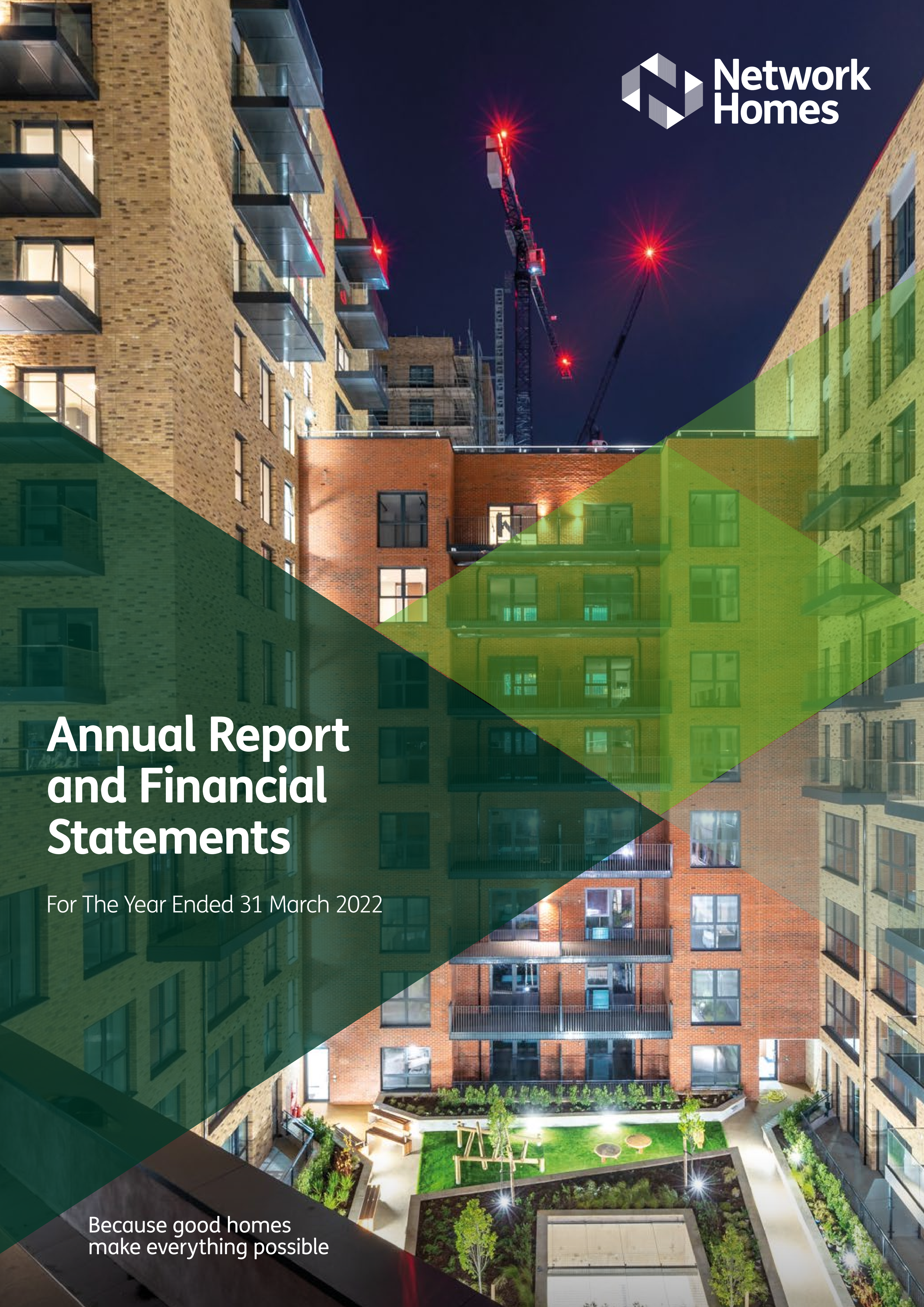
Network Homes



Annual Report and Financial Statements

For The Year Ended 31 March 2022

Because good homes make everything possible

Contents

The Board, Executive Officers and Advisors

The Directors of the Association who were in office during the year and up to the date of signing the financial statements were:

Network Homes Limited Board	Bernadette Conroy, Chair – Resigned 28 March 2022 Jon Gooding, Interim Chair – Appointed 29 March 2022 Anne Turner Helen Evans, Group Chief Executive Alan Hall – Retired 27 July 2021 Valerie Vaughan-Dick - Retired 27 July 2021 Paul Plummer Ronen Journo Sean West Jaz Saggu – Retired 27 July 2021 Rachel King Barbara Brownlee Amina Graham – Appointed 27 July 2021 Adeoye Adebayo – Appointed 27 July 2021
Company secretary	Tabitha Kassem – Resigned 29 March 2022 Asantewaa Brenya – Appointed 29 March 2022
Executive officers	Helen Evans - Group Chief Executive Gerry Doherty – Executive Director of Customer Services David Gooch – Executive Director of Development Fiona Deal – Executive Director of People and Technology (Resigned 15 April 2021) Peter Benz – Executive Director of Finance Jamie Ratcliff – Executive Director of People & Partnerships Tabitha Kassem – Executive Director of Governance, Technology & Transformation
Registered office	The Hive, 22 Wembley Park Boulevard, Wembley, Middlesex, HA9 0HP
Independent auditors	BDO LLP, Chartered Accountants and Statutory Auditors, 55 Baker Street, London, W1U 7EU
Bankers	Barclays Bank PLC, 27th Floor, 1 Churchill Place, London E14 5HP
Registrations	Registered Provider No. 4825, Community Benefit Societies No. 7326

Report of the Board

Report of the Board

The Board presents its report and the audited consolidated financial statements for Network Homes Limited ('the Group', 'the Association') and its subsidiary undertakings for the year ended 31 March 2022.

The Consolidated Group and Association Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position and Statement of Cash Flow for the Group are set out on pages 55 to 58.

The Group's principal accounting policies are set out on pages 60 to 65 and these policies have been consistently applied across the Group.

The strategic objectives of the Group, encapsulated in our Five Year Strategy, are:

- **Increasing the number of homes for people in housing need**
- **Delivering reliable resident services**
- **Increasing our financial resilience**
- **Building a great organisation**
- **Strengthening residents' trust in us.**

Network Homes Limited operates across London, Hertfordshire and the South East of England. The Group now owns and / or manages 21,003 (2021: 20,819) homes for a wide range of customers.

Chair's review

First of all, I'd like to pay tribute to our outgoing Chair, Bernadette Conroy, who has been appointed to the prestigious role of Chair of the Regulator of Social Housing. This is a testament to her strong leadership of Network Homes over the last six years and on behalf of the Board I wish her the very best in her new position.

Although the worst days of the COVID-19 pandemic are now behind us, the impact will be long lasting for many residents living in our homes and for our business. But, while one challenge eases, another one is now very much to the fore and we're acutely aware that our residents are now facing significant increases in their cost of living. This has been caused, in part, by the war in Ukraine and inflation is expected to keep on rising throughout the coming year. We'll continue to do all we can to support our residents and the Board has increased the budget for our Charitable Fund and stepped-up the resources available to our Welfare Advice Team.

Building safety remains a top priority for Network Homes. We welcome the Building Safety Act 2022 which will bring in a number of measures to make residents and buildings safer. Its implementation will be a key focus for us over the next year and beyond. One key measure is to ensure that most leaseholders and shared owners won't have to pay for remediation work (though this is within some limits).

Our programme of investigations on buildings over 18 metres high with external wall systems, to check they have been built as designed and comply with building regulations, is now well advanced and remediation work is under way. We've completed two projects already in Stockwell and Westminster. We now have External Wall System (EWS1) forms which cover nearly 2,000 homes, plus an additional 1,000 for section 106 homes, giving those residents peace of mind and allowing them to move on with their lives. We're now moving to the next phase of our remediation programme which is to investigate our buildings under 18 metres.

The full expected costs of the remediation are included in our base business plan, including contingencies for as yet unidentified works.

The introduction of the Social Housing Regulation Bill in the Queen's Speech is one part of an increased oversight of the activity of social housing providers. We welcome that and continue to strive to provide a reliable service to residents, despite an incredibly challenging external environment. In this year we hit our target of reducing resident dissatisfaction to 10%.

In terms of our financial results for 2021-22 it should be noted that the previous year's results were particularly strong because of the sales at our Thrayle House development in Stockwell Park, South London. So, with that in mind I'm pleased to report a more modest but still robust set of results for 2021-22 achieving a net surplus of £9,569k (2021: £41,743k); turnover £243,869k (2021: £247,037k) and an operating margin of 17.7% (2021: 29.9%).

The two main contributors to the adverse difference between this year's results and last were fewer sales (in line with our programme) and an impairment provision where we've had to write down the value of the land, as part of an overall profitable development scheme at Merrick Road in Southall, West London. Merrick will be our largest ever single build project of 500 homes. With 164 properties for affordable tenures this will enable us to continue delivering on our objective of increasing the number of homes for people in housing need.

We reviewed and revised our Sustainability Strategy in 2021 and we've just launched our Sustainable Finance Framework which commits Network Homes to funding our sustainability objectives. As an early adopter of the Sustainability Reporting Standard for Social Housing (SRS), we also published our first Environmental, Social and Governance Report in 2021 showing our performance against a number of key measures. This report is now integrated into our annual published accounts.

We're pleased we've retained G1/V2 rating in our In-Depth Assessment (IDA), completed in the last year, which means we are fully compliant but reflects our ambition and management of complex risks for the benefit of current and future residents.

On behalf of the Board, I want to thank committee members, our resident panel members and our dedicated colleagues for all their hard work in the past year. We remain committed to successfully navigating our business through these difficult times.

Jon Gooding

Jon Gooding, Interim Chair

Group Chief Executive's review

We've had some uncertain times over the course of the year as we've had to respond to the effects of the COVID-19 pandemic and lifting of restrictions, as well as the external pressures on us as a business. I'm proud that we've remained financially and operationally resilient and have been able to deliver on our objectives, but we are under no doubt that the next few years will be some of our most challenging yet, both for our business and the people we house.

The increasing cost of living is having an impact on many of our residents, some of whom are still recovering from the financial difficulties of the last two years, and it is likely to escalate further for them as we enter another year. We will continue to be compassionate with residents struggling with their finances and offer our support where we can. Our Welfare Advice Team has been key to this and have been able to gain £2m for residents in unclaimed benefits over the year. We also almost doubled our charitable fund spend from £44k to just over £70k, which has provided residents most in need with support in the form of energy vouchers, food vouchers, replacement of essential broken household goods or to use towards other forms of financial support.

Another concern for us is the increase in mental health issues which has affected some of our residents. I'm pleased that we were able to respond to this by establishing a new Mental Health Liaison Team which specialises in helping residents experiencing mental ill health to sustain their tenancy. The team operates as a referral service and works alongside our Neighbourhood team which is crucial in identifying residents who would benefit from the additional support.

As an organisation, an external pressure we're facing is rising material costs and labour shortages. Although we're doing all we can to mitigate the effects of this on our services, we have felt the pressures it creates for us especially with our development plans. We ended the year completing 232 affordable homes (2021: 544), 97 for rent and 135 for shared ownership, missing our target of 334 due to material delays on a key scheme which was handed over in May 2022.

Despite the difficulties, I'm pleased with the progress we've made against our objectives. We've continued to focus on increasing homes for people in housing need and are making steady strides towards achieving our ambition to start a minimum of 1,000 affordable homes by March 2023. We started to build 511 new affordable homes this year which is 147 more homes than last year (2021: 364), allocated £122m to build 1,000 new homes across London as part of the Affordable Homes Programme 2021-26, and exchanged contracts with Grainger to build 575 homes, of which 174 are affordable homes, in Merrick Road, Southall as part of our largest ever single build project. We've also secured planning permission for 79 homes in Wembley Central, 107 affordable homes in Borders Lane in Essex and 134 affordable homes at the Old Vinyl Factory in Hayes.

Our financial position remains strong. We received our first public credit rating of A with a stable outlook from credit agency Fitch which is an indication that our capital structure, business fundamentals and liquidity are strong. It's also encouraging to receive feedback from Fitch who has expressed that they expect our strong performance to continue. We remain an attractive investment destination having recently completed a significantly oversubscribed £200m Private Placement attracting US and UK investors.

Delivering reliable resident services is another one of our strategic objectives. This year we've taken a new approach to measuring our performance in this area by focussing our attention on reducing the number of residents who are dissatisfied with our service to less than 10%, which we have achieved. We've also taken this approach with measuring the performance of our repairs service. We recognise that this is an area we need to improve on as 16.9% of residents reported they were dissatisfied with our repairs service, therefore not meeting our target of less than 15%. However, we are committed to keeping residents safe in their home by maintaining compliance across all health and safety measures, so we are pleased that we've been able to retain 100% Landlord Gas Safety Compliance.

With all the pressures we face as a business we never stop thinking about the impact it has on colleagues. We continue to build a great organisation and part of this has been refreshing our HEART values and enhancing them by ensuring they capture the diverse and inclusive culture that is so important to us. In October 2021 we held our first in person conference in two years, which was a significant step in bringing the organisation together after 18 months of pandemic disruption, and we implemented our hybrid working policy where colleagues are expected to be in the office two to three days a week, reinforcing our positive culture and being there for residents. Another, more recent change we've made is implementing a new, more equitable and clear pay structure for colleagues. I'm very pleased that in our last colleague engagement survey, we met our target of 87% of Network Homes colleagues saying they were proud to work for us.

As part of our objective to strengthen residents' trust in us, with an aim to increase trust by 10% each year, we set ourselves a challenging target to achieve a score of at least 85%. We achieved a score of 72% which is below our target. This is a new measure and through its continued use we're now seeing that it largely tracks repairs dissatisfaction, which is much higher than we would like – partly as a result of disruption of inflation and availability of labour. Improving our services to residents is something we will be working on as well as looking at other ways we can strengthen residents' trust in us. We'll continue to involve residents in decisions that affect the services they receive from us, such as our resident choice survey which 1,300 residents took part in to help us shape future services to enable them to use their channel of choice.

In January 2022, the Government held a public consultation on their proposed new tenant satisfaction measures that will have a major impact on housing associations in the future. We are determined to respond proactively and work collaboratively with residents. We supported involved residents to feedback on the consultation and facilitated a meeting for the G15 group of London's largest housing associations with residents and Eddie Hughes MP, Parliamentary Under-Secretary of State for Housing and Rough Sleeping, to provide feedback on the charter for social housing tenants.

We've been able to respond effectively to change because of the enduring commitment from Network Homes colleagues, leadership team and Board. I would like to thank them for continuing to deliver on our mission of providing safe, secure and affordable homes for people despite the challenges we face. I'd also like to personally thank Bernadette Conroy for her dedication, direction and support throughout her time as Chair of the Board and Jon Gooding for stepping into the breach so ably.

Helen Evans, Group Chief Executive
Network Homes Limited

Report of the Board

Development Performance and Grant Programmes

In 2021-22 there were 232 homes that were completed and handed over to housing management (2021: 544 homes).

The highlights of 2021-22 were:

- As part of our Strategic Partnership with GLA we started construction on a further 404 affordable homes in London in the year (and 107 affordable homes outside London).
- We exchanged contracts to acquire a further 339 affordable homes within the year further building our future development pipeline.
- We were awarded an allocation of £122 million of grant from the GLA to develop a further 1,000 affordable homes in London as part of the 21-26 Affordable Homes Programme.

Tenure	2021-22 Units	Funding Programme*	2020-21 Units	Funding Programme*
Social Rent	6	Homes England RCGF	-	
Affordable Rent	25	GLA Housing Zones Affordable Housing Programme (HZAHP)	240	AHP 16-21 (132), Legacy Support & Care (40), Housing Zones (68)
London Affordable Rent	52	GLA AHP 16-21 (36), GLA HZAHP (16)		
Shared Ownership	135	GLA AHP 16-21 (123), GLA HZAHP (7), Homes England RCGF (5)	208	AHP 16-21 (154), Housing Zones (54)
London Living Rent	14	GLA AHP 16-21	96	AHP 16-21 (96)
Total handed over to management	**232**		**544**	
Private Sale	-		76	
Total	**232**		**620**	

**RCGF – Recycled Capital Grant Fund, GLA – Greater London Authority, AHP - Affordable Housing Programme, HZAHP – Housing Zones Affordable Housing Programme*

Financial Review

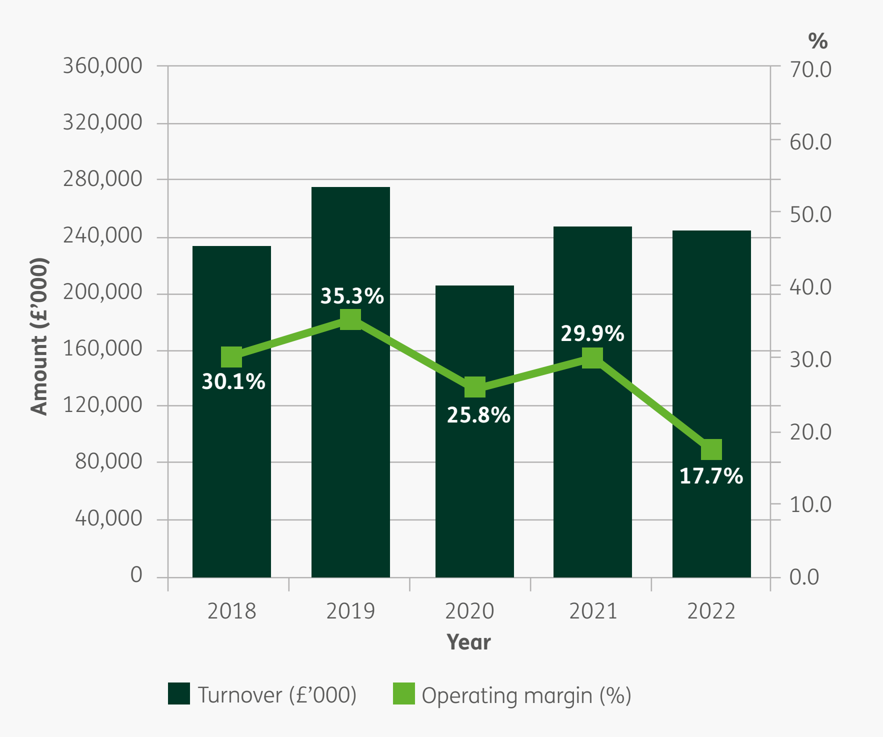
The Group achieved a net surplus of £9,569k (2021: £41,743k) for the year. Surplus has gone down by 77% and the major reasons are lower property sales and an impairment provision of £15,672k on the land at Merrick Road in this financial year.

The surplus on property sales was £13,061k (2021: £24,948k). All proceeds from property sales are reported under turnover and the costs to build under cost of sales.

Operating margin has decreased by 12.2% from 29.9% in 2021 to 17.7% in 2022, mainly attributable to lower property sales and the impairment provision at Merrick Road.

The trend in turnover and operating margin over the last five financial years is shown by the graph adjacent.:

Network Homes Turnover and Operating Margin



The tables below show a summary of our consolidated financial performance and position over the last five financial years:

Consolidated Statement of Comprehensive Income summaries

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Turnover	243,869	247,037	205,654	275,053	234,433
Operating costs	(200,790)	(173,215)	(152,552)	(177,951)	(163,753)
Operating surplus	**43,079**	**73,822**	**53,102**	**97,102**	**70,680**
Share of joint venture profit/(loss)	-	-	-	347	(157)
Net interest payable	(33,920)	(32,106)	(32,043)	(25,430)	(26,050)
Restructuring of financial instruments	101	97	94	90	87
Tax	309	(70)	(31)	(93)	(234)
Surplus for the year	**9,569**	**41,743**	**21,122**	**72,016**	**44,326**

Total turnover has decreased by £3,168k to £243,869k. Total operating surplus has gone down by £30,743k to £43,079k. The decrease is primarily due to lower property sales and the impairment provision at Merrick Road.

	Social housing activity	Other social housing activity	Total social housing activity	Non-social housing activity	Total 2022
Turnover (£k)	148,048	61,763	209,811	34,058	243,869
Surplus/(Loss) (£k)	39,865	15,366	55,231	(12,152)	43,079
Operating margin (%)	**26.9**	**24.9**	**26.3**	**-35.7**	**17.7**
	Social housing activity	Other social housing activity	Total social housing activity	Non-social housing activity	Total 2021
Turnover (£k)	146,608	47,300	193,908	53,129	247,037
Surplus (£k)	37,659	18,265	55,924	17,898	73,822
Operating margin (%)	**25.7**	**38.6**	**28.8**	**33.7**	**29.9**

The net surplus of £9,569k (2021: £41,743k) comprises of operating surplus of £43,079k (2021: £73,822k), plus net impact of restructuring financial instruments of £101k (2021: £97k) less interest charges of £33,921k (2021: £32,106k) and corporation tax credit of £310k (2021: debit of £70k).

The margin on social housing activity has increased slightly from 25.7% to 26.9%. Other social housing activity margin has decreased from 38.6% to 24.9% primarily due to lower property sales. There is a loss for non-social housing activity which mainly relates to the impairment provision on the land at Merrick Road.

Consolidated Statement of Financial Position summaries

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Total fixed assets	2,214,684	2,136,229	2,032,619	1,889,708	1,801,974
Net current assets	99,723	108,459	68,301	126,353	59,967
Total	**2,314,407**	**2,244,688**	**2,100,920**	**2,016,061**	**1,861,941**
Creditors due in more than one year and provisions	1,801,999	1,744,416	1,634,122	1,580,557	1,489,720
Total reserves	512,408	500,272	466,798	435,504	372,221
Total	**2,314,407**	**2,244,688**	**2,100,920**	**2,016,061**	**1,861,941**

At the end of the year, the Group's housing properties at cost less depreciation and impairment totalled £2,157,467k (2021: £2,063,502k). This value is reflected in the consolidated Statement of Financial Position.

The accounting policy is to hold the housing properties at historical cost. However, during the year, the Group undertook a professional revaluation of some of its housing stock by external valuers. The figures provided below are for information only. The indicative value of the Group's housing stock is as follows:

- Indicative Existing Use Value for Social Housing (EUV-SH) £1,118,730k (2021: £1,501,343k)
- Market value, tenanted (MV-T) £3,071,813k (2021: £3,075,230k)

This provides a cumulative value of £4,190,543k (2021: £4,576,573k). The indicative value of this stock on a vacant possession market value basis (VPMV) is £6,466,482k (2021: £5,541,034k).

The Group continues to borrow to fund its affordable housing development programme and ongoing responsibilities as a registered provider of social housing. Housing loans increased from £1,099,951k to £1,136,827k (repayable facilities including loan issue costs) but the amount borrowed is £1,139,966k (note 24). As at 31 March 2022, gearing based on borrowings against historic cost of properties for the Group was 52% (2021: 51%). The gearing covenant across the Group's bank facilities is 65% (2021: 65%).

Report of the Board

COVID-19 pandemic

The financial year started with England in lockdown but we were able to work effectively, offering a full range of services to residents. This was due to the smooth implementation of our business continuity plans and prior investment in business transformation.

From September 2021 we reverted to our hybrid working policy. This contains an expectation that all colleagues work from our offices at least two-to-three days a week, on a flexible basis, to collaborate and reinforce our positive culture which makes Network Homes a great place to work. We have modern offices in Wembley fitted with a wide range of flexible working and collaboration spaces, and a beautiful grade II listed art deco office in Hertford, which was built in 1935 as a toothbrush factory. This return to a 'new normal' was supported by a successful in-person colleague conference in October 2021.

The longer-term economic impact of COVID-19 is currently unknown but is considered to be a contributory factor to the exceptional levels of inflation that are currently being experienced across our business and to labour shortages in some of our operations. We stress tested our business plan against a range of scenarios, including extreme scenarios, and our judgement is that impacts arising from these can be contained. Mitigating actions, governance structures and template recovery plans to respond to stress scenarios have been prepared.

Equality, Diversity and Inclusion

Throughout 2021-22 we continued to monitor our performance against our ten-point plan to improve equality, diversity and inclusion (EDI) at Network Homes and the services we provide to residents. Highlights for 2021-22 included:

- regular publication of key indicators relating to colleagues joining, progressing or leaving the organisation, with breakdowns by protected characteristics;
- the development of a circular mentoring programme where participants of our Springboard programme (which focuses on addressing the imbalances in our senior leadership and equipping colleagues of diverse ethnicities with confidence in a safe environment) mentored our Executive Leadership Team and other senior managers. The resulting powerful conversations shaped the views of all colleagues participating;
- completion of an exercise to benchmark the organisation against the global diversity and inclusion benchmark;
- launching a 'can you be you?' survey for all colleagues, seeking to understand current experiences across the organisation. This showed overall positive results, including 94 per cent of colleagues agreeing with the statement 'I feel accepted for who I am at Network Homes' and 90 per cent agreeing with 'I feel comfortable being myself at work'. The survey also gave clear feedback on areas where we can improve, which are being taken forward. This included updating our recruitment processes and EDI training, continuing to have difficult conversations and celebrating even more cultural and religious events;
- delivering inclusive leadership workshops for the Executive Leadership Team and senior managers, shaped by the results of the circular mentoring, benchmarking exercise and 'can you be you?' survey. The workshops focused on what Network Homes' leadership can do to create psychological safety for colleagues to challenge practice and behaviours, which will also support improving the services we offer to residents;
- participants in our inclusive leadership workshops being used to design inclusive leadership training for other leaders and aspiring leaders across the organisation, aligned to our HEART values;
- a commitment to aim for 'Pledge Plus' status in relation to the LGBTQ+ HouseProud pledge which involves working with residents to agree particular objectives for Network Homes. By tailoring our work to the needs of the organisation as judged by residents, we are aiming higher and achieving more for them;
- agreeing funding for a specific EDI role in the organisation to help coordinate the activities of colleagues, and amplify activity and awareness internally and externally of EDI issues; and
- committing Executive Leadership Team sponsors to each of our internal groups consisting of the Racial Equality Action Group (Helen Evans and Peter Benz), Women's Equality Group (David Gooch and Gerry Doherty) and LGBTQ+ group (Tabitha Kassem and Jamie Ratcliff).

Building safety crisis

In 2019 the parent company Network Homes Limited established a building safety team to lead the response to government guidance to ensure our buildings provide adequate protection against risk of fire. The team is coordinating investigations, interim safety solutions where necessary, and remedial work for around 70 Network-owned buildings and a number of other buildings where we are a leaseholder.

We are proactively communicating progress on building safety with affected residents. Fire Risk Assessments for our highest risk buildings are published on our website and we also publish the latest position on the remedial works of relevant buildings so residents are kept up to date.

Capital structure

The Group is financed by a combination of retained reserves which are not distributable, long-term committed loan facilities from banks and lending institutions, and grants awarded by Homes England, the Greater London Authority (GLA) and other organisations to support development activities. Some loans are arranged through Network Treasury Services Limited ('NTSL'), the Group's treasury vehicle and on-lent to the Association. These loans are secured against assets of the Association. Total loan facilities as at 31 March 2022 amounted to £1,314,466k, of which £1,139,966k (excluding amortised cost of £3,139k) had been drawn (as per table on the following page and note 24).

In the year to 31 March 2022 the Association upsized and extended a maturing £35m term facility into a £50m revolving credit facility. The total Association facilities as at 31 March 2022 amounted to £820,721k, of which £710,721k had been drawn (as per table on the following page and note 24).

Report of the Board

Tax Strategy

Due to its size, Network Homes is currently not required to publish its Tax Strategy publicly. As per the Finance Act 2016, we expect to reach the prescribed thresholds in the relatively near future. Network Homes believes that the early adoption of a Tax Strategy is a matter of good business practice. The Group has established procedures which support its aim, and we have no appetite to engage in activities which may compromise our ability to meet the expectations of HMRC and other key external stakeholders.

Treasury policy

Treasury services are provided to the Group by the Association.

Each year the Group's Board approves the treasury management strategy and updates to the treasury policy for the Group. This policy addresses issues including funding and liquidity risk, covenant compliance and investment policy. In addition, the Group Board receives reports on treasury activities. Treasury management activities are regularly monitored by the Finance Committee.

The Group borrows at both fixed and floating interest rates, with the treasury policy requiring a minimum of 50% of drawn debt to be at fixed interest rates or hedged. As at 31 March 2022, 80% (2021: 84%) of the Group's debt was at fixed rates and 20% (2021: 16%) at floating rates.

The Group's treasury team monitors covenant compliance on a regular basis and is required to report on it to the lenders on a quarterly basis. At 31 March 2022 the Group complied with its loan covenants. The business plan projects that it will continue to do so in the future.

The borrowings summary and repayment schedule in the table below are stated net of amortised costs (note 24).

Investment policy

At 31 March 2022 the sinking funds in place were in respect of:

1. The Housing Finance Corporation (THFC) 2043 Bond;
2. Affordable Housing Finance (AHF) 2042 Bond; and
3. Affordable Housing Finance (EIB).

THFC 2043 Bond
A Sinking Fund of £544k is held by THFC as replacement for security to account for sales of shared ownership properties (2021: £544k). Funds can be released following revaluation.

Affordable Housing Finance 2042 Bond
There is currently a Liquidity Reserve Fund of £1,175k (2021: £1,175k).

Affordable Housing Finance (EIB)
There is currently a Liquidity Reserve Fund of £1,030k (2021: £1,030k).

Review
In light of prevailing market conditions, the investment strategy is constantly under review to ensure that the Group's risks relating to the capital invested and income accrued to date are protected so far as possible.

Liquidity policy

The liquidity policy is to retain sufficient liquidity to fund the business for the next 18 months, while allowing for uncertainty in sales receipts. This was reviewed and upheld in March 2022. Liquidity is defined as cash and facilities available to be drawn at any time. At least £50m must be held in liquid cash deposits. The treasury policy ensures loan facilities are in place to fund future requirements. At 31 March 2022, the Group had £68,398k (2021: £65,864k) in cash and bank, of which £58,195k (2021: £55,576k) was held as money market cash deposits as part of the Group treasury policy.

Short-term cash balances are placed in AAA rated money market funds or short-term deposits at competitive rates with A1/P1 rated banks or main UK clearing banks.

Security

As at 31 March 2022 all bank facilities were secured against a portfolio of the Group's properties, however the Group does also have some unsecured non-bank funding. The EUV-SH for the properties charged was £890,640k (2021: £864,297k) and the number of properties charged was 11,232 (2021: 12,721). There are 5,923 units not charged to existing loans.

Summary of borrowings

	2022 £'000	2021 £'000
Fixed	908,463	922,097
Variable	231,503	173,064
Total drawn	**1,139,966**	**1,095,161**
The debt falls due for repayment in:		
Less than one year	14,113	17,694
Between two and five years	251,383	187,174
After five years	874,470	890,293
Total drawn	**1,139,966**	**1,095,161**

Value for Money

Every housing association is required by the Regulator of Social Housing to publish a statement, annually, setting out how it approaches value for money. Delivering value for money helps us to achieve better efficiency, economy and effectiveness, which all in turn helps us to increase our quality of service (meaning our residents are more satisfied) and our financial resources (meaning we can build more homes). There are many ways we can improve the value for money we offer. We continually strive to minimise our costs and find better ways of doing things that don't cost extra money, to give the best possible value for our residents. We also generate extra income by selling homes and use the profits to reinvest into building more affordable homes and investing in communities. We have long-term involvement with many of the communities we work in and want to deliver real benefit to the people who live there. Our employment and training schemes, and the welfare advice and support we offer, help people to improve their own personal circumstances and quality of life.

As a regulated housing association, we are required to adhere to the Value for Money Standard produced by the Regulator of Social Housing. This Standard requires housing associations to report against seven key financial metrics. Associations can supplement these with further internally-developed metrics which demonstrate value for money by showing how the organisation is progressing towards meeting its strategic objectives.

There is deliberate overlap between the seven VFM Standard financial metrics and the Sector Scorecard benchmarking, which has been formally adopted by housing associations in England, including Network Homes Limited. The final benchmarking results will not be available until Autumn 2022 but our performance is set out below. We set five strategic objectives, and accompanying ambitions, in our Five Year Strategy approved by the Board.

Our Value for Money strategy is reviewed every five years to ensure it remains relevant and reflective of the ever-changing operating landscape. The objectives from the latest iteration of the strategy, written and approved by the Board in May 2021, are as follows:

1. **Increasing the number of homes for people in housing need**
   Ambition: A minimum of 1,000 affordable homes started by March 2023 with an ambition to do more if market conditions and grant funding allow
2. **Delivering reliable resident services**
   Ambition: Reduce resident dissatisfaction to no more than 10 per cent
3. **Increasing our financial resilience**
   Ambition: Increasing our operating margin year-on-year
4. **Building a great organisation**
   Ambition: At least 87% of our colleagues feel proud to work for Network Homes
5. **Strengthening residents' trust in us**
   Ambition: Increase the trust score by 10 per cent year-on-year

The Group's current position on the seven VFM Standard financial metrics and the internally driven metrics linked to our strategic objectives is as follows:

	Target 2023	2022	2021	2021 restated
Ambition: increasing our operating margin year-on-year				
Reinvestment %	6.0	7.3	8.4	7.9
New supply delivered: absolute (social and non-social)	614	232	620	
Gearing %	54.2	50.7	46.4	50.9
EBITDA MRI Interest (exc. sales) %	117.0	94.0	170.3	165.2
Headline social housing cost per unit (£)	6,029	5,184	5,330	5,444
Operating margin (social housing lettings only) %	23.0	26.9	25.7	
Operating margin (overall) %	21.0	14.3	28.2	27.6
Return on capital employed (ROCE) %	2.6	1.8	3.3	3.2
Ambition: a minimum of 1,000 affordable homes started by March 2023 – with an ambition to do more if market conditions and grant funding allow				
Homes completed and handed over	614	232	620	
Homes started	733	511	369	
% homes started for social rent; LAR; LLR; s.106 LA rent	39.0	49.0	33.0	
% secured pipeline affordable tenures	42.0	42.0	64.0	
Secured pipeline	1,411	1,411	1,108	
Customer satisfaction with new homes %	80.0	80.0	64.0	
Ambition: resident satisfaction of at least 90%				
% satisfied with Network Homes services	90.0	85.4	87.9	
% satisfied with repairs service	85.0	77.2	82.6	
Rent collected % (general needs and HfOP)	101.0	100.2	100.6	
Occupancy % (general needs and HfOP)	99.0	98.9	98.6	
Ambition: At least 87% of our colleagues feel proud to work for Network Homes				
Sickness absence (average days)	5.0	3.7	3.2	
% Staff turnover (voluntary)	12.0	10.9	8.3	
% Pride measure	87.0	87.0	85.0	
Ambition: Increasing residents' trust in us by 10% year on year				
% Trust	84.4	72.0		

Sector Scorecard

The Group's current position on the Sector Scorecard measures is as follows:

	Target 2023	2022	2021	2021 restated	G15 Median 2021
Operating margin (overall)	21.0%	14.3%	28.2%	27.6%	22.5%
Operating margin (social housing lettings)	23.0%	26.9%	25.7%		29.5%
EBITDA MRI (as % interest)	117.0%	94.0%	170.3%	165.2%	133.5%
New supply delivered - social housing units	3.0%	1.1%	2.7%		1.4%
New supply delivered - non-social housing units	0.0%	0.0%	0.4%		0.3%
Gearing	54.2%	50.7%	46.4%	50.9%	47.0%
Reinvestment	6.0%	7.3%	8.4%	7.9%	5.0%
Investment in communities £	515,000	361,321	281,837		3,100,000
Return on capital employed (ROCE)	2.6%	1.8%	3.3%	3.2%	2.7%
Occupancy (general needs only)	99.0%	98.9%	98.6%		99.1%
Ratio of responsive repairs to planned maintenance	0.60	0.77	0.62		0.60
Headline social housing cost per unit £	6,029	5,184	5,330	5,444	5,096
Management cost per unit £	n/a	1,422	1,595		1,365
Maintenance cost per unit £	n/a	1,029	856		1,275
Major Repairs cost per unit £	n/a	1,332	1,381		973
Service charge cost per unit £	n/a	1,101	1,126		838
Other social housing costs per unit £	n/a	300	372	486	507
Rent collected as % of rent due (GN)	101.0%	100.2%	100.6%		99.7%
Overhead costs as a percentage of turnover	10.0%	9.9%	9.7%		11.0%
Customer satisfaction	90.0%	85.4%	87.9%		76.0%

Impact on Value for Money

Notwithstanding a challenging external operating environment with rising inflation and associated costs; and high ongoing expenditure relating to building safety; Network Homes' performance remains strong. We have largely contained costs whilst maintaining high levels of resident satisfaction.

Of immediate note in the figures above is the significant drop in operating margin and EBITDA MRI. These changes are primarily due to a one-off accounting treatment used on the Merrick Road scheme (which will still ultimately remain profitable and will deliver 164 affordable homes) referred to in the Chair of Board's report and are therefore not the cause for concern that they may initially appear to be.

Our social housing cost per unit has reduced by just under 5% which can be considered a strong result in an environment with inflation as high as the level we are currently experiencing. This brings us to marginally above the G15 median although it should be noted that the differing profiles of the stock held by various G15 members means that costs per unit across the G15 are not directly comparable, as some members will hold more stock that's particularly expensive to maintain than others.

A number of service improvements have seen the major repairs cost per unit fall from last year, a remarkable achievement given the aforementioned economic conditions.

Further Value for Money highlights include an increase in occupancy within our Intermediate Market Rent portfolio that's saved over £265,000 in Void Rent Loss, and the Welfare Advice Team's securing of over £350,000 more in benefits for residents than they did last year. This feat puts the total value of their gains at £2,440,523, which works out at £300 for every hour of Welfare Advice Team staff time. Other causes for optimism are increases in the proportion of staff who are proud to work for Network Homes and the proportion of residents who are satisfied with our services which is considerably above the G15 median.

Report of the Board
Statement of Group corporate governance

Report of the Board
Statement of Group corporate governance

The governance of the Group is summarised in the following paragraphs:

Network Homes Limited is a charitable Registered Society (registration number RS007326) under the Co-operative and Community Benefit Societies Act 2014. Network Homes is a registered provider of social housing (registered provider number 4825), and a member of the National Housing Federation. The Group is regulated by the Regulator of Social Housing.

As the parent company, Network Homes Limited has overall control of the business of the Association and its members. It will assist and support all subsidiaries in achieving compliance with regulatory requirements. The Board's responsibilities are set out in detail in the Board's Terms of Reference. On 31 March 2016, SW9 Community Housing became a subsidiary of Network Housing Group (now Network Homes Limited) and since that date has taken over property management services that were previously provided by Community Trust Housing. SW9 is a charitable company limited by guarantee (number 09574528).

This relationship is governed by an Intra-Group Agreement, Management Agreement and Options Review Agreement between the two entities as well as the Articles of Association of SW9 Community Housing.

These agreements establish control of SW9 by the Group. This requires consolidation of SW9 in the Group results.

Governance review

On 1 April 2021 Network Homes Group adopted the new NHF 2020 Code of Governance. Following an internal review, the Group arrangements were noted to be compliant with the new Code. An independent review of the Group's governance was conducted in April 2022 by 21st Century Housing Governance. This review concluded the Group's governance arrangements were compliant with the NHF Code of Governance 2020.

Risk management

Risk management procedures and considerations are embedded in the culture of Network Homes Limited with staff taking responsibility for identifying and assessing the risks faced by the Group and using a risk management framework to manage these risks.

The following committees have been established by the Board to consider specific aspects of the Group's affairs, providing recommendations and support to the Group and subsidiary boards.

The Chairs of the committees report back at the next Board meeting following each committee meeting. The committees and their main roles and responsibilities are set out in written terms of reference and summarised below. This is true as at financial year end 31 March 2022.

Audit and Risk Committee (ARC)

- reviews audit and risk management activities across the Group and delivers an annual assessment of the quality of the internal control environment and the effectiveness of risk and audit systems to Group Board;
- provides assurance to subsidiary boards on all matters covered by the compliance framework;
- keeps under review the effectiveness of the Group's internal controls and risk management systems;
- monitors risk management activity across the Group to ensure consistent and effective usage of internal systems, and identify trends and aggregate risks;
- monitors the Group's financial performance against its business plan and budget targets;
- monitors the impact of the external environment on the Group's financial status;
- considers and reports on financial implications of other significant risks and exposures being undertaken by the Group; and
- acts on behalf of the Group in reviewing and approving changes to financial delegations.

Customer Services Committee (CSC)

- agrees customer facing strategy and policy and oversees performance so that Network meets its strategic objective of delivering reliable resident services ensuring compliance with legal and regulatory requirements;
- is responsible for meeting the consumer standards and providing assurance to the Board of compliance; and
- ensures customer facing services are value for money and these are continually improving.

Investment Committee (IC)

- recommends the Group's investment strategy to the Group Board and subsidiary boards;
- monitors the performance and delivery of the development programme, including post implementation review, and other new business activity against the investment strategy and agreed targets;
- scrutinises proposed investments before submission to subsidiary or Group boards for decision; and
- monitors the Group's resource capacity and capability to deliver the programmes.

Finance Committee (FC)

- sets the treasury strategy for the Group;
- reviews treasury activities and cash management on behalf of the Group board, making recommendations as appropriate;
- has responsibility for recommending financial targets for the Group and the annual consolidated budget to the Group Board;
- examines business plan models, targets, key assumptions, scenarios and sensitivity tests – at least twice per year;
- monitors financial outcomes and forecasts against budget, including receiving quarterly dashboard reports on the Group performance;
- initiates 'deep dive' reports into areas of financial performance that give rise to concern or otherwise determined as appropriate;

- considers and approves the write-off of individual unpaid debts in excess of £20k, notifying the Group Board if deemed necessary;
- recommends central services and development cost apportionments to the Group;
- advises the Group Board on financial strategy for mergers and acquisitions, including consideration of financial due diligence reports for new business opportunities, making recommendations to the Group Board as appropriate;
- reviews the Group's insurance portfolio and self-insured risks annually;
- considers the VFM strategy including commissioning value for money and efficiency reviews of operational areas, including appropriate benchmarking, providing challenge and assurance, making recommendations to Group Board as appropriate;
- reviews the long-term financial model, tests scenarios including risk stress testing and recommends financial targets to the Group Board;
- reviews the Pension strategy and contingent liabilities exposure; and
- reviews and recommends any other financial reports as appropriate.

People, Governance & Culture Committee (PGCC)

- has responsibility for overseeing the Group's remuneration policies for paid staff and for non-executive members of the Group Board and the subsidiary boards. It has particular responsibility for keeping under review the terms and conditions of employment of the Group chief executive and other members of the Group Executive Leadership Team (ELT);
- oversees and determines the governance arrangements within the Group, including the adoption of and adherence to the Code of Governance, board and committee succession planning and appraisals, and the recruitment and induction of new board and committee members; and
- is responsible for overseeing the recruitment of new independent Board members for the Group Board and making recommendations on appointments to the Group Board and Group committees.

Early Warning Review Group (EWRG)

- consisting of the chair of the board, CEO, and the chairs of all the above committees, the EWRG oversees reporting on early warning signals as set out in the business plan;
- the EWRG receives a monthly early warning report which tests the current financial state of the organisation against a set of triggers approved by the Group;
- the EWRG meets by default when an indicator moves into the red category or as required by members upon receipt of the monthly report; and
- the EWRG has delegated authority to take mitigating actions in the event such actions may be required, and the expectation is that when a trigger point is hit, it will approve or direct implementation of any necessary resultant mitigation. It is expected to operate in exceptional circumstances, implementing mitigation strategies only where action is needed outside of the usual Board and sub-Committee meeting cycle. It has a shared responsibility to oversee and monitor the financial resilience and reputational risks or issues of the Network Homes Group ensuring both its future viability and that it has the maximum possible social impact.

As and when required, the Network Board may establish a steering group or other decision-making body within its governance arrangements with delegated responsibility to oversee a matter. In November 2020, a Network Homes SW9 Steering Group was appointed, comprised of Network Board and Executive members, to oversee ongoing developments with SW9 Community Housing. All decisions and discussions of these established decision making bodies are reported to the Network Board verbally by the respective Chair (appointed from the Board membership) and through the sharing of minutes at its following proximate meeting to ensure the line of sight to the Board in all matters is maintained throughout.

Each corporate Group member is responsible for producing a risk map for its own business activities. The corporate risk map, which contains strategic level risks is produced and reviewed by the Executive Leadership Team and is informed by information from directorate risk registers.

There are four officer led risk panels. The Risk Panel, which comprises the Chief Executive, other executive members and the Head of Internal Audit, reviews the corporate risk map and the operational / functional risk maps for consistency and completeness. The Risk Panel is responsible for ensuring that actions identified in the risk maps are followed through. The Scheme Risk Appraisal Panel (SRAP) reviews risks associated with development schemes. The Building Safety Operational Group is a sub-Committee of SRAP and exists to review, monitor and determine matters that relate to Building Safety Operation strategy, budget and spend within delegations awarded to SRAP. The Health and Safety Panel reviews and considers risks, issues, control and management of the Group's health and safety arrangements.

Statement of compliance

The Group confirms that the Report of the Board has been prepared in accordance with the principles set out in paragraphs 4.6 and 4.7 of the 2014 SORP for registered social landlords. The Board confirms that the Group has assessed its compliance with the Governance and Financial Viability Standard at least once during the year and they certify that the Group is in compliance with the Governance and Financial Viability Standard in all areas.

In accordance with Principle 1.5(3) of the NHF 2020 Code of Governance, the declared interests of all Board and Committee members as they relate to their capacity as a Network Homes Limited Board or Committee member are set out below as at 31 March 2022. Where retired members are listed, the declaration relates to the last point at which they were an appointed member of the Network Homes Board / Committee.

Board Member	External directorships/ Related parties	Network Homes Group Membership
Bernadette Conroy	Independent Chair, University of Cambridge (and subsidiary Lynxvale Ltd); Director, NED Financial Conduct Authority (FCA); Director North London Estates Partnership; NED Milton Keynes Development Partnership	Chair and member of Network Homes Board; Member of Customer Services Committee, Investment Committee, Finance Committee; Board Member of Network Treasury Services Ltd – *resigned 28 March 2022*
Helen Evans	Chair of Board of Trustees, Joseph Rowntree Housing Trust; Trustee of the Joseph Rowntree Foundation; Non-Executive Director, Connected Living London RP Ltd	Member of Network Homes Board; Member of Customer Services Committee, Investment Committee, Finance Committee; Board Member of Network Treasury Services Ltd.; Director of Network Living Limited
Anne Turner	Board Member and Chair of Audit Committee, Housing 21; Chair of PA Housing; Chair of the SHPS Employer Committee (nominated by Network)	Vice Chair and Member of Network Homes Board; Chair of Finance Committee and Network Treasury Services Ltd.; Standing Observer of Investment Committee
Sean Allan West	Chief Financial Officer and Executive Board director for the Arqiva Group (UK Broadcast and Communications Infrastructure Business)	Member of Network Homes Board; Member of Network Treasury Services Ltd. Board; Chair and Member of Audit & Risk Committee; Member of Finance Committee
Paul Plummer	Non-Executive Director, National Grid Eso; Professor in Rail Strategy, University of Birmingham	Member of Network Homes Board; Chair and Member of People, Governance & Culture Committee; Member of Audit & Risk Committee
Rachel King	People Director, Camelot UK Lotteries Ltd	Member of Network Homes Board, People, Governance & Culture Committee and Customer Services Committee
Ronen Journo	Senior Managing Director: Head of European Management Services & Operations at Hines Europe; Board Advisor to several start-ups: Audit & Risk Committee Club, SpaceOs, Basking, Placense, JUCE., WorkClub – no remuneration other than symbolic stock options; Member of The Cabinet Office, GPA Challenge Panel	Member of Network Homes Board; Member of Customer Services Committee and People, Governance & Culture Committee
Jon Gooding	Member of Investment Committee UK Affordable Housing Fund, BMP REP; Chair, LTYD Homes Ltd. (part of Lendlease Group)	Vice-Chair and Member of Network Homes Board; Chair of Investment Committee; Member of Finance Committee and Network Treasury Services Ltd. Board; Member of NHIL and NADL Boards
Barbara Brownlee	Chief Executive Officer, Soho Housing Association; Director of Soho Ltd	Member of Network Homes Board; Chair and Member of Customer Services Committee; Member of Investment Committee
Amina Graham	Executive Director of People and Systems at H21	Member of Network Homes Board, Customer Services Committee and Audit & Risk Committee
Adeoye Adebayo	Director, AOA Property Consulting Limited	Member of Network Homes Board; People, Governance & Culture Committee and Interim Chair of Investment Committee

Non-Network Homes Board Committee members	Nature of Interests/Related Parties	Network Homes Group Membership
Charlene Jones	None	Member of Audit and Risk Committee
Matthew Backler	Deputy Director of Finance, East Sussex Healthcare NHS Trust	Member of Audit and Risk Committee
Francis Haydon	None	Member of Customer Services Committee
Dee Alapafuja	Resident of Network Homes; Board Member of SW9 Community Housing	Member of Customer Services Committee
Phillip Lyon	Resident of Network Homes; Resident Panel member, Housing Ombudsman	Member of Customer Services Committee
Mavis Oti Addo Boateng	None	Member of Finance Committee
Shauna Hutchinson	None	Member of People, Governance & Culture Committee

Significant risks

The significant risks on the following page are as discussed and agreed by Network Homes' Audit and Risk Committee in April 2022. Whilst the COVID-19 pandemic and the resulting economic conditions have undoubtedly had an impact upon our operations, our fundamental business model has remained strong. Our primary purpose is to provide below market rate homes for households in need and operate in areas of the country with the greatest housing need. Many of our residents have already experienced income shocks and many more could do so into the future. We are currently experiencing - near unprecedented - levels of inflation impacting on our operations and development of new affordable homes. Our residents and colleagues are also experiencing a rapidly rising cost of living. In the financial year 2021-22 we successfully completed changes to our pay policy based on three principles of being purposeful, equitable and transparent, which provides some mitigation for colleagues. We have increased the budget of our charitable fund to support residents and also limit impacts upon our rental income.

Report of the Board
Statement of Group corporate governance

Significant risks

Risk	Responsible Officer	Mitigating Action	Progress made in the Financial Year
Exposure to building safety issues resulting in a resident Health and Safety risk; costs which reduce our ability to meet other strategic objectives; and potential negative reputational impacts upon Network with our customers, stakeholders and in the sector more generally.	Executive Directors of Development and Customer Services	• Monthly internal meetings that review all known latent defects. • Establishment of Building Safety team to manage investigations, remediation, and resident liaison. • Regular review of position and financial impact at Building Safety Operational Group. • Waking watch or Evacuation Managers in relevant buildings with a weekly report on their operation circulated internally.	• In addition to two previously underway we started on site for remediation for six of our tall buildings. • Strategy for investigating external wall construction in buildings below 18m was agreed by the Building Safety Operational Group (BSOG). • Plan for preparation for Building Safety Bill agreed by Building Safety Operational Group • Progress on the Building Safety Fund (BSF) and Waking Watch Fund (WWF) is as follows: - 3 schemes on-site with remediation; - 3 BSF applications paid; - 2 BSF awaiting outcome; - 2 BSF to be resubmitted; - one scheme Waking Watch Fund payment received; - longest running remediation works will complete in late 2022; and - EWS1 certification in place for 1,887 homes across 59 Network owned blocks & for 1,096 homes in Section 106 buildings.
Failure to remain compliant with building safety requirements (gas, fire, electric, etc.) resulting in potential negative reputational impacts upon Network with our customers, stakeholders and in the sector more generally.	Executive Director of Customer Services	• Annual gas safety servicing programme. • CO_2 detectors checked and fitted across stock as part of gas safety check. • New development handover processes implemented to ensure gas equipment is added to servicing schedules before properties are occupied. • All FRAs completed. • Lift contractor completes monthly servicing and annual inspections; Zurich complete 6 monthly inspections as our insurers. • Programme of 5-year electrical dwelling and communal testing. • Electrical tests take place at each void. • Risk based asbestos analysis of whole stock completed. • Water safety testing and inspection programme in place.	• Gas servicing maintained 100% compliance. • IT reviewed and determined maintenance of existing systems was the best solution. ELT consulted on options and approved. Contract negotiations with Apex are now concluding. • Recruited trainee fire safety officers to fire safety team.

Risk	Responsible Officer	Mitigating Action	Progress made in the Financial Year
Adverse political decisions on independence, rents, welfare reform and any other matter which potentially might undermine the operating model.	Executive Director of People & Partnerships	• Changes in political and economic policy continually monitored through Research and Policy team. • Rents within the market are monitored regularly at a local authority level; many Network rents are determined by the grant programme conditions set by GLA/Homes England; choices made regarding whether to bid for grant. • Rents are set within the existing Affordable Rents Policy. • Regulator of Social Housing's Rent Standard runs from April 2020 for five years. • Development programme in London subject to close oversight and scrutiny by Investment Committee prior to finalising commitments. • Relationships that key Network Homes officers have at a political and senior level in government.	• Network CEO was the sole housing association representative on the Planning Reform Advisory Group. • Network Executive Director of People and Partnerships, and Research & Policy Manager have briefed officials extensively on potential ways to improve planning reform plans. • Development programme and commitments are kept under continual review. • Soon to publish research on rental affordability, with a view to publishing a piece of thought leadership to hopefully influence future public policy direction. • We continue to engage closely with government on matters of interest including extensively throughout the year on building safety and decarbonisation.
Income collection (including sales) impaired by macro-economic shocks, rising inflation, house price volatility and/or decreasing organisational competence or focus on income collection. Income collection is likely to be under increasing pressure from a combination of factors, including but not limited to inflation on consumer goods, fuel and utilities not matched by average wage inflation. It is currently impossible to predict for how long these pressures might persist and what their eventual amplitude ends up being.	Executive Directors of Customer Services and Finance	• Debt Oversight Panel scrutinises income collection performance weekly across all income collection functions. • Arrears reported to ELT on a monthly basis. • Presentation to Customer Services Committee and ongoing quarterly updates. • Direct debit incentive campaign. • Benefit Advice Calculator available to residents and staff. • Income automation process implemented. • Finance Committee receives quarterly corporate debt report. • Charitable fund budget increased.	• Northgate Optimisation Project is in final stage. • Heat income stream now accurately charging and collecting income and arrears. • Phase 2 of the Service Charge reimplementation project has been concluded. Final stage of benefit realisation and lessons learned has commenced.

Report of the Board
Statement of Group corporate governance

Risk	Responsible Officer	Mitigating Action	Progress made in the Financial Year
Breach of loan covenant and worsening covenant performance.	Executive Director of Finance	• Loans matrix in place and regularly updated; has been prepared by lawyers; this lists various clauses from the loan documents where consent may be required. • Schedule of information requirements is maintained. • Covenants are forecast against the business plans and dashboard in place to monitor headroom in covenants. • New development schemes are assessed against their effect on gearing before approval. • Covenants harmonised across portfolio.	• Regular reporting to Finance Committee on covenants. • Business Plan forecasting to Finance / Investment Committee. • Regular reporting to Finance Committee (FC) / Scheme Risk Appraisal Panel (SRAP) on security charging position.
Cash flow liquidity and access to new funding (and existing facilities).	Executive Directors of Finance and Development	• Monthly cash flow review meeting; monitoring Anticipated versus Target. • Market awareness provided by Valuers' three month valuations. • 'Plan B' strategies for high risk sites devised. • Early Sales strategies including off plan and early availability of 'show apartments'.	• Frequency of Development Programme Stress Test paper to SRAP and Investment Committee continues on a quarterly basis. • Negotiations with alternative funding providers have resumed. • All LIBOR/SONIA transitions completed. • Finance Committee has considered options for the sale of non-core asset portfolios and has approved commissioning of legal and accountancy advice.

Risk	Responsible Officer	Mitigating Action	Progress made in the Financial Year
Damage to reputation as a result of issues not related to building safety including but not limited to failing to achieve growth commitments, mismanagement of shared ownership / leaseholder relationships, poor resident involvement, credibility with government (local and national).	Executive Director of People & Partnerships	• Voluntas surveys. • Tenant consultation event prior to the commencement of major works. • Annual reports, tenant newsletters. • Customer satisfaction survey sent out on completion. • Attend established groups such as consultative panels. • Resident liaison officer in place. • Resident representatives invited to sit on procurement panels. • Code of Conduct. • Customer Service Strategy agreed by Customer Services Committee.	• The first three lessons learned lectures (on the private sector leased homes transfer, resident led scrutiny and anti-social behaviour) have been held open to the whole organisation and engaged residents and videos, slides and notes from the sessions made available on our website. • The immediate response project went live on 1 June 2021 with the launch of an 'On it promise', building on feedback from colleagues from a survey and a week of action to #battleyourbacklog culminating in prizes, awards and a celebration on 28 May. • Annual Review of Financial Regulations completed in April 2021. • Continued personal proactive engagement with MPs and other key stakeholders in relation to Building Safety by Executive Director of People and Partnerships. • Paper on priorities for resident insight reported to March 2022 Board. • E-newsletters to all stakeholders.
Cost inflation impact on viability of operations and development and availability of required skills.	Executive Director of Finance	• Development triggers monitored on a monthly basis. • Periodic revision of inflation assumptions in business plan. • Stress testing. • Monthly staff resources reviews with HR. • Framework fee rates for consultants. • Design development to suit viable scheme budget. • Procurement route VFM. • Reporting of experience of contract inflation by procurement team.	• Development Restructure now completed with streamlined Leadership Team. Ongoing challenge of recruiting (and retaining) New Business & Partnership & Building Safety roles. • Monthly reporting on cost inflation relating to Development Projects at SRAP. • Tenders for two schemes at significantly higher than the pre-tender estimates. Both projects were reported to Investment Committee. • Implementation of inflation trigger in early warning report debuting at amber. • The taking forward of a proof-of-concept dynamic purchasing system, provided by Plentific is currently being taken through discovery project phase, but initial findings are that there are significant IT security concerns with the use of this system. • Dedicated inflation stress test added to Business Plan. • Dedicated development inflation trigger added to Early warning report.

Risk	Responsible Officer	Mitigating Action	Progress made in the Financial Year
Climate emergency negatively impacts on the health of our residents and the physical condition of our homes – government responses to it and associated aim of achieving net zero carbon emissions by 2050 add additional costs to our business and to our residents.	Executive Directors of Finance and Governance, Technology & Transformation	• Assessing potential investment requirements to make stock compliant. • Monitoring potential impact on buildings or people through health and safety and asset management. • Economic and political horizon scanning. • Potential health & safety impact on residents monitored extensively. • Expenditure to improve all stock to EPC C included in base case business plan.	• Discussions ongoing with external providers with a view to identifying funding mechanisms for sustainability. Legal review of all tenancy and lease agreements underway to establish position as to ability to recharge and change fabric of properties for sustainability benefit. • Sustainability project team working on action plan and has started focus on expanding the 'Existing Homes' part of sustainability strategy. • An action plan for the Asset Management Strategy was approved by Customer Services Committee in September 2021. • Energy Policy Action Plans now being developed. • Head of Sustainability and Strategic Asset Management started in post.
As a result of business / company failure of a key contractor there is a risk that critical services become unavailable causing serious disruption.	ELT member for the directorate for whom the service / supply is procured	• Due diligence process - Financial liability checks undertaken when we procure new services, systems, etc. • Early Warning Report.	• Ongoing close contract management of key suppliers with a focus on performance, which is considered to be a leading indicator of organisational stress. • The contract management approach for known critical suppliers is being reassessed. • The Design & Build Contractor for our 124 home Premier Place Development in Edgware went into administration in January 2022. Re-procurement is underway which will result in cost uplifts due to the nature of the part finished project and build cost inflation. • Key Development Contractors are being closely monitored and new Development Risks added for the delivery of our Merrick Road project (Henry Construction) & Northwick Park (Vistry).
Inter-group entity activity results in downgrade, loss of assets or distraction of management time.	Executive Director of Customer Services (Liaison officer)	• Performance framework • Independent Board in place to monitor governance arrangement • Reporting to Customer Service Committee quarterly • Proven history of engagement with subsidiary Board when issues arise to mutually agree means of investigation and resolution and ongoing monitoring of actions required	• External solicitors advising and representing Network in all matters in relation to any disputes which might occur where there are any potential or actual significant risks. • Continue to follow all laid-down internal processes.

Report of the Board
Statement of Group corporate governance

Internal controls assurance statement

The Board has overall responsibility for establishing, maintaining and reviewing the effectiveness of the system of internal control.

The system of internal control is designed to manage risk and provide reasonable (not absolute) assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information, the safeguarding of Network's assets and interests and compliance with relevant legislation, law and regulations. The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk.

Assurance framework

The assurance framework adopted by the Board is based on the "Three Lines Model" endorsed by the Institute of Internal Auditors and the Financial Conduct Authority. The assurance framework is designed to provide sufficient, continuous and reliable assurance on organisational stewardship and the management of the major risks to organisational success and delivery of improved value for money.

Key elements of the control framework include:

Risk assessment

In meeting its responsibilities, the Board has adopted a risk-based approach to internal control, which is embedded within the normal management and governance processes. By embedded we mean that the controls are considered to be integral to the day-to-day procedures of the organisation.

Executive responsibility has been clearly defined for the identification, evaluation and control of significant risks. The Executive Leadership Team (acting as the Risk Panel) carries out evaluations of the risks which impact on the Group's ability to meet key business objectives. Risk assessments are carried out throughout the year and are aligned to the business planning process. Business risk assessments are also carried out throughout the Group at departmental levels, for projects and for new business opportunities. This process is applied through a quarterly reporting framework co-ordinated by the Risk Panel. The Executive Leadership Team considers reports on significant risks facing the Group and the Chief Executive is responsible for reporting any significant changes affecting key risks or the breakdown of internal control. The Group's most significant risks are further analysed, quantified, and reviewed by the Risk Panel presented to the Audit and Risk Committee for further analysis and approval and then reported to the Board.

Monitoring

As part of the risk management process, managers carry out control evaluation relating to key risks and confirm that key controls are in place and are working effectively or require improvement. Actions arising from identified control weaknesses are documented in the risk assessment. Management reporting on control provides hierarchical assurance to successive levels of management and to the Board. A process is in place for corrective action in relation to any material control issues arising from independent internal and external audit reports. The Audit and Risk Committee (ARC) reviews the work of the internal and external auditors whose annual reports are received by the Board.

The Internal Audit function carries out risk-based internal audits across the Group. The ARC approves the audit plan and receives an annual report and Assurance Statement on internal control effectiveness. The Board receives a copy of this report. The internal control framework and the risk management process are subject to review by Internal Audit, which is responsible for providing independent assurance to the Board and the ARC.

Control environment and activities

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues. The Board adopted the National Housing Federation's 2020 Code of Governance as at 1 April 2021. This sets out the Group's policies with regards to the quality, integrity and ethics of its employees.

The governance framework is supported by a framework of policies and procedures which are reviewed annually. Scheme of Delegations, Standing Orders, Contract Standing Orders and Financial Regulations cover issues such as delegated authority, segregation of duties and procurement. Other Group policies cover health and safety, data and asset protection and fraud detection and prevention. During the year the ARC approved the Group's annual counter fraud work plan.

The Network Homes Board fully complies with the chosen Code of Governance and all subsidiaries adopt the principles of the Code.

Information and communication

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

Guidance has been produced on the responsibility at Board level for audit, risk, and control issues across the Group.

The Group's Board has received the Chief Executive's annual assurance statement on the effectiveness of internal controls; has conducted its annual review of the effectiveness of the system of internal control and has re-confirmed the organisation's risk appetite.

Continuous improvement

The Board confirms that there is an on-going process for identifying, evaluating, and managing significant risks faced by the Group. This process has been in place throughout the year under review, up to the date of the annual report, and is reviewed by the Board.

The Board has reviewed the effectiveness of the systems of internal control, including the agreed sources of assurance and confirms they are appropriate for that purpose.

The Board is satisfied there is sufficient evidence to confirm that adequate systems of internal control existed and operated throughout the year. Up to the date of signing of these financial statements those systems were directed at the management of the significant risks facing the Group. No weaknesses were identified which would have resulted in material misstatement or loss that would have required disclosure in the financial statements.

Report of the Board
Statement of Group corporate governance

Statement of Board's responsibilities

The Board is responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation and regulation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Registered Provider of Social Housing (RPSH) and of the surplus or deficit for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and ensure they are applied consistently;
- make judgements 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 the RPSH will continue in business.

The Board is responsible for keeping proper accounting records. These must be sufficient to show and explain the RPSH's transactions, disclose with reasonable accuracy at any time the financial position, and enable the Board to ensure the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and Regulations, the Housing and Regeneration Act 2008 and the Accounting Direction for Social Housing in England from April 2019. It is also responsible for safeguarding the assets of the RPSH including taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and its subsidiaries included in the consolidation, together with disclosure of the principal risks and uncertainties they face.

The Board is responsible for the maintenance and integrity of the RPSH's website upon which the financial statements and other relevant corporate and financial information on the RPSH is published. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Report of the Board confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Independent Auditors

The report of the Directors incorporating the strategic report was approved on 19 July 2022 and signed by order of the Board by:

Jon Gooding,
Interim Chair

Jon Gooding

....

Anne Turner,
Board member

....

Environmental, Social and Governance report 2022

Environmental, Social and Governance report 2022
Foreword

Network Homes is delighted to present its updated Environmental, Social and Governance (ESG) report.

As an early adopter of the Sustainability Reporting Standard (SRS) for Social Housing, Network Homes published its first ESG Report in 2020-2021 and we have worked on improving our ESG performance over the past year focused on ongoing compliance with the evolving reporting requirements and employing the 'disclosure against criteria' SRS input tool for the first time.

The ESG reporting approach covers 12 themes and 48 criteria split across three sections: Environmental, Social and Governance setting out how the organisation meets, manages, and measures our performance against each criterion. The report identifies Network Homes' social values and environmental impact, as well as the governance principles we adopt and intend to strengthen further.

The steps we have taken to improve against the ESG reporting criteria are an integral part of our mission to provide safe, secure and affordable homes, whilst also considering the challenges involved with managing over 20,000 existing homes. Our revised 2021-2024 Sustainability Strategy has further strengthened our plans to becoming more environmentally sustainable. This year we have taken significant steps relating to our target of ensuring all homes reach EPC Band C, at a minimum, by 2030 and we are net zero carbon as an organisation, by 2050.

Aside from environmental reporting, we have also made progress in social and governance areas. For instance, we have provided residents additional support via our charitable fund. We have also decreased our median gender pay gap.

Publishing our ESG report annually with a consistent reporting approach ensures that we are holding ourselves accountable against criteria which helps us to achieve our wider goals.

Peter Benz,
Executive Director of Finance

Environmental, Social and Governance report 2022
Sustainable Finance Framework

In April 2022, we published our first Sustainable Finance Framework (SFF), which shows our commitment to transparently using sustainability related funds raised under the framework.

As part of our SFF reporting commitments, finance issued under the framework will be separately accounted for, reconciled, and reported. Our Environmental Sustainability Group (ES Group) will meet frequently to consider project proposals in line with the 'use of proceeds' section in the SFF. This portfolio is reviewed annually and provides confirmation of our performance against the Good Economy's Sustainability Reporting Standard metrics, working in conjunction with Network's ESG reporting.

Allocation reporting referenced in the Reporting section of the SFF is shown in Appendix 1 to this report.

The ES Group also meets to discuss and identify mitigants to known material risks arising from these projects and can therefore put in place action plans which allow us to continuously improve.

As part of our impact reporting in the SFF, we aim to report on case studies of key projects to illustrate investment outcomes. Such investment in the past year can be seen in our Charitable Fund. This past year we spent around £70,000 supporting approximately 230 households. Our dedicated Network Cares Team helps to support this project. Examples of the support this has provided our residents along with further details can be found under Criteria 12. We intend to continue investing in our Charitable Fund and reporting on its positive outcomes. In addition, we have committed to reviewing Network's broader social impact activities as part of our SFF impact reporting. For instance, we have recently created a new Mental Health Liaison Team which supports residents experiencing mental ill-health to sustain their tenancy.

We will also report on the confirmation of our performance against the Good Economy's Sustainability Reporting Standard metrics and the UN's Sustainable Development Goal metrics, most notably on:

Environmental
- Number and proportion of homes utilising renewable energy sources
- Number and proportion of all homes achieving EPC 'C' rating or better
- Number and proportion of homes built in the year achieving EPC 'B' rating or better

Social
- Number of affordable (sub-market) new homes built
- Proportion of all new rented homes occupied by those in 'priority need' or given 'reasonable preference', as determined by the relevant local authority's nomination process
- Proportion of all new homes which are an affordable housing product
- Average rent on rented new build homes as a proportion of Local Housing Allowance

At the end of April 2022, we finalised the terms of a £200 million private placement under our Sustainable Finance Framework, which follows previous placements from January 2019. As part of our allocation reporting in the SFF, we have committed to outlining the details of our sustainability spending. This includes formulating a list of eligible green and social assets financed, as well as discussing any unallocated proceeds. The balance on the Sustainability Account, including any temporary investments or deposits and Sustainable Financing repayments, will also be disclosed. Appendix 1 outlines our tier one use of proceeds. Through proper management of proceeds, we have committed to reporting this spending through our Environmental Sustainability Group and our Investment Committee, a permanent sub-committee of the Board with responsibility for approving and monitoring our major investment programmes.

Network Homes' Sustainable Finance Framework and our latest ESG report go hand in hand. Many of the deliverable actions we have set out to achieve in the SFF are discussed within the relevant ESG criteria in this report.

Environmental, Social and Governance report 2022
Social

Social covers the below:
- ***Affordability and Security***
- ***Building Safety and Quality***
- ***Resident Voice***
- ***Resident Support***
- ***Placemaking***

Affordability and Security

C1. For properties that are subject to the rent regulation regime, report against one or more affordability metric: 1) Rent compared to median private rental sector (PRS) rent across the local authority. 2) Rent compared to Local Housing Allowance (LHA)

Network Homes set and review rents that are subject to the rent regulation regime in line with the Rent Standard. When setting rents for new or re-let units one or multiple determinants is used depending on the tenure type. Determinants are (1) Formula Rent Calculator, (2) Hometrack – approved by The Royal Institution of Chartered Surveyors (RICS) and, (3) Local Housing Allowance data available on Directgov website. In this rent affordability assessment, the analysis is based on two broad categories of stock (1) General Need and Housing for Older People (GNOP) and (2) Affordable units. In the previous assessment the two tenures were combined but they have been separated in this analysis to facilitate improved interpretation of results. The general assessment of affordability for GNOP is the requirement for rent to be reviewed in line with the Policy Statement on Rents for Social Housing published by the Department for Levelling Up, Housing and Communities. Network Homes average rents for GNOP units will be compared with the Median private rental sector (PRS) rent. Similarly, affordability for Affordable rent will also be examined by comparing Network Homes average Affordable rents with Median PRS rent and also the Local Housing Allowance (LHA). The review is restricted to 14 local authorities where Network Homes has 100 or more GNOP and Affordable units.

1. GNOP average rent compared to median PRS rent
All local authorities with bedrooms combined - the average GNOP rent is 42% of median PRS rent (2021: 42%, combined for GNOP units & Affordable units). This suggests an average discount of 58% across all 14 local authorities for all bed sizes. The highest discount is at City of Westminster at 70% (2021: 79% at Kensington and Chelsea, combined for GNOP units & Affordable units). The lowest discount is at East Herts at 50% (2021: 44% at London Borough of Hounslow, combined for GNOP units & Affordable units).

Analysis using bedroom sizes across all local authorities - expectedly the 4+ bedrooms offer the highest discount at 77% across all local authorities with an average rent of 23% of market. The studios provide an average rent of 60% with a resultant discount of 40% to market.

2. Affordable average rent compared to median PRS rent & LHA rent
All local authorities with bedrooms combined - the average Affordable rent is 67% of median PRS rent (2021: 42%, combined for GNOP units & Affordable units). The average discount is 33% across all 14 local authorities for all bedroom sizes. The highest discount is at City of Westminster at 45% (2021: 79% at Kensington and Chelsea, combined for GNOP units & Affordable units). The lowest discount is at LB of Barnet at 26% (2021: 44% at London Borough of Hounslow, combined for GNOP units & Affordable units).

Also, the average Affordable rent is 74% of the LHA rent across all local authorities and bedroom sizes, giving a discount of 26% to market. The highest average Affordable rent of the LHA rent is 83% at City of Westminster and the lowest is 60% in LB Tower Hamlets.

Review using bedroom sizes across all local authorities - the average Affordable rent of the median PRS rent for the 4+ bedroom size offers the highest discount at 69% with an average rent of 31% of market. The studios provide an average rent of 92% with a resultant discount of 8% which is relatively low compared to the GNOP at 40%. For the comparison of average rent to LHA rent for all local authorities, the studios average rent is 87% of the LHA rent and 4+ bedrooms is 53% of the LHA rent. This offers a discount of 13% and 47% to market respectively.

3. Average rent comparison between London Region and Outer Region - LB Brent & East Herts
The LB of Brent and East Herts are two local authority areas where Network Homes has a significant amount of stock for GNOP units and Affordable units. Below is how average rents for GNOP units and Affordable units compare to median PRS rent and LHA rent for the two local authorities.

3.1 GNOP average rent compared to median PRS rent
Similar to the wider analysis for the 14 local authorities, the 4+ bedrooms for LB Brent and East Herts offer the highest discount at 67% and 64% respectively with an average rent of 33% and 36% of market respectively. On the other hand, the studios at LB Brent offer the lowest discount in the bedroom category with an average rent of 83% and a discount of 17%. The lowest discount for East Herts is for the 1-bedroom properties at 41% with an average rent of 59% of market.

3.2. Affordable average rent compared to median PRS rent LHA rent
Average Affordable rents of median PRS rent - In respect of Affordable rents similarly, the 4+ bedrooms offer the highest discount for both LB Brent and East Herts. The average rent is 39% and 48% of market respectively which provides a discount rate of 61% and 52% respectively. Also, the 1-bedroom properties for both LB Brent and East Herts offer the least discount at 20% and 28% respectively with an average rent at 80% and 72% respectively.

Average rent compared to LHA rent - the 4+ bedrooms for both LB Brent and East Herts offer the highest discount at 59% and 35% respectively with average rent of LHA rent at 41% and 65% of market respectively. Meanwhile the 1-bedroom properties at LB Brent provide the lowest discount at 20% with an average rent on LHA rent at 80%. However the 2-bedrooms properties in East Herts offer the least discount at 17% with an average rent on LHA rent at 83%.

4. Estimated annual discount per home
The estimated discount on GNOP rent and affordable rent is based on the difference between the average rent, median PRS rent and also the LHA rent.

The discount based on the PRS median rent for GNOP units is approximately £12,752 per annum, per home with an annual total of circa £116 million (2021: £10,800 per annum per home, with a total of circa £131 million – combined for GNOP and Affordable).

Estimated average discount based on PRS median rent for Affordable units is approximately £7,832 per annum, per home with an annual total of circa £19 million predicted discount for Affordable units on the basis of the difference between average rent and LHA rent is £3,562 per annum, per home with an annual total of circa £9 million. The actual discount offered is potentially higher than these estimates if all relevant factors are taken into account. In future analysis we will also estimate the discount associated with rent levels that have not reached target rent. Network is committed to the continuous improvement of its data and analysis in this area.

C2. Share, and number, of existing homes (homes completed before the start of the previous financial year) allocated to: General needs (social rent), intermediate rent, affordable rent, supported housing, housing for older people, low-cost home ownership, care homes, private rental sector.

At the end of March 2022 Network Homes either owned or managed 20,348 social housing units out of a total of 21,003 homes (97%), this is inclusive of social rent, Supported Housing, Housing for older People, Key workers and Affordable Intermediate housing units. The remaining units are a combination of Non-social Leasehold, build to rent, and London Living Rent units.

C3. Share, and number of new homes (homes that were completed in the previous financial year), allocated to: General needs (social rent), intermediate rent, affordable rent, supported housing, housing for older people, low-cost home ownership, care homes, private rental sector.

In the last year Network Homes developed 232 units, all of which were social housing units (see table below).

Network Homes has secured a GLA funding agreement to develop 1,000 housing units as part of the 21-26 Affordable Housing Grant Programme.

In the last year Network Homes has developed a total of 232 social housing units investing £161.1m in property development during the year.

C4. How is the Housing Provider trying to reduce the effect of fuel poverty on its residents?

Fuel poverty is generally made up of three factors: 1) homes that are energy inefficient, 2) high energy bills and 3) low income. We are tackling this by working on various initiatives. This includes the long-term objective to improve the efficiency of our homes by bringing all our properties up to a minimum EPC C rating. In November 2021, we recruited our Head of Sustainability and Strategic Asset Management, who is working on implementing our Sustainability strategy that will include sections on tackling fuel poverty.

We are piloting the retrofit of heat prepayment meters to our credit billed sites to establish whether their implementation helps residents to reduce their energy consumption and therefore reduces the amount of money they spend on heating their homes.

We have also introduced energy consumption/fuel poverty advice on our website which will provide residents with information on how to conserve energy, switching to smart metering and how to make better use of their thermostats and timers. Energy advice was also included in our April 2022 newsletter to residents. We believe that by taking this three-step approach, we will assist residents to reduce the amount of their income they spend on fuel bills.

We procure around £2 million worth of energy (gas and electricity) each year, this covers energy for our residents, our offices, and all other services. The process is conducted through open competition, where we aim to secure contracts that offer best value for our organisation.

C5. What % of rental homes have a 3-year fixed tenancy agreement (or longer)?

Network Homes has taken the decision to transfer our fixed-term tenancies into lifetime tenancies to provide more security for our tenants. Approximately 9% of our General Needs tenants have 5-year fixed term tenancies. We have begun the process of converting these to assured tenancies. In January 2022, there were 2,169 fixed term tenancies. Since January, we have converted 269 tenancies (12.4%) and 1,900 (87.6%) of the fixed term tenancies remain to be converted. We are converting a further 34 tenancies a week.

Social housing units owned and/or managed (excluding leasehold units)	Units developed or newly built units acquired
Social Rent general needs housing (exc. AR)	6
Affordable Rent general needs housing	77
Low Cost Home Ownership	135
Other Social Housing	14
Total Social Housing units owned and/or managed	**232**
Non-social leasehold units owned and/or managed	-
Final Total Built	**232**

Environmental, Social and Governance report 2022
Social

Building Safety and Quality

C6. What % of homes with a gas appliance have an in-date accredited gas safety check?

On 31st March 2022 we were 100% compliant across 10,397 properties requiring a landlord gas safety record annually. All appliances are checked as part of our gas servicing process, and we have managed to maintain 100% compliance through robust access and legal procedures running on a 10-month cycle. We ensure that all operatives employed by our contractors are competent and that customer service and safety is at the heart of our service delivery.

C7. What % of buildings have an in-date and compliant Fire Risk Assessment?

On 31st March 2022 we were 100% compliant across 1,908 blocks requiring a fire risk assessment. Inspections are carried out on either a one, two or three-year programme cycle, the frequency of inspection is determined by the risk associated with the building. We ensure that our industry leading contractor is competent to carry out the fire risk assessments and that they are engaged with the industry, keeping us updated on all relevant industry changes and developments.

C8. What % of homes meet the Decent Homes Standard?

On 31 March 2022 0% of Network Homes' stock failed the Decent Homes Standard. Social Landlords are able to report non decent homes where the tenant has refused upgrade works as decent. Out of 16,656 properties 206 fall under this category. Almost all of these 206 properties fail due to thermal insulation (loft insulation). We continue to carry out loft insulation works making a concerted effort to access these properties. Our planned works team deal with these properties and will start a fresh round of correspondence with the intention to help bring these homes up to Decent Homes Standard. In addition to this we make allowances in our reactive maintenance budget to respond to any homes which have fallen into non decency.

Resident Voice

C9. What arrangements are in place to enable the resident to hold management to account for provision of services?

We provide a range of activities for residents to get involved and hold us to account. We encourage them to challenge us and use their feedback to shape the services we provide to them. The full list of offers is on our website: networkhomes.org.uk/get-involved. At a strategic level we have our Local Panels who form part of our governance structure and report into our Customer Services Committee (CSC). The chairs of the Local Panels are both Committee Members ensuring the voice of residents is heard at the highest level in the organisation. All the other offers report into the Local Panels and they all get involved in various activities in their local areas.

Below is a summary from the report written for CSC and which sets out the types of activities the Resident Engagement Team facilitate.

At March Board, we proposed topics for us to provide resident insight on. This included things like our balance of investment, our repairs service and performance of Tenant Satisfaction Measures. Gathering this feedback will be done by talking to Local Panels and having more informal conversations with residents. In terms of our Local Panels, we ran a campaign to recruit new Panel Chairs in June. Our TOR's for these panels have also been updated to ensure proper governance compliance. However, the role of chair for the panel will exclude independent Panel Members.

Throughout this year we have created a resident engagement calendar which includes in person and online events, such as residents' meetings and themed events. We are also currently running a mystery shopping exercise, focusing on services provided by the Contact Centre, as well as continuing work with our Readers Group, who are reviewing the welcome letters received by residents moving into new homes. At the Hertford panel meeting in January the Panel requested a special meeting to discuss estate management, the panel provided their feedback during the meeting and the outcomes are being discussed.

We are currently working on scheduling in meetings for our Continuous Improvement Panel and hope to re-engage members, so they actively participate in meetings/scrutiny activities. Following the Housing Ombudsman's sector wide review on damp and mould, Network have drafted a damp and mould policy and procedure, which has also had input from residents. In April we sent a survey to approximately 17k residents to seek feedback about procurement. We had 45 responses with 24 expressing an interest in being involved in future procurement activities, these results are currently being analysed.

We haven't run any activities recently, but we intend to re-launch discussions on strengthening residents trust in us soon.

C10. How does the Housing Provider measure Resident Satisfaction and how has Resident Satisfaction changed over the last three years?

As of 2021-22, we have one overall measure, which is 'overall dissatisfaction with Network Homes'. This measure is made up of dissatisfaction scores from the following areas: Contact centre, Repairs, Handypersons, Lettings, and PSL letting. This helps to ensure ongoing focus on minimising and preventing negative resident experiences despite our consistently high satisfaction scores.

In 2021-22 our overall dissatisfaction rate with Network Homes was 10%, reaching our strategic target. Network Homes has consistently recorded one of the highest resident satisfaction results compared to our peers.

	2021-22	2020-21	2019-20
Overall resident satisfaction with Network Homes	85.4% (10% dissatisfaction)	87.9%	85.0%

C11. In the last 12 months, how many complaints have been upheld by the Ombudsman. How have these complaints (or others) resulted in change of practice within the Housing Provider?

From 01/04/2021 to 31/03/2022 there were 20 Ombudsman decisions received. Out of these 8 determinations were found against Network Homes (in favour of resident), they included:

- 5 service failure (lesser form of maladministration)
- 3 maladministration

Of the 5 service failures 3 of these had multiple determinations, 1 no maladministration, 1 reasonable redresses, and 1 out of jurisdiction.

Excluding the additional Service Failure determination, the underlying Service Failures (5) covered the following topics/areas:

- Explanation of residents Service Charge
- Repairs (to communal areas)
- Parking Bay allocation
- Residents reports of ASB
- Repair of resident's windows

The underlying Maladministration cases (3) covered the following topics/areas:

- Repairs (following a Mutual exchange)
- Parking issues
- Lack of Cyclical Repairs/Decorations

Lessons/improvements arising from failing:

The following policies have been updated and shared online to aid transparency:

- complaints policy;
- compensation policy; and
- habitual complainant policy.

We have reviewed and updated the process guidance for complaints that come through by way of the contact centre.

We launched our "On it" promise which all teams are required to sign up to, encouraging them to provide a swift response to residents and colleagues, taking full ownership of matters. We have also rolled out our Complaints Roadshow, to provide additional learning and feedback to customer facing teams.

We have completed 5 Lessons Learnt Lectures covering:

- complaints;
- contract management;
- fire safety;
- ASB; and
- scrutiny reviews.

Our Lessons Learnt Lectures provide an opportunity to discuss issues that have gone wrong and how we have put things right to ensure the issues are less likely to occur again. They are open to colleagues and residents to attend and the recordings are normally posted on YouTube.

Resident Support

C12. What support services does the Housing Provider offer to its residents. How successful are these services in improving outcomes?

Our charitable fund launched in April 2020. In the 2021-22 financial year we spent just over £70k supporting approximately 230 households. Of the total spent during the year £13k was to support community initiatives.

The breakdown of our spend is set out in the chart below.

Approximately 50% of the spend allocated to "Other" is for large donations made to charities, partner organisations and local organisations. Much of the remainder of the "Other" category is for flooring provided to residents.

We send an online survey to all residents who have been supported through the fund to see what impact this support has had on:

- their financial situation;
- their physical wellbeing;
- their mental wellbeing;
- their family life; and
- making their house feel like a home.

Feedback from residents and colleagues so far:

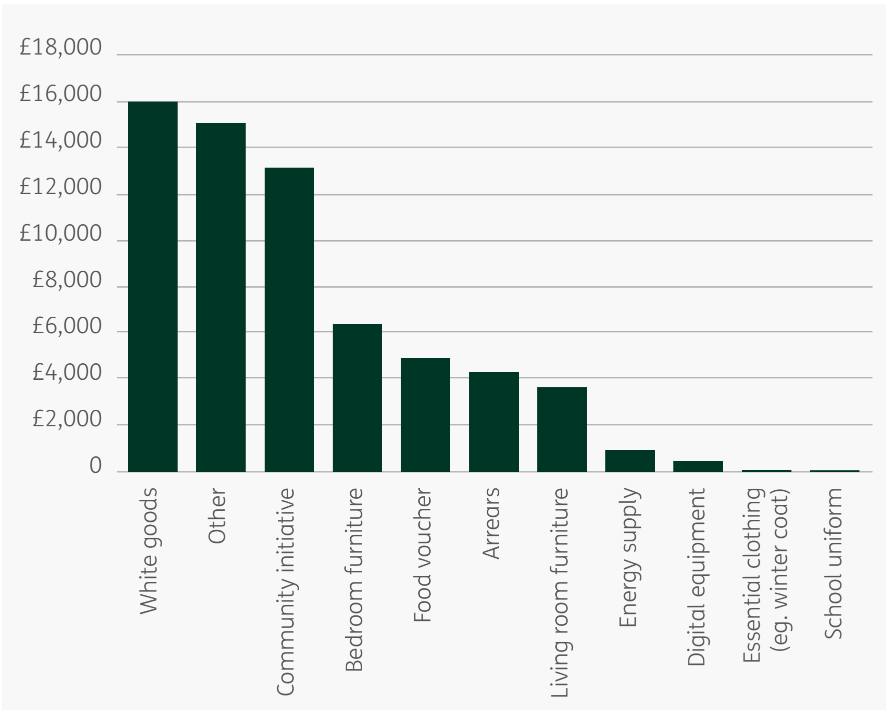
"Today one resident contacted me after receiving a fuel voucher and told me she had cried as it will really help her family out. Her husband has been furloughed yet again and she has Covid currently. She texted me five times in total to express her thanks as she couldn't believe we would do that to help them."

"I heard from a resident who we provided with a laptop as they were home-schooling three children using one laptop, a tablet and a mobile phone. They said: 'My sincere appreciation and gratitude to you and your team for this donation. It means so much to each and will be used for years to come."

"One resident was in credit on her account in March 2020. Her husband, a self-employed Uber driver has seen his income all but disappear. He still has to pay for the car he bought to do the job and she is furloughed... she cried when I offered a supermarket voucher."

"A resident asked me did I realise what a lifeline these fuel top ups are when money is so tight, as she is working at home, using a lot more energy than she would normally be. Plus, her son is off from school too."

Type of support provided



Placemaking

C13. Provide examples of case studies of where the Housing Provider have been engaged in placemaking or placeshaping activities.

The Northwick Park Masterplan regeneration has been brought about through a partnership of four public sector organisations (Network Homes, University of Westminster, London North West NHS Trust and Brent Council). Working together has allowed the partnership to design a scheme for up to 1,600 homes, 50,000m2 of university facilities, commercial spaces as well as new public realm and infrastructure. The development will utilise brownfield land to deliver a first phase of over 650 homes of which 40% will be affordable. We are providing a nursery on the site as well as new shops and improvements to existing community facilities nearby and improving access to open space both within the development and through new links to the Northwick Park playing fields. We are improving cycling and walking routes through a new two-way road into the site and north-south links through the development.

The Regeneration of Stockwell Park and Robsart Village estates in Brixton continues and will be completed in 2022, delivering 1,750 improved homes. Residents voted to Transfer from Lambeth to Network in 2008, and we have worked with the Council to complete the transformation they began in 1993. Network has worked to refurbish blocks to a high standard, with seven of the poorest blocks demolished for new build. Tenure has been diversified, bringing new shared ownership homes alongside new rent homes, and two state of the art older persons schemes. As completed in the early 1970s, the estate suffered from inherent design problems, which the regeneration has sought to tackle. High level pedestrian bridges between blocks which fuelled ASB, and crime have all gone, the whole estate is safer due to 24/7 CCTV coverage, and a programme of Environmental Works promised at Transfer will be completed by 2022.

Already the Community Centre has been almost doubled in size supporting residents; a new Estate Office and a Resident Resource Centre have been completed, while works in progress are transforming existing parking undercrofts. This will allow their full and safe controlled occupancy, with large secure cycle stores and EV charging, and allowing parking to be cleared from 800m of estate roads which will be renewed and greened as a result. Renewed play areas, landscaped areas, the Skatepark, the world-renowned Graffiti Pen, community art, tree planting and low-cost workshop and commercial space will all contribute to a total transformation.

At Ridgeway in Hertford, construction of a Natural Play Area for small children is well under way with completion forecast for the end of July 2022. It will include boulders and logs, a natural amphitheatre to encourage performance in play, and treatments of boundaries to encourage plants to grow up. There has been very positive feedback from residents on the plans.

Environmental covers the below:

- ***Climate Change***
- ***Ecology***
- ***Resource Management***

Climate Change

In 2021 Network Homes worked with Suss Housing to complete its second SHIFT (Sustainable Homes Index for Tomorrow) assessment where we achieved silver standard with a score of 55.82, which ranked us 11th out of the 40 most recent SHIFT assessments at the time. This was an improvement from our 2020 assessment where we achieved bronze standard with a score of 34.62.

C14. Distribution of EPC ratings of existing homes (those completed before the last financial year)

A - 0.01% B - 10.84% C - 63.70% D - 22.94% E - 2.45% F - 0.05% No EPC Rating – 0%

Our EPC ratings are calculated from our stock condition database and are collected as part of our condition survey by accredited Reduced Data Standard Assessment Procedure (RdSAP) surveyors. The surveys are recorded in RdSAP 2 005 formats & converted to RdSAP 2009/12 to produce SAP ratings for approximately 95% of our rented stock. 0% of our homes do not have an EPC rating. Any homes that were inaccessible when completing energy performance inspections had their EPC generated using cloning. This meant for such properties EPC ratings were based on the data available from neighbouring properties. All void properties have an EPC rating conducted as part of our standard void property process. Any missing SAP ratings reside in our new build stock which we are in the process of surveying.

85% of our current EPC ratings were produced in 2014-15 stock condition survey with the remaining produced in the 2016 and 2019 surveys. We continue to update our RdSAP data with improvements made via our planned maintenance programmes. Since the establishment of our EPC data in 2014 our planned maintenance programmes have contributed on average to a 6.3 increase in SAP.

Distribution of EPC ratings of new homes

Scope 1, Scope 2 and Scope 3 greenhouse gas emissions	Scope 1: Kg CO2 equivalent	1,803,839.7 kg CO2
	Scope 2: Kg CO2 equivalent	123,021.2 kg CO2
	Scope 3: Kg CO2 equivalent	41,216,583.8 kg CO2
	Scope 1, 2 & 3: Total Kg CO2 equivalent	43,143,444.7 kg CO2

C15. Distribution of EPC ratings of new homes (those completed in the last financial year)

All 232 new homes completed in 2021-22 were EPC Band B - 100%.

C16. Scope 1, Scope 2 and Scope 3 greenhouse gas emissions

The Streamlined Energy & Carbon Report (SECR) Statement complies with the latest SECR Regulations delivered by Suss Housing through the SHIFT assessment and reports on the Green House Gas emissions and energy use for period 1 April 2020 to 31 March 2021. These results are taken from our latest SHIFT report.

We have excluded supply chain data from scope 3, as recommended by SHIFT, as it is a different order of accuracy to the rest of the data.

C17. What energy efficiency actions has the Housing Provider undertaken in the last 12 months?

In November 2021 we hired our new Head of Sustainability and Strategic Asset Management who is helping to guide our energy efficiency work. Since the appointment we have adopted a holistic strategy to energy performance improvement, with our main target being to tackle the worst performing properties first. We are hoping to implement a retrofit planned maintenance programme which will involve a fabric first approach to retrofitting our existing homes.

We have set intermediate targets to carry out pre-retrofit surveys which will provide us with detailed information and can be used to develop a retrofit planned maintenance plan for each property. We are also revising our asset management strategy to support this approach.

We intend to apply for Wave 2 of the Sustainable Housing Decarbonisation Fund. Funding will first be directed to our worst performing properties, which we aim to tackle within the next six years. Simultaneously, we will explore other funding such as Energiesprong and ECO4.

We have also now adopted a net zero road map which details how we aim to achieve housing net zero by 2050.

Regarding our new builds, we have been engaging in discussions with consultants to carry out carbon assessments and cost benefit analysis of carbon offset levy. We have also started to collect data on enhancement measures in new developments. We have recently published our Design Guide for new developments which explains what we are doing in terms of carbon reduction, reducing environmental impact, building sustainable communities, and promoting sustainable connectivity and transport.

C18. How is the Housing Provider mitigating the following climate risks: Increased flood risk, Increased risk of homes overheating?

For our new developments, the design and layout of the buildings are scrutinised to ensure that climate risk is being taken into account during the design phase. Thorough site appraisals will identify areas of flood risk and allow us to design to avoid flood damage and to work with water in a positive way. In terms of overheating, we require an Overheating Analysis to be carried out pre-planning in accordance with CIBSE TM59. We will also give consideration to the orientation of the site, potential for views in or out as well as passive solar design. The orientation of the buildings is particularly critical in designing out overheating which is a growing problem especially in London.

For our existing buildings, we are considering the green spaces around them for their potential to prevent flooding. The fabric first approach we are taking in our retrofit programme will help ensure that there are complementary ventilation systems in our homes and that this is considered first along with other improvements. This means including controlled ventilation in our homes which reduces the risk of overheating whilst helping residents with health and respiratory problems. This will also improve indoor air quality; reduce mould, condensation and dampness, in an efficient manner, for example, MVHR (Mechanical Ventilation Heath Recovery Systems).

C19. Does the Housing Provider give residents information about correct ventilation, heating, recycling etc. Please describe how this is done.

We send our residents the following documents containing information on managing their home: Managing your Gas and Electricity, Who is responsible for a repair, Network Homes Customer charter, Fire Safety and Managing Condensation. At sign up we give residents information on condensation prevention, and how the heating systems work, we also signpost them to the recycling bins/areas.

Our Resident Engagement team have also held sustainability events for residents to discuss information such as heating and recycling. Due to COVID-19 these sessions have been conducted virtually, however we are hoping to run in person events in the future.

Ecology

C20. How is the Housing Provider increasing Green Space and promoting Biodiversity on or near homes?

Wembley High Road recently achieved full planning consent with enhanced biodiversity and urban greening commitments:

Urban Greening Factor:
The scheme has achieved an Urban Greening Factor of 0.5 which exceeded the London Plan requirements of 0.4. This was achieved by planting trees, flower rich perennials, grassland and green roofs.

Biodiversity:
As a key principle the design approach incorporates a number of interventions to enhance the potential ecological value of the site both at street level and within the external communal spaces.

The planting will not only focus on seasonal variety for colour and visual interest but also to provide seasonal fruits as food for the local wildlife such as small birds, insects, and bees.

The planting will be predominantly native species, and where viable include habitat provision such as dead wood (i.e. hibernacula) and nesting spaces such as 'Swift bricks'. The soft landscaping will include planting beds with climbers where possible and new trees with species to focus on ecological value (multi stem within communal areas).

- Total proposed planting area is 247m2 (including street level)
- Total proposed trees are 9 (including street level)
- Total proposed climbers are 90m2 of climbers on wall (once established)
- Total proposed green roof area is 361m2

Green Space Advisory Board membership
Our Director of Technical Services is a member of the Green Spaces Advisory Board, which launched in November 2021 and has members and representatives from seven key housing associations to "unlock the potential of green spaces" through actions, thought leadership, and enabling housing conversations that create collaboration.

The Board's aims are to develop biodiversity measurement metrics and share examples of best practice relating to green space management, green placemaking, carbon offsetting and biodiversity enhancement to empower the housing sector and the communities it supports on the journey to net zero in a post COVID-19 era, outlined in the GSAB statement of intent:

- Develop a 2-year action plan in response to the Green Communities Report
- Share green space best practice across the housing sector and beyond
- Develop and share ways to help residents learn about, and engage with, green space, biodiversity, and environmental sustainability
- Design a Green Space Model – detailing how housing associations can utilise green assets to help achieve net zero
- Lead the development of a single, independently verifiable biodiversity metric and certification programme for land under management

Network Homes' representation at the Green Space Advisory Board also involves working on a macro level road map for the biodiversity influence in the sector.

C21. Does the Housing Provider have a strategy to actively manage and reduce all pollutants? If so, how does the Housing Provider target and measure performance?

Network Homes has a reactive repairs service and conducts inspections/property visits. All surveyors have had the relevant training of hazards within our homes. Through our SECR completed through the SHIFT analysis we measure C02 and GHG emissions following Scope 1, 2, and 3 (tonnes CO2e).

We follow procurement protocols and ensure our supply chain have all the necessary accreditations and ask qualitative questions about efficiency and waste management to manage and reduce all pollutants.

Resource Management

C22. Does the Housing Provider have a strategy to use or increase the use of responsibly sourced materials for all building works? If so, how does the Housing Provider target and measure performance?

The Procurement team are working to create revised Employers Requirements with help from across the business to provide responsibly sourced materials for all building works. These will be updated within the next two months and consider things like embodied carbon and choosing the correct materials for each individual building. Contract managers already collect environmental performance metrics from contractors and report on an annual basis.

C23. Does the Housing Provider have strategy for waste management incorporating building materials? If so, how does the Housing Provider target and measure performance?

Each site has a waste management plan as part of the CDM regulation for 2015, which we are required to comply with building regulations and planning requirements. When we procure contractors to be on our framework, they are required to tell us about their waste management and what measures they have in place to ensure sustainability for their services and are scored on that basis. This is factored into which contractor is picked for each framework.

An example of good environmental and site waste management is contractor Bugler, on our Bilton Road scheme. There is a Site Waste Management Plan where waste materials, including metal, timber and p/board were separated on site during the demolition phase. All inert materials were crushed and stored on site for reuse and the gatehouse was constructed entirely from recycled site waste materials. There is a single mixed waste skip on site which is segregated at the WTS and reports on amounts and percentage recycled, are sent to Head Office. A recycle analysis report is promoted and displayed on site when received.

Carbon Footprint Monitoring is carried out on site, including material delivery and waste removal mileage, as well as staff and operatives travel to site, although not visitors. The use of both public transport and car and van sharing is promoted.

As part of the SHIFT assessment, we measure the waste and recycling amounts generated from our offices. In 2020-21 it is believed that total waste was around 19.5 tonnes (40.4 kgs per employee), a decrease from 59 tonnes in the previous year. Recycling data showed that 100% of waste recycled or diverted from landfill as non-recycled waste is used as RDF (Refuse Derived Fuel).

C24. Does the Housing Provider have a strategy for good water management? If so, how does the Housing Provider target and measure performance?

The SHIFT water efficiency estimator tool calculated that Network Homes' water consumption is 143.6 litres per person per day for 2020-21.

We are working to reduce the water usage consumption across our housing stock and have strategies at our new schemes.

Sustainable Urban Drainage
At Wembley High Road, the overall approach to drainage is to create a well-designed sustainable drainage strategy.

The implementation of blue roofs over the two podiums increases the capacity to attenuate run off water, which will also be assisted with positive drainage principles and large planting areas. At street level we will de-pave in areas and add new low maintenance planting to help further with surface runoff.

- Street level – 85m2 of de-paving proposed with soft planting introduced to intercept surface runoff
- 395m2 of blue roof (over two podiums), of which 147m2 doubles as planting
- 361m2 green roof

Water Consumption
The dwellings at Wembley High Road have been designed to minimise water consumption to help prevent water scarcity. As this is a residential development, low-flow sanitary ware and appliances will be specified to comply with the 105 litre per head per day target.

Sample calculations were produced to demonstrate the dwellings are below the target of 105 litres per head per day.

Governance covers the below:

- ***Structure and Governance***
- ***Board and Trustees***
- ***Staff Wellbeing***
- ***Supply Chain***

Structure and Governance

C25. Is the Housing Provider registered with a regulator of social housing?

Yes.

C26. What is the most recent viability and governance regulatory grading?

Network Homes is a registered provider for social housing. As part of the Regulator for Social Housing (RSH) regulatory regime, it assesses compliance against the Governance and Financial Viability Standard.

Network Homes was last reviewed for its compliance in June 2021 whereupon its previously awarded rating of Governance (G) 1 and Viability (V) 2 was maintained.

This regulatory regime enables the RSH to assess our compliance with regulatory standards in terms of being able to meet financial obligations, our approach to value for money, and our governance arrangements.

All ratings go from 1 - 3. G1 is the top rating available demonstrating that Network Homes meets the RSH governance requirements. V2 is a compliant rating but reflects the fact that Network faces risks which we need to continue to manage well due to our appetite for building large numbers of new affordable homes. These are the ratings that our Board have set for us to achieve as they are in keeping with our appetite and strategic approach.

C27. What Code of Governance does the Housing Provider follow, if any?

Network Homes adopts the NHF 2020 Code of Governance. The Code is designed to help housing associations achieve the highest standards of governance and board excellence.

C28. Is the Housing Provider Not-For-Profit? If no, who is the largest shareholder, what is their % of economic ownership and what % of voting rights do they control?

Yes, it is Not-for-Profit.

C29. Explain the Housing Provider's board managed organisation risk.

Risk management within Network Homes is concerned with protecting the organisation's ability to achieve its objectives and ensuring that it has effective and sound practices in place to respond to risk. Risk management is therefore an essential part of Network Homes' governance processes and forms part of Network Homes' organisational management framework.

Network Homes' approach to risk management and internal control is designed to embed risk management into the ethos, culture, policies, and practices of the organisation so that risk management is an integral part of its governance, management and decision making.

Risk Management and Escalation Policy is reviewed annually and presented to the Risk Panel and then the Audit and Risk Committee for approval. The Board reviews Network Homes' risk exposure and redefines its risk appetite annually at its Away Day. Risk registers are maintained on several levels within the business. Risks that are rated as high are considered for escalation to the Corporate Risk Register.

Policies and Procedures
The requirements for managing risk are set out in a Risk Management and Escalation Policy. It considers:

- the role of risk management within the wider corporate governance structure;
- how risk management can help Network Homes achieve its objectives;
- the responsibility for risk management; and
- the relationship between the different committees and mechanisms for managing risk within Network Homes.

Authorship of the policy lies with the Head of Internal Audit and is reviewed and updated on an annual basis, in which it is presented to the Risk Panel and then the Audit and Risk Committee for approval. If there are major changes proposed, these are presented to the Board for further review and authorisation.

Risk Appetite
Network Homes' risk appetite is determined by the Board by considering the potential impact of a number of criteria on each of the defined strategic objectives. The criteria comprise: Financial and Value For Money (VfM), Residential Services, Safety, Innovation, Regulation and Reputation. A score on a scale from 0 (Avoid) to 5 (Bold) is assigned to each risk consideration.

Board and Management are mindful that acceptable levels of risk appetite and exposure might need to be adjusted due to changes in the internal or external business environments. The Board reviews Network Homes' risk exposure and redefines its risk appetite annually at its Away Day.

Identification of risk
Network Homes has an agreed format for risk registers which contain the following:

- Risk reference
- Risk description
- Ratings of likelihood and impact, for both current status and after actions (target risk)
- Risk proximity
- Action plans
- Action owner for each action
- Completion date for each action
- Trend analysis
- Sources of internal and external assurance

The assessment is completed by scoring the likelihood and impact for each identified risk. The scoring tables are based on a scale of 1 - 5 for both likelihood and impact and result in an RAG status (i.e. Red-Amber-Green). Risks are evaluated twice: the current position and the target after the mitigating actions have been successfully implemented.

Risk registers are maintained on several levels within the business.

Corporate Risk Register
The corporate risk register is an integral part of the system of internal control and defines the highest priority risks that could impact on Network Homes' ability to deliver its objectives. The corporate risk register enables the Board and Audit and Risk Committee to be assured of the management of these most significant risks.

Network Homes' corporate risk register is populated not only 'top-down' - from the Board, its Committees, the Chief Executive and ELT - but also 'bottom-up' from individual Directorate and risk registers.

Directorate Risk Registers
Each Directorate maintains its own risk register which is used to record and manage the following risks:

- Risks rated Very Low (Risk Score of 1 – 3) and Low (Risk Score of 4 – 6) where it is felt this risk can be managed locally.
- Risks that are rated Medium (Risk Score of 8 – 12); and risks that are rated Low (4 – 6) where it is felt that the risk cannot be managed locally and requires a multi-directorate/departmental approach to the management of risk.
- Risks within the Directorate that are rated as High (15 – 16) where it is felt that the risk can be managed within the Directorate; and risks that are rated as Medium (8 – 12) where it is felt that the appropriate Director needs to take ownership of the risk.

Monitoring and Review
Directorate Risk Registers are reported to the Network Homes Risk Panel which meets quarterly. The Risk Panel comprises the members of the Executive Leadership Team. Risks that are rated as high (scores of 12 and greater) are considered for escalation to the Corporate Risk Register.

The Corporate Risk Register is also reported quarterly to the Risk Panel, after which it is presented to the quarterly meeting of the Audit and Risk Committee (comprising selected Board members and external "independent" appointees) for their review. After approval by ARC, the Corporate Risk Register is tabled at the next meeting of the Network Homes Board for their final review and comments.

Changes recommended by the Board will be included in the next cycle of reporting to Risk Panel and ARC.

The Internal Audit function carries out risk-based internal audits across the Group. The ARC approves the audit plan and receives an annual report and Assurance Statement on internal control effectiveness. The Board receives a copy of this report. The internal control framework and the risk management process are subject to review by Internal Audit, which is responsible for providing independent assurance to the Board and the ARC.

Early Warning Group
In June 2019, the organisation formed an Early Warning Review Group consisting of the chair of the Board, CEO and the chairs of the board committees, which receives a monthly early warning report. The purpose is to provide a snapshot of the current status of several defined early warning indicators to assess the likelihood that identified risks to the business plan as set out in stress test scenarios will materialise focused on compliance with covenants, golden rules and financial ratios. It advises whether mitigating actions need to be taken to prevent unsustainable strain on the business plan. The indicators in this report provide an indicative assessment of the summary position of all early warning indicators. All mitigating actions are taken at the discretion of the Early Warning Review Group subject to further approval by the Board. The identified risks are mapped to the Corporate Risk Register.

Other Sources
Risk is monitored at other levels within the organisation.

- The Early Warning Report includes evaluations of sales risks produced by the Development directorate, who also produce risk registers for each of the development schemes that are in progress.
- Health & Safety risks are also separately evaluated within the organisation. These might be external, such as the Fire Risk Assessments produced by Savills, whose recommended remedial actions are monitored and addressed by the Compliance and M&E team within Network Homes. Others are internal, such as the Role Risk Assessments for each employee which are coordinated by the in-house Health & Safety function.

External publication of risk management performance
A section on Risk Management is included within the "Statement of Group Corporate Governance" which appears within the annual report and accounts of Network Homes.

The report also includes a section on Significant Risks and the mitigating actions undertaken by the organisation. This is essentially an extract from the Corporate Risk Register, supplemented by those risks where the potential for serious exposure has been minimised by effective existing controls.

C30. Has the Housing Provider been subject to any adverse regulatory findings in the last 12 months (e.g. data protection breaches, bribery, money laundering, HSE breaches or notices) – that resulted in enforcement or other equivalent action?

Network Homes was issued with a regulatory notice on 24 November 2021 in relation to non-compliance with the legislative requirements of the Welfare Reform and Work Act 2016 (WRWA) between 1 April 2016 and 31 March 2020. During this period, Network charged inaccurate rents as a result of incorrectly applying the exception for Fair Rent properties. The maximum number of homes affected was 425 of its general needs properties during 2019-20. This meant that Network did not comply with the WRWA requirement to apply 1% rent reductions for each of the years 2016 to 2020 to the rents charged for these properties. Consequently, Network was not compliant with the Rent Standard 2020 as these incorrect rents were then used as the basis for subsequent rent rises under the Rent Standard.

As soon as Network became aware of this Fair Rents issue, we took prompt action to put things right. This involved fully reimbursing and compensating tenants who were affected, writing to them to apologise and explain our mistake. We've reset these rents, so the tenants are now paying the correct amount. We've engaged positively with the Regulator throughout and have put in place a robust action plan to strengthen and provide enhanced assurance on our approach to rent setting. There have been no ICO rulings which are different to that which Network identified as the agreed and requisite action.

Environmental, Social and Governance report 2022
Governance

Board and Trustees

C31. What are the demographics of the board? And how does this compare to the demographics of the Housing Provider's residents, and the area that they operate in? Add commentary if useful.

As of 2 May 2022, Network Homes has 10 board members and a further 8 non-board committee members who supplement the skills and experience of the Committees. The Chair is an interim Chair. Network Homes can have up to 12 board members; it will be taking forward recruitment to the Chair position within the next few months and potentially the further remaining board positions, informed by its board skills assessment and effectiveness review to ensure that it is diverse to meet its communities and business needs.

The demographics of the board, committees and residents is set out below.

Board / Committee	#	Gender	Gender different from birth	Marital Status	Pregnant/ Baby in last 6 months	Age group	Sexuality	Disability	Ethnicity	Religion
NHL Board	10	50% - female 50% - male	None changed gender since birth	100% - married/ civil partnership	100% - No 0% - Yes	10% - 65+ 50% - 56-55 30% - 46-55 10% - 36-45	90% - heterosexual 10% - lesbian	100% - No 0% - Yes	10% - Black/Black British – African 10% - White European 10% - Other Mixed 70% - White British	50% - None 30% - Christian 10% - Jewish 10% - Prefer not to say
NHL Board & Committees	18	44% - female 56% - male	None changed gender since birth	72% - married/ civil partnership 16% - single 6% - divorced 6% - prefer not to say	100% - No 0% - Yes	22% - 26-35 12% - 36-45 28% - 46-55 28% - 56-65 5% - 65+ 5% - prefer not to say	88% - heterosexual 6% - lesbian 6% - prefer not to say	100% - No 0% - Yes	49% - White – British 21% - Black/Black British - African 6% - White - European 6% - Other Mixed 6% - Other White 6% - Mixed - White & Black Caribbean 6% - prefer not to say	38% - none 32% - Christian 12% - Muslim 12% - Prefer not to say 6% - Jewish

Board / Committee	#	Gender	Gender different from birth	Marital Status	Pregnant/ Baby in last 6 months	Age group	Sexuality	Disability	Ethnicity	Religion
Residents	34,683	55% - female 44% - male 1% - unknown	None changed gender since birth	32.81% - Married/civil partnership 55.91% - single 2.89% - divorced 8.4% - Co-habiting	Unknown	16.12% - Under 16 15.07% - 16-25 17.59% - 26-35 14.42% - 36-45 12.59% - 46-55 11.27% - 56-65 12.86% - 65+	55.21% - Heterosexual 22.40% - Unknown 16.59% - Prefer not to say 5.19% - No data - Agency let 0.27% - Bi-Sexual 0.25% - Gay Man 0.11% - Lesbian	96.18% - No 3.82% - Yes	28.91% - White British 11.00% - Black or Black-British African 9.7% - Unknown 9.14% - Black or Black-British Caribbean 8.09% - Prefer Not to Say 7.27% - White Other 4.22% - Asian or Asian-British 3.48% - No data - agency let 3.43% - Other 3.04% - Asian or Asian-British Indian 2.50% - Asian or Asian-British Bangladeshi 1.94% - White Irish 1.58% - Asian or Asian-British Pakistani 1.50% - Mixed White and Black Caribbean 0.60% - Refused 1.06% - Black or Black-British Other 0.92% - Mixed Other 0.96% - Mixed White and Black African 0.30% - Mixed White and Asian 0.33% - Chinese Gypsy, Romany or 0.02% - Irish Traveller	28.19% - Christian 21.04% - Unknown 17.08% - Prefer not to say 13.51% - Muslim 11.08% - No Religion 5.31% - No data - agency let 1.51% - Hindu 1.33% - Other Religion 0.48% - Buddhist 0.23% - Sikh 0.18% - Jewish 0.04% - Rastafarianism

Diversity – Board/Committees v Residents

Gender
Against the Board only it is relatively comparable (56% of residents are female vs 50% for the board).

Marital Status
Most of the Board/Committee members are married or in a civil partnership – 72% - whilst most residents are single – 55.91%, with only 32.81% married.

Age
The Board/Committee members are mostly between 56 and 65 – the residents are more or less split across all age groups. The Board/Committee members do not represent the 16.12% of residents who are under 16.

Sexuality
A higher percentage of Board/Committee members identified as LGBTQ+ (6% lesbian) than residents (0.27% bisexual, 0.25% gay man, 0.11% lesbian). Notably, 22.40% of residents did not disclose their sexual identity, and a further 16.59% disclosed that they preferred not to say.

Disability
3.82% of our residents have disability, whilst none of the Board/Committee members do.

Ethnicity
Comparable: White British & Black/Black British African. Asian unrepresented (11.84% Asian residents when aggregated).

Religion
Comparable – 28% of residents and 32% of Board/Committee members are Christian. 38% of Board/Committee members have no religion, compared to 11.8% of residents. 12% of Muslim representation on Board/Committee against 13.51% of residents.

C32. What % of the board AND management team have turned over in the last two years? Add commentary if useful.

Since the start of the 2021-22 financial year, we have had 3 Board members who retired, 2 new Board members joined us and 1 Board member (our Chair) resigned due to taking up the position of Chair of the Regulator for Social Housing. An interim Chair is currently in post pending recruitment to the vacant Chair position.

Out of the 10 Board members, as four members left, there is a turnover rate of 40% over the past year.

As referenced above, we currently have the ability to recruit up to 2 further Board members, including the Chair of the Board, which we will be taking forward in due course, informed by our board effectiveness review.

We have had no new Executive Managers appointed in the last 2 years. Therefore, we have a 0% turnover figure.

C33. Is there a maximum tenure for a board member? If so, what is it?

Under the new NHF 2020 Code of Governance, the recommended maximum is 6-years for any Board or Committee member, unless it is in the organisation's best interests to extend to a maximum of 9 years. Network Homes has adopted this 6-year tenure rule, updating its succession planning accordingly.

C34. What % of the board are non-executive directors?

90%. All our Board members are non-Executives but for our Chief Executive Officer.

C35. Number of board members on the Audit Committee with recent and relevant financial experience

Network's Audit and Risk Committee is comprised of 5 members; 3 are Network Homes Board members and 2 are non-Board members, appointed for the skills and experience they bring to the Committee. All have recent and relevant financial and other requisite experience as identified as necessary for this Committee from the ideal skills review undertaken.

C36. Are there any current executives on the Remuneration Committee?

Network Homes People Governance and Culture Committee fulfils the activities of a Remuneration Committee, considering and determining relevant remuneration matters. There are currently 5 members, 4 are existing Network Homes Board members, and one is the Chair of the Network Homes employee Information and Consultation Committee (ICC) and therefore an employee of Network Homes. ICC is Network Homes employee representation body, and it was considered appropriate by the Board to appoint the Chair of this representative group to this Committee to enable the views of our employees to be effectively heard and considered in decisions that impact upon them that may be taken by this Committee. This is therefore an executive function and position albeit the individual is not on the executive leadership team. In accordance with our conflict-of-interest arrangements, this individual does not vote on matters that relate to their personal arrangements where there may be any actual or perceived interest.

C37. Has a succession plan been provided to the board in the 12 months?

The succession plan is reviewed by the relevant Committee annually and more frequently when needed as part of any membership changes, skills assessment, or board effectiveness review.

The plan was last considered by the People Governance and Culture Committee in May 2021 and endorsed by the Network Homes Board in accordance with our scheme of delegations in May 2021. It was re-reviewed in November 2021 and was presented to the PGCC again in May 2022 to reflect and consider the Board and Committee membership in light of the resignation of the Chair and the opportunity now to plan prospective recruitment activities.

C38. For how many years has the Housing Provider's current external audit partner been responsible for auditing the accounts?

Network Homes' external auditors are BDO who were appointed in July 2017 for a maximum 5-year term. This is the final year of this appointment.

C39. When was the last independently-run, board-effectiveness review?

An independent governance review was commenced in January 2022 following a procured tender process. 21st Century Housing Governance was successful in their tender and the outcome of this review was presented to our People Governance and Culture Committee and the Network Homes Board in May 2022.

C40. Are the roles of the chair of the Board and CEO held by two different people?

Yes.

C41. How does the Housing Provider handle conflicts of interest at the board?

The Group has a Declarations of Interest policy and procedure. All Board and Committee members are required to declare any actual, perceived, or potential interests upon joining the Board and any time should any interest change, or new interest be established. An annual review of the interests declared takes place to ensure all declarations are up to date as well as every Board and Committee meeting having a standing item at the start of each meeting for all members to review and confirm any interests they may have in relation to the business on that agenda. Should an interest be raised or discovered, that member will not contribute or vote on the decision and may be asked to leave the meeting dependent upon the nature of the interest. The respective policy sets out the arrangements which is also part of the mandatory reading for all members. Each year, the Chair of the respective Board and Committee will review the interests declared from the membership of that Board/Committee to ensure that there are no interests declared which may impact or interfere with the matters delegated to or before that Board and Committee. The Company Secretary is formative in this process and advises the Board and Committees individually and collectively as to any interests arising. Independent legal advice will be obtained as required to assist in managing any issues arising.

Staff Wellbeing

In November 2021, Network Homes conducted an internal engagement survey that revealed 87% of our colleagues feel proud to work for Network Homes which hits our strategic objective on "building a great organisation". Also, 78% of our staff "love working for this organisation" with 27% strongly agreed and 51% agreed.

C42. Does the Housing Provider pay the Real Living Wage?

All FTC and permanent employees are paid above the Living Wage, as well as the London Living Wage. Our lowest rate of pay is £8.79 (apprentice wage) in London and in Hertfordshire £14.95. All apprentices and graduates are paid above the minimum wage.

C43. What is the gender pay gap?

The table below shows the gender pay gap data that we reported for the past two years. Snapshot period 01 April 2021 - 31 March 2022 and 01 April 2020 – 31 March 2021. In 2021-22 financial year bonus was paid in March 2022 (2021: December 2020).

	2022	2021	Difference
Number of staff in snapshot	**567**	**562**	**5**
Male	244	235	9
Female	323	327	-4
Total full pay relevant employees	**519**	**528**	**-9**
Male	225	230	-5
Female	294	298	-4
Total non-full pay relevant employees	**48**	**34**	**14**
Total employees received bonus	**399**	**431**	**-32**
Male	176	177	-1
Female	223	254	-31
Total did not receive a bonus	**168**	**131**	**37**
The mean gender pay gap	**23.0%**	**21.4%**	**1.6%**
Male	£29.01	£27.35	£1.66
Female	£22.34	£21.50	£0.84
The median gender pay gap	**20.3%**	**20.8%**	**-0.5%**
Male	£24.00	£23.33	£0.67
Female	£19.13	£18.48	£0.65
The mean bonus gender pay gap	**36.5%**	**24.0%**	**12.5%**
Male	£1,820.47	£1,673.15	£147.32
Female	£1,155.73	£1,270.85	-£115.12
The median bonus gender pay gap	**0.0%**	**0.0%**	**0.0%**
Male	£600.00	£600.00	£0.00
Female	£600.00	£600.00	£0.00
Proportion receiving a bonus	**4.3%**	**-3.1%**	**7.4%**
Male	72.1%	75.3%	-3.2%
Female	69.0%	77.7%	-8.7%

Proportion in each quartile

	Male			Female		
	2022	2021	Difference	2022	2021	Difference
Lower Quartile	33.3%	30.3%	3.0%	66.7%	69.7%	-3.0%
Lower Middle Quartile	26.4%	29.5%	-3.1%	73.6%	70.5%	3.1%
Upper Middle Quartile	51.9%	52.3%	-0.4%	48.1%	47.7%	0.4%
Upper Quartile	62.8%	62.1%	0.7%	37.2%	37.9%	-0.7%

C44. What is the CEO-worker pay ratio?

CEO pay ratio is calculated as follows: we rank all employees pay in lowest to highest order and by breaking them into quartiles and we calculate the ratio using the medium quartile. The ratio is 5.32:1.

C45. How does the Housing Provider support the physical and mental health of their staff?

Network Homes is committed to providing a healthy working environment and improving the quality of working lives for our people. The time individuals spend at work emphasises the importance of promoting health and wellbeing in the workplace. Investing in our people's wellbeing can have positive outcomes both for colleagues and Network Homes.

We are launching a new Wellbeing Strategy in June 2022 which reflects the impact of hybrid working, and the need for flexibility of a blended offering. The commitment to staff wellbeing is embedded into our Network Homes' HEART values (Hungry, Embrace everyone, Accountable, Respectful and Together). Culture is everything and we work hard to create a positive, can do, solution focussed culture, and an environment where wellbeing is integrated into day-to-day practices.

We aim to focus on the Four Pillars of Wellbeing: Physical Wellness, Mental and Emotional, Nutritional wellness and the social health of colleagues. For the first time we are taking a four-tiered approach to wellbeing ensuring that multiple approaches are taken, and the strategy is kept fresh and simple so that colleagues know what support is available, how to access it and feel comfortable to do so.

1st Tier – Awareness and Culture
Generating widespread awareness and acceptance of mental health and wellbeing, by communicating Network Homes' commitment and strategy, shaping a culture that encourages people to speak up if they have concerns, with regular blogs, encouraging conversations individually and via team meetings. We will be launching round table discussions on: What is it like to be a man?, Domestic Abuse, Suicide, Grief Awareness an in-person event at The Hive and on-line for our frontline and Hertford colleagues.

2nd Tier – Internal Support
Ensuring that colleagues within Network Homes are trained to provide support to their peers. We launched Mental Health First Aiders (MHFAs) in 2021 with 9 colleagues and have opened applications in June 2022 for 12 new MHFAs to be trained. This increases the chance of support being available to more employees during working hours as well as giving people the option of who they speak to. We have a clear strategy, guidance, and policies of the role and how they will be supported, with a dedicated phone line and face to face appointments available.

3rd Tier – Advanced Support
We have trained HR, ICC and senior leaders including our CEO in mental health first aid (MHFA). These colleagues will be utilised as an informal support for the MHFA team and providing a referral pathway, and sharing information and resources so we can be agile in our approach.

4th Tier – External Support
Having external providers assist in existing initiatives and provide additional services where it may not be viable to provide internally.

Employee Assistance Program – we are utilising the EAP to provide appropriate support with the addition of a phone app which signposts to additional help and ideas.

Retained mental health support supervision – contracting qualified and experienced mental health trainers for quarterly peer-support to mental health first aiders, on-going refresher training to avoid skill fade and assist managers in supporting the workforce.

Our main objectives for wellbeing in 2022-23 are to:

- reduce staff absence rates;
- increase staff engagement through wellbeing initiatives;
- increase hybrid offering;
- ensure employees feel proud to come to work;
- encourage managers and employees to take interest in individuals' wellbeing; and
- encourage effective work/life balance for all colleagues.

Wellbeing themed schedule that everyone is encouraged to join, we add to the programme taking in consideration internal and external factors.

- Physical: Yoga, Mindfulness, Bike ride Wembley to Hertford, Couch to 5k, steps challenge, physical challenge days, smoothie bike, Tai Chi, Pilates, national fitness day;
- Social club activities: theatre, golf, nights out; and
- Mental and emotional, nutritional: round table bi-monthly discussions (webinars), suicide prevention, grief, dry January, time to talk day, eating disorders, LGBTQ+, mental health, nutrition and hydration, world sleep day, stress awareness, mental health awareness, men's health week, grief awareness, inclusion week, black history month.

C46. Average number of sick days taken per employee

For 2021-22 the average was 3.73 days. Short term is 1.17 average days and long term is 2.56 days, COVID-19 included (2020-21 was 3.24 days (COVID-19 absences were removed)).

Environmental, Social and Governance report 2022
Governance

Supply Chain

C47. How is Social Value creation considered when procuring goods and services?

Our commitment to Social Value is reflected in our procurement process. Each procurement considers the social value contribution which the service provider(s) can make, which may be apprenticeships, training, funding, work experience, etc. The bidders' offers are evaluated as part of the award criteria for the respective contracts and become contractual requirements which are monitored to ensure they are delivered.

C48. How is environmental impact considered when procuring goods and services?

Environmental and sustainability requirements are considered first at shortlisting stage, to ensure that all potential contractors meet our basic requirements and can also help us develop along our sustainable improvement journey. Contract-specific requirements are specified and tested at tender stage.

Appendix 1 – Tier One - Use of Proceeds

In accordance with the methodology set out in Network's Sustainable Finance Framework, the below allocation reporting shows the Use of Proceeds from Network's £200m debut sustainable private placement.

All proceeds received under this issuance have been fully utilised against Eligible Projects, applying these funds to expenditure against such projects which took place no more than 24 months before the receipt of funds, and no more than 36 months after the receipt of funds.

Consequently, no proceeds from this issuance have been applied to investments made by Network Homes or refinancing activities. Please note future allocation reporting may reallocate proceeds received under the SFF to alternative Eligible Projects – provided the outcome of such change enables the Allocation Reporting to remain consistent with the principles and parameters set out in the SFF.

Environmental, Social and Governance report 2022
Appendix 1

Funding	Proceeds (£)	Date proceeds received	End date for allocation	Eligible Projects	Use of Proceeds category	Relevant SDG(s)	Sustainability Reporting Standard (SRS)	Potential Impact	Actual Impact	Funding utilised (£)
Private Placement 2022	200,000,000	23/05/2022	12/05/2024	Thrayle House	Construction of New Affordable Housing	1, 7, 11 and 13	Theme 1 - Affordability and security	New Homes Delivered	101 homes delivered	1,847,822
				Tyler House	Construction of New Affordable Housing	1, 7, 11 and 14	Theme 1 - Affordability and security	New Homes Delivered	27 homes delivered	1,283,213
				Stockwell Day Centre	Construction of New Affordable Housing	1, 7, 11 and 16	Theme 1 - Affordability and security	New Homes Delivered	18 homes delivered	200,450
				Rectory Park Phases 3-4	Construction of New Affordable Housing	1, 7, 11 and 18	Theme 1 - Affordability and security	New Homes Delivered	113 homes delivered	3,300,573
				The Madison	Construction of New Affordable Housing	1, 7, 11 and 19	Theme 1 - Affordability and security	New Homes Delivered	104 homes delivered	3,995,215
				Hounslow Primary School	Construction of New Affordable Housing	1, 7, 11 and 20	Theme 1 - Affordability and security	New Homes Delivered	122 homes delivered	5,715,556
				Fern Grove Hounslow	Construction of New Affordable Housing	1, 7, 11 and 21	Theme 1 - Affordability and security	New Homes Delivered	62 homes delivered	5,490,664
				Hampden Road	Construction of New Affordable Housing	1, 7, 11 and 23	Theme 1 - Affordability and security	New Homes Delivered	32 homes delivered	539,629
				South West Lands	Construction of New Affordable Housing	1, 7, 11 and 24	Theme 1 - Affordability and security	New Homes Delivered	156 homes being delivered	17,099,516
				Aytoun Road	Construction of New Affordable Housing	1, 7, 11 and 25	Theme 1 - Affordability and security	New Homes Delivered	31 homes being delivered	6,293,373
				Tyler House	Construction of New Affordable Housing	1, 7, 11 and 26	Theme 1 - Affordability and security	New Homes Delivered	27 homes delivered	1,283,213
				Bilton Road	Construction of New Affordable Housing	1, 7, 11 and 27	Theme 1 - Affordability and security	New Homes Delivered	105 homes being delivered	23,425,183

Funding	Proceeds (£)	Date proceeds received	End date for allocation	Eligible Projects	Use of Proceeds category	Relevant SDG(s)	Sustainability Reporting Standard (SRS)	Potential Impact	Actual Impact	Funding utilised (£)
				Premier Place	Construction of New Affordable Housing	1, 7, 11 and 28	Theme 1 - Affordability and security	New Homes Delivered	124 homes being delivered	15,995,710
				Colebrook Court	Construction of New Affordable Housing	1, 7, 11 and 29	Theme 1 - Affordability and security	New Homes Delivered	11 homes delivered	887,684
				Honda Garages	Construction of New Affordable Housing	1, 7, 11 and 30	Theme 1 - Affordability and security	New Homes Delivered	58 homes delivered	1,387,356
				New Road Feltham	Construction of New Affordable Housing	1, 7, 11 and 31	Theme 1 - Affordability and security	New Homes Delivered	48 homes delivered	2,342,058
				Orion Park	Construction of New Affordable Housing	1, 7, 11 and 32	Theme 1 - Affordability and security	New Homes Delivered	95 homes being delivered	1,949,179
				HMO Properties	Construction of New Affordable Housing	1, 7, 11 and 34	Theme 1 - Affordability and security	New Homes Delivered	6 homes delivered	983,230
				Central Middx Hospital 2019	Construction of New Affordable Housing	1, 7, 11 and 36	Theme 1 - Affordability and security	New Homes Delivered	158 homes being delivered	1,277,694
				Fern Grove Phase 2	Construction of New Affordable Housing	1, 7, 11 and 37	Theme 1 - Affordability and security	New Homes Delivered	71 homes being delivered	8,733,312
				Acton Lane	Construction of New Affordable Housing	1, 7, 11 and 38	Theme 1 - Affordability and security	New Homes Delivered	105 homes delivered	17,330,587
				Burnt Oak Broadway	Construction of New Affordable Housing	1, 7, 11 and 39	Theme 1 - Affordability and security	New Homes Delivered	100 homes being delivered	17,957,606
				Ark Soane	Construction of New Affordable Housing	1, 7, 11 and 40	Theme 1 - Affordability and security	New Homes Delivered	21 homes being delivered	1,935,544
				500 Wembley High Road	Construction of New Affordable Housing	1, 7, 11 and 41	Theme 1 - Affordability and security	New Homes Delivered	83 homes being delivered	6,846,800

Environmental, Social and Governance report 2022
Appendix 1

Funding	Proceeds (£)	Date proceeds received	End date for allocation	Eligible Projects	Use of Proceeds category	Relevant SDG(s)	Sustainability Reporting Standard (SRS)	Potential Impact	Actual Impact	Funding utilised (£)
				Fern Grove Phase 3	Construction of New Affordable Housing	1, 7, 11 and 42	Theme 1 - Affordability and security	New Homes Delivered	43 homes being delivered	7,395,105
				Chailey Industrial Estate	Construction of New Affordable Housing	1, 7, 11 and 48	Theme 1 - Affordability and security	New Homes Delivered	99 homes being delivered	21,831,604
				Thieves Lane	Construction of New Affordable Housing	1, 7, 11 and 49	Theme 1 - Affordability and security	New Homes Delivered	102 homes being delivered	5,342,485
				Neal Court	Construction of New Affordable Housing	1, 7, 11 and 50	Theme 1 - Affordability and security	New Homes Delivered	17 homes being delivered	86,034
				50-52 London Road	Construction of New Affordable Housing	1, 7, 11 and 52	Theme 1 - Affordability and security	New Homes Delivered	69 homes being delivered	8,883,240
				Borders Lane-Site A	Construction of New Affordable Housing	1, 7, 11 and 53	Theme 1 - Affordability and security	New Homes Delivered	22 homes being delivered	2,086,954
				Borders Lane-Site B	Construction of New Affordable Housing	1, 7, 11 and 54	Theme 1 - Affordability and security	New Homes Delivered	85 homes being delivered	6,273,413
								Total		**200,000,000**

Independent Auditor's report
to the members of Network Homes Limited for the year ended 31 March 2022

Independent Auditor's report
to the members of Network Homes Limited for the year ended 31 March 2022

Opinion on the financial statements

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 2022 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the 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.

We have audited the financial statements of Network Homes Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of financial position, the consolidated and Association statement of changes in reserves, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

We remain independent of the 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.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and of the 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 Board are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Chair's Review, the Group Chief Executive's review and the Report of the Board, including the Strategic Report, the Value for Money Statement and the Statement of Group Corporate Governance and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the statement of Board's responsibilities set out on page 29 the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's report
to the members of Network Homes Limited for the year ended 31 March 2022

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Regulator to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility;
- Reviewing items included in the fraud register as well as the results of internal audit's investigation into these matters;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the recoverable amount of assets and the appropriate allocation of costs;
- In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.

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

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

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the members as a body, for our audit work,for this report, or for the opinions we have formed.

Phil Cliftlands (Senior Statutory Auditor).
For and on behalf of BDO LLP, Statutory Auditor

Gatwick, 27 July 2022

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

Consolidated and Association Statement of Comprehensive Income for the year ended 31 March 2022

		Group		Association	
	Note	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Turnover	3	243,869	247,037	231,263	197,405
Cost of sales	3	(61,611)	(51,532)	(58,871)	(24,146)
Operating costs	3	(139,179)	(121,683)	(113,921)	(112,745)
Gift aid receivable		-	-	912	12,988
Operating surplus		**43,079**	**73,822**	**59,383**	**73,502**
Interest receivable and other income	7	179	407	177	520
Restructuring of financial instruments	7	101	97	101	97
Interest and financing costs	8	(34,099)	(32,513)	(35,112)	(33,133)
Surplus on ordinary activities before taxation		**9,260**	**41,813**	**24,549**	**40,986**
Tax credit/(charge) on surplus on ordinary activities	10	309	(70)	-	-
Surplus for the year		**9,569**	**41,743**	**24,549**	**40,986**
Actuarial gain/(loss) on defined benefit pension scheme	35	2,567	(8,269)	2,567	(8,269)
Total comprehensive income for the year		**12,136**	**33,474**	**27,116**	**32,717**

All activities are classed as continuing.
Notes on pages 59 to 102 form part of the financial statements.

Consolidated and Association Statement of Changes in Reserves for the year ended 31 March 2022

Group	Revenue reserve £'000	Fair value reserve £'000	Total £'000
At 31 March 2020	**461,566**	**5,232**	**466,798**
Surplus for the year	41,743	-	41,743
Reserve transfer	(2,403)	2,403	-
Pension re-measurement	(8,269)	-	(8,269)
At 31 March 2021	**492,637**	**7,635**	**500,272**
Surplus for the year	9,569	-	9,569
Reserve transfer	162	(162)	-
Pension re-measurement	2,567	-	2,567
At 31 March 2022	**504,935**	**7,473**	**512,408**

Association	Revenue reserve £'000	Fair value reserve £'000	Total £'000
At 31 March 2020	**487,019**	**3,352**	**490,371**
Surplus for the year	40,986	-	40,986
Reserves transfer	(2,264)	2,654	390
Pension re-measurement	(8,269)	-	(8,269)
At 31 March 2021	**517,472**	**6,006**	**523,478**
Surplus for the year	24,549	-	24,549
Reserves transfer	162	(162)	-
Pension re-measurement	2,567	-	2,567
At 31 March 2022	**544,750**	**5,844**	**550,594**

The Association has share capital of £11. The movement in share capital is disclosed in note 30. Notes on pages 59 to 102 form part of the financial statements.

Consolidated and Association Statement of Financial Position at 31 March 2022 Co-operative and Community Benefit Societies No. RS007326

	Note	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Fixed assets					
Intangible assets					
Computer software	12	15,026	16,362	15,026	16,362
Tangible fixed assets					
Housing properties at cost less depreciation and impairment	11	2,157,467	2,063,502	2,166,582	2,072,617
Other fixed assets	12	5,575	5,979	5,575	5,979
Investment properties	13	27,933	41,538	24,323	37,908
Total tangible fixed assets		**2,190,975**	**2,111,019**	**2,196,480**	**2,116,504**
Investments (financial)	14	5,230	5,208	5,230	5,208
Investment (shares)	15	25	30	105,025	90,030
Shared Equity Loans	16	3,311	3,610	3,311	3,610
Debtors: amounts falling due after more than one year	17	117	-	117	-
Total fixed assets		**2,214,684**	**2,136,229**	**2,325,189**	**2,231,714**
Current assets					
Stock	18	110,126	114,842	82,488	73,093
Debtors: amounts falling due within one year	19	22,175	22,342	18,813	36,076
Cash and cash equivalents	20	68,398	65,864	63,836	59,921
		200,699	203,048	165,137	169,090
Creditors: amounts falling due within one year	21	(100,976)	(90,269)	(137,775)	(129,467)
Net current assets		99,723	112,779	27,362	39,623
Total assets less current liabilities		**2,314,407**	**2,249,008**	**2,352,551**	**2,271,337**
Creditors: amounts falling due after more than one year	22	(1,784,329)	(1,727,637)	(1,784,329)	(1,727,637)
Provisions for liabilities and charges	23	(20,277)	(22,147)	(20,235)	(21,270)
Pension surplus	35	2,607	1,048	2,607	1,048
Total net assets		**512,408**	**500,272**	**550,594**	**523,478**
Capital and reserves					
Non-equity share capital	30	-	-	-	-
Revenue reserve		504,935	492,637	544,750	517,472
Fair value reserve		7,473	7,635	5,844	6,006
Total reserves		**512,408**	**500,272**	**550,594**	**523,478**

Notes on pages 59 to 102 form part of the financial statements.
These financial statements on pages 58 to 102 were approved and authorised for issue by the Board on 19 July 2022.

Jon Gooding, Interim Chair

Anne Turner, Board member

Asantewaa Brenya, Company Secretary

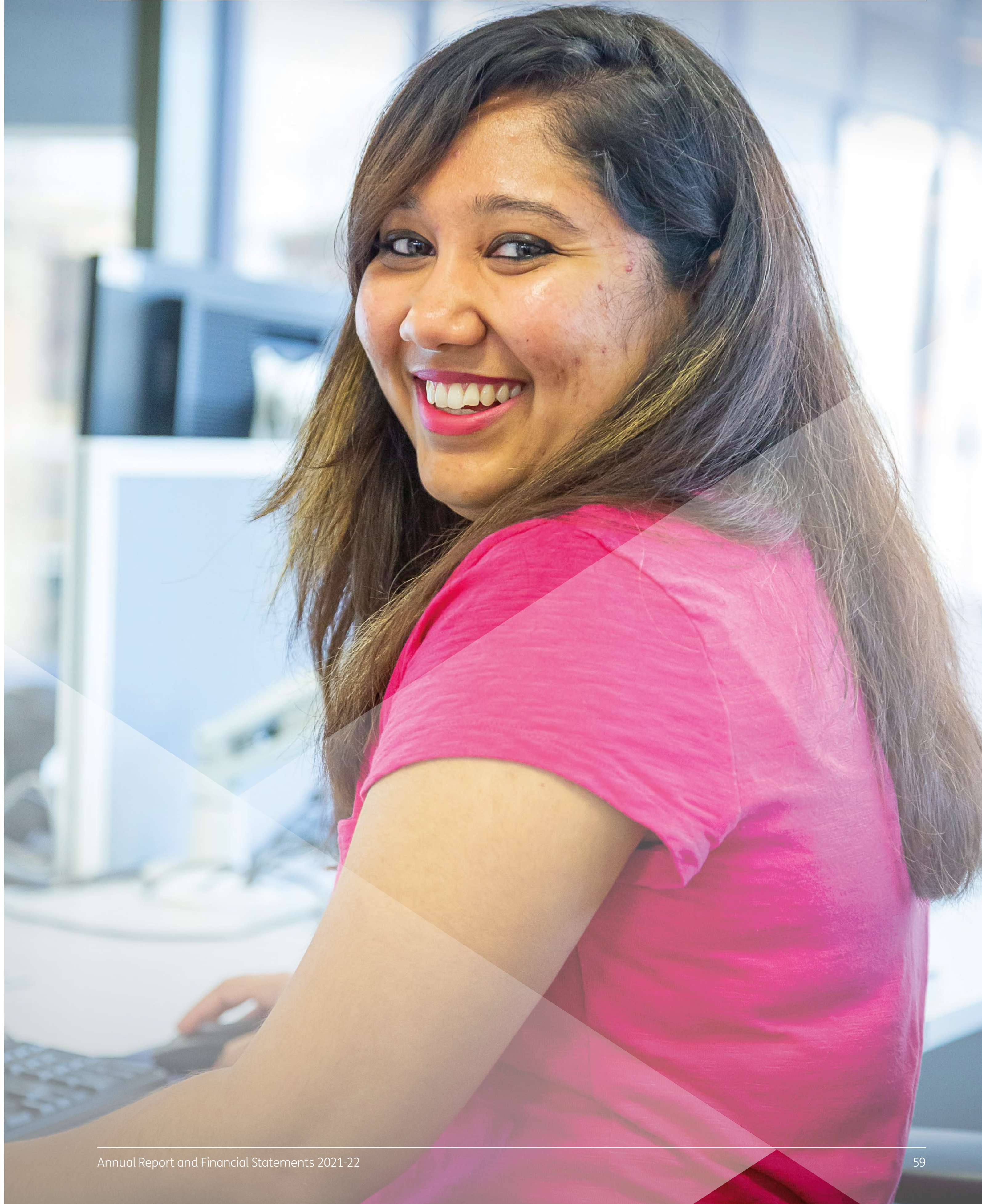
The Directors have the power to amend the financial statements after this date.

Consolidated and Association Statement of Cash Flow for the year ended 31 March 2022

	Note	Group		Association	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Net cash inflow from operating activities	34	68,606	58,129	44,667	110,427
Cash flow from investing activities					
Purchase of tangible fixed assets – housing properties		(168,689)	(154,022)	(139,772)	(141,240)
Purchase of tangible fixed assets – other fixed assets		(2,071)	(7,122)	(2,071)	(7,341)
Proceeds from disposal of tangible fixed assets		75,733	80,036	74,614	38,535
Grants received		25,768	225	25,768	225
Sale of investments		-	898	-	898
Shared equity investments		386	619	386	619
Interest received		75	407	71	520
Investment in shares		-	-	(15,000)	(25,000)
Gift aid received		-	-	12,526	1,492
Net cash used in investing activities		**(68,798)**	**(78,959)**	**(43,478)**	**(131,292)**
Cash flow from financing activities					
Interest paid		(42,080)	(40,610)	(42,080)	(40,610)
New borrowings		90,500	251,000	90,500	251,000
Repayment of borrowings		(45,694)	(190,747)	(45,694)	(190,747)
Net cash received from financing activities		**2,726**	**19,643**	**2,726**	**19,643**
Net increase/(decrease) in cash and cash equivalents		**2,534**	**(1,187)**	**3,915**	**(1,222)**
Cash and cash equivalents at the beginning of the year		65,864	67,051	59,921	61,143
Cash and cash equivalents at 31 March		**68,398**	**65,864**	**63,836**	**59,921**
Cash and cash equivalents consist of:					
Cash at bank and in hand		68,398	65,864	63,836	59,921
Bank overdraft		-	-	-	-
Cash and cash equivalents		**68,398**	**65,864**	**63,836**	**59,921**

Notes on pages 59 to 102 form part of the financial statements.

Notes to the Financial Statements
for the year ended 31 March 2022



Notes to the Financial Statements
for the year ended 31 March 2022

1. Accounting policies
The Association is incorporated in England. It is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 and is registered with Homes England as a social housing provider. The Association is a public benefit entity. The Group's registered address is The Hive, 22 Wembley Park Boulevard, Wembley, Middlesex HA9 0HP, United Kingdom.

The following policies have been applied consistently from one financial year to another and in dealing with items which are considered to be material in relation to the financial statements of the Group.

Basis of preparation and statement of compliance
The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for the Association includes the Co-operative and Community Benefit Societies Act 2014, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland", the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018 and the Accounting Direction for Private Registered Providers of Social Housing from January 2019 (the Accounting Direction 2019).

The accounts are prepared under the historical cost basis except for the modification to a fair value for certain financial instruments and investment properties as specified in the accounting policies below. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The Group and Association's presentation currency is British Pounds (GBP). Amounts are presented in thousands unless otherwise stated.

Going Concern
These financial statements are prepared on a going concern basis. Internal monitoring structures remain strong with monitoring frequency of all operational parameters at increased levels including at committee and board level throughout the past 12 months. The external environment is expected to remain challenging, but Network is well placed to meet these challenges from a continued position of strength.

The 30 year business plan was updated and stress tested showing the Association and its subsidiaries are viable over the next 30 years. The Group is able to remain covenant compliant under all but the most severe stress tests and has early warning as well as mitigation mechanisms in place to return the business plan to covenant compliance for the most severe stress scenarios should they arise. The Group has not been in a stress scenario over the past 12 months and its early warning indicators do not forecast it entering any of its stress scenarios in the foreseeable future. The Group has substantively reviewed its risk register and risk appetite.

The liquidity policy is to retain sufficient liquidity to fund the business for the next 18 months, while allowing for some uncertainty in sales receipts. The policy was reviewed by the Finance Committee and upheld unchanged in March 2022. The cash flow is monitored and reported to Finance Committee on a monthly basis. A 25% reduction in sales proceeds is included as a contingency when the liquidity requirements are assessed. There is enough funding in place to meet development commitments.

The Association has remained compliant with all statutory, regulatory and disclosure requirements throughout the various stages of the pandemic, evidencing the strength of its business continuity plan and overall organisational resilience. It remains in close and regular contact with the Regulator of Social Housing on all relevant topics.

The Group's Board has a reasonable expectation that the Association will continue in operational existence for the foreseeable future and as a result no material uncertainty exists.

Exemptions for qualifying entities under FRS 102
In preparing the financial statements, the Association has taken advantage of the following disclosure exemptions available in FRS 102:

- Exemption from making disclosures in relation to financial instruments in accordance with FRS 102 1.12(c) as the Association is a qualifying entity and the parent Network Homes Limited produces a consolidated statement.
- The Group discloses transactions with related parties which are not wholly owned with the same Group. The Group does not disclose transactions with members of the same Group that are wholly owned as allowed by FRS 102 paragraph 33.1A. Intra-Group transactions required to be disclosed by The Accounting Direction 2019 are provided in note 38.

Basis of consolidation
As the parent company, Network Homes Limited has overall control of the business of the Association and its members. It will assist and support all subsidiaries in achieving compliance with regulatory requirements. The Board's responsibilities are set out in detail in the Board's Terms of Reference.

SW9 Community Housing, a subsidiary of Network Homes Limited, is a Charitable Company limited by guarantee (number 09574528). The relationship is governed by an Intra-Group Agreement, Management Agreement and Options Review Agreement between the two entities as well as the Articles of Association of SW9 Community Housing which further set out the mutual obligations.

The Group consolidated financial statements include the results of the Association and all of its subsidiaries. A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Any subsidiary undertakings acquired or sold during the year are included up to, or from, the date of change of control.

All intercompany transactions and balances between Group companies are eliminated in full.

Notes to the Financial Statements
for the year ended 31 March 2022

Turnover
Turnover represents rental and service charge income receivable, income from the management of properties, income from sale of assets, revenue grants receivable from local authorities, Homes England and the Ministry of Housing, Communities and Local Government (MHCLG), amortisation of deferred capital grants, management fees, gift aid receivable by Network Homes from its own subsidiaries, fair value uplift on investment valuation and other income. Turnover excludes value added tax where applicable.

Income recognition
Income is measured at the fair value of the consideration received or receivable. The Group generates the following material income streams:

a. Rental income
Rental income is recognised on a receivable basis from the point when properties under development reach practical completion and are formally let. Rental income from properties owned by the Association is recognised net of void losses.

b. Property sales
Income from property sales is recognised at the point of legal completion of the sale. The profit or loss recognised in the Statement of Comprehensive Income is calculated by deducting the property's carrying amount and incidental cost of sale from the sale proceeds.

c. Amortised government grants
Revenue grants are recognised in the Statement of Comprehensive Income when the conditions for receipt of agreed grant funding have been met. Income from capital grants is recognised on a systematic basis over the useful economic life of the asset (usually the property's fabric) for which it was received.

d. Gift aid receivable
Gift aid from the Association's wholly owned subsidiaries is recognised at year-end on a receivable basis and is disclosed in the Statement of Comprehensive Income. Gift aid is eliminated on consolidation in the Group. The Boards of the wholly owned subsidiaries have put in place deeds of covenants which will allow Companies to recognise and action gift aid payments.

e. Service charges receivable
Service charge income is recognised on an accruals basis as it falls due. The Association has adopted both the fixed and variable method for calculating and charging service charges, on a scheme-by-scheme basis in full consultation with residents. The service charge on all schemes is set on the basis of budgeted spend.

Where variable service charges are used the budget will include an allowance for the surplus or deficit from prior years, with a surplus being returned to residents in the form of a reduced charge for the year and a deficit being recovered via a higher service charge or by alternative methods if the contract allows.

f. Management fees
Network Homes Limited manages properties owned by entities outside the Group on behalf of local authorities. Management fees receivable (excluding VAT) for services provided to entities outside the Group are shown as income when they fall due. The costs of carrying out the management contracts are included in operating costs.

Internal fees are charged by the parent Network Homes Limited to the subsidiaries for management and support services provided. Intra-Group fees receivable in the parent company from the wholly owned subsidiaries are eliminated on consolidation.

g. Supporting people contracts
Support service income for the provision of extra care for residents with specific needs has been included in the Statement of Comprehensive Income and is recognised on an accruals basis as the services are provided.

h. Commercial activities
Income from the letting of commercial properties including rent and other income like electricity, mobile aerials and insurance is recognised as it falls due on an accruals basis.

Cost of sales
Cost of sales comprises costs of stock sold and incidental costs incurred. Properties developed for outright sales or the first tranche component of shared ownership properties are held at the lower of cost of developing the unit or the estimate of fair value less cost to sell. Fair value less cost to sell is only used when the Association cannot fully recover through sales the cost of developing the units or when there is impairment of the property.

Taxation
The Association has charitable status and is therefore not subject to corporation tax on its charitable activities. Any non-charitable trading activities are carried out in the subsidiaries and they pay gift aid out of their profits to the Association (the parent company). The Group may be liable to corporation tax based on any taxable profit for the year taking into account differences between certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have occurred but not reversed as at the reporting date. Deferred tax relating to investment property that is measured at fair value in accordance with FRS 102 Section 16 Investment Property has been determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Interest payable and similar charges
Interest on borrowings is charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method, if the loan is a basic financial liability, to ensure that the amount charged is at a constant rate on the carrying amount.

Costs of issuing debt are recognised as a reduction in the associated financial instrument. Directly attributable costs of obtaining undrawn facilities are amortised over the life of the facility. Both costs are amortised over the life of the loan facility using the effective interest rate method.

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

- interest on borrowings specifically financing the development programme after deduction of social housing grant (SHG) received in advance; or
- interest on borrowings of the Group as a whole after deduction of interest on SHG received in advance to the extent that it can be deemed to be financing the development programme.

Other fixed assets

Other fixed assets are principally assets purchased for use by Network Homes. These assets are acquired in the open market and are stated at cost less accumulated depreciation and impairment.

The cost includes their purchase price, costs of improvement and directly attributable staff overheads. Direct overheads involved with administering IT projects are capitalised to the extent that they are directly attributable to the IT projects and in bringing the systems into their intended use.

Any IT software acquired in the year is recognised at cost of acquisition and disclosed separately in note 12 'Intangible assets and other fixed assets'.

Housing properties

Housing properties are principally properties available for rent and shared ownership properties. Housing properties constructed or acquired on the open market are stated at cost less depreciation and impairment.

The cost of housing properties includes the cost of acquiring land and buildings, development costs, interest capitalised during the development period and directly attributable administration costs.

Direct overheads involved with administering development activities are capitalised to the extent that they are directly attributable to the development process and in bringing the properties into their intended use.

Interest payable on borrowing which has been drawn in order to finance the relevant construction or acquisition is capitalised using weighted average cost of capital (WACC) rates from the point of acquisition up to the date of practical completion of a property.

Any properties acquired in the year are recognised at cost of acquisition and disclosed separately in note 11 'Housing properties'. Housing properties under construction are reclassified as completed housing properties upon practical completion.

Works to existing properties which replace a component that has been identified separately for depreciation purposes, along with those works that result in enhancing the economic benefits of the properties, are capitalised as improvements. Where a component is replaced the cost and related depreciation are eliminated from housing properties. Economic benefits are enhanced if work performed results in an increase in net rental income, a reduction in future maintenance costs or a subsequent extension in the useful economic life of a property.

Mixed developments are held within housing properties and are accounted at cost less depreciation. Housing properties in the course of construction, excluding the estimated cost element of shared ownership properties expected to be sold as first tranche, are included in housing properties and held at cost less any impairment. These are transferred to completed properties at practical completion.

Depreciation of housing properties

Freehold land and housing properties under construction are stated at cost and are not depreciated. The proportion of shared ownership properties expected to be sold as first tranche is held as stock. When completed housing properties are added to the asset register, there is no depreciation in the year of addition and a full year's depreciation is provided in the year of disposal.

Housing properties are split between fabric and the major components which require periodic replacement. Each component is depreciated on a straight-line basis over its estimated useful economic life to its estimated residual value. The different components and their useful economic lives are as below:

Component Category	Life (Years)
Fabric	100
Roofs	60
Windows and doors	25
Kitchens	25
Bathrooms	25
Boilers	20
Mechanical and electrical	30
Service contractors	20

Service contractors comprise capital costs relating to lifts, FRA works, CCTV, warden call systems and other similar communal capital costs. Housing properties held on long leases are depreciated in the same manner as freehold properties, except where the unexpired lease term is shorter than the component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Impairment of housing properties and other fixed assets

Tangible fixed assets (mainly housing properties) are assessed for indicators of impairment at each reporting date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units (CGU) for which impairment is indicated to their recoverable amounts.

The recoverable amount is the higher of fair value less costs to sell, or Existing Use Value for Social Housing (EUV-SH) or Value in Use (in respect of assets held for their service potential) (VIU-SP). As allowed by Housing SORP 2018 the Group uses depreciated replacement cost as a reasonable estimate of VIU-SP.

The Group defines cash generating units as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value, an impairment is recognised in the income statement.

Depreciation of other tangible fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation and impairment. Depreciation is charged on a straight-line basis over the expected useful economic lives of other tangible fixed assets to write off the cost less estimated residual values. The useful economic lives for other tangible fixed assets are as follows:

Asset	Life (Years)
Computer hardware and software	3 to 5
Office fixtures and furniture	10
Office equipment	10
Office property	50

Notes to the Financial Statements
for the year ended 31 March 2022

Building safety

Buildings that have been identified to require major works to give adequate protection against the risk of fire are investigated and the cost of works to remedy calculated. When a communication is issued to residents to begin remedial works to the buildings, a provision is created to recognise the total cost of the works. The provision is created as the communication to residents creates a constructive obligation to complete the works to the buildings. A provision will also be created when there is a legal obligation, that is, where Network Homes has a legal duty to ensure that its properties are safe for residents. The provision is only necessary when there is no reasonable alternative but to incur costs in the future.

The carrying value of the existing component that is being replaced is determined and this value is depreciated on an accelerated basis over the period of the capital works taking place. The leasehold portion of the works is recognised in the Statement of Comprehensive Income and the tenanted portion is capitalised as a replacement of an asset component within housing properties. Any expected recoveries for the costs of works are raised as accrual for income or grant providing that all performance related conditions have been met.

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. These properties are held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost on initial recognition and subsequently carried at fair value at the reporting date, with changes in fair value recognised in the Statement of Comprehensive Income.

Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable properties, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Investment properties are not depreciated.

Valuation of investments

Investments in listed company shares, which have been classified as current asset investments, are re-measured to market value at each reporting date. Gains and losses on re-measurement are recognised in the Statement of Comprehensive Income.

Intangible assets

Intangible assets consist of software that is either acquired externally or is developed internally. Software is measured at cost less accumulated amortisation and impairment.

Software is recognised as an intangible asset when the following criteria are met:

- it is feasible that the software will be available for use to the Association and the software will generate probable future economic benefits such as improving efficiencies or reducing costs;
- adequate financial and other resources are available to complete the development and implementation of the software;
- the software is identifiable and there is an intention to implement and use it; and
- the costs attributable to the software during its development can be reliably measured.

Amortisation is charged using the straight-line method to allocate the cost of software over the estimated useful economic life. Software costs are amortised over a 3 to 5 year useful economic life.

Stock

Stock represents both completed properties and properties under construction:

- for outright sales carried out in the subsidiaries of Network Homes; and
- the proportion of shared ownership properties that is anticipated to be sold as a first tranche.

Stock is valued at the lower of cost and net realisable value. Cost includes acquisition, development costs and capitalised interest. Net realisable value is based on the estimated selling price less selling costs. An assessment of net realisable value is made at each reporting date. Where there is a write down, it is recognised in the Statement of Comprehensive Income.

Shared equity loans

Under the shared equity scheme, the Association lends the acquirer of one of its properties 20% of the purchase price as an interest free loan for up to five years. The acquirer may repay the loan at any time, but after five years the acquirer will be required to pay an interest rate as instructed by Homes England.

The loans are considered to be Public Benefit Entity Concessionary Loans (as defined by FRS 102 Paragraph PBE34.88) and are consequently measured at the amount advanced at the inception of the loan less amounts received and any provisions for impairment.

The Association receives a grant from Homes England to part finance the shared equity loan scheme. The grant is recognised as deferred income until the loan is redeemed.

Financial assets

Basic financial assets, including tenant debtors and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

Financial liabilities

Basic financial instruments, including trade and other payables, bank loans and loans from other Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the instrument is measured at the present value of the future payments discounted at a market rate of interest. These instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fair values are determined in line with paragraph 11.27 of FRS 102 using exit prices quoted by the counterparty as the best estimate of fair value where available. Where the terms of a financial liability are renegotiated with substantially different terms, the original financial liability is de-recognised and a new financial liability is recognised. The difference between the carrying amount of the financial liability de-recognised and the consideration paid (including any non-cash assets transferred or liabilities assumed) for the new financial liability is recognised in the Statement of Comprehensive Income.

Social housing grant (SHG) and other capital grants

SHG is receivable from Homes England and other grants are receivable from local authorities.

SHG and other capital grants are accounted for using the accruals model. Grant is recognised as deferred income in the Statement of Financial Position and released to the Statement of Comprehensive Income on a systematic basis over the useful economic life of the asset for which it was received. In accordance with the Housing SORP the useful economic life of a housing property's fabric is used.

When a grant funded property is sold, any attributable grant becomes recyclable and is transferred to the recycled capital grant fund (RCGF) until it is reinvested in a replacement property. The related grant amortisation is charged to the Statement of Comprehensive Income and is disclosed as part of the contingent liabilities until the property it funds is disposed of or ceases to be used for social housing purposes. The only exemption to this is the £10m grant received from the local authority for properties in Lambeth. This grant is not repayable and there is no need to recycle any part of it.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date. Where the effect of the time value of money is material the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as a finance cost in the income statement in the period it arises.

The Group provides for tenants' rent arrears based on the ageing of the debt as well as the type of debtor (current and former tenant). The level of provisioning is based on the collection rates for each ageing group and on cash collected over a period of twelve months.

Operating leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Employee benefits – short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Employee benefits – long term benefits

The Association operates both defined benefit and defined contribution schemes.

(a) Defined benefit schemes

The Group operated a defined benefit plan for employees in the past. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Association engages independent actuaries, Hymans Robertson LLP to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 're-measurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in the Statement of Comprehensive Income as employee costs, except where included in the cost of an asset, comprises:

(a) the increase in pension benefit liability arising from employee service during the period; and

(b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the Statement of Comprehensive Income as 'finance expense'.

(b) Defined contribution scheme

Contributions are recognised as an expense in the Statement of Comprehensive Income when due.

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Association and SW9 Community Housing pay fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. The assets of the plan are held separately from the Association in independently administered funds.

(c) Multi-employer pension scheme

The Group is a member of a multi-employer Social Housing Pension Scheme (SHPS). The Pension Trust (TPT) administers this scheme, which provides benefits to

non-associated participating employers. The scheme is classed as a defined benefit scheme in the UK.

The scheme is classified as 'last man standing' arrangements. Therefore, each employer is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The difference between the fair value of the assets held and the scheme's liabilities measured on an actuarial basis using the projected unit method is recognised as Other Comprehensive Income in the Income Statement and in the Group's Statement of Financial Position as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Value added tax (VAT)

The Group is partially exempt in relation to VAT and accordingly is able to recover from HM Revenue and Customs part of the VAT incurred on expenditure. At the year-end VAT recoverable or payable is included in the Statement of Financial Position. Irrecoverable VAT is accounted for in the Statement of Comprehensive Income within the relevant expense line.

Where the Group has entered into a VAT shelter arrangement (usually to assist with the regeneration of local authority housing stock), the financial statements reflect the underlying substance of the transaction on a gross basis. The receivable from the local authority is shown in current and non-current debtors and the Group's legally binding obligation to the local authority under the refurbishment contract is shown in provisions for liabilities and charges.

Gift aid

Gift aid payments are treated as distribution of reserves by the paying entity and recognised only on creation of a legal obligation. Gift aid receipts are treated as income from an investment in a subsidiary by the receiving entity. Gift aid from the Association's wholly owned subsidiary is recognised at year-end on a receivable basis and is disclosed in the Statement of Comprehensive Income. Gift aid across the Group is eliminated on consolidation. Gift aid payments by the subsidiaries are disclosed separately in their individual financial statements.

2. Judgements in applying accounting policies and estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires management to exercise judgement in applying the Association's accounting policies. 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.

a. Key judgements in applying the Group's accounting policies

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

(i) Capitalisation of property development costs

Management decision to allow capitalisation of development costs requires judgement. Once the Board decision is made and planning permission is granted, a project will continue and development costs will be capitalised. After capitalisation, management monitors the project and considers whether events indicate that an impairment review is required.

(ii) Capitalisation of building safety costs

Capitalisation for the total cost of building safety works requires judgement. Once the cost of work has been determined and the intention to start remediation work has been communicated to the residents, a provision for the total cost of the project is made as there is a constructive obligation. A provision will also be created when there is a legal obligation, that is, where Network Homes has a legal duty to ensure that its properties are safe for residents. The provision is only necessary when there is no reasonable alternative but to incur costs in the future.

(iii) Determining whether an impairment review is required (note 11)

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

If there is no such indication, it may be assumed that there is no impairment. Any assets which elicit indicators of impairment are reviewed at each reporting date. The main recurring areas of review in respect of impairment are as follows:

- mixed tenure development schemes (part rented and part shared ownership);
- shared ownership schemes (newly-developed units);
- properties intended for demolition;
- work in progress;
- units with high void rates;
- units with cladding issues;
- uncertainties occurring in the construction which put the forecast completion date at risk; and
- contractor failure leading to liquidation whilst a scheme is being built.

Where the carrying value of the asset is higher than its recoverable amount, there is impairment. The recoverable amount is the higher of value in use or fair value less costs to sell as represented by VIU-SP or EUV-SH. The Group uses Depreciated Replacement Cost (DRC) as a proxy of VIU-SP for recoverable amount.

For calculating DRC, the Association has estimated that the average build cost of developing new properties is between £3,140 and £4,435 per square metre depending on the property type (for example, whether the building is above or below 9 storeys high). This cost per square metre is multiplied by the size of individual units and then depreciated over the remaining useful life of the asset. The DRC for 2022 was calculated on the schemes where building safety works are due to take place. The calculation covered both general needs and shared ownership stock. The net calculation per unit is then grouped together into cash generating units (CGUs). The calculated DRC is compared against the net book value (NBV) of the CGU. For this calculation the Association included the cost of all components excluding land.

For schemes that are part completed, a discounted cash flow model can also be used to assess impairment. A discount rate applied to this model reflecting our marginal cost of capital and a scheme appropriate with risk margin. The cash flow length and scheme leakage percentage covering voids and bad debts are determined on a scheme by scheme basis in line with our current accounting policies and history on performance. A prudent approach is taken to determine these rates and percentages with external advice sought where appropriate. If a positive net present value is realised it is determined that no further impairment is required.

Based on the impairment review, no units were impaired in 2022 (2021: no units were impaired).

b. Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related results. The 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 are as follows:

(i) Provisions (note 23)

Provisions in the year are made for dilapidations on lease termination, which requires management's best estimate of the costs that will be incurred at the time of lease handover. Timing of the cash flows is as per lease agreement. Discount rates used to establish net present value of the dilapidations obligations are based on statistical information.

(ii) Property valuation

Investment properties are professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate 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. Due to a lack of recent market evidence to analyse, the estimates of value have been undertaken on an investment approach and are subject to an element of uncertainty. Capitalisation rates which range between 4.5% and 9.5% depending on the nature of the individual asset have been used. The adopted capitalisation rates assume a continuation of recent inflation levels as measured by the RPI index (in the order of 6.5%).

(iii) Useful economic lives of tangible fixed assets and capitalisation of overheads (note 11)

Management reviews the useful economic lives of depreciable assets annually based on the expected utility of the assets. They are amended when necessary to reflect current estimates based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

The key judgements and estimates applied in respect of housing properties are disclosed in note 11 and include:

- the useful economic life of property fabric at 100 years; and
- properties have no residual value at the end of useful life.

Overheads departments provide information on time spent on each capital project. This information is the basis for the capitalisation of overhead costs.

The above assumptions have been aligned with general practice followed by other registered housing providers and increasingly impacting on property sales.

(iv) Stock (note 18)

Housing stock for sale is recognised at the lower of cost and net realisable value. In assessing net realisable value management considers publicly available information and internal forecasts on future sales activity.

The sales value of our homes for sale have been reviewed, both available for sale and in construction. Information from actual sales values achieved, mortgage valuations provided to potential residents and discussions with developers and estate agents have been used to review current sales values.

Network Homes has also incorporated higher sales costs, including staff resources and incentives, to reflect more difficult selling conditions. For example, cost inflation and volatility are becoming more significant considerations.

(v) Allocation of costs for mixed tenure developments (notes 11 and 18)

The Association develops mixed scheme properties and receives invoices for development costs that are not split by tenure such as shared ownership, outright sales or affordable rents in the mixed scheme. As a result, the Association makes estimates based on floor area or unit numbers as advised by the Board in advance of scheme development.

(vi) Market interest rates for financing transactions (note 24)

On calculating the net present value of the new restructured loans, the Group had to estimate what the market interest rate would be for these loans, as fixed rate loans with maturities in excess of 40 years are not readily available. The Group estimated that the rate would be 3.48%, being a combination of the rate on an equivalent maturity instrument and an estimate of the Group's margin over that rate.

For scheme specific transactions that are considered work in progress an interest rate of 2.73% has been used (2021: n/a). The rate was determined as the base rate for the most recent credit terms negotiated by the Group and a markup applied to reflect a risk premium. The markup applied is verified through external advice and appropriately incorporates a premium to compensate for scheme risk. Furthermore the cashflow period for the particular scheme under consideration was set at 50 years. This is a prudent assumption compared to our 100 year 'fabric lifetime' assumption in our component accounting policy.

(vii) Rent collection

Rental income collection has always been under strict monitoring and recently all internal monitoring structures have been further strengthened. The key assumptions for revenue are monitored through business plans, monthly budgets and forecasts. Although the external environment is expected to remain challenging, Network Homes currently estimates that the collection rates will remain broadly the same.

Notes to the Financial Statements
for the year ended 31 March 2022

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

Group	Turnover £'000	Cost of sales £'000	Operating costs £'000	2022 Operating surplus / (deficit) £'000	Turnover £'000	Cost of sales £'000	Operating costs £'000	2021 Operating surplus / (deficit) £'000
Social housing lettings (Note 4)	**148,048**	**-**	**(108,183)**	**39,865**	**146,608**	**-**	**(108,949)**	**37,659**
Other social housing activities								
Supporting people contract income	-	-	-	-	-	-	-	-
London Living (Build to Rent)	4,775	-	(1,343)	3,432	4,392	-	(1,598)	2,794
Community development	-	-	(360)	(360)	-	-	(282)	(282)
Sale of first tranche properties	31,702	(29,220)	(1,284)	1,198	20,821	(16,021)	(2,405)	2,395
Housing property sales	23,486	(11,347)	(2,484)	9,655	17,239	(7,990)	(314)	8,935
Other	1,800	-	(359)	1,441	4,848	-	(425)	4,423
Other social housing activities	**61,763**	**(40,567)**	**(5,830)**	**15,366**	**47,300**	**(24,011)**	**(5,024)**	**18,265**
Total social housing activities	**209,811**	**(40,567)**	**(114,013)**	**55,231**	**193,908**	**(24,011)**	**(113,973)**	**55,924**
Non-social housing activity								
Outright sale of properties	21,470	(19,116)	(48)	2,306	41,976	(27,521)	(837)	13,618
Garage rent	895	-	-	895	848	-	-	848
Commercial activities	2,583	-	(4,429)	(1,846)	2,336	-	(2,413)	(77)
Revaluation surplus on investment properties	2,319	-	-	2,319	2,135	-	-	2,135
Fully staircased properties	4,758	-	(4,742)	16	2,510	-	(3,933)	(1,423)
Impairment of stock	-	-	(15,672)	(15,672)	-	-	-	-
Other	2,033	(1,928)	(275)	(170)	3,324	-	(527)	2,797
Total non-social housing activity	**34,058**	**(21,044)**	**(25,166)**	**(12,152)**	**53,129**	**(27,521)**	**(7,710)**	**17,898**
Total	**243,869**	**(61,611)**	**(139,179)**	**43,079**	**247,037**	**(51,532)**	**(121,683)**	**73,822**
Association								
Social housing lettings (Note 4)	**138,783**	**-**	**(98,994)**	**39,789**	**138,126**	**-**	**(101,338)**	**36,788**
Other social housing activities								
Supporting people contract income	-	-	-	-	-	-	-	-
London Living (Build to Rent)	4,775	-	(1,343)	3,432	4,392	-	(1,598)	2,794
Community development	-	-	(290)	(290)	-	-	(282)	(282)
Sale of first tranche properties	31,702	(29,220)	(1,284)	1,198	20,821	(16,020)	(2,404)	2,397
Housing property sales	23,486	(11,347)	(2,484)	9,655	17,239	(7,990)	(314)	8,935
Other	1,800	-	(359)	1,441	5,557	-	(424)	5,133
Other social housing activities	**61,763**	**(40,567)**	**(5,760)**	**15,436**	**48,009**	**(24,010)**	**(5,022)**	**18,977**
Total social housing activities	**200,546**	**(40,567)**	**(104,754)**	**55,225**	**186,135**	**(24,010)**	**(106,360)**	**55,765**
Non-social housing activity								
Outright sale of properties	20,350	(18,304)	-	2,046	475	(136)	-	339
Garage rent	767	-	-	767	725	-	-	725
Commercial activities	2,511	-	(4,425)	(1,914)	2,265	-	(2,451)	(186)
Revaluation surplus on investment properties	2,239	-	-	2,239	2,265	-	-	2,265
Fully staircased properties	4,758	-	(4,742)	16	2,510	-	(3,934)	(1,424)
Impairment	-	-	-	-	-	-	-	-
Other	92	-	-	92	3,030	-	-	3,030
Total non-social housing activity	**30,717**	**(18,304)**	**(9,167)**	**3,246**	**11,270**	**(136)**	**(6,385)**	**4,749**
Gift aid receivable	**-**	**-**	**-**	**912**	**-**	**-**	**-**	**12,988**
Total	**231,263**	**(58,871)**	**(113,921)**	**59,383**	**197,405**	**(24,146)**	**(112,745)**	**73,502**

Notes to the Financial Statements
for the year ended 31 March 2022

4. Income and expenditure from social housing lettings

Group 2022	General rented £'000	Sheltered £'000	Leasehold and Shared ownership £'000	Short stay £'000	Intermediate £'000	Total 2022 £'000
Income from letting activities						
Rent receivable	89,585	10,179	10,369	2,853	12,574	125,560
Charges for supporting services	-	120	-	-	-	120
Service charges receivable	4,569	3,589	5,258	-	450	13,866
Amortised government grants	7,879	-	-	-	-	7,879
Other income	533	-	82	8	-	623
	102,566	**13,888**	**15,709**	**2,861**	**13,024**	**148,048**
Expenditure on letting activities						
Management	16,440	1,729	3,222	844	3,244	25,479
Service charge costs	15,005	2,367	2,146	31	177	19,726
Support costs	-	-	-	-	-	-
Routine maintenance	17,717	88	125	101	410	18,441
Planned maintenance	8,546	43	58	84	334	9,065
Capitalised Repairs	317	-	90	3	68	478
Property lease charges	1,160	-	-	1,625	520	3,305
Total depreciation	30,912	1	1	-	-	30,914
Rent losses from bad debts	654	153	(176)	(16)	160	775
	90,751	**4,381**	**5,466**	**2,672**	**4,913**	**108,183**
Operating surplus on lettings	**11,815**	**9,507**	**10,243**	**189**	**8,111**	**39,865**
Void losses	**(1,322)**	**(305)**	**46**	**(119)**	**(1,256)**	**(2,956)**

Group 2021	General rented £'000	Sheltered £'000	Leasehold and Shared ownership £'000	Short stay £'000	Intermediate £'000	Total 2021 £'000
Income from letting activities						
Rent receivable	89,615	7,226	9,561	6,572	12,381	125,355
Charges for supporting services	109	72	-	-	-	181
Service charges receivable	3,732	2,953	3,487	-	487	10,659
Amortised government grants	7,740	-	-	-	-	7,740
Other income	2,414	-	-	259	-	2,673
	103,610	**10,251**	**13,048**	**6,831**	**12,868**	**146,608**
Expenditure on letting activities						
Management	19,101	1,685	3,303	1,032	3,299	28,420
Service charge costs	15,561	2,186	1,589	257	473	20,066
Support costs	-	-	-	-	-	-
Routine maintenance	14,510	78	128	254	282	15,252
Planned maintenance	7,059	10	1,774	156	211	9,210
Capitalised Repairs	411	-	15	6	9	441
Property lease charges	654	-	-	5,094	595	6,343
Total depreciation	22,154	2,160	1	1,560	2,938	28,813
Rent losses from bad debts	(256)	95	210	282	73	404
	79,194	**6,214**	**7,020**	**8,641**	**7,880**	**108,949**
Operating surplus on lettings	**24,416**	**4,037**	**6,028**	**(1,810)**	**4,988**	**37,659**
Void losses	**(1,441)**	**(404)**	**(73)**	**(141)**	**(1,761)**	**(3,820)**

Notes to the Financial Statements
for the year ended 31 March 2022

4. Income and expenditure from social housing lettings – continued

Association 2022	General rented £'000	Sheltered £'000	Leasehold and Shared ownership £'000	Short stay £'000	Intermediate £'000	Total 2022 £'000
Income from letting activities						
Rent receivable	84,311	9,420	9,932	2,853	12,574	119,090
Charges for supporting services	-	120	-	-	-	120
Service charges receivable	3,575	3,364	4,215	-	450	11,604
Amortised government grants	7,879	-	-	-	-	7,879
Other income	-	-	82	8	-	90
	95,765	**12,904**	**14,229**	**2,861**	**13,024**	**138,783**
Expenditure on letting activities						
Management	12,457	1,175	2,434	844	3,244	20,154
Service charge costs	13,089	2,101	1,767	31	177	17,165
Support costs	-	-	-	-	-	-
Routine maintenance	17,082	-	-	101	410	17,593
Planned maintenance	8,250	2	-	84	334	8,670
Capitalised Repairs	317	-	90	3	68	478
Property lease charges	1,160	-	-	1,625	520	3,305
Total depreciation	30,906	-	-	-	-	30,906
Rent losses from bad debts	615	148	(184)	(16)	160	723
	83,876	**3,426**	**4,107**	**2,672**	**4,913**	**98,994**
Operating surplus on lettings	**11,889**	**9,478**	**10,122**	**189**	**8,111**	**39,789**
Void losses	**(1,007)**	**(300)**	**(27)**	**(119)**	**(1,256)**	**(2,709)**

Association 2021	General rented £'000	Sheltered £'000	Leasehold and Shared ownership £'000	Short stay £'000	Intermediate £'000	Total 2021 £'000
Income from letting activities						
Rent receivable	84,586	6,704	9,305	6,572	12,381	119,548
Charges for supporting services	109	72	-	-	-	181
Service charges receivable	3,014	2,681	2,365	-	487	8,547
Amortised government grants	7,740	-	-	-	-	7,740
Other income	1,851	-	-	259	-	2,110
	97,300	**9,457**	**11,670**	**6,831**	**12,868**	**138,126**
Expenditure on letting activities						
Management	15,220	1,172	2,458	1,032	3,299	23,181
Service charge costs	13,945	1,979	1,248	257	473	17,902
Support costs	-	-	-	-	-	-
Routine maintenance	13,901	-	-	254	282	14,437
Planned maintenance	6,981	-	1,758	156	211	9,106
Capitalised Repairs	411	-	15	6	9	441
Property lease charges	654	-	-	5,094	595	6,343
Total depreciation	22,148	2,159	-	1,560	2,938	28,805
Rent losses from bad debts	460	96	212	282	73	1,123
	73,720	**5,406**	**5,691**	**8,641**	**7,880**	**101,338**
Operating surplus on lettings	**23,580**	**4,051**	**5,979**	**(1,810)**	**4,988**	**36,788**
Void losses	**(1,053)**	**(339)**	**(37)**	**(141)**	**(1,761)**	**(3,331)**

5. Employee information

The monthly average number of persons employed during the year, including the Executive Officers, is based on an assumption that a full time equivalent employee (FTE) works 35 hours and includes employees on both permanent and fixed term contracts:

	Group		Association	
	2022 FTE	2021 FTE	2022 FTE	2021 FTE
Office-based staff	499	499	457	458
Scheme-based staff	27	33	25	31
	526	**532**	**482**	**489**

Staff costs for the above employees were:

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Wages and salaries	22,810	24,420	21,410	23,077
Redundancy payments	156	684	148	634
Social Security costs	2,513	2,538	2,377	2,401
Pension costs	1,172	1,764	1,097	1,686
Total	**26,651**	**29,406**	**25,032**	**27,798**

The Association participates in the SHPS defined contributions scheme and costs paid in the year were £1,097k (2021: £1,686k). This amount includes £39k of administrative cost payable to TPT in respect of managing past service deficit.

During the year, the Association made a contribution towards past service deficit of £1,717k excluding TPT admin costs of £39k (2021: £1,988k). This contribution has offset the net pension liability as per note 35.

The number of staff (including the Chief Executive Officer) receiving remuneration in excess of £60,000 per annum at 31 March 2022 is as follows:

Banding	Group		Association	
	2022 FTE	2021 FTE	2022 FTE	2021 FTE
£60,000 - £69,999	50	36	49	34
£70,000 - £79,999	21	25	21	25
£80,000 - £89,999	11	12	10	12
£90,000 - £99,999	8	6	7	6
£100,000 - £109,999	3	4	3	4
£110,000 - £119,999	1	3	1	2
£120,000 - £129,999	1	5	1	4
£130,000 - £139,999	2	1	2	1
£140,000 - £149,999	6	1	5	1
£150,000 - £159,999	-	-	-	-
£160,000 - £169,999	2	2	2	2
£170,000 - £179,999	-	1	-	1
£180,000 - £189,999	-	1	-	1
£190,000 - £199,999	-	3	-	3
£200,000 - £209,999	4	1	4	1
£240,000 - £249,999	1	-	1	-
£250,000 - £259,999	-	1	-	1
£260,000 - £269,999	-	-	-	-
£270,000 - £279,999	1	-	1	-
	111	**102**	**107**	**98**

6. Directors' emoluments

The Directors are defined as members of the Board and the Executive Leadership Team (ELT). Their emoluments, including bonuses and pension for 2021-22 are:

		Appointed (A) / Resigned (R)	Basic salary / fees	Expenses	Total remuneration	Bonus / other payments	Pension contribution	Benefits in kind (BUPA)	Total emoluments
Non-Executive Officers			£	£	£	£	£	£	£
Bernadette Conroy	Network Homes Limited Board Chair	R 28/03/2022	22,750	-	22,750	-	-	-	22,750
Anne Turner	Vice Chair of the Network Homes Board & FC Chair		13,500	45	13,545	-	-	-	13,545
Jon Gooding	Vice Chair of the Network Homes Board & IC Chair		13,500	-	13,500	-	-	-	13,500
Barbara Brownlee	Board Member		11,705	-	11,705	-	-	-	11,705
Alan Hall	Board Member	R 27/07/2021	4,167	-	4,167	-	-	-	4,167
Ronen Journo	Board Member		10,000	461	10,461	-	-	-	10,461
Rachel King	Board Member		10,000	-	10,000	-	-	-	10,000
Paul Plummer	Board Member		16,686	-	16,686	-	-	-	16,686
Jaz Saggu	Board Member	R 27/07/2021	3,333	-	3,333	-	-	-	3,333
Valerie Vaughan-Dick	Board Member	R 27/07/2021	4,167	-	4,167	-	-	-	4,167
Sean West	Board Member		11,705	-	11,705	-	-	-	11,705
Adeoye Adebayo	Board Member	A 27/07/2021	7,774	-	7,774	-	-	-	7,774
Amina Graham	Board Member	A 27/07/2021	7,774	-	7,774	-	-	-	7,774
			137,061	**506**	**137,567**	**-**	**-**	**-**	**137,567**
Executive Officers									
Helen Evans			231,475	11	231,486	38,091	-	2,321	271,898
Jamie Ratcliff			163,703	-	163,703	19,951	15,508	875	200,037
Peter Benz			209,962	603	210,565	22,815	7,340	2,564	243,284
Gerry Doherty			166,722	406	167,128	19,951	15,377	1,586	204,042
David Gooch			168,428	-	168,428	20,168	15,544	1,721	205,861
Fiona Deal		R 15/04/2021	6,896	-	6,896	135,581	647	37	143,161
Tabitha Kassem			166,084	71	166,155	19,186	15,314	-	200,655
			1,113,270	**1,091**	**1,114,361**	**275,743**	**69,730**	**9,104**	**1,468,938**
			1,250,331	**1,597**	**1,251,928**	**275,743**	**69,730**	**9,104**	**1,606,505**

6. Directors' emoluments – continued

The Directors are defined as members of the Board and the Executive Leadership Team (ELT). Their emoluments, including bonuses and pension for 2020-21 are:

		Appointed (A) / Resigned (R)	Basic salary / fees	Expenses	Total remuneration	Bonus / other payments	Pension contribution	Benefits in kind (BUPA)	Total emoluments
Non-Executive Officers			£	£	£	£	£	£	£
Bernadette Conroy	Network Homes Limited Board Chair		22,750	-	22,750	-	-	-	22,750
Anne Turner	Vice Chair of the Network Homes Board & FC Chair		14,178	103	14,281	-	-	-	14,281
Jon Gooding	Vice Chair of the Network Homes Board & IC Chair		14,178	-	14,178	-	-	-	14,178
Barbara Brownlee	Board Member		10,038	-	10,038	-	-	-	10,038
Alan Hall	Board Member		12,500	107	12,607	-	-	-	12,607
Ronen Journo	Board Member		10,000	-	10,000	-	-	-	10,000
Rachel King	Board Member		10,000	-	10,000	-	-	-	10,000
Paul Plummer	Board Member		10,000	-	10,000	-	-	-	10,000
Jaz Saggu	Board Member		10,000	156	10,156	-	-	-	10,156
Valerie Vaughan-Dick	Board Member		12,500	-	12,500	-	-	-	12,500
Sean West	Board Member		10,000	-	10,000	-	-	-	10,000
			136,144	**366**	**136,510**	**-**	**-**	**-**	**136,510**
Executive Officers									
Helen Evans			238,461	5	238,466	18,940	-	2,245	259,651
Jamie Ratcliff			162,322	-	162,322	12,000	15,300	883	190,505
Peter Benz			179,708	505	180,212	-	5,049	1,028	186,289
Gerry Doherty			165,942	405	166,348	12,750	15,300	1,563	195,961
David Gooch			167,640	134	167,774	24,847	15,467	1,692	209,780
Fiona Deal			163,000	289	163,289	15,000	15,300	1,499	195,088
Tabitha Kassem			147,700	-	147,700	9,194	16,255	-	173,149
			1,224,773	**1,338**	**1,226,111**	**92,731**	**82,671**	**8,910**	**1,410,423**
			1,360,917	**1,704**	**1,362,621**	**92,731**	**82,671**	**8,910**	**1,546,933**

6. Directors' emoluments – continued

	2022 £'000	2021 £'000
Aggregate emoluments payable to Executive Directors	1,399	1,328
Aggregate emoluments payable to non-executive Directors	138	137
	1,537	**1,465**
Pension contributions payable to Executive Directors	**70**	**83**
Total emoluments	**1,607**	**1,548**
Emoluments paid to the highest paid Director, excluding pension contributions	**272**	**260**

During the year, Network Homes did not pay any pension contributions into a defined contribution scheme on behalf of the Chief Executive (2021: £nil). The Association did not make any contribution to any individual pension arrangement on her behalf. The notice period for termination of her contract is six months.

No pension contributions were made on behalf of any non-executive Directors.

Ratio of highest to lowest earners

The ratio of the highest earner in the Group compared to the average earner (annualised salary) is as follows:

	2022	2021
Ratio of highest to average earner	5.32:1	5.29:1

Chief Executive, Board Chair's and total board members' remuneration as a £ per owned unit basis:

	2022	2021
Chief executive remuneration per home (£)	12.95	12.47
Executive remuneration per home (£)	56.95	67.75
Board Chair's remuneration per home (£)	0.99	1.09
Total Board members remuneration per home, incl chair (£)	6.91	6.56

Units 2022: 21,003 (2021: 20,819)

Notes to the Financial Statements
for the year ended 31 March 2022

6. Directors' emoluments – continued

Other directorships

Board and Committee members had the following external directorships, not including directorships of subsidiaries or associates of Network Homes Limited.

Board/ Committee Member	External directorships/related parties	Network Homes Membership
Bernadette Conroy	Independent Chair, University of Cambridge (and subsidiary Lynxvale Ltd); Director, NED Financial Conduct Authority (FCA); Director North London Estates Partnership; NED Milton Keynes Development Partnership	Chair and member of Network Homes Board; Member of Customer Services Committee, Investment Committee, Finance Committee; Board Member of Network Treasury Services Ltd – *resigned 28 March 2022*
Helen Evans	Chair of Board of Trustees, Joseph Rowntree Housing Trust; Trustee of the Joseph Rowntree Foundation; Non-Executive Director, Connected Living London RP Ltd	Member of Network Homes Board; Member of Customer Services Committee, Investment Committee, Finance Committee; Board Member of Network Treasury Services Ltd.; Director of Network Living Limited
Anne Turner	Board Member and Chair of Audit Committee, Housing 21; Chair of PA Housing; Chair of the SHPS Employer Committee (nominated by Network)	Vice Chair and Member of Network Homes Board; Chair of Finance Committee and Network Treasury Services Ltd.; Standing Observer of Investment Committee
Sean Allan West	Chief Financial Officer and Executive Board director for the Arqiva Group (UK Broadcast and Communications Infrastructure Business)	Member of Network Homes Board; Board member of Network Treasury Services Ltd; Chair and Member of Audit & Risk Committee; Member of Finance Committee
Paul Plummer	Non-Executive Director, National Grid Eso; Professor in Rail Strategy, University of Birmingham	Member of Network Homes Board; Chair and Member of People, Governance & Culture Committee; Member of Audit & Risk Committee
Rachel King	People Director, Camelot UK Lotteries Ltd	Member of Network Homes Board, People, Governance & Culture Committee and Customer Services Committee
Ronen Journo	Senior Managing Director: Head of European Management Services & Operations at Hines Europe. Board Advisor to several start-ups: Audit & Risk Committee Club, SpaceOs, Basking, Placense, JUCE., WorkClub – no remuneration other than symbolic stock options; Member of The Cabinet Office, GPA Challenge Panel	Member of Network Homes Board; Member of Customer Services Committee and People, Governance & Culture Committee
Jon Gooding	Member of Investment Committee UK Affordable Housing Fund, BMP REP; Chair, LTYD Homes Ltd. (part of Lendlease Group)	Vice-Chair and Member of Network Homes Board; Chair of Investment Committee; Member of Finance Committee and Network Treasury Services Ltd. Board; Member of NHIL and NADL Boards
Barbara Brownlee	Chief Executive Officer, Soho Housing Association; Director of Soho Ltd	Member of Network Homes Board, Chair and Member of Customer Services Committee, Member of Investment Committee
Amina Graham	Executive Director of People and Systems at H21	Member of Network Homes Board, Customer Services Committee and Audit & Risk Committee
Adeoye Adebayo	Director, AOA Property Consulting Limited	Member of Network Homes Board; People, Governance & Culture Committee and Interim Chair of Investment Committee

6. Directors' emoluments – continued

Board/ Committee Member	External directorships/related parties	Network Homes Membership
Charlene Jones	None	Member of Audit and Risk Committee
Matthew Backler	Deputy Director of Finance, East Sussex Healthcare NHS Trust	Member of Audit and Risk Committee
Francis Haydon	None	Member of Customer Services Committee
Dee Alapafuja	Resident of Network Homes; Board Member of SW9 Community Housing	Member of Customer Services Committee
Phillip Lyon	Resident of Network Homes; Resident Panel member, Housing Ombudsman	Member of Customer Services Committee
Mavis Oti Addo Boateng	None	Member of Finance Committee
Shauna Hutchinson	None	Member of People, Governance & Culture Committee

7. Interest receivable and other income

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Interest receivable on deposits	57	71	56	69
Interest receivable on investments	-	-	-	-
Interest receivable on loans to Group undertakings	-	-	-	115
Others	122	336	121	336
Total interest income on financial assets measured at amortised cost	**179**	**407**	**177**	**520**
Restructuring of financial instruments	**101**	**97**	**101**	**97**

8. Interest and financing costs

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Housing loans	40,129	39,440	41,715	40,060
Less: interest capitalised	(8,462)	(9,419)	(8,462)	(9,419)
Loan cost amortisation	710	711	710	711
Other finance costs	1,494	1,671	921	1,671
Sinking fund depreciation	-	-	-	-
Local government Pension Scheme interest	228	110	228	110
Total interest expense on financial liabilities measured at amortised cost	**34,099**	**32,513**	**35,112**	**33,133**
Interest capitalisation rate	3.48%	3.67%	3.48%	3.67%

9. Surplus on ordinary activities before taxation

	Group		Association	
	2022 £'000	2021 £'000	2021 £'000	2021 £'000
Surplus on ordinary activities before taxation is stated after charging:				
Depreciation	31,391	28,813	27,795	28,805
Software amortised costs	3,557	2,737	3,557	2,737
Impairment of stock / housing properties	15,624	-	(48)	-
Amortised government grant	(7,879)	(7,740)	(7,879)	(7,740)
Fees for the audit of the financial statements	255	208	192	162
Operating lease payments	3,321	6,344	3,321	6,344

10. Tax on surplus on ordinary activities

(a) Analysis of charge in year	Group		Association	
UK corporation tax on profit for the year	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Current tax on profit for the year	-	118	-	-
Deferred tax				
Origination and reversal of timing difference	(309)	(48)	-	-
Adjustment in respect of previous period	-	-	-	-
Effect of changes in tax rates	-	-	-	-
	(309)	**70**	**-**	**-**
Total Tax per income statement	**(309)**	**70**	**-**	**-**

The Association is exempt from tax on its charitable activities under tax law.
The tax assessed for the year is the same as the standard rate of corporation tax in the UK (19%) (2021: 19%).

(b) Factors affecting tax charge for the year	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Current tax reconciliation				
Surplus on ordinary activities before taxation	9,260	41,813	24,549	40,986
Current tax at 19% (2021: 19%)	1,759	7,944	4,664	7,787
Effects of:				
Non-taxable charitable activities	(4,656)	(7,731)	(4,491)	(7,787)
Expenses not deductible	30	51	-	-
Qualifying charitable donation made	-	-	(173)	-
Deferred tax movement	-	(74)	-	-
Adjustment from previous year	94	-	-	-
Group relief	-	-	-	-
Taxable losses carried forward	2,464	(120)	-	-
Total tax (credit)/charge	**(309)**	**70**	**-**	**-**

11. Housing properties

Group	Under Development		Completed (available for letting)		
	General rented £'000	Shared ownership £'000	General rented £'000	Shared ownership £'000	Total £'000
Cost					
At 1 April 2021	190,487	45,073	1,796,690	231,157	2,263,407
Fully depreciated assets	-	-	-	-	-
Additions	78,434	38,575	15,142	-	132,151
Transfer to/from stock	-	-	3,457	(807)	2,650
Transfer to investment properties	(1,910)	-	-	-	(1,910)
Transfer on completion	(40,732)	(16,909)	40,732	16,909	-
Transfer to/from other Group Members	-	-	-	-	-
Disposals	-	-	(3,340)	(9,282)	(12,622)
Components replaced	-	-	(1,826)	(170)	(1,996)
At 31 March 2022	**226,279**	**66,739**	**1,850,855**	**237,807**	**2,381,680**
Accumulated depreciation					
At 1 April 2021	-	-	180,890	16,232	197,122
Fully depreciated assets	-	-	-	-	-
Charge for the year	-	-	22,951	3,578	26,529
Depreciation accrual for components	-	-	159	-	159
Disposals	-	-	(242)	(435)	(677)
Components replaced	-	-	(1,105)	(94)	(1,199)
At 31 March 2022	**-**	**-**	**202,653**	**19,281**	**221,934**
Impairment					
At 1 April 2021	-	-	2,784	-	2,784
Released in the year	-	-	(505)	-	(505)
At 31 March 2022	**-**	**-**	**2,279**	**-**	**2,279**
Net book value					
At 31 March 2022	**226,279**	**66,739**	**1,645,923**	**218,526**	**2,157,467**
At 31 March 2021	**190,487**	**45,073**	**1,613,017**	**214,925**	**2,063,502**

Total expenditure on existing properties in the year was £42,330k (2021: £39,853k). This comprises £14,346k (2021: £14,950k) which was capitalised and £27,984k (2021: £24,903k) which was treated as revenue expenditure and charged to the Statement of Comprehensive Income.

Additions to housing properties during the year included capitalised interest of £8,462k (2021: £9,419k). The capitalisation rate used was 3.48% (2021: 3.67%). At 31 March 2021 the EUV-SH for the units charged was £890,640k (2021: £864,297k) and the number of units charged was 11,232 (2021: 12,721).

11. Housing properties – continued

Association	Under Development		Completed (available for letting)		
	General rented £'000	Shared ownership £'000	General rented £'000	Shared ownership £'000	Total £'000
Cost					
At 1 April 2021	187,752	45,073	1,806,331	231,157	2,270,313
Adjustment	-	-	-	-	-
Additions	78,433	38,575	15,142	-	132,150
Transfer to/from stock	-	-	3,457	(807)	2,650
Transfer to Investment Property	(1,910)	-	-	-	(1,910)
Transfer on completion	(40,732)	(16,909)	40,732	16,909	-
Transfer to/from other Group Members	-	-	-	-	-
Disposals	-	-	(3,340)	(9,282)	(12,622)
Component replacement	-	-	(1,826)	(170)	(1,996)
At 31 March 2022	**223,543**	**66,739**	**1,860,496**	**237,807**	**2,388,585**
Accumulated depreciation					
At 1 April 2021	-	-	178,867	16,045	194,912
Charge for the year	-	-	22,951	3,578	26,529
Depreciation accrual for components	-	-	159	-	159
Disposals	-	-	(242)	(435)	(677)
Transfer from Other Fixed Asset	-	-	-	-	-
Component replacement	-	-	(1,105)	(94)	(1,199)
At 31 March 2022	**-**	**-**	**200,630**	**19,094**	**219,724**
Impairment					
At 1 April 2021	-	-	2,784	-	2,784
Released in the year	-	-	(505)	-	(505)
At 31 March 2022	**-**	**-**	**2,279**	**-**	**2,279**
Net book value					
At 31 March 2022	**223,543**	**66,739**	**1,657,587**	**218,713**	**2,166,582**
At 31 March 2021	**187,752**	**45,073**	**1,624,680**	**215,112**	**2,072,617**

Total expenditure on existing properties in the year was £41,087k (2021: £36,833k). This comprised £14,346k (2021: £14,950k) which was capitalised and £26,741k (2021: £23,983k) which was treated as revenue expenditure and charged to the Statement of Comprehensive Income.

Additions to housing properties during the year included capitalised interest of £8,462k (2021: £9,419k). The capitalisation rate used was 3.48% (2021: 3.67%). At 31 March 2021 the EUV-SH for the units charged was £890,640k (2021: £864,297k) and the number of units charged was 11,232 (2021: 12,721).

12. Intangible assets and other fixed assets

Group and Association	Computer hardware £'000	Freehold and leasehold office property £'000	Office fixtures and fittings £'000	Total tangible asset £'000	Computer software £'000	Total £'000
Cost						
At 1 April 2021	725	5,966	3,122	9,813	23,453	33,266
Additions	-	(32)	15	(17)	2,206	2,189
Transfer to Investment Property	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Write offs	-	-	-	-	-	-
At 31 March 2022	**725**	**5,934**	**3,137**	**9,796**	**25,659**	**35,455**
Accumulated depreciation and amortisation						
At 1 April 2021	708	627	2,499	3,834	7,091	10,925
Amortisation for the year	-	-	-	-	3,542	3,542
Depreciation charge for the year	15	337	36	387	-	387
Transfer to Investment Property	-	-	-	-	-	-
Write offs	-	-	-	-	-	-
At 31 March 2022	**723**	**964**	**2,535**	**4,221**	**10,633**	**14,854**
At 31 March 2022	**2**	**4,970**	**602**	**5,575**	**15,026**	**20,601**
At 31 March 2021	**17**	**5,339**	**623**	**5,979**	**16,362**	**22,341**

13. Investment properties

	Group £'000	Association £'000
At 1 April 2021	**41,538**	**37,908**
Transfer on completion	-	-
Transfer from Housing Properties	1,910	-
Additions	-	100
Disposals	(17,840)	(15,930)
Revaluation surplus	2,325	2,245
At 31 March 2022	**27,933**	**24,323**

Completed investment properties

The valuation report dated 31 March 2022 was prepared by Lamberts Chartered Surveyors Limited in accordance with the RICS Valuation Professional Standards incorporating the International Valuation Standards (January 2014 edition). This appraisal assumes the properties within the portfolio have not undergone material change since the formal and full revaluation of the portfolio in March 2019. Where the property is let or there is a lack of comparable transactional sales evidence, the traditional investment method of valuation, capitalising the actual and estimated rental values using suitable yields has been used. Due to a lack of recent market evidence to analyse, the estimates of value have been undertaken on an investment approach and are subject to an element of uncertainty. Capitalisation rates which range between 4.5% and 9.5% depending on the nature of the individual asset have been used. The adopted capitalisation rates assume a continuation of recent inflation levels as measured by the RPI index (in the order of 6.5%). The value of each property has been assessed on an existing use basis.

Prior to the Coronavirus Pandemic, there was generally a steady although increasingly cautious demand for similar investment properties. It is not yet possible to determine the full extent of the effect the Coronavirus Pandemic will have on the UK property market and property values.

Additionally the UK economy is increasingly being influenced by rising interest rates, inflation, significant increases in energy prices and cautious sentiment created by the war in Ukraine. Any significant and extended period of deterioration in the UK economy could have a substantial negative impact on the demand for, marketability and value of the properties in the portfolio. Similarly, any significant increase in the cost of borrowing may also negatively impact upon the demand for, marketability and value of the properties.

Investment properties under construction

Investment properties under construction are valued at cost at stage of completion. These costs are included in the values in the above summary. As 31 March 2022, costs in relation to investment properties under construction were £0 (2021: £0).

14. Investments (financial)

	Group and Association £'000
At 1 April 2021	5,208
Additions	-
Disposal	-
Amortisation of cost	-
Interest	22
At 31 March 2022	**5,230**

The investment relates to a deposit with Santander and the investment is restricted and not available for general use.

15. Investment in Shares

Investment in Group entities

The Association has interests in the following Group entities:

Name of entity	Notes	Country of incorporation	Nature of business	Interest
Network Living Limited	1	UK	Dormant	100% ordinary shares (1 share)
Network New Build Limited	1	UK	Build and design	100% ordinary shares (1 share)
Network Homes Investments Limited	1	UK	Property Development	100% ordinary shares (65,000,001 shares)
Network Homes Investments (Stockwell) Limited	1	UK	Property Development	100% ordinary shares (1 share)
Network Treasury Services Limited	1	UK	Treasury vehicle	100% ordinary shares (1 share)
Pimlico Village Developments Limited	1	UK	Property Management	100% ordinary shares (2 shares)
Network Affordable Developments Limited	1	UK	Property Development	100% ordinary shares (25,000,001 shares)
SW9 Community Housing	1 and 2	UK	Management of properties in Lambeth	Interest in property management
Venice House Management Company Limited	1	UK	Dormant	N / A (Private company limited by guarantee without share capital)
Aylesbury House Management Company Limited	1	UK	Dormant	N/A (Private company limited by guarantee without share capital)
Marsworth House Management Company Limited	1	UK	Dormant	N/A (Private company limited by guarantee without share capital)
Cosgrove House Management Company Limited	1	UK	Dormant	N/A (Private company limited by guarantee without share capital)
Unconsolidated entities: these entities are associates with immaterial balances				
Churchill Gardens Amenity Limited	1	UK	Property Management	Interest in property management
Tay Road Amenity Limited	1	UK	Property Management	Interest in property management

Notes

1. Companies incorporated under the Companies Act 2006.
2. Entities incorporated under the Charities Act 2011.

Investment in MORhomes PLC

At 31 March 2022, the Group held an investment of 40,000 ordinary shares of 10p each, a share of 0.8% in the company. This represents a passive investment as Network Homes does not have significant control. The value of this investment is £22k as per the financial statements at 31 March 2021. The historic cost of this investment is £30k.

Notes to the Financial Statements
for the year ended 31 March 2022

16. Shared equity loans

	Group and Association	
	2022 £'000	2021 £'000
At 1 April	3,610	4,229
Loans issued during the year	-	-
Redeemed during the year	(386)	(619)
Interest	87	-
At 31 March	**3,311**	**3,610**

Shared equity loans meet the criteria for concessionary loans and are therefore measured in accordance with FRS 102 PBE34.90 to PBE34.92. The loans are initially measured at amount received. In subsequent years the carrying amount of the loans are adjusted to reflect any repayment and accrued interest receivable.

17. Debtors: amounts falling due after more than one year

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Owed from Group Undertakings	-	-	-	-
Loan finance charges	117	-	117	-
	117	**-**	**117**	**-**

18. Stock

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Completed schemes:				
Shared ownership properties	11,914	18,183	11,914	18,183
Open market sales	164	1,008	-	-
	12,078	**19,191**	**11,914**	**18,183**
Under construction:				
Shared ownership first tranche	70,574	54,910	70,574	54,910
Open market sales	27,474	40,741	-	-
Total	**110,126**	**114,842**	**82,488**	**73,093**

There was impairment on stock recognised during the year £15,672k for the land at Merrick Road (2021: £nil).
None of the stock is pledged as collateral against borrowing by the Group (2021: £nil).

Notes to the Financial Statements
for the year ended 31 March 2022

19. Debtors: amounts falling due within one year

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Rent and service charges	16,240	14,349	15,893	13,522
Less: provision for bad and doubtful debts	(6,816)	(7,202)	(6,758)	(7,159)
	9,424	**7,147**	**9,135**	**6,363**
Other debtors	9,026	6,724	6,338	6,440
Less: provision for bad and doubtful debts	(455)	-	(455)	-
Trade debtors	3,103	2,742	1,637	1,805
Amount owed from Group undertakings	-	-	1,081	15,739
Stock transfer	-	863	-	863
Prepayments and accrued income	1,077	4,866	1,077	4,866
	22,175	**22,342**	**18,813**	**36,076**

20. Cash and cash equivalents

	Note	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Cash at bank and in hand		61,566	59,858	57,055	53,915
Cash held for client accounts	21	6,832	6,006	6,781	6,006
		68,398	**65,864**	**63,836**	**59,921**

All the cash other than cash held for client accounts is available for general use. Cash held in client accounts is restricted as this is tenants' money.

21. Creditors: amounts falling due within one year

	Note	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Client accounts					
Service charge and client funds		6,883	6,047	6,832	6,047
Client bank accounts		(51)	(41)	(51)	(41)
Total client account creditors		**6,832**	**6,006**	**6,781**	**6,006**
Other creditors					
Bank overdraft		-	-	-	-
Housing loans	24	14,113	17,694	14,113	17,694
Trade creditors		6,718	5,492	5,434	4,521
Rent and service charges received in advance		8,052	7,652	7,840	6,639
Owed to Group undertakings		-	-	65,691	67,636
Other creditors		2,336	5,044	2,251	4,164
Accruals		62,925	48,381	35,664	22,807
		100,976	**90,269**	**137,774**	**129,467**

22. Creditors: amounts falling due after more than one year

	Note	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Housing loans*	24	1,141,109	1,091,967	1,141,109	1,091,967
Social housing grant received in advance		-	573	-	573
Social housing grant repayable		-	-	-	-
Recycled capital grant fund	25	9,313	13,310	9,313	13,310
Disposal proceeds fund	26	-	902	-	902
Social housing grant	27	591,394	575,281	591,394	575,281
Other capital grants	28	40,405	43,426	40,405	43,426
Shared equity grants	29	2,108	2,178	2,108	2,178
		1,784,329	**1,727,637**	**1,784,329**	**1,727,637**

* Housing loans are carried at amortised cost using the effective interest method when they are classified as basic loans.
The nominal carrying values of housing loans are £1,139,968k (2021: £1,095,161k), as per note 24. They also include restructured loan of £13,057k (2021: £13,158k) and the THFC financing surplus of £5,336k (2021: £4,791k).
The housing loans in the Association include a loan of £429,245k (2021: £427,975k) from Network Treasury Services Limited.

23. Provisions for liabilities and charges

Group	Lease termination repairs £'000	Stock transfer £'000	Building safety £'000	Deferred tax £'000	LGPS £'000	The Pensions Trust £'000	Total £'000
At 1 April 2021	3,032	863	4,320	309	1,000	12,623	22,147
Additions in the year	421	-	2,652	-	-	448	3,521
Released in the year	(676)	(863)	-	(309)	-	(3,543)	(5,391)
At 31 March 2022	**2,777**	**-**	**6,972**	**-**	**1,000**	**9,528**	**20,277**

	2022 £'000	2021 £'000
Amount payable within one year	5,978	7,726
Amount payable after one year	14,299	14,421
	20,277	**22,147**

Association	Lease termination repairs £'000	Stock transfer £'000	Building safety £'000	LGPS £'000	The Pensions Trust £'000	Total £'000
At 1 April 2021	2,464	863	4,320	1,000	12,623	21,270
Additions in the year	286	-	2,652	-	448	3,386
Released in the year	(15)	(863)	-	-	(3,543)	(4,421)
At 31 March 2022	**2,735**	**-**	**6,972**	**1,000**	**9,528**	**20,235**

	2022 £'000	2021 £'000
Amount payable within one year	5,978	7,159
Amount payable after one year	14,257	14,111
	20,235	**21,270**

Lease termination repairs

The provisions for termination repairs relate to future costs that will be incurred to return social housing properties to a suitable condition. These costs are payable at the end of each lease, with the last lease ending in 2037. The principal uncertainty is the level of dilapidation work required to be performed.

Stock transfer

The provision relates to the cost of a works programme to be undertaken by Network Homes Limited on the Stockwell Park and Robsart estates in the London Borough of Lambeth. The amount stated represents the Association's obligation to London Borough of Lambeth to undertake works under the refurbishment contract as confirmed by Lambeth itself. The provision has been fully utilised in the current financial year.

Deferred tax

The provision held is in relation to tax on unrealised gains on revaluation of investment property in the Group as at 31 March 2022.

Building safety

A provision of £2,652k has been made for remediation works to be carried out by Network Homes Limited in the current financial year. Once the Building Safety team have determined which block of properties require remediation work and the intention to start remediation work has been communicated to the residents, a provision for the total cost of the project is made as there is a constructive obligation. A provision will also be created when there is a legal obligation, that is, where Network Homes has a legal duty to ensure that its properties are safe for residents.

The Pensions Trust

The provision relates to the pension past service deficit. The amount of £1,717k was paid to The Pension Trust in this financial year. Provision payable within the next 12 months is £2,000k.

24. Housing loans

Financial liabilities measured at amortised cost – GROUP

				Group 2022 £'000
Fixed rate loans at 1 April 2021				926,888
Fixed Rate Debt Instruments	**Rate**	**Maturity**	**Repayment**	
Bilateral bank loan	2.2%	Instalment	Apr-41	(481)
Bilateral bank loan	4.7%	Instalment	Dec-37	(6,250)
Bilateral bank loan	4.8%	Instalment	Nov-35	(1,945)
Local Authority Investment	3.5%	On Maturity	Apr-21	(2,500)
Bilateral bank loan	10.6%	Instalment	Sep-25	(410)
Bilateral bank loan	9.9%	Instalment	Sep-23	(47)
Local Authority Investment	3.6%	On Maturity	Apr-21	(2,000)
Deep Discounted Loan Note	5.0%	On Maturity	Sep-27	546
				(13,087)
Fixed rate loans at 31 March 2022				**913,801**

Notes to the Financial Statements
for the year ended 31 March 2022

24. Housing loans – continued

				£'000
Variable rate loans at 1 April 2021				173,064
Variable Rate Debt Instruments	**Rate**	**Maturity**	**Repayment**	
Bilateral bank loan	1.1%	On Maturity	Aug-24	12,500
Bilateral bank loan	0.3%	Instalment	May-38	(1,260)
Bilateral bank loan	0.4%	Instalment	Nov-35	(1,776)
Bilateral bank loan	1.0%	On Maturity	May-24	50,000
Bilateral bank loan	1.0%	Instalment	Mar-36	(1,025)
				58,439
Variable rate loans at 31 March 2022				**231,503**
Financial liabilities				**1,145,304**
Unamortised loan issue costs				(3,139)
Restructured loan				13,057
Total financial liabilities measured at amortised cost (note 21 & 22)				**1,155,222**
Less: THFC financing surplus				(5,338)
Less: Restructured loan				(13,057)
Total loan repayable (as per repayment profile below)				**1,136,827**

Unencumbered asset value

The EUV-SH value of all unencumbered assets for the Association at year-end is £495,821k (2021: £410,541k).

24. Housing loans – continued

	Group Payable by instalment £'000	Payable on maturity £'000	2022 Total £'000
Less than one year	13,150	963	14,113
Between one and five years	59,845	191,537	251,382
In more than five years	265,709	608,762	874,471
Total	**338,704**	**801,262**	**1,139,966**
Less: Amortised cost			**(3,139)**
Total (at amortised cost)			**1,136,827**

	Payable by instalment £'000	Payable on maturity £'000	2021 Total £'000
Less than one year	12,713	4,981	17,694
Between one and five years	58,136	129,038	187,174
In more than five years	281,531	608,762	890,293
Total	**352,380**	**742,781**	**1,095,161**
Less: Amortised cost			**(3,449)**
Total (at amortised cost)			**1,091,712**

	Association Payable by instalment £'000	Payable on maturity £'000	2022 Total £'000
Less than one year	1,605	963	2,568
Between one and five years	13,860	156,037	169,897
In more than five years	74,494	463,762	538,256
Total	**89,959**	**620,762**	**710,721**
Less: Amortised cost			**(1,332)**
Total (at amortised cost)			**709,389**

	Payable by instalment £'000	Payable on maturity £'000	2021 Total £'000
Less than one year	1,483	4,981	6,464
Between one and five years	11,641	106,038	117,679
In more than five years	79,280	463,762	543,042
Total	**92,404**	**574,781**	**667,185**
Less: Amortised cost			**(511)**
Total (at amortised cost)			**666,674**

The loans taken by the Association above exclude internal loans from NTSL.

Unencumbered asset value

The value of all unencumbered assets at year-end is £495,821k (2021: £410,541k).

Notes to the Financial Statements
for the year ended 31 March 2022

25. Recycled capital grant fund

The movement on the recycled capital grant fund is shown below:

Group and Association Funds pertaining to activities within areas covered by:		HCA £'000	GLA £'000	Other £'000	Total £'000
At 1 April 2021		978	10,588	1,744	13,310
Inputs to RCGF (source of funds):	Funds recycled	495	2,129	332	2,956
	Interest accrued	-	22	-	22
Use/allocation of funds:	New build	-	(6,975)	-	(6,975)
Repayment of grant to GLA		-	-	-	-
As at 31 March 2022		**1,473**	**5,764**	**2,076**	**9,313**
Amounts 3 years or older where repayment may be required		**-**	**-**	**-**	**-**

26. Disposal Proceeds Fund

The movement on the disposal proceeds fund is shown below:

Group and Association Funds pertaining to activities within areas covered by:		GLA £'000
At 1 April 2021		902
Inputs to DPF (source of funds):	Funds recycled	-
Transfer to Income Statement		(902)
As at 31 March 2022		**-**
Amounts 3 years or older where repayment may be required		**-**

There is no need to repay any part of the DPF as confirmed by the provider and hence, the balance has been transferred to the income statement.

27. Social housing grant

Group and Association	Under development		Completed (available for letting)		
	General rented £'000	Shared ownership £'000	General rented £'000	Shared ownership £'000	Total £'000
At 1 April 2021	40,496	21,894	478,231	34,663	575,284
Received	17,435	-	277	-	17,712
Amortisation for year	-	-	(5,306)	(394)	(5,700)
Disposal	-	-	(495)	(2,060)	(2,555)
Transfer on completion	(15,889)	(2,817)	15,889	2,817	-
Transfer from RCGF	6,975	-	-	-	6,975
Grant paid back	(322)	-	-	-	(322)
As at 31 March 2022	**48,695**	**19,077**	**488,596**	**35,026**	**591,394**

28. Other capital grants

Group and Association	Under development		Completed (available for letting)		
	General rented £'000	Shared ownership £'000	General rented £'000	Shared ownership £'000	Total £'000
At 1 April 2021	541	-	41,749	1,136	43,426
Received	-	33	4,305	-	4,338
Amortisation for year	-	-	(1,467)	(716)	(2,183)
Disposal	-	-	(57)	(275)	(332)
Transfer on completion	(65)	-	65	-	-
Write off	-	-	798	-	798
Transfer to Income Statement	-	-	(5,642)	-	(5,642)
As at 31 March 2022	**476**	**33**	**39,751**	**145**	**40,405**

Other grants are grants from local authorities.

29. Shared equity grants

Group and Association	2022 £'000	2021 £'000
At 1 April	2,178	2,277
Grants received during the year	-	-
Recycled during the year	(70)	(99)
At 31 March	**2,108**	**2,178**

Shared equity grants are received to partially fund the shared equity loan scheme. The grants are not amortised and are recyclable or become payable when the shared equity loans they funded are redeemed.

30. Non-equity share capital

Association	2022 £	2021 £
Ordinary shares of £1 each, issued and fully paid:		
At 1 April	11	11
Issued during the year	-	-
Surrendered during the year	-	-
At 31 March	**11**	**11**

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends, redemptions of capital or distributions on a winding up. Shares in issue are not capable of being repaid or transferred. Where a shareholder ceases to be a member, that person's share is cancelled and the amount paid up thereon becomes the property of the Association. Therefore all shareholdings relate to non-equity interests.

31. Legislative provisions

The Group and Association are registered under the Co-operative and Community Benefit Societies Act 2014 and are required by statute to prepare consolidated financial statements as the Association is the ultimate parent entity in the Group. The Association is registered with Homes England as a social provider.

Notes to the Financial Statements
for the year ended 31 March 2022

32. Capital commitments

Group	2022 £'000	2021 £'000
Expenditure contracted for but not provided for in the financial statements	379,784	242,620
Capital Expenditure authorised by board but not yet contracted for	57,693	184,985
	437,477	**427,605**

Capital commitments are in relation to the development programme that Board has approved. Capital commitments will be financed through a combination of retained reserves, long-term committed loan facilities from banks and other lending institutions, social housing grant awarded by Homes England and proceeds from the sale of outright sale or non-core properties. Borrowings mentioned below relate to existing and new loans which will be taken when required.

The summary below shows how the Group expects to finance capital commitments through:

Group	2022 £'000	2021 £'000
Social Housing Grants	57,138	57,392
Surpluses / borrowings / financed by third party	380,339	370,213
Total	**437,477**	**427,605**

33. Leases

The total of future minimum lease payments under non-cancellable leases for each of the following periods is:

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Amount payable in:				
Not later than one year	2,351	2,836	2,389	2,875
Later than one year and not later than five years	8,722	9,194	8,722	9,194
Later than five years	20,732	22,913	20,732	22,913
Total	**31,805**	**34,943**	**31,843**	**34,982**

The amount of lease payments recognised as an expense in the year was £3,305k (2021: £6,344k).

34. Notes to the cash flow statement

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Surplus for the financial year	9,569	41,743	24,549	40,986
Profit on sale of fixed assets	(13,061)	(24,948)	(12,899)	(11,725)
Revenue grant income	-	-	-	-
Revaluation (surplus) on investment properties	(2,325)	(2,135)	(2,239)	(2,265)
Interest receivable and other income	(179)	(407)	(177)	(520)
Interest payable and similar charges	34,099	32,513	35,113	33,133
Restructuring of financial instruments	(101)	(97)	(101)	(97)
Taxation	(310)	70	-	-
Gift aid receivable	-	-	(912)	(12,988)
Operating surplus	**27,692**	**46,739**	**43,334**	**46,524**
Depreciation charges	31,359	28,813	31,303	28,805
Amortised government grants	(7,879)	(7,740)	(7,879)	(7,740)
Impairment of assets	15,624	-	-	-
Working capital movements				
Decrease/(Increase) in debtors	64	(3,470)	5,229	13,855
Increase/(Decrease) in creditors	1,746	(6,213)	(27,320)	28,983
Net cash inflow from operating activities	**68,606**	**58,129**	**44,667**	**110,427**

Group	1 April 2021 £'000	Cash flow £'000	Non-cash £'000	31 March 2022 £'000
Analysis of changes in net debt				
Cash and cash equivalents	64,145	2,533	-	66,678
Sinking fund	1,719	1	-	1,720
Bank overdraft	-	-	-	-
	65,864	**2,534**	**-**	**68,398**
Debt due within one year	(17,694)	17,694	(14,113)	(14,113)
Debt due after more than one year	(1,087,176)	(62,708)	14,113	(1,135,771)
THFC debt	(4,791)	(547)	-	(5,338)
	(1,043,797)	**(43,027)**	**-**	**(1,086,824)**

Association	1 April 2021 £'000	Cash flow £'000	Non-cash £'000	31 March 2022 £'000
Analysis of changes in net debt				
Cash and cash equivalents	58,202	3,914	-	62,116
Sinking fund	1,719	1	-	1,720
Bank overdraft	-	-	-	-
	59,921	**3,915**	**-**	**63,836**
Debt due within one year	(17,694)	17,694	(14,113)	(14,113)
Debt due after more than one year	(1,087,176)	(62,708)	14,113	(1,135,771)
THFC debt	(4,791)	(547)	-	(5,338)
	(1,049,740)	**(41,646)**	**-**	**(1,091,386)**

Notes to the Financial Statements
for the year ended 31 March 2022

Reconciliation of increase in cash and cash equivalents to movement in net debt	Group 2022 £'000	Association 2022 £'000
Increase in cash in the year	2,534	3,915
Cash (inflow) from increase in debt	(45,561)	(45,561)
Other non-cash movements	-	-
Change in net debt	(43,027)	(41,646)
Net debt at beginning of period	(1,043,797)	(1,049,740)
Net debt at end of year	**(1,086,824)**	**(1,091,386)**

35. Pension schemes

During the year, the Group members participated in three pension schemes: two defined benefit schemes providing benefits based on final pensionable pay (one local government pension scheme and the multi-employer Social Housing Pension Scheme SHPS) and the third scheme which provides benefits based on contributions made (a defined contribution scheme).

The amount recognised in the Statement of Comprehensive Income is as follows:

Charged in operating profit		2022 £'000	2021 £'000
Defined benefit schemes: service costs	note 35a	-	-
Defined benefit scheme: contribution paid	note 35b	1,717	1,988
Defined contribution scheme: contributions paid	note 35c	1,097	1,686
		2,814	**3,674**
Interest and finance costs			
Defined benefit schemes	note 35a	(25)	(21)
Defined benefit scheme - accounted for as a defined contribution scheme	note 35b	253	131
		228	**110**

The amount recognised in the Other Comprehensive Income is as follows:

	2022 £'000	2021 £'000
SHPS - OCI items from current year	1,513	(7,760)
SHPS - OCI adjustment to recognise full DB liability	-	-
LGPF - OCI items from current year	1,054	(509)
	2,567	**(8,269)**

(a) Defined benefit schemes

Network Homes Limited participates in the Hertfordshire Local Government Pension Scheme (the Hertfordshire Scheme) administered by Hertfordshire County Council. There are no active members in the scheme. During the year, Network Homes did not make any contributions towards past service deficit. The Scheme is contracted out of the Second State Pension.

	2022	2021
Members of the Schemes employed by the Group	-	-
Deferred pensioners	41	41
Pensioners	48	48

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% per annum for both males and females.

35. Pension schemes – continued

Based on the assumptions, the average future life expectancies are summarised below:

	2022	2021
Future pensioners *		
Males	22.9 years	23.2 years
Females	26.0 years	26.2 years
Current pensioners		
Males	21.9 years	22.1 years
Females	24.4 years	24.5 years

* Figures assume members aged 45 as at the last formal valuation date.

A full actuarial valuation of the scheme was performed at 31 March 2022 by a qualified independent actuary, Hymans Robertson, using the projected unit credit method. The principal financial assumptions used by the actuary were:

	2022 %	2021 %
Expected rate of salary increase	3.60	3.25
Expected rate of pension increase	3.20	2.85
Discount rate	2.70	2.00

	Assets £'000	Liabilities £'000	Total £'000
At 1 April 2021	15,808	(14,760)	1,048
Benefits paid	(351)	351	-
Employer contribution	480	-	480
Interest income/(expense)	123	(292)	(169)
Actuarial gain	317	931	1,248
At 31 March 2022	**16,377**	**(13,770)**	**2,607**

The fair value of the plan assets was:	2022 %	2022 £'000	2021 %	2021 £'000
Equity instruments	55	9,007	60	9,485
Bonds	25	4,094	26	4,110
Property	13	2,129	10	1,581
Cash	7	1,147	4	632
	100	**16,377**	**100**	**15,808**

The returns on the plan assets were:	2022 £'000	2021 £'000
Interest income	317	293
Actual return on plan assets less interest income	123	2,341
	440	**2,634**

35. Pension schemes – continued

(b) Defined benefit scheme

The Association is a member of a multi-employer Social Housing Pension Scheme (SHPS). The Pension Trust, which administers this scheme, provides benefits to non-associated participating employers. The scheme is classed as a defined benefit scheme in the UK.

The scheme is classified as 'last man standing' arrangements. Therefore, each employer is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The net pension liability decreased by £3,094k from £12,623k at 31 March 2021 to £9,529k at 31 March 2022. The change was recognised on the statement of financial position through other comprehensive income for any actuarial gains and losses (£1,669k) and through SOCI for interest (£253k) and other pension related costs (£39k). Top-up paid in the year in respect of past service deficit was £1,897k.

	31 March 2022 £'000	31 March 2021 £'000
Fair value of plan assets	60,686	59,543
Present value of defined benefit obligation	(70,215)	(72,166)
Deficit in plan	(9,529)	(12,623)
Unrecognised surplus	-	-
Defined liability to be recognised	(9,529)	(12,623)
Deferred tax	-	-
Net defined benefit liability to be recognised	(9,529)	(12,623)

Fair value of the plan assets is Network's share of the market value of scheme assets at 31 March 2022. This includes the share of assets in relation to 'orphan' members and split-service members.

Net defined benefit liability is the ultimate liability that Network Homes has recognised in the accounts for 2022.

Reconciliation of opening and closing balances of the fair value of plan assets	2022 £'000	2021 £'000
Fair value of plan assets at start of period	59,543	54,190
Interest income	1,281	1,295
Experience on plan assets (excluding amount included in interest income) - (loss) / gain	(295)	4,020
Contribution by the employer	1,717	1,988
Benefits aid and expenses	(1,560)	(1,950)
Fair value of plan assets at end of period	**60,686**	**59,543**

The actual return on the plan assets, including any changes in share of assets, over the period ended 31 March 2022 was £986k (2021: £5,315k).

Reconciliation of opening and closing balances of the defined benefit obligation	2022 £'000	2021 £'000
Defined benefit obligation at start of period	**72,166**	**60,671**
Expenses	39	46
Interest expense	1,534	1,426
Actuarial losses / (gains) due to scheme experience	4,064	(1,310)
Actuarial (gains) / losses due to changes in demographic assumptions	(1,132)	269
Actuarial (gains) / losses due to changes in financial assumptions	(4,896)	13,014
Total defined benefit recognised in SOCI	**(391)**	**13,445**
Benefits paid	**(1,560)**	**(1,950)**
Defined benefit obligation at end of period	**70,215**	**72,166**

The pension liability decreased by £1,951k (2021: increased by £11,495k) in the period ended 31 March 2022.

35. Pension schemes – continued

Defined benefit cost recognised in Statement of Comprehensive Income (SOCI)	2022 £'000	2021 £'000
Expenses	39	46
Net interest expense	253	131
Defined benefit costs recognised	**292**	**177**

Analysis of plan assets	2022 %	2022 £'000	2021 %	2021 £'000
Global Equity	19	11,646	16	9,490
Absolute Return	4	2,434	6	3,286
Distressed Opportunities	4	2,172	3	1,719
Credit Relative Value	3	2,017	3	1,874
Alternative Risk Premia	3	2,001	4	2,243
Fund of Hedge Funds	-	-	-	7
Emerging Markets Debt	3	1,766	4	2,404
Risk Sharing	3	1,998	4	2,167
Insurance-Linked Securities	2	1,415	2	1,430
Property	3	1,639	2	1,237
Infrastructure	7	4,323	7	3,970
Private Debt	3	1,556	2	1,420
Opportunistic Illiquid Credit	3	2,039	3	1,514
High Yield	1	523	3	1,783
Opportunistic Credit	-	216	3	1,632
Cash	-	206	-	1
Corporate Bond Fund	7	4,048	6	3,518
Liquid Credit	-	-	1	711
Long Lease Property	3	1,562	2	1,167
Secured Income	4	2,261	4	2,476
Liability Driven Investment	28	16,933	25	15,132
Currency Hedging	-	(238)	-	-
Net Current Assets	-	169	1	362
	100	**60,686**	**100**	**59,543**

Network Homes Limited will pay £2,000k (£1,959k plus admin fees £41k) over the next 12 months towards the past service deficit.

At the date of last valuation on 30 September 2020 the estimated debt on withdrawal for Network Homes Limited was £52,791k. This information has been provided by The Pension Trust and confirmed in June 2022.

35. Pension schemes – continued

Assumptions	2022	2021
Discount rate assumptions	2.79%	2.15%
Inflation (RPI) assumptions	3.62%	3.29%
Inflation (CPI) assumptions	3.21%	2.86%
Pensionable earning increases assumptions	4.21%	3.86%
Mortality before retirement	No allowance	No allowance
Life expectancy for a male currently age 65	21.1 years	21.6 years
Proportion married at retirement	75% for males and 75% for females	75% for males and 75% for females
Allowance for cash commutation	75% of maximum allowance	75% of maximum allowance
Discretionary increases	No allowance	No allowance

As at 31 March 2022 details of the scheme were:

Active members	Number	Total earnings (£'000s p.a.)	Average age (unweighted)
Males	8	440	56
Females	20	813	57
Total	**28**	**1,253**	**113**

Deferred members	Number	Total earnings (£'000s p.a.)	Average age (unweighted)
Males	91	411	55
Females	172	536	55
Total	**263**	**947**	**110**

Pensioners	Number	Total earnings (£'000s p.a.)	Average age (unweighted)
Males	65	513	71
Females	167	818	70
Total	**232**	**1,331**	**141**

35. Pension schemes – continued

(c) Defined contribution scheme

The amount recognised as an expense was:	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Contributions	1,172	1,764	1,097	1,686
	1,172	**1,764**	**1,097**	**1,686**

Members' contributions are based on their pensionable salaries and paid between 4% and 10% by the members. These contributions are matched by the Association and paid to The Pension Trust. Members' contributions in excess of 10% are only matched up to 10%.

36. Contingent liabilities

As at 31 March 2022, the Group had the following contingent liabilities:

i. A number of performance bonds, total amount of £60k. They are repayable by Network Homes Limited if the contracted work described is not completed in accordance with the terms of the respective bond.

ii. Cross collateralisation and cross guarantees are in place for £429m of loans borrowed by Network Treasury Services Limited, the Group's Treasury vehicle, as at 31 March 2022. The loans are secured against property assets held by Group entities and are included within housing loans in note 24.

37. Government assistance

The Group receives financial assistance from government sources such as Homes England and local authorities. These government grants are accounted for as deferred income in the statement of financial position and are amortised annually to the statement of comprehensive income based on the life of the building component, which is 100 years. The amount amortised represents a contingent liability to the entity and will be recognised as a liability when the properties funded by the relevant government grant are disposed of or when the property ceases to be used for social housing purposes.

Below is the analysis of the assistance from government sources in the form of government grants:

	Group and Association	
	2022 £'000	2021 £'000
Government funding received (Note 27, 28 & 29)	633,906	620,888
Grants amortised to date	**106,277**	**98,394**

38. Related parties

As permitted by FRS 102 Paragraph 33.1A, the Association has not presented details of related party transactions with other companies that are wholly owned within the Group. The rents of the tenant Board members are on normal commercial terms and they are not able to use their position to any advantage.

All gift aid payments from non-regulated entities are receivable by the Association.

Group member	Details	2022 £'000	2021 £'000
Total receipts from non-regulated Group members			
Network Homes Investments (Stockwell) Limited	Loan Interest	-	116
Network Affordable Developments Ltd	Gift aid	152	-
Network Homes Investments Limited	Gift aid	-	461
Pimlico Village Developments Limited	Gift aid	-	16
Network New Build Limited	Gift aid	408	325
Network Treasury Services Limited	Gift aid	160	110
Network Homes Investments (Stockwell) Limited	Gift aid	360	12,075
SW9 Community Housing Limited	Management Fees	3,217	3,169
		4,297	**16,272**

38. Related parties – continued

Group member	Details	2022 £'000	2021 £'000
Total payments to non-regulated Group members			
Network Homes Investments Limited	Interest paid on loans	427	244
Network Affordable Developments Limited	Interest paid on loans	120	2
Network Homes Investments Limited	Office rent	38	38
Network Homes Investments (Stockwell) Limited	Interest paid on loans	207	110
Network Treasury Services Limited	Interest paid on loans	18,521	19,236
Network New Build Limited	Design & Build	87,649	78,227
Pimlico Village Developments Limited	Electricity & insurance	-	192
		106,962	**98,049**

Gift aid from the subsidiaries is recognised at year-end on a receivable basis and is calculated based on the profit for the year end. Design and build costs incurred by Network New Build Limited including fees that are calculated as a percentage of build cost are recharged to other Group members. Electricity and insurance cost is recharged based on the agreement between Pimlico Village Developments and the Association.

Network Homes Investments Limited received office rent from the Association for Riversmead House in Hertfordshire. Network Treasury Services Limited receives interest on loans to the Association.

Intercompany debtors and creditors

Intercompany current account (£'000): Description	NWH	NHISL	NTSL	PVD	NHIL	NNB	NADL	SW9
Network Homes Investments (Stockwell) Limited (NHISL)	360	(360)	-	-	-	-	-	-
Network Treasury Services Limited (NTSL)	164	-	(164)	-	-	-	-	-
Pimlico Village Developments Limited (PVD)	-	-	-	-	-	-	-	-
Network Homes Investments Limited (NHIL)	(1,194)	-	-	-	1,194	-	-	-
Network New Build Limited (NNBL)	(16,144)	-	-	-	-	16,144	-	-
SW9 Community Housing (SW9)	551	-	-	-	-	-	-	(551)
Network Affordable Developments Limited (NADL)	379	-	-	-	-	-	(379)	-
	(15,884)	**(360)**	**(164)**	**-**	**1,194**	**16,144**	**(379)**	**(551)**

Intercompany loans (£'000): Description	NWH	NHISL	NTSL	NHIL	NADL
Network Homes Investments (Stockwell) Limited (NHISL)	(350)	350	-	-	-
Network Homes Investments Limited (NHIL)	(29,625)	-	-	29,625	-
Network Treasury Services Limited (Loans less than 1 Year)	(11,545)	-	11,545	-	-
Network Treasury Services Limited more than 1 year	(415,893)	-	415,893	-	-
Network Affordable Developments Limited (NADL)	(18,750)	-	-	-	18,750
	(476,163)	**350**	**427,438**	**29,625**	**18,750**

39. Housing stock

The number of units of accommodation in management at the end of the year was as follows:

	2022			2021		
Social housing rental stock	Owned	Managed	Total	Owned	Managed	Total
General needs (exclusive of Short Stay)	8,561	-	8,561	8,781	-	8,781
General needs (Short Stay)	166	7	173	201	8	209
Affordable	2,848	-	2,848	2,908	-	2,908
Total general needs and affordable	**11,575**	**7**	**11,582**	**11,890**	**8**	**11,898**
Supported housing and housing for older people	1,964	-	1,964	1,913	-	1,913
Shared ownership	2,153	-	2,153	2,163	-	2,163
Leasehold	2,430	-	2,430	2,299	-	2,299
Intermediate rents	2,219	-	2,219	1,842	-	1,842
Total	**20,341**	**7**	**20,348**	**20,107**	**8**	**20,115**
Non-social housing stock						
Leasehold	502	-	502	517	-	517
Intermediate rents	132	21	153	187	-	187
Market rented	-	-	-	-	-	-
Total	**634**	**21**	**655**	**704**	**-**	**704**
Total	**20,975**	**28**	**21,003**	**20,811**	**8**	**20,819**
Properties owned but managed by others externally						
General needs	917	-	917	218	-	218
Affordable	33	-	33	-	-	-
Leasehold	-	-	-	16	-	16
Supported housing and housing for older people	526	-	526	387	-	387
Market rented	-	-	-	-	-	-
Sub total	**1,476**	**-**	**1,476**	**621**	**-**	**621**

The table above is prepared according to Statistical Data Return (SDR) definitions. For the purposes of this data collection, a provider is the owner of a property when it owns the freehold title or where a lease is granted by the freeholder (the leasehold for that property). The 'owner' is the landlord. The landlord has legal responsibility for the tenancy or issuing a licence and charging of rent or licence fee for occupants of the property. Landlords may (and usually do) directly manage the properties they own, or they may have an agreement for another organisation for the management of lettings and rent collection. The form of any management agreement may vary; however the landlord retains overall control of the property and all occupiers of its properties are tenants of that provider.

The lease can be of any duration, as the length of lease that the landlord holds does not determine whether it is social housing or not. Stock held on shorter leases will have been counted as stock that is managed for others.

40. Financial instruments and financial management

Group member	2022 £'000	2021 £'000
Financial assets measured at amortised cost		
Investment - financial	5,230	5,208
Shared Equity Loans	3,311	3,610
Rents receivable	9,425	7,147
Trade debtors	3,103	2,742
Stock transfer	-	863
Other receivables	9,648	11,590
Cash and cash equivalents	68,398	65,864
Total financial assets	**99,115**	**97,024**
Financial liabilities measured at amortised cost		
Housing loans less than one year	14,113	17,694
Housing loans more than one year	1,141,109	1,091,966
Bank overdraft	-	-
Trade creditors	6,718	5,492
Rent and service charges received in advance	8,052	7,652
Accruals	62,925	48,381
Social Housing Grant repayable	-	-
Disposal proceeds fund	-	902
Recycled capital grant fund	9,313	13,310
Other creditors	**2,336**	**5,043**
	1,244,566	**1,190,440**

Notes to the Financial Statements
for the year ended 31 March 2022

Financial Management

The main risks arising from the Group's financial instruments are as follows:

- liquidity risk;
- interest rate risk;
- counter party risk; and
- customer credit exposure.

Liquidity risk

The purpose of managing liquidity risk is to ensure that the Group meets its financial obligations when they fall due. The Group meets its financial obligations through cash flows from operating activities such as the underlying cash from rental income streams and property sales, grants from government sources and through long term borrowing from lenders.

Each year the Group's Board approves the treasury management strategy and updates the treasury policy for the Group. This policy addresses funding and liquidity risk, covenant compliance and investment policy. In addition, the Group's Board receives reports on treasury activities.

Treasury services are provided to the Group by the Association.

Treasury management activities are monitored by the Finance Committee.

The Group borrows at both fixed and floating interest rates, with the treasury policy requiring a minimum of 50% of drawn debt to be on fixed interest rates or hedged.

The Group's debt is a mixture of fixed and floating rate loans. As at 31 March 2022, 80% (2021: 84%) of the Group's debt was at fixed rates and 20% (2021: 16%) at floating rates.

The Group's treasury team monitors covenant compliance for the Group on a regular basis and is required to report on covenant compliance to the Group's lenders on a quarterly basis. At 31 March 2022 the Group complied with its loan covenants. Business plans demonstrate that it will continue to do so in the future.

Interest rate risk

The Group borrows from lenders using a mixture of short and long-term loans, the tenor of which depends on the 30-year business planning cycle and the Board's assessment of the macro-economic environment; for instance, the Board's view of the future direction of interest rate, assessment of demand and assessment of the political and legal environment. To mitigate interest risk, the Group ensures it has the right balance between fixed and variable loans in its loan portfolio.

Counter party risk

The Group's treasury policy sets minimum credit ratings for counter parties on investments to reduce counter party risk.

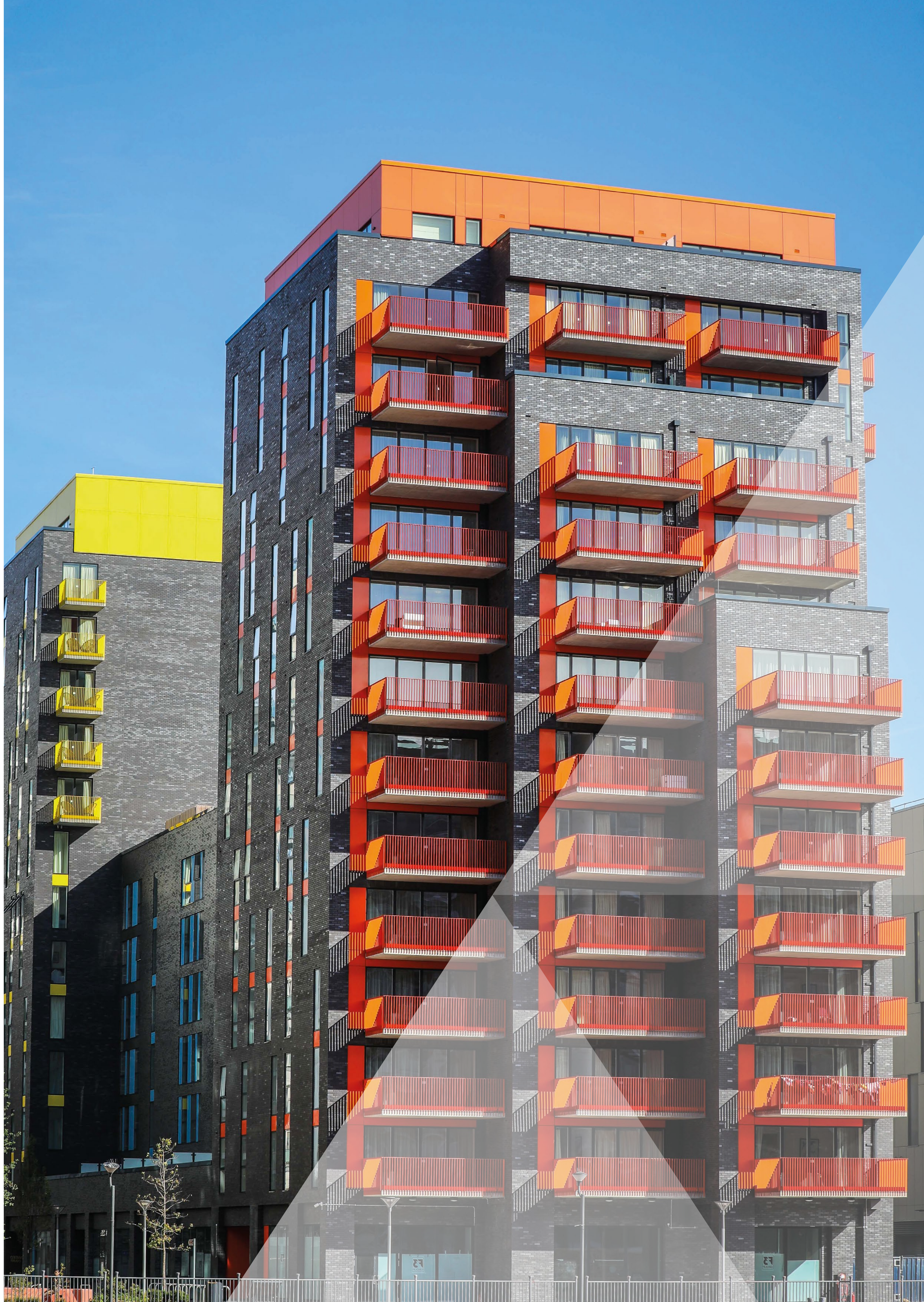
The short-term counter party ratings for investments must be at least an A1/P1 or F1. There are limits of £10m for approved investment institutions with the exception of the Group's main clearing bank where the £10m limit can be exceeded for short periods or £20m for AAA rated Money Market Funds (MMFs).

The treasury policy is reviewed annually.

The Group has a procurement policy in place and manages counter party risk by carefully selecting suppliers and development partners. This risk is mitigated by strong on-going relationship with contractors and suppliers.

Customer credit exposure

The Group is exposed to the possibility of tenants not paying their rents. To mitigate this risk, the Group monitors arrears on a weekly basis and engages with tenants. Income management teams follow up any late payments promptly and have strong on-going customer relationships with our tenants.



Network Homes
The Hive,
22 Wembley Park Boulevard,
Wembley
HA9 0HP

www.networkhomes.org.uk

@networkhomesuk

facebook.com/networkhomesuk

marcomms@networkhomes.org.uk
0300 373 3000

August 2022