pension)	157	154
Society contributions to pension scheme	41	29
	<b>198</b>	<b>183</b>

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.

	2021	2020
	£000	£000
Board members' Emoluments	48	57
	<b>48</b>	<b>57</b>

## ... Notes to the Financial Statements

for the year ended 31 March 2021

### 9 Group taxation on surplus on ordinary activities

#### Factors affecting charge for the period

	Saxon Weald		Group	
	2021	2020	2021	2020
	£000	£000	£000	£000
<b>Surplus on ordinary activities before taxation</b>	<b>4,512</b>	<b>8,444</b>	<b>4,512</b>	<b>8,444</b>
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019/20: 19%)	857	1,604	857	1,604
<b>Effects of:</b>				
Charitable exemption	(857)	(1,604)	(857)	(1,604)
<b>Current tax charge for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Factors that may affect future tax charges

By virtue of s.478 Corporation Tax Act 2010, the Society has charitable status and is not subject to corporation tax on surpluses as a result of, or earned in furtherance of, charitable objectives. The Society's subsidiary, Saxon Weald Capital plc, does not have charitable objectives and are subject to taxation. Tax is recognised in profit and loss, except that a change attributable to an item of income or expense recognised directly in equity is also recognised in directly in equity. Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 10 Group and Society Intangible Fixed Assets

#### Cost

	Software	Total
	£000	£000
At 1 April 2020	1,796	1,796
Additions	107	107
Disposals	(62)	(62)
<b>At 31 March 2021</b>	<b>1,841</b>	<b>1,841</b>

#### Accumulated Amortisation

At 1 April 2020	1,498	1,498
Charged to expense	123	123
Disposals	(62)	(62)
<b>At 31 March 2021</b>	<b>1,559</b>	<b>1,559</b>

#### Carrying amount:

<b>At 31 March 2021</b>	<b>282</b>	<b>282</b>
<b>At 31 March 2020</b>	<b>298</b>	<b>298</b>

## 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 2020	335,736	29,781	4,620	963	371,100
Additions	-	-	11,498	3,619	15,117
Schemes completed	1,579	1,922	(1,579)	(1,922)	-
Replacement components	2,505	-	-	-	2,505
Disposals*	(250)	(285)	-	-	(535)
Transfer to WIP	(1,103)	-	-	-	(1,103)
Components disposed of	(753)	-	-	-	(753)
<b>At 31 March 2021</b>	<b>337,714</b>	<b>31,418</b>	<b>14,539</b>	<b>2,660</b>	<b>386,331</b>
<b>Depreciation and impairment **</b>					
At 1 April 2020	53,570	1,073	-	-	54,643
Charge for the year	6,177	221	-	-	6,398
Disposals	(314)	(9)	-	-	(323)
On components disposed of	(538)	-	-	-	(538)
<b>At 31 March 2021</b>	<b>58,895</b>	<b>1,285</b>	<b>-</b>	<b>-</b>	<b>60,180</b>
<b>Carrying amount:</b>					
<b>At 31 March 2021</b>	<b>278,819</b>	<b>30,133</b>	<b>14,539</b>	<b>2,660</b>	<b>326,151</b>
<b>At 31 March 2020</b>	<b>282,166</b>	<b>28,708</b>	<b>4,620</b>	<b>963</b>	<b>316,457</b>

The Society had property with a net book value of £244m pledged as security as at 31 March 2021 (2020: £204m).

The cumulative amount of capitalised interest included in fixed asset housing properties at 31 March 2021 was £7,559,000 (2020: £7,302,000).

### Housing properties book value net of depreciation

	2021	2020
	£000	£000
Freehold properties	308,280	298,246
Long leasehold properties	17,871	18,211
	<b>326,151</b>	<b>316,457</b>

### Works to existing rented properties

Replacement components capitalised as above	2,503	5,848
Major repair works charged to revenue (note 3)	913	946
	<b>3,416</b>	<b>6,794</b>

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 (2020: £nil)..

## ... Notes to the Financial Statements

for the year ended 31 March 2021

### 11b Group and Society Tangible Fixed Assets - Other

	Freehold office £000	Office equipment £000	IT equipment £000	Total £000
<b>Cost</b>				
At 1 April 2020	2,503	166	1,348	4,017
Additions	242	15	321	578
Disposals	(1,640)	(40)	(543)	(2,223)
<b>At 31 March 2021</b>	<b>1,105</b>	<b>141</b>	<b>1,126</b>	<b>2,372</b>
<b>Depreciation</b>				
At 1 April 2020	1,375	98	1,136	2,609
Charge for the year	64	13	131	208
Disposals	(1,201)	(31)	(533)	(1,765)
<b>At 31 March 2021</b>	<b>238</b>	<b>80</b>	<b>734</b>	<b>1,052</b>
<b>Carrying amount:</b>				
<b>At 31 March 2021</b>	<b>867</b>	<b>61</b>	<b>392</b>	<b>1,320</b>
<b>At 31 March 2020</b>	<b>1,128</b>	<b>68</b>	<b>212</b>	<b>1,408</b>

## 11c Group and Society Investment Properties

### Group

	Garage stock £000	Market rented properties £000	2021 £000	2020 £000
At 1 April	6,860	25,047	31,907	24,650
Transfer from housing properties	(98)	-	(98)	4,690
Additions and works	16	-	16	60
Increase in value	22	-	22	2,508
<b>Value as at 31 March</b>	<b>6,800</b>	<b>25,047</b>	<b>31,847</b>	<b>31,908</b>

All investment properties were valued as at 31 March 2021 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 2021 was £23,358,000 and at 31 March 2012 was £23,368,000.

#### The key assumptions used for the garage properties valuation were:

	2021 %	2020 %
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:

	2021 %	2020 %
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 were:

- all units are let on Assured Shorthold Tenancies

## ... Notes to the Financial Statements

for the year ended 31 March 2021

### 12 Society investment in subsidiaries

	2021	2020
	£000	£000
<b>Cost</b>		
At 1 April	50	50
<b>At 31 March</b>	<b>50</b>	<b>50</b>

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% (2020: 100%)	Group financing
Weald Property Development Ltd **	Ordinary	100% (2020: 100%)	Dormant

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

\*\* Weald Property Development Ltd is exempt from the requirement to have their financial accounts audited by virtue of Section 480 of the Companies Act 2006.

### 14 Group and Society properties held for sale

	2021	2020
	£000	£000
Shared ownership - completed properties	196	396
Work in progress	1,143	437
	<b>1,339</b>	<b>833</b>

### 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 2021 was £187,000 (2020: £257,000).



## 16 Group and Society debtors: amounts falling due within one year:

### Amounts receivable within one year:

	2021 £000	2020 £000
Rents and services receivable	1,178	1,159
Less: provision for bad debts	(425)	(301)
	753	858
Other debtors	230	330
Other taxes and social security costs	-	14
Social housing grant receivable	30	-
Prepayments and accrued income	1,231	1,127
	<b>2,244</b>	<b>2,329</b>

## 17 Group and Society creditors: amounts falling due within one year

	2021 £000	2020 £000
Housing loan interest	3,854	3,854
Contractors for certified work	2,983	1,515
Other taxes and social security costs	271	278
Rent charged in advance	499	599
Rent paid in advance	522	481
Trade creditors	677	555
Deferred capital grant	662	658
Recycled capital grant	-	1,167
Other creditors	2,966	2,249
Due to Horsham DC re. RTB sales receipts	202	456
	<b>12,636</b>	<b>11,812</b>

## 18 Group and Society creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Debt (note 22)	221,097	220,946
Loan - revolving credit facility (Note 23)	5,245	3,771
Recycled capital grant fund (note 19)	67	71
Deferred capital grant (note 20)	61,034	59,170
Amounts owed by group	287,443	283,958
Due to group companies	38	38
<b>Amounts owed by society</b>	<b>287,481</b>	<b>283,996</b>

## ... Notes to the Financial Statements

for the year ended 31 March 2021

### 19 Group and Society Recycled Capital Grant Fund (RCGF)

Funds pertaining to activities within areas covered by:

	Homes England 2021 £000	Homes England 2020 £000
<b>Opening balance inputs to RCGF:</b>		
As at 1 April	71	1,158
RCGF short term from prior year	1,166	455
Grants recycled	29	71
Interest accrued	1	12
<b>Recycling of grant:</b>		
New Build	(1,200)	(458)
Transfers to RCGF short term	-	(1,167)
<b>Closing balance</b>	<b>67</b>	<b>71</b>
<b>Short term Recycled Capital Grant Fund</b>	<b>-</b>	<b>1,167</b>
<b>Long term Recycled Capital Grant Fund</b>	<b>67</b>	<b>71</b>
<b>Amounts 3 years or older where repayment may be required:</b>	<b>-</b>	<b>-</b>

### 20 Group and Society Disposal Proceeds Fund (DPF)

Funds pertaining its activities within areas covered by:

	2021 £000	2020 £000
<b>Opening balance inputs to DPF:</b>		
As at 1 April	-	-
DPF short term from prior year	-	244
Interest accrued	-	2
<b>Use/allocation of funds:</b>		
New Build	-	(246)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

## 21 Group and Society Deferred Capital Grant

	2021	2020
Grant	£000	£000
As at 1 April	65,529	64,358
Additions	2,544	1,171
Disposals	(29)	-
<b>As at 31 March</b>	<b>68,044</b>	<b>65,529</b>

### Amortisation

As at 1 April	(5,701)	(5,062)
Credit for the year	(649)	(639)
Eliminated on disposal	2	-
<b>As at 31 March</b>	<b>(6,348)</b>	<b>(5,701)</b>
<b>Carrying amount at 31 March</b>	<b>61,696</b>	<b>59,828</b>

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 £68,044,000 (2020: £65,529,000).

## 22 Group and Society Financial Instruments

Measured at cost

	2021	2020
	£000	£000
<b>Financial assets:</b>		
Cash and cash equivalents	12,100	12,981
Other financial assets (included in note 16)	1,013	1,202
<b>Total</b>	<b>13,113</b>	<b>14,183</b>
<b>Financial liabilities</b>		
Amortised Debt *	226,342	224,717
Other financial liabilities (included in note 17, 19)	11,020	10,146
<b>Total</b>	<b>237,362</b>	<b>234,863</b>

\* Further details are provided within note 23

## ... Notes to the Financial Statements

for the year ended 31 March 2021

### 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 2021 was £306,911,250 (£311,189,625 in 2020).

Saxon Weald also holds a revolving credit facility of £35m with Santander which matures in 2026 and a £50m loan with NatWest which is split into a £25m 10-year revolving credit facility and a £25m, 25-year term loan. £6m of the Santander facility was drawn at 31 March 2021.

	Saxon Weald		Group	
	2021	2020	2021	2020
	£000	£000	£000	£000
Loans to Group undertakings	221,097	220,946	-	-
Total	221,097	220,946	-	-
Bond issue	-	-	225,000	225,000
Bond discount and fees	-	-	(3,903)	(4,054)
<b>Net bond</b>	<b>221,097</b>	<b>220,946</b>	<b>221,097</b>	<b>220,946</b>
Loan - revolving credit facility	6,000	4,000	6,000	4,000
Loan discount and fees	(755)	(229)	(755)	(229)
Net Loan	5,245	3,771	5,245	3,771
<b>Total Creditors: amounts falling due after one year</b>	<b>226,342</b>	<b>224,717</b>	<b>226,342</b>	<b>224,717</b>

	Saxon Weald		Group	
	2021	2020	2021	2020
	£000	£000	£000	£000
<b>Loans repayable by instalments:</b>				
In five years or more	226,342	224,717	226,342	224,717
	<b>226,342</b>	<b>224,717</b>	<b>226,342</b>	<b>224,717</b>

All loans are secured by way of specific charges on housing properties (See note 11a).

## 24 Group and Society Provisions for liabilities

Holiday Pay  
£000

As at 1 April 2020	55
Additional provision in year	59
<b>As at 31 March 2021</b>	<b>114</b>

### 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 Society 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. Each share has full voting rights. The shares do not have a right to any dividend or distribution in a winding up and are not redeemable. When a shareholder ceases to be a member, that share is cancelled. All shareholdings relate to non-equity interests.

	2021	2020
	£	£
As at 1 April	10	11
Issued during the year	2	3
Cancelled during the year	(2)	(4)
<b>At the end of the year</b>	<b>10</b>	<b>10</b>

## ... Notes to the Financial Statements

for the year ended 31 March 2021

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

	2021 £000	2020 £000
Surplus after tax for the year	4,512	8,444
<b>Non-cash adjustments for:</b>		
Depreciation of tangible fixed assets	6,821	7,079
Amortisation of intangible assets	123	120
Amortisation of government grants	(649)	(639)
Fair value (gains) on investment properties	(22)	(2,508)
Defined benefit pension scheme	36	1,317
Increase in provisions	59	12
Disposal of other fixed assets - office	458	0
(Increase) / Decrease in properties held for sale	(507)	2,530
<b>Cash adjustments for:</b>		
(Gain) on disposal of housing fixed assets	(1,800)	(1,981)
<b>Investing activity adjustment for:</b>		
Interest receivable	(22)	(49)
<b>Financing activity adjustment for:</b>		
Interest and financing costs	12,396	12,514
<b>Operating cash flows before movements in working capital</b>	<b>21,405</b>	<b>26,839</b>
Decrease / (Increase) in stock	70	(18)
(Increase) in trade and other debtors	(427)	(60)
Increase / (Decrease) in trade and other creditors	207	(562)
	<b>(150)</b>	<b>(640)</b>
<b>Cash generated from operations</b>	<b>21,255</b>	<b>26,199</b>

	2021 £000	2020 £000
<b>Cash and cash equivalents</b>		
Cash and cash equivalents represent:-		
Cash at bank *	12,100	12,981
	<b>12,100</b>	<b>12,981</b>

\* Cash at bank includes £721,000 (2020: £636,000) which is ring fenced for sinking funds and tenancy deposits.

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

	2021	2020
	£000	£000
<b>Reconciliation of net cash flow to movement in net debt</b>		
(Decrease) / Increase in cash in the year	(881)	6,383
(Increase) in debt funding	(1,469)	(3,000)
Changes in net debt resulting from cashflows	(2,350)	3,383
Non - cash movement	(156)	(165)
Net debt at beginning of year	(211,736)	(214,954)
<b>Net debt at end of year</b>	<b>(214,242)</b>	<b>(211,736)</b>

### Net debt reconciliation

	At 31 March 2020	Cashflow	Non-cash movement*	At 31 March 2021
Cash at bank and in hand	12,981	(881)	-	12,100
Bond Debt due after one year	(220,946)	-	(151)	(221,097)
Loan Debt due after one year	(3,771)	(1,469)	(5)	(5,245)
	<b>(211,736)</b>	<b>(2,350)</b>	<b>(156)</b>	<b>(214,242)</b>

\* 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

	2021	2020
	£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	17,837	4,805
To be spent after 1 year	20,484	2,431
	<b>38,321</b>	<b>7,236</b>
Capital expenditure for new development / acquisition that has been authorised by the Board but has not been contracted for		
	-	-
	<b>38,321</b>	<b>7,236</b>
The Group and Society expects to finance the above commitments by:		
Social housing grant receivable	1,470	680
Property sales	5,525	1,275
Loan	24,226	-
Cash	7,100	5,281
	<b>38,321</b>	<b>7,236</b>
In addition to the above, the Board has authorised capital expenditure on property components which have not been contracted for totalling:		
	<b>6,238</b>	<b>5,807</b>

## ... Notes to the Financial Statements

for the year ended 31 March 2021

### 28 Group and Society commitments under operating leases

As at 31 March 2021, the total future minimum lease payments under non-cancellable operating leases not relating to land and buildings as set out below:

	2021 £000	2020 £000
Less than one year	453	484
Between one and five years	512	637
	<b>965</b>	<b>1,121</b>

### 29 Group and Society 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 2021.

The employer's contribution to the LGPS by Saxon Weald for the year ended 31 March 2021 was £1,289,000 (2020: £972,000) at a contribution rate of 28.5% of pensionable salaries. The employer's contribution rate for the year ending 31 March 2022 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:

<b>Changes in the present value of the defined benefit obligation:</b>	2021 £000	2020 £000
Defined benefit obligation at 1 April 2020	35,523	40,880
Current service cost	1,399	2,098
Interest cost	829	1,004
Contributions by scheme participants	321	333
Plan introductions, changes, curtailments and settlements	-	122
Benefits paid	(656)	(694)
Actuarial losses / (gains)	12,184	(8,220)
<b>Defined benefit obligation at 31 March 2021</b>	<b>49,600</b>	<b>35,523</b>

#### Changes in the fair value of plan assets:

	2021 £000	2020 £000
Plan assets at 1 April 2020	35,214	35,139
Interest income	820	852
Return on plan assets (excluding amounts included in net interest)	8,582	(1,388)
Contributions by employer	1,289	972
Contributions by scheme participants	321	333
Benefits paid	(656)	(694)
<b>Plan assets at 31 March 2020</b>	<b>45,570</b>	<b>35,214</b>

The actual return on plan assets was a gain of £9,402,000 (2020: a loss of £536,000).



## ...29 Group Retirement benefits (continued)

	2021	2020
	£000	£000
<b>Reconciliation to balance sheet</b>		
Fair value of employer's assets	45,570	35,214
Present value of funded liabilities	(49,600)	(35,523)
<b>Net (Liability)</b>	<b>(4,030)</b>	<b>(309)</b>

### Amounts in the balance sheet

Liabilities	(4,030)	(309)
<b>Net (Liability)</b>	<b>(4,030)</b>	<b>(309)</b>

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

	2021	2020
	£000	£000
Current service cost	1,399	2,098
Net interest on the net defined benefit pension liability	9	152
Past service cost and losses on curtailments and settlements	-	122
Actuarial loss / (gain) in respect of pension scheme	3,602	(6,832)
	<b>5,010</b>	<b>(4,460)</b>

### Financial Assumptions

	2021	2020
Discount rate	2.05%	2.3%
Future salary increase rate	3.3%	2.2%
Future pension increase rate	2.8%	1.8%

### Breakdown of the expected return on assets by category

The analysis of the scheme assets at the reporting date were as follows:

	Fair value of assets	
	2021	2020
Equity instruments	56%	47%
Debt instruments	31%	39%
Property	7%	8%
Cash	6%	6%

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

	Males	Females
Current Pensioners	22.1 years	24.2 years
Future Pensioners	23.1 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 2018 model, an allowance for smoothing of recent mortality experience and long term rates of improvement of 1.5% p.a	CMI 2018 model, an allowance for smoothing of recent mortality experience and long term rates of improvement 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 2022

	31 March 2022	
	£000	% of pay
Projected current service cost	(2,199)	(48.6%)
Interest on obligation	(1,034)	(22.8%)
Expected interest income on plan assets	942	20.8%
	<b>(2,291)</b>	<b>(50.2%)</b>

The actuary estimates the employer's contributions for the year to 31 March 2022 will be approximately £1,289,000.

## 30 Post balance sheet events

At the date of publishing, there are no known adjusting or non adjusting post balance sheet events that impact the accounts of Saxon Weald.

## 31 Related Parties

Three members of the Board were residents of the Society during year to 31 March 2021, one of whom resigned from the Board in October 2020. Their tenancies are subject to the same terms and conditions as all other tenants. The annual rent in relation to Board members during their board tenure is £17,000 and there were nil arrears on the accounts of current Board members at 31 March 2021.

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 (2020: £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.





# SAXON WEALD

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