

# Financial statements

2020/2021





## Contents

Chair and Chief Executive's statement	4
Strategic Report and Report of the Board	6
Financial review	50
Auditor's report	55
Financial Statements	65
Notes to the Financial Statements	70
Registered Office, Principal Advisors and Lenders	105
The Guinness Partnership Limited Board	106
The Guinness Partnership Limited Executive Team	107

## Guinness an overview of the year

### Financial, property and operational highlights



**£888.7m**  
Total assets

**£368.2m**  
Group turnover

**£167.4m**  
Group operating surplus

**£4,106**  
Social housing cost  
per home – Group

**£169.1m**  
Operating surplus - TGPL

Credit ratings:

**Standard & Poor's**

**A-** (stable)

**Moody's**

**A3** (stable)



**2,593**  
Homes under  
construction

**1,349**  
New homes started  
on site

**506**  
New homes completed

**1,740**  
New homes pipeline

**22.3**  
Average number of days  
to complete a routine  
responsive repair

**£118m**  
Investment and  
maintenance of  
existing homes



**64,236**  
Homes in management  
as at 31 March

**74%**  
Customer satisfaction

**86%**  
Employee engagement

**100%**  
Safety compliance  
checks carried out

**G1 V2**  
RSH regulatory ratings

**8,109**  
Weekly care hours  
delivered



# Chair and Chief Executive's statement

Welcome to Guinness's Financial Statements for the year to 31 March 2021, which describe what and how we have been doing over the last year, our financial performance and position, and how we see ourselves as being placed for the future.

When we wrote our introduction to the Financial Statements and Annual Review last year we were a couple of months into the first Covid lockdown. We referred to extraordinary and unprecedented times, and 12 months later that description remains true. If none of us had imagined the position of the country – the world – would be in this time last year, we are certain that none of us imagined that we would only just be transitioning back to “normality” now, albeit with Covid infections rising again. These have not just been extraordinary times but, for many people, extraordinarily challenging times. That is true for our customers and communities, many of whom have suffered economically and through the impacts of social isolation. It is also true for our colleagues, both for those who migrated from office to home-based working 15 months ago, and for those who have been in customers' homes and on our estates and on our building sites throughout the pandemic.

If Covid was one of the things that defined the last year, the other was the rise in public consciousness about racial inequality and injustice following the killing of George Floyd in Minneapolis, USA. We are proud of the openness of our colleagues in their conversations about race and ethnicity, and their determination to bring about meaningful and lasting change to society. Our colleagues shaped our Anti-Racism Statement and the actions we are taking to deliver on our shared commitment. This is an important part of our wider work on diversity and inclusion.

Although disrupted at times by Covid restrictions, we continued to deliver most of our services throughout the year. We continued to deliver our corporate plans and to develop strategies for the future. Our Annual Review shares some of what we did in 2020/21.

This year we extend a particular and very special thank you to all of our colleagues, for supporting our customers and communities and for supporting each other.



*N Braithwaite*  
Neil Braithwaite (Chair)



*C Simons*  
Catriona Simons (CEO)





Strategic Report

Who we are

We are one of the largest housing providers in the UK, and we have a strong social purpose and a proud history spanning more than 130 years. We provide great homes and services to over 140,000 people across the country. Guinness was founded in 1890 to improve peoples' lives and create possibilities for them and this long history drives us today to continue to fulfil our purpose. What we are here for hasn't changed and we continue to provide homes and housing services to over 64,000 households and deliver over 8,000 care hours each week through our subsidiary Guinness Care.

As a customer service organisation it's our customers that we're here for. That means the people we provide homes to today – our tenants and leaseholders – and the people we provide care and support services to. It also means our future customers.

What we do

Guinness is a regulated charitable housing association and our core activities are the provision of housing for social and affordable rent, affordable home ownership and housing for older people. Through our charitable subsidiary, Guinness Care, we provide a range of care services, including care at home and extra care housing. We are regulated by the Regulator of Social Housing (RSH) and the Care Quality Commission (CQC).

Most of our homes, around 80%, are for rent at prices lower than those charged in the private market – and on terms which offer far greater security. The remainder are either low cost home ownership or leasehold homes. We provide the majority of our housing services through The Guinness Partnership Limited. The Group also includes a number of other trading entities and subsidiaries.

We are addressing the need to increase housing supply, with plans to build 5,500 new homes by March 2025. As well as homes for rent, we also provide affordable home ownership options and homes that people can purchase on the open market, recognising that the national shortage of housing affects those seeking to buy a home too.

Everything we do is about our customers, our communities and our people and every pound we make is re-invested in achieving our social purpose.

Where we operate

We are a national housing association, with over 64,000 homes in 155 Local Authority areas across England, with significant presence in the North West, Yorkshire, the South West, London and the South East:

Top 10 Local Authorities	Number of Homes	% total
London	6,888	11%
Cheshire East	5,689	9%
Milton Keynes	4,587	7%
Havant	3,886	6%
Manchester	3,752	6%
Sheffield	2,411	4%
Rochdale	2,168	3%
Stockport	1,581	2%
Oldham	1,351	2%
Gloucester	1,294	2%

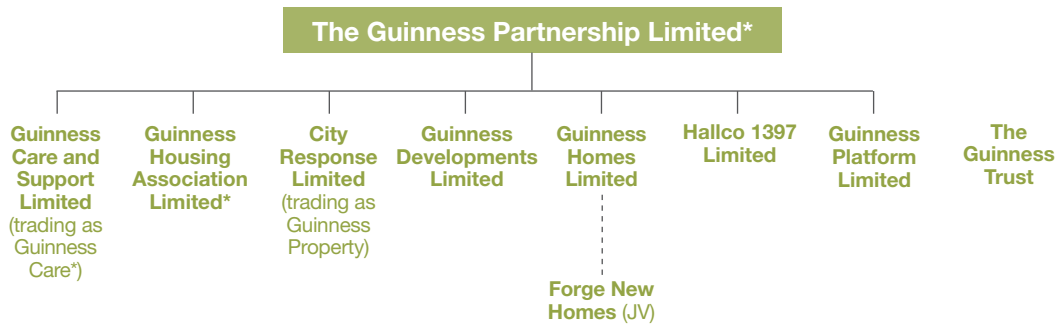
We continue to build and acquire homes in areas where we have a strong local presence. We actively consider the sale of empty homes that are uneconomic to repair or where there is low demand for homes. This approach enables us to improve service delivery to customers and operating efficiency.

In March we completed our stock swap with Paradigm Housing Group which was the largest stock swap in the housing sector to date. Guinness took ownership of 1,157 properties in the London Boroughs of Hillingdon and Hounslow and transferred 1,386 properties to Paradigm. This has enabled us to consolidate our presence in London and the South East.

Where our income comes from and how we spend it

Of the Group's total turnover, 90% comes from rent and service charges on our housing properties and 4% from the sale of first tranche shared ownership and outright sale properties.

Last year our core operations generated £43.4m (2020: £112.5m) of net cash which, together with grant receipts of £67.8m (2020: £47.0m) and new borrowings of £280m (2020: £270.5m), has helped us to invest in maintaining and improving our existing homes and to continue building new homes, with 506 homes completed last year with construction starting on a further 1,349.



\*denotes regulated providers of social housing

At the end of the year we had committed to £408.1m of investment which was under contract. A further £57m has been approved but is not yet in contract.

Our Structure

The Guinness Partnership Limited (TGPL) is the charitable parent and is regulated by the Regulator of Social Housing. TGPL undertakes the majority of our social housing activity. The wider Guinness Group includes two other registered providers of social housing, as well as seven trading entities, all of which are subsidiaries of TGPL which are shown in the diagram above with details of their principal activities. A full list of the Group subsidiaries and their activities is set out below and in note 33 to these financial statements.

- Guinness Care and Support Limited (trading as Guinness Care) – charitable registered provider of housing, care and support services.
- Guinness Housing Association Limited – non-charitable registered provider of social housing.
- City Response Limited (trading as Guinness Property) – provider of responsive and planned maintenance works to the Group.
- Guinness Developments Limited, Guinness Homes Limited and Guinness Platform Limited – delivery of design and build contract services in respect of the Group's development programme and the sale of some homes on the open market.
- Hallco 1397 Limited – owner of the freehold interest of a housing estate in the City of London until it was sold to The Guinness Partnership Limited in March 2020.

- Guinness Platform Limited – a dormant development subsidiary.
- The Guinness Trust – a dormant registered charity.
- Forge New Homes – a property development joint venture which Guinness Homes Limited participates in with four other housing associations (or their subsidiaries) in the Sheffield area.

Our Vision and Strategy

Our vision is for Guinness to:

- Deliver **great service** – to be one of the best service providers in the housing and care sectors.
- Provide **great homes** – to provide as many high-quality homes as possible, and to play a significant part in tackling the country's housing crisis.
- Be a **great place to work** – to be one of the best employers in the country.

And to:

- Be a **great business** – to be a strong and efficient business that does things well, and that people can trust and rely on.

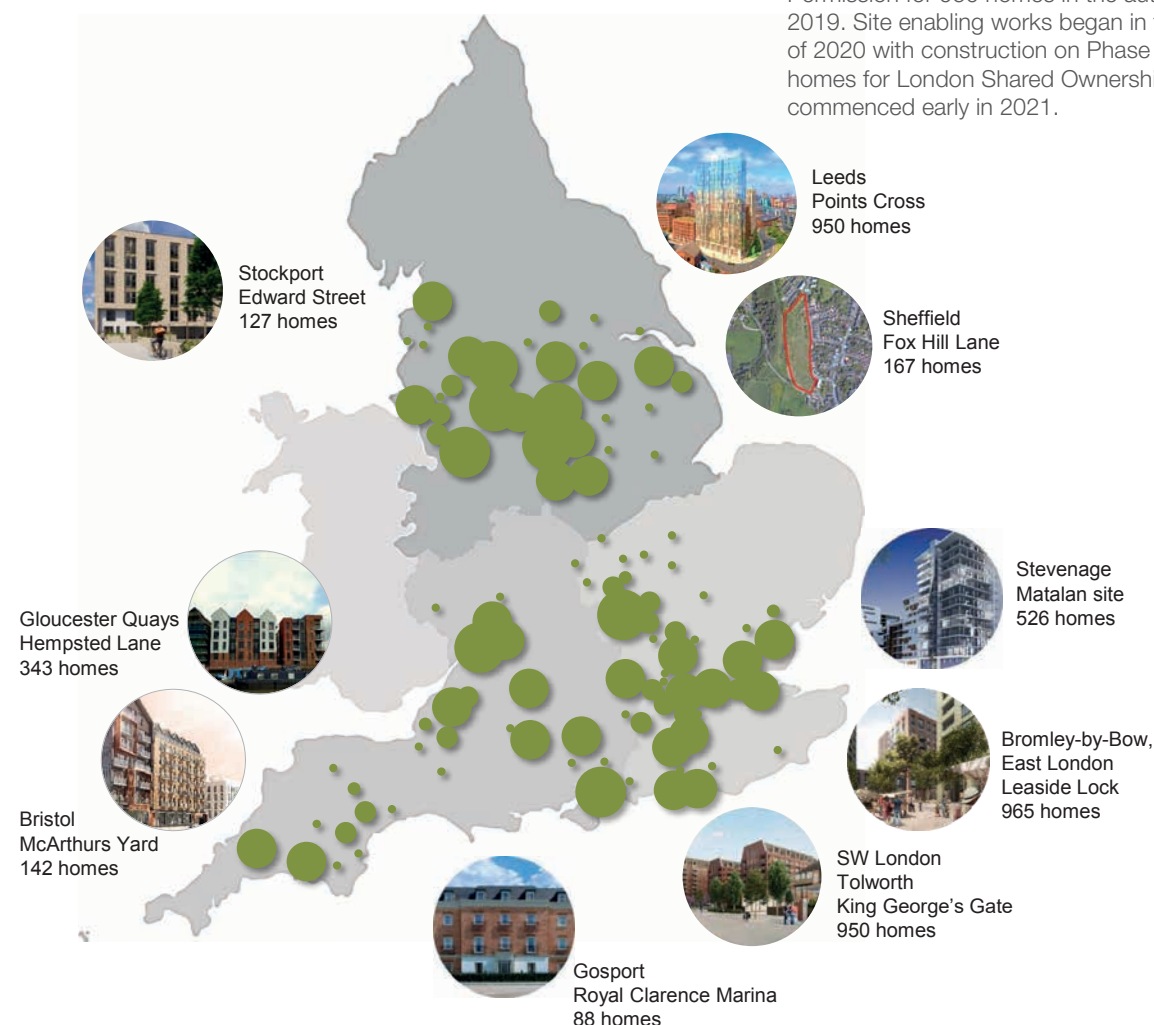
This year our operations have been impacted by the Covid pandemic. We have adapted how we work to ensure that we maintained the safety of our customers and colleagues throughout the year. During the year we have continued to invest in the safety and condition of our homes, and in our systems.

## Adapting to the changing world around us

In March 2021 the Board approved our strategic targets:

- **Great Service: customer satisfaction of at least 80% by 2025**
- **Great Homes: 5,500 homes completed by March 2025, including 5,000 affordable homes within our Strategic Partnerships**
- **Great Place to Work: employee engagement of at least 85% in 2025**
- **Great Business: operating margin (excluding sales) of 30% by 2025**

## Development highlights across the country



## Development highlights

During the year we completed 506 new homes, started on site with the construction of over 1,300 homes and bought land to deliver over 600 more.

Of the 506 that we completed, 247 were for affordable home ownership, 251 were for affordable or social rent, with the remainder being for market sale. We completed 135 properties in the West, 200 in the South and 171 in the North.

Information on our most significant schemes is provided below:

### Points Cross – Leeds

This development for over 950 homes sits within the Southbank regeneration area of Leeds, close to the city centre. Early in 2021 we started work on site to build the first 311 homes for Affordable Home Ownership and Social Rent.

### King Georges Gate – Kingston upon Thames

We acquired this site with Outline Planning Permission for 950 homes in the autumn of 2019. Site enabling works began in the spring of 2020 with construction on Phase 1 of 211 homes for London Shared Ownership commenced early in 2021.

### Drybrook – Gloucestershire

We entered into a partnership with Ilke Homes for 57 affordable homes at Drybrook in Gloucestershire at the end of 2020. These homes are being manufactured off-site using volumetric construction. The first homes have been delivered to site with the scheme anticipated to complete in the autumn of 2021.

### Leaside Lock – East London

At Leaside Lock in east London we have assembled land next to the River Lea to deliver 965 homes across a range of tenures. We are on track to take the first handovers on the first phase of this development in September 2021 – this phase comprises 500 homes for London Shared Ownership and Market Sale. During the year we also let the build contract for the second phase of 144 homes for London Affordable Rent.

### Fox Hill – Sheffield

The Fox Hill development in Sheffield is making good progress on its first phase of 111 homes, of which 50 are for rent and 61 for Shared Ownership. In January 2021 we let the contract for phase two which will deliver a further 56 homes for sale.

### Gloucester Quays

In Gloucester's primary regeneration area we are developing over 300 homes for Affordable Home Ownership and Affordable Rent in partnership with Crest Nicholson. Phase one of this scheme commenced in 2019 and resulted in the completion of 89 homes by March 2021.

### Developments in Bristol

Over recent years we have entered into land contracts to develop nearly 350 homes in and around Bristol. Over 230 homes at McArthurs Yard and Emersons Green are now on site and planning permission is expected soon for a further 100 homes on another site in the city.

### Other sites across the country

We continue to develop across the country, with over 2,400 homes now on site in Greater Manchester, London, Derbyshire, Devon, Sussex, Yorkshire, Bristol, Gloucestershire, Lancashire and the Home Counties. Long term relationships with developer partners underpin much of this delivery and complement our land-led approach elsewhere.

Through our Strategic Partnerships with Homes England (HE) and the Greater London Authority (GLA) we have committed to deliver almost 5,000 new affordable homes by 2025 and this is reflected in the mix of tenures under development. We have recently submitted bids to both HE and the GLA for funding to enable us to deliver more homes in the period beyond 2025.

The map opposite shows the location of some of our current and planned development activity across the country.

## Responding to key events

### Our operating environment

The Coronavirus pandemic influenced the way we operate throughout the year. We rapidly changed our operations in a very short period of time in order to ensure our colleagues and customers were kept safe. Whilst addressing the operational challenges presented by the pandemic, we have continued to take important steps to respond to the key challenges facing the sector. These include the evolving building safety agenda, achieving net zero by 2050, and continuing to play our part in addressing the nation's housing crisis.

### Policy and political environment

This year we have seen a clear commitment from the Government, through the new £12.2bn Affordable Homes Programme, to working with the social housing sector. Although not without its challenges, it is the largest allocation for affordable housing for a decade.

The Government's support for homeownership remains clear. A new model of shared ownership and a new Right to Shared Ownership are intended to bring home ownership within reach of more households. However, the Government forecasts that 32,000 of the 180,000 homes it expects to be delivered through the new programme will be for social rent.

We welcomed the publication of the Social Housing White Paper in November 2020 and support its aims to ensure that residents' voices are heard. Its new seven-point Charter, policy measures and reviews will set the tone for the sector for years to come. We have been taking steps to ensure we are ready for the new regulatory regime.

### Building safety

The safety of our residents remains our absolute priority at Guinness. We have continued to take all appropriate steps to ensure our policies and working practices are fully aligned to Government advice and reflect or anticipate new legislation including the Fire Safety Act 2021 and the Building Safety Bill. We have recruited to a new Building Safety Team to ensure we have sufficient capacity to meet the new requirements.



We have two taller buildings where Aluminium Composite Cladding was used in the construction of the properties. Both are under 18m in height. We own the freehold of one building with cladding replacement completed during the year. The freehold of the other building is owned by the local authority, and the cladding replacement is in progress and due to be completed by July 2021.

We have small amounts of cladding on other buildings (in most cases less than 25% of the wall surface). We have almost completed our programme of cladding investigations across those Higher Risk Residential Buildings and are replacing cladding as necessary.

All of our buildings have an up-to-date Fire Risk Assessment with a programme of works to implement any resulting recommendations. We also have a programme of intrusive Fire Risk Assessments in progress for our Higher Risk Residential Buildings and Timber Framed Buildings.

Our sprinkler retrofit programme to all our high-rise residential buildings is progressing well. Thirteen high-rise residential buildings have been fitted with sprinklers, with nine in progress and further 14 planned for 2021/22. We also have a programme of intrusive Fire Risk Assessments in progress, nine have been completed, nine are in progress and a further ten are planned for 2021/22. The programme extends to other accommodation including some of our housing for older people where seven buildings have been fitted with sprinkler systems with another installation currently on site. We have 24 Timber Framed Buildings over four storeys; of these, two have had sprinkler systems fitted and a further six are planned.

Across our Timber Framed Buildings and our Housing for Older People, where there may be concerns about compartmentation, we have completed four intrusive assessments, 39 are in progress and a further 15 are due for completion in 2021/22.

We welcomed the Government's announcement of additional funding for cladding remediation – taking the total available amount to £5bn, but note that there are non-cladding related building safety costs that are not within scope of the scheme, and the costs of remediating buildings across the country is envisaged to far exceed the available funds.

Our Building Safety Action Plan is regularly reviewed and updated, and is scrutinised by our Building Safety Steering Group, our Executive Team and the Board.

## Sustainability and Zero Carbon

We are committed to the environment and are finalising our Decarbonisation Strategy. We already work to a home energy standard, approved in 2015, which aligns to the Fuel Poverty Regulations and aims to ensure all our homes meet a minimum of EPC C (Standard Assessment Procedure ('SAP') rating of 69) by 2030. Our aim is also to fully decarbonise our stock, offices and operations by 2050, in line with the Government's net zero carbon targets.

The average SAP score across our portfolio is currently 72, compared to an average of 69 across the sector. We have installed insulation measures in over 1,000 properties over the last year, to continue improving the SAP score of our properties.

We have been investing c£0.5m per year in efficiency improvements to the fabric our existing homes since 2015. We have modelled the requirements of Net Zero Carbon against our portfolio and have made an additional financial provision of £1bn over 25 years commencing in 2025/26 to meet the increased challenges. We have commenced a programme of heating upgrades to increase energy efficiency and reduce heating bills for customers. We have an Air Source Heat Pump programme underway in Cheshire, and a programme fitting smart meters in our homes, providing radiator reflectors and offering advice to customers about how to reduce energy consumption.

We have been actively involved in developing a standardised approach to Environmental, Social and Governance (ESG) reporting across the social housing sector and welcome publication of the new voluntary Sustainability Reporting Standard for Social Housing which we will publish a report showing our performance against later in 2021.

## Welfare reform

At 31 March 2021, 39,670 Guinness customers were in receipt of either Universal Credit (UC) or Housing Benefit to pay some or all of their rent. We have experienced a large increase in customers claiming UC as a direct impact of the pandemic, with many working customers claiming benefits for the first time. However, due to the delay in the migration process from Housing Benefit to UC, the number of customers claiming Housing Benefit has not reduced.

At 31 March 2021, 17,365 of our customers were claiming UC. These customers had average arrears of 7% (£711), which compares favourably with a figure of 22% in 2017, 8.36% in 2020 and

the national average across housing associations of 12%. Our specialist Customer Support Team provides extensive assistance to customers to both claim and, where necessary, manage the benefits they are entitled to. Our approach to arrears management is to identify issues at an early stage and ensure effective use of alternative payment arrangements where necessary.

This year we have supported 996 customers directly through our Hardship Fund – an increase from 685 last year. We provide food and vouchers for utilities, as well as provide basic equipment and furniture to households in severe need. The primary reason for customers requiring this support is the wait for the UC payment following application. Whilst waiting times have reduced during the year, this still presents a challenge to customers. Many households have also been affected by income loss due to the pandemic.

The Government's support schemes, including the £20-a-week uplift and the extension of the Job Retention scheme, have been vital in protecting household finances. The planned withdrawal of both schemes at the end of September is expected to have a detrimental impact on many of our customers' financial wellbeing and so we will be monitoring this closely.

## Regulation

Our regulatory environment has remained stable, with the Regulator of Social Housing not changing the regulatory framework significantly during the year, and consistency in the Care Quality Commission framework. Following publication of the Social Housing White Paper, we are expecting changes to the regulation of compliance with the Consumer Standards, which we fully support as we think this offers an important protection to residents.

A new Rent Standard came into effect on 1 April 2020 which is reflective of the direction provided by Government and permits a return to inflation-linked rent increases for the next five years. We consulted our residents on the implementation of the more detailed aspects of the Rent Standard.

## Covid-19 Pandemic

Guinness continued to respond quickly and positively to the ongoing Coronavirus pandemic with our priorities being to ensure the safety and wellbeing of our employees and customers, whilst at the same time protecting the financial viability of the business.

We adapted our operations quickly thanks to a strong business continuity plan which ensured continuity of service to our customers. We reshaped our repairs and maintenance

operations to focus on delivery of an essential repairs service and continued to undertake statutory activities, such as gas safety inspections. We modified working practices and ensured that our employees had the appropriate PPE to undertake their roles safely. We continued to offer care services throughout and introduced an extended range of support measures for our customers, which included welfare calls, the provision of food vouchers (or shopping), additional cleaning services on estates and in communal areas, as well as increased support to new benefit claimants.

Following the third national lockdown, the environment continues to present risks, including repairs backlogs, longer construction times, deferred works programmes, reduced property valuations, deteriorating rent collection (particularly as Government support packages are withdrawn), and the increased costs of day-to-day operations due to social distancing and PPE requirements. These factors are reflected in our Financial Plans, and detailed stress testing has been performed to assess the potential impact of more extreme scenarios, both in isolation and within multivariate and scenario analysis. Stress testing has been periodically presented to the Executive Team and the Board during the period since the first lockdown began. Recovery plans are developed alongside this work to determine measures that would mitigate downturn impacts.

## Our strategic resources and relationships

### Resource – creating social and financial value

#### Financial strength and control

We have a clear vision, supported by sound financials and good credit ratings. We know we need to be financially strong to achieve our aims, to keep investing in the homes we already own and to build new ones. Our financial stability and strong balance sheet mean that we can maintain our strategic focus on developing and operating homes for our customers now and into the future. Our financial strength means we are able to secure long-term and short-term funding from investors at competitive rates. In April 2020, we issued a £400m 35 year bond at a 2% coupon (of which £150m was retained) which will support our future development aspirations.

#### Suppliers

We recognise the added value that our supply chain brings and ensures that contracts are based on a balance of price and quality outcomes that are





aligned to our strategic aims. We work proactively with our supply chain both to provide opportunities for SME's and to promote supplier diversity.

#### **Our homes and other assets**

We invest in our infrastructure, our homes, technology and other assets, to fulfil our strategic objectives. Our continued development programme delivers high quality and safe homes that people are proud to live in, and we ensure that we maintain our existing homes, through investment, upgrading them to a high standard so that they meet or exceed building safety requirements.

### **Relationships – working with our stakeholder groups**

Our ability to deliver value to our customers and communities depends on engaging with stakeholders and incorporating their views into business decision-making. We engage with the following key groups: customers; employees; government and regulators; suppliers and contractors; funders and partners; sector peers; and our wider communities.

#### **Customers**

As a customer service organisation, we work continuously to improve our services and to make things easier for our customers. Our customers are our residents, both tenants and leaseholders, and those who receive care services from us, who may not always live in a Guinness home. We believe that every customer should have a great experience of Guinness and should feel that they are important to us. We ensure that we go further for our customers who may need more from us, by investing in tenancy sustainment, financial inclusion and access to work.

#### **Employees**

We want Guinness to be a great place to work, one where people share a vision, have a real sense of purpose and feel really valued. We believe that the best business solutions come from bringing together a wide range of perspectives and that by harnessing diverse viewpoints and talents, we will do more for our customers and the communities we work in. We ensure we create a great employee experience making Guinness a great place to learn, work and succeed not just by offering a competitive reward and benefits package but by supporting our people's growth and learning, and giving them the tools they need to succeed.

#### **Government, MPs, regulators**

Government and regulators have a central role in shaping the housing association sector and we ensure we maintain effective relationships with the Regulator of Social Housing, the Care Quality Commission, local authorities, MPs and Government agencies.

#### **Suppliers and contractors**

We rely on our supply chain to operate day-to-day, and to deliver projects, whether large or small developments, technology implementations, or consultancy and research. We build strong relationships with suppliers and contractors so we can maximise cost efficiencies and enhance positive customer and community outcomes, which are essential to delivering value for money.

#### **Funders and partners**

We work with a range of partners, including house builders, local authorities and charities. We work with a range of funders which include banks and building societies, long-term capital markets investors, and government agencies.

Our ongoing relationships with Homes England and the GLA has enabled us to successfully secure grant funding to deliver new affordable housing.

#### **Sector collaboration and wider partnerships**

We work with our peers to contribute to sector-wide issues, through the National Housing Federation (including its working groups), Homes for the North (H4N) and the Consortium of Associations in the South East (CASE). We are also a member of the Dementia Housing Working Group, the Housing and Dementia Research Consortium, and we work closely with the Housing Learning and Improvement Network. We are also continuing to support 'Bring Dementia Out', meeting the needs of our customers from the LGBTQ communities living with dementia.

Our joint venture collaboration vehicle, Forge New Homes, has acquired its first site during the year and will deliver new homes in the Sheffield City region. This venture was formed in 2019 with Great Places Group, South Yorkshire Housing, Yorkshire Housing and Together Housing Group.

#### **Engaging with policy**

We have engaged with a large number of Government policy consultations and Parliamentary Select Committee / APPG inquiries. We play a leading role in highlighting the Women into Construction initiative, including through political events. Through our Customer Support team we have also developed a good understanding of the challenges faced by people transitioning onto UC and built strong relationships with the Department for Work and Pensions as it continues to develop the rollout of UC.

#### **Communities**

We want to make a real difference to the lives of our customers and communities. We continue to focus on addressing anti-social behaviour and promoting activities which create cohesion so our communities and neighbourhoods are pleasant and safe places for everyone who lives there.



74%

tenant  
satisfaction

Our Performance in 2020/21

Our Board sets our Strategy and Corporate Objectives. Each year we set a Business Plan and associated performance targets against each of the four key areas outlined in our Strategy, and a separate plan for our subsidiary Guinness Care. Our targets are linked to our Corporate Objectives with performance monitored by the Executive Team and the Board. Targets are set which seek to balance ambition with deliverability.

93%

care service  
customer  
satisfaction

We have summarised below our performance and progress in achieving our key objectives and delivering against our performance targets during the year. This includes an assessment against key performance indicators that allows us to monitor, evaluate and demonstrate delivery.

Great service

Is about getting things done, making things easy, and how we make our customers feel. It's about listening, and our customers knowing they can trust us.

£118m

investment in our  
existing homes

Our Operational Performance	2020/21 Actual	2020/21 Target	2019/20 Actual	2019/20 Target
Tenant satisfaction	74%	75%	73%	80%
Homeowner satisfaction	52%	50%	47%	55%
Care customer satisfaction	93%	92%	93%	92%
Satisfaction with last completed repair	81%	90%	81%	87%

As a customer service organisation, customer satisfaction is important to us and continues to be a key area of strategic focus.

Tenant and homeowner satisfaction improved this year whilst satisfaction with responsive repairs remains stable despite the inevitable disruptions to service delivery caused by the Covid pandemic.

Tenant satisfaction overall was 74% for 2020/21, a 1% improvement on the previous year and just below our target of 75%. Homeowner satisfaction increased by 5% to 52% and met our target.

Tenant satisfaction continues to vary significantly across the country with higher levels in the North and in the South West, but lower levels in London and the South East. Our focus remains on ensuring that our core services are delivered in a way which meets customer expectations, this is supported by our new cloud-based

Customer Relationship Management system that went live in the autumn of 2020.

Customer satisfaction with our care service remains high at 93%, in line with 2019/20, demonstrating the value our often-vulnerable customers place on this frontline service.

Customer satisfaction with repairs remains unchanged at 81% and is below our target of 90%. The Transformation Plan that was implemented in the prior year within our in-house maintenance service (Guinness Property) was consolidated during the year. Guinness Property successfully mobilised delivery of repairs services in London in November 2020, taking over from a third-party contractor. Customer satisfaction with repairs services in London has improved by 3% to 72% following the change.

Our 2020/21 business plan objectives:

Improve repairs services in London, the South and the South West, ensuring that all regions reach and sustain customer satisfaction with repairs of 90%.

Support residents to claim the benefits they are entitled to, particularly as they transition to Universal Credit.

Deliver our Social Investment Strategy focusing on Alleviating Hardship; Education Employment & Training; and Inclusive Communities.

Deliver our Customer Engagement Strategy and our commitments under the Together with Tenants charter, including ensuring the Tenant Scrutiny Panel is contributing effectively and creating more opportunities for customer involvement, including through online community forums.

Use data and customer insight proactively to anticipate customers' needs, tailor services to them and work more efficiently.

Continue improving our approach to complaints so we communicate effectively, resolve problems fast and learn from things that have gone wrong, so we improve services in future.

What we achieved:

- Guinness Property took on the London repairs service from our third-party provider in November 2020.
- The Guinness Property Responsive Repairs Transformation programme was successfully completed during the year and we expect this to deliver long-term cost savings as well as improvements in the quality of services.

- During the year we enabled customers to claim an additional £13.4m in benefits.
- Arrears for customers on Universal Credit were maintained at 6.44% compared to the market average of 10%.
- We supported 12,500 residents to claim the correct benefits.

- We partnered with "Pop Up Business School" to provide training to over 390 people giving advice on how to set up their own business.
- We opened a Learning Kitchen in Manchester working with Fusion 21 and Manchester Youth Zone to provide 12,000 meal boxes for families whilst providing training to young people.

- During the year our "Together with Tenants" Action Plan was approved by the Board.
- We successfully recruited and trained members to our new Tenant Scrutiny Panel.

- We introduced transactional surveys for Lettings, Planned Maintenance and Responsive Repairs to better understand customers' experience.

- Complaints are now fully case-managed through our new Customer Relationship Management System.
- During the year we published our self-assessment of compliance with the Housing Ombudsman complaint handling code, noting compliance with the code.
- Our Scrutiny Panel will review our Complaints process as part of their work.

Our goals and targets for 2021/22:



Extend our digital offer, enhancing and extending repairs and maintenance functionality, including services delivered by contractors.



Embed changes to our repairs service, recover from the impact of Covid-19 on maintenance activity and complete the next stages of the Guinness Property transformation (Empty Homes and Planned Maintenance).



Extend the use of our CRM system through customer journeys and adopt additional functionality to enable us to communicate effectively and better support our tenants and residents.



Deliver our Customer Engagement Strategy (including for Building Safety) and our White Paper Action Plan. Create more opportunities for customer involvement. Ensure the Tenant Scrutiny Panel is operating effectively and set up a Homeowner Scrutiny Panel.



Deliver our Social Investment Strategy focusing on Alleviating Hardship; Education Employment & Training; and Inclusive Communities.



Help customers sustain their tenancies by using data to identify when people may struggle to pay their rent. Proactively intervene to reduce the number of avoidable arrears-related evictions. Support customers to claim the benefits they are entitled to.

In numbers:

77%

Tenant  
satisfaction

92%

Care customer  
satisfaction

56%

Homeowner  
satisfaction

90%

Satisfaction with  
response repairs



100%

statutory compliance checks completed

99.8%

of our homes meet the Decent Homes Standard

506

new homes completed

Great homes

Are safe and secure, warm and dry, and where everything works. A great home is affordable and a place people are proud to live.

Our Operational Performance	2020/21 Actual	2020/21 Target	2019/20 Actual	2019/20 Target
Gas certification compliance	100%	100%	100%	100%
Electricity, fire risk assessment, asbestos, water safety compliance	100%	100%	100%	100%
% homes meeting the Decent Homes Standard	99.95%	100%	99.8%	100%
Emergency repairs completed in the time agreed	95.7%	100%	94%	100%
Re-let turnaround time (days)	70.6 days	22 days	50.8 days	22.0 days
Total new homes starting on site	1,349	2,000	1,026	2,000
Number of new homes completed	506	700	199	1,000

Our aim to provide safe homes for customers has been met during 2020/21 as we continue to prioritise safety and compliance. This is reflected in 100% compliance across gas and electrical certification, fire risk assessments, asbestos surveys, water safety assessments, passenger lift servicing, with 94% of community alarm monitoring inspections completed.

We are pleased that at the end of the year 99.95% of our homes met the Decent Homes Standard and our significant investment programme for 2020/21 will ensure this continues. Work inside customers' homes was suspended at times during the year as we prioritised the safety of our customers and employees, this impacted our Decent Homes work programme, however, only 26 homes did not meet the Decent Homes Standard at the end of the year with work on these properties being prioritised in 2021/22.

Whilst our completion of emergency repairs in the time agreed improved compared to the previous year, to 95.7%, it remained short of our target of 100%. Improvements to our repairs service continue to be embedded and during the year Guinness Property took over repairs delivery in London which was our poorest performing region, with some early performance improvements achieved.

Empty homes turnaround time was impacted by our decision to suspend work to and the letting of empty homes during the first national lockdown. This affected over 1,000 homes, and has consequently significantly increased our average re-let turnaround time to 70.6 days. We have not changed our targets as benchmarking with peers and our own analysis suggests that turnaround times of below 30 days is achievable. We are reviewing our empty homes and lettings process to support delivery of this.

During the year construction started on 1,349 new homes. This was below our target of 2,000 due to delays securing the appropriate planning consents on a number of sites but represents an increase on the prior year. Construction started on many of our larger development sites which we expect to contribute to significantly increased completions over the next two years.

We completed 506 new homes during the year which was below our target of 700 but higher than the 199 completed in the previous year. This was partly driven by delays during the first lockdown, when it was not clear whether contractors were able to continue work on site. Of the new homes completed 498 were affordable homes (251 for rent and 247 for shared ownership) and eight were for market sale.

Our 2020/21 business plan objectives:	What we achieved:
Deliver our Building Safety Action Plan as part of a significant programme of investment to ensure our existing homes are of good quality, Decent, safe, secure and warm.	<ul style="list-style-type: none"><li>We have continued to make good progress against our Building Safety Action Plan.</li><li>We replaced the cladding on one of two buildings fitted with Aluminium Composite Material (ACM), with the freeholder expecting to complete replacement on the other building by July 2021.</li><li>We retrofitted thirteen buildings with sprinkler systems with a further nine in progress and 14 planned for 2021/22.</li><li>We have established our Building Safety Team, recruiting to key roles.</li><li>We have completed type 4 fire risk assessments at nine schemes with a further fourteen in progress.</li><li>We have grown our Building Safety Team, recruiting to key roles with further recruitment to follow.</li></ul>
Ensure we continue to carry our statutory compliance checks and regular safety testing on our homes on time, and take effective follow-up action where required.	<ul style="list-style-type: none"><li>Our compliance performance remains strong despite interruption to works during the year.</li><li>We successfully retendered our fire safety equipment maintenance contract.</li></ul>
Develop a comprehensive Net Zero Carbon and Sustainability Strategy.	<ul style="list-style-type: none"><li>The Board agreed the key principles of our approach to Net Zero Carbon and Sustainability. The Strategy is due to be considered by the Board in early 2021/22.</li><li>We worked with Savills to better understand the potential cost to Guinness of delivering Net Zero Carbon by 2050 have included an additional £1bn provision in our 30-year Financial Plan.</li></ul>
Ensure we are on track to deliver our Homes England and GLA development commitments by 2024.	<ul style="list-style-type: none"><li>During the year 1,349 starts on site were achieved, with 506 homes completed.</li><li>We started 1,083 and completed 239 homes towards our Homes England commitment to deliver 3,000 homes by 2025.</li><li>We started 810 homes towards our GLA commitment to deliver 1,750 homes by 2025.</li><li>692 plots were purchased and a further 200 had contracts exchanged with completion subject to award of planning permission.</li></ul>
Continue our programme of upgrades to communal areas and, roll out our new technology offer in our housing for older people.	<ul style="list-style-type: none"><li>We upgraded communal areas in six of our Housing for Older People schemes.</li><li>Our Digital Alarm Monitoring Service has been rolled out to 36 schemes during the year.</li></ul>

Our goals and targets for 2021/22:



Deliver our Building Safety Action Plan and our wider programme of investment to ensure our existing homes are of good quality, decent, safe, secure and warm.



Use smart technologies that tell us how our homes are working day to day.



Ensure we continue to carry our statutory compliance checks and regular safety testing on our homes on time, and take effective follow-up action where required.



Develop our Environmental & Sustainability Strategy – develop our long-term plan for decarbonising our existing homes.



Ensure we are on track to deliver our Homes England and GLA development commitments to build 5,500 affordable homes. Start 2,400 new homes and complete 835 new homes.



Continue our programme of upgrades to communal areas and, roll out our new technology offer in our housing for older people.

In numbers:

100%

Gas certification compliance

2,400

New homes started

835

New homes completed

100%

Homes meeting the decent Homes Standard

0

Overdue fire risk actions at each month-end

734

... of which are social/affordable homes.



86%  
TGPL employee  
engagement

6%  
staff turnover

99.1%  
attendance level

A great place to work  
Is one where people share a vision, have a real sense of purpose and feel really valued. It's a place people are proud to work.

Our Operational Performance	2020/21 Actual	2020/21 Target	2019/20 Actual	2019/20 Target
Employee engagement – TGPL	86%	85%+	84%	85%+
Employee engagement – Guinness Care	81%	77%	83%	77%
Employee engagement – Guinness Property	84%	85%	67%	85%
Attendance level excluding long-term sick	99.1%	98.4%	98.5%	98.4%
Staff turnover	6%	10-15%	10.5%	10-15%
Completion of corporate mandatory training after one month	98.1%	100%	98.2%	100%

Our people are central to the successful delivery of our strategic aims, vision and targets. We ensure we make Guinness a great place to learn, work and succeed.

During the year we were pleased to maintain high levels across all parts of the Group with all entities achieving scores of over 80%. Employee engagement in both TGPL (86%) and Guinness Care (81%) exceeded our target for the year. Whilst Guinness Property (84%) was marginally below target, it achieved a significant 17% increase on the previous year's score. These results continue to demonstrate that our people are highly motivated and are committed to our vision and social purpose.

Our commitment to our employees was recognised during the year through the achievement of three Investors in People Awards:

- **The Diversity and Inclusion Award –**  
For our work on 'Everyone', our Diversity and Inclusion Strategy.
- **The Health and Wellbeing Award –**  
For organisations with 500+ employees. We won this award for our work embedding health and wellbeing into everyday life and reacting quickly to the challenges of Covid-19.
- **The Special Recognition Award –**  
In recognition of our approach to supporting our people during the Pandemic.

Our 2020/21 business plan objectives:	What we achieved:
Celebrate our people's successes on The Grid, through our Guinness Behaviours Awards Programme and at our annual Star Awards.	<ul style="list-style-type: none"><li>• Our colleague Intranet, The Grid, contributed to building and maintaining engagement throughout the year with almost 800,000 visits by 3,100 colleagues.</li><li>• The sixth annual employee Star Awards took place in November 2020 with almost 200 colleagues shortlisted for their achievements and almost 400 colleagues attending a virtual ceremony.</li></ul>
Launch the next phase of our Guinness Managers and Leaders programmes and launch our new Aspiring Talent and Management Fundamentals programmes.	<ul style="list-style-type: none"><li>• Our Management Fundamentals training programme (aligned to ILM Level 3) continued to be delivered. During the year we delivered four cohorts for a total of 40 managers. Ten managers have so far achieved a level 3 ILM Certificate in Leadership and Management.</li><li>• Our Guinness Managers' Training Programme (aligned to ILM Level 5) launched in January 2021 with 14 managers taking part. A second cohort will run from June 2021.</li><li>• Our "Beyond Now" programme, designed to support development of aspiring talent across Guinness, launched in November 2020 with 14 participants.</li></ul>
Promote the attainment of professional qualifications for employees in technical roles.	<ul style="list-style-type: none"><li>• Guinness funded 30 employees to complete professional qualifications across a range of subjects including Residential Property Management, Finance (AAT and CIMA) and Construction and Project Management.</li></ul>
Enhance our housing management and related learning so that our teams have the specialist knowledge they need, focusing particularly on building safety, Anti-Social Behaviour and managing estates.	<ul style="list-style-type: none"><li>• The roll out of ASB Specialist training was completed during the year for those who manage serious cases.</li><li>• We commenced the roll out of "ASB Essentials" which has been developed for a broader audience of over 300 employees and focuses on low-harm cases such as noise nuisance.</li><li>• Domestic Abuse e-learning for all customer facing employees has been developed and ensures employees are able to identify and report cases of Domestic Abuse. The training has supported the attainment of the Domestic Abuse Housing Alliance (DAHA) accreditation.</li><li>• "Tenancy Management Essentials" continues to run for all new starters and covers topics that include starter tenancies, ending tenancies, succession and mutual exchanges as well as managing tenancy changes.</li></ul>
Commence a project to improve our business processes and embed a lasting culture of continuous improvement.	<ul style="list-style-type: none"><li>• We introduced "Lean Six Sigma" training across Guinness to provide a set of tools and a framework for continuous improvement activity. By the end of March 43 leaders and managers had completed the Green Belt course with a further 50 employees having completed the Yellow Belt training.</li></ul>



# Strategic Report and Report of the Board

A great place to work continued

Our 2020/21 business plan objectives:	What we achieved:
Deliver our 2020/21 Diversity & Inclusion Strategy initiatives.	<ul style="list-style-type: none"><li>• We were recredited as a Disability Confident Leader during the year under the Government's scheme.</li><li>• We developed, launched and made significant progress delivering our Anti-Racism Action Plan.</li><li>• We improved the completeness of diversity information with 92% of employees now providing this.</li></ul>
Continue our programme of investment in staff wellbeing so we have a happy and fulfilled workforce.	<ul style="list-style-type: none"><li>• We provided ongoing wellbeing and support guidance through our intranet.</li><li>• We delivered a programme of planned works to improve offices.</li></ul>

## Our goals and targets for 2021/22:

- 

Launch the next phase of our Guinness Managers and Leaders programmes and launch our new Aspiring Talent and Management Fundamentals programmes.
- 

Enhance our customer service training to ensure we have the tools and techniques across the business to deliver a consistent customer experience.
- 

Continue our programme of investment in leadership and management development. Identify and develop tomorrow's talent through succession planning and continuing the Beyond Now programme.
- 

Deliver our 2021/22 D&I strategy objectives, including our Anti-Racism commitments.
- 

Develop our performance management culture, taking learning from the 2020 Employee Survey and feedback groups.
- 

Continue our programme of investment in staff wellbeing so we have a happy and fulfilled workforce, recognising the impacts of the ongoing Covid-19 pandemic.
- 

Embed our new Professional Qualifications Framework, ensuring we have the depth and breadth of technical skills we need for the future.
- 

Continue to develop our Health and Safety culture, focusing particularly on contractor management and our field-based workforce.

## In numbers:

85+%

Employee engagement, TGPL

85+%

Employee engagement, Guinness Property

81%

Employee engagement, Guinness Care

98.4%

Attendance level excluding long-term sick

10%

Staff turnover

100%

Completion of corporate mandatory training after 1 month





3.24%  
level of  
rent arrears

G1/V2  
RSH Governance  
and Financial  
Viability ratings

21.6%  
operating margin  
– TGPL

A great business  
Is one which performs and is strong and resilient. It invests in the future and does things well.

Our Operational Performance	2020/21 Actual	2020/21 Target	2019/20 Actual	2019/20 Target
Operating margin – TGPL	21.6%	24.3%	24%	27%
Compliance with loan covenants	100%	100%	100%	100%
Rent arrears	3.24%	3.6%	3.16%	3.6%
Regulatory viability rating	V2	V2	V2	V1
Regulatory governance rating	G1	G1	G1	G1

Our financial position and performance remain strong despite our operating surplus being slightly below target for the year. Information on our Financial Performance for the year is provided in the Financial Review section on page 50.

Rent arrears performance has remained stable year-on-year with arrears of current tenants at 3.24% of rent debit at the end of the year, compared to our target of 3.6%. Income recovery and rent collection has remained strong despite an increase in the number of our customers in receipt of UC. The number of customers paying their rent by direct debit continued to increase and our Customer

Support Team continues to support our customers to access the right benefits where this is appropriate.

Following an In-Depth Assessment during the second half of the year, the Regulator of Social Housing confirmed that we retained our G1/V2 ratings for Governance and Viability. Both Governance and Viability assessments are compliant gradings. The viability regrading is a reflection of our plans for a significant level of investment in our existing homes combined with our (as yet largely uncommitted) exposure to homes for sale.

Our 2020/21 business plan objectives:	What we achieved:
Review and update relevant policies and processes to ensure we continue to meet all our legal and regulatory responsibilities.	<ul style="list-style-type: none"><li>We completed our scheduled reviews of policies and procedures throughout the year.</li></ul>
Update our Code of Governance to reflect the new NHF Code.	<ul style="list-style-type: none"><li>The Board adopted the NHF Code of Governance in March 2021.</li></ul>
Deliver our budget ensuring we achieve an operating margin of 25% and a surplus of £38m, as well as arranging new borrowing so we can reinvest in existing and new homes.	<ul style="list-style-type: none"><li>Delivery of our budget and target margin was impacted by the cost implications associated with the service changes we needed to make in response to Covid-19 and a number of one-off building related costs.</li><li>During the year we arranged £650m of new funding to support our future growth. We arranged £250m of new revolving credit with banks and in April 2020 we successfully issued a £400m 35-year bond at a coupon of 2%.</li></ul>
Continue our procurement programme, working with contractors to improve services and manage cost.	<ul style="list-style-type: none"><li>During the year we completed over 50 procurements including fire equipment repairs and maintenance services, fleet telematics and a new subcontractor framework in Guinness Property.</li><li>These procurements are anticipated to deliver annual recurring savings of over £1.2m.</li></ul>
Ensure our services and operations are as resilient as possible to the COVID-19 pandemic.	<ul style="list-style-type: none"><li>We maintained our customer satisfaction and employee engagement scores throughout the year.</li><li>All desk-based employees have worked mainly from home since March 2020.</li><li>We took measured decisions regarding changes to services which prioritised the safety of our customers and employees.</li><li>We prioritised delivering essential repairs, compliance activities, care services and external works.</li><li>We continued our development programme throughout, undertaking monitoring to ensure contractors maintained Covid-19 secure construction sites.</li></ul>
Deliver year two of our IT Roadmap, focusing on CRM and our finance system and update our core IT systems to ensure continued resilience and security.	<ul style="list-style-type: none"><li>We successfully implemented CRM and Oracle (Finance) during the year – both are cloud-based systems in line with our IT Roadmap.</li><li>We implemented Microsoft Teams, enabling desk-based colleagues to effectively collaborate and work from home.</li></ul>

Our goals and targets for 2021/22:

- 

Continue to embed a Lean Process culture across the business. Deliver a year-one programme of process improvements.
- 

Continue to improve our cyber security capability by delivering the 2021/22 objectives set out in Guinness's Cyber Security Action Plan.
- 

Review our office estate to ensure it meets the requirements of future ways of working.
- 

Protect our reputation by working closely with key stakeholders and engaging with the media.
- 

Deliver our Budgeted Operating Margin of 25%, and arrange new borrowings to reinvest in existing and new homes.
- 

Deliver year three of our IT Roadmap, focusing on the move to cloud and updating core systems across finance, asset management and customer services, to provide integrated systems and ensure continued resilience and security.

In numbers:

- 

Develop our Environmental & Sustainability Strategy in relation to our operations, offices and fleet.
- 

Develop our Data Strategy and our data governance framework.
- 

Deliver Guinness Care's growth and productivity plan. Grow our services and identify additional ways of protecting long-term viability.
- 

Identify and appraise further opportunities to both consolidate and grow our portfolio.
- 100%

Compliance with loan covenants
- 24

Liquidity (months available)
- 100%

Rent collected (rolling 12 months)
- 25%

Operating margin
- 3.6%

Current tenant arrears



93%  
care customer  
satisfaction

**Great care**  
**Guinness Care provides housing, care at home and related support services across the country, with a focus on older people as well as some services for people with learning disabilities and other needs. We offer housing and support services to older people in our social housing properties, care at home, extra care housing and supported living services.**

92%  
of our care homes  
rated as good or  
outstanding

Our Operational Performance	2020/21 Actual	2020/21 Target	2019/20 Actual	2019/20 Target
Customer satisfaction	93%	92%	93%	92%
Overall CQC rating (good or above) – all services	92%	100%	92%	100%
Employee engagement	81%	77%	83%	77%
Care hours at year end (per week) – hours	8,109	9,354	8,247	10,937

83%  
care employee  
engagement

The quality of our care services is reflected in both the high levels of customer satisfaction of 93%, and through the external assessment of our regulated care services by the CQC with 92% rated as good or outstanding. We have one service that has been rated as requires improvement. We have reviewed arrangements at this service and undertaken internal quality audits and are awaiting re-inspection by the CQC as it restarts its inspection programme following the pause during Covid-19 lockdown.

Delivery of high quality care services is dependent upon the recruitment, development and reward of high quality employees. We recognise and reward staff who demonstrate Guinness values and go the extra mile for our customers. This has been particularly important over the last year when many of our care workers have continued to deliver face-to-face care services to customers throughout the pandemic, often in very difficult conditions.

We continually improve the skills of our people through the Guinness Care Learning and Skills Academy.

Care hours delivered have increased by 8% in 2020/21 (after restating for a 4% reduction in Local Authority commissioned support activity within Extra Care). However, growth fell below targeted levels. Anticipated merger and acquisition activity was de-prioritised as we focussed on the safe delivery of care services to our existing customers. Challenges in the care labour market persist with recruitment and retention likely to be difficult during 2021/22.

In 2021/22 we will build on the strong progress made in 2020/21 to improve our financial position through a balanced programme of acquisition, contract gains and organic growth whilst continuing to deliver cost improvements.

Our 2020/21 business plan objectives:	What we achieved:
Improve our technology offer, with new digital alarm monitoring services, wider implementation of Wi-Fi in schemes, and expansion of our Lifeline+ telecare service.	<ul style="list-style-type: none"><li>• We installed digital alarm monitoring services in 36 schemes in the second year of our programme.</li><li>• We installed WiFi in all of our Supported Living Schemes and our Sheffield Foyer.</li><li>• We commenced planning to install WiFi in our older persons schemes.</li><li>• Due to Covid-19 restrictions, we delayed expansion of our Lifeline and Telecare Service.</li></ul>
Embed Workforce and Investors in People plans to recruit and retain great people who share our values and support growth, and to achieve 75% staff stability by year end.	<ul style="list-style-type: none"><li>• We achieved a staff stability index score of 75.3% (2020: 74.9%).</li><li>• We successfully recruited over 300 new employees.</li><li>• We introduced a range of management training courses held by webinar and e-learning to development management and leadership skills.</li><li>• We conducted three digital listening sessions with colleagues from across Guinness Care – focusing on Covid recovery, smarter working and effective communication.</li><li>• A new Staff Forum was elected, with improved representation across all of GC's diverse operations and support functions.</li></ul>
Provide colleagues with the relevant technology and equipment to deliver effective and efficient customer service whether working at home or in the field.	<ul style="list-style-type: none"><li>• We equipped our Independent Living teams with the right technology to deliver services to our customers remotely, on site or in customers' homes.</li><li>• We carried out over 180,000 proactive welfare calls to housing for older people customers to reduce isolation and improve wellbeing.</li></ul>
Improve business processes and ensure financial health, through Care at Home service growth and productivity.	<ul style="list-style-type: none"><li>• We reduced our average debtor days by 19% through a review of invoicing and debt management arrangements.</li><li>• Four Guinness Care Senior Managers have completed lean training which will enable further process improvements.</li><li>• We secured price increases on our two main local authority contracts.</li><li>• Our Cost Reduction Programme delivered £0.8m improvement in underlying financial performance in 20/21, with a similar improvement planned for 21/22.</li></ul>

Our goals and targets for 2021/22:



Deliver improvements for older residents and customers with a learning disability.



Ensure our homes and services are safe and sound and provide a safe and healthy working environment.



Strengthen care at home delivery – deliver improved services, technology and efficiencies.



Develop opportunities for new Extra Care Housing (ECH).



Improve recruitment and retention.



Deliver growth in care and support hours at or above margin.

In numbers:

100%

CQC ratings inspection. Good or Outstanding

10,604

Care hours delivered. Care at Home including Extra Care (month-end number)

£0.8m

of savings in Guinness Care through delivery of a cost reduction plan



Going further in our communities

Our social purpose goes beyond our core business of providing affordable housing and care services. During the last year, our work to create possibilities for our residents and the wider community has been more important than ever. We seek to achieve maximum value focussing on the themes of our Social Investment Strategy:

- 1. **Alleviating hardship** – from food and consumables poverty.
- 2. **Education, employment and training** – through a range of work experience opportunities, developing and supporting career aspirations and direct funding.
- 3. **Inclusive communities** – to improve health and wellbeing.

In total, we invested over £635,000 in over 50 separate projects, worked with national and community partners and supported 41 customers directly through our Aspire Awards. In total we supported over 5,000 people in our communities, including around 600 Guinness customers.

Alleviating Hardship

We provide practical support to enable stable tenancies and to ease the most severe circumstances. Our Customer Support Team has supported nearly 12,500 households to claim £13.4m in welfare benefits they were entitled to. Of this, 61% went towards payment of rent, with the remaining 39% (£5.2m) enabling households to buy food, pay bills and better sustain their tenancies. This year we increased the size of our Hardship Fund enabling us to directly support 996 households facing severe hardship. We secured external grants totalling £54,000 for 100 residents to buy furniture, appliances and essential items, and in partnership with our gas contractor, Sure Maintenance, provided gas and electricity vouchers totalling £6,400.

We expanded our network of food pantries to seven, providing over £40,000 to launch and sustain new outlets in Hackney and in Havant, which have signed up 339 new members since they were launched. Through the pantry network nearly 1,350 households regularly accessed affordable, healthy food by paying a weekly subscription for groceries at low prices and to receive extra support to gain employment and help manage finances.

We formed a new partnership with the charity Sal's Shoes to provide free school footwear in our communities in Crewe, Salford and Hackney.

Our focus on Crewe, where we own more than 5,000 homes, has led to a new community partnership with local charity Motherwell which provides support to mothers, a new Sal's shoes outlet, a food pantry which has provided regular support to over 180 Guinness customers, and a donation to local domestic abuse charity MyCWA.

Education, employment and training

We invested £40,000 this year to enable charity Tutors United to deliver online tutoring to 172 primary school aged children of both our residents and colleagues to help alleviate the impact of lockdowns on missed education.

Working with Pop Up Business School, we delivered three online training programmes (one nationally, one in Milton Keynes, and one in Sheffield) to 393 people, 90 of whom (23%) had started a new business by the end of the training course. As part of our continued commitment to getting more women working in construction we partnered with 'Women into Construction' (WiC) and one of our major contractors, Henry Construction, to offer 15 women training, work experience and recruitment advice as well as covering childcare and travel costs.

Apprenticeships continue to form an important part of Guinness's employment offer. While the pandemic reduced the number of new apprenticeships we could offer, we were still able to support 25 apprentices across customer service, horticultural and trades roles. We helped 16 apprentices to move into trades and customer service roles.

We were also pleased to be able to support the Government's Kickstart programme. Working with Clarion Housing Group, we have made 26 places available offering the opportunity to build experience, skills and confidence for people aged 16 - 24 in receipt of UC.

We continue to provide dedicated employment support to residents of our Foyer in Sheffield. Through their hard work and with our support 28 residents obtained paid work, 15 participated in unpaid or voluntary work, and 44 obtained a new qualification. We also provided support to help residents better manage their mental health.

Inclusive Communities

We continued our work to reduce and prevent domestic abuse in our communities. We were pleased, therefore, to receive formal accreditation from the Domestic Abuse Housing Alliance in recognition of our thorough approach.

To support this work we published a toolkit to help frontline workers better identify the range of domestic abuse that can occur. We provided nearly £50,000 in donations to six different domestic abuse charities operating within our communities, helping more than 2,000 people. We are pleased to be working with the Centre for Social Justice to further raise the profile of domestic abuse and develop policy and practice solutions.

In Hackney, North London, we entered a new partnership with the charity Bolier House, who deliver affordable food / consumables, fitness, older persons and youth activities located in the borough.

In the second year of our Bring Dementia Out national partnership with LGBT Foundation we began a programme of online webinars to raise awareness of how people living with dementia can face particular challenges when accessing housing and care services. Nearly 500 people attended the webinars and an online toolkit will enable this work to continue.

Throughout the year, working with charity Talk, Listen, Change, we offered free, confidential support to our residents experiencing low level mental health issues.

In recognition of the loneliness and isolation facing some of our residents, we partnered with InCommon to deliver intergenerational support in housing for older people schemes in Lambeth and Hackney, connecting them with local schools.

Corporate responsibility

Diversity and inclusion

Our commitment to diversity and inclusion (D&I) is defined in our Diversity and Inclusion Strategy and is complemented and extended through our People Strategy, our Customer Engagement Strategy, our approach to investing in our communities, and our Procurement Strategy. During the year we further broadened our D&I commitment through the publication of our Anti-Racism Statement which is supported by a detailed Action Plan.

D&I is embedded in every aspect of Guinness and the way we do business. We believe that great ideas and the best solutions come from bringing together a wide range of perspectives, and that by harnessing diverse viewpoints and talents we will do more for our customers and the communities in which we work.

It is our people who deliver our vision and ambitions for our organisation, so being an inclusive employer and creating a culture where colleagues feel they belong, can be themselves, and can share their views and ideas, is fundamental to our Strategy.

Information on diversity statistics across the Group is provided in the table below:

2020/21							
Total TGP				TGPL			
Total ee's	% BME	% Female	% Disabled	Total ee's	% BME	% Female	% Disabled
2,628	10%	55%	10%	1,420	14%	54%	12%
GP				GC			
Total ee's	% BME	% Female	% Disabled	Total ee's	% BME	% Female	% Disabled
485	6%	11%	6%	723	6%	87%	7%

\*Figures are based on individual employees as at 31 March 2021





We are committed to creating an inclusive work environment and culture where our employees can achieve their full potential - and in so doing, help us realise our vision to improve people's lives. Our workforce is diverse, and we provide equal opportunities for all our employees. Our ability to do this relies on openness and our commitment to hold ourselves to account. This year as part of our Anti-Racism commitment we are publishing our Ethnicity Pay Gap for the first time, and our action plan contains a range of activities which we hope will reduce the ethnicity pay gap over the coming years. We have clear processes in place to avoid pay inequality such as a Job Family Framework, Job Evaluation Panel and regular benchmarking of senior positions using expert consultants.

**Gender pay gap**

TGPL had a mean gender pay gap (in favour of male employees) of 10.6% in 2020 and a median (mid-point) gap of 2%, compared to the 2019 national mean gap of 14.6% and median gap of 15.5%.

**Ethnicity pay gap**

In 2020 TGPL had a median ethnicity pay gap of 3.6% (in favour of white employees) compared to the 2019 national median gap of 2.3%.

**Sustainability, energy and the environment**

We agreed the key themes of our Environmental Strategy with the Board in April 2020. Over the next three years we will:

- Halve the number of properties with an EPC rating below D;
- Educate and engage customers and colleagues on the need to move towards zero carbon by 2050;
- Develop our plans to move away from gas heating.

Our strategy for the period 2021 to 2025 will provide a roadmap to address the challenges faced by Guinness and our customers to climate change, fuel poverty and water poverty. We will ensure that the materials used in our future investment programmes aid in reducing water usage and the energy required to heat our

homes, and develop procurement strategies in pursuance of the 2050 Net Zero Carbon target.

We recognise that there is a significant commitment needed to bring our properties to zero carbon by 2050 and have commenced detailed financial modelling to assess and understand the impact.

Over the course of 2020-2021 we installed over 1,000 insulation measures in properties across England. We spent over £400,000 on these works and in addition attracted £667,000 in grant funding. In parallel with these works we have provided ongoing customer support and advice, to ensure that households are comfortable with the new measures and are saving as much money and energy as possible. We provide advice leaflets, radiator reflectors and over-the-phone assistance, and have partnered with the energy advice organisation Connect for Help to provide long-term, in-depth support.

Our Sustainability Team provided training and advice to embed this across Guinness, ensuring it is reflected in our decisions and operations.

We will also be carrying out work reduce the carbon footprint of our offices and operations. This includes the provision of electrical vehicle charging points and the potential to utilise electric vehicles in our fleet.

**Safeguarding**

Safeguarding means protecting people's health, wellbeing and human rights, and enabling them to live free from harm, abuse and neglect. This is fundamental to high quality health and social care. As a housing and care provider, we are committed to safeguarding people who use, or are connected to, our services and to protecting them from abuse. We take a zero-tolerance approach to abuse. We ensure we comply with good national practice, multi-agency protocols and legislative requirements including the Care Act 2014 statutory guidance. We also work closely with Local Authorities and Local Safeguarding Adults Boards. Our enhanced training programme, delivered over the last two years, has increased both the number of potential cases we have identified and reported to local authorities as the statutory body, and the proportion of such reports which are accepted by them for action.

The table below sets out the ethnicity pay gap by ethnic group.

Measure	White British		White Other		Asian		Black		Mixed or Multiple	
	Value	Gap	Value	Gap	Value	Gap	Value	Gap	Value	Gap
Median (middle point) pay	£20.37		£22.54	-11%	£17.73	13%	£19.68	3%	£19.92	2%

\* This is based on disclosed diversity data for 81% of employees at March 2020.



Value for money and the Sector scorecard

How we ensure we deliver value for money

We are committed to delivering and demonstrating Value for Money (VfM) in everything that we do for our customers and the communities we serve. This commitment is led by the Board, shared across the whole organisation and embedded in our Strategy.

Our approach is delivered by our people, through our culture of customer service and VfM, supported by strong leadership, training, individual objective setting and rigorous financial management.

The Board sets the strategy for Guinness. We have a clear, comprehensive and strategic approach to achieving VfM which includes:

- Setting budgets which deliver the optimum balance of expenditure between investing in services, new and existing homes, and communities;
- Clearly highlighting activities in our Business Plan which will contribute to improving VfM;
- The measurement and regular reporting of performance against Key Performance Indicators which focus on the quality and efficiency of services provided;
- Rigorous appraisal of all significant projects, including the potential benefits in alternative delivery models;
- A robust assessment process for development and investment opportunities including alignment with our strategic objectives, likely returns on investment, demand for the products and external market conditions;
- An established Procurement Strategy;
- Focus and follow-up on planned savings by the Executive Team and the Board, including regular updates on the progress of forecast savings across relevant projects;
- Robust self-assessment of performance against the RSH's VfM Standard to ensure compliance, including an assessment of performance which covers customer satisfaction, new homes built, employee engagement and operating margin;

- Benchmarking our performance against our peers and the sector as a whole; and,
- Review of performance over time to identify trends and areas for further scrutiny.

Reporting on value for money

The Regulator of Social Housing's VfM Standard requires Guinness, as a Registered Provider, to publish performance against the seven metrics defined by the Regulator, our own metrics and targets, and to provide a comparison against our peers where relevant.

Value for money performance

The use of benchmarking information is an important way for us to challenge and understand our performance and costs. We compare how we are doing in a number of ways:

- Against other RPs through participation in the **Sector Scorecard** where we compare our performance against all participating RPs and for a peer group of large RPs who, like Guinness, work across the country; and
- Using the RSH's **Global Accounts**, where the performance of the whole sector against the seven metrics contained in the Value for Money Standard is published.

While there is a year's lag between available benchmarks and our financial results, in normal years they do provide a reasonable comparison of our performance to that of our peers. Available benchmarks are for the 2020 financial year and so will not reflect a full year impact of the Covid pandemic on financial performance of organisations. A degree of caution is therefore required when drawing conclusions from comparisons of 2021 performance with 2020 performance benchmarks.

The 15 measures included within the Sector Scorecard are grouped into Business Health, Development – Capacity and Supply, Outcomes Delivered, Effective Asset Management and Operating Efficiencies. The Sector Scorecard metrics continue to include the metrics contained within the Value for Money Standard and so we have reported on our performance in a way which is consistent with the Sector Scorecard. Our performance against other performance targets is presented on page 14 of this Strategic Report.

Business health

Scorecard metric	2021 Group	2021 TGPL	2020 Group restated	2020 TGPL restated	National median benchmark 2020	National Provider benchmark 2020
Operating margin (overall) *	19.9%	21.6%	24.3%	23.9%	23.1%	23%
Operating margin (social housing lettings)*	24.8%	23.6%	29.8%	28.8%	25.7%	30.8%
EBITDA-MRI (as % interest) - including bond redemption penalty	91.2%	97.2%	130.8%	141.9%	170%	145%
EBITDA-MRI (as a % interest) – excluding bond redemption penalty	136.2%	145.4%	130.8%	141.9%	170%	145%

\* these indicators are those included within the VfM Regulatory standard with the National median benchmark for 2020 contained in the Annex to the 2020 Global Accounts rather than from the Sector Scorecard and the National provider benchmark referring to providers >30,000 units.

Operating margins are a key indicator of financial health. The overall operating margin of the Group and TGPL is slightly lower than the 2020 national median and peer group. As a national organisation with a significant proportion of our homes located outside London and the South East, our rent levels and hence margins are lower than for many organisations which are located predominantly in the South. Our overall and social housing lettings operating margins have fallen this year reflecting the additional cost associated with delivering repairs and maintenance throughout the pandemic, together with the impact of responding to changes in building safety legislation and guidance.

We continued to invest significantly in our existing homes over the last 12 months as we responded positively to changes in requirements and have invested in replacement of key components which ensures that nearly all of our homes continue to meet the Decent Homes Standard. Our reported EBITDA-MRI interest cover ratio is impacted by the one-off £35.4m redemption penalty arising from the early redemption of our 2025 bond which had a coupon of 9.125%. Our underlying EBITDA-MRI interest cover ratio, which excludes both property disposal proceeds and the bond redemption penalty is 136.2% for the Group and 145.4% for TGPL.

Our underlying EBITDA-MRI interest cover performance remains strong for both the Group and TGPL and will be strengthened over the next four years following the redemption of the high coupon bond noted above. We expect EBITDA-MRI performance to remain above 100% in the coming years as we continue investing significantly in our existing homes, delivering works to ensure we continue to meet the Decent Homes Standard, investing in building safety works and initiatives to improve the long term sustainability of our housing portfolio.

Our Strategy targets achievement of a 30% underlying operating margin by March 2025. We will deliver this by managing increases in our cost base as we expect inflation-linked rent increases over the coming years. We will continue to improve our in-house maintenance operations and deliver an identified programme of Continuous Improvement across the business using lean methodology to improve services and deliver efficiencies. These activities will be complemented by continued investment in technology, as we seek to derive maximum benefit from our upgraded CRM and Finance systems and implement a new Asset Management system.

19.9% Group operating margin



Development – capacity and supply

506  
new homes  
completed

892  
new homes  
to be delivered  
via new plots  
secured in the year

Scorecard metric	2021 Group	2021 TGPL	2020 Group restated	2020 TGPL restated	National median benchmark 2020	National Provider benchmark 2020
New supply % (social) *	0.78%	0.80%	0.31%	0.32%	1.5%	1.7%
New supply % (non-social) *	0.01%	0.01%	0.00%	0.00%	0.15%	0.0%
Gearing*	42.6%	44.5%	39.9%	41.3%	44%	46%

\* these indicators are those included within the VfM Regulatory standard with the National median benchmark for 2020 contained in the Annex to the 2020 Global Accounts rather than from the Sector Scorecard.

During the year we completed 506 new homes, equivalent to 0.8% of the total homes in our ownership both at Group and TGPL level. This performance was short of our target as our original plans included a number of homes which would be secured as turn-key opportunities. However we were not able to identify and secure the right balance of quality and price for completed homes. A number of our schemes which were onsite experienced completion delays before our contractors were able to implement Covid-secure working practices.

Whilst this level of delivery is lower than benchmarks, we secured plots for 892 more new homes and started on site with 1,349 homes during the year. Many of these new homes will be delivered through our Strategic Partnerships with Homes England and the GLA.

We are aiming to deliver 5,500 new homes by the end of March 2025, with 5,000 of these being affordable and expect to be delivering over 1,000 new homes each year from 2021/22. This is equivalent to over 1.5% of our total homes each year, which would be in line with current benchmarks.

We keep the tenure mix of our developments under review. During the year we completed eight properties for outright market sale.

Our gearing levels have increased at Group and TGPL level as our net-borrowings increased by £97m to support our development activity. Our cash reserves and level of debt increased in April 2020 when we issued a £400m 35-year bond with proceeds of over £250m realised immediately. Our level of gearing remains below benchmark. We have made effective use of our cash reserves and operating cashflows to support investment in our existing and new homes.

Outcomes delivered

Scorecard metric	2021 Group	2021 TGPL	2020 Group restated	2020 TGPL restated	National median benchmark 2020	National Provider benchmark 2020
Customer satisfaction	74%	74%	73%	73%	75.5%	75%
Reinvestment *	7.0%	7.1%	5.8%	6.6%	7.2%	7.6%
Investment in communities	£1,857,000	£1,761,000	£1,531,000	£1,436,000	n/a	n/a

\* these indicators are those included within the VfM Regulatory standard with the National median benchmark for 2020 contained in the Annex to the 2020 Global Accounts rather than from the Sector Scorecard.

Improving customer satisfaction continues to be a key strategic priority for Guinness and satisfaction improved by 1% this year. Satisfaction levels with our services vary significantly across the country with satisfaction levels of 86% achieved in the North West compared to 70% in the South East.

Benchmarking analysis has evidenced that call handling performance and responsive repairs performance may be impacting on customer experience. During the year we focussed on improving our repairs service in London, the South and the South West. We changed repairs provider in London and Gloucestershire which has measurably improved customer satisfaction with the service we expect to sustain. In the year-ahead we expect to derive customer service benefits from the recent upgrade of our CRM system, from implementing results from our programme of focussed lean reviews of customer facing processes and from a new programme of customer service training being provided to all employees.

The level of reinvestment in our existing homes has increased to 7.3% during the year reflecting our ongoing commitment to the quality and safety of our homes and to the delivery of new homes. We expect these to drive further increases in our reinvestment percentage over the coming years.

We have continued to invest in our communities over and above our expenditure on social housing activities and delivered significant outcomes against our Social Investment Strategy during the year – some of the specific areas and activities in which we have invested are detailed on page 26 of this Strategic Report.

7.3%  
reinvestment  
in properties

£1.8m  
investment in  
communities



99.1%

occupancy of  
our homes

4.6%

return on capital  
employed

£118m

investment in our  
existing homes

Effective asset management

Scorecard metric	2021 Group	2021 TGPL	2020 Group restated	2020 TGPL restated	National median benchmark 2020	National Provider benchmark 2020
Return on capital employed (ROCE) *	4.6%	4.7%	2.8%	2.9%	3.4%	3.4%
Occupancy	99.1%	99.1%	99.9%	99.9%	99.28%	99.2%
Ratio of responsive repairs to planned maintenance	0.73	0.72	0.46	0.52	0.64	0.62

\* these indicators are those included within the Vfm Regulatory standard with the National median benchmark for 2020 contained in the Annex to the 2020 Global Accounts rather than from the Sector Scorecard.

The return on capital employed (ROCE) compares our surplus to the value of properties held on our balance sheet. TGPL's ROCE is higher than the national median and the national provider benchmarks due to the impact of the accounting surplus which has been recognised as part of the stock swap with Paradigm Housing Group in the current year. If this transaction is excluded from the calculation our underlying ROCE is 2% which is lower than the benchmark and prior year. This is due to the level of investment in both new development and existing homes. As already noted, we expect investment to increase over the next five years as we deliver the new homes we have committed to deliver under our Strategic Partnership grant programmes and we invest in our programme of building safety improvements.

We have plans to improve our operating margin to 30% by March 2025 and the robust evaluation criteria used when appraising new development and investment opportunities will ensure that we continue to deliver solid levels of surplus to support this metric.

Levels of occupancy in our homes remains high but dipped slightly this year to 99.1% compared to the median benchmark of 99.28%. This was a consequence of our decision to pause the re-letting of homes during the first national lockdown between April and July 2020. All of these homes have now been successfully let. A further priority for the coming year is to reduce the time it takes to relet homes. Process improvements are in place to achieve this.

During the year Covid-19 restrictions meant we had to significantly scale back our non-emergency repairs within people's homes. Guinness Property therefore required additional financial support from TGPL in the form of a cost-plus arrangement, which will continue as we tackle the backlog of routine repairs following the end of the third lockdown. Planned maintenance was affected by lockdowns (particularly works inside homes) but not to the same extent, as external works continued with suitable precautions in place. These factors combined to increase the ratio of responsive repairs to planned maintenance. We expect this ratio to fall during 2021/22 as levels of planned maintenance increase and the remaining responsive repair backlogs are cleared.

Operating efficiencies

Scorecard metric	2021 Group	2021 TGPL	2020 Group restated	2020 TGPL restated	National median benchmark 2020	National Provider benchmark 2020
Headline social housing cost per unit *	4,106	£3,891	£4,254	£3,941	£3,830	£3,900
Rent collected	100.29%	100.26%	99.15%	99.13%	99.84%	99.7%
Overheads as a percentage of adjusted turnover	10.9%	10.1%	10.1%	9.5%	13.9%	10.2%

\* these indicators are those included within the Vfm Regulatory standard

Our headline social housing cost per unit of £4,106 was lower than the 2020 reported cost per unit and is reflective of lower levels of stock investment than was planned during the year due to Covid-19 restrictions. We expect levels of investment and therefore cost per unit to increase in the coming years as we continue to deliver our programme of building safety improvements, invest to ensure our homes continue to meet the decent homes standard and begin work at scale to deliver our sustainability strategy.

Whilst TGPL's unit cost is in line with benchmarked costs, the Group unit cost is higher due to the homes managed by Guinness Care and Guinness Housing Association being housing for older people and supported housing which require more intensive management.

Our overheads as a % of adjusted turnover for TGPL has increased to 10.9% (2020: 10.1%) in the year but continues to compare favourably to the national median benchmark of 13.9%. As we work to improve our operating margin we will focus on areas where our benchmarking suggests our costs are high, for example premises costs and IT costs. As we grow through development and selected stock acquisitions, our overheads will be spread across more homes.

Our strong rent collection performance continued to compare favourably with our peers. By supporting tenants to claim the benefits they were owed, and effective tenant debt management, we collected over 100% of rent due during the year which reduced rent arrears (as a percentage of rent debit) to 3.24%, despite a large increase in the number of our customers reliant on UC.

100%

rent was collected

£3,981

housing cost  
per unit TGPL





## Governance

### Regulation

TGPL is an exempt charity and registered society under the Co-operative and Community Benefit Societies Act 2014. It has overall control of all of its subsidiaries.

The entities within the Group which are Registered Providers are regulated by the Regulator for Social Housing (RSH). Those which are Community Benefit Societies, whether charitable or non-charitable, are also registered with the Financial Conduct Authority.

The RSH requires the Guinness Partnership Limited (TGPL) and other Registered Providers in the Group to comply with its Economic (including Governance and Financial Viability) and Consumer Standards. It requires the Boards of each Registered Provider to formally assess compliance with the Governance and Financial Viability Standard on an annual basis. The Board confirms that this has been carried out for the year ended 31 March 2021 and that TGPL and other registered Providers within the Group continue to be compliant with all aspects of the Standard throughout 2020/2021 and to date.

The RSH assesses TGPL's compliance with the Governance and Financial Viability Standard and publishes its assessment of compliance. Following an In Depth Assessment (IDA) in 2020/21 the RSH graded TGPL G1 and V2 in January 2021.

Guinness Care and Support Limited is a charitable Community Benefit Society and Registered Provider. It is also registered with and regulated by the Care Quality Commission.

Guinness Housing Association Limited is a not-for-profit Community Benefit Society and Registered Provider.

TGPL is the corporate trustee of the Guinness Trust which is registered with and regulated by the Charity Commission. The Guinness Trust does not form part of the consolidated group financial statements.

### Code of governance

The Board is committed to achieving the highest standards of corporate governance in its management of the Group's strategies, ethics, accountability, risk management and control. The Group Board and the Boards of the Registered Providers within the Group have a Code of Governance which complies with the National Housing Federation's 2015 Code (amended as required from the non-RP entities within the Group). From 1 April 2021, the Group has adopted the 2020 NHF Code of Governance.

We are required to confirm our compliance with the Code or explain any non-compliance with it. We were compliant with the code for 2020/21 except in respect of the Code's requirement that the maximum term for non-executive members should normally be nine years. In September 2019 the total service of Mike Petter as a Board member within the Guinness Partnership Group reached nine years. In 2019/20 the Board agreed to extend Mike Petter's term to 31 March 2021 to maintain building safety and other health and safety expertise among Board Members at time when crucial decisions regarding building safety were required and to ensure that there would be time for a smooth transition to new Board Members. Mike Petter's term of office ceased on 31 March 2021.

There are comprehensive governance policies in place which apply to Board and Committee members as well as to employees and engaged customers. Board and Committee members are remunerated and signed agreements for services are in place.

### Boards and Committees

The TGPL Board is the Group's ultimate governing body, as the parent body to the Group. The Board meets at least six times a year. The Board consists of a minimum of seven and up to 12 Directors, at all times at least a third of Board Members must be non-executive Directors. The Group Chief Executive is a TGPL Board member. As at 31 March 2021 the Board consisted of 12 members (11 from 1 April 2021). The names and biographies of the Board members are provided on pages 106-107. Board and Committee Members bring a wide range of strengths, skills and experience to our Boards and Committees. Details of Board members' experience and main commitments are presented on pages 106-107.



The Board is responsible for:

- Setting the Group Strategy and Business Plan and monitoring performance on a regular basis;
- Approving budgets and the long-term Financial Plan;
- Championing the Group's vision, values and a positive culture for the Group, with a strong customer focus;
- Ensuring the overall financial viability and integrity of the Group and that appropriate financial control and risk management mechanisms are in place; and
- Approving the consolidated financial statements of the Group, which include those of TGPL.

All legal entities within the Group have Boards which take responsibility for the strategic, operational and financial performance of that entity.

The Board and the Remuneration and Nominations Committee keep the composition of the Board, Committees and the Boards of subsidiaries under regular review to ensure that the appropriate balance of skills, relevant experience, independence and knowledge is maintained to enable them to fulfil their duties and responsibilities effectively.

The Board selection process ensures that non-executive members of the Board, the Boards of subsidiaries and Committees have the experience and skills to be able to consider, debate and constructively challenge development of strategy and performance against objectives, and key business decisions as appropriate to their role.

Board and Committees are appraised on an annual basis with individual and collective appraisals conducted in alternate years.

Individual Board and Committee Member appraisals are next due to be carried out in September 2021.

An independent Review of Board and Committee Effectiveness was carried out in 2020 and was reported to the Remuneration and Nominations Committee in May 2020, and to the Board in June 2020, with the Board approving a Board Action Plan, progress on which has been monitored by the Remuneration and Nominations Committee.

A Board and Committee Members' skills assessment was also undertaken in 2019/20 and was reported to the Remuneration and Nominations Committee in February 2020. This assessment shaped Board recruitment and its findings were reflected in the selection process for appointments made during 2020.

## Board membership details and meeting attendance for the year:

Name / remuneration	TGPL Board	Group company	Group Audit & Risk	Finance & Development roles	Remuneration & Nominations	Service & Performance	Health, Safety and	Pensions Committee Environment	TGPL Board attendance
<b>Number of meetings in 2020/21</b>	12								12
<b>Neil Braithwaite</b> £28,573	Chair			Chair (Until 30 September 2020)	•	Until 30 September 2020		•	11
<b>Mike Petter</b> £18,000 (resigned 31 March 2021)	Deputy Chair	Chair, Guinness Housing Association	•		Chair		Chair		12
<b>Gina Amoh</b> (appointed 1 September 2020) £7,201	•								5
<b>Lee Bolton</b> (appointed 1 September 2020) £9,375 ** includes payments as a committee member prior to appointment to Board						Until 30 September 2020			5
<b>Amanda Calvert</b> £12,500			•						12
<b>Ben Laryea</b> (appointed 1 September 2020) £7,291.67	•						•		5
<b>Samantha Pitt</b> £16,000	•		Chair	• Until 30 September 2020	•			Chair	10
<b>Phil Morgan</b> £14,250	•				•	Chair, (Until 30 September 2020)			12
<b>Catriona Simons</b> Chief Executive	•	Chair, Guinness Property, Guinness Developments Limited, Guinness Homes Limited, Guinness Platform Limited, Hallco 1397 Limited		• Until 30 September 2020		Until 30 September 2020	•		12
<b>Chris Stevens</b> £12,500	•			• Until 30 September 2020			•		10
<b>Chris Wilson</b> £16,000 Chair, Guinness Care	•	Chair Guinness Care	•	• Until 30 September 2020				•	12
<b>Linda Sanders</b> £12,500	•		•						12

• Indicates Board/Committee membership during the year



Committees

The Board delegates certain governance responsibilities to functional Group committees, which have their own approved terms of reference. Day-to-day management and delivery of the Board approved strategies are delegated to the Executive Team. The following are the Committees supporting the TGPL Board:

The Group Audit and Risk Committee

The Group Audit and Risk Committee has up to 10 members and meets at least four times a year. It is responsible for monitoring and reporting to the Board on the Group's systems of internal control and risk assurance, and for overseeing internal and external audit. The Committee meets privately with the internal and external auditors at least once a year.

The Finance and Development Committee

The Finance and Development Committee was responsible for reviewing and recommending to the Board the Development Strategy, Treasury Strategy and key development and treasury policies. Following a recommendation of the Board and Committee Effectiveness Review undertaken in 2020 the Committee was discontinued in September 2020.

The Remuneration and Nominations Committee

The Remuneration and Nominations Committee has up to eight members and meets at least four times a year. It is responsible for considering and making recommendations on Board and Committee memberships, appointment of the Chairs of subsidiary Boards and other appointments across the Group, pensions matters and senior executive remuneration. It also commissions reviews of Board effectiveness and individual Board member appraisals.

The Service and Performance Committee

The Service and Performance Committee was responsible for monitoring all aspects of service consistency, compliance and performance in customer-related areas for all tenants and leaseholders. Following a recommendation of the Board and Committee Effectiveness Review undertaken in 2020 the Committee was discontinued in September 2020.

The Health, Safety and Environmental Committee

The Health Safety and Environmental Committee has up to six members and meets at least four times a year. It is responsible for providing assurance to TGPL and the Subsidiary Boards that all parts of the Group are acting within applicable legislation and regulation that relate to health, safety and the environment. It also ensures that the Group has systems in place to ensure a robust and embedded approach to health and safety and environmental management.

The Pensions Committee

The Pensions Committee had two or more members and met on an ad-hoc basis when required. It was responsible for reviewing the Group's pensions strategy and options for future provision. Following approval to changes to the Group's pension arrangements, the Committee was discontinued in February 2021 and responsibility for reviewing and monitoring the operation of Guinness's workplace pension schemes was transferred to the Remuneration and Nominations Committee.

Customers

We provide diverse, inclusive, and easy ways for our customers to engage, across tenures, all ages, all cultures and all of our geographical areas, including participating in Committees. During 2020/21 a Tenant Scrutiny Panel, comprised solely of tenants and family members occupying Guinness homes, was established, and started its first scrutiny review. The Panel will carry out reviews of services and make recommendations to the Board and the Group Audit and Risk Committee which will respond to any recommendation and put plans in place to address issues raised by the Panel. The Panel will have real influence in how Guinness provides services to its tenants and will focus on what is important to our tenants and where we should focus improvement activity.

The Executive Team

The Board delegates day-to-day management to the Executive Team which is led by the Chief Executive. Details of the Executive Team are provided on page 106-107 of these financial statements. Meetings are attended by the Executive Directors for Asset Management, Commercial Services, Customer Services, Development and Finance, and, the Managing Director of Guinness Care and Support Limited and the Group HR Director. The Executive Team meets fortnightly and Executive Directors attend all meetings of the TGPL Board.

For salary disclosure purposes, members of the Executive Team are referred to as Directors. However, with the exception of the Group Chief Executive who is a member of the Board of TGPL, they are not regarded as Directors of TGPL for legal purposes.

We take independent professional advice when setting executive pay. We also consider executive pay in the context of sector benchmarks, taking into account the need to attract and retain suitably qualified people to lead an organisation of our size and complexity. The overall framework and policy is determined by the Remuneration and Nominations Committee. This Committee is also responsible for recommending proposed remuneration and any contractual changes relating to the terms and conditions of the Group Chief Executive's employment.

Employees

There is a shared culture across the Group based on the Guinness Behaviours which are at the core of our business and underpin how we do things. The Guinness Behaviours are supported by the Guinness Leadership and Management Standard which describes what we expect of our leaders and managers.

We aim to attract, develop and retain talented people who give their best to Guinness and we invest in a range of learning and development opportunities so that our people are confident they have the skills and knowledge to succeed at Guinness. We anticipate the requirements and skills we will need so that we continue to be strong and successful as an organisation, delivering the homes and services our customers need from us.

Diversity and inclusion

Our people bring a wide variety of skills and knowledge to the organisation. We recognise that having a diverse workforce that reflects the communities we operate in helps us to achieve our objectives. At Guinness we are committed to creating an inclusive work environment and culture where our employees can achieve their full potential.

During 2018 we published 'Everyone', our Diversity and Inclusion Strategy, which explains our commitment to workforce diversity and inclusion. The core elements of our Diversity & Inclusion Strategy are:

- Championing diversity throughout the organisation;
- A culture where everyone feels they belong;
- An organisation where everyone can succeed;
- Attracting diverse talent; and,
- Promoting change in the businesses we work with.

This was further underpinned during 2020/21 with the publication of our Anti-Racism Statement that is supported by a detailed Anti-Racism Action Plan.

These aims and commitments are integrated into our Strategy and operating plans with progress monitored by the Board. Services are designed to respond to the needs of our current and new customers, and are delivered so as to promote a culture of mutual respect and understanding between customers, employees and partners.

Our people have shared values and ways of doing things (the Guinness Behaviours), but we value diversity because individuality brings us different skills, perspectives and ways of thinking. Our workforce is diverse and we provide equal opportunities for all our employees. Our ability to do this relies on openness and our commitment to hold ourselves to account.



Transparency and openness

We are committed to being open and transparent in how we conduct our business and interact with customers and other stakeholders and we publish a range of information relating to our approach to transparency and sharing information.

Fraud, anti-bribery and whistle-blowing

We are committed to maintaining the highest ethical standards in our business activities and we adopt a zero-tolerance approach to bribery or any form of corruption. We embed this through our policies, procedures and employee training frameworks. We have a staff whistle-blowing policy which enables all employees or others with serious concerns over any aspect of our work to come forward and express those concerns.

Managing our risks

We take a group-wide approach to Risk Management through our Corporate Risk Plan and supporting Risk Management Strategy and Framework. Our approach enables us to consider the full spectrum of risk and manage the combined impact of those risks. Risk identification, mapping and planning exercises are a key aspect of business planning across all business areas. This approach enables us to embed a strong risk management culture.

Risk management strategy

Our Board is central to risk governance and is responsible for setting Guinness's Risk and Risk Management Strategy and appetite and overseeing risk management. Our Risk Management Strategy defines our approach and attitude towards risk, the amount of risk that it can tolerate and details our control strategies for monitoring, managing and mitigating key risks identified.

The Risk Management Strategy is comprehensively updated annually and is reviewed by the Group Audit and Risk Committee (GARC). It is assessed and approved by the Board alongside the annual Budget and Business Plan approval. It acknowledges that the range of risks faced by Guinness Care, Guinness Property and Guinness Developments Limited, Guinness Homes Limited and Hallco are different to TGPL in many respects due to the varying nature of the activities undertaken.

A key component of our approach to risk management is regular reporting to the Board.

This includes reporting any movement in the assessment of key risks, a rolling cycle of Risk Monitoring Reports, and ad hoc Risk Reports that capture specific instances where a risk has crystallised.

Risk management framework

Our risk management framework provides a system for identifying, measuring, monitoring and reporting risks across the Group. Our Corporate Risk Plan is supported by our business unit and subsidiary risk plans. This enables our exposures to be monitored and evaluated both at an operational and at a Group level to assess the overall extent of risk being taken and the mitigation approaches being used.

The risk management framework is underpinned by a system of internal control which provides a proportionate and consistent structure for managing our risks. We use the three line of defence model to gain assurance over our risk management approach and to continually review, improve and embed our control frameworks.

Risks are reviewed and monitored through an officer Risk Panel, The Executive Team, Group Audit and Risk Committee and Board. Risk is considered and evaluated when undertaking any new projects or diversifying into new business areas, when making investment and divestment decisions, and when making significant changes to operations or organisational structures. Risk analysis and assurance is formally documented and the Executive Team ensures that this risk analysis has taken place and is evidenced before approving new projects and before undertaking new business activities.

Risk appetite

Risk appetite defines the level of risk we are prepared to accept across the different risk categories, taking into account the varying levels of financial and operational stress. Risk appetite is key to our decision making processes, including our business planning and setting of strategy, new initiatives and business change proposals.

We have identified five key categories of risk that are critical to the success of the business (aligned with the strategic objectives). These are Strategy; Compliance; Financial Viability; Operational Effectiveness and Capacity; and Reputation.

Risk appetite varies across the Group, not only by risk category but also by activity, and in certain cases by project or transaction. A risk appetite statement is maintained for TGPL and includes the operations of all development subsidiaries and those of Guinness Property. However, the risk profile associated with Guinness Care is different to that of other services and so a separate risk appetite statement is prepared for Guinness Care.

Risk assessment – key risks

The Executive Team and the Board consider the risks described below to be the key risks facing the Group at the current time:

Risk Over-reliance on sales income from newly developed homes

Comments and risk mitigation

Economic uncertainty as a result of disruption by the pandemic and forthcoming withdrawal of Government support measures such as the job retention scheme and the stamp duty holiday makes it essential that we closely manage risks related to our sales programme. The sales programme includes homes for affordable home ownership and homes for outright sale.

Risk Mitigation activity:

- We undertake extensive stress testing of our Financial Plan including sale risk scenarios and have sufficient recovery strategies in place to mitigate against any significant impacts. These are regularly reviewed and presented to the Board.
- We regularly update our Executive-led Programme Review Group with sales and marketing information to provide an early warning of any sales risks.

- We have in place, and continually observe, our financial Golden Rules, which include a requirement that we maintain sufficient funding to meet contractual commitments without a reliance on sales income.
- Our exposure to sales risk is mitigated by both the significant levels of liquidity that are in place (more than £1bn as at 31 March 2021) and that we have a limited exposure to homes for outright sale in the current identified development programme of the Financial Plan that was approved in March 2021 with 741 homes forecast to be sold over the next four years.

Risk Challenges presented re-mobilising services following Covid-19 lockdowns

Comments and risk mitigation

The impact of the Covid-19 outbreak has been felt by all parts of society with significant changes to people's way of life and the ability of businesses to operate safely. Guinness responded quickly to the measures introduced by Government to protect the health and safety of our customers and employees.

With the ending of the first lockdown and subsequent second and third lockdowns, Guinness was able to quickly adapt service delivery, health and safety protocols and working arrangements in line with government guidance, whilst maintaining essential services for customers.

As the lockdown in the UK is once again gradually eased, it will be important that our operational activities continue to be conducted in a way which continues to keep both our employees and our customers safe. Significant non-emergency responsive repairs backlogs exist which need to be cleared as soon as possible.

Risk Mitigation activity:

- All operations are re-mobilised in a way which complies with Government published guidelines.
- Office buildings and employee working practices are amended in line with the evolving Government published guidelines.
- Regular review and updating of method statements and working practice guidelines by our operational teams and led by our Health and Safety Team; this includes appropriate employee consultation.
- Provision of personal protective equipment where this is required.
- Recruitment of additional operatives to aid clearance of repairs backlogs.
- Careful reprogramming of works with internal workforce and external contractors as appropriate.
- A rolling programme of compliance checks to ensure adherence to method statements and working practices.
- Working with local NHS services to offer vaccinations to Guinness Care employees.

**Risk**    **A major Health and safety event occurs which leads to the death or serious injury of a customer or employee**

**Comments and risk mitigation**

The health and safety of our customers, employees, contractors and members of the public is an essential element of our risk management approach. The risk of serious injury or death of customers, employees, contractors or members of the public is managed by our specialist in-house Health and Safety Team through an established framework using a Health and Safety Management System which meets the requirement of OHSAS 18001. A major health and safety failure could result in legal action against the organisation and/or responsible individuals. Consequential regulatory and reputational implications could also be severe.

**Risk Mitigation activity:**

- Our staff undertake mandatory health & safety training relevant to their role – the completion of which is carefully monitored by the Board. We also work closely with external agencies to ensure we can anticipate and meet their requirements.
- We continue to undertake all necessary fire risk works, and incorporate the recommendations of the Hackitt report, the findings of the Grenfell Inquiry and Government advice notes into our Building Safety plans and make appropriate financial provision in budgets and longer-term financial plans.
- We operate an alert system to ensure customer health and safety concerns are addressed promptly.

**Risk**    **Pension liabilities exceed the levels assumed in our Financial Plan**

**Comments and risk mitigation**

A risk exists that the ongoing service costs and deficit repayments of the defined benefit pension schemes, operated by us for our employees, may expose the organisation to financial risk in excess of that modelled and stress tested in our Financial Plan.

A liability of £84.8m is included on the Group Statement of Financial Position as at 31 March 2021. This includes a liability of £78.3m in respect of the Social Housing Pension Scheme and £6.3m in the Local Government Pension Scheme.

**Risk Mitigation activity:**

- In April 2021, following external advice and consultation with our employees, Guinness transferred all Social Housing Pension Scheme (SHPS) members into a new Guinness Pension Scheme. The transfer enables us to put in place a slightly more aggressive investment strategy which may enable the scheme deficit to be reduced more quickly. It has also removed Guinness’s obligation to take a share of the liabilities of other employers in the event those organisations are unable to meet their financial commitments to the scheme.
- We actively manage our exposure to defined benefit pension liabilities and take external professional advice to identify and manage risks.
- Our Pensions sub-committee of the Board regularly reviews our Pension Strategy in light of the most recent actuarial valuations of the pension schemes of which we are members. Any proposed changes to our strategy are considered by the Group Board who take expert external advice as appropriate.

**Risk**    **Changes in government policy**

**Comments and risk mitigation**

The Social Housing White Paper, published in 2020, has significant policy changes for the sector. The changes include increasing the Regulator of Social Housing’s remit to specifically cover safety and transparency together with stronger enforcement powers; a revised shared ownership product; and the identification of responsible persons for both the Consumer Standards and Health and Safety. Failure to understand and respond correctly to these reforms could have a material impact on our business activities.

**Risk Mitigation activity:**

- Guinness maintains a productive relationship with the Regulator and benefits from membership of a Provider Panel, a group of housing providers with whom the Regulator engages regarding potential changes in Regulatory approach.

- We undertake regular horizon-scanning and stress and scenario testing on our Financial Plans to understand the impacts of a range of potential policy changes. We also continue to improve the depth and range of customer information we hold in order to better understand potential impacts of policy changes on them.
- We complete an annual review of compliance with both the Economic and Consumer Regulatory Standards which provides assurance over our compliance.
- We have in place dedicated Health and Safety, Building Safety and Asset Compliance teams with performance monitored regularly by the Board and Executive Team.
- An assessment of the implications of the proposed changes to the share ownership product was considered by the Board during the year.

**Risk**    **Levels of investment required by our existing homes exceeds the levels provided for in our Financial Plan**

**Comments and risk mitigation**

Changes to building safety legislation and guidance, the requirement to achieve net zero carbon by 2050, and the potential for a revised Decent Homes Standard all increase the level of investment required in our existing homes. It is possible that legislation and resultant investment requirements will change further over the coming years which will reduce headroom against key performance metrics and the capacity for the development of new homes in the future.

**Risk Mitigation activity:**

- We have worked with Savills LLP to assess the costs associated with bringing our homes up to net zero carbon by 2050 and have included provision for these costs in our most recent Financial Plan.
- We are developing our Environmental & Sustainability Strategy to set out a clear roadmap for achieving compliance with the net zero carbon standard by 2050 which will provide greater clarity over costs.

- Regular stress testing and updates of our Financial Plan are undertaken to determine financial capacity and headroom which then aids effective decision making.
- A suite of financial metrics and Golden Rules are in place which ensure that the ongoing viability of the organisation is preserved at all times.
- A systematic programme of stock condition surveys is undertaken with the resulting information then held in our Asset Management System. Appropriately prioritised investment programmes are then developed which ensure that available financial resources are applied appropriately with the risk of unforeseen expenditure minimised.
- We have a robust options appraisal process in place to identify homes with disproportionate investment costs which might then form part of our disposals programme.



Risk    Poor data and information management	
<b>Comments and risk mitigation</b>  Poor quality data and information can detrimentally impact the decision-making and service delivery across Guinness and has the potential to lead to regulatory intervention. Failure to provide timely and accurate data can be reflected in the judgement of a provider's compliance with the Regulatory Standards. An information management security breach could represent a breach of data protection legislation with fines and regulatory action possible. The need for accurate data and information is strengthened further through the proposal set out in the Social Housing White Paper which introduces an access to information scheme, whereby customers should be able to easily access information held about them.	<b>Risk Mitigation activity:</b> <ul style="list-style-type: none"><li>• Comprehensive Information Management policies and guidance are in place which are supported by a mandatory Data Protection e-learning module for all employees.</li><li>• Our contracts of employment clearly specify data protection responsibilities.</li><li>• Customer Security protocols are in place in order to authenticate telephone callers.</li><li>• Data and information is stored on our IT systems with our desktop infrastructure protected by firewalls and virus protection, with hard disk encryption on portable devices.</li><li>• Regular penetration tests are undertaken by qualified specialists in order to identify any weaknesses.</li><li>• A second line Data Assurance Team are in place undertaking a programme of reconciliations and exception reporting to maintain and improve data quality.</li><li>• External assurance activity is undertaken on all Regulatory Returns prior to submission.</li></ul>

Statement on internal control

The Board has overall responsibility for establishing and maintaining the system of internal control and for reviewing its effectiveness. This applies in respect of all entities within the Group.

The system of internal control is designed to manage risk and to provide reasonable, but not absolute, assurance that key business objectives and expected outcomes will be achieved. It also exists to provide reasonable assurance about the preparation and reliability of financial information and the safeguarding of the Group's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which is embedded within normal management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed.

Key elements of our internal control framework include:

- Regular Board meetings for which there is a defined schedule of matters for decision.
- An established management framework with clearly defined levels of responsibility and delegated authorities.
- Adoption of the principles of the National Housing Federation's 2020 Governance Code, supported by a framework of policies and procedures that employees and Board members must comply with.
- A Group-wide risk management system (including health and safety) with an established process for identifying, evaluating and managing the significant risks faced by the Group.
- The Group Audit and Risk Committee which meets regularly with the Executive Team, internal and external auditors to satisfy themselves that the internal control systems are operating effectively.
- Internal audit assurance provided by an independent firm of professional advisors which reviews internal control and risk management frameworks, key risks and adherence to relevant law.
- External audit assurance which provides some further independent assurance of the internal control environment, as described in the external auditor's audit report and annual letter to the Board.

- A comprehensive anti-fraud policy supported by procedures and mandatory training.
- Procedures to ensure the employment, retention, training and development of suitably qualified staff to manage activities and risk.
- The preparation and monitoring of budgets and business plans – the Board, Committees and the Executive Team review Group financial and operating performance throughout the year.
- A process for approving all investment decisions with all major investment decisions subject to appraisal and approval by the Executive Team and the Board.
- A Treasury Strategy which is subject to regular review and approval by the Board.
- The Group's Whistle-blowing policy which enables employees to raise issues on a confidential basis.

The Group Audit and Risk Committee reviews reports received from internal and external auditors and makes regular reports to the Board on the extent to which internal controls continue to take account of major risks facing the Group. The Group Audit and Risk Committee submits an annual report, summarising its work and conclusions to the Board.

In reviewing the effectiveness of internal controls, the Board considers a range of evidence that includes independent sources, management assurances and outcomes from a range of risk management activities.

The Group Audit and Risk Committee have reviewed the Chief Executive's annual review of the effectiveness of the system of internal control for the Group. The Board has reviewed the effectiveness of the system of internal control, including risk management, for the year to 31 March 2021, and up to the date of signing these financial statements. It has not identified any weaknesses sufficient to cause material misstatement or loss which require disclosure in the financial statements.



## Viability Statement

The Board has assessed the viability of the Group over a five-year period. This assessment is informed by a 30-year Financial Plan which is shared annually with our regulator, the RSH, which provides assurance that the Group complies with the Regulatory Framework and that the Group has adequate resources to continue operating as a going concern. The Board has assessed the resources available to the Group and is satisfied that it is appropriate to continue to prepare the financial statements on a going concern basis.

The Board reviews the Group Financial Plan twice a year and approves it annually. The Financial Plan is subjected to rigorous stress-testing to assess its ability to withstand significant risks and various combinations of risks. The Board is satisfied that financial viability and loan covenant compliance is maintained throughout the life of the Plan.

Our Financial Plan is supported by an approved Treasury Strategy that ensures the Group's treasury portfolio is effectively and efficiently managed so it can comply with lender covenants and undertakings. It addresses external funding risks, hedging risks, cash flow forecasting and liquidity requirements, and the appropriate and efficient investment of surplus funds.

Each year the Regulator of Social Housing carries out a Financial Stability Check of all Registered Providers with 1,000 or more social homes. The annual financial stability check formed part of the In-Depth Assessment which was conducted by the RSH during the second half of the financial year. Following this assessment, the RSH advised that Guinness had been retained its G1 Governance and it's V2 viability gradings. These gradings apply to the whole Guinness Group and remain compliant gradings. The V2 grading is a reflection of our significant investment in our existing homes, as well as our (as yet largely uncommitted) exposure to homes for sale. The Group has also retained good credit ratings throughout the year with external credit rating agencies Moody's (A3) and Standard and Poor's (A-) both with a stable outlook. These outcomes confirm to customers, investors and other stakeholders that Guinness is managing its resources and risks effectively to ensure its financial viability is maintained and that its social housing assets are not put at risk.

The ratings provide external assurance that the Board has put in place appropriate governance arrangements to ensure the Group adheres to all relevant law and regulatory requirements, and, has an effective risk management and internal controls assurance framework in place.

The Board performs an annual review of the Group's compliance with the Governance and Financial Viability Standard set by the RSH and confirms continued compliance.

The Board has continually reviewed the financial impact of the Covid-19 pandemic on the Group with a range of Financial Plan scenarios modelled. During the year £600m of new funding has been put in place which ensures that the Group retains high levels of liquidity which will provide a solid foundation from which to manage any risks which may continue to crystallise in the months ahead.

After making all reasonable enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and that it is well-placed to manage its business risks appropriately.



The table below provides a summary of the Group's results and key financial ratios for the last five years.

	2021	2020	2019	2018	2017
	£m	£m	restated £m	£m	£m
<b>Summary: Consolidated income &amp; expenditure, £m</b>					
Turnover from social housing activities	362.0	352.3	351.7	350.4	338.0
Turnover from non-social housing activities	6.2	7.1	8.8	24.0	92.1
Operating costs and cost of sales	(294.8)	(272.2)	(274.7)	266.9)	(299.8)
Surplus on disposal of housing properties	94.0	11.0	60.9	5.4	8.1
<b>Operating surplus</b>	<b>167.4</b>	<b>98.2</b>	<b>146.7</b>	<b>112.9</b>	<b>138.4</b>
Surplus/(loss) on disposal of other fixed assets	0.2	-	(0.2)	0.4	(1.6)
Net interest charges	(99.7)	(58.7)	(62.8)	(60.8)	(58.1)
Fair value and re-measurement movements	1.8	(1.2)	(0.2)	2.1	1.6)
Gain on acquisition	-	-	-	-	41.4
<b>Surplus for the year before taxation</b>	<b>69.7</b>	<b>38.3</b>	<b>83.5</b>	<b>54.6</b>	<b>121.7</b>
Taxation	0.2	(0.1)	(0.1)	(0.4)	(0.8)
Surplus after interest and tax	69.9	38.2	83.4	54.2	120.9
<b>Summary: Statement of financial position, £m</b>					
Intangible fixed assets	6.0	-	-	-	-
Tangible fixed assets	3,304.8	3,204.8	3,071.0	3,101.4	3,085.3
Net current assets	340.4	288.5	222.0	13.1	6.7
Total assets less current liabilities	3,664.7	3,506.8	3,307.2	3,182.7	3,154.2
Long term liabilities and provisions	(2,776.0)	(2,644.9)	(2,523.6)	(2,432.7)	(2,464.2)
Net assets	888.7	861.9	783.6	750.0	690.0
Reserves	888.7	861.9	783.6	750.0	690.0
<b>Summary: Statement of cash flows, £m</b>					
Net cash generated from operating activities	43.4	112.5	96.2	175.5	192.1
Cash flow from investing activities	(51.8)	(146.6)	(5.2)	(99.7)	(56.1)
Cash flow from financing activities	(27.1)	53.3	(74.1)	(68.4)	106.4)
<b>Cash and cash equivalents at the start of the year</b>	<b>115.0</b>	<b>95.8</b>	<b>78.9</b>	<b>71.7</b>	<b>41.1</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>79.5</b>	<b>115.0</b>	<b>95.8</b>	<b>78.9</b>	<b>71.7</b>
<b>Key Financial Ratios</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Underlying earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) as % of interest payable (excluding bond redemption penalty)	336%	242%	285%	231%	287%
EBITDA –MRI (as a percentage of interest) – including loan redemption penalty	91.2%	130.8%	147.3%	183%	240%
EBITDA –MRI (as a percentage of interest) – excluding loan redemption penalty	136.2%	130.8%	147.3%	183%	240%
Operating margin (Group) – excluding property sales	19.9%	24.3%	23.9%	29%	30%
Operating margin (Group) – including property sales	45.5%	48.3%	23.9%	29%	30%
Interest cover (underlying operating surplus + depreciation) / net interest	231%	263%	327%	270%	272%
Gearing % (total borrowing / total net worth – reserves plus capital grant)	58%	55.0%	52.9%	55.6%	57.2%
Gearing % (as defined in the Sector Scorecard)	42.6%	39.9%	38.1%	34.9%	36.7%

## Financial Statements

The commentary below considers results on a group basis. Elsewhere in the strategic report, in particular the section on value for money the figures and ratios are TGPL legal entity figures unless otherwise stated.

## Statement of comprehensive income

The Group generated an overall surplus of £69.9m for the year ended 31 March 2021, an increase of £31.7m compared to the prior year. The overall surplus represents a net margin of 19.0% (2020: 10.6%) on turnover of £362.0m. This year-on-year increase in surplus reflects the £94m accounting surplus generated through the stock swap with Paradigm Housing Group which saw Guinness take ownership of 1,157 properties and transfer 1,386 properties to Paradigm, this accounting surplus has been partially offset by a one off £35.4m charge on the early redemption of our high coupon 2025 bond.

Underlying operating performance remains strong with the Group achieving an operating margin of 45.5% (2020: 48.3%). This operating margin includes the surpluses on the sale of housing properties as required under FRS102 and the SORP. If the surpluses from the sale of housing properties are excluded an operating margin of 19.9% was delivered by the Group (2020: 24.3%).

Our core business remains social housing lettings with 90% of the Group's turnover being generated from this activity. Our social housing lettings business delivered an operating surplus of £82.1m (2020: £97.1m) for the year. An operating margin of 24.8% (2020: 29.8%) was generated from our social housing letting activities during the year. The reduction in operating margin reflects the revenue impact of a number of building safety and stock investment decisions combined with the increased cost of delivering maintenance services in-house during Covid-19 lockdowns and working restrictions.

Net interest charges for the year totalled £99.7m (2020: £58.7m), with the year-on-year increase reflecting a £35.4m charge on the redemption of our 2025 bond which took place on 31 March 2021. The early redemption of this high coupon bond will provide additional capacity to Guinness over the next four years.

We delivered a 91.2% (2020: 130.8%) EBITDA-MRI margin as a percentage of interest payable. This ratio is artificially low as the basis of calculation includes the bond redemption penalty noted above but excludes the accounting surpluses generated from property sales. If the bond

redemption penalty is excluded then an underlying EBITDA-MRI of 136.2% is reported which demonstrates that the core business continues to perform strongly and cover the investment needed to keep our homes in good condition.

The levels of financial performance noted above continues to support credit ratings of A3 and A- with Moody's and Standard and Poor's respectively, both with stable outlooks and a compliant V2 rating for Financial Viability from the Regulator of Social Housing. These ratings will support our efforts to secure the appropriate funding to build more new homes as set out in our strategy.

## Statement of financial position

At 31 March 2021 the Group is reporting total reserves of £888.7m (2020: £861.9m). This reflects our continued growth over recent years, sound long term investment decisions and a focus on ensuring that the Group retains a strong liquidity position at all times.

The Group owns and manages over 64,000 properties, with the carrying amount of the Group's housing properties at historic cost increasing by £89.0m (net) over the last year to £3,246.5m. This increase reflects investment of £80.7m on the development of new affordable housing, £59.8m net increase from the Paradigm stock swap with a further £37.2m invested in capital improvement works to our existing properties.

Our stock holding has increased during the year by £96.4m to £305.0m and reflects the fact that we will be developing homes for shared ownership and outright sale on our land sites across the country over the years ahead.

At 31 March 2021 the Group had cash balances totalling £79.5m (2020: £115.0m) with this cash deposited with a range of counterparties, including AAA rated money market funds, who meet our counterparty credit criteria. The cash is invested with deposit terms of no more than 30 days. The level of cash balance at the year-end is deliberately high as we took the decision to maintain high levels of liquidity throughout the duration of the Covid-19 pandemic.

The Group's trade and other debtors due in less than one year increased year on year with a balance at 31 March 2021 of £96.3m, (2020: £17.5m). The increase is reflective of the £72.2m sinking fund associated with the 2025 bond which was previously disclosed as falling due after one year. The associated cash was received by Guinness in May 2021.

At 31 March 2021 the Group had outstanding bank and debt facilities of £1,334m (2020: £1,244m). We have utilised cash reserves and operating cashflows during the year to limit the need to draw additional debt from available facilities of £2,275m (2020: £1,753m).

During the year new revolving credit facilities totalling £250m were put in place meaning that at 31 March 2021 the Group had undrawn loan facilities totalling £940m, which together with the proceeds from the £400m (of which £150m retained) Guinness 2055 2% coupon issue in April 2020 and our available cash balances, provide strong levels of liquidity to support our development aspirations over the coming years.

We reviewed the value of our properties and fixed assets, and considered changes in the economic and policy environment, projected income, demand or, market value where applicable, for indicators of impairment. This review has included a total impairment charge of £2.3m against our existing development programme reflecting where costs increased compared to anticipated sale values.

In accordance with the requirements of FRS102 and the SORP the Group's share of the deficit in respect of defined benefit pension schemes, which totals £84.8m (2020: £40.4m) continues to be recognised on the Statement of Financial Position in full. The liability increased during the year as a result of lower discount rate and higher inflation rate assumptions due to market movements and government reform to RPI leading to CPI inflation linked assumptions increasing, relative to RPI.

Financial Planning

Guinness uses a long-term financial plan to ensure long term viability of the business and continued loan covenant compliance, to establish financial capacity and risk appetite and to inform decision making regarding investment choices. Our latest financial plan reflects the ambitions set out in our Strategy which include delivering 5,500 new homes and achieving an underlying operating margin of 30% by March 2025..

Our financial plan is the subject of regular review and stress testing by the Board with documented recovery plans in place which respond to the most adverse scenarios.

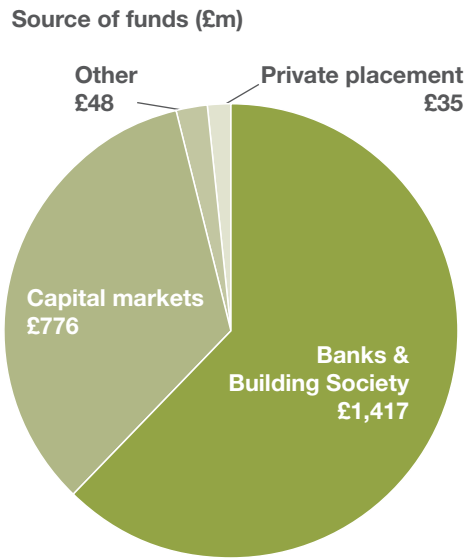
Treasury Management

Strong treasury management is critical to maintaining our financial resilience. Significant treasury risks include ensuring the Group has sufficient liquidity to fund its operations and development pipeline, interest rate risks and ensuring that all loan covenants are met.

The Group Treasury Management Policy is updated and submitted annually to the Group Board for approval with the Group Board reviewing treasury performance on a quarterly basis. This includes a review of compliance with financial covenants, interest rate management and liquidity projections. As at 31 March 2021 the Group complied with all financial covenants.

Financing

At 31 March 2021 the Group had total loan and debt facilities of £2.28bn (2020: £1.75bn) of which £1.33bn (2020: £1.24bn) had been drawn.

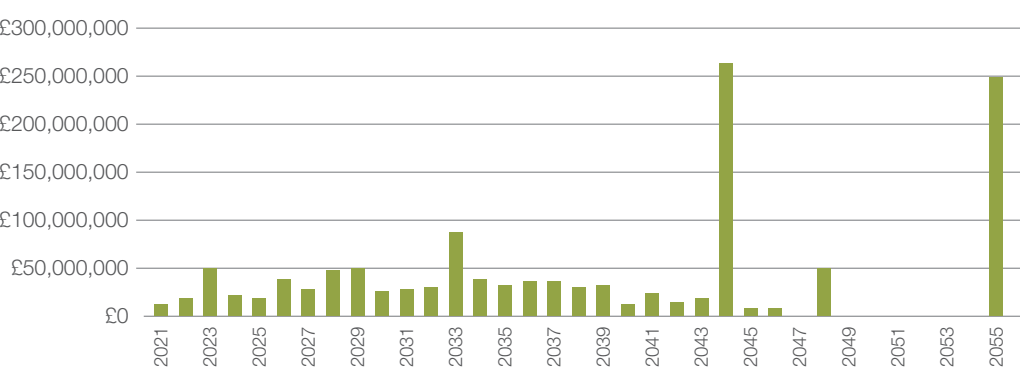


During the year £250m of new revolving credit facilities were put in place, split between three different lenders. In April 2020 the Guinness Partnership Limited successfully issued a £400m 35-year bond at a coupon of 2% with £250m being issued immediately and the remaining £150m being retained for sale at a future date.

On the 31 March 2021 Guinness fully redeemed its £110m 9.125% bond due 2025 at a clean redemption price of £134.234m. This transaction will free up a significant amount of property security for use in future financing projects.

Further funding will be arranged from a range of sources in 2021/22 to ensure appropriate liquidity is in place to support our development ambitions.

Drawn loan maturity profile



Interest rate management and re-financing risk

In accordance with the Group's Interest Rate Management Strategy and in order to mitigate the risks of rises in variable interest rates, at 31 March 2021 86.9% (2020: 80.4%) of the Group's debt was at rates fixed with a range of maturities between one and 35 years. At 31 March 2021 the weighted average maturity of our debt was 19 years.

The Group has limited re-financing risk with 90% of the Group's drawn debt not due for repayment for more than five years. During the last financial year, Guinness redeemed £110m of bonds due in 2025 with a coupon 9.125%, significantly reducing its near-term refinancing risk. The redemption resulted in an early redemption penalty totaling £35.4m which was charged to the statement of comprehensive income, reducing the operating surplus in the year.

Of this fixed rate debt £107.2m (2020: £108.3m) was hedged under ISDA agreements. The mark to market exposure in respect of these agreements as at 31 March 2021 was £42.1m adverse (2020: £52.5m adverse) with property security in place to cover this position.

Loan Security

Committed facilities are secured against our social housing assets. These assets are independently valued to ensure we meet lenders' asset cover requirements. As at 31 March 2021 42,244 (2020: 40,074) homes were charged as security to lenders and ISDA providers by TGPL. We also held 15,490 (2020: 17,618) unencumbered properties. Of the properties used as loan security at the end of the year 54% were charged at EUV-SH, 36% at MV-ST and 10% on a rental income basis. The majority of properties used as loan security are general needs rented properties although some shared ownership properties are actively being used as loan security.

Liquidity

The Group's Treasury Management Policy dictates that the Group's secured facilities and cash balances must be no less than the forecast cash outflow for the next eighteen months. The Group met this policy requirement throughout the year. At the end of March 2021 the Group had sufficient facilities available to meet forecast cash outflow for the next 45 months until December 2024.

At year end the Group held cash balances totalling £79.5m (2020: £115m) of which £24.2m (2020: £77.9m) was held in AAA rated money market funds. These balances exclude £103.7m (2020: £93.3m) held within ring-fenced accounts, relating to debt service reserves, bond sinking funds, leaseholder sinking funds, and other balances which are held in favour of third parties. Of the £103.7m, £72.2m relates to the 2025 bond and was released to Guinness on the 7th April 2021.

Capital and reserves

The reserves of the Group at 31 March 2021 totalled £888.7m (2020: £861.9m). The Group generates surpluses each year which are reinvested in existing homes, communities, services and the development of new homes, with some provision for contingencies. The Group Board is satisfied that the reserves at 31 March 2021 are at a level that is appropriate for the business.



Statement of the responsibilities of the Board

The Group Board, which is the Board of The Guinness Partnership Limited, is responsible for preparing the financial statements. The financial statements are prepared in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice) law, including Financial Reporting Standard 2 and applicable law.

The financial statements are required by law to give a true and fair view of the state of affairs and the income and expenditure of the Group for that period.

In preparing these financial statements the Board is required to:

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

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable it to ensure that the Group's financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice: Accounting by Registered Housing Providers 2018, and, the Accounting Direction for Private Registered Providers Providers of Social Housing in England (2019). The Board is also responsible for safeguarding the assets of the Group and for taking reasonable steps for the detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

The Board confirms that to the best of its knowledge:

- The financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and surplus or deficit of the Group; and,
- The Report of the Board includes a fair review of the development and performance of the Group and the position of the Group, together with a description of the principal risks and uncertainties that the Group faces.

Going concern

As referred to in the Viability Statement the Board has a reasonable expectation that the Group has adequate resources to continue in operation for a period of no less than 12 months from the date of sign-off of the financial statements, and for this reason has continued to adopt the Going Concern basis in preparing the Group's financial statements.

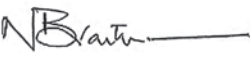
Statement of compliance

The Strategic Report has been prepared in accordance with applicable reporting standards and legislation. The Board can also confirm that the Group has complied with the Regulator of Social Housing's Governance and Financial Viability Standard. All of the current Board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the association's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditor

BDO LLP are the appointed auditor. They have expressed their willingness to continue in office. Accordingly a resolution is to be proposed for the re-appointment of BDO LLP as auditor.

On behalf of the Board



Neil Braithwaite,  
Chair of the Guinness Partnership Limited  
22 July 2021  
  
Charitable and Community  
Benefit Society No. 31693R  
Homes and Communities Agency no. 4729

Opinion

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 2021 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 The Guinness Partnership Limited ("the Partnership") and its subsidiaries ("the Group") for the year ended 31 March 2021 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 equity, 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. Our audit opinion is consistent with the additional report to the group audit & risk committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board on 12 December 2018 to audit the financial statements for the year ending 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 3 years, covering the years ending 31 March 2019 to 31 March 2021.

We remain independent of the Group and the Parent Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Board's assessment of the Group and the Parent Association's ability to continue to adopt the going concern basis of accounting included:

- Assessment of the internal forecasting process to confirm the projections are prepared by appropriate personnel that are aware of the detailed figures in the forecast but also have a high level understanding of the entity's market, strategy and profile in the customer base, and the potential impact that COVID-19 might have on these projections.
- Obtaining and assessing the availability of financing facilities, including the nature of facilities, repayment terms and financial covenants. We considered management's financial covenant compliance calculations through to March 2023 and concluded on the consistency of such calculations with the ratios stated in the relevant lender agreements.

Independent Auditor’s Report to the members of the Guinness Partnership Board

- Consideration of the forecasts prepared by management and challenge of the key assumptions based on our knowledge of the business. As referred to in basis of preparation note, management have modelled reasonably possible downside scenarios to incorporate the expected impact of the COVID-19 pandemic. We have considered the appropriateness of the downside scenarios in respect of the impact of COVID-19 and challenged management to confirm that they have suitably addressed the inputs, which are most susceptible to change, including those in respect of revenue, margins and cost savings.
- We challenged management on the suitability of the mitigating actions identified by management in their assessment and the quantum and period ascribed to these mitigating actions. Scenarios modelled by management include a reverse stress test to analyse the current estimates of rent collection, property sales and maintenance and development spend that could be sustained without breaching banking covenants. We challenged the assumptions used and mitigating actions included within this scenario and reviewed the reverse stress test calculations.
- We considered the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the forecasts and stress test scenario.

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 entity’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.

Overview

Coverage:	A full statutory audit was carried out for each subsidiary of the Group.		
Key audit matters:	<b>Key audit matters</b>	<b>2021</b>	<b>2020</b>
	The preparation of the accounts on a going concern basis is not appropriate.	x	●
	Carrying amount of property developed for sale and land bank sites	●	●
Going concern is no longer considered to be a key audit matter in 2021. Whilst there are uncertainties arising from the pandemic, the impact on business plans has been less than expected and this is no longer considered a significant risk to the Group.			
Materiality:	Group financial statements as a whole. £9.1m (2020: £54.5m) based on 7.5% of adjusted operating surplus (2020: 1.5% of total assets).		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group’s system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Board that may have represented a risk of material misstatement.

A full scope statutory audit was carried out for each subsidiary that we considered to be a significant component of the group. Audit work on all components was performed by BDO UK both for the purposes of reporting on the individual financial statements and for group/consolidation purposes.

We identified two components which, in our view required an audit of their complete financial information due to their size or risk characteristics and were therefore considered to be significant components.

The Guinness Partnership Limited, Guinness Developments Limited and City Response Limited were identified as significant components due to size.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Carrying amount of property developed for sale and land bank sites	As explained in note 16, properties developed for sale, including shared ownership first tranches and properties developed for outright sale, are measured at the lower of cost and net realisable value resulting in an amount recognised in the balance sheet of £303,600,000 (2020 - £208,600,000).	We have obtained management’s assessment of the recoverable amount of properties developed for sale. This assessment sets out anticipated sales proceeds and expected costs to complete the properties where they are still being constructed.
	For all schemes developed for sale at the balance sheet date, management has performed an assessment of their recoverable amount using external valuations, including an assessment of the actual costs incurred against budget.	For a chosen sample of properties developed for sale, we agreed the anticipated sales proceeds to third party valuations. We have identified the third party valuer and checked that their experience and expertise and their work is suitable for our purposes.
	Due to the level of judgement involved in estimating both selling price and costs to complete we considered there to be a significant risk that the recoverable amount of properties developed for sale to be a significant risk and therefore a key audit matter.	For a sample of properties under construction, we obtained details of the expected costs to complete from the updated scheme budget for that development and agreed the budgeted contract cost of the development to the actual contract and we compared the incurred expenditure to the budgeted amount to ensure that the budget reflects actual costs.
		The sample was chosen from the population of items that included (but was not limited to) developments for which impairment had already been identified by management.
		Key observations
		Based on our procedures we noted no exceptions and found management’s key assumptions to be reasonable.



# Independent Auditor's Report to the members of the Guinness Partnership Board

## Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial Statments		Parent Partnership financial statements	
	2021 £m	2020 £m	2021 £m	2020 £m
Materiality	9.1	50.0	6.9	49.0
Basis for determining materiality	7.5% of adjusted operating surplus	1.5% of total assets	7.5% of adjusted operating surplus	1.5% of total assets
Rationale for the benchmark applied	Adjusted operating surplus is of particular interest to the users of the financial statements as it is a term defined for the purposes of the entity's lending covenants. This involves adjusting operating profit for depreciation, amortisation and capitalised major works.	An asset basis reflects that the group holds assets for the long term and the asset base drives the main revenue stream.	Adjusted operating surplus is of particular interest to the users of the financial statements as it is a term defined for the purposes of the entity's lending covenants. This involves adjusting operating profit for depreciation, amortisation and capitalised major works.	An asset basis reflects that the group holds assets for the long term and the asset base drives the main revenue stream.
Specific materiality	Not relevant for the current financial year	9.9	Not relevant for the current financial year	8.9
Basis for determining materiality		7.5% of adjusted operating surplus		7.5% of adjusted operating surplus
Performance Materiality	5.9	25.0	4.5	24.5
Basis for determining performance materiality	65% of materiality	50% of materiality	65% of materiality	50% of materiality

## Specific materiality

In the year ended 31 March 2020 we also determined that for all items comprising adjusted operating profit (including related disclosures), a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined

materiality for these items based on 7.5% of adjusted operating surplus. We further applied a performance materiality level of 50% of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

## Component materiality

A full scope statutory audit was carried out for each subsidiary. We set materiality for each component of the Group based on their size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £1,000 to £6,945,000. In the audit of each component, we further applied performance materiality levels of 65% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

## Reporting threshold

We agreed with the audit committee that we would report to them all individual audit differences in excess of £140,000 (2020: £100,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

## Other information

The board is responsible for the other information. Other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Strategic Report and report of the Board and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

## Matters on which we are required to report by exception

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

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the 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 board members responsibilities statement, 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 the Guinness Partnership Board

## 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.

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to their registration with the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Accounting Direction for Private Registered Providers of Social Housing and tax legislation.

In addition the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection and health and safety legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence if any.

Audit procedures performed by the engagement team included:

- The Senior Statutory Auditor's assessment of whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations;
- Challenging assumptions made by management in their significant accounting estimates and judgements in relation to the impairment, useful lives of depreciable assets, fair value measurement of investment properties, shared ownership, recovery of properties developed for sale and pension defined benefit scheme obligations;
- Substantive testing to confirm the existence of revenue and cut off testing to ensure revenue has been recognised in the correct accounting period;
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privileged access rights, journals posted by key management and journals posted after the year end;
- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws & regulations;
- Evaluation of management's controls designed to prevent and detect fraud and irregularities;
- Review of the Group's fraud register, including consideration of any known or suspected instances of fraud; and
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Regulator of Social Housing.

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](http://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.



**Elizabeth Kulczycki, Senior Statutory Auditor**  
**For and on behalf of BDO LLP, Statutory Auditor**  
Gatwick

Date: 20 September 2021

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



# Financial Statements

for the year ended 31 March 2021





# Financial Statements for the year ended 31 March 2021

## Group Statement of Comprehensive Income for the year ended 31 March 2021

		2021	2020
	Note	£m	£m
<b>Turnover</b>	3	<b>368.2</b>	<b>359.4</b>
Cost of sales	3	(18.9)	(16.4)
Operating expenditure	3	(275.9)	(255.8)
Surplus on disposals of housing property	6	94.0	11.0
<b>Operating surplus</b>		<b>167.4</b>	<b>98.2</b>
Surplus on disposals of other fixed assets	6	0.2	-
Interest receivable		0.1	3.5
Interest payable and financing costs	8	(99.8)	(62.2)
Movement in fair value of financial instruments		1.8	(1.2)
<b>Surplus before taxation</b>		<b>69.7</b>	<b>38.3</b>
Taxation	10	0.2	(0.1)
<b>Surplus for the year</b>		<b>69.9</b>	<b>38.2</b>
<b>Other comprehensive income</b>			
Actuarial (loss) / gain in respect of pension schemes	27	(51.7)	47.2
Recognition of pension liability	27	-	(0.2)
Change in fair value of hedged financial instrument		8.6	(6.9)
<b>Total comprehensive income for the year</b>		<b>26.8</b>	<b>78.3</b>

All amounts relate to continuing activities. The notes on pages 70 to 104 form part of these financial statements.

## The Guinness Partnership Limited Statement of Comprehensive Income for the year ended 31 March 2021

		2021	2020
	Note	£m	£m
<b>Turnover</b>	3	<b>350.3</b>	<b>367.1</b>
Cost of sales	3	(18.0)	(15.6)
Operating expenditure	3	(256.7)	(263.7)
Surplus on disposals of housing property	6	93.5	11.0
<b>Operating surplus</b>		<b>169.1</b>	<b>98.8</b>
Surplus on disposals of other fixed assets	6	-	-
Interest receivable		3.8	3.5
Interest payable and financing costs	8	(103.0)	(62.0)
Movement in fair value of financial instruments		1.8	(1.2)
<b>Surplus before taxation</b>		<b>71.7</b>	<b>39.1</b>
Taxation	10	-	-
<b>Surplus for the year</b>		<b>71.7</b>	<b>39.1</b>
<b>Other comprehensive income</b>			
Actuarial (loss) / gain in respect of pension schemes	27	(48.3)	44.5
Recognition of pension liability	27	-	(0.2)
Change in fair value of hedged financial instrument		8.6	(6.9)
<b>Total comprehensive income for the year</b>		<b>32.0</b>	<b>76.5</b>

All amounts relate to continuing activities. The notes on pages 70 to 104 form part of these financial statements.



# Financial Statements for the year ended 31 March 2021

## Group Statement of Financial Position for the year ended 31 March 2021

	Note	2021 £m	2021 £m	2020 £m	2020 £m
<b>Fixed assets</b>					
<b>Intangible assets</b>			6.0		-
Tangible fixed assets:					
Housing properties	11	3,246.5		3,157.5	
Other fixed assets	13	58.3		47.3	
			3,310.8		3,204.8
Investment properties	14		0.1		0.1
Fixed asset investments	15		13.0		13.4
Investment in joint venture			0.4		-
			<b>3,324.3</b>		<b>3,218.3</b>
<b>Current assets</b>					
Stock	17	305.0		208.6	
Trade and other debtors	18	108.7		96.4	
Cash and cash equivalents		79.5		115.0	
		493.2		420.0	
Creditors: amounts falling due within one year	19	(152.8)		(131.5)	
<b>Net current assets</b>			<b>340.4</b>		<b>288.5</b>
<b>Total assets less current liabilities</b>			<b>3,664.7</b>		<b>3,506.8</b>
<b>Creditors: amounts falling due after one year</b>	20		(2,687.9)		(2,601.5)
<b>Provisions for liabilities:</b>					
Other provisions	26		(3.3)		(3.0)
Pension liability	27		(84.8)		(40.4)
<b>Total net assets</b>			<b>888.7</b>		<b>861.9</b>
<b>Reserves</b>					
Income and expenditure reserve			888.5		861.7
Restricted reserves			0.2		0.2
<b>Total reserves</b>			<b>888.7</b>		<b>861.9</b>

The notes on pages 70 to 104 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board on 21 July 2021 and signed on its behalf by:

  
Board Member

  
Board Member

  
Secretary

## The Guinness Partnership Limited Statement of Financial Position for the year ended 31 March 2020

	Note	2021 £m	2021 £m	2020 £m	2020 £m
<b>Fixed assets</b>					
Intangible assets			5.9		-
<b>Tangible fixed assets</b>					
Housing properties	12	3,183.8		3,094.0	
Other fixed assets	13	56.1		44.8	
			<b>3,245.8</b>		<b>3,138.8</b>
Fixed asset investments	15		13.0		13.4
Investment in subsidiaries	16		43.7		43.7
			<b>3,302.5</b>		<b>3,195.9</b>
<b>Current assets</b>					
Stock	17	53.6		22.0	
Trade and other debtors	18	347.5		261.1	
Cash and cash equivalents		48.7		91.5	
		449.8		374.6	
<b>Creditors: amounts falling due within one year</b>	19	(138.7)		(117.8)	
<b>Net current assets</b>			<b>311.1</b>		<b>256.8</b>
<b>Total assets less current liabilities</b>			<b>3,613.6</b>		<b>3,452.7</b>
<b>Creditors: amounts falling due after one year</b>	20		(2,657.3)		(2,570.2)
<b>Provisions for liabilities:</b>					
Other provisions	26		(2.6)		(2.6)
Pension provision	27		(79.3)		(37.5)
<b>Total net assets</b>			<b>874.4</b>		<b>842.4</b>
<b>Reserves</b>					
Income and expenditure reserve			874.2		842.2
Restricted reserves			0.2		0.2
<b>Total reserves</b>			<b>874.4</b>		<b>842.4</b>

The notes on pages 70 to 104 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board on 21 July 2021 and signed on its behalf by:

  
Board Member

  
Board Member

  
Secretary



# Financial Statements for the year ended 31 March 2021

## Group Statement of Changes in Reserves for the year ended 31 March 2021

	Income and expenditure reserve £m	Restricted reserves £m	Total £m
At 1 April 2019	783.4	0.2	783.6
Surplus for the year	38.2	-	38.2
Actuarial gain in respect of pension scheme	47.2	-	47.2
Recognition of pension liability	(0.2)	-	(0.2)
Change in fair value of hedged financial instrument	(6.9)	-	(6.9)
<b>At 31 March 2020</b>	<b>861.7</b>	<b>0.2</b>	<b>861.9</b>
At 1 April 2020	861.7	0.2	861.9
Surplus for the year	69.9	-	69.9
Actuarial gain in respect of pension scheme	(51.7)	-	(51.7)
Recognition of pension liability	-	-	-
Change in fair value of hedged financial instrument	8.6	-	8.6
<b>At 31 March 2021</b>	<b>888.5</b>	<b>0.2</b>	<b>888.7</b>

The notes on pages 70 to 104 form part of these financial statements.

## The Guinness Partnership Limited Statement of Changes in Reserves for the year ended 31 March 2021

	Income and expenditure reserve £m	Restricted reserves £m	Total £m
At 1 April 2019	765.7	0.2	765.9
Surplus for the year	39.1	-	39.1
Actuarial gain in respect of pension scheme	44.5	-	44.5
Recognition of pension liability	(0.2)	-	(0.2)
Change in fair value of hedged financial instrument	(6.9)	-	(6.9)
<b>At 31 March 2020</b>	<b>842.2</b>	<b>0.2</b>	<b>842.4</b>
At 1 April 2020	842.2	0.2	842.4
Surplus for the year	71.7	-	71.7
Actuarial loss in respect of pension scheme	(48.3)	-	(48.3)
Recognition of pension liability	-	-	-
Change in fair value of hedged financial instrument	8.6	-	8.6
<b>At 31 March 2021</b>	<b>874.2</b>	<b>0.2</b>	<b>874.4</b>

The notes on pages 70 to 104 form part of these financial statements.

## Group and The Guinness Partnership Limited Statement of Cashflows for the year ended 31 March 2021

	Group 2021 £m	Group 2020 £m
<b>Cash flow from operating activities</b>		
Total comprehensive income for the year	26.8	78.3
<b>Adjustments for:</b>		
Taxation	(0.2)	0.1
Interest payable	99.8	62.2
Interest receivable	(0.1)	(3.5)
Receipts from sale of housing properties	16.4	24.3
Surplus on disposal of housing properties	(94.0)	(11.0)
Receipts from sale of other fixed assets	0.8	-
(Surplus) on disposal of other fixed assets	(0.2)	-
Net fair value losses recognised in profit and loss	10.4	8.1
Depreciation, impairment and write-offs	65.9	50.1
Amortisation of deferred Government grant	(13.9)	(13.9)
Movement in pension in other comprehensive income	33.5	(53.4)
Decrease/(increase) in stock	(96.4)	(42.7)
(Increase)/decrease in trade and other debtors	(12.4)	6.8
Increase/(decrease) in trade and other creditors	6.7	7.1
Taxation paid or refunded	0.3	-
<b>Net cash inflow from operating activities</b>	<b>43.4</b>	<b>112.5</b>
<b>Cash flow from investing activities</b>		
Acquisition and construction of housing property	(95.2)	(179.9)
Purchase of other fixed assets	(18.9)	(17.2)
Purchase of intangible assets	(6.0)	-
Receipt of Government grants	67.8	47.0
Investment in joint venture	0.4	-
Interest received	0.1	3.5
<b>Net cash outflow from investing activities</b>	<b>(51.8)</b>	<b>(146.6)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(105.4)	(65.5)
New loans	280.0	270.5
Debt issue costs	(3.5)	-
Repayment of loans	(198.2)	(151.7)
<b>Net cash (outflow) / inflow from financing activities</b>	<b>(27.1)</b>	<b>53.3</b>
<b>Net change in cash and cash equivalents</b>	<b>(35.5)</b>	<b>19.2</b>
Cash and cash equivalents at beginning of the year	115.0	95.8
<b>Cash and cash equivalents at end of the year</b>	<b>79.5</b>	<b>115.0</b>

The notes on pages 70 to 104 form part of these financial statements.



# Notes to the Financial Statements for the year ended 31 March 2021

## 1. Company information

The Guinness Partnership Limited (TGPL) is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 (No 31693R). TGPL is an exempt charity and is registered with The Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is 30 Brock Street, Regent's Place, London NW1 3FG.

## 2. Principal accounting policies

### Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), the Statement of Recommended Practice: Accounting by Registered Housing Providers 2018 (SORP 2018), the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019 (the Direction) and the Co-operative and Community Benefit Societies Act 2014. The Group is required under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated Group accounts.

TGPL is a public benefit entity for the purposes of FRS 102 and the financial statements have been prepared on that basis.

### Basis of preparation

The financial statements have been prepared on the historic cost basis except for the modification to a fair value basis for certain financial instruments and investment properties as specified in the accounting policies as set out below. The financial statements are presented in Sterling (£m).

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 principal accounting policies are set out below. These accounting policies have been consistently applied during the current and preceding period unless otherwise stated.

### Parent Company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

### Basis of consolidation

The consolidated financial statements incorporate the results of The Guinness Partnership Limited and all of its subsidiary undertakings as at 31 March 2021. The Group has disclosed the balances and nature of transactions with entities that form part of the Group as required by the Direction. All intra-Group transactions, balances and income are eliminated on consolidation.

### Segmental Reporting

The Group's reportable segments are based on its operational divisions which offer distinguishable services, the chief operating decision maker (CODM) is considered to be the Board. In line with the segments reported to the CODM, the presentation of these financial statements and accompanied notes is in accordance with the Accounting Direction for Private Registered Providers of Social Housing from April 2019 and is considered appropriate.

Information about income, expenditure and assets attributable to material operating segments are presented on the basis of the nature and function of housing assets held by the Group. Refer to Note 4 for further disclosed information.

### Going concern

The Group has performed detailed stress testing to assess the potential impact of a range of risks crystallising, both in isolation and within multivariate and scenario analysis. These include rent collection levels, sales assumptions and cost changes. Recovery planning is performed alongside stress testing to determine measures that would mitigate downturn impacts. The Guinness Partnership Limited retains high levels of liquidity from which to manage any risks.

The following specific activities have taken place:

- The Board reviewed the Financial Plan and associated stress testing in March 2021.
- The Board considered the Group Risk Plan and approved the 2021/22 Risk Management Strategy at its meeting in March 2021.
- The Board considered liquidity levels and approved its Treasury Strategy for 2021/22 at its meeting in March 2021.
- The liquidity management policies contained within the Treasury management policy were approved by the Board in March 2021.

After making enquiries and reviewing the Financial Plan, the Board has a reasonable expectation that the group has adequate resources to continue in operational existence for a period of at least 12 months from the date of sign-off of the financial statements.

For this reason it continues to adopt the going concern basis in the financial statements.

### Business combinations

When a new entity joins the Group, if the business combination meets the definition of a merger under Section 19.6 of FRS 102, the entity has been consolidated using the merger method of accounting. Accordingly the results, Statements of Financial Position and Cash flows of the combining entities are brought into the financial statements of the combined entity from the beginning of the financial year in which the combination occurred.

If the business combination does not meet the criteria for merger accounting under Section 19.6 of FRS 102, then the entity is consolidated using acquisition accounting rules. This requires the new entity's assets and liabilities to be initially recognised at fair value. Goodwill is calculated as the difference between the fair value of consideration and the fair value of net assets acquired. Positive goodwill is amortised evenly over the Directors' estimate of its useful economic life. The Directors consider whether an impairment has taken place at the date of each Statement of Financial Position by reference to the income streams being generated. Impairment losses are recognised in the Statement of Comprehensive Income.

Where there is a business combination that is in substance a gift, any excess of fair value over the assets received over the fair value of the liabilities assumed is recognised as a gain in the Statement of Comprehensive Income. This gain represents the gift of the value of one entity to another and shall be recognised as income. Where the fair value of the liabilities exceeds the fair value of the assets, the loss represents net obligations assumed and shall be recognised as an expense.

### Turnover

Turnover represents rental and service charge income receivable from properties owned, fees and contract income, donations receivable and revenue grants from public bodies which are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate. Turnover also includes proceeds from properties developed for outright sale and first tranche sale of shared ownership properties. The related portion of the shared ownership asset is recognised as cost of sales. Any surpluses recognised in the Statement of Comprehensive Income are restricted by the extent to which they subsidise the social rented portion of a scheme.

Amounts for amortised Government grants which have been released to the Statement of Comprehensive Income under the accruals model are also included in turnover.

### Property managed by others

The Group has a number of agreements with third parties to manage schemes on its behalf. Where a transfer of the risks and benefits attached to schemes has taken place, the transactions managed by the agents are not included in these financial statements.

### Property managed for others

The Group manages some schemes on behalf of third parties. Where a transfer of the risks and benefits attached to schemes has taken place, the transactions managed by the Group are included in these financial statements.

### Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Value Added Tax (VAT)

The majority of the Group's income, being rents, is exempt for VAT purposes and this gives rise to a partial exemption calculation for VAT recovery. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the Group and not recoverable.

Pension costs

The Group participates in both defined benefit and defined contribution pension schemes.

A defined contribution plan is a post-employment benefit plan under which the group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are shown as an operating expense in the surplus for the year during which the services are rendered by employees.

The Group was a member of the Social Housing Pension Scheme (SHPS), a multi-employer defined benefit pension scheme, until 1 April 2021 when the Group's share of the assets and liabilities within this scheme were transferred to a new Guinness Pension Scheme administered by The Pensions Trust.

For each scheme accounted for as a defined benefit scheme, the net liability (or asset) is recognised in the Groups statement of financial

position. The pension scheme assets are measured at fair value and the liabilities are calculated by estimating the amount of future benefit that employees have earned and discounted to present value. The movement in the scheme surpluses/deficits is split between operating expenditure, finance costs and actuarial gains and losses.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement amongst employees which has accrued at the date of the Statement of Financial Position and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at that date.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged on a straight-line basis from the date the assets are put into use over their expected useful lives, at the following rates:

Software (including that which is cloud based)	7 years
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Housing property fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and any impairment. Cost comprises purchase price and building costs together with directly attributable, incidental and administrative costs in bringing them into working condition for their intended use.

Interest on borrowings used to finance housing developments and regeneration projects is capitalised only when development activity is in progress and up to the date of practical completion or the end of the regeneration period.

Costs of replacing major components are capitalised and depreciated over their estimated useful economic lives. The net book value of components replaced is written off and disclosed as depreciation in the year of replacement.

Housing properties under construction are stated at cost and not depreciated. These are reclassified as housing properties on practical completion of construction.

Depreciation is charged so as to write down the cost of freehold housing properties, other than freehold land, to their estimated residual value on a straight-line basis over their expected useful economic lives.

Housing properties are split between land, structure and major components which require periodic replacement. Freehold land is not depreciated.

The Group depreciates freehold housing properties by component on a straight-line basis as follows:

Component	Useful economic life
Pitched roofs	60 years
Flat roofs	25 years
External doors	25 years
Windows	30 years
Electrical installation	30 years
General heating (excluding boilers)	30 years
Boilers	15 years
Lifts	25 years
Kitchens	20 years
Bathrooms	30 years
Residual structure (building)	100 years

The Group depreciates housing properties held on long leases over the shorter of the lease term or the useful economic life of the relevant component category.

Sale of tangible fixed assets

Sales of tangible fixed assets, including second and subsequent tranches of shared ownership properties are recognised at the point of completion within surplus on disposal of housing property in the statement of comprehensive income.

Social housing and other Government grants

Where developments are financed wholly or partially by Social Housing and other Grants (SHG), the amount of the grant received is included as deferred income and recognised in turnover over the estimated useful economic life of the associated asset structure in accordance with the accruals model.

Non-Government grants

Grants received from non-Government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as turnover.

Investment property

Investment property includes commercial and other properties not used directly in furtherance of the Group's social purpose. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is initially determined by external valuers and derived from the current market rents and investment property yields for comparable real estate. This is adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Fair values are determined on an annual basis, and are determined by external valuers at least once every three years.

Impairment of housing properties and land held for future development

Impairment reviews are carried out for completed properties and properties under construction where there are indicators of impairment. Impairments arising from a major reduction in service potential are charged to the income and expenditure account to the extent that the carrying value exceeds the recoverable amount. The recoverable amount is the higher of its net realisable value and value in use. Value in use is the present value of future cash flows obtainable as a result of the continued use of the property.

Properties are grouped together into schemes, which are considered to be the cash generating units as defined by the SORP. At the date of each Statement of Financial Position, schemes are assessed to determine if there are indicators of impairment for each scheme. If such indicators exist, an impairment review is carried out for that scheme. If the review identifies an impairment is needed, it is recognised immediately in the Statement of Comprehensive Income.

Impairment reviews for land held for future development take into account existing plans for developing the land (holdings for social housing and shared ownership). However, if there is a high level of uncertainty over the use of the land or where internal criteria are not met then impairment would be recognised. Impairment would be recognised to the extent that market valuations are lower than the carrying value of the asset.

Stock and properties for sale

Properties developed for outright sale are included in current assets, at the lower of cost or estimated selling price less costs to complete and sell. Properties held for sale are assessed for impairment at each reporting date. If there is evidence of impairment, the impairment loss is recognised immediately in the Statement of Comprehensive Income.



Other tangible fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis from the date the asset is put into use over the expected useful economic lives of the assets at the following annual rates:

Freehold office premises	1% to 2%
Leasehold office premises	over the period of the lease
Plant, vehicles and equipment	5% to 33%

Improvements to office premises are capitalised where the expenditure provides an enhancement of economic benefits in excess of the previously assessed standard of performance.

The useful economic lives of all fixed assets are reviewed annually.

Financial instruments

The Group adopted the 'Amendments to FRS 102 Triennial review' from April 2019. This review introduced a broader definition of which financial instruments can be considered basic. Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities.

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses. The Group provides for bad and doubtful debts relating to rents and service charges receivable at the following rates:

- Former tenant arrears 100%
- Current tenant arrears 20% to 100%

The Group provides against other debtors based on an assessment of likely recovery.

Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and the amount at maturity of the related loan.

Loan issue costs, premium and discounts

Loan issue costs are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue and are included in creditors greater than one year. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income in the year in which the redemption took place. Where the calculated difference between the historic cost and amortised cost basis is not material these financial instruments are stated on the balance sheet at historic cost.

Premiums or discounts arising on financial instruments are similarly included in creditors greater than one year and are subsequently amortised over the life of the instrument.

Homebuy and equity loans

These represent loans to home buyers of a percentage of the cost of the property which is secured on the property. The loans are interest free and repayable only on the sale of the property. On a sale, the fixed percentage of the proceeds is repaid. The loans are financed by an equal amount of SHG. On redemption:

- SHG is recycled,
- SHG is written off, if a loss occurs,
- The Group keeps any surplus.

Homebuy loans are treated as concessionary loans and are initially recognised at the amount paid to the purchaser and are reviewed annually for impairment. The associated Homebuy grant from the HCA is recognised as deferred income until the loan is redeemed.

Cash and cash equivalents

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

Derivative instruments and hedge accounting

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

The Group has designated each of the swaps against either existing drawn floating rate debt or against highly probable future floating rate debt. To the extent the hedge is effective, movements in fair value adjustments, other than adjustments for own or counter party credit risk, are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any movements in fair value relating to ineffectiveness and adjustments for our own or counter party credit risk are recognised in the statement of comprehensive income.

Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund. The revaluation reserve is created from surpluses on asset revaluation.

Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the Statement of Financial Position and the amounts reported for revenues and expenses during the year and prior year. However, the nature of estimation means that the actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

- Development expenditure is capitalised in accordance with the accounting policy on housing property fixed assets. The capitalisation requires a range of judgements, such as setting the period over which interest can be capitalised, calculating the amounts of staff time and overheads which should be capitalised and establishing when a scheme is likely to go ahead, allowing capitalisation of associated development costs, or when it is abortive and costs should be written off.
- Housing property depreciation is calculated on a component by component basis. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

- The cost of defined benefit pension schemes and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Assumptions used are informed by actuarial advice and through the use of pension advisors. A sensitivity analysis showing the impact of changes in assumptions on the pension liability have been included in note 27.
- The Group carries out impairment assessments and reviews as set out in the accounting policies below. In carrying out this process, management exercise judgement in determining if an indicator of impairment exists and in assessing the net book value of each scheme against net realisable value and value in use.
- The Group has a stock balance that includes properties for sale under both market and shared ownership programmes as well as work in progress for schemes producing homes for sale. The value of each asset is reviewed against its net realisable value and each scheme in progress against expected proceeds less costs yet to be incurred. Assets are written down if the cost at which they are recorded in the accounts is higher.

# Notes to the Financial Statements for the year ended 31 March 2021

### 3 Particulars of turnover, cost of sales, operating expenditure and operating surplus/(deficit)

	Group 2021				
	Turnover	Cost of sales	Operating expenditure	Surplus on disposals of housing property	Operating surplus/(deficit)
	£m	£m	£m	£m	£m
<b>Social housing lettings</b>	330.8	-	(248.7)	-	82.1
<b>Other social housing activities:</b>					
First tranche property sales	14.8	(13.5)	-	-	1.3
Charges for support services	0.6	-	(0.1)	-	0.5
Development costs not capitalised	-	-	(3.7)	-	(3.7)
Care and support services	12.0	-	(14.9)	-	(2.9)
Surplus on disposals of housing property	-	-	-	94.0	94.0
Other	3.8	(0.9)	(4.3)	-	(1.4)
<b>Total other social housing activities</b>	31.2	(14.4)	(23.0)	94.0	87.8
<b>Non-social housing activities:</b>					
Market sales	1.6	(1.6)	-	-	-
Other	4.6	(2.9)	(4.2)	-	(2.5)
<b>Total</b>	<b>368.2</b>	<b>(18.9)</b>	<b>(275.9)</b>	<b>94.0</b>	<b>167.4</b>

	Group 2020				
	Turnover	Cost of sales	Operating expenditure	Surplus on disposals of housing property	Operating surplus/(deficit)
	£m	£m	£m	£m	£m
<b>Social housing lettings</b>	325.9	-	(228.8)	-	97.1
<b>Other social housing activities:</b>					
First tranche property sales	13.8	(10.8)	-	-	3.0
Charges for support services	0.8	-	(0.2)	-	0.6
Development costs not capitalised	-	-	(3.3)	-	(3.3)
Care and support services	8.7	-	(13.3)	-	(4.6)
Surplus on disposals of housing property	-	-	-	11.0	11.0
Other	3.1	(0.9)	(5.5)	-	(3.3)
<b>Total other social housing activities</b>	26.4	(11.7)	(22.3)	11.0	3.4
<b>Non-social housing activities:</b>					
Market sales	0.1	(0.1)	-	-	-
Other	7.0	(4.6)	(4.7)	-	(2.3)
<b>Total</b>	<b>359.4</b>	<b>(16.4)</b>	<b>(255.8)</b>	<b>11.0</b>	<b>98.2</b>

### 3 Particulars of turnover, cost of sales, operating expenditure and operating surplus/(deficit) continued

	TGPL 2021				
	Turnover	Cost of sales	Operating expenditure	Surplus on disposals of housing property	Operating surplus/(deficit)
	£m	£m	£m	£m	£m
<b>Social housing lettings</b>	322.0	-	(246.0)	-	76.0
<b>Other social housing activities:</b>					
First tranche property sales	14.8	(13.5)	-	-	1.3
Charges for support services	0.5	-	-	-	0.5
Development costs not capitalised	-	-	(3.7)	-	(3.7)
Care and support services	1.7	-	(1.9)	-	(0.2)
Surplus on disposal of housing property	-	-	-	93.5	93.5
Other	5.5	-	(5.1)	-	0.4
<b>Total other social housing activities</b>	22.5	(13.5)	(10.7)	93.5	91.8
<b>Non-social housing activities:</b>					
Market sales	1.6	(1.6)	-	-	-
Gift Aid	-	-	-	-	-
Other	4.2	(2.9)	-	-	1.3
<b>Total</b>	<b>350.3</b>	<b>(18.0)</b>	<b>(256.7)</b>	<b>93.5</b>	<b>169.1</b>

	TGPL 2020				
	Turnover	Cost of sales	Operating expenditure	Surplus on disposals of housing property	Operating surplus/(deficit)
	£m	£m	£m	£m	£m
<b>Social housing lettings</b>	318.5	-	(226.9)	-	91.6
<b>Other social housing activities:</b>					
First tranche property sales	13.8	(10.8)	-	-	3.0
Charges for support services	0.7	-	-	-	0.7
Development costs not capitalised	-	-	(3.3)	-	(3.3)
Surplus on disposals of housing property	-	-	-	11.0	11.0
Other	5.5	-	(8.1)	-	(2.6)
<b>Total other social housing activities</b>	20.0	(10.8)	(11.4)	11.0	8.8
<b>Non-social housing activities:</b>					
Market sales	-	-	-	-	-
Gift Aid	23.1	-	-	-	23.1
Other	5.5	(4.8)	(25.4)	-	(24.7)
<b>Total</b>	<b>367.1</b>	<b>(15.6)</b>	<b>(263.7)</b>	<b>11.0</b>	<b>98.8</b>



# Notes to the Financial Statements for the year ended 31 March 2021

## 4 Particulars of turnover and operating expenditure from social housing lettings

	Group				Total 2021	Total 2020
	General needs	Supported/ housing for older people	Care homes	Shared ownership		
	£m	£m	£m	£m	£m	£m
<b>Income from social housing lettings</b>						
Rent receivable net of identifiable service charges and voids	239.1	36.6	0.5	18.4	294.6	289.2
Service charges receivable	9.8	8.4	0.1	2.1	20.4	21.7
Net rents receivable	248.9	45.0	0.6	20.5	315.0	310.9
Amortisation of Government grants	10.4	2.2	-	1.4	14.0	15.0
Other government grants	1.8	-	-	-	1.8	-
<b>Turnover from social housing lettings</b>	<b>261.1</b>	<b>47.2</b>	<b>0.6</b>	<b>21.9</b>	<b>330.8</b>	<b>325.9</b>
<b>Expenditure on social housing letting activities</b>						
Service charge costs	(10.6)	(8.3)	-	(2.4)	(21.3)	(21.4)
Management	(65.4)	(16.1)	(0.5)	(3.3)	(85.3)	(93.7)
Planned repairs	(15.1)	(3.0)	-	(0.7)	(18.8)	(17.9)
Routine repairs and maintenance	(39.6)	(8.2)	-	(1.8)	(49.6)	(40.8)
Major repairs expenditure	(9.5)	(2.3)	-	(0.4)	(12.2)	(12.3)
Rent losses from bad debts	(1.7)	(0.3)	-	(0.1)	(2.1)	(0.9)
Depreciation of housing properties	(49.9)	(5.9)	-	(0.3)	(56.1)	(49.3)
Impairment of housing properties	(1.4)	(0.8)	(0.1)	(1.0)	(3.3)	7.5
<b>Operating expenditure on social housing letting activities</b>	<b>(193.2)</b>	<b>(44.9)</b>	<b>(0.6)</b>	<b>(10.0)</b>	<b>(248.7)</b>	<b>(228.8)</b>
<b>Operating surplus/(deficit) on social housing lettings</b>	<b>67.9</b>	<b>2.3</b>	<b>-</b>	<b>11.9</b>	<b>82.1</b>	<b>97.1</b>
Rent losses from voids (included in rent receivable above)	1.4	0.3	0.1	-	1.8	2.3

## 4 Particulars of turnover and operating expenditure from social housing lettings continued

	TGPL				Total 2021	Total 2020
	General needs	Supported/ housing for older people	Care homes	Shared ownership		
	£m	£m	£m	£m	£m	£m
<b>Income from social housing lettings</b>						
Rent receivable net of identifiable service charges and voids	237.8	32.5	0.4	18.3	289.0	283.7
Service charges receivable	9.7	6.9	-	2.1	18.7	20.2
Net rent receivable	247.5	39.4	0.4	20.4	307.7	303.9
Amortisation of Government grants	10.3	2.0	-	1.4	13.7	14.6
Other Government grants	0.6	-	-	-	0.6	-
<b>Turnover from social housing lettings</b>	<b>258.4</b>	<b>41.4</b>	<b>0.4</b>	<b>21.8</b>	<b>322.0</b>	<b>318.5</b>
<b>Expenditure on social housing letting activities</b>						
Service charge costs	(10.5)	(7.8)	-	(2.4)	(20.7)	(19.0)
Management	(69.6)	(13.7)	(0.1)	(3.3)	(86.7)	(97.5)
Planned repairs	(14.8)	(2.9)	-	(0.7)	(18.4)	(17.5)
Routine repairs and maintenance	(39.4)	(7.6)	-	(1.8)	(48.8)	(40.2)
Major repairs expenditure	(9.5)	(1.8)	-	(0.4)	(11.7)	(11.5)
Rent losses from bad debts	(1.7)	(0.3)	-	(0.1)	(2.1)	(0.8)
Depreciation of housing properties	(49.7)	(5.6)	-	(0.3)	(55.6)	(47.9)
Impairment of housing properties	(1.3)	0.1	-	(1.0)	(2.2)	7.5
<b>Operating expenditure on social housing letting activities</b>	<b>(196.5)</b>	<b>(39.6)</b>	<b>(0.1)</b>	<b>(10.0)</b>	<b>(246.2)</b>	<b>(226.9)</b>
<b>Operating surplus on social housing lettings</b>	<b>61.9</b>	<b>1.8</b>	<b>0.3</b>	<b>11.8</b>	<b>75.8</b>	<b>91.6</b>
Rent losses from voids (included in rent receivable above)	1.4	0.4	0.1	-	1.9	2.2

# Notes to the Financial Statements for the year ended 31 March 2021

## 5 Accommodation owned and in management

The number of units of accommodation owned and/or managed for each class of accommodation at the end of the year were:

	Group		TGPL	
	Total 2021 Number	Total 2020 Number	Total 2021 Number	Total 2020 Number
<b>Housing accommodation:</b>				
General needs housing at social rent	38,449	38,751	38,449	38,751
General needs housing at affordable rent	6,819	6,671	6,819	6,671
Supported housing and housing for older people	8,709	8,529	8,659	8,485
<b>Other housing properties:</b>				
Low Cost Home Ownership	6,242	6,293	6,242	6,293
Care homes	72	72	72	72
Social leasehold	3,725	3,509	3,725	3,509
Other	220	214	220	214
	64,236	64,039	64,186	63,995
<b>Being:</b>				
Owned and managed	62,697	62,604	61,220	61,099
Owned but managed by others	1,237	1,146	1,231	1,146
Managed only	302	289	1,735	1,750
	64,236	64,039	64,186	63,995

### Stock movements during the year

	Group		TGPL	
	2021 Numbe	2020 Number	2021 Number	2020 Number
As at 1 April	64,039	64,944	63,995	64,111
Transfer from other providers	1,151	42	1,151	42
Disposal/Demolition	(1,385)	(264)	(1,385)	(264)
RTA, RTB, Staircasing	(70)	(103)	(70)	(103)
New Build	498	262	498	262
Other	3	(842)	(3)	(53)
<b>As at 31 March</b>	<b>64,236</b>	<b>64,039</b>	<b>64,186</b>	<b>63,995</b>

## 6 Surplus on disposals of fixed assets

	Right to Buy/ Acquire	Second & subsequent staircasing	Disposal of other properties	Group Total 2021	Group Total 2020
	£m	£m	£m	£m	£m
<b>Group</b>					
Proceeds	4.5	8.1	129.6	142.2	24.3
Disposals at cost	-	(0.3)	(1.1)	(1.4)	(14.2)
Cost of sales	(2.4)	(3.4)	(78.5)	(84.3)	(1.0)
Depreciation on disposals	0.2	0.1	37.2	37.5	1.9
Impairment on disposals	-	-	-	-	-
<b>Surplus on disposals of housing properties</b>	<b>2.3</b>	<b>4.5</b>	<b>87.2</b>	<b>94.0</b>	<b>11.0</b>

	Right to Buy/ Acquire	Second & subsequent staircasing	Disposal of other properties	TGPL Total 2021	TGPL Total 2020
	£m	£m	£m	£m	£m
<b>TGPL</b>					
Proceeds	4.5	8.0	128.9	141.4	24.2
Disposals at cost	-	(0.3)	(0.9)	(1.2)	(13.9)
Cost of sales	(2.4)	(3.4)	(78.5)	(84.3)	(1.0)
Depreciation on disposals	0.2	0.1	37.2	37.5	1.7
<b>Surplus on disposals of housing properties</b>	<b>2.3</b>	<b>4.4</b>	<b>86.7</b>	<b>93.4</b>	<b>11.0</b>

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
Proceeds	0.8	-	-	-
Disposals at cost	(1.2)	-	(0.6)	-
Depreciation on disposals	0.6	-	0.6	-
<b>Surplus on disposals of other fixed assets</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Notes to the Financial Statements for the year ended 31 March 2021

## 7 Key management personnel and employee information

The key management personnel are defined as the members of the Board and the Executive Team. Board members received payments of £150,781 in their capacity as members of The Guinness Partnership Limited Board (2020: £136,240). TGPL Board members received payments of £3,500 (2020: £3,500) in their capacity as members of other Boards of the Group.

There was an average of seven members of the Executive Team during the year (2020: 7).

Group and TGPL	2021 £'000	2020 £'000
<b>Aggregate emoluments payable to the Executive Team, excluding Board members:</b>		
Emoluments	1,416	1,375
Benefits in kind	11	8
Pension contributions	69	63
Redundancy payments	229	-
	<b>1,725</b>	<b>1,446</b>
<b>Aggregate emoluments payable to the Board and Executive Team:</b>		
Emoluments	1,567	1,511
Benefits in kind	11	8
Pension contributions	69	63
Redundancy payments	229	-
	<b>1,876</b>	<b>1,582</b>
Expenses reimbursed to directors not chargeable to United Kingdom Income Tax	-	4
Highest paid director:		
Emoluments	145	285
Benefits in kind	2	1
Pension equivalents	9	15
Redundancy payments	229	-
	<b>385</b>	<b>301</b>
Group Chief Executive:		
Emoluments	285	285
Benefits in kind	1	1
Pension equivalents	15	15
	<b>301</b>	<b>301</b>

In the year to 31 March 2021, the Group Chief Executive was not the highest paid Director. During the year, one Director was compensated as a result of their role being made redundant. The Group Chief Executive was not a member of any Group pension scheme. Neither TGPL nor any other member of the Group contributes to any private pension of the Group Chief Executive.

## 7 Key management personnel and employee information continued

	Group 2021 Number	TGPL 2021 Number	Group 2020 Number	TGPL 2020 Number
<b>The average number of persons employed expressed in full time equivalents, whose remuneration payable including redundancy fell within the following bands:</b>				
£60,001 to £70,000	38	30	48	38
£70,001 to £80,000	43	41	34	33
£80,001 to £90,000	29	28	23	20
£90,001 to £100,000	9	7	8	8
£100,001 to £110,000	7	5	8	6
£110,001 to £120,000	4	4	5	5
£120,001 to £130,000	3	3	5	5
£130,001 to £140,000	4	4	3	3
£140,001 to £150,000	2	2	2	2
£150,001 to £160,000	2	2	2	2
£160,001 to £170,000	-	-	-	-
£170,001 to £180,000	1	-	1	-
£180,001 to £190,000	-	-	-	-
£190,001 to £200,000	1	1	2	2
£200,001 to £210,000	2	2	2	2
£210,001 to £220,000	1	1	-	-
£260,001 to £270,000	-	-	-	-
£300,001 to £310,000	1	1	1	1
£380,000 to £390,000	1	1	-	-

Full time equivalents have been calculated on the basis that 35 working hours per week is equal to one full time equivalent. The total FTE employed by the Group in 2021 was 2,390 (2020: 2,268) and in TGPL was 1,366 (2020: 1,410). The remuneration used to allocate employees into the bands above includes redundancy payments to a number of staff as a result of changes made to structures during the year. The number of employees whose actual remuneration falls into a bracket above £100,000 was 29 (2020: 25).

# Notes to the Financial Statements for the year ended 31 March 2021

## 7 Key management personnel and employee information continued

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
<b>Staff costs – excluding non-executive directors</b>				
Wages and salaries	78.6	49.6	76.4	48.0
Redundancy costs	0.4	0.4	1.7	0.6
Social security costs	7.2	4.8	7.0	4.7
Pension costs (employer's contributions)	4.5	3.2	3.9	2.8
	<b>90.7</b>	<b>58.0</b>	<b>89.0</b>	<b>56.1</b>
<b>Staff costs – non-executive directors</b>				
Wages and salaries	0.2	0.2	0.1	0.1
Pension costs (employer's contributions)	-	-	-	-
	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>
<b>Total staff costs</b>				
Wages and salaries	78.8	49.8	76.5	48.1
Redundancy costs	0.4	0.4	1.7	0.6
Social security costs	7.2	4.8	7.0	4.7
Pension costs (employer's contributions)	4.5	3.2	3.9	2.8
	<b>90.9</b>	<b>58.2</b>	<b>89.1</b>	<b>56.2</b>

During the year the group received amounts of £1,854k (TGPL – £604k) under the coronavirus job retention scheme.

## 8 Interest payable and financing costs

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
On loans repayable on maturity within five years	14.5	14.4	0.9	0.8
On loans wholly or partly repayable in more than five years	55.7	55.5	61.3	61.2
Amortisation of loan issue costs	1.4	1.4	1.2	1.2
Bond redemption fees	35.4	35.4	-	-
Pension interest costs charged in respect of FRS 102 (note 27)	0.1	0.1	2.1	1.9
	<b>107.1</b>	<b>106.8</b>	<b>65.5</b>	<b>65.1</b>
Interest capitalised in respect of housing properties	(7.3)	(3.8)	(3.3)	(3.1)
<b>Total interest payable and similar charges</b>	<b>99.8</b>	<b>103.0</b>	<b>62.2</b>	<b>62.0</b>

The rate of interest in respect of capitalised interest for the Group and for TGPL is based on the weighted average interest cost of debt calculated on a monthly basis. The average rate used for the year is 4.5% (2020: 5.32%).

On the 31 March 2021 TGPL successfully redeemed a £110m Bond which was due to mature in 2025. This transaction resulted in an early redemption penalty of £35.4m which is included in interest costs for the year.

## 9 Surplus before taxation

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
<b>Surplus for the year is stated after charging/(crediting):</b>				
Depreciation of housing properties	56.0	54.4	49.0	47.5
Depreciation of other fixed assets	6.1	5.8	8.6	8.3
Amortisation of Government grants	(13.6)	(13.6)	(14.6)	(14.6)
Impairment of housing properties and other fixed assets	4.1	4.1	(7.4)	(7.4)
Auditor's remuneration in their capacity as auditors, excluding VAT, including expenses	0.1	0.1	0.2	0.1
Auditor's remuneration in their capacity as auditors, excluding VAT, including expenses in respect of prior periods	-	-	0.1	0.1
Auditor's remuneration in respect of other services, excluding VAT, including expenses	0.1	0.1	-	-
Surplus on disposal of tangible fixed assets	(94.0)	(93.5)	(11.0)	(11.0)
Rent payable under operating leases	3.7	1.8	3.1	1.5

## 10 Taxation on surplus for year

The Guinness Partnership Limited and Guinness Care and Support Limited have charitable status and are not subject to corporation tax on surpluses derived from their charitable activities.

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
<b>Current tax:</b>				
UK corporation tax on surplus for the year	(0.2)	-	-	-
Adjustments in respect of previous years	-	-	0.1	-
Current tax charge/(credit) on surplus on ordinary activities	(0.2)	-	0.1	-
<b>Deferred tax:</b>				
Recognition of timing differences	-	-	-	-
Adjustments in respect of previous years	-	-	-	-
Deferred tax charge	-	-	-	-
<b>Total tax charge/(credit) on surplus on ordinary activities</b>	<b>(0.2)</b>	<b>-</b>	<b>0.1</b>	<b>-</b>
<b>Factors affecting tax charge for the year:</b>				
Surplus before taxation	69.7	71.7	38.3	39.1
Adjustment for surpluses not subject to tax	(70.3)	71.5	(37.2)	(39.1)
Surplus/(loss) on ordinary activities before tax in taxable entities	(0.6)	0.2	1.1	-
Surplus/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 20%)	(0.1)	-	0.2	-
Deferred tax not recognised	(0.1)	-	-	-
Adjustments in respect of previous years	-	-	(0.1)	-
<b>Total tax charge/(credit) for the year</b>	<b>(0.2)</b>	<b>-</b>	<b>0.1</b>	<b>-</b>



# Notes to the Financial Statements for the year ended 31 March 2021

## 11 Tangible fixed assets – Housing properties (Group)

	Completed rented	Care & Supported	Group Leasehold & shared ownership	Under construction	Total
	£m	£m	£m	£m	£m
<b>Cost</b>					
At 1 April 2020	3,332.6	41.9	297.0	179.8	3,851.3
Additions – components capitalised	23.0	-	1.7	-	24.7
Additions – properties under construction	-	-	-	72.1	72.1
Additions – transferred from another housing provider	108.9	9.0	13.8	-	131.7
Schemes completed	38.4	-	20.5	(58.9)	-
Disposals – transferred to another housing provider	(72.9)	(0.8)	(16.1)	-	(89.8)
Disposals – Components	(6.4)	-	-	-	(6.4)
Disposals – Property	(4.3)	(0.7)	(5.2)	-	(10.2)
At 31 March 2021	3,419.3	49.4	311.7	193.0	3,973.4
<b>Depreciation and leasehold amortisation</b>					
At 1 April 2020	(662.3)	(8.6)	(17.6)	-	(688.5)
Depreciation charge for year	(53.6)	(0.5)	(1.9)	-	(56.0)
Disposals – transferred to another housing provider	15.7	0.3	1.9	-	17.9
Disposals – Components	4.8	-	-	-	4.8
Disposals – Property	1.8	0.2	0.9	-	2.9
At 31 March 2021	(693.6)	(8.6)	(16.7)	-	(718.9)
<b>Impairment</b>					
At 1 April 2020	(2.3)	(1.0)	(2.1)	-	(5.4)
Release for the year	0.4	0.1	-	-	0.5
Charge for the year	-	-	-	(3.1)	(3.1)
Disposals	-	-	-	-	-
At 31 March 2021	(1.9)	(0.9)	(2.1)	(3.1)	(8.0)
<b>Net book value</b>					
<b>At 31 March 2021</b>	<b>2,723.6</b>	<b>40.0</b>	<b>293.1</b>	<b>190.1</b>	<b>3,246.5</b>
At 31 March 2020	2,668.0	32.5	277.5	179.5	3,157.5
			2021 £m	2020 £m	
<b>Expenditure on completed housing properties comprises the following:</b>					
Capitalised costs in respect of existing properties			37.2	57.7	
Costs charged to Statement of Comprehensive Income			80.8	63.5	
<b>Total costs in year incurred on existing properties</b>			<b>118.0</b>	<b>121.2</b>	
<b>The following amounts have been included within the fixed asset table above:</b>					
Short leasehold office premises at net book value			-	-	
Capitalised development administration costs included in additions in the year			7.4	3.5	

## 12 Tangible fixed assets – Housing properties (TGPL)

	Completed rented	Care & Supported	TGPL Leasehold & shared ownership	Under construction	Total
	£m	£m	£m	£m	£m
<b>Cost</b>					
At 1 April 2020	3,252.4	41.9	296.8	179.5	3,770.6
Additions – components capitalised	23.2	-	0.1	-	23.3
Additions – properties under construction	-	-	-	72.5	72.5
Additions – transferred from another housing provider	108.8	9.0	13.8	-	131.6
Schemes completed	38.4	-	20.5	(58.9)	-
Disposals – transferred to another housing provider	(72.9)	(0.9)	(16.1)	-	(89.9)
Disposals – Components	(6.3)	-	-	-	(6.3)
Disposals – Property	(4.3)	(0.7)	(4.8)	-	(9.8)
At 31 March 2021	3,339.6	49.3	310.3	193.1	3,892.0
<b>Depreciation and leasehold amortisation</b>					
At 1 April 2020	(645.1)	(8.5)	(17.7)	-	(671.3)
Depreciation charge for year	(53.2)	(0.5)	(0.7)	-	(54.4)
Disposals – transferred to other RP	15.7	0.3	1.9	-	17.9
Disposals – Components	4.8	-	-	-	4.8
Disposals – Property	1.8	0.2	0.6	-	2.6
At 31 March 2021	(676.0)	(8.5)	(15.9)	-	(700.4)
<b>Impairment</b>					
At 1 April 2020	(2.2)	(1.0)	(2.0)	-	(5.2)
Release for the year	0.4	0.1	-	-	0.5
Charge for the year	-	-	-	(3.1)	(3.1)
Disposals	-	-	-	-	-
At 31 March 2021	(1.8)	(0.9)	(2.0)	(3.1)	(7.8)
<b>Net book value</b>					
<b>At 31 March 2021</b>	<b>2,661.5</b>	<b>39.9</b>	<b>292.4</b>	<b>190.0</b>	<b>3,183.8</b>
At 31 March 2020	2,605.0	32.4	277.1	179.5	3,094.0
			2021 £m	2020 restated £m	
<b>Expenditure on completed housing properties comprises the following:</b>					
Capitalised costs in respect of existing properties			37.7	50.1	
Costs charged to Statement of Comprehensive Income			78.9	60.7	
<b>Total costs in year incurred on existing properties</b>			<b>116.6</b>	<b>110.8</b>	
<b>The following amounts have been included within the fixed asset table above:</b>					
Short leasehold office premises at net book value			-	-	
Capitalised development administration costs included in additions in the year			7.4	4.7	

Capitalised costs in respect of existing properties shown above includes capitalised communal assets of £14.4m which are included in other tangible fixed assets (note 13). Prior year comparatives have been restated to include routine repairs costs of £38.7m and capitalised communal assets of £9.8m. In the current year The Guinness Partnership entered into a stock transaction with another social landlord. Housing properties with a fair value of £131.6m were received in exchange for housing properties with a fair value of £125.8m and a cash payment made of £5.96m. This value includes original government grant funding of £26.1m which has an obligation to be recycled in accordance with the original grant funding terms and conditions. The Guinness Partnership is responsible for the recycling of the grant in the event of the housing properties being disposed.

# Notes to the Financial Statements for the year ended 31 March 2021

## 13 Other tangible fixed assets

	Freehold & leasehold offices £m	Group Plant vehicles & equipment £m	Total £m
<b>Cost</b>			
At 1 April 2020	35.4	68.2	103.6
Additions	2.1	16.8	18.9
Disposals at cost	(0.2)	(0.7)	(0.9)
At 31 March 2021	37.3	84.3	121.6
<b>Depreciation, impairment and leasehold amortisation</b>			
At 1 April 2020	(14.8)	(41.5)	(56.3)
Depreciation charge for year	(1.4)	(4.7)	(6.1)
Impairment	(0.1)	(1.5)	(1.6)
Disposals	0.1	0.6	0.7
At 31 March 2021	(16.2)	(47.1)	(63.3)
<b>Net book value</b>			
<b>At 31 March 2021</b>	<b>21.1</b>	<b>37.2</b>	<b>58.3</b>
At 31 March 2020	20.6	26.7	47.3

	Freehold & leasehold offices £m	TGPL Plant vehicles & equipment £m	Total £m
<b>Cost</b>			
At 1 April 2020	33.5	65.2	98.7
Additions	2.1	16.7	18.8
Disposals at cost	(0.3)	-	(0.3)
At 31 March 2021	35.3	81.9	117.2
<b>Depreciation, impairment and leasehold amortisation</b>			
At 1 April 2020	(14.2)	(39.7)	(53.9)
Depreciation charge for year	(1.4)	(4.4)	(5.8)
Impairment	-	(1.5)	(1.5)
Disposals	0.1	-	0.1
At 31 March 2021	(15.5)	(45.6)	(61.1)
<b>Net book value</b>			
<b>At 31 March 2021</b>	<b>19.8</b>	<b>36.3</b>	<b>56.1</b>
At 31 March 2020	19.3	25.5	44.8

## 14 Investment properties

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
At 1 April	0.1	-	0.2	0.1
Transfer to / (from) general needs	-	-	(0.1)	(0.1)
Revaluation gains	-	-	-	-
<b>At 31 March</b>	<b>0.1</b>	<b>-</b>	<b>0.1</b>	<b>-</b>

Investment properties were valued at 31 March 2017 by Jones Lang LaSalle, professionally qualified valuers, in accordance with the Royal Institute of Chartered Surveyors valuation standards. A desktop valuation of investment properties was completed as at 31 March 2021.

## 15 Fixed asset investments

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
Homebuy and equity loans	9.0	9.0	9.4	9.4
Other investments	4.0	4.0	4.0	4.0
	<b>13.0</b>	<b>13.0</b>	<b>13.4</b>	<b>13.4</b>

## 16 Investment in subsidiaries

	TGPL 2021 £m	TGPL 2020 £m
City Response Limited	2.0	2.0
Guinness Developments Limited	15.1	15.1
Guinness Homes Limited	25.0	25.0
Hallco 1397 Limited	1.6	1.6
	<b>43.7</b>	<b>43.7</b>

## 17 Stock

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
Properties completed for outright sale	1.0	-	-	-
Properties completed for shared ownership	8.2	8.2	5.5	5.5
Properties under development for outright sale	113.2	0.5	186.3	0.2
Properties under development for shared ownership	181.3	44.9	16.3	16.3
Stocks of maintenance materials	1.3	-	0.5	-
<b>Total stock</b>	<b>305.0</b>	<b>53.6</b>	<b>208.6</b>	<b>22.0</b>



# Notes to the Financial Statements for the year ended 31 March 2021

## 18 Debtors

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
<b>Amounts falling due within one year</b>				
Rents and service charges receivable	15.8	15.7	15.4	15.2
Less: provision for bad and doubtful debts	(8.2)	(8.0)	(8.0)	(7.9)
	<b>7.6</b>	<b>7.7</b>	<b>7.4</b>	<b>7.3</b>
Social housing grant receivable	0.1	0.1	0.5	0.5
Amounts due from group companies	-	243.3	-	168.8
Other debtors and prepayments	16.4	11.8	9.6	5.6
Debt service reserves	72.2	72.2	-	-
	<b>96.3</b>	<b>335.1</b>	<b>17.5</b>	<b>182.2</b>
<b>Amounts falling due after one year</b>				
Debt service reserves	12.4	12.4	78.9	78.9
	<b>108.7</b>	<b>347.5</b>	<b>96.4</b>	<b>261.1</b>

## 19 Creditors: amounts falling due within one year

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
Loans repayable within one year (note 21)	18.5	18.2	17.9	17.3
Trade creditors	11.4	3.6	16.4	11.5
Taxation and social security	2.4	1.7	2.2	1.5
Corporation tax	0.1	-	-	-
Amounts due to subsidiary undertakings	-	6.1	-	-
Social housing grant repayable	0.4	0.4	-	-
Other creditors	38.6	37.8	36.3	33.6
Accruals and deferred income	67.5	57.4	44.3	39.9
Government grants - deferred income (note 23)	13.4	13.0	13.9	13.5
Disposal Proceeds Fund (note 24)	0.2	0.2	0.2	0.2
Recycled Capital Grant Fund (note 24)	0.3	0.3	0.3	0.3
	<b>152.8</b>	<b>138.7</b>	<b>131.5</b>	<b>117.8</b>

As at 31 March 2021, the Group and TGPL held £24.0m (2020: £21.8m) relating to tenants' and leaseholders' sinking funds included within other creditors. These funds are held as cash.

## 20 Creditors: amounts falling due after more than one year

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
Loans & borrowings (note 21)	1,425.6	1,421.8	1,356.9	1,353.2
Government grants - deferred income (note 23)	1,239.0	1,211.9	1,220.6	1,193.0
Disposal Proceeds Fund (note 24)	-	-	-	-
Recycled Capital Grant Fund (note 24)	23.3	23.6	24.0	24.0
	<b>2,687.9</b>	<b>2,657.3</b>	<b>2,601.5</b>	<b>2,570.2</b>

## 21 Loans & borrowings

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
<b>Loans are repayable by annual instalments:</b>				
Within one year	18.5	18.2	17.9	17.3
One to two years	21.2	21.1	18.3	18.1
Two to five years	86.3	86.1	87.1	87.0
More than five years	648.5	645.2	656.0	652.6
Derivatives	42.1	42.1	52.5	52.5
	<b>816.6</b>	<b>812.7</b>	<b>831.8</b>	<b>827.5</b>
<b>Loans are repayable by maturity:</b>				
Two to five years	10.0	10.0	120.0	120.0
More than five years	605.0	605.0	402.5	402.5
	<b>615.0</b>	<b>615.0</b>	<b>522.5</b>	<b>522.5</b>
Other loans	-	-	0.3	0.3
Bond issue premium	26.0	26.0	30.1	30.1
Bond issue discount	(1.9)	(1.9)	(0.4)	(0.4)
Loan issue costs	(11.6)	(11.7)	(9.5)	(9.5)
	<b>12.5</b>	<b>12.4</b>	<b>20.5</b>	<b>20.5</b>
	<b>1,444.1</b>	<b>1,440.1</b>	<b>1,374.8</b>	<b>1,370.5</b>

**Loan portfolio:** During the year, the Group increased its borrowing by £69m and TGPL increased its borrowing by £70.1m (2020: Group: £106.7m increase, TGPL: £125.1m increase). At 31 March 2021, total borrowing for the Group was £1,437.8.5m and for TGPL was £1,440.1m (2020: Group: £1,374.8m, TGPL: £1,370.5m). The loans repayable by instalments after five years are due for repayment within 26 years and include £96.6m in fair value adjustments. The loans repayable on maturity after five years are due for repayment within 34 years. Loans are secured by specific charges on the Group's housing properties.

### Borrowings include:

- The Guinness Trust First Mortgage Debenture Stock of £100 million, issued in two tranches of £60 million in November 1997 and £40 million in February 2001. The term of the Bond is 40 years from issue, interest is payable at a fixed coupon of 7.5% and capital repayments commenced in November 2008. TGPL maintains a Debt Service Reserve in a charged account equivalent to one year's interest and capital payments.
- The Harbour (Hermitage Housing Association) First Mortgage Debenture Stock of £45 million raised in August 2003. The term of the Bond is 30 years from issue, interest is payable at a fixed coupon of 5.28% and the capital is repayable in full at the end of the term. The Partnership maintains a debt service reserve in a charged account equivalent to fifteen months' interest payments.
- The Guinness Partnership Limited £250 million Secured Bonds issued in 2014, of which £100 million of retained bonds were sold in January 2020. The term of the Bond is 30 years from issue, interest is payable at a fixed coupon of 4.00%.
- The Guinness Partnership Limited £400 million Secured Bonds issued in 2020, of which £150 million is retained. The term of the Bond is 35 years from issue, interest is payable at a fixed coupon of 2.00%.

Balances on Debt Service Reserves are shown within debtors (See note 18).

The maturity profile of the Group's loan facilities, drawn and undrawn, over the period (excluding other loans and fair value adjustments on acquisition of debt) as at 31 March 2021 is as follows:

# Notes to the Financial Statements for the year ended 31 March 2021

## 21 Loans & borrowings continued

	Loans & borrowings £m	Undrawn facilities £m	Total facilities £m
<b>As at 31 March 2021</b>			
Less than one year	18.3	-	18.3
Within one to two years	21.2	-	21.2
Within two to five years	96.3	530.0	626.3
In five years or more	1,198.6	411.0	1,608.6
	<b>1,334.4</b>	<b>941.0</b>	<b>2,275.4</b>
<b>As at 31 March 2020</b>			
Less than one year	17.7	-	17.7
Within one to two years	18.3	-	18.3
Within two to five years	207.1	455.0	662.1
In five years or more	1,001.4	53.2	1,054.6
	<b>1,244.5</b>	<b>508.2</b>	<b>1,752.6</b>
		Fixed rate maturities £m	Average interest %
<b>As at 31 March 2019</b>			
Less than one year		6.6	5.8%
Within one to two years		64.5	6.9%
Within two to five years		86.4	6.6%
In five years or more		1,002.1	4.5%
		<b>1,159.6</b>	<b>4.8%</b>
<b>As at 31 March 2020</b>			
Less than one year		17.1	6.1%
Within one to two years		163.2	8.4%
Within two to five years		54.6	6.4%
In five years or more		765.8	5.4%
		<b>1,000.7</b>	<b>6.0%</b>

At 31 March 2021, 86.9% (2020: 80.4%) of the Group's borrowing was at fixed rates of interest. TGPL's borrowing at fixed rates of interest was 87.1% (2020: 80.7%). The period for which interest rates are fixed is up to 35 years (TGPL: 35 years).

At 31 March 2021, 13.1% (TGPL: 12.9%) of the Group's borrowing was at variable rates of interest. The weighted average interest rate for all loans at 31 March 2021 including margin was 4.5% (TGPL: 4.5%).

**Hedging instruments:** The Group and TGPL utilise a range of hedging instruments embedded and transacted under ISDA Agreements and including term fixes and cancellable options. Cancellable options as at 31 March 2021 totalled £80.7m (2020: £80.8m) covering terms of between 4 and 24 years and option periods from three months to 5 years.

At 31 March 2021 transactions under ISDA Agreements totalled £107.2m (2020: £108.3m). The mark-to-market exposure on these was £42.1m adverse (2020: £52.5m adverse). Positions in excess of unsecured threshold levels are secured by property.

**Fair value:** The Guinness Trust £100m debenture stock has a market value at 31 March 2021 of £118.2m (2020: £125.4m). The Harbour (Hermitage) £45m debenture stock has a market value at 31 March 2021 of £59.3 (2020: £60.4m). The Northern Counties £110m debenture was redeemed in full on 31 March 2021 (2020: £146.8m). The Guinness Partnership Ltd £250m secured bond issued on 24 October 2014 has a market value at 31 March 2021 of £335.8 (2019: £325.9m). A new Guinness Partnership Ltd £400m secured bond due 2055 was issued on 22 April 2020 and has a market value at 31 March 2021 of £241.7 million (excluding £150m of retained bonds).

The fair value of the liability in respect of fixed interest rate loans is equivalent to the sum of principal and net notional breakage costs that would be payable by the Group if, theoretically, the fixed interest rate agreements were terminated or redeemed at the year end. The fair value of the Group's liability in respect of fixed and callable fixed interest rate loans excluding The Guinness Trust Bond, Harbour Bond and Northern Counties Bond and the 2 Guinness Partnership Ltd bonds detailed above, as at 31 March 2021, is estimated at £1,003.2m (2020: £1,138.3m).

## 22 Financial assets and liabilities

The Group and TGPL hold a range of financial assets and liabilities where there is a contractual obligation to receive or deliver cash or cash equivalents. A summary of these assets and liabilities is set out below:

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
<b>Financial assets measured at fair value</b>				
Homebuy and equity loans	8.9	8.9	9.4	9.4
<b>Financial assets measured at amortised cost</b>				
Debt service reserve investments	84.6	84.6	78.9	78.9
Rent and service charges receivable	15.8	15.7	15.4	15.2
Other debtors	13.1	1.6	2.3	2.8
Cash and cash equivalents	79.5	69.0	115.0	91.5
	193.0	170.9	211.6	188.4
<b>Financial liabilities measured at fair value through profit or loss</b>				
Standalone hedges	(44.9)	(42.1)	(52.5)	(52.5)
	(44.9)	(42.1)	(52.5)	(52.5)
<b>Financial liabilities measured at amortised cost</b>				
Bank overdraft	-	-	-	-
Trade creditors	(11.4)	(4.6)	(16.4)	(11.5)
Other creditors	(38.7)	(37.4)	(36.4)	(33.7)
Amounts owed to subsidiary entities	-	(150.0)	-	-
Loans repayable within one year	(18.5)	(18.1)	(17.9)	(17.3)
Loans repayable after one year	(570.1)	(1,409.5)	1,265.9	(1,262.9)
	(638.7)	(1,619.6)	(1,336.6)	(1,325.4)

The Group's financial instruments comprise cash and cash equivalents, bank borrowings and items such as trade creditors and trade debtors which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.



# Notes to the Financial Statements for the year ended 31 March 2021

## 23 Government grants – deferred income

The Group and TGPL have received Government grants in order to provide social housing. The majority of these grants are Social Housing Grant, but the Group and TGPL have also received grants from Local Authorities and other Government bodies.

The grants have no explicit requirements to be repaid, but on disposal of properties to which they relate, there is an obligation to either recycle or repay the grant received in relation to the property.

	Group		Total £m
	Completed properties & equity loans £m	Properties under construction £m	
<b>Social Housing Grant</b>			
At 1 April 2020	1,278.1	159.1	1,437.2
Grant receivable	-	67.8	67.8
Grant transferred at completion	14.0	(14.0)	-
Grants transferred to other Registered Providers	(42.0)	-	(42.0)
Grant transferred on disposals	(4.0)	-	(4.0)
<b>At 31 March 2021</b>	<b>1,246.1</b>	<b>212.9</b>	<b>1,459.0</b>
<b>Other capital grants</b>			
At 1 April 2020	115.4	-	115.4
Grant receivable	-	-	-
Grant reclassified to Social Housing Grant	-	-	-
<b>At 31 March 2021</b>	<b>115.4</b>	<b>-</b>	<b>115.4</b>
<b>Amortisation</b>			
At 1 April 2020	(318.1)	-	(318.1)
Released to income during the year	(14.0)	-	(14.0)
Grants transferred to other Registered Providers	9.2	-	9.2
Transferred on disposals	0.9	-	0.9
<b>At 31 March 2021</b>	<b>(322.0)</b>	<b>-</b>	<b>(322.0)</b>
<b>Net deferred income at 31 March 2021</b>			
Deferred income to be released in less than one year	13.4	-	13.4
Deferred income to be released in more than one year	1,026.1	212.9	1,239.0
<b>At 31 March 2021</b>	<b>1,039.5</b>	<b>212.9</b>	<b>1,252.4</b>
<b>Net deferred income at 31 March 2020</b>			
Deferred income to be released in less than one year	13.9	-	13.9
Deferred income to be released in more than one year	1,061.5	159.1	1,220.6
<b>At 31 March 2020</b>	<b>1,075.4</b>	<b>159.1</b>	<b>1,234.5</b>

## 23 Government grants – deferred income continued

	TGPL		Total £m
	Completed properties & equity loans £m	Properties under construction £m	
<b>Social Housing Grant</b>			
At 1 April 2020	1,242.4	159.2	1,401.6
Grant receivable	-	67.8	67.8
Grant transferred at completion	14.0	(14.0)	-
Grants transferred to other Registered Providers	(41.9)	-	(41.9)
Grant transferred on disposals	(3.9)	-	(3.9)
<b>At 31 March 2021</b>	<b>1,210.6</b>	<b>212.9</b>	<b>1,423.5</b>
<b>Other capital grants</b>			
At 1 April 2020	115.4	-	115.4
Grant receivable	-	-	-
Grant reclassified to Social Housing Grant	-	-	-
<b>At 31 March 2021</b>	<b>115.4</b>	<b>-</b>	<b>115.4</b>
<b>Amortisation</b>			
At 1 April 2020	(310.4)	-	(310.4)
Released to income during the year	(13.6)	-	(13.6)
Grants transferred to other Registered Providers	9.2	-	9.2
Transferred on disposals	0.8	-	0.8
<b>At 31 March 2021</b>	<b>(314.0)</b>	<b>-</b>	<b>(314.0)</b>
<b>Net deferred income at 31 March 2021</b>			
Deferred income to be released in less than one year	13.0	-	13.0
Deferred income to be released in more than one year	999.0	212.9	1,211.9
<b>At 31 March 2021</b>	<b>1,012.0</b>	<b>212.9</b>	<b>1,224.9</b>
<b>Net deferred income at 31 March 2020</b>			
Deferred income to be released in less than one year	13.5	-	13.5
Deferred income to be released in more than one year	1,034.0	159.1	1,193.1
<b>At 31 March 2020</b>	<b>1,047.5</b>	<b>159.1</b>	<b>1,206.6</b>

# Notes to the Financial Statements for the year ended 31 March 2021

## 24 Recycled Capital Grant Fund and Disposal Proceeds Fund

Recycled Capital Grant Fund	Group £m	TGPL £m
At 1 April 2020	24.4	24.4
Inputs to fund:		
Grants recycled during the year	3.2	3.0
Interest added to the fund during the year	0.2	0.2
Transfers from other Registered Providers	-	0.2
Recycling of grant:		
New build	(4.2)	(4.2)
<b>At 31 March 2021</b>	<b>23.6</b>	<b>23.6</b>
Amounts 3 years or older where repayment may be required	-	-

Disposal Proceeds Fund	Group £m	TGPL £m
At 1 April 2020	0.2	0.2
Inputs to fund:		
Grants recycled during the year	-	-
Interest added to the fund during the year	-	-
Recycling of grant		
New build	-	-
<b>At 31 March 2021</b>	<b>0.2</b>	<b>0.2</b>
Amounts 3 years or older where repayment may be required	0.2	0.2

## 25 Share capital

Allotted, called up and fully paid	Group 2021 £	TGPL 2021 £	Group 2020 £	TGPL 2020 £
At 1 April	10	10	8	8
Issued during the year	3	3	2	2
Cancelled during the year	(1)	(1)	-	-
<b>At 31 March</b>	<b>12</b>	<b>12</b>	<b>10</b>	<b>10</b>

The share capital of 12 ordinary shares of £1 each represents the nominal value of the shares. These shares carry no dividend rights and are cancelled on cessation of membership of the Group. Each member has the right to vote at members’ meetings.

## 26 Other provisions for liabilities

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
Other provisions	3.1	2.4	2.8	2.4
Growth plan pension scheme	0.2	0.2	0.2	0.1
At 31 March	3.3	2.6	3.0	2.5
<b>Other provisions:</b>				
At 1 April	2.7	2.6	4.7	3.4
Provided during the year	0.7	0.1	0.3	0.2
Released during the year	(0.3)	(0.1)	(2.0)	(1.0)
<b>At 31 March</b>	<b>3.1</b>	<b>2.6</b>	<b>3.0</b>	<b>2.6</b>

## 27 Pension obligations

The Group and TGPL contribute to a number of defined benefit pension schemes for staff, the assets of which are held in separate trustee administered funds. The total contributions to these schemes by the Group for the year ended 31 March 2021 amounted to £13.0 (2020: £12.6m).

A summary of the Group pension obligations from the Social Housing Pension Scheme (SHPS) and the liability from other defined benefit schemes is included below:

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
SHPS	78.3	72.9	36.8	33.9
LPFA	6.3	6.2	3.4	3.4
Unfunded scheme	0.2	0.2	0.2	0.2
Other	-	-	-	-
<b>At 31 March</b>	<b>84.8</b>	<b>79.3</b>	<b>40.4</b>	<b>37.5</b>

### Social Housing Pension Scheme (SHPS)

During the year the Group participated in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK. The Group was a member of the Social Housing Pension Scheme (SHPS), a multi-employer defined benefit pension scheme, until 1 April 2021 when the Group’s share of the assets and liabilities within this scheme were transferred to a new Guinness Pension Scheme administered by The Pensions Trust.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020 with results of this valuation not yet published. The valuation as at 30 September 2017 revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a ‘last-man standing arrangement’. Therefore the Group 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.

For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Group has accounted for the Scheme as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Group to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward to the relevant accounting year-ends 31 March 2019 to 29 February 2020 inclusive.

Similarly, actuarial valuations of the scheme were carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

The liabilities are compared, at the relevant accounting date, with the company’s fair share of the Scheme’s total assets to calculate the company’s net deficit or surplus.

The Group currently operates a 1/120th defined benefit career average revalued earnings (CARE) scheme for new and existing employees and a 1/80th CARE, 1/60th CARE and 1/60th final salary scheme for some existing employees, but closed to new employees. For these schemes employer contributions range between 4% and 10.5% of pensionable salaries.



# Notes to the Financial Statements for the year ended 31 March 2021

## 27 Pension obligations continued

### Present values of defined benefit obligation, fair value of assets and defined benefit liability

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
Fair value of plan assets	287.8	268.7	256.0	239.3
Present value of defined benefit obligation	(366.1)	(341.6)	(292.5)	(273.2)
Defined benefit liability	(78.3)	(72.9)	(36.5)	(33.9)

### Reconciliation of fair value of employer assets

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
Fair value of plan assets at start of period	256.0	239.3	241.5	225.7
Interest income	6.1	5.7	5.7	5.3
Experience on plan assets	21.0	19.4	4.3	4.2
Contributions by the employer	12.1	11.2	11.7	10.8
Contributions by plan participants	0.2	0.2	0.2	0.2
Benefits paid and expenses	(7.6)	(7.1)	(7.4)	(6.9)
<b>Fair value of plan assets at end of period</b>	<b>287.8</b>	<b>268.7</b>	<b>256.0</b>	<b>239.3</b>

### Reconciliation of defined benefit obligation

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
Defined benefit obligation at start of period	292.5	273.2	328.2	306.8
Current service cost	4.0	3.6	5.1	4.6
Expenses	0.3	0.2	0.3	0.2
Interest Expense	6.9	6.4	7.6	7.1
Contributions by plan participants	0.2	0.2	0.2	0.2
Actuarial (gains) / losses due to scheme experience	(4.8)	(4.5)	1.1	1.0
Actuarial losses / (gains) due to changes in demographic assumptions	1.3	1.2	(2.8)	(2.7)
Actuarial losses / (gains) due to changes in financial assumptions	73.3	68.3	(39.8)	(37.1)
Benefits paid and expenses	(7.6)	(7.0)	(7.4)	(6.9)
<b>Defined benefit obligation at end of period</b>	<b>366.1</b>	<b>341.6</b>	<b>292.5</b>	<b>273.2</b>

## 27 Pension obligations continued

### Defined benefit costs recognised in Statement of Comprehensive Income

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
Current Service cost	4.0	3.6	5.1	4.6
Expenses	0.3	0.2	0.3	0.2
Net interest expense	0.8	0.7	1.9	1.8
<b>Defined benefit costs recognised in SoCI</b>	<b>5.1</b>	<b>4.5</b>	<b>7.3</b>	<b>6.6</b>

### Defined benefit costs recognised in Other Comprehensive Income

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
Experience on plan assets	21.0	19.4	4.3	4.2
Experience gain / (loss) arising on the plan liabilities	4.8	4.5	(1.1)	(1.0)
Effects of changes in demographic assumptions	(1.3)	(1.2)	2.8	2.7
Effects of changes in financial assumptions	(73.3)	(68.3)	39.8	37.1
<b>Defined benefit costs recognised in OCI</b>	<b>(48.8)</b>	<b>(45.6)</b>	<b>45.8</b>	<b>43.0</b>

### Key Assumptions

	2021 p.a.	2020 p.a.
<b>Group</b>		
Inflation (RPI)	3.3%	2.6%
Inflation (CPI)	2.9%	1.6%
Salary growth	3.9%	2.6%
Discount rate	2.2%	2.4%
The mortality assumptions adopted imply the following life expectancies:		
Male retiring in 2020 / 2019	21.6 years	21.5 years
Female retiring in 2020 / 2019	23.5 years	23.3 years
Male retiring in 2040 / 2039	22.9 years	22.9 years
Female retiring in 2040 / 2039	25.1 years	24.5 years

### Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation

	Change in assumption p.a.	Change in liabilities
<b>Group</b>		
Discount rate	Increase of 0.1%	Decrease by 2.1%
Rate of inflation (CPI)	Increase of 0.1%	Increase by 1.1%
Rate of salary growth	Increase of 0.1%	Increase by 0.0%

# Notes to the Financial Statements for the year ended 31 March 2021

## 27 Pension obligations continued

### Assets

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
Global Equity	45.9	42.8	37.4	35.0
Absolute Return	15.9	14.8	13.3	12.5
Distressed Opportunities	8.3	7.8	4.9	4.6
Credit Relative Value	9.1	8.5	7.0	6.6
Alternative Risk Premia	10.8	10.1	17.9	16.7
Fund of Hedge Funds	-	-	0.1	0.1
Emerging Markets Debt	10.8	10.8	7.8	7.3
Risk Sharing	9.8	9.8	8.7	8.1
Insurance-Linked Securities	6.5	6.5	7.9	7.4
Property	5.6	5.6	5.6	5.3
Infrastructure	19.2	17.9	19.1	17.8
Private Debt	6.9	6.4	5.2	4.8
Opportunistic Illiquid Credit	7.3	6.8	6.2	5.8
High Yield	8.6	8.0	-	-
Opportunistic Credit	7.9	7.4	-	-
Corporate Bond Fund	17.0	15.9	14.6	13.6
Liquid Credit	3.4	3.2	0.1	0.1
Long Lease Property	5.6	5.3	4.4	4.1
Secured Income	12.0	11.2	9.7	9.1
Liability Driven Investment	75.3	68.3	85.0	79.4
Net Current Assets	1.8	1.6	1.1	1.0
<b>Total assets</b>	<b>287.7</b>	<b>268.7</b>	<b>256.0</b>	<b>239.3</b>

### Other defined benefit pension schedules

The Group and TGPL also contributes to two other defined benefit pension scheme, where the share of the assets and liabilities can be identified. The pension costs are assessed in accordance with the advice of a qualified actuary. The latest full actuarial valuations for the schemes were carried out as at 31 March 2019 and have been approximately updated by the actuaries to 31 March 2021 on an FRS 102 basis.

TGPL is a member of a pension scheme with Cheshire West and Chester Council ("the Cheshire Pension fund"). The scheme is reporting a assets of £52.4m and obligations of £49.7m, resulting in a net pension asset of £2.6m as at 31 March 2021 (2020: £7.3m). However, there is uncertainty whether TGPL will be able to recover the asset either through reduced contributions in the future or through refunds from the scheme and as a result the asset has not been recognised in the financial statements.

The defined benefit pension liability comprises the following schemes:

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
London Pensions Fund Authority	6.3	6.3	3.4	3.4
Unfunded scheme	0.2	0.2	0.2	0.2
Other schemes	-	-	-	-
	<b>6.5</b>	<b>6.5</b>	<b>3.6</b>	<b>3.6</b>

## 28 Analysis of changes in net debt

Group 2020	At 1 Apr 2020	Cashflows	Other Non cash changes	At 31 Mar 2021
<b>Cash and cash equivalents</b>				
Cash	115.0	(15.2)	-	99.8
Overdrafts	-	-	-	-
Cash equivalents	-	-	-	-
<b>Total</b>	<b>115.0</b>	<b>(15.2)</b>	<b>-</b>	<b>99.8</b>
<b>Borrowings</b>				
Debt due within one year	(17.9)	-	(0.6)	(18.5)
Debt due after one year	(1,336.3)	(69.3)	0.6	(1,425.6)
<b>Total</b>	<b>(1,354.2)</b>	<b>(69.3)</b>	<b>-</b>	<b>(1,444.1)</b>

## 29 Capital commitments

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
Capital expenditure that has been contracted for but has not been provided for in these financial statements	408.1	339.3	271.0	196.2
Capital expenditure that has been authorised by the Board but has not been contracted for	57.0	57.0	44.8	44.8
	<b>465.1</b>	<b>396.3</b>	<b>315.8</b>	<b>241.0</b>

The financing of capital expenditure that has been contracted for but has not been provided for in these financial statements will be provided through a combination of:

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
Social Housing Grant	19.4	19.4	8.3	8.3
Loan finance	86.1	191.7	26.4	93.0
First tranche sales/outright sales	302.7	128.2	236.3	94.9
	<b>408.2</b>	<b>339.3</b>	<b>271.0</b>	<b>196.2</b>

## 30 Contingent liabilities

The Group enters into development and construction contracts with a range of construction companies in its normal course of business. At the end of the year, there are a number of claims by the contractor under a few of these contracts for additional costs. Where these are valid and the additional cost is capable of estimation, they have been accrued in the accounts. However, there are some claims which the Group is disputing and these are not provided for as they are not considered to be liabilities. These claims relate to both TGPL and its subsidiaries, Guinness Developments Limited and Guinness Platform Limited, and are not considered to have an impact on the Statement of Comprehensive Income or considered material to the accounts.

During the year The Guinness partnership entered into a stock swap with another social landlord, the stock received included original government grant funding of £26.1m which has an obligation to be recycled in accordance with the original grant funding terms and conditions and was held as a contingent liability at the year end.



# Notes to the Financial Statements for the year ended 31 March 2021

### 31 Operating leases

The Group leases some of its office accommodation on non-cancellable operating leases.  
At 31 March 2021, the Group had minimum lease payments under such leases as set out below:

	Group 2021 £m	TGPL 2021 £m	Group 2020 £m	TGPL 2020 £m
<b>Operating leases which expire:</b>				
Within one year	2.8	1.5	2.7	1.4
Within one to five years	10.5	6.9	10.4	6.5
After five years	1.3	1.2	1.3	1.3
	<b>14.6</b>	<b>9.6</b>	<b>14.4</b>	<b>9.2</b>

### 32 Managing agents

Certain accommodation owned by the Group is managed on its behalf under management agreements or short-term leases by other bodies. The principal agencies are listed below:

	Units/bed spaces Group		Units/bed spaces TGPL	
	2021 Number	2020 Number	2021 Number	2020 Number
<b>Agency:</b>				
Homes for Change	75	75	75	75
Creative Support	66	55	66	55
Turning Point	55	52	56	52
MENCAP	55	55	55	55
Bangla	42	42	42	42
Comfort Call	40	40	40	40
Community Integrated Care	39	39	39	39
Riverside	36	36	36	36
Derby City Homes	33	33	33	33
HumanKind	30	30	30	30
Comfort Care Services	30	29	30	29
Lifeways	29	29	29	29
Making Space	23	23	23	23
Rooftop	20	20	20	20
Karin	20	20	20	20
Sheffield Health & Social Care	18	18	18	18
Others	626	510	619	510
	<b>1,237</b>	<b>1,106</b>	<b>1,231</b>	<b>1,106</b>

### 33 Subsidiary undertakings

Subsidiary	Note	Status	Activity
City Response Limited	a	Registered under the Companies Act 2006	Property Maintenance Services
Devon Sheltered Homes Trust	c	Registered Charity	Provision of Care and Support Services
Guinness Care and Support Limited		Registered Provider	Provision of Care and Support Services
Guinness Developments Limited	a	Registered under the Companies Act 2006	Property Development
Guinness Homes Limited	a	Registered under the Companies Act 2006	Property Development
Guinness Housing Association Limited		Registered Provider	Supplier of Social Housing
Guinness Platform Limited	a	Registered under the Companies Act 2006	Property Development
Hallco 1397 Limited	a	Registered under the Companies Act 2006	Property Development
Independent Home Life Services Limited	d	Registered under the Companies Act 2006	Dormant
Live Well at Home Limited	b	Registered under the Companies Act 2006	Dormant
The Guinness Trust	e	Registered Charity	Dormant
Forge New Homes LLP	f	Limited liability partnership	Property Development

- a) City Response Limited, Guinness Homes Limited, Guinness Developments Limited, Guinness Platform Limited and Hallco 1397 Limited are private companies limited by shares and of whom The Guinness Partnership Limited is the parent entity and sole shareholder. Registered office: 30 Brock Street, London, NW1 3FG.
- b) Live Well at Home Limited is a dormant wholly owned subsidiary of Guinness Care and Support Limited. Registered office: 30 Brock Street, London, NW1 3FG.
- c) Guinness Care and Support Limited is the Corporate Trustee of Devon Sheltered Homes Trust. The Charity was removed from the charity register in October 2020. Registered office: 30 Brock Street, London, NW1 3FG.
- d) Independent Home Life Services Limited was a wholly owned subsidiary of Live Well at Home Limited, the company was dissolved in October 2020. Registered office: 30 Brock Street, London, NW1 3FG.
- e) TGPL is the Corporate Trustee of The Guinness Trust. Registered office: 30 Brock Street, London, NW1 3FG.
- f) In September 2019, Guinness Homes Limited entered into a joint venture arrangement called Forge New Homes for the development of new homes in the Sheffield City region. Registered office: Bull Green House, Bull Green, Halifax, England, HX1 2EB.

# Notes to the Financial Statements for the year ended 31 March 2021

## 34 Related party transactions

During the year there were no members (2020: 2) of Committees within the Group who had tenancy agreements with the Group and one member who is a leaseholder (2020: 1). The tenancy agreements and lease were granted on the same terms as for all other tenants/leaseholders and the housing management procedures, including those relating to the management of arrears if applicable, have been applied consistently to those tenants. Transactions between TGPL and other members of The Guinness Partnership Limited Group are set out below:

	Services received 2020/21 £'000	Services provided 2020/21 £'000	Debtor/(Creditor) balances as at 31 March 2021 £'000
<b>Regulated</b>			
Guinness Care and Support Limited	4,571	530	17,021
Guinness Housing Association Limited	-	278	10,246
<b>Non-Regulated</b>			
Guinness Developments Limited	27,080	265	99,477
Guinness Homes Limited	-	45	6,628
Guinness Platform Limited	-	-	59
Hallco 1397 Limited	-	-	8
City Response Limited	43,244	900	(4,719)

The equity investments in Group undertakings are disclosed in Note 16. At the year-end TGPL has loan balances with other Group undertakings. These loans are at "arm's length" terms.

	Facility £m	Drawn 2021 £m	Drawn 2020 £m
Guinness Developments Limited (*)	218.6	-	-
Guinness Homes Limited (*)	218.6	106.0	68.0
Hallco 1397 Limited (*)	218.6	-	-
Guinness Care & Support Limited	10.0	-	-
City Response Limited	10.0	-	-

(\*) The maximum that can be lent to Guinness Developments Limited, Guinness Homes Limited and Hallco 1397 Limited individually is 25% of TGPL reserves. The maximum total lending across the group is 25% of TGPL reserves.

Where possible, services are recharged between entities at the cost at which they were originally incurred. Back office costs and other management costs are charged on a range of apportionment bases such as number of FTEs, number of units in management and total loan facilities.

# Registered Office, Principal Advisors and Lenders

## Registered Office

The Guinness Partnership Limited  
30 Brock Street  
Regent's Place  
London  
NW1 3FG

## Statutory Auditor

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

## Solicitors

Trowers & Hamlins LLP  
3 Bunhill Row  
London  
EC1Y 8YZ

## Bankers

National Westminster Bank plc  
Barclays Bank plc  
Lloyds Bank plc

## Lenders

BAE Systems plc  
Barclays Bank plc  
Dexia Public Finance Bank  
Lloyds Banking Group  
MUFG Bank Ltd  
Nationwide Building Society  
Orchardbrook Limited  
The Royal Bank of Scotland plc  
Santander UK plc  
Sumitomo Mitsui Banking Corporation  
Warrington Borough Council  
Yorkshire Building Society



# Our Board



**Neil Braithwaite, Chair** Appointed: **17.10.13** Effective from: **01.11.13**  
Neil is Chair of The Guinness Partnership Limited, a member of the Remuneration and Nominations Committee and a board member of Guinness Housing Association Limited. He is also a trustee of Barnardo's pension scheme, a director of the Co- Operative Academies Trust and a school governor, and a former Managing Director of the Specialist Retail Businesses of the Co-operative Group.



**Catriona Simons** Appointed: **01.10.12** Effective from: **01.10.12**  
Catriona is the Group Chief Executive of The Guinness Partnership Limited and an executive board member. She is also a Board member for Guinness Homes Limited; Guinness Housing Association Limited; City Response Limited; Guinness Developments Limited; Guinness Platform Limited; Hallco 1397 Limited; Guinness Care and Support Limited and a member of the Health, Safety & Environmental Committee.



**Amanda Calvert** Appointed: **31.01.17** Effective from: **31.01.17**  
Amanda is a board member of The Guinness Partnership Limited, a member of the Group Audit and Risk Committee, Chair of the Health and Safety Committee, and a board member of Guinness Housing Association Limited. She joined the Board from Wulvern Housing Limited and is a board member at the Medicines & Healthcare Products Regulatory Agency; a member of the advisory board of Cambridge Judge Business School; a Chartered Engineer; a former Vice President of IT risk and compliance at AstraZeneca; and the founder of Quince Consultancy.



**Phil Morgan** Appointed: **31.01.17** Effective from: **31.01.17**  
Phil is a board member of The Guinness Partnership Limited, Chair of the Remuneration and Nominations Committee and a board member of Guinness Housing Association Limited and Guinness Care & Support Limited. He is the Chair of Health Watch Salford; Director of Phil Morgan Ltd; a member of the Greater Manchester Health Board and former Executive Director of Tenant Services at the Tenant Services Authority and former Chief Executive of TPAS.



**Chris Wilson** Appointed: **26.09.18** Effective from: **01.10.18**  
Chris is Deputy Chair of The Guinness Partnership Limited, Chair of Guinness Care and Support Limited, a member of the Group Audit and Risk Committee, Chair of Guinness Housing Association Limited and a member of Guinness Care's Quality Assurance and Safety Committee. He is a retired professional services partner (from KPMG) with extensive audit and advisory experience in the public sector. He is a board member and Chair of the Audit and Assurance Committee for Curo Housing Association.



**Chris Stevens** Appointed: **12.12.18** Effective from: **01.02.19**  
Chris is a board member of The Guinness Partnership Limited, a member of the Health and Safety Committee and a board member of Guinness Housing Association Limited. He is a full time employed Director of Kier Construction Limited and has over 30 years' experience in the construction industry. A Chartered Engineer, he held Executive Board positions in two other organisations.



**Mike Petter** Appointed: **13.02.14** Effective from: **01.03.14** Resigned: **31.03.21**  
Mike, who retired from Guinness on 31 March 2021 was Deputy Chair of The Guinness Partnership Limited, Chair of the Health, Safety and Environmental Committee, Chair of the Remuneration and Nominations Committee, a member of the Group Audit and Risk Committee, Chair of Guinness Housing Association Limited and a board member of Guinness Care and Support Limited.



**Samantha Pitt** Appointed: **12.02.15** Effective from: **01.03.15**  
Samantha is a board member of The Guinness Partnership Limited, Chair of the Group Audit and Risk Committee, a member of the Remuneration and Nominations Committee, and a board member of Guinness Housing Association Limited. She is a qualified accountant and pension trustee. She has a background in Treasury, Debt Financing, Investor Relations and Corporate Finance and works at Law Debenture as a Pension Trustee Director. Previous roles have been in the power and telecoms sectors.



**Linda Sanders** Appointed: **01.04.19** Effective from: **01.04.19**  
Linda is a board member of The Guinness Partnership Limited, a member of the Group Audit and Risk Committee, a board member of Guinness Care Limited, Chair of Guinness Care's Quality Assurance and Safety Committee and a board member of Guinness Housing Association Limited. She was a Local Authority Corporate Director in the West Midlands and London for 15 years holding Statutory Adults, Children's Social Care and Housing responsibilities. She was formerly the ADASS Vice President and the Co-chair of its disability network. She has undertaken consultancy work on integrating health and social care, led the creation of an all age disability service and is a mentor.



**Gina Amoh** Appointed: **14.08.20** Effective from: **01.09.20**  
Gina is a Board Member of The Guinness Partnership Limited and Guinness Housing Association Limited. Gina has over 30 years' experience in the Housing Sector and is currently Chief Executive of Inquilab Housing Association. Gina has chaired the BME London Landlords and is the founder of the Leadership 2025 project and chairs its Steering and Advisory Group. A Fellow of the Chartered Institute of Housing, Gina also holds an MBA and has previously been a Board Member on a number of Registered Provider Boards along with sitting on the Board of Homes for London.



**Lee Bolton** Appointed: **14.08.20** Effective from: **01.09.20**  
Lee is a Board member of The Guinness Partnership Limited and Guinness Housing Association Limited and has 16 years' experience working in social/supported housing and the National Justice System. Lee currently works for Petrus which is part of the Regenda Group.



**Barry Laryea** Appointed: **14.08.20** Effective from: **01.09.20**  
Ben is a Board Member of The Guinness Partnership Limited and Guinness Housing Association Limited and a member of the Health, Safety and Environmental Committee. Ben has over 30 years housing experience and is Chief Executive of Ekaya Housing Association, prior to which he was the Deputy Chief Executive of Westway Housing Association. Ben has acted as a mentor on programmes developed to address the lack of diversity at a senior management level within the Housing Sector. Ben is also a Board Member of Dolphin Living and sits on the Audit and Risk Committee of the Dolphin Square Foundation.

# Our Executive Team



**Catriona Simons**  
**Group Chief Executive**  
Appointed: **December 2009**  
Appointed Group Chief Executive: **July 2015**



**Philip Day**  
**Group Finance Director**  
Appointed: **July 2017**



**Ian Joynson**  
**Executive Director of Asset Management**  
Appointed: **November 2014**



**Trafford Wilson**  
**Executive Director of Customer Services**  
Appointed: **August 2019**



**Jon Milburn**  
**Group Development Director**  
Appointed: **June 2016**



**Peter Hedderley**  
**Executive Director of Corporate Services**  
Appointed: **July 2015**  
Left **December 2020**



**Paul Watson**  
**Managing Director Guinness Care**  
Appointed: **December 2007**



**Kevin Williams**  
**Executive Director of Commercial Services**  
Appointed: **January 2021**



**great service  
great homes  
a great place to work  
and a great business**



30 Brock Street, London NW1 3FG  
[www.guinnesspartnership.com](http://www.guinnesspartnership.com)

The Guinness Partnership Ltd is a charitable  
Community Benefit Society No. 31693R  
Registered in England and is Registered  
Provider of Social Housing No. 4729